

FARRIS BOBANGO, PLC

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(615) 687-4230 (direct)

January 27, 2022

Chairman Kenneth Hill
c/o Ectory Lawless
Tennessee Public Utilities Commission
502 Deadrick Street, 4th Floor
Nashville, TN 37243

RE: *Docket 21-00055, Application of Limestone Water Utility Operating Company, LLC, for Authority to Sell or Transfer Title to The Assets, Property, and Real Estate of a Public Utility and for a Certificate of Public Convenience and Necessity*

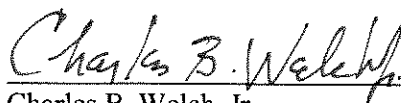
Dear Chairman Hill:

On May 14, 2021, Limestone Water Utility filed the application in the referenced Docket. On August 13, 2021, the Hearing Officer granted the Consumer Advocate's Petition to Intervene. Subsequently, our office received a letter from Assistant Attorney General Rachel C. Bowen dated December 14, 2021, notifying Limestone of alleged deficiencies in the application. Specifically, Ms. Bowen references Commission Rule 1220-04-14-.08. This specific rule was filed on August 10, 2021 and became effective November 8, 2021.

Although the Commission Rule cited by General Bowen had not been adopted nor was it effective at the time of the filing of the petition, we would like to accommodate all of the concerns of the staff and the Consumer Advocate Division. Accordingly, I have enclosed supplemental documents to address the Consumer Advocate's request regarding the newly adopted filing requirements. Each document is marked to indicate the corresponding rule. Please file the enclosed documents in the referenced Docket. If you have any questions, we are available at your convenience.

Sincerely,

FARRIS BOBANGO PLC



Charles B. Welch, Jr.

cc:

Rachel C. Bowen
Karen H. Stachowski

Rule 1220-04-13-.08 (2)(b)

Shiloh Falls Utilities, Inc.

Balance Sheet

As of December 31, 2018

	Dec 31, 18
ASSETS	
Current Assets	
Checking/Savings	
110 · Cash In Bank	2,296.15
Total Checking/Savings	2,296.15
Other Current Assets	
120 · Accounts Receivable	29,575.84
Total Other Current Assets	29,575.84
Total Current Assets	31,871.99
Fixed Assets	
133 · Land	81,000.00
134 · Sewer Plant	403,821.11
135 · Sprayfield	163,046.85
140 · Accumulated Depreciation	-383,376.33
Total Fixed Assets	264,491.63
TOTAL ASSETS	296,363.62
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
202 · Accounts Payable	19,179.90
206 · Accrued Taxes	642.00
Total Other Current Liabilities	19,821.90
Total Current Liabilities	19,821.90
Total Liabilities	19,821.90
Equity	
278 · Common Stock	1,000.00
279 · Contributed Capital	553,018.04
280 · Retained Earnings	-268,941.17
Net Income	-8,535.15
Total Equity	276,541.72
TOTAL LIABILITIES & EQUITY	296,363.62

INTERNAL
FOR MANAGEMENT USE ONLY

4:53 PM
07/19/19
Accrual Basis

Shiloh Falls Utilities, Inc.
Profit & Loss
January through December 2018

	Jan - Dec 18
Income	
310 - Sewerage Revenue - Residential	44,634.14
312 - Sewerage Revenue - Commercial	10,169.60
315 - Revenue From Tap Fees	11,900.00
Total Income	66,703.74
Expense	75.30
440 - Bank Charges	22,564.62
460 - Depreciation	1,213.00
490 - Insurance	451.91
500 - Interest	3,750.00
505 - Legal and Accounting	302.35
515 - Supplies	114.90
523 - Office Supplies	14,472.59
535 - Repairs, Pump Costs, Etc.	668.53
540 - Testing Services	300.00
541 - Billing Services	7,925.00
543 - Sludge Removal	4,411.87
545 - Taxes and Licenses	436.52
550 - Telephone	18,552.30
560 - Utilities	
	75,238.89
Total Expense	
Net Income	<u><u>-8,535.15</u></u>

INTERNAL
FOR MANAGEMENT USE ONLY

2:20 PM

03/31/20

Accrual Basis

Shiloh Falls Utilities, Inc.

Balance Sheet

As of December 31, 2019

	Dec 31, 19
ASSETS	
Current Assets	
Checking/Savings	
110 · Cash In Bank	1,175.84
Total Checking/Savings	1,175.84
Other Current Assets	
120 · Accounts Receivable	11,891.75
Total Other Current Assets	11,891.75
Total Current Assets	13,067.59
Fixed Assets	
133 · Land	81,000.00
134 · Sewer Plant	411,789.62
135 · Sprayfield	163,046.85
140 · Accumulated Depreciation	-406,244.20
Total Fixed Assets	249,592.27
TOTAL ASSETS	262,659.86
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
202 · Accounts Payable	11,337.83
206 · Accrued Taxes	604.00
Total Other Current Liabilities	11,941.83
Total Current Liabilities	11,941.83
Total Liabilities	11,941.83
Equity	
278 · Common Stock	1,000.00
279 · Contributed Capital	553,018.04
280 · Retained Earnings	-277,476.32
Net Income	-25,823.69
Total Equity	250,718.03
TOTAL LIABILITIES & EQUITY	262,659.86

INTERNAL
FOR MANAGEMENT USE ONLY

2:19 PM

03/31/20

Accrual Basis

Shiloh Falls Utilities, Inc.
Profit & Loss
January through December 2019

	Jan - Dec 19
Income	
310 · Sewerage Revenue - Residential	34,427.77
312 · Sewerage Revenue - Commercial	11,691.80
315 · Revenue From Tap Fees	4,600.00
Total Income	<u>50,719.57</u>
Expense	
460 · Depreciation	22,867.87
490 · Insurance	1,214.00
500 · Interest	0.00
505 · Legal and Accounting	3,475.00
510 · Miscellaneous Expense	470.00
515 · Supplies	478.60
523 · Office Supplies	147.85
535 · Repairs, Pump Costs, Etc.	10,439.84
540 · Testing Services	1,007.55
541 · Billing Services	300.00
543 · Sludge Removal	12,750.00
545 · Taxes and Licenses	4,439.15
550 · Telephone	404.65
560 · Utilities	18,548.75
Total Expense	<u>76,543.26</u>
Net Income	<u><u>-25,823.69</u></u>

INTERNAL
FOR MANAGEMENT USE ONLY

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06/30/21

Accrual Basis

Shiloh Falls Utilities, Inc.

