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March 9, 2022

Chairman Kenneth Hill  
c/o Ectory Lawless  
Tennessee Public Utilities Commission  
502 Deadrick Street, 4<sup>th</sup> 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*

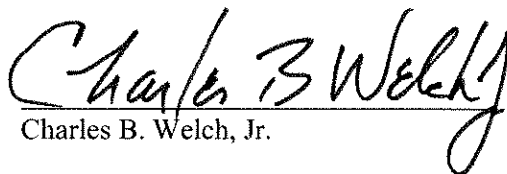
Dear Chairman Hill:

On May 14, 2021, Limestone Water Utility filed the application in the referenced Docket. On August 15, 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, 2022, notifying Limestone of alleged deficiencies in the application. Limestone filed a response to the letter on January 27, 2022. Ms. Bowen then sent a follow up letter alleging remaining alleged deficiencies.

Accordingly, I have enclosed supplemental documents to address the Consumer Advocate's request regarding the newly adopted filing requirements and alleged remaining deficiencies. Each document is marked to indicate the corresponding rule. The enclosed documents are the only documents currently available. Please file the enclosed documents in the referenced Docket. Please let me know if you have any questions.

Sincerely,

FARRIS BOBANGO PLC

  
Charles B. Welch, Jr.

cc:

Rachel C. Bowen  
Karen H. Stachowski

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

1. *Rule 1220-04-14-.08(2)(j)*. 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.

*RESPONSE:* Please see the attached "Shiloh Falls Income Statement".

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.

*RESPONSE:* Please see the attached "Shiloh Falls Construction Budget".

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.

*RESPONSE:* Please see the Company's response to Rule 1220-04-14-.08(2)(k) for the Company's proposed methodology for recovery and rate design.

**DRAFT Capital Estimate**  
**Opinion of Probable Construction Costs**  
**Shiloh Falls Utilities, Inc.**  
**Wastewater System**  
**Hardin County, Tennessee**  
**April, 2021**

<b>NARUC</b>	<b><u>TRIAGE PHASE - Wastewater System</u></b>				
<b>Class</b>	<b>Description</b>	<b>Qty</b>	<b>Unit</b>	<b>Unit Price</b>	<b>Total</b>
GP - Fixed	repair gangway to discharge structure	1	LS	\$ 6,000	\$ 6,000
T&D - Fixed	Replace treatment building, electrical and insulation	1	LS	\$ 30,000	\$ 30,000
T&D - Fixed	Clear levee and spray field vegetation	1	LS	\$ 20,000	\$ 20,000
T&D - Fixed	MISSION SCADA installation on treatment	1	EACH	\$ 12,500	\$ 12,500
<b>Total Triage Phase Capital Estimate:</b>					<b>\$ 68,500</b>

<b>NARUC</b>	<b><u>IMPROVEMENTS PHASE - Wastewater System</u></b>				
<b>Class</b>	<b>Description</b>	<b>Qty</b>	<b>Unit</b>	<b>Unit Price</b>	<b>Total</b>
GP - Fixed	Erosion riprap and grading - north levee	1	LS	\$ 15,000	\$ 15,000
T&D - Fixed	Floating aerator and control box	6	EACH	\$ 20,000	\$ 120,000
T&D - Fixed	Repair or replace fiberglass pump cover	1	LS	\$ 2,500	\$ 2,500
T&D - Fixed	Replace UV bulbs as needed	1	LS	\$ 8,000	\$ 8,000
T&D - Fixed	Install attached growth nitrification system	1	EACH	\$ 200,000	\$ 200,000
T&D - Fixed	Sludge removal and disposal	100	DRY TONS	\$ 700	\$ 70,000
T&D - Fixed	Add second spray field pump/discharge pump	1	LS	\$ 25,000	\$ 25,000
<b>Total Improvements Phase Capital Estimate:</b>					<b>\$ 440,500</b>

**DISPOSAL OPTION 1 - DIRECT DISCHARGE TO CHAMBERS CREEK**

<b>NARUC</b>	<b><u>IMPROVEMENTS PHASE</u></b>				
<b>Class</b>	<b>Description</b>	<b>Qty</b>	<b>Unit</b>	<b>Unit Price</b>	<b>Total</b>
T&D - Fixed	6" SDR-26 PVC force main with DI fittings	27000	LF	\$ 11	\$ 297,000
T&D - Fixed	Bored and cased Highway and Railroad crossings	250	LF	\$ 150	\$ 37,500
T&D - Fixed	Directional bores of drives, streams and wetlands	6000	LF	\$ 80	\$ 480,000
T&D - Fixed	Outfall Structure	1	LS	\$ 20,000	\$ 20,000
T&D - Fixed	Air Release Valves	10	EACH	\$ 8,000	\$ 80,000
T&D - Fixed	Erosion control	27000	LF	\$ 2	\$ 54,000
T&D - Fixed	Permitting and Modeling	1	LS	\$ 50,000	\$ 50,000
<b>Subtotal Chambers Creek Discharge Option</b>					<b>\$ 1,018,500</b>

