BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION

NASHVILLE, TENNESSEE

May 1, 2023

IN RE:	)	
	)	
APPLICATION OF LIMESTONE WATER UTILITY OPERATING COMPANY, LLC FOR AUTHORITY TO PURCHASE TITLE TO THE ASSETS, PROPERTY, AND REAL ESTATE OF A WATER SYSTEM, CANDELWOOD LAKES, AND FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY	)	**DOCKET NO. 21-00059**

ORDER APPROVING PETITION FOR RECONSIDERATION OF COMMISSION ORDER APPROVING SETTLEMENT AGREEMENT AND TRANSFER OF SYSTEMS, GRANTING CERTIFICATE OF CONVENIENCE AND NECESSITY, AND DISALLOWING CONTINUATION OF CANDLEWOOD LAKES POA'S WATER AVAILABILITY FEE

This matter came before Chairman Herbert H. Hilliard, Commissioner Robin L. Morrison, Commissioner Clay R. Good, Commissioner Kenneth C. Hill, and Commissioner John Hie of the Tennessee Public Utility Commission ("TPUC" or "Commission"), the voting panel assigned to this docket, during a regularly scheduled Commission Conference held on March 20, 2023, for consideration of the *Petition for Reconsideration of Limestone Water Utility Operating Company, LLC of the Commission's Order Approving Settlement Agreement and Transfer of Systems, Granting Certificate of Convenience and Necessity, and Disallowing Continuation of Candlewood Lakes POA's Water Availability Fee* ("*Reconsideration Petition*") filed by Limestone Water Utility Operating Company, LLC ("Limestone" or "Petitioner") on January 20, 2023. In its *Reconsideration Petition*, Limestone requests that the Commission reconsider its *Order Approving Settlement Agreement and Transfer of Systems, Granting Certificate of Convenience and*

Necessity, and Disallowing Continuation of Candlewood Lakes POA's Water Availability Fee ("*Order*").

***APPLICATION* AND TRAVEL OF THE CASE**

On May 20, 2021, Limestone filed its *Application of Limestone Water Utility Operating Company, LLC, for Authority to Purchase Title to the Assets, Property, and Real Estate of a Water System and for a Certificate of Public Convenience and Necessity* ("*Application*") seeking Commission authority to purchase and transfer to Limestone all assets, property, and real estate of Candlewood Lakes Property Owners Association, Inc. ("CLPOA") and Candlewood Lakes POA Water Works, Inc. ("CLPWW") (collectively, "Candlewood Lakes") used in the provision of water service to customers located in Hardeman County, Tennessee. In its *Application*, Limestone also requests that the Commission grant to Limestone a Certificate of Public Convenience and Necessity ("CCN") to serve the customers of the Candlewood Lakes water system.

Limestone is a Tennessee limited liability company that currently provides service to approximately 400 water customers and over 350 wastewater customers in Tennessee.[1] Limestone Water Utility Holding Company, LLC ("LWUHC") is the sole member of Limestone and Josiah Cox is the sole officer. Limestone and LWUHC are members of affiliated companies owning and operating water or wastewater systems in Missouri, Arkansas, Kentucky, Louisiana, Texas, and Tennessee to approximately 126,000 customers.[2]

CLPOA and CLPWW are Tennessee corporations with their principal offices located in Saulsbury, Tennessee. Candlewood Lakes owns and operates a water system providing service to

[1] *Application*, pp. 3-4 (May 20, 2021).
[2] *Id.* at 4.

customers located in Hardeman County, Tennessee. The *Application* includes a map of the service area served by Candlewood Lakes.[3]

Limestone describes the proposed transaction and its technical, managerial, and financial qualifications to provide utility services in its *Application*. The *Application* includes charts depicting the organizational details and the relationship of affiliate companies, as well as the number of customers served by each affiliate.[4] One of Limestone's affiliates, Central States Water Resources, Inc. ("CSWR") provides technical, managerial, and financial services to Limestone and its other affiliates. Further, CSWR will manage Limestone and the Candlewood Lakes system upon approval by the Commission.[5] Specifically, CSWR employs engineers and other qualified personnel with experience in the design and operation of water and wastewater systems, supplementing with qualified, licensed local operators by contract who are responsible for day-to-day plant operations. Limestone provides the resumes of key CSWR personnel who provide managerial and technical expertise and experience to Limestone.[6] Equity capital is used to acquire Candlewood Lakes' assets, to fund initial capital upgrades and improvements, and providing necessary working capital will be provided by CSWR.[7]

Limestone asserts in the *Application* that "Candlewood Lakes has determined it is in the best interests of both the company and its customers to sell the water [s]ystem at issue in this Application to a qualified operator."[8] As a result of that determination, Candlewood Lakes and CSWR entered into an *Agreement for Sale of Utility System* ("*Sale Agreement*"), a copy of which

[3] *Id.* at 3, Exh. A.
[4] *Id.* at Exhs. 5 and 6.
[5] *Id.* at 5.
[6] *Id.* at 7-8 and Exh. 12.
[7] *Id.* at 8.
[8] *Id.* at 5.

is included with the *Application*.[9] The *Sale Agreement* provides the specific terms for Candlewood Lakes to sell all assets used for the provision of water services to its Hardeman County system to CSWR, including, "water service facilities and equipment, intangibles, franchises, inventory, contracts and contract rights, and real estate."[10] As part of the *Sale Agreement*, CSWR will transfer all right, title, and interest in the obtained Candlewood Lakes assets to Limestone.[11] Candlewood Lakes retains the right to receipt of the Water Availability Fee as provided in restrictive covenants in the *Sale Agreement*.[12]

Limestone asserts that the *Sale Agreement* is in the public interest and in the interest of customers of the Candlewood Lakes systems because Limestone is willing and able to invest the capital needed to maintain compliance with regulations concerning water quality and environmental issues. In addition, Limestone asserts that it has access to capital to make necessary upgrades and improvements to the system and to continue to operate the system in a state of regulatory compliance.[13] Further, Limestone proposes to adopt the current rates in effect for Candlewood Lakes' customers.[14]

The Consumer Advocate Division of the Office of the Tennessee Attorney General ("Consumer Advocate") filed a *Petition to Intervene* on July 23, 2021. The Hearing Officer entered an order granting the Consumer Advocate's intervention on August 15, 2021. Counsel for Candlewood Lakes entered its appearance on August 9, 2021.[15] Following exchange of discovery

[9] *Id.* at 5 and Exh. 7. *See also* Limestone Water Utility Operating Company, LLC Exhibits 7 and 11, Pursuant to the Commission's November 12, 2021 *Order Removing Confidential Designation from Certain Documents* (November 17, 2021).
[10] *Id* at 5.
[11] *Id.* at 6 and Exh. 8.
[12] Limestone Water Utility Operating Company, LLC Exhibits 7 and 11, Pursuant to the Commission's November 12, 2021 *Order Removing Confidential Designation from Certain Documents*, p. 2 (November 17, 2021).
[13] *Application*, pp. 5-6 (May 20, 2021).
[14] *Id.* at 9.
[15] *Attorneys Charles B. Welch, Jr. and Tyler A. Cosby Notice of Appearance As Counsels for Candlewood Lakes Property Owners Association, Inc. and Candlewood Lakes POA Water Works, Inc.* (August 9, 2021). *See also Center*

requests and responses and the filing of Pre-Filed Testimony of the witnesses for the parties, Limestone, Candlewood Lakes, and the Consumer Advocate filed a *Stipulation and Settlement Agreement* ("*Settlement Agreement*").

OCTOBER 10TH HEARING ON THE MERITS OF THE *APPLICATION*

The voting panel of Commissioners held a hearing on the *Application* during the regularly scheduled Commission Conference on October 10, 2022, as noticed by the Commission on September 30, 2022. During the hearing, the Commission heard arguments of counsel, and witnesses appeared on behalf of Limestone and Candlewood Lakes and were subject to questions from the voting panel and Commission Staff.

Mr. J. David Kennamore, president of CLPOA and CLPWW, testified on behalf of Candlewood Lakes responding to questions from Commission Staff. Mr. Kennamore clarified that the CLPOA collects a water availability fee ("Water Availability Fee") in the amount of $52.50 per year from lot owners where there is no tap on the property.[16] He further stated that the CLPOA intends to continue collecting the Water Availability Fee from owners of lots that do not have a water tap until the lot is released from the fee by installation of a tap.[17] Mr. Kennamore also testified that CLPOA would not be willing to amend its restrictive covenants to discontinue charging the Water Availability Fee upon sale of the water system to Limestone.[18] He described the difficulty in amending the restrictive covenants and bylaws as an impediment to changing language concerning the Water Availability Fee.[19] He stated that CLPOA will have no further involvement in providing water service to customers after the transfer of the water system.[20]

States Water Resources, Inc., Candlewood Lakes Property Owners Association, Inc. and Candlewood Lakes POA Water Works, Inc. Corporation Executed Joint Representation Conflict Waiver (September 17, 2021).
[16] Transcript of Hearing, p. 90 (October 10, 2022).
[17] *Id.* at 92.
[18] *Id.* at 93.
[19] *Id.* at 102.
[20] *Id.* at 103.

Following the October 10, 2022 hearing, the voting panel deferred deliberations on the *Application* to a future Commission Conference. The panel deliberated and announced findings and conclusions during the regularly scheduled Commission Conference on November 7, 2022. Based upon these findings and conclusions, the Commission issued its *Order* on January 5, 2023. The *Order* granted a CCN to Limestone to serve the CLPWW water system, and to approve the transfer of the CLPWW water system to Limestone as set forth in the *Stipulation and Settlement Agreement*. In addition, in its *Order*, the Commission found that the transfer of the CLPWW water system should be conditioned upon Candlewood Lakes filing the following in this docket file: a sworn statement that it will no longer collect the Water Availability Fee; a proof of notice to lot owners and existing water service customers that neither CLPOA nor CLPWW will assess water fees after completion of the sale of the water system; and a list of water customers and lot owners currently assessed the annual Water Availability Fee.[21]

POST-HEARING FILINGS

On January 20, 2023, a Notice of Appearance was filed on behalf of Limestone by Melvin J. Malone and J.W. Luna of the Butler Snow law firm.[22] In addition, on the same date, Limestone filed its *Reconsideration Petition*. In its *Reconsideration Petition*, Limestone requests that the Commission reconsider its *Order* by rescinding the contingency related to the annual Water Availability Fee collected by CLPOA, or in the alternative, sever the contingency related to the annual Water Availability Fee from its approval of the *Settlement Agreement* for consideration in a separate docket.[23] Along with its *Reconsideration Petition*, Limestone submitted an affidavit of

[21] *Order Approving Settlement Agreement and Transfer of Systems, Granting Certificate of Convenience and Necessity, and Disallowing Continuation of Candlewood Lakes POA's Water Availability Fee*, pp. 9-13 (January 5, 2023).
[22] Letter to Chairman Herbert H. Hilliard Re: Notice of Appearance of Counsel from Melvin J. Malone and J.W. Luna of Butler Snow, LLP (January 20, 2023).
[23] *Reconsideration Petition*, pp. 1-2 (January 20, 2023).

the President of CLPOA and CLPWW, J. David Kennamore.[24] In addition, Josiah Cox submitted Pre-Filed Supplemental Testimony in support of the *Reconsideration Petition*.[25]

Limestone argues that among the three (3) parties to the acquisition transaction, i.e., Limestone, CLPOA, and CLPWW, only Limestone is an entity regulated by the Commission. CLPOA and CLPWW are not subject to TPUC jurisdiction because of exemptions to the definition of a public utility found in Tenn. Code Ann. § 65-4-101. As a result, the fees and charges of CLPOA and CLPWW are not subject to the jurisdiction of the Commission. Similarly, since the annual Water Availability Fee is not included as part of the transaction to convey the water system, and Limestone argues that it is not, then the Commission is without jurisdiction to require CLPOA to not charge the fee.[26]