Balance Sheet

As of December 31, 2020

	Dec 31, 20
ASSETS	
Current Assets	
Checking/Savings	
110 · Cash In Bank	-2,151.68
Total Checking/Savings	-2,151.68
Other Current Assets	
120 · Accounts Receivable	17,311.52
Total Other Current Assets	17,311.52
Total Current Assets	15,159.84
Fixed Assets	
133 · Land	81,000.00
134 · Sewer Plant	414,739.62
135 · Sprayfield	163,046.85
140 · Accumulated Depreciation	-429,245.64
Total Fixed Assets	229,540.83
TOTAL ASSETS	244,700.67
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
202 · Accounts Payable	14,604.86
206 · Accrued Taxes	576.00
Total Other Current Liabilities	15,180.86
Total Current Liabilities	15,180.86
Total Liabilities	15,180.86
Equity	
278 · Common Stock	1,000.00
279 · Contributed Capital	553,018.04
280 · Retained Earnings	-303,300.01
Net Income	-21,198.22
Total Equity	229,519.81
TOTAL LIABILITIES & EQUITY	244,700.67

INTERNAL
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2:55 PM

06/30/21

Accrual Basis

Shiloh Falls Utilities, Inc.
Profit & Loss
January through December 2020

	Jan - Dec 20
Income	
310 · Sewerage Revenue - Residential	34,978.63
312 · Sewerage Revenue - Commercial	12,095.94
315 · Revenue From Tap Fees	3,400.00
320 · Miscellaneous Income	1,000.00
	<hr/>
Total Income	51,474.57
Expense	
440 · Bank Charges	69.40
460 · Depreciation	23,001.44
490 · Insurance	585.48
500 · Interest	174.58
505 · Legal and Accounting	3,000.00
510 · Miscellaneous Expense	181.96
515 · Supplies	817.59
523 · Office Supplies	131.55
535 · Repairs, Pump Costs, Etc.	13,526.78
540 · Testing Services	562.35
541 · Billing Services	300.00
543 · Sludge Removal	6,790.00
545 · Taxes and Licenses	4,962.93
550 · Telephone	466.98
560 · Utilities	18,101.75
	<hr/>
Total Expense	72,672.79
Net Income	<hr/> -21,198.22 <hr/>

INTERNAL
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Rule 1220-04-13-.08 (2)(c)

SHILOH FALLS UTILITIES, INC.
450 Church Street
P. O. Box 1027
Savannah, Tennessee 38372
(731) 925-8088

TRA Tariff No. 1
1st Revised Page 1
Cancels Original Page 1

Issue Date: April 20, 2007
By: Lisa S. Thomas, President

Effective Date: May 20, 2007

TARIFF OF

SHILOH FALLS UTILITIES, INC.

CONSISTING OF

SCHEDULE OF RATES, TERMS AND CONDITIONS

FOR

SANITARY SEWER SERVICE

APPLYING TO

SHILOH FALLS UTILITIES, INC.
COUNCE, TENNESSEE

**NO MODIFICATION OF THESE SCHEDULES SHALL BE
MADE EXCEPT FOR THE PURPOSE OF CANCELING OR
SUPERSEDING PREVIOUSLY ISSUED SCHEDULES**

ISSUED: April 20, 2007
By: Lisa S. Thomas, President

Effective: May 20, 2007

CHECK SHEET

The pages of this tariff are effective as of the date shown at the top of the respective pages. Original and revised pages as shown named below comprise all changes from the original tariff and are currently effective as of the date shown on the top of this page.

Title Page	1st Revised
-i-	Original
-ii-	Original
2	1st Revised
3	1st Revised
4	1st Revised
5	1st Revised
6	2nd Revised
7	1st Revised
8	2nd Revised

ISSUED: April 20, 2007
By: Lisa S. Thomas, President

Effective: May 20, 2007

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Rules and Regulations

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ISSUED: April 20, 2007

Effective: May 20, 2007

By: Lisa S. Thomas, President

TITLE PAGE

EXPLANATION OF SYMBOLS

When changes are made in any tariff page, a revised page will be issued canceling the tariff page affected; such changes will be identified through the use of the following symbols:

- | | |
|-----|--|
| (C) | To signify changed regulation |
| (D) | To signify discontinued rate, regulation or text |
| (I) | To signify increase |
| (M) | To signify a move from one page to another with no change to text, regulation or Tariff |
| (N) | To signify new rate, regulation or text |
| (R) | To signify reduction |
| (S) | To signify matter already appearing in another part of the tariff and repeated for clarification |
| (T) | To signify a change in text but no change in rate or regulation |
| (V) | To signify vintaged tariff |

ISSUED: April 20, 2007

Effective: May 20, 2007

(T)

By: Lisa S. Thomas, President

(T)

RULES AND REGULATIONS

Governing the Sewerage and Sewage Treatment System of

SHILOH FALLS UTILITIES, INC.

STATEMENT OF PURPOSE

The general purposes of these rules and regulations are:

1. To establish procedures for furnishing sewerage and sewage treatment services on a uniform basis to customers within the service area boundary of the SHILOH FALLS UTILITIES, INC.
2. To provide standards and procedures for:
 - a. Acceptable sewage characteristics
 - b. Excessive sewage volume
 - c. Engineering design standards
 - d. Construction and inspection requirements
 - e. Quality of materials

DEFINITION OF TERMS

1. Corporation – shall mean Shiloh Falls Utilities, Inc.
2. Engineer – shall mean the consulting engineer of Shiloh Falls Utilities, Inc.
3. Customer -- shall mean any person, firm, corporation, association or government unit furnished sewerage by the Corporation.
4. Property – shall mean all facilities owned and operated by the Corporation.
5. Authority – shall mean the Tennessee Regulatory Authority.