**DISPOSAL OPTION 2 - DIRECT DISCHARGE TO ROBINSON CREEK**

<b>NARUC</b>	<b><u>IMPROVEMENTS PHASE</u></b>				
<b>Class</b>	<b>Description</b>	<b>Qty</b>	<b>Unit</b>	<b>Unit Price</b>	<b>Total</b>
T&D - Fixed	6" SDR-26 PVC force main with DI fittings	12000	LF	\$ 11	\$ 132,000
T&D - Fixed	Bored and cased Highway and Railroad crossings	125	LF	\$ 150	\$ 18,750
T&D - Fixed	Directional bores of drives, streams and wetlands	3000	LF	\$ 80	\$ 240,000
T&D - Fixed	Outfall Structure	1	LS	\$ 20,000	\$ 20,000
T&D - Fixed	Air Release Valves	6	EACH	\$ 8,000	\$ 48,000
T&D - Fixed	Erosion control	12000	LF	\$ 2	\$ 24,000
T&D - Fixed	Permitting and Modeling	1	LS	\$ 50,000	\$ 50,000
<b>Subtotal Chambers Creek Discharge Option</b>					<b>\$ 532,750</b>

**DISPOSAL OPTION 3 - DEVELOP ADDITIONAL SPRAY IRRIGATION ACREAGE**

<b>NARUC</b>	<b><u>IMPROVEMENTS PHASE</u></b>				
<b>Class</b>	<b>Description</b>	<b>Qty</b>	<b>Unit</b>	<b>Unit Price</b>	<b>Total</b>
T&D - Fixed	6" SDR-26 PVC force main with DI fittings	6000	LF	\$ 11	\$ 66,000
T&D - Fixed	Bored and cased Highway and Railroad crossings	125	LF	\$ 150	\$ 18,750

NARUC	IMPROVEMENTS PHASE				
Class	Description	Qty	Unit	Unit Price	Total
T&D - Fixed	6" SDR-26 PVC force main with DI fittings	3000	LF	\$ 11	\$ 33,000
T&D - Fixed	Bored and cased Highway and Railroad crossings	0	LF	\$ 150	\$ -
T&D - Fixed	Directional bores of drives, streams and wetlands	1000	LF	\$ 80	\$ 80,000
T&D - Fixed	Holding tank and repumping system	1	LS	\$ 150,000	\$ 150,000
T&D - Fixed	Air Release Valves	2	EACH	\$ 8,000	\$ 16,000
T&D - Fixed	Spray head and piping	200	EACH	\$ 1,000	\$ 200,000
T&D - Fixed	Valves, field controls	1	LS	\$ 150,000	\$ 150,000
T&D - Fixed	Internal roads	0	LF	\$ 50	\$ -
T&D - Fixed	Clearing	0	ACRES	\$ 6,000	\$ -
T&D - Fixed	Erosion control and planting	2000	LF	\$ 2	\$ 4,000
T&D - Fixed	Fencing	0	LF	\$ 12	\$ -
GP - Fixed	Property Acquisition	0	ACRES	\$ 20,000	\$ -
T&D - Fixed	Permitting and Modeling	1	LS	\$ 30,000	\$ 30,000
	<b>Subtotal Additional SPRAY IRRIGATION AGREEMENT</b>			<b>\$</b>	<b>663,000</b>

**INCOME STATEMENT - SHILOH FALLS****Year 2****OPERATING REVENUE**

Metered service revenue	\$	5,073
Flat rate service revenue	\$	43,122
EPA testing surcharge	\$	-
Re-connect fees	\$	1,015
Returned check charge	\$	507
Late payment charge	\$	1,015
Other operating revenue	\$	-
<b>Total Operating Revenue</b>	<b>\$</b>	<b>50,732</b>

**OPERATING EXPENSES**

Total salaries and wages (employees only)	\$	-
Outside labor expenses (non-employees)	\$	47,400
Administrative and office expense	\$	14,042
Maintenance and repair expense	\$	3,600
Purchased water	\$	-
Purchased sewage treatment	\$	-
Electric power expense (exclude office)	\$	6,000
Chemicals expense	\$	3,000
Testing fees	\$	-
Transportation expense	\$	-
Other operating expense	\$	6,072
<b>Total Operating Expenses</b>	<b>\$</b>	<b>80,114</b>
Annual Depreciation Expense	\$	17,570
Interest Expense	\$	19,733
<b>Total Expenses</b>	<b>\$</b>	<b>117,416</b>

**INCOME TAXES**

Total Income Taxes	\$	-
<b>Net income (Loss)</b>	<b>\$</b>	<b>(66,684)</b>