In addition, Limestone argues that the annual Water Availability Fee is a matter of contract, established by the real estate developer in the restrictive covenants. Further, it is argued that jurisdiction cannot be conferred upon an administrative agency by agreement or consent.[27] Limestone cites language from restrictive covenants that indicate that the applicable water service fee would be "subject to the jurisdiction of the Public Utilities Commission of Tennessee."[28] Limestone urges that Tennessee law does not permit the expansion of the Commission's jurisdiction to review and regulate the restrictive covenants of CLPOA by the inclusion of language in the contractual agreement. Further, the private parties that entered into the restrictive

[24] *Id.* at Exh.
[25] Josiah Cox, Pre-Filed Supplemental Testimony (March 6, 2023).
[26] *Reconsideration Petition*, pp. 5-6, 8-9 (January 20, 2023).
[27] *Id.* at 9-11.
[28] *Id.* at 10. It is noted that the restrictive covenant language purporting to confer jurisdiction on the Commission is found in original restrictions dated March 21, 1974 and recorded in Deed Book P5, Page 200 on March 21, 1974 in the Register's Office for Hardeman County, Tennessee ("1974 Restrictions" attached as Exhibit 1 to this order). The 1974 Restrictions were amended by document dated May 1, 2011 and recorded in Deed Book 64, Page 301 on January 18, 2013 in said Register's Office ("2011 Restrictions" attached as Exhibit 2 to this order). The 2011 Restrictions remove the language concerning the "Public Utilities Commission."

covenant contract can seek remedies to their private agreements by amendment of the agreement or if necessary, by litigation.[29]

Finally, Limestone asserts that the public interest requires the sale and transfer of the water system from Candlewood Lakes to Limestone. The Petitioner states that the record indicates the water system faces several unresolved environmental compliance issues and "has not benefited from capital investments in quite some time."[30] Such lack of compliance and investment is exemplified by the potential water supply shortage that could result from Candlewood Lakes' noncompliance with Tennessee Department of Environment and Conservation ("TDEC") rules requiring duplicate water wells.[31] Candlewood Lakes is not in compliance with this TDEC Rule, but lacks sufficient resources to fund necessary upgrades. In support of reconsideration of the contingencies, Limestone states that the parties, the water system customers, and the Commission are aware of the compliance issues and the lack of financial resources available to Candlewood Lakes to address the compliance issues. However, a reaffirmation of the contingency relating to Candlewood Lakes' removal of the annual Water Availability Fee, would result in Limestone abandoning the transaction, leaving the system with no means to address the compliance issues.[32] Limestone states that CLPOA has concluded, "that removing the Water Availability Fee is not feasible."[33]

In his affidavit in support of the *Reconsideration Petition*, J. David Kennamore, President of CLPOA and CLPWW states the Water Availability Fee is not based upon the provision of water despite the fee's name. Funds paid to the CLPOA under the Water Availability Fee are maintained

[29] *Id.* at 10-11.
[30] *Id.* at 11.
[31] *See* Tenn. R. & Regs. 0400-45-01-.17(13).
[32] *Reconsideration Petition*, pp. 7-8, 11-13 (January 20, 2023).
[33] *Id* at 5.

in CLPOA's general account for general expenses, including, "maintenance of common area;, [sic] grass cutting; graveling roads, [sic] maintaining levees; maintenance/operation of office, clubhouse, and pool; maintenance/operation of community gates; general liability insurance; directors/officers insurance; property taxes; and other POA expenses incurred."[34] Mr. Kennamore states that removal of the fee is practically impossible because of the requirement that two-thirds of lot owners submit written agreement or a majority of membership must vote to make such a change. He further states that neither CLPOA nor CLPWW have the financial resources necessary to bring the water system into compliance and that failure to promptly sell the water system may subject the water system's customers to potential health and safety risks.[35]

Josiah Cox submitted Pre-Filed Supplemental Testimony in support of the *Reconsideration Petition*. Mr. Cox testifies that Limestone does not have the ability or authority to satisfy or resolve the contingency concerning the Water Availability Fee on which the Commission based the approval of the transfer and issuance of a CCN to Limestone.[36] Mr. Cox further states that if the contingency remains in place, Limestone will be, "left without a path to perform under the Agreement for Sale of Utility System and close the transaction and will abandon the pending acquisition."[37] He testifies that if Limestone abandons the transaction, CLPOA and CLPWW will remain the owners and operators of the water system, but will continue to have inadequate financial resources to address the existing state of non-compliance of the system, significantly impacting the system's ability to provide safe and reliable drinking water to its customers.[38]

[34] *Id.* at Exh. pp. 1-2.
[35] *Id.* at Exh., pp. 2-3.
[36] Josiah Cox, Pre-Filed Supplemental Testimony, pp. 2-3 (March 6, 2023).
[37] *Id.* at 3.
[38] *Id.* at 3-4.

The Consumer Advocate filed no response, brief, or testimony concerning the *Reconsideration Petition*. No other party submitted any filings related to the *Reconsideration Petition*.

STANDARD OF REVIEW

The Uniform Administrative Procedures Act ("UAPA") establishes the process for a party to request reconsideration of an agency order in Tenn. Code Ann. § 4-5-317. These statutory provisions are mirrored in TPUC Rule 1220-01-02-.20. Generally, these provisions provide that when a party files a petition for reconsideration, the matter shall be disposed of by the same person or persons rending the original order. Argument is limited to the existing record, but new evidence may be considered if the party proposing such evidence for consideration shows good cause for failure to introduce the evidence in the original proceeding.[39]

As Limestone seeks only reconsideration of that part of the Commission's *Order* disallowing CLPOA's continued collection of the Water Availability Fee as a condition to the approval of the transfer of the water utility, statutory and rule provisions requiring a public utility to obtain a CCN prior to the construction or operation of utility facilities are not included. Applicable statutory provisions concerning the transfer of authority to provide utility service are as follows:

In relevant part, Tenn. Code Ann. § 65-4-113 provides:

> (a) No public utility, as defined in § 65-4-101, shall transfer all or any part of its authority to provide utility services, derived from its certificate of public convenience and necessity issued by the commission, to any individual, partnership, corporation or other entity without first obtaining the approval of the commission.
>
> (b) Upon petition for approval of the transfer of authority to provide utility services, the commission shall take into consideration all relevant factors, including, but not limited to, the suitability, the

[39] Tenn. Code Ann. § 4-5-317. *See also* Tenn. R. & Regs. 1220-01-02-.20.

> financial responsibility, and capability of the proposed transferee to perform efficiently the utility services to be transferred and the benefit to the consuming public to be gained from the transfer. The commission shall approve the transfer after consideration of all relevant factors and upon finding that such transfer furthers the public interest.
>
> (c) Following approval of the transfer pursuant to this section, the transferee shall be granted full authority to provide the transferred services subject to the continuing regulation of the commission. The transferor shall no longer have any authority to provide the transferred services, but shall retain authority to provide other services, if any are retained, which were not included in such transfer.

FINDINGS AND CONCLUSIONS

In determining whether to authorize the transfer of authority to provide utility services, the Commission must consider a number of factors. The statute lists a non-exhaustive list of such factors, including the qualifications of the transferee and the public benefit of the transfer of the provision of utility service. After considering the relevant factors, the Commission shall approve the transfer upon finding that such transfer is in the public interest.[40]

Because the *Application* in this matter also required the Commission to determine whether Limestone was qualified to be issued a CCN to operate the CLPWW, the Commission found that Limestone demonstrated that it possessed sufficient financial, managerial, and technical expertise to operate the system.[41] Limestone has not requested reconsideration of the Commission's findings on this issue. As a result, the Commission's findings on Limestone's qualifications continue to favor approval of the transfer of the water system to Limestone.

The public benefit to be gained by transfer of the water system is also the subject of the findings and conclusions delineated in the *Order*. First, Candlewood Lakes states that it no longer

[40] Tenn. Code Ann. § 65-4-113(b).
[41] *Order*, p. 12 (January 5, 2023).

desires to own and operate the system and that it is in the best interest of the water system and its customers to sell the water system. Further, Limestone is willing and able to invest capital in the water system in order to make necessary upgrades and improvements to the system so that it operates in compliance with water quality and environmental regulations.[42] While the *Reconsideration Petition* reasserts the public benefit to be gained by approval of the transfer, as the Commission has already determined that the public benefit to be gained favors the approval of the transfer, the Commission need not reconsider this factor.

The *Reconsideration Petition* then, asks the Commission to reconsider its findings and conclusions concerning whether the transaction furthers the public interest. The *Order* states that the public need requires an entity to own and properly operate the water system to provide uninterrupted service.[43] The Commission's *Order* also states that, "as the authority to charge a fee for utility availability or access is regulated by the Commission for utilities under its jurisdiction, the retention of rights by CLPOA to continue assessing water availability fees after the sale of the water system is not in the public interest."[44] Hence, the Commission ultimately found that while a portion of the proposed transaction - the future compliance to be achieved by necessary repairs and upgrades to be performed by Limestone subsequent to the transaction - furthers the public interest, another part of the proposed transaction – the continued collection of a utility related fee by an entity not providing utility services - does not further the public interest. The *Reconsideration Petition* urges the Commission to reconsider whether the proposed transaction, as proposed, is in the public interest in consideration of evidence that indicates that CLPOA utilizes the Water Availability Fee for purposes unrelated to utility service and that CLPOA must continue to assess

[42] *Id.* at 3, 9.
[43] *Id.* at 9.
[44] *Id.* at 10.

and collect the Water Availability Fee because CLPOA is unable to satisfy the conditions related thereto established in the *Order*.

Limestone submitted the affidavit of J. David Kennamore and Pre-Filed Testimony of Josiah Cox as new evidence that may be considered in the reconsideration. The evidence contained in these submissions was not submitted by Limestone or Candlewood Lakes in consideration of the *Application*. However, most of the information contained therein was elicited upon Commission Staff's questioning of Mr. Kennamore during the Hearing on the *Application*.[45] However, these filings do contain some new information that was not elicited during the Hearing.

The first category of new evidence relates to the CLPOA's use of the Water Availability Fee funds. First, CLPOA lists the various tasks that it utilizes the funds collected from assessment of the Water Availability Fee, which are not related to water utility service. In addition, the CLPOA asserts that it lacks the financial resources to continue such tasks if the Water Availability Fee is discontinued. Finally, Mr. Kennamore states that the CLPOA is unable to amend the restrictive covenants to remove the Water Availability Fee.[46] Limestone states that this information was not introduced in the original proceedings because the evidence presented focused on Limestone's financial, technical, and managerial capabilities to operate the CLPWW, and the public interest gained by approval of the transaction. Since this information was not elicited during Commission Staff's questions to Mr. Kennamore at the Hearing and evidence presented by Limestone was centered upon the Company's qualifications and other factors favoring the public interest in the transaction, the voting panel found that Limestone demonstrated good cause for consideration of this category of new evidence. The panel voted unanimously to accept the new evidence

[45] Transcript of Hearing, pp. 89-104 (October 10, 2022).
[46] *Reconsideration Petition*, Exh. pp. 1-2 (January 20, 2023).

concerning CLPOA's use of the Water Availability Fee funds contained in Mr. Kennamore's affidavit for consideration.

The second category of new evidence concerns Limestone's ability to satisfy the condition set forth in the Commission's *Order* and the result of such continued failure. Mr. Cox testifies that, "Limestone does not have the ability or authority to resolve the contingency in the *Order*."[47] He further states that if the contingency remains, Limestone will be unable to perform its obligations under the Agreement for Sale of the Utility System and the transaction will not close.[48] The panel found that this category of information would not have been known to Limestone prior to issuance of the *Order*. Therefore, because this information could not have been presented during the original proceedings, the voting panel found that Limestone demonstrated good cause for the consideration of this new evidence. The panel voted unanimously to accept the new evidence concerning Limestone's ability to satisfy the condition established in the *Order*.