ISSUED: April 20, 2007

Effective: May 20, 2007

(T)

By: Lisa S. Thomas, President

(T)

6. Sewer Main – shall mean a sewer pipeline that is under pressure, receives sewage from other branches, runs adjacent to roadways and terminates at the sewage treatment plant, or a major lift station.
7. Trunk Sewer – shall mean a sewer that runs parallel to a natural drainage channel and receives sewage from any tributary branches and terminates at the sewage treatment plant or major lift station.
8. Collector Sewer – shall mean those sewer lines running within the service area and conveying the sewage, to the trunk sewer on the main by pressure or gravity. (T)
9. Lateral Sewer – shall mean those sewers extending from the Collector Sewer to the property line of the Customer. (T)
10. Building Sewer – shall mean that sewer piping, gravity, or pressures extending from the Customer's property line to his place of business or residence.

AUTHORIZATION OF RULES AND REGULATIONS

The SHILOH FALLS UTILITIES, INC., a corporation organized and engaged in business as a public utility in the State of Tennessee under a Certificate of Convenience and Necessity issued by the Tennessee Regulatory Authority on or about May 20, 1996 under Docket No. 95-03948, submits the following statement of its rules and regulations.

EFFECT OF RULES AND REGULATIONS

All provisions of these rules and regulations shall be incorporated in each contract with each sewerage Customer of the Shiloh Falls Utilities, Inc.

UTILITY ITEMS ON PRIVATE PROPERTY

The Corporation shall not furnish or maintain any items or appurtenances for sewer service on the customer's premises without execution of an agreement for an easement or encroachment. No property of the Corporation shall be located on the premises of the customers except sewer shut-off valves maintained by the Corporation. All grinder pumps and tanks for grinder pumps shall be located on the customer's property and maintained by the customer. (T)

ISSUED: April 20, 2007

Effective: May 20, 2007

(T)

By: Lisa S. Thomas, President

(T)

DISCONTINUANCE OF SERVICE

Service under any application may be discontinued for the following reasons:

1. Non-payment of bill as hereinafter set forth.
2. For misrepresentation in the application.
3. For adding to the Property or fixtures without notice to the Corporation.
4. For failure to protect the connections, service lines or fixtures in good order.
5. For molesting any service pipes or any property of the Corporation in any way whatsoever.
6. Vacancy of premises.
7. For violation of any rules of the Corporation.
8. For disconnecting or re-connecting service by any party other than a duly authorized agent and/or approved service provider of the Corporation without the consent of the Corporation.

NON-PAYMENT PENALTIES

All customers located within the service area are provided water by the First Utility District of Hardin County, Tennessee. All customers agree that their water services may be terminated at the request of the Corporation due to the non-payment of sewer charges, said termination of water service being the approved and agreed method to enforce the collection of sewer charges. No service shall be turned on again if discontinued for non-payment (or any valid reason) until all outstanding charges have been paid.

(T)

(T)

CHANGE OF OWNERSHIP, TENANCY, OR SERVICE

A new application and agreement must be made and approved by the Corporation on any change in ownership of property, or in tenancy, or in the service as described in the application. In the event of failure of a new owner or tenant to make such application, the Corporation shall have the right to discontinue service until such new application is made and approved.

ISSUED: April 20, 2007

Effective: May 20, 2007

(T)

By: Lisa S. Thomas, President

(T)

RETURN CHECK CHARGES

For any and all returned checks submitted by the customer to the utility, the customer shall be responsible to reimburse the utility for actual bank charges incurred by the utility for the non-payment of said funds plus a \$20.00 return check fee to cover administrative charges of the utility.

(T)

GRINDER PUMPS

All customers must have an approved grinder pump and collection system which meets the specifications as established by the Engineer. The customer shall have the sole responsibility to maintain the grinder pump.

SPECIAL PRETREATMENT SEWAGE REQUIREMENTS

For the sewerage connections, in addition to the customary tap fees, the Corporation reserves the right to require any non-residential user to provide special treatment for any high strength effluent before discharge into its sewerage system. The Corporation may, upon the basis of recognized engineering standards and treatment cost, increase the tap fees or flat rate charges to cover the cost of treatment of high strength effluent or industrial waste with the approval of the Authority, and may impose recognized engineering standards as to the maximum size of solids and constituents in such waste discharge into its sewerage system.

DAMAGES

The Corporation shall in no event be responsible for maintaining any service line owned by the Customer, for damages created by sewage escaping therefrom, or for defects in lines or fixtures on the property of the Customer. The Customer shall at all times comply with all regulations of the Tennessee Regulatory Authority, and the Corporation, relating to the service lines and shall make all changes in his lines required on account of grade or otherwise. All leaks in any pipe or fixture on the premises of the Customer shall be immediately repaired. On failure to repair any such leak, service shall be discontinued until repairs are made.

(T)

IN EVENT OF EMERGENCY

The Corporation shall not be liable to the Customer for interruption in service or for damages or inconvenience as a result of any interruption, stoppage, etc., which was beyond the reasonable control of the Corporation.

ISSUED: April 20, 2007

Effective: May 20, 2007

(T)

By: Lisa S. Thomas, President

(T)

EXTENSION PLAN

The Corporation will furnish sewer services to all property owners whose lands abut the trunk or main sewer. The sewer service charges and tap fees included in Appendix I do not include costs for constructing trunk sewers and lift stations. Any collector and/or lateral sewers required to service such abutting properties shall be constructed at the cost of the party desiring it, and these sewers shall become the property of the Corporation to be credited to the account for contribution in aid of construction. If the said desiring party does not wish to construct his own collector and lateral sewers, the Corporation may construct them and charge the developer the total project costs for the same. The desiring party shall obtain at its expense the easements required by the Corporation for any collector and/or lateral sewers. Plans for any extensions shall be reviewed and approved by the Engineer prior to construction.

