

STATE OF TENNESSEE

Office of the Attorney General



HERBERT H. SLATERY III
ATTORNEY GENERAL AND REPORTER

P.O. BOX 20207, NASHVILLE, TN 37202
TELEPHONE (615)741-3491
FACSIMILE (615)741-2009

February 7, 2022

Electronically Filed in TPUC Docket
Room on February 7, 2022 at 2:42 p.m.

Charles B. Welch, Jr.
Tyler A. Cosby
Farris Bobango PLC
414 Union Street, Suite 1105
Nashville, TN 37219

Re: Tennessee Public Utility Commission, Docket No. 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, Shiloh Falls Utilities, Inc., and for a Certificate of Public Convenience and Necessity.*

Mr. Welch and Mr. Cosby:

This letter is to acknowledge the Consumer Advocate's review of Limestone Water Utility Operating Company, LLC's ("Limestone") *Letter to Chairman Kenneth C. Hill Re: Minimum Filing Requirements* dated January 27, 2022. Limestone's January 27, 2022 letter and attachments address Tennessee Public Utility Commission Rule 1220-04-14-.08, a rule which sets forth minimum filing requirements for an acquisition transaction.

For purposes of providing public transparency for the timing of matters in Docket 21-00055, the Consumer Advocate would like to detail the events that have taken place in this Docket to date:

- On May 17, 2021, Limestone filed a corrected application in this docket, Docket No. 21-00055.
- On July 27, 2021, the Consumer Advocate filed a Petition to Intervene in this Docket, which was subsequently granted on August 15, 2021.
- On August 17, 2021, the Consumer Advocate sent a letter to Limestone requesting additional documentation to satisfy the Commission's minimum filing requirement, including documentation pertaining to the rules set forth in Commission Rule 1220-04-14-.08, the Commission's minimum filing requirements for acquisitions.
- On September 4, 2021, Limestone responded to the Consumer Advocate's August 17, 2021 letter; however, its response failed to address or provide any documentation to satisfy the requirements of Commission Rule 1220-04-14-.08.

- On September 9, 2021, the Consumer Advocate emailed counsel for Limestone to inquire about Limestone's intent to provide documentation to comply with the Commission Rule 1220-04-14-.08.
- On September 16, 2021, the Hearing Officer emailed the parties in response to their email communications informing them the "filing requirements" are needed for Staff to analyze the petition and that the docket would not be ready to be placed on the agenda until Staff has what they need to evaluate and make a recommendation on the petition.
- On September 22, 2021, the Consumer Advocate sent an email to counsel for Limestone proposing that the first deadline of the joint proposed procedural schedule be the filing of the acquisition documents as required in Commission Rule 1220-04-14-.08.
- On September 27, 2021, the Consumer Advocate sent a proposed joint procedural schedule to Limestone which set forth a deadline for Limestone to file the acquisition related documents required in Commission Rule 1220-04-14-.08.
- On September 28, 2021, Mr. Welch, counsel for Limestone, and the Consumer Advocate had a phone call discussion, and Mr. Welch requested the parties pause working on the Docket until a separate docket in which Limestone was a party (Docket No. 21-00053) was resolved.
- Docket No. 21-00053 was resolved via settlement, which was approved by the Commission at the December 6, 2021 Commission hearing.
- Since Docket No. 21-00053 was resolved, on December 14, 2021 the Consumer Advocate sent a follow-up letter to Limestone inquiring again about Limestone's intent to comply with Commission Rule 1220-04-14-.08.
- On January 27, 2022, Limestone filed the above-referenced letter which addresses the minimum filing requirements set forth in Commission Rule 1220-04-14-.08.

The Consumer Advocate appreciates Limestone's filing of documentation pertaining to Commission Rule 1220-04-14-.08. However, the Consumer Advocate believes there are multiple documents still missing from Limestone's filing. Please see the attached document which sets forth the documents that appear to be missing.

Again, thank you for Limestone's attention to the Commission's minimum filing requirements. This information assists the Consumer Advocate in its review and consideration of Limestone's application in this Docket, specifically whether such application is in the public interest. If you have any questions, please contact me at (615) 741-2357.

Respectfully,

Rachel C. Bowen

Rachel C. Bowen
Assistant Attorney General

cc: TPUC Docket Manager

Documents that Appear to be Missing from Filing

Docket No. 21-00055

February 7, 2022

Rule 1220-04-14-.08(2) Acquisitions

1. *Rule 1220-04-14-.08(2)(f)*. The rule requires “a forecasted income statement detailing the projected operating revenues, expenses, taxes and net income attributable to the selling utility’s operations for the twelve-month period following the estimated closing date of the acquisition transaction.” Exhibit 11 of the Petition includes the forecasted income statement of Limestone, but not the forecasted income statement of Shiloh Falls, the selling utility.

Per the rule, the selling utility’s (Shiloh Falls) forecasted income statement for the twelve-month period following the estimated closing date of the acquisition transaction should be filed.

2. *Rule 1220-04-14-.08(2)(g)*. Please provide the anticipated capital budgets for the various construction projects as discussed by Witness Cox on page 13 of his testimony for the three-year period following the estimated closing date of the acquisition transaction.
3. *Rule 1220-04-14-.08(2)(n)(ii)-(iii)*. Witness Cox testifies on page 13 of his testimony that “given the additional capital investment needed for system upgrades and improvements Limestone may petition the Commission to increase rates or change certain operating regulations. Limestone may also seek to consolidate rates of the system it proposed to acquire in this case with those of other wastewater systems it operates in Tennessee.” Witness Cox does not, however, discuss the proposed methodology and rate design for recovery. Likewise, Limestone’s January 27, 2022 filing also does not provide the proposed methodology and rate design for recovery.

Per the rule, provide a statement discussing the proposed methodology and rate design for recovery from customers of any requested costs of post-acquisition capital investments or regulatory, transaction and closing costs.