Both the Kennamore affidavit and the Cox testimony are based upon a singular premise: the transfer of the water system will fail if the Commission leaves the conditions contained in its *Order* in place upon reconsideration. Candlewood Lakes' reasoning is that the funds collected from assessment of the Water Availability Fee are used for purposes not related to utility service and that it is impossible for the CLPOA to perform the conditions because of the extreme difficulty of amending the restrictive covenants. Limestone asserts that it does not have the ability to ensure that CLPOA satisfy the conditions required.

The Commission is empowered to "fix just and reasonable individual rates, joint rates, tolls, fares, charges or schedules thereof, as well as commutation, mileage, and other special rates

[47] Josiah Cox, Pre-Filed Supplemental Testimony, p. 3 (March 6, 2023).
[48] *Id.* at 3-4.

which shall be imposed, observed, and followed thereafter by any public utility…"[49] The Commission has, in other Commission cases, authorized a public utility to assess and collect an access fee or capacity fee. Such fees allow the utility to obtain contributions for plant operation and maintenance from persons who, though not yet connected to the system, benefit from the availability of and future access to the system. An access fee is a matter of rate design, which is within the Commission's authority in the setting of just and reasonable rates. It is clear from the description of the Water Availability Fee and its intended purpose as established in the 1974 Restrictions and the 2011 Restrictions that the fee was intended to be an access fee similar to those which the Commission has approved for other public utilities in their rate designs.[50]

It was based upon these ratemaking principles that the Commission conditioned approval of the transfer upon the fulfillment of certain conditions to ensure the discontinuance of CLPOA's assessment of the Water Availability Fee. The *Reconsideration Petition* asserts that the Commission has no jurisdiction over CLPOA and CLPWW because they are not regulated utilities and that the Water Availability Fee is a contractual agreement between private parties. However, these arguments are not persuasive as they relate to the proposed transfer of the Candlewood Lakes water system. The Commission is authorized to exercise jurisdiction over the proposed transaction because the transaction pertains to the transfer of a public utility in accordance with Tenn. Code Ann. § 65-4-113. The parties to the proposed transaction have availed themselves to the jurisdiction of the Commission for all purposes related to the proposed transaction. In addition, the Water Availability Fee appears to be the type of access fee that is customarily a utility rate that would be expected to be transferred along with the rights, contracts, and properties of a utility.

[49] Tenn. Code Ann. § 65-5-101(a).
[50] *See* Exh. 1, p. 5; Exh. 2, p. 5.

Therefore, the voting panel found that the Commission does possess jurisdiction over the proposed transaction and the parties to the transaction.

The proposed transaction would transfer the ownership and operation of the Candlewood Lakes water system from CLPOA and CLPWW to Limestone. The record indicates that CLPOA and CLPWW will have no involvement in providing water service to customers of the water system.[51] By its name, the Water Availability Fee appears to be a fee directly related to the provision of utility services. The ability to charge a fee for the provision of utility services is within the fundamental bundle of rights exclusive to a utility service provider. The *Sale Agreement* designates retention by CLPOA of the Water Availability Fee, which would otherwise appear to be the fundamental right of a utility service provider. Upon reconsideration, Limestone asserts that despite the name of the fee, the Water Availability Fee is not related to utility service, but rather is utilized for operations and general maintenance of the CLPOA. Essentially, Limestone asks the Commission to weigh the public interest gained by approving the transfer of the water system to Limestone and the improvements and upgrades that Limestone has indicated it will perform on the system against the negative public interest of approving the transfer while allowing CLPOA to continue assessing and collecting a fee that in name appears to be a utility fee.

Because the water system is currently in a state of non-compliance with water quality and environmental requirements, CLPOA and CLPWW lack the resources to address these issues of non-compliance, and Limestone has proposed to invest the capital necessary to obtain and maintain the water system's compliance, the public interest weighs heavily in favor of the transaction as proposed. The negative public interest in permitting CLPOA to continue charging the Water Availability Fee even though CLPOA will have no participation in the provision of utility service,

[51] Transcript of Hearing, p. 103 (October 10, 2022).

weighs against approval of the transaction. However, based upon the new information presented, the preponderance of the evidence is that despite the Water Availability Fee's name, the fee has no uses associated with utility services. Therefore, the panel found that the Water Availability Fee is not a utility fee and has no relationship to access to or the provision of utility services. Therefore, since the fee to be retained by CLPOA is not a utility fee, the panel found that approval of the transaction is in the public interest.

Because the *Settlement Agreement* contemplates a future initial base-rate case and rate design is within the Commission's jurisdiction and discretion in such matters, it is necessary to state that this Commission retains the authority to impose or impute regulated access fees in a future rate case in accordance with its statutory authority to set just and reasonable rates. In addition, it is imperative to ensure that customers of the water system, including those customers that currently pay only the Water Availability Fee, have adequate information concerning the transfer of ownership and operation of the water system. Therefore, the panel found that approval of the transaction should be contingent upon Limestone obtaining a list of all customers of the water system, including customers and lot owners paying only the Water Availability Fee, and providing notice concerning the transfer of the ownership and operation of the water system. Therefore, the panel unanimously voted to modify its *Order*, rescinding the contingencies stated therein to be satisfied for the conditional approval of the transfer of the authority to provide utility services and replacing those conditions with new contingencies to be satisfied for such conditional approval. Approval of the *Settlement Agreement* authorizing transfer of the Candlewood Lakes water system to Limestone and the granting of a CCN to Limestone to serve the Candlewood Lakes water system is contingent upon the following:

1. Limestone must obtain from CLPOA and CLPWW a list of all customers of the water system, including those customers and lot owners paying the Water Availability Fee and file the same in this docket; and

2. Limestone must file in this docket proof of notice to all customers of the water system, including those customers and lot owners paying the Water Availability Fee, that the ownership and operation of the water system has transferred to Limestone and that Kennamore Limestone will assess and charge rates for the provision of water utility service.

IT IS THEREFORE ORDERED THAT:

1. The new evidence presented in the affidavit of J. David Kennamore and the Pre-Filed Supplemental Testimony of Josiah Cox are accepted for consideration for good cause demonstrated by Limestone Water Utility Operating Company, LLC.

2. The *Petition for Reconsideration of Limestone Water Utility Operating Company, LLC of the Commission's Order Approving Settlement Agreement and Transfer of Systems, Granting Certificate of Convenience and Necessity, and Disallowing Continuation of Candlewood Lakes POA's Water Availability Fee* is approved. The conditions precedent to approval of the *Stipulation and Settlement Agreement* are rescinded. The *Stipulation and Settlement Agreement*, a copy of which is attached to this Order as Exhibit 3 and is incorporated in this Order as if fully rewritten herein, executed and submitted by the Consumer Advocate Division in the Office of the Tennessee Attorney General; Limestone Water Utility Operating Company, LLC; and Candlewood Lakes Property Owners Association, Inc. and Candlewood Lakes POA Water Works, Inc. on August 19, 2022 is approved contingent upon Limestone Water Utility Operating Company, LLC filing the following in this docket:

a. A list of all customers of the water system, including those customers and lot owners currently paying only the Water Availability Fee; and

b. A proof of notice to all customers of the water system, including those customers and lot owners currently paying only the Water Availability Fee, that the ownership and operation of the water system has transferred to Limestone Water Utility Operating Company, LLC and that Limestone Water Utility Operating Company, LLC will assess and charge rates for the provision of water utility service.

3. Unless addressed in this order, all findings, conclusions, and directives contained in the *Order Approving Settlement Agreement and Transfer of Systems, Granting Certificate of Convenience and Necessity, and Disallowing Continuation of Candlewood Lakes POA's Water Availability Fee* remain unchanged.

4. Any person who is aggrieved by the Commission's decision in this matter may file a Petition for Reconsideration with the Commission within fifteen (15) days from the date of this Order.

5. Any person who is aggrieved by the Commission's decision in this matter has the right to judicial review by filing a Petition for Review in the Tennessee Court of Appeals, Middle Section, within sixty (60) days from the date of this Order.

FOR THE TENNESSEE PUBLIC UTILITY COMMISSION:

Chairman Herbert H. Hilliard,
Commissioner Robin L. Morrison,
Commissioner Clay R. Good
Commissioner Kenneth C. Hill, and
Commissioner John Hie concurring.
None dissenting.

ATTEST:

Earl Taylor

_____

Earl R. Taylor, Executive Director

EXHIBIT 1

222821

Restrictive Covenants and Reservations
Candlewood Lakes Subdivision

REGISTERED MAR 21 1974

RESTRICTIVE COVENANTS AND RESERVATIONS

CANDLEWOOD LAKES SUBDIVISION - HARDEMAN COUNTY, TENNESSEE

This Agreement and the Warranty Deed from CANDLEWOOD LAKES, INC. (Grantee) shall be subject to the following restrictive covenants which shall run with the land:

1. USE: Said lots shall be used exclusively for single family residential purposes except those lots that may be designated on the recorded plats of CANDLEWOODS LAKES Subdivision, hereinafter referred to as SUBDIVISION, as recreational areas, commercial lots, mobile home lots or camping lots.

2. RESIDENTIAL LOTS:

A. Not more than one single family dwelling house may be erected or constructed on any one residential lot, nor more than one building for garage or storage purposes, and provided further that no building or structure of any kind shall be erected prior to the erection of a dwelling house. No accessory or temporary building shall be used or occupied as living quarters. No structure shall have tar paper, roll brick siding or similar material on outside walls. No house trailers, commercially produced recreational vechicles, mobile homes, campers, tents, utility or storage building, canopies, or similar structures shall be erected, moved to or placed upon said residential lot. All building exteriors must be completed within six months from the date the construction commences.

B. No residence shall have less than 800 sq. ft. of living space on the ground floor, or first floor, exclusive of porch area. No porch or projection of any building shall extend nearer than thirty (30) feet to any road rights of way, nor nearer than ten (10) feet to the property line of any abutting property owner, nor, unless otherwise provided on the recorded plats, nearer than fifty (50) feet (horizontally) to the normal water elevation of any lake located within SUBDIVISION as shown on recorded plats, and in no event shall any dwelling be erected below an elevation of ten (10) feet above normal water elevation of any lake located within SUBDIVISION.

C. Plans and specifications must be submitted to ASSOCIATIONS Environmental Control Committee, hereinafter referred to as COMMITTEE, for any structure or improvement to be erected on or moved upon any lot, the proposed location thereof on said lot or lots, the construction material to be used, the roof and exterior color schemes, as well as all remodeling, reconstruction, alteration or additions thereto on any lot shall be subject to and shall require the approval in writing of COMMITTEE or its duly authorized agent before any such work is commenced. COMMITTEE shall have the right to disapprove any plans, specifications or details submitted to it in the event the same are not in accordance with all of the provisions of these Restrictions or the rules and regulations of COMMITTEE or when (1) the design or color scheme of the proposed building or other structure is not in harmony with the general surroundings of such lots or with the adjacent buildings or structures, (2) the plans and specifications submitted are incomplete, or (3) COM-

SEE Deed BOOK 64 PAGE 301 FOR Amended Restrictions

3-29-84 See Deed Book P. 9 pg 98 for the Revised By-Laws of this Restriction Jane J Lee-Reg
By Helene Brown-clk

MITTEE deems the plans, specifications or details or any part thereof, to be contrary to the interest, welfare or rights of all or any part of the real property in SUBDIVISION, or the owners thereof. The decisions of COMMITTEE shall be final. Neither ASSOCIATION, its agents nor GRANTOR, its successors or assigns, shall be responsible for structural deficiencies, or any other defects in plans or specifications submitted, revised or approved in accordance with the foregoing provisions.

COMMITTEE may allow reasonable variances or adjustments of Restrictions 2B and 2C where literal application thereof would result in unnecessary hardship. Provided, however, that any such variance or adjustment is granted in conformity with the general intent and purposes of these Restrictions; and, that the granting of a variance of adjustment will not be materially detrimental or injurious to other lots in SUBDIVISION.

3. CAMPING LOTS:

A. Camping lots are those lots designated as such on the Recorded Plats and are to be used exclusively for single family temporary camping purposes and for placement thereon of commercially produced travel trailers, recreational vehicles, pick-up truck campers, motor homes, tents and all other vehicles commercially produced to be used for camping. All vehicles and tents as herein described must be inspected and approved by ASSOCIATION prior to placement on any Camping Lot within SUBDIVISION.