(T)

CONTRIBUTIONS IN AID OF CONSTRUCTION & ADVANCES IN AID OF CONSTRUCTION

If any contribution and/or advance remitted to the utility in aid of construction is treated as taxable revenues by the IRS whether in the form of property or cash, the contributing party shall absorb and/or pay the utility the actual amount of tax liability incurred due to said contribution or advance. The contribution or advance will be equal to the "original cost" if in the form of property or face value if in the form of cash.

(T)

CONTRACTS FOR SERVICE

Each customer before installation of service shall be required to execute on the appropriate form furnished by the Corporation or its designated representative:

(T)

1. An application and contract for service.

CUSTOMER BILLING FORMS

All customer billings shall be on a standard form whether residential, commercial or industrial.

SHILOH FALLS UTILITIES, INC.

TARIFF

TRA Tariff No. 1

(T)

1st Revised Page 7

(T)

Cancels Original Page 7

(T)

ISSUED: April 20, 2007

Effective: May 20, 2007

(T)

By: Lisa S. Thomas, President

(T)

PUBLIC CONTACT

Lisa S. Thomas
Shiloh Falls Utilities, Inc.
450 Church Street
P. O. Box 1027
Savannah, Tennessee 38372

(T)

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(T)

(T)

TENNESSEE REGULATORY AUTHORITY

The utility in its operation shall conform with all the applicable rules and regulations promulgated from time to time by the Tennessee Regulatory Authority.

SHILOH FALLS UTILITIES, INC.

TARIFF

TRA Tariff No. 1

(T)

2nd Revised Page 8

(T)

Cancels 1st Revised Page 8

(T)

ISSUED: April 20, 2007

Effective: May 20, 2007

(T)

By: Lisa S. Thomas, President

(T)

MONTHLY SEWER SERVICE BILLING

Residential, Condominium, House or Apartment:

Charge per 1,000 gallons (actual or assumed flow)	\$ 3.71
Minimum monthly charge	\$ 8.90

Non-Residential:

Charge per 1,000 gallons (actual or assumed flow)	\$ 3.71
Minimum monthly charge	\$ 8.90

SEWER CONNECTION FEES

Residential and Commercial	\$ 850.00
----------------------------------	-----------

GENERAL FEES

Returned Check Charges	\$ 20.00
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Rule 1220-04-13-.08 (2)(d)

Customer Breakdown

Customer Type	Count
Commercial	21
Residential	286
Grand Total	307

Rule 1220-04-13-.08 (2)(h)

System:

Shiloh Falls
Net Book Value Calculation

Acct Name	Acct #	Plant Balance	Dep %	AccDep-12/31/2020	Value as of 12/31/2020	Dep Exp	AccDep-12/31/2021	Projected Value as of 12/31/2021
Land & Land Rights	353.000	81,000.00	0.0%	0.00	81,000.00	-	0.00	81,000.00
Structures & Improvements	354.000	503,863.00	2.5%	341,855.00	162,008.00	12,596.58	354,451.58	149,411.43
Treatment & Disposal Equipment	380.000	163,046.00	5.0%	115,425.00	47,621.00	8,152.30	123,577.30	39,468.70
Total		747,909.00		457,280.00	290,629.00	20,748.88	478,028.88	269,880.13
CIAC-Sewer	271.000	193,881.00		161,568.00	32,313.00	5,378.75	166,946.75	26,934.25
Net Book Value:					258,316.00			\$ 242,945.87

Post-Closing Journal Entries/Acquisition
Adjustment Schedule

Acct Name	Acct #	Debit	Credit	Note
Utility Plant Purchased	106.000		375,000.00	Total closing consideration
Land & Land Rights	353.000	81,000.00		Forward from 2020 AR
Structures & Improvements-Water	354.000	503,863.00		Forward from 2020 AR
Treatment & Disposal Equipment	380.000	163,046.00		Forward from 2020 AR
Acc Dep - Sewer	108.000		478,028.88	Forward from 2020 AR
CIAC-Sewer	271.000		193,881.00	Forward from 2020 AR
Acc Amort-CIAC-Sewer	272.000	166,946.75		Forward from 2020 AR
Utility Plan Acquisition Adjustment	114.000	132,054.13		Acquisition Adjustment
		1,046,909.88	1,046,909.88	
Net Book Value *	375,000.00			
Projected Regulatory and Closings Costs	16,263.55			
Acquisition Date Rate Base**	391,263.55			

*The Net Book Value is represented by the Purchase Price of \$375,000.

**The Acquisition Date Rate Base is the Company's estimated Rate Base on the date of closing.

Accounting Schedule Narrative

Limestone prepared the preceding schedule to comply with the updated Acquisition Filing Requirements adopted by the TN PUC. Although Limestone details Acquisition Adjustments and Acquisition Date Rate Base to comply with these rules, the Company is not requesting an acquisition premium in the instant Docket and the Commission will not be asked to approve any acquisition adjustments related to the purchase of Shiloh Falls' assets. Accordingly, the beginning value of the acquired assets for ratemaking purposes shall be the value recorded in Shiloh Fall's books and records as of the date of acquisition. In a future rate proceeding, Limestone may present evidence and argument concerning the value of assets used and useful for provisioning public utilities services and interested parties may oppose such values and/or present evidence and argument concerning the value of such assets and the appropriateness of any proposed acquisition premium. Limestone further proposes to defer to a future rate case all issues related to the recoverability or disallowance of any requested regulatory or transaction costs, title or easement issues, and any currently existing but unknown environmental issues related to the acquisition.