B. No Camping lot shall be used as a residence nor, without the written permission of ASSOCIATION, be continuously occupied for a period in excess of sixty (60) days. Camping lots and use thereof shall be inspected weekly or at the discretion of ASSOCIATION to insure strict compliance with all Restrictions set forth herein.

C. No structures, including, but not limited to, dwellings, mobile homes (trailers exceeding forty (40) feet in length and eight (8) feet in width, not commercially produced to be used for camping), garages, sheds, "A-frames", boat houses, waste-receptacle bins or houses and television or radio antennas above ground level, shall be constructed or be permitted to remain on camping lots. This Restriction, however, does not extend to prohibiting hard-stands, approximately level with the surrounding ground, constructed or maintained as camping vehicle parking spaces or tent floors; nor does it include vegetation planted or trimmed for landscaping purposes; not does it prohibit the use of tent or awning frames, platforms, canopies, antennas, lines, poles and similar temporary forms provided the same are removed when the camping lot is not occupied. Storage buildings of a type and size approved by ASSOCIATION may be permitted. Said buildings must be located on the lot at the direction of ASSOCIATION. No vehicle or tent as hereintofore described shall be placed nearer than thirty (30) feet to any road right of ways, nor nearer than ten (10) feet to the property line of any abutting property owner.

D. No outside toilet shall be allowed on the premises. No untreated waste from any lot shall be permitted to enter any lake within SUBDIVISION. No sewage, garbage, liquid or solid waste disposal systems, pits, "post holes", buried metal drums, or other similar structures or operations shall be permitted on any Camping lot. All commercially produced travel trailers, tent trailers, recreational vehicles, pick-up truck campers, motor homes and all other vehicles commercially produced to be used for camping shall have sewage drains sealed for the duration of their stay on any Camping lot. All sewage, solid wastes and trash must be disposed of at dumping or trash stations or other places specified therefor off of Camping lots. Any person using camping equipment without septic tanks must use comfort centers provided for the disposal of all wastes, both liquid and solid, as required.

4. COMMERCIAL LOTS: Commercial lots are those lots designated as such on the recorded plats and are to be used exclusively for general business, commerce and/or multi-family residential purposes.

5. RECREATIONAL AREAS: Recreational areas are those areas designated as such on the recorded plats to be owned by ASSOCIATION, such as, but not limited to, green ways, picnic areas, boat docks, bridle paths, beaches, comfort centers and lakes. Said areas are for the exclusive

recreational use of ASSOCIATION members and their invitees. Camping will not be permitted on recreational areas.

6. MAINTENANCE FEES, LIMITATIONS ON SALE: Each GRANTEE, for himself, his heirs, executors, administrators and assigns shall be subject to an annual dues charge of $48.00 which he agrees to pay to Candlewood Lakes Property Owners Association, Inc., its successors and assigns, as provided in the Code of Regulations of ASSOCIATION, annually, on the 1st day of April commencing in the year following the date of purchase, for the improvement, maintenance, operation and upkeep of all properties and facilities owned or acquired by ASSOCIATION including, without way of limitation, all roads, lake basin, dams; boat dock and recreation areas irrespective of whether the privileges of using such areas are exercised or not and shall further, upon applying for membership in ASSOCIATION, pay the initiation fee as is then established by ASSOCIATION pursuant to its Code of Regulations. GRANTEE, for himself, his heirs, executors, administrators and assigns, further agrees that the charges herein set forth shall be and constitute a debt which may be collected by suit in any court of competent jurisdicition or otherwise; and that upon the conveyance of any part of the land described herein, the purchaser thereof and each and every successive purchaser and/or purchasers shall from the time of acquiring such land covenant and agree, as aforesaid, to pay to ASSOCIATION, its successors and assigns, all charges past and/or future as provided herein, and in strict accordance with the terms and provisions hereof.

GRANTEE, for himself, his heirs, executors, administrators or assigns, shall not sell, assign or convey any lot to any person, or persons, without notice to and approval for membership in ASSOCIATION, and all persons owning lots in SUBDIVISION shall be members of ASSOCIATION.

7. BOAT DOCKS: No boat docks, floats or other structures extending into a lake shall be constructed or placed into or on any lake within SUBDIVISION without prior written approval of GRANTOR, its successors or assigns. Use of the lakes shall be in compliance with the rules and regulations of ASSOCIATION.

8. EASEMENT RESERVATIONS: GRANTOR, for itself, its successors, assigns and licensees reserves an easement on, over and under all road rights of way, reserves a fifteen (15) foot wide easement along all road rights of way, a fifteen (15) foot wide easement along the rear lines of each and every lot and a five (5) foot wide easement along the side lines of each and every lot for the purpose of installing, operating and maintaining television cables, utility lines and mains thereon, ingress and egress of mobile homes if applicable, together with the right to trim and/or cut or remove any trees and/or brush and the right to locate guy wires, braces and anchors wherever necessary for said installations, operations or maintenance; together with the right to install, operate and maintain gas and water mains, sewer lines, culverts and drainage ditches and other services and appurtenances thereto, for the convenience of the property owners, reserving also the rights of ingress to and egress to such areas for any of the purposes mentioned above. If and when the Sewer Authority established by the Hardeman County Commissioners determines it feasible to install a central sewer system, such Authority shall have, and it hereby is granted the right, along with other author-

ized utilities, to use the herein reserved easements to install and maintain such central sewer systems. Exceptions: (1) where an owner of two or more adjoining lots constructs a building which shall cross over or through a common lot line, said common lot line shall not be subject to the aforementioned five (5) foot easement unless it is shown on recorded plats; (2) no easement shall exist on that portion of any water front lot running along or abutting the shoreline of any lake within SUBDIVISION unless shown on the recorded plats, except, however, GRANTOR, for itself, its successors, assigns and licensees reserves the right to cause or permit drainage of surface water over and/or through said lots. No owner of property within the SUBDIVISION shall have a cause of action against GRANTOR, its successors or assigns, or licensees either at law or in equity excepting in case of any damages caused to his property, by reason of willful negligence in installing, operating, removing or maintaining the above mentioned installation. GRANTOR, its successors or assigns, reserves the rights for the installation of television cables.

9. NUISANCES: No noxious, offensive, immoral or illegal trade or activity shall be permitted on any lot, nor shall anything be done thereon which may be or become an annoyance or nuisance to the neighborhood. No animals or fowl shall be kept or maintained on any lot except customary household pets. No signs of any kind shall be displayed on any vacant lot. A community bulletin board shall be provided by GRANTOR and/or ASSOCIATION in a designated area for the posting of solicitations, sales notices, etc. No garbage or trash shall be burned on any lot. Other refuse, such as, but not specifically limited to small trees, tree limbs and underbrush may be burned upon securing a burning permit from ASSOCIATION or the appropriate legal authority. No garbage, trash or other refuse as described herein may be placed in any drainage ditch, on any road rights of way or common area within SUBDIVISION.

All lots must be kept cleaned, mowed and in a tidy manner including that area from the front lot line to the edge of the road pavement, as determined by ASSOCIATION and/or GRANTOR, their successors or assigns. Failure to do so will result in maintenance of said lot by ASSOCIATION and/or GRANTOR, their agents, successors or assigns, in which event a proper charge for the same will be assessed and collected.

10. WATER AVAILABILITY, CONNECTION AND FEES:

GRANTEE, for himself, his heirs, executors, successors, and assigns, agrees as follows: That as a consideration of sale, in further consideration of the incorporation of identical covenants in the deeds to all lots in SUBDIVISION, and as a condition precedent to the installation of water mains adjacent to the lot(s) herein described, which said mains are to located and installed by GRANTOR or its successors or assigns, the GRANTEE will pay to GRANTOR or its successors or assigns the sum of forty-eight dollars ($48.00) per year, payable in advance, for each year during which water utility service is available to the said lot(s) on application made and payment of the connection fee as hereinafter provided, whether or not GRANTEE has made a connection to said mains or uses such water utility service. This charge shall be known as the "water availability fee" and shall be payable as follows: for the year in which water utility service is first made available, four dollars ($4.00) for each month following

the month in which such service becomes available and through March 31, to be paid in advance on the first day of the month following the month in which such service becomes available; for subsequent years, forty-eight dollars ($48.00) on April first, providing such service was available on March thirty-first of that same year.

The water availability fee is not a contribution in aid of construction, and is hereby incorporated in and expressly made a part of these Restrictions.

On receipt of a written request therefor and a connection fee of One Hundred Ninety-Five Dollars ($195.00) paid to the Utility Water Company serving the SUBDIVISION, hereinafter referred to as "UTILITY", UTILITY will install a water service connection from the mains to the GRANTEE'S lot line. After the installation of such connection, the GRANTEE will no longer pay the water availability fee to GRANTOR providing for in the preceding paragraphs but will pay a water service to UTILITY, whether or not he actually draws water from the main. The amount of the water service fee is subject to the jurisdiction of the Public Utilities Commission of Tennessee, and until such amount is changed by such Commission the amount shall be an unmetered rate of four dollars ($4.00) per month, payable on the same terms and conditions as those fixed for the water availability fee.

Fees for water service or for the availability of water service which are not paid within twenty (20) days of the first day of the month in which they are due shall be increased by a ten per cent (10%) overdue charge.

Unpaid water service or water availability fees shall constitute a lien encumbrance on or against the lot, parcel, or tract of land for which they are charged, which lien may be recorded against such land in the mortgage records of Hardeman County, Tennessee and participate with other liens against such land as provided by law. UTILITY and GRANTOR, their successors or assigns, may additionally, pursue such other remedies for non-payment as may be available by law.

No individual water wells shall be allowed on any lot, and each lot occupant shall use the water supply from UTILITY or its successors or assigns.

11. MOBILE HOME LOTS:

A. Mobile Home Lots are those lots designated as such on the recorded plats and are to be used exclusively for the placement thereon of single family commercially produced mobile homes and single family commercially produced double wide mobile homes consisting of two sections combined horizontally at the site while still retaining their individual chassis. No mobile home may be over five (5) years of age at the time of placement on any lot. All mobile homes must be inspected and approved by ASSOCIATION prior to placement on any Mobile Home lot.

B. No porch or projection of any structure shall extend nearer than thirty (30) feet to any road rights of way, not nearer than ten (10) feet to the property line of any abutting lot. No additional rooms will be allowed to be attached to any mobile home.

Plans and specifications for concrete foundations, concrete pads, canopies, garages, carports, driveways, sidewalks, patios, parking areas, tie downs, porches, awnings, entrance and exit steps or any other structure must be submitted to the ASSOCIATION for their approval

in writing before any construction can commence. No concrete block construction will be allowed on any Mobile Home lot. All accessory buildings are to be of a commercially produced type as designated by ASSOCIATION.

Installation of the tie downs must be completed within thirty (30) days from the date the mobile home is placed on the lot.

Fences on Mobile Home lots shall be permitted in the back yards only after prior approval in writing of construction plans by ASSOCIATION.

All mobile homes must be completely skirted within thirty (30) days after placement on the lot. Skirting must be of a type material and size approved in advance by ASSOCIATION and must be consistent with skirting used on other mobile homes in the section. All wheels and tires must be removed and stored under the mobile home before skirting. The hitch must be removed or bordered with skirting or shrubbery.

C. No mobile home shall be placed on any Mobile Home lot except as directed in writing by ASSOCIATION or as designated on the recorded plats of SUBDIVISION.

12. COVENANTS RUNNING WITH THE LAND, DURATION OF RESTRICTIONS:

These restrictions shall be considered as covenants running with the land, and shall bind the GRANTEES, their heirs, executors, administrators, successors and assigns, and if said GRANTEES, their heirs, executors, administrators, successors or assigns shall violate, or attempt to violate, any of the covenants or restrictions herein contained, it shall be lawful for any person, persons or legal entity owning any land in the SUBDIVISION to prosecute by proceeding at law or in equity against the person or persons violating or attempting to violate any such covenants or restrictions either to prevent him or them from doing so, or to recover damages for such violation. The reservation of easement rights contained in paragraph eight (8) shall be in perpetuity, retained by GRANTOR, for itself, its successors or assigns in fee simple absolute.

All other restrictions, conditions, covenants or agreements contained herein shall continue until January 1, 1985 A.D., and thereafter may be changed, altered, amended or revoked in whole or in part by the owners of the lots in the SUBDIVISION whenever the owners of at least two-thirds of the said lots so agree in writing, or by action of the Candlewood Lakes Property Owners Association, Inc., at a meeting duly called for said purpose by a vote of at least a majority of the members of ASSOCIATION. Any invalidation of any one of these restrictive covenants or reservations shall in no way affect any other of the provisions thereof which shall thereafter remain in full force and effect.

_____

_____

_____

Randolph Ebolt
President
Candlewood Lakes Dr

The foregoing instrument was filed for record 3-21-24 at, 9:25 AM and noted in Note Book No. 33, Page 206
and compared.

Jane Jernigan
RHC

EXHIBIT 2

RESTRICTIVE COVENANTS AND RESERVATIONS
CANDLEWOOD LAKES SUBDIVISION – HARDEMAN COUNTY, TENNESSEE

Original March 21st, 1974 recorded in Deed Book P5 Page 200, Amended May 1st, 2011

THIS AGREEMENT AND THE WARRANTY DEED FROM CANDLEWOOD LAKES INC. (GRANTEE) SHALL BE SUBJECT TO THE FOLLOWING RESTRICTIVE COVENANTS WHICH SHALL RUN WITH THE LAND:

1. **USE:** SAID LOTS SHALL BE USED EXCLUSIVELY FOR SINGLE FAMILY RESIDENTIAL PURPOSES EXCEPT THOSE LOTS THAT MAY BE DESIGNATED ON THE RECORDED PLATS OF CANDLEWOOD LAKES SUBDIVISION, HEREINAFTER REFERRED TO AS SUBDIVISION, AS RECREATIONAL AREAS, COMMERCIAL LOTS, MOBILE HOME LOTS OR CAMPING LOTS.

2. **RESIDENTIAL LOTS:**

A. NOT MORE THAN ONE SINGLE FAMILY DWELLING HOUSE MAY BE ERECTED OR CONSTRUCTED ON ANY ONE RESIDENTIAL LOT, NOR MORE THAN ONE BUILDING FOR GARAGE OR STORAGE PURPOSES, AND PROVIDED FURTHER THAT NO BUILDING OR STRUCTURE OF ANY KIND SHALL BE ERECTED PRIOR TO THE ERECTION OF A DWELLING HOUSE. NO ACCESSORY OR TEMPORARY BUILDING SHALL BE USED OR OCCUPIED AS LIVING QUARTERS. NO STRUCTURE SHALL HAVE TAR PAPER, ROLL BRICK SIDING OR SIMILAR MATERIAL ON OUTSIDE WALLS. NO HOUSE TRAILERS, COMMERCIALLY PRODUCED RECREATIONAL VEHICLES, MOBILE HOMES, CAMPERS, TENTS, UTILITY OR STORAGE BUILDING, CANOPIES, OR SIMILAR STRUCTURES SHALL BE ERECTED, MOVED TO OR PLACED UPON SAID RESIDENTIAL LOT. ALL BUILDING EXTERIORS MUST BE COMPLETED WITHIN SIX MONTHS FROM THE DATE THE CONSTRUCTION COMMENCES.

B. NO RESIDENCE SHALL HAVE LESS THAN 800 SQ. FT. OF LIVING SPACE ON THE GROUND FLOOR, OR FIRST FLOOR, EXCLUSIVE OF PORCH AREA. NO PORCH OR PROJECTION OF ANY BUILDING SHALL EXTEND NEARER THAN THIRTY (30) FEET TO ANY ROAD RIGHTS OF WAY, NOR NEARER THAN TEN (10) FEET TO THE PROPERTY LINE OF ANY ABUTTING PROPERTY OWNER, NOR, UNLESS OTHERWISE PROVIDED ON THE RECORDED PLATS, NEARER THAN FIFTY (50) FEET (HORIZONTALLY) TO THE NORMAL WATER ELEVATION OF ANY LAKE LOCATED WITHIN SUBDIVISION AS SHOWN ON RECORDED PLATS, AND IN NO EVENT SHALL ANY DWELLING BE ERECTED BELOW AN ELEVATION OF TEN (10) FEET ABOVE NORMAL WATER ELEVATION OF ANY LAKE LOCATED WITHIN SUBDIVISION.

C. PLANS AND SPECIFICATIONS MUST BE SUBMITTED TO ASSOCIATIONS ENVIRONMENTAL CONTROL COMMITTEE, HEREINAFTER REFERRED TO AS COMMITTEE, FOR ANY STRUCTURE OR IMPROVEMENT TO BE ERECTED ON OR MOVED UPON ANY LOT, THE PROPOSED LOCATION THEREOF ON SAID LOT OR LOTS, THE CONSTRUCTION MATERIAL TO BE USED, THE ROOF AND EXTERIOR COLOR SCHEMES, AS WELL AS ALL REMODELING, RECONSTRUCTION, ALTERATION OR ADDITIONS THERETO ON ANY LOT SHALL BE SUBJECT TO AND SHALL REQUIRE THE APPROVAL IN WRITING OF COMMITTEE OR ITS DULY AUTHORIZED AGENT BEFORE ANY SUCH WORK IS COMMENCED. COMMITTEE SHALL HAVE THE RIGHT TO DISAPPROVE ANY PLANS, SPECIFICATIONS OR DETAILS SUBMITTED TO IT IN THE EVENT THE SAME ARE NOT IN ACCORDANCE WITH ALL OF THE PROVISIONS OF THESE RESTRICTIONS OR THE RULES AND REGULATIONS OF COMMITTEE OR WHEN **(1)** THE DESIGN OR COLOR SCHEME OF THE PROPOSED BUILDING OR OTHER STRUCTURE IS NOT IN HARMONY WITH THE GENERAL SURROUNDINGS OF SUCH LOTS OR WITH THE ADJACENT BUILDINGS OR STRUCTURES, **(2)** THE PLANS AND SPECIFICATIONS SUBMITTED ARE INCOMPLETE, OR **(3)** COMMITTEE DEEMS THE PLANS, SPECIFICATIONS OR DETAILS OR ANY PART THEREOF, TO BE CONTRARY TO THE INTEREST, WELFARE OR RIGHTS OF ALL OR ANY PART OF THE REAL PROPERTY IN SUBDIVISION, OR THE OWNERS THEREOF. THE DECISIONS OF THE COMMITTEE SHALL BE FINAL. NEITHER ASSOCIATION, ITS AGENTS NOR GRANTOR, ITS SUCCESSORS OR ASSIGNS, SHALL BE RESPONSIBLE FOR STRUCTURAL DEFICIENCIES, OR ANY OTHER DEFECTS IN PLANS OR SPECIFICATIONS SUBMITTED, REVISED OR APPROVED IN ACCORDANCE WITH THE FOREGOING PROVISIONS.

COMMITTEE MAY ALLOW REASONABLE VARIANCES OR ADJUSTMENTS OF RESTRICTIONS **2B** AND **2C** WHERE LITERAL APPLICATION THEREOF WOULD RESULT IN UNNECESSARY HARDSHIP. PROVIDED, HOWEVER, THAT ANY SUCH VARIANCE OR ADJUSTMENT IS GRANTED IN CONFORMITY WITH THE GENERAL INTENT AND PURPOSES OF THESE RESTRICTIONS; AND, THAT THE GRANTING OF A VARIANCE OF ADJUSTMENT WILL NOT BE MATERIALLY DETRIMENTAL OR INJURIOUS TO OTHER LOTS IN SUBDIVISION.

3. CAMPING LOTS:

A. CAMPING LOTS ARE THOSE LOTS DESIGNATED AS SUCH ON THE RECORDED PLATS AND ARE TO BE USED EXCLUSIVELY FOR SINGLE FAMILY TEMPORARY CAMPING PURPOSES AND FOR PLACEMENT THEREON OF COMMERCIALLY PRODUCED TRAVEL TRAILERS, RECREATIONAL VEHICLES, PICKUP TRUCK CAMPERS, MOTOR HOMES, TENTS AND ALL OTHER VEHICLES COMMERCIALLY PRODUCED TO BE USED FOR CAMPING. ALL VEHICLES AND TENTS AS HEREIN DESCRIBED MUST BE INSPECTED AND APPROVED BY ASSOCIATION PRIOR TO PLACEMENT ON ANY CAMPING LOT WITHIN SUBDIVISION.

B. NO CAMPING LOT SHALL BE USED AS A RESIDENCE NOR, WITHOUT THE WRITTEN PERMISSION OF ASSOCIATION, BE CONTINUOUSLY OCCUPIED FOR A PERIOD IN EXCESS OF SIXTY (60) DAYS. CAMPING LOTS AND USE THEREOF SHALL BE INSPECTED WEEKLY OR AT THE DISCRETION OF ASSOCIATION TO INSURE STRICT COMPLIANCE WITH ALL RESTRICTIONS SET FORTH HEREIN.

C. NO STRUCTURES, INCLUDING, BUT NOT LIMITED TO, DWELLINGS, MOBILE HOMES (TRAILERS EXCEEDING FORTY (40) FEET IN LENGTH AND EIGHT (8) FEET IN WIDTH, NOT COMMERCIALLY PRODUCED TO BE USED FOR CAMPING), GARAGES, SHEDS, "A-FRAMES", BOAT HOUSES, WASTE RECEPTACLE BINS OR HOUSES AND TELEVISION OR RADIO ANTENNAS ABOVE GROUND LEVEL, SHALL BE CONSTRUCTED OR BE PERMITTED TO REMAIN ON CAMPING LOTS. THIS RESTRICTION, HOWEVER, DOES NOT EXTEND TO PROHIBITING HARD-STANDS, APPROXIMATELY LEVEL WITH THE SURROUNDING GROUND, CONSTRUCTED OR MAINTAINED AS CAMPING VEHICLE PARKING SPACES OR TENT FLOORS; NOR DOES IT INCLUDE VEGETATION PLANTED OR TRIMMED FOR LANDSCAPING PURPOSES; NOT DOES IT PROHIBIT THE USE OF TENT OR AWNING FRAMES, PLATFORMS, CANOPIES, ANTENNAS, LINES, POLES AND SIMILAR TEMPORARY FORMS PROVIDED THE SAME ARE REMOVED WHEN THE CAMPING LOT IS NOT OCCUPIED. STORAGE BUILDINGS OF A TYPE AND SIZE APPROVED BY ASSOCIATION MAY BE PERMITTED. SAID BUILDINGS MUST BE LOCATED ON THE LOT AT THE DIRECTION OF ASSOCIATION. NO VEHICLE OR TENT AS HEREINTOFORE DESCRIBED SHALL BE PLACED NEARER THAN THIRTY (30) FEET TO ANY ROAD RIGHT OF WAYS, NOR NEARER THAN TEN (10) FEET TO THE PROPERTY LINE OF ANY ABUTTING PROPERTY OWNER.

D. NO OUTSIDE TOILET SHALL BE ALLOWED ON THE PREMISES. NO UNTREATED WASTE FROM ANY LOT SHALL BE PERMITTED TO ENTER ANY LAKE WITHIN SUBDIVISION. NO SEWAGE, GARBAGE, LIQUID OR SOLID WASTE DISPOSAL SYSTEMS, PITS, "POST HOLES", BURIED METAL DRUMS, OR OTHER SIMILAR STRUCTURES OR OPERATIONS SHALL BE PERMITTED ON ANY CAMPING LOT. ALL COMMERCIALLY PRODUCED TRAVEL TRAILERS, TENT TRAILERS, RECREATIONAL VEHICLES, PICK-UP TRUCK CAMPERS, MOTOR HOMES AND ALL OTHER VEHICLES COMMERCIALLY PRODUCED TO BE USED FOR CAMPING SHALL HAVE SEWAGE DRAINS SEALED FOR THE DURATION OF THEIR STAY ON ANY CAMPING LOT. ALL SEWAGE, SOLID WASTES AND TRASH MUST BE DISPOSED OF AT DUMPING OR TRASH STATIONS OR OTHER PLACES SPECIFIED THEREFOR OFF OF CAMPING LOTS. ANY PERSON USING CAMPING EQUIPMENT WITHOUT SEPTIC TANKS MUST USE COMFORT CENTERS PROVIDED FOR THE DISPOSAL OF ALL WASTES, BOTH LIQUID AND SOLID, AS REQUIRED.