Rule 1220-04-13-.08 (2)(i)

System:

**Shiloh Falls
Net Book Value Calculation**

Acct Name	Acct #	Plant Balance	Dep %	AccDep-12/31/2020	Value as of 12/31/2020	Dep Exp	AccDep-12/31/2021	Projected Value as of 12/31/2021
Land & Land Rights	353.000	81,000.00	0.0%	0.00	81,000.00	-	0.00	81,000.00
Structures & Improvements	354.000	503,863.00	2.5%	341,855.00	162,008.00	12,596.58	354,451.58	149,411.43
Treatment & Disposal Equipment	380.000	163,046.00	5.0%	115,425.00	47,621.00	8,152.30	123,577.30	39,468.70
Total		747,909.00		457,280.00	290,629.00	20,748.88	478,028.88	269,880.13
CIAC-Sewer	271.000	193,881.00		161,568.00	32,313.00	5,378.75	166,946.75	26,934.25
Net Book Value:					258,316.00			\$ 242,945.87

**Post-Closing Journal Entries/Acquisition
Adjustment Schedule**

Acct Name	Acct #	Debit	Credit	Note
Utility Plant Purchased	106.000		375,000.00	Total closing consideration
Land & Land Rights	353.000	81,000.00		Forward from 2020 AR
Structures & Improvements-Water	354.000	503,863.00		Forward from 2020 AR
Treatment & Disposal Equipment	380.000	163,046.00		Forward from 2020 AR
Acc Dep - Sewer	108.000		478,028.88	Forward from 2020 AR
CIAC-Sewer	271.000		193,881.00	Forward from 2020 AR
Acc Amort-CIAC-Sewer	272.000	166,946.75		Forward from 2020 AR
Utility Plant Acquisition Adjustment	114.000	132,054.13		Acquisition Adjustment
		1,046,909.88	1,046,909.88	
Net Book Value *	375,000.00			
Projected Regulatory and Closings Costs	16,263.55			
Acquisition Date Rate Base**	391,263.55			

*The Net Book Value is represented by the Purchase Price of \$375,000.

**The Acquisition Date Rate Base is the Company's estimated Rate Base on the date of closing.

Accounting Schedule Narrative

Limestone prepared the preceding schedule to comply with the updated Acquisition Filing Requirements adopted by the TN PUC. Although Limestone details Acquisition Adjustments and Acquisition Date Rate Base to comply with these rules, the Company is not requesting an acquisition premium in the instant Docket and the Commission will not be asked to approve any acquisition adjustments related to the purchase of Shiloh Falls' assets. Accordingly, the beginning value of the acquired assets for ratemaking purposes shall be the value recorded in Shiloh Fall's books and records as of the date of acquisition. In a future rate proceeding, Limestone may present evidence and argument concerning the value of assets used and useful for provisioning public utilities services and interested parties may oppose such values and/or present evidence and argument concerning the value of such assets and the appropriateness of any proposed acquisition premium. Limestone further proposes to defer to a future rate case all issues related to the recoverability or disallowance of any requested regulatory or transaction costs, title or easement issues, and any currently existing but unknown environmental issues related to the acquisition.

Rule 1220-04-13-.08 (2)(j)

Acquisition Benefits

Although Limestone details below various benefits supporting a potential acquisition premium to comply with the updated Filing Requirements adopted by the TN PUC, the Company is not requesting an acquisition premium in the current case and the Commission will not be asked to approve any acquisition adjustments related to the purchase of Shiloh Falls' assets as Limestone is proposing to defer these issues to a future rate case. However, approving the proposed transfer of wastewater assets currently owned by Shiloh Falls would be in the public interest. The affiliated group to which Limestone Water UOC belongs has demonstrated it has the managerial and operational expertise and experience necessary to own and operate the subject systems. It also has access to capital necessary to repair and upgrade those systems to ensure they comply with all health and environmental regulations and provide safe and reliable service to customers.

CSWR, LLC, and its affiliated utility operating companies have a proven track record of acquiring small, oftentimes distressed, water and wastewater systems, making the repairs and upgrades those systems require, and operating them in a way that pleases utility and environmental regulators alike. As evidence of their successes, utility, and environmental regulators in several states where affiliates currently operate have sought out those affiliates and asked them to become the emergency operator of systems in need of immediate aid. The Missouri Public Service Commission and the Missouri Department of Natural Resources have recognized the solid track record CSWR, and its affiliates have established for acquiring, rehabilitating, maintaining, and operating troubled water and wastewater systems in that state.

As its website expressly states, the mission of CSWR and its affiliates is to bring safe, reliable, and environmentally responsible water resources to every community in the United States. As it works to accomplish that objective, the group is transforming how water utilities work by using technology and innovation to quickly assess and invest in reliable infrastructure that meets or exceeds stringent state and federal safety standards, ensuring all communities across the country have access to safe, clean, and reliable water resources while protecting the aquifers, lakes, rivers, and streams that are essential to our world.

Technical resources and operational expertise that would be available to Shiloh Falls customers already have greatly improved the quality of utility service provided to customers of affiliates in Missouri, Arkansas, Louisiana, Kentucky, Texas, and Mississippi. CSWR has on staff engineers and other trained and qualified personnel with experience in the design and operation of water and wastewater

systems, and CSWR supplements those resources with qualified and licensed local contract operators who are responsible for day-to-day plant operations. Access to these and other resources available through its affiliation with CSWR would allow Limestone Water to achieve economies of scale not generally available to similarly sized water and wastewater utilities. The affiliated group's business model makes this expertise and experience available to affiliates and does so through economies of scale that can be achieved because of CSWR's centralized management structure.

CSWR also has developed and implemented operating processes and technologies that improve service to customers. If authorized to make the acquisition proposed in this application, Limestone Water plans to implement operational changes specifically designed to improve and enhance customer service. Customers would have access to a 24-hour phone line to report any utility service issues. Information received from those calls would then be transferred into CSWR's computerized maintenance management system and converted into work orders, which creates a historical record of all reported service issues. The work order also ensures contracted customer service personnel can quickly commence work required to deal with issues affecting service efficiently and expeditiously.

CSWR utilizes the Computerized Maintenance Management System (CMMS), program Utility Cloud to facilitate field work, inspections, maintenance schedules, and reporting for all facilities. This allows CSWR to manage data, work, and compliance across plant and distributed field assets. Utility Cloud has been implemented to assist in avoiding compliance and equipment failures with real-time data monitoring across people, machines, and sensors throughout all our service areas.

The main benefit that Utility Cloud offers CSWR is that the system is highly configurable, easy-to-use asset management tool that helps all parties distribute work, report on maintenance, and streamline compliance reports. With the system being highly configurable CSWR can build out the systems efficiently and begin tracking maintenance and improvements day one of ownership.

It is paramount to our operations that this product is used, and a big proponent of that is the ease of use. Most of the end users of this system require only a 4-hour training session to be able to navigate, create and assign work, and complete the Work Orders. The ability to get our contractors trained so quickly speaks volumes to how easy the system is to operate. That initial training is adequate for 90% of our operators.

Features of Utility Cloud that have been beneficial to our operations and streamlined time-consuming processes consist of:

- Automating the completion and submission of compliance reports using the exact field data your crew collects.
- Utilize custom accounts, security roles, and user rights to maintain the separation between projects and managing multiple contractors while storing all CSWR's data in one database.
- Manage and track maintenance history on all assets to assist in identifying potential capital improvement projects.
- Created custom alerts to trigger as issues arise.
- Leveraging digital SOPs, manuals, and layouts helping standardize complex work and to meet regulatory and OSHA requirements.
- Create powerful workflows and reports for our compliance objectives.
- Integration with the survey database to create a useable asset for field work tracking, utilizing real-time data and leveraging analytical tools to trend plant performance.

As part of the CSWR's arsenal of tools utilized, Utility Cloud is pivotal in the operation and maintenance of the facilities that take over. The ability to create custom workflows gives us the ability to collect asset and task specific data quickly and efficiently. Utilizing this system allows for CSWR to quickly implement new processes that are applicable for all our sites across the country with the click of a button. This is the type of configuration scalability that CSWR requires and Utility Cloud delivers.

Limestone Water also would ensure customers have access to customer service representatives during normal business hours to discuss customer concerns. Additionally, Limestone Water will establish a utility-specific webpage and dedicated email address to keep customers informed about their utility service. Information available on the website would include state mandated drinking water testing information, up-to-date website bulletins about current service status, and service initiation or discontinuance procedures. Limestone Water also will also implement a dedicated social media page to offer another avenue of communication with customers. Limestone Water also will offer online bill paying options to customers including e-checks, debit card, and credit cards.

Due to all of the above, the existing customers of Limestone Water UOC and the existing customers of Shiloh Falls would benefit from the proposed transaction. The technical, managerial, and financial capabilities of Limestone Water and its parent company CSWR will provide economies of scale that cannot be recognized by systems the size of Shiloh Falls. As such, the Company believes that an Acquisition Premium is prudent for all affected parties.

Rule 1220-04-13-.08 (2)(k)

Rate Design Methodology

Although no determination of the methodology used to set revenue requirement is being sought in this docket, Limestone intends to propose using a Rate Base rate of return methodology to recover costs of post-acquisition capital improvements and regulatory, transaction, and closing costs. As described in the testimony of Josiah Cox, Limestone may petition the Commission to increase rates or change certain operating regulations if it is determined that the revenue requirement for the system at hand increases in the future. Also described in the testimony of Josiah Cox, Limestone may also seek authority to consolidate rates of the systems it proposes to acquire in this case with those of other wastewater systems it operates in Tennessee.

Rule 1220-04-13-.08 (2)(l)

System:

**Shiloh Falls
Net Book Value Calculation**

Acct Name	Acct #	Plant Balance	Dep %	AccDep-12/31/2020	Value as of 12/31/2020	Dep Exp	AccDep-12/31/2021	Projected Value as of 12/31/2021
Land & Land Rights	353.000	81,000.00	0.0%	0.00	81,000.00	-	0.00	81,000.00
Structures & Improvements	354.000	503,863.00	2.5%	341,855.00	162,008.00	12,596.58	354,451.58	149,411.43
Treatment & Disposal Equipment	380.000	163,046.00	5.0%	115,425.00	47,621.00	8,152.30	123,577.30	39,468.70
Total		747,909.00		457,280.00	290,629.00	20,748.88	478,028.88	269,880.13
CIAC-Sewer	271.000	193,881.00		161,568.00	32,313.00	5,378.75	166,946.75	26,934.25
Net Book Value:					258,316.00			\$ 242,945.87

**Post-Closing Journal Entries/Acquisition
Adjustment Schedule**

Acct Name	Acct #	Debit	Credit	Note
Utility Plant Purchased	106.000		375,000.00	Total closing consideration
Land & Land Rights	353.000	81,000.00		Forward from 2020 AR
Structures & Improvements-Water	354.000	503,863.00		Forward from 2020 AR
Treatment & Disposal Equipment	380.000	163,046.00		Forward from 2020 AR
Acc Dep - Sewer	108.000		478,028.88	Forward from 2020 AR
CIAC-Sewer	271.000		193,881.00	Forward from 2020 AR
Acc Amort-CIAC-Sewer	272.000	166,946.75		Forward from 2020 AR
Utility Plan Acquisition Adjustment	114.000	132,054.13		Acquisition Adjustment
		1,046,909.88	1,046,909.88	

Net Book Value *	375,000.00
Projected Regulatory and Closings Costs	16,263.55
Acquisition Date Rate Base**	391,263.55

*The Net Book Value is represented by the Purchase Price of \$375,000.

**The Acquisition Date Rate Base is the Company's estimated Rate Base on the date of closing.

Accounting Schedule Narrative

Limestone prepared the preceding schedule to comply with the updated Acquisition Filing Requirements adopted by the TN PUC. Although Limestone details Acquisition Adjustments and Acquisition Date Rate Base to comply with these rules, the Company is not requesting an acquisition premium in the instant Docket and the Commission will not be asked to approve any acquisition adjustments related to the purchase of Shiloh Falls' assets. Accordingly, the beginning value of the acquired assets for ratemaking purposes shall be the value recorded in Shiloh Fall's books and records as of the date of acquisition. In a future rate proceeding, Limestone may present evidence and argument concerning the value of assets used and useful for provisioning public utilities services and interested parties may oppose such values and/or present evidence and argument concerning the value of such assets and the appropriateness of any proposed acquisition premium. Limestone further proposes to defer to a future rate case all issues related to the recoverability or disallowance of any requested regulatory or transaction costs, title or easement issues, and any currently existing but unknown environmental issues related to the acquisition.