4. COMMERCIAL LOTS:

COMMERCIAL LOTS ARE THOSE LOTS DESIGNATED AS SUCH ON THE RECORDED PLATS AND ARE TO BE USED EXCLUSIVELY FOR GENERAL BUSINESS, COMMERCE AND/OR MULTI-FAMILY RESIDENTIAL PURPOSES.

5. RECREATIONAL AREAS:

RECREATIONAL AREAS ARE THOSE AREAS DESIGNATED AS SUCH ON THE RECORDED PLATS TO BE OWNED BY ASSOCIATION, SUCH AS, BUT NOT LIMITED TO, GREEN WAYS, PICNIC AREAS, BOAT DOCKS, BRIDLE PATHS, BEACHES, COMFORT CENTERS AND LAKES. SAID AREAS ARE FOR THE EXCLUSIVE RECREATIONAL USE OF ASSOCIATION MEMBERS AND THEIR INVITEES. CAMPING WILL NOT BE PERMITTED ON RECREATIONAL AREAS.

6. MAINTENANCE FEES, LIMITATIONS ON SALE:

EACH GRANTEE, FOR HIMSELF, HIS HEIRS, EXECUTORS, ADMINISTRATORS AND ASSIGNS SHALL BE SUBJECT TO AN ANNUAL DUES CHARGE OF $48.00 WHICH HE AGREES TO PAY TO CANDLEWOOD LAKES PROPERTY OWNERS ASSOCIATION, INC., ITS SUCCESSORS AND ASSIGNS, AS PROVIDED IN THE CODE OF REGULATIONS OF ASSOCIATION, ANNUALLY, ON THE 1st DAY OF APRIL COMMENCING IN THE YEAR FOLLOWING THE DATE OF PURCHASE, FOR THE IMPROVEMENT, MAINTENANCE, OPERATION AND UPKEEP OF ALL PROPERTIES AND FACILITIES OWNED OR ACQUIRED BY ASSOCIATION INCLUDING, WITHOUT WAY OF LIMITATION, ALL ROADS, LAKE BASIN, DAMS, BOAT DOCK AND RECREATION AREAS IRRESPECTIVE OF WHETHER THE PRIVILEGES OF USING SUCH AREAS ARE EXERCISED OR NOT AND SHALL FURTHER, UPON APPLYING FOR MEMBERSHIP IN ASSOCIATION, PAY THE INITIATION FEE AS IS THEN ESTABLISHED BY ASSOCIATION PURSUANT TO ITS CODE OF REGULATIONS. GRANTEE, FOR HIMSELF, HIS HEIRS, EXECUTORS, ADMINISTRATORS, AND ASSIGNS, FURTHER AGREES THAT THE CHARGES HEREIN SET FORTH SHALL BE AND CONSTITUTE A DEBT WHICH MAY BE COLLECTED BY SUIT IN ANY COURT OF COMPETENT JURISDICTION OR OTHERWISE; AND THAT UPON THE CONVEYANCE OF ANY PART OF THE LAND DESCRIBED HEREIN, THE PURCHASER THEREOF AND EACH AND EVERY SUCCESSIVE PURCHASER AND/OR PURCHASERS SHALL FROM THE TIME OF ACQUIRING SUCH LAND COVENANT AND AGREE, AS AFORESAID, TO PAY TO ASSOCIATION, ITS SUCCESSORS AND ASSIGNS, ALL CHARGES PAST AND/OR FUTURE AS PROVIDED HEREIN, AND IN STRICT ACCORDANCE WITH THE TERMS AND PROVISIONS HEREOF.

GRANTEE, FOR HIMSELF, HIS HEIRS, EXECUTORS, ADMINISTRATORS OR ASSIGNS, SHALL NOT SELL, ASSIGN OR CONVEY ANY LOT TO ANY PERSON, OR PERSONS, WITHOUT NOTICE TO AND APPROVAL FOR MEMBERSHIP IN ASSOCIATION, AND ALL PERSONS OWNING LOTS IN SUBDIVISION SHALL BE MEMBERS OF ASSOCIATION.

7. BOAT DOCKS:

NO BOAT DOCKS, FLOATS OR OTHER STRUCTURES EXTENDING INTO A LAKE SHALL BE CONSTRUCTED OR PLACED INTO OR ON ANY LAKE WITHIN SUBDIVISION WITHOUT PRIOR WRITTEN APPROVAL OF GRANTOR, ITS SUCCESSORS OR ASSIGNS. USE OF THE LAKES SHALL BE IN COMPLIANCE WITH THE RULES AND REGULATIONS OF ASSOCIATION.

8. EASEMENT RESERVATIONS:

GRANTOR, FOR ITSELF, ITS SUCCESSORS, ASSIGNS AND LICENSEES RESERVES AN EASEMENT ON, OVER AND UNDER ALL ROAD RIGHTS OF WAY, RESERVES A FIFTEEN (15) FOOT WIDE EASEMENT ALONG THE ROAD RIGHTS OF WAY, A FIFTEEN (15) FOOT WIDE EASEMENT ALONG REAR LINES OF EACH AND EVERY LOT AND A FIVE (5) FOOT WIDE EASEMENT ALONG THE SIDES LINES OF EACH AND EVERY LOT FOR THE PURPOSE OF INSTALLING, OPERATING AND MAINTAINING TELEVISION CABLES, UTILITY LINES AND MAINS THEREON, INGRESS AND EGRESS OF MOBILE HOMES IF APPLICABLE, TOGETHER WITH THE RIGHT TO TRIM AND/OR CUT OR REMOVE ANY TREES AND/OR BRUSH AND THE RIGHT TO LOCATE GUY WIRES, BRACES AND ANCHORS WHEREVER NECESSARY FOR SAID INSTALLATIONS, OPERATIONS OR MAINTENANCE; TOGETHER WITH THE RIGHT TO INSTALL, OPERATE AND MAINTAIN GAS AND WATER MAINS, SEWER LINES, CULVERTS AND DRAINAGE DITCHES AND OTHER SERVICES AND APPURTENANCES THERETO, FOR THE CONVENIENCE OF PROPERTY OWNERS, RESERVING ALSO THE RIGHTS OF INGRESS TO AND EGRESS TO SUCH AREAS FOR ANY OF THE PURPOSES MENTIONED ABOVE. IF AND WHEN THE SEWER AUTHORITY ESTABLISHED BY THE HARDEMAN COUNTY COMMISSIONERS DETERMINES IT FEASIBLE TO INSTALL A CENTRAL SEWER SYSTEM, SUCH AUTHORITY SHALL HAVE, AND IT HEREBY IS GRANTED THE RIGHT, ALONG WITH OTHER AUTHORIZED UTILITIES, TO USE THE HEREIN RESERVED EASEMENTS TO INSTALL AND MAINTAIN SUCH CENTRAL SEWER SYSTEMS. EXCEPTIONS: **(1)** WHERE AN OWNER OF TWO OR MORE ADJOINING LOTS CONSTRUCTS A BUILDING WHICH SHALL CROSS OVER OR THROUGH A COMMON LOT LINE, SAID COMMON LOT LINE SHALL NOT BE SUBJECT TO THE AFOREMENTIONED FIVE (5) FOOT EASEMENT UNLESS IT IS SHOWN ON RECORDED PLATS; **(2)** NO EASEMENT SHALL EXIST ON THAT PORTION OF ANY WATER FRONT LOT RUNNING ALONG OR ABUTTING THE SHORELINE OF ANY LAKE WITHIN SUBDIVISION UNLESS SHOWN ON THE RECORDED PLATS, EXCEPT, HOWEVER, GRANTOR, FOR ITSELF, ITS SUCCESSORS, ASSIGNS AND LICENSEES RESERVES THE RIGHT TO CAUSE OR PERMIT DRAINAGE OF SURFACE WATER OVER AND/OR THROUGH SAID LOTS. NO OWNER OF PROPERTY WITHIN THE SUBDIVISION SHALL HAVE A CAUSE OF ACTION AGAINST GRANTOR, ITS SUCCESSORS OR ASSIGNS, OR LICENSEES EITHER AT LAW OR IN EQUITY EXCEPTING IN CASE OF ANY DAMAGES CAUSED TO HIS PROPERTY, BY REASON OF WILLFUL NEGLIGENCE IN INSTALLING, OPERATING, REMOVING OR MAINTAINING THE ABOVE MENTIONED INSTALLATION, GRANTOR, ITS SUCCESSORS OR ASSIGNS, RESERVES THE RIGHTS FOR THE INSTALLATION OF TELEVISION CABLES.

9. NUISANCES:

NO NOXIOUS, OFFENSIVE, IMMORAL OR ILLEGAL TRADE OR ACTIVITY SHALL BE PERMITTED ON ANY LOT, NOR SHALL ANYTHING BE DONE THEREON WHICH MAY BE OR BECOME AN ANNOYANCEOR NUISANCE TO THE NEIGHBORHOOD. NO ANIMAL OR FOWL SHALL BE KEPT OR MAINTAINED ON ANY LOT EXCEPT CUSTOMARY HOUSEHOLD PETS. NO SIGNS OF ANY KIND SHALL BE DISPLAYED ON ANY VACANT LOT. A COMMUNITY BULLETIN BOARD SHALL BE PROVIDED BY GRANTOR AND/OR ASSOCIATION IN A DESIGNATED AREA FOR THE POSTING OF SOLICITATIONS, SALES NOTICES, ETC. NO GARBAGE OR TRASH SHALL BE BURNED ON ANY LOT. OTHER REFUSE, SUCH AS, BUT NOT SPECIFICALLY LIMITED TO SMALL TREES, TREE LIMBS AND UNDERBRUSH MAY BE BURNED UPON SECURING A BURNING PERMIT FROM ASSOCIATION OR APPROPRIATE LEGAL AUTHORITY. NO GARBAGE, TRASH OR OTHER REFUSE AS DESCRIBED HEREIN MAY BE PLACED IN ANY DRAINAGE DITCH, ON ANY ROAD RIGHTS OF WAY OR COMMON AREA WITHIN SUBDIVISION.

ALL LOTS MUST BE KEPT CLEANED, MOWED AND IN A TIDY MANNER INCLUDING THAT AREA FROM THE FRONT LOT LINE TO THE EDGE OF THE ROAD PAVEMENT, AS DETERMINED BY ASSOCIATION AND/OR GRANTOR, THEIR SUCCESSORS OR ASSIGNS. FAILURE TO DO SO WILL RESULT IN MAINTENANCE OF SAID LOT BY ASSOCIATION AND/OR GRANTOR, THEIR AGENTS, SUCCESSORS OR ASSIGNS, IN WHICH EVENT A PROPER CHARGE FOR THE SAME WILL BE ASSESSED AND COLLECTED.

10. WATER AVAILABILITY, CONNECTION AND FEES:

GRANTEE, FOR HIMSELF, HIS HEIRS, EXECUTORS, SUCCESSORS, AND ASSIGNS, AGREES AS FOLLOWS: THAT AS A CONSIDERATION OF SALE, IN FURTHER CONSIDERATION OF THE INCORPORATION OF IDENTICAL COVENANTS IN THE DEEDS TO ALL LOTS IN SUBDIVISION, AND AS A CONDITION PRECEDENT TO THE INSTALLATION OF WATER MAINS ADJACENT TO THE LOT(S) HEREIN DESCRIBED, WHICH SAID MAINS ARE TO LOCATED AND INSTALLED BY GRANTOR OR ITS SUCCESSORS OR ASSIGNS, THE GRANTEE WILL PAY TO GRANTOR OR ITS SUCCESSORS OR ASSIGNS THE SUM OF FORTY-EIGHT DOLLARS ($48.00) PER YEAR, PAYABLE IN ADVANCE, FOR EACH YEAR DURING WHICH WATER UTILITY SERVICE IS AVAILABLE TO THE SAID LOT(S) ON APPLICATION MADE AND PAYMENT OF THE CONNECTION FEE AS HEREINAFTER PROVIDED, WHETHER OR NOT GRANTEE HAS MADE A CONNECTION TO SAID MAINS OR USES SUCH WATER UTILITY SERVICE. THIS CHARGE SHALL BE KNOWN AS THE "WATER AVAILABILITY FEE" AND SHALL BE PAYABLE AS FOLLOWS: FOR THE YEAR IN WHICH WATER UTILITY SERVICE IS FIRST MADE AVAILABLE, FOR DOLLARS ($4.00) FOR EACH MONTH FOLLOWING THE MONTH IN WHICH SUCH SERVICE BECOMES AVAILABLE AND THROUGH MARCH 31, TO BE PAID IN ADVANCE ON THE FIRST DAY OF THE MONTH FOLLOWING THE MONTH IN WHICH SUCH SERVICE BECOMES AVAILABLE; FOR SUBSEQUENT YEARS, FORTY-EIGHT DOLLARS ($48.00) ON APRIL FIRST, PROVIDING SUCH SERVICE WAS AVAILABLE ON MARCH THIRTY-FIRST OF THAT SAME YEAR.

THE WATER AVAILABILITY FEE IS NOT A CONTRIBUTION IN AID OF CONSTRUCTION, AND IS HEREBY INCORPORATED IN AND EXPRESSLY MADE A PART OF THESE RESTRICTIONS.

ON RECEIPT OF A WRITTEN REQUEST THEREFORE AND A CONNECTION FEE OF ONE HUNDRED NINETY-FIVE DOLLARS ($195.00) PAID TO THE UTILITY WATER COMPANY SERVING THE SUB-DIVISION , HEREINAFTER REFERRED TO AS "UTILITY", UTILITY WILL INSTALL A WATER SERVICE CONNECTION FROM THE MAINS TO THE GRANTEE'S LOT LINE. AFTER THE INSTALLATION OF OF SUCH CONNECTION, THE GRANTEE WILL NO LONGER PAY THE WATER AVAILABILITY FEE TO GRANTOR PROVIDING FOR IN THE PRECEDING PARAGRAPHS BUT WILL PAY A WATER SERVICE TO UTILITY, WHETHER OR NOT HE ACTUALLY DRAWS WATER FROM THE MAIN.
CALCULATION OF FEES: "ANY GRANTEE WHO HAS A LOT THAT IS SERVICED BY OR OTHERWISE DRAWS WATER FROM THE UTILITY MAIN SHALL PAY A WATER SERVICE FEE TO BE CALCULATED UPON THE APPORTIONMENT OF THE TOTAL OPERATING COST OF THE UTILITY PROVIDING WATER TO CANDLEWOOD LAKES. THE CALCULATION OF THE WATER SERVICE FEE IS TO BE CHARGED TO EACH GRANTEE BASED UPON THE TOTAL ANNUAL OPERATING COST OF THE UTILITY. OPERATING EXPENSES SHALL BE CALCULATED UPON THE PREVIOUS OPERATING COSTS OF THE PREVIOUS CALENDAR YEAR. THE TOTAL OPERATING COST WILL BE BILLED AND EQUALLY APPORTIONED TO GRANTEES DRAWING WATER FROM THE MAIN SHALL BE CALCULATED FOLLOWING THE DEDUCTION OF ALL FEES COLLECTED BY THE UTILITY FROM APPLICABLE BILL YEAR THAT ARE GENERATED FROM WATER AVAILABILITY FEES. IF A GRANTEE OWNS MULTIPLE ADJOINING LOTS (TRACT) FOR THE PURPOSE OF ONE DWELLING IN CANDLEWOOD AND THAT GRANTEE DERIVES WATER FROM MAIN FOR A HOME SUBJECTING RATES TO WATER SERVICE FEES AS REFERRED ABOVE, THE GRANTEE WILL PAY AN ADJUSTED AVAILABILITY FEE OF NO MORE THAN 3 PERCENT (3%) OF THE ANNUAL TOTAL SERVICE FEE PER ADJOINING LOT.
APPROVAL OF FEES: THE AMOUNT OF WATER SERVICE FEES TO BE CHARGED TO THE GRANTEE DERIVING WATER FROM THE MAIN SHALL BE SUBJECT TO REVIEW AND APPROVAL BY AN OUTSIDE COMPANY. AS OF THE DATE OF IMPLEMENTATION OF THIS COVENANT MODIFICATION IT IS AGREED TLM WILL REVIEW THE WATER SERVICE FEE TO INSURE THE REASONABLENESS OF THE WATER SERVICE FEE. THE USE OF TLM INITIALLY IN NO WAY RESTRICTS THE BOARD FROM USING ANOTHER COMPANY OR FIRM FOR THIS PURPOSE IN THE FUTURE.

FEES FOR WATER SERVICE OR FOR THE AVAILABILITY OF WATER SERVICE WHICH

ARE NOT PAID WITHIN TWENTY (20) DAYS OF THE FIRST DAY OF THE MONTH IN WHICH THEY ARE DUE SHALL BE INCREASED BY A TEN PER CENT (10%) OVERDUE CHARGE.

UNPAID WATER SERVICE OR WATER AVAILABILITY FEES SHALL CONSTITUTE A LIEN ENCUMBRANCE ON OR AGAINST THE LOT, PARCEL, OR TRACT OF LAND FOR WHICH THEY ARE CHARGED, WHICH LEIN MAY BE RECORDED AGAINST SUCH LAND IN THE MORTGAGE RECORDS OF HARDEMAN COUNTY, TENNESSEE AND PARTICIPATE WITH OTHER LIENS AGAINST SUCH LAND AS PROVIDED BY LAW. UTILITY AND GRANTOR, THEIR SUCCESSOR OR ASSIGNS, MAY ADDITIONALLY, PURSUE SUCH OTHER REMEDIES FOR NON-PAYMENT AS MAY BE AVAILABLE BY LAW.

11. MOBILE HOME LOTS:

A. MOBILE HOME LOTS ARE THOSE LOTS DESIGNATED AS SUCH ON THE RECORDED PLATS AND ARE TO BE USED EXCLUSIVELY FOR THE PLACEMENT THEREON OF SINGLE FAMILY COMMERCIALLY PRODUCED MOBILE HOMES AND SINGLE FAMILY COMMERCIALLY PRODUCED DOUBLE WIDE MOBILE HOMES CONSISTING OF TWO SECTIONS COMBINED HORIZONTALLY AT THE SITE WHILE STILL RETAINING THEIR INDIVIDUAL CHASSIS. NO MOBILE HOME MAY BE OVER FIVE (5) YEARS OF AGE AT THE TIME OF PLACEMENT ON ANY LOT. ALL MOBILE HOMES MUST BE INSPECTED AND APPROVED BY ASSOCIATION PRIOR TO PLACEMENT ON ANY MOBILE HOME LOT.

B. NO PORCH OR PROJECTION OF ANY STRUCTURE SHALL EXTEND NEARER THAN THIRTY (30) FEET TO ANY ROADS RIGHTS OF WAY, NOT NEARER THAN TEN (10) FEET TO THE PROPERTY LINE OF ANY ABUTTING LOT. NO ADDITIONAL ROOMS WILLS BE ALLOWED TO BE ATTACHED TO ANY MOBILE HOME.

PLANS AND SPECIFICATIONS FOR CONCRETE FOUNDATIONS, CONCRETE PADS, CANOPIES, GARAGES, CARPORTS, DRIVEWAYS, SIDEWALKS, PATIOS, PARKING AREAS, TIE DOWNS, PORCHES, AWNINGS, ENTRANCE AND EXIT STEPS OR ANY OTHER STRUCTURE MUST BE SUBMITTED TO THE ASSOCIATION FOR THEIR APPROVAL IN WRITING BEFORE ANY CONSTRUCTION CAN COMMENCE. NO CONCRETE BLOCK CONSTRUCTION WILL BE ALLOWED ON ANY MOBILE HOME LOT. ALL ACCESSORY BUILDINGS ARE TO BE OF COMMERCIALLY PRODUCED TYPE AS DESIGNATED BY ASSOCIATION.

INSTALLATION OF THE TIE DOWNS MUST BE COMPLETED WITHIN THIRTY (30) DAYS FROM THE DATE THE MOBILE HOME IS PLACED ON THE LOT.

FENCES ON MOBILE HOME LOTS SHALL BE PERMITTED IN THE BACK YARDS ONLY AFTER PRIOR APPROVAL IN WRITING OF CONSTRUCTION PLANS BY ASSOCIATION.

ALL MOBILE HOMES MUST BE COMPLETELY SKIRTED WITHIN THIRTY (30) DAYS AFTER PLACEMENT ON THE LOT. SKIRTING MUST BE OF A TYPE MATERIAL AND SIZE APPROVED IN ADVANCE BY ASSOCIATION AND MUST BE CONSISTENT WITH SKIRTING USED ON OTHER MOBILE HOMES IN THE SECTION. ALL WHEELS AND TIRES MUST BE REMOVED AND STORED UNDER THE MOBILE HOME BEFORE SKIRTING. THE HITCH MUST BE REMOVED OR BORDERED WITH SKIRTING OR SHRUBBERY.

C. NO MOBILE HOME SHALL BE PLACED ON ANY MOBILE HOME LOT EXCEPT AS DIRECTED IN WRITING BY ASSOCIATION OR AS DESIGNATED ON THE RECORDED PLATS OF SUBDIVISION.

12. COVENANTS RUNNING WITH THE LAND, DURATION OF RESTRICTIONS:

THESE RESTRICTIONS SHALL BE CONSIDERED AS COVENANTS RUNNING WITH THE LAND, AND SHALL BIND THE GRANTEES, THEIR HEIRS, EXECUTORS, ADMINISTRATORS, SUCCESSORS AND ASSIGNS, AND IF SAID GRANTEE, THEIR HEIRS, EXECUTORS, ADMINISTRATORS, SUCCESSORS OR ASSIGNS SHALL VIOLATE, OR ATTEMPT TO VIOLATE, ANY OF THE COVENANTS OR RESTRICTIONS HEREIN CONTAINED, IT SHALL BE LAWFUL FOR ANY PERSON, PERSONS OR LEGAL ENTITY OWNING ANY LAND IN THE SUBDIVISION TO PROSECUTE BY PROCEEDING AT LAW OR IN EQUITY AGAINST THE PERSON OR PERSONS VIOLATING OR ATTEMPTING TO VIOLATE ANY SUCH COVENANTS OR RESTRICTIONS EITHER TO PREVENT HIM OR THEM FROM DOING SO, OR TO RECOVER DAMAGES FOR SUCH VIOLATION. THE RESERVATION OF EASEMENT RIGHTS CONTAINED IN PARAGRAPH EIGHT (8) SHALL BE IN PERPETUITY, RETAINED BY GRANTOR, FOR ITSELF, ITS SUCCESSORS OR ASSIGNS IN FEE SIMPLE ABSOLUTE.

ALL OTHER RESTRICTIONS, CONDITIONS, COVENANTS OR AGREEMENTS CONTAINED HEREIN SHALL CONTINUE UNTIL JANUARY 1, 1985 A.D., AND THEREAFTER MAY BE CHANGED, ALTERED, AMENDED REVOKED IN WHOLE OR IN PART BY THE OWNERS OF THE LOTS IN SUBDIVISION WHENEVER THE OWNERS OF AT LEAST TWO-THIRDS OF SAID LOTS SO AGREE IN WRITING, OR BY ACTION OF THE CANDLEWOOD LAKES PROPERTY OWNERS ASSOCIATION, INC., AT A MEETING DULY CALLED FOR SAID PURPOSE BY A VOTE OF AT LEAST A MAJORITY OF THE MEMBERS OF ASSOCIATION. ANY INVALIDATION OF ANY ONE OF THESE RESTRICTIVE COVENANTS OR RESERVATIONS SHALL IN NO WAY AFFECT ANY OTHER OF THE PROVISIONS THEREOF WHICH SHALL THEREAFTER REMAIN IN FULL FORCE AND EFFECT.