Rule 1220-04-13-.08 (2)(m)

System:

**Shiloh Falls
Net Book Value Calculation**

Acct Name	Acct #	Plant Balance	Dep %	AccDep-12/31/2020	Value as of 12/31/2020	Dep Exp	AccDep-12/31/2021	Projected Value as of 12/31/2021
Land & Land Rights	353.000	81,000.00	0.0%	0.00	81,000.00	-	0.00	81,000.00
Structures & Improvements	354.000	503,863.00	2.5%	341,855.00	162,008.00	12,596.58	354,451.58	149,411.43
Treatment & Disposal Equipment	380.000	163,046.00	5.0%	115,425.00	47,621.00	8,152.30	123,577.30	39,468.70
Total		747,909.00		457,280.00	290,629.00	20,748.88	478,028.88	269,880.13
CIAC-Sewer	271.000	193,881.00		161,568.00	32,313.00	5,378.75	166,946.75	26,934.25
Net Book Value:					258,316.00			\$ 242,945.87

**Post-Closing Journal Entries/Acquisition
Adjustment Schedule**

Acct Name	Acct #	Debit	Credit	Note
Utility Plant Purchased	106.000		375,000.00	Total closing consideration
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Structures & Improvements-Water	354.000	503,863.00		Forward from 2020 AR
Treatment & Disposal Equipment	380.000	163,046.00		Forward from 2020 AR
Acc Dep - Sewer	108.000		478,028.88	Forward from 2020 AR
CIAC-Sewer	271.000		193,881.00	Forward from 2020 AR
Acc Amort-CIAC-Sewer	272.000	166,946.75		Forward from 2020 AR
Utility Plan Acquisition Adjustment	114.000	132,054.13		Acquisition Adjustment
		1,046,909.88	1,046,909.88	

Net Book Value *	375,000.00
Projected Regulatory and Closings Costs	16,263.55
Acquisition Date Rate Base**	391,263.55

*The Net Book Value is represented by the Purchase Price of \$375,000.

**The Acquisition Date Rate Base is the Company's estimated Rate Base on the date of closing.

Accounting Schedule Narrative

Limestone prepared the preceding schedule to comply with the updated Acquisition Filing Requirements adopted by the TN PUC. Although Limestone details Acquisition Adjustments and Acquisition Date Rate Base to comply with these rules, the Company is not requesting an acquisition premium in the instant Docket and the Commission will not be asked to approve any acquisition adjustments related to the purchase of Shiloh Falls' assets. Accordingly, the beginning value of the acquired assets for ratemaking purposes shall be the value recorded in Shiloh Fall's books and records as of the date of acquisition. In a future rate proceeding, Limestone may present evidence and argument concerning the value of assets used and useful for provisioning public utilities services and interested parties may oppose such values and/or present evidence and argument concerning the value of such assets and the appropriateness of any proposed acquisition premium. Limestone further proposes to defer to a future rate case all issues related to the recoverability or disallowance of any requested regulatory or transaction costs, title or easement issues, and any currently existing but unknown environmental issues related to the acquisition.

Rule 1220-04-13-.08 (2)(n)

Shiloh Falls

	Limestone Water UOC	
	Aqua Utilities Service Area	Shiloh Falls Service Area
Monthly Recurring Charge - Pre Acquisition		
<u>Minimum Charge - Water</u>	\$19.65	N/A
<u>Usage Rate - Water</u>	\$3.05 per 1,000 gallons	N/A
<u>Minimum Charge - Sewer</u>	\$19.65	\$8.90
<u>Usage Rate - Sewer</u>	\$3.05 per 1,000 gallons	N/A
Monthly Recurring Charge - Post Acquisition		
<u>Minimum Charge - Water</u>	\$19.65	N/A
<u>Usage Rate - Water</u>	\$3.05 per 1,000 gallons	N/A
<u>Minimum Charge - Sewer</u>	\$19.65	\$8.90
<u>Usage Rate - Sewer</u>	\$3.05 per 1,000 gallons	N/A
Non-Recurring Charges - Pre Acquisition		
<u>Service Connection Charge</u>	\$1,425	\$850
<u>Reconnect Charge - Seasonal</u>	\$120	N/A
<u>Reconnect Charge - Nonpayment</u>	\$15	N/A
<u>Returned Check Charge</u>	\$20	\$20
Non-Recurring Charges - Post Acquisition		
<u>Service Connection Charge</u>	\$1,425	\$850
<u>Reconnect Charge - Seasonal</u>	\$120	N/A
<u>Reconnect Charge - Nonpayment</u>	\$15	N/A
<u>Returned Check Charge</u>	\$20	\$20

The above table reflects the current rates and charges of both the Aqua Utilities Service Area currently served by Limestone Water and the Shiloh Falls service area. The Company is proposing to adopt the rates and charges of the Shiloh Falls customers at closing.

Rule 1220-04-13-.08 (2)(o)

Shiloh Falls

	Limestone Water UOC	
	Aqua Utilities Service Area	Shiloh Falls Service Area
Monthly Recurring Charge - Pre Acquisition		
<u>Minimum Charge - Water</u>	\$19.65	N/A
<u>Usage Rate - Water</u>	\$3.05 per 1,000 gallons	N/A
<u>Minimum Charge - Sewer</u>	\$19.65	\$8.90
<u>Usage Rate - Sewer</u>	\$3.05 per 1,000 gallons	N/A
Monthly Recurring Charge - Post Acquisition		
<u>Minimum Charge - Water</u>	\$19.65	N/A
<u>Usage Rate - Water</u>	\$3.05 per 1,000 gallons	N/A
<u>Minimum Charge - Sewer</u>	\$19.65	\$8.90
<u>Usage Rate - Sewer</u>	\$3.05 per 1,000 gallons	N/A
Non-Recurring Charges - Pre Acquisition		
<u>Service Connection Charge</u>	\$1,425	\$850
<u>Reconnect Charge - Seasonal</u>	\$120	N/A
<u>Reconnect Charge - Nonpayment</u>	\$15	N/A
<u>Returned Check Charge</u>	\$20	\$20
Non-Recurring Charges - Post Acquisition		
<u>Service Connection Charge</u>	\$1,425	\$850
<u>Reconnect Charge - Seasonal</u>	\$120	N/A
<u>Reconnect Charge - Nonpayment</u>	\$15	N/A
<u>Returned Check Charge</u>	\$20	\$20

The above table reflects the current rates and charges of both the Aqua Utilities Service Area currently served by Limestone Water and the Shiloh Falls service area. The Company is proposing to adopt the rates and charges of the Shiloh Falls customers at closing.

Rule 1220-04-13-.08 (2)(p)

Shiloh Falls

	Limestone Water UOC	
	Aqua Utilities Service Area	Shiloh Falls Service Area
Monthly Recurring Charge - Pre Acquisition		
<u>Minimum Charge - Water</u>	\$19.65	N/A
<u>Usage Rate - Water</u>	\$3.05 per 1,000 gallons	N/A
<u>Minimum Charge - Sewer</u>	\$19.65	\$8.90
<u>Usage Rate - Sewer</u>	\$3.05 per 1,000 gallons	N/A
Monthly Recurring Charge - Post Acquisition		
<u>Minimum Charge - Water</u>	\$19.65	N/A
<u>Usage Rate - Water</u>	\$3.05 per 1,000 gallons	N/A
<u>Minimum Charge - Sewer</u>	\$19.65	\$8.90
<u>Usage Rate - Sewer</u>	\$3.05 per 1,000 gallons	N/A
Non-Recurring Charges - Pre Acquisition		
<u>Service Connection Charge</u>	\$1,425	\$850
<u>Reconnect Charge - Seasonal</u>	\$120	N/A
<u>Reconnect Charge - Nonpayment</u>	\$15	N/A
<u>Returned Check Charge</u>	\$20	\$20
Non-Recurring Charges - Post Acquisition		
<u>Service Connection Charge</u>	\$1,425	\$850
<u>Reconnect Charge - Seasonal</u>	\$120	N/A
<u>Reconnect Charge - Nonpayment</u>	\$15	N/A
<u>Returned Check Charge</u>	\$20	\$20

The above table reflects the current rates and charges of both the Aqua Utilities Service Area currently served by Limestone Water and the Shiloh Falls service area. The Company is proposing to adopt the rates and charges of the Shiloh Falls customers at closing.

Rule 1220-04-13-.08 (2)(q)

Shiloh Falls

	Limestone Water UOC	
	Aqua Utilities Service Area	Shiloh Falls Service Area
Monthly Recurring Charge - Pre Acquisition		
<u>Minimum Charge - Water</u>	\$19.65	N/A
<u>Usage Rate - Water</u>	\$3.05 per 1,000 gallons	N/A
<u>Minimum Charge - Sewer</u>	\$19.65	\$8.90
<u>Usage Rate - Sewer</u>	\$3.05 per 1,000 gallons	N/A
Monthly Recurring Charge - Post Acquisition		
<u>Minimum Charge - Water</u>	\$19.65	N/A
<u>Usage Rate - Water</u>	\$3.05 per 1,000 gallons	N/A
<u>Minimum Charge - Sewer</u>	\$19.65	\$8.90
<u>Usage Rate - Sewer</u>	\$3.05 per 1,000 gallons	N/A
Non-Recurring Charges - Pre Acquisition		
<u>Service Connection Charge</u>	\$1,425	\$850
<u>Reconnect Charge - Seasonal</u>	\$120	N/A
<u>Reconnect Charge - Nonpayment</u>	\$15	N/A
<u>Returned Check Charge</u>	\$20	\$20
Non-Recurring Charges - Post Acquisition		
<u>Service Connection Charge</u>	\$1,425	\$850
<u>Reconnect Charge - Seasonal</u>	\$120	N/A
<u>Reconnect Charge - Nonpayment</u>	\$15	N/A
<u>Returned Check Charge</u>	\$20	\$20

The above table reflects the current rates and charges of both the Aqua Utilities Service Area currently served by Limestone Water and the Shiloh Falls service area. The Company is proposing to adopt the rates and charges of the Shiloh Falls customers at closing.

Rule 1220-04-13-.08 (5)

Customer Notification Letter Draft

May xx, 2021

Dear Current Customer of Shiloh Falls,

Limestone Water Utility Operating Company, LLC. (Limestone Water) and Shiloh Falls Utilities, Inc. (Shiloh Falls) have filed a joint application with the Tennessee Public Utility Commission (TPUC) seeking Commission authorization for Shiloh Falls to sell to Limestone Water its sewer system assets. Shiloh Falls is currently serving approximately 253 connections in Hardin County.

If the proposal is approved by the TPUC, Limestone Water be subject to the jurisdiction of the TPUC in the following service areas:

- Shiloh Falls

Limestone Water proposes to adopt the existing rate structure for all customers.

After completing the proposed acquisition of these service areas, Limestone Water plans to construct numerous improvements to the systems to address degradation due to age and environmental compliance issues.

Those wishing to comment should contact the TN Public Utility Commission at:

502 Deaderick Street
4th Floor
Nashville, TN 37243
(800) 342-8359
675-747-2904
contact.tpuc@tn.gov

Refer to TPUC Docket Number _____ in all correspondence.

If you have questions, please contact Limestone Water at 314-736-4672 or the above public office of the Tennessee Public Utility Commission.

Sincerely,

Josiah Cox

Limestone Utility Operating Company, LLC