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DISCLAIMER

NOTE: Document was converted to a WORD document from type written. No other changes should be reflected from the original document unless keying error. It was checked by multiple members.

THIS INSTRUMENT PREPARED BY: Randy Allen P. O. Box 27 Saulsbury, TN 38067

Approval Signature: David Kennamore Signature Date: 01/11/2013

David Kennamore: President of Candlewood Lakes POA
and President of Candlewood Lakes POA Water Works Inc.

State of Tenenssee
County of Hardeman

Personally appeared before me, the undersigned Notary Public in and for said County and State, the within named **David Kennamore ,** with whom I am personally acquainted, or proved to me on the basis of satisfactory evidence, and whom, upon oath, acknowledged himself to the within named approver for purposes therein contained by signing his name.

Witness my hand and seal of office at, Saulsbury, Tennessee, on this the 11 th day of January, 2013.

Paula Berry
Notary Public

My Commission Expires: 9-18-16

PAULA BERRY STATE OF TENNESSEE NOTARY PUBLIC COUNTY OF HARDEMAN

Amendments effective May 1st, 2011 from 2/3 vote of all members

Deleted from 10. WATER AVAILABILITY, CONNECTION AND FEES:.

(1) NO INDIVIDUAL WATER WELLS SHALL BE ALLOWED ON ANY LOT, AND EACH LOT OCCUPANT SHALL USE THE WATER SUPPLY FROM UTILITY OR ITS SUCCESSORS OR ASSIGNS.

(2) THE AMOUNT OF THE WATER SERVICE FEE IS SUBJECT TO THE JURISDICTION OF THE PUBLIC UTILITIES COMMISSION OF TENNESSEE, AND UNTIL SUCH AMOUNT IS CHANGED BY SUCH COMMISSION THE AMOUNT SHALL BE AN UNMETERED RATE OF FOUR DOLLARS ($4.00) PER MONTH, PAYABLE ON THE SAME TERMS AND CONDITIONS AS THOSE FIXED FOR THE WATER AVAILABILITY FEE.

Substituted for deleted (2) above from 10. WATER AVAILABILITY, CONNECTION AND FEES:.

CALCULATION OF FEES: "ANY GRANTEE WHO HAS A LOT THAT IS SERVICED BY OR OTHERWISE DRAWS WATER FROM THE UTILITY MAIN SHALL PAY A WATER SERVICE FEE TO BE CALCULATED UPON THE APPORTIONMENT OF THE TOTAL OPERATING COST OF THE UTILITY PROVIDING WATER TO CANDLEWOOD LAKES. THE CALCULATION OF THE WATER SERVICE FEE IS TO BE CHARGED TO EACH GRANTEE BASED UPON THE TOTAL ANNUAL OPERATING COST OF THE UTILITY. OPERATING EXPENSES SHALL BE CALCULATED UPON THE PREVIOUS OPERATING COSTS OF THE PREVIOUS CALENDAR YEAR. THE TOTAL OPERATING COST WILL BE BILLED AND EQUALLY APPORTIONED TO GRANTEES DRAWING WATER FROM THE MAIN SHALL BE CALCULATED FOLLOWING THE DEDUCTION OF ALL FEES COLLECTED BY THE UTILITY FROM APPLICABLE BILL YEAR THAT ARE GENERATED FROM WATER AVAILABILITY FEES. IF A GRANTEE OWNS MULTIPLE ADJOINING LOTS (TRACT) FOR THE PURPOSE OF ONE DWELLING IN CANDLEWOOD AND THAT GRANTEE DERIVES WATER FROM MAIN FOR A HOME SUBJECTING RATES TO WATER SERVICE FEES AS REFERRED ABOVE, THE GRANTEE WILL PAY AN ADJUSTED AVAILABILITY FEE OF NO MORE THAN 3 PERCENT (3%) OF THE ANNUAL TOTAL SERVICE FEE PER ADJOINING LOT.
APPROVAL OF FEES: THE AMOUNT OF WATER SERVICE FEES TO BE CHARGED TO THE GRANTEE DERIVING WATER FROM THE MAIN SHALL BE SUBJECT TO REVIEW AND APPROVAL BY AN OUTSIDE COMPANY. AS OF THE DATE OF IMPLEMENTATION OF THIS COVENANT MODIFICATION IT IS AGREED TLM WILL REVIEW THE WATER SERVICE FEE TO INSURE THE REASONABLENESS OF THE WATER SERVICE FEE. THE USE OF TLM INITIALLY IN NO WAY RESTRICTS THE BOARD FROM USING ANOTHER COMPANY OR FIRM FOR THIS PURPOSE IN THE FUTURE.

Note: TLM refers to TLM Associates, Inc. which is a water engineering firm in Jackson Tennessee.

Lily D. Barnes, Register
Hardeman County
Rec #: 76290 Instrument #: 141484
Rec'd: 40.00 Recorded
State: 0.00 1/18/2013 at 10:10 AM
Clerk: 0.00 in Deed Book
Other: 2.00 64
Total: 42.00 Pgs 301-308

EXHIBIT 3

IN THE TENNESSEE PUBLIC UTILITY COMMISSION
AT NASHVILLE, TENNESSEE

IN RE:	)	
	)	
APPLICATION OF LIMESTONE	)	
WATER UTILITY OPERATING	)	
COMPANY, LLC FOR AUTHORITY TO	)	**DOCKET NO. 21-00059**
PURCHASE TITLE TO THE ASSETS,	)	
PROPERTY AND REAL ESTATE OF A	)	
WATER SYSTEM AND FOR A	)	
CERTIFICATE OF PUBLIC	)	
CONVENIENCE AND NECESSITY	)	

STIPULATION AND SETTLEMENT AGREEMENT

The Consumer Advocate Division of the Office of the Attorney General (the "Consumer Advocate"), Limestone Water Utility Operating Company, LLC ("Limestone" or "Buyer"), Candlewood Lakes Property Owners Association, Inc., and Candlewood Lakes POA Water Works, Inc. (together "Candlewood Lakes" or "Seller") jointly submit this Stipulation and Settlement Agreement (the "Settlement Agreement") to the Tennessee Public Utility Commission ("TPUC" or the "Commission") in TPUC Docket No. 21-00059. Limestone requested approval from the Commission to allow it to acquire and operate the Candlewood Lakes water system and requested the Commission authorize and grant Limestone a Certificate of Public Convenience and Necessity ("CCN") pursuant to Tenn. Code Ann. § 65-4-201 and TPUC Rule 1220-04-13.-17. Subject to TPUC's approval, the Consumer Advocate, Limestone, and Candlewood Lakes (hereinafter,

individually "Party" and collectively "Parties") stipulate and agree as follows and respectfully request Commission approval of the same:

I. BACKGROUND

1. On May 20, 2021, Limestone filed its Petition, seeking authorization for it to purchase all assets, property, and real estate currently used to provide regulated water services to customers currently served by Candlewood Lakes and to also grant Limestone a CCN.

2. On August 15, 2021, the Commission granted the Consumer Advocate's Petition to Intervene. On September 17, 2021, Candlewood Lakes filed a notice stating that it joins as a party in support of the Petition. On July 8, 2022, the Consumer Advocate filed the Direct Testimony of Alex Bradley, which recommended approval of the transaction subject to four conditions.

II. SETTLEMENT TERMS

3. The Parties to this Settlement Agreement have undertaken discussions to resolve this case. As a result of the information obtained during the discussions between the Parties, and for the purpose of avoiding further litigation and resolving this matter upon acceptable terms, the Parties have reached this Settlement Agreement. Subject to the TPUC's approval, in furtherance of this Settlement Agreement, the Parties have agreed to the settlement terms set forth below.

4. In its initial base-rate case including the Candlewood Lakes system, Limestone shall be allowed to present evidence seeking to establish and include in rate base the net book value of assets it acquires from Candlewood Lakes up to an amount not to exceed the purchase price paid for those assets (i.e., $60,000). The Consumer Advocate or other interested parties may oppose such values or present their own evidence and argument concerning the value of such assets and

the proper calculation of rate base, and the Consumer Advocate specifically reserves its right to do so.

5. In its initial base-rate case including the Candlewood Lakes system, Limestone shall be allowed to present evidence seeking to establish and include in rate base amounts incurred for legal and other transaction-related fees and services. The Consumer Advocate or other interested parties may oppose such values or present their own evidence and argument concerning the proper amounts of these expenses to be recovered in rates.

6. Limestone shall not make any corrections or modifications to accounting records received from Candlewood Lakes at closing. If Limestone believes accounting entries should be corrected or changed, it shall seek approval from the Commission to make the necessary accounting corrections at least 180 days prior to its initial request to increase base rates. The Consumer Advocate reserves its rights to oppose such a request for any reason, including but not limited to if such a request should occur during an acquisition docket as a part of the Buyer's due diligence.

7. The Parties agree and accept the Consumer Advocate's recommendation that Limestone must maintain separate asset and operating-cost records for the Candlewood Lakes' well, water treatment, and distribution system.

8. The Parties agree that Limestone must file, within 30 days after closing, a balance sheet and supporting general ledger, in the format prescribed by the Uniform System of Accounts and in accordance with Commission Rule 1220-04-01-.11, showing Candlewood Lakes' ending balances of the assets acquired by Limestone as of the closing date. Limestone also shall file a balance sheet and supporting general ledger, in the format prescribed by the Uniform System of

Accounts and in accordance with Commission Rule 1220-04-01-.11, showing Limestone's beginning balances of the assets acquired from Candlewood Lakes as of the closing date.

9. Limestone is not requesting an acquisition premium, nor is the Commission being asked to approve any acquisition adjustment related to the purchase of Candlewood Lakes' assets. Accordingly, Limestone's beginning value of the acquired assets for ratemaking purposes shall be the value recorded in Candlewood Lakes' books and records at the date of acquisition. Further, Limestone is not authorized to book an above-the-line regulatory asset for ratemaking purposes for any portion of the amount by which the purchase price exceeds the value of the acquired assets as reflected in Candlewood Lakes' books and records at the date of acquisition. In any future rate proceeding, Limestone may present evidence and argument concerning the value of assets used and useful for provisioning public-utility services, and the Consumer Advocate or other interested parties may oppose such values or present their own evidence and argument concerning the value of such assets. In Limestone's initial base-rate case, Limestone, the Consumer Advocate, or other interested parties, also may present evidence and set forth their respective arguments related to the appropriateness of an acquisition premium for this transaction.

10. The Parties agree that a determination of recoverable regulatory and transaction costs related to the subject acquisition will be deferred to Limestone's initial rate case involving those costs. Limestone agrees that it will not seek to recover in rates any amount exceeding 50% of the legal expenses paid to local counsel for the representation of Buyer or Seller in the instant regulatory proceeding. The Consumer Advocate and other interested parties may present independent evidence and argument concerning the proper amounts to be recovered in rates. Limestone will file within 30 days of closing the amount of legal costs, separated by represented party, incurred for this matter.

11. The Parties agree Limestone must maintain its books and records in compliance with the Uniform System of Accounts as set forth in Commission Rule 1220-04-01-11.

12. The Parties agree that, at closing, Candlewood Lakes shall transfer to Limestone complete copies of Candlewood Lakes' accounting records, to the extent they exist, for the two calendar years immediately preceding the date of acquisition as well as the complete year-to-date accounting records for the calendar year in which closing occurs. Limestone shall maintain these records intact at least through completion of its first rate proceeding before the Commission.

13. The Parties agree Limestone must post a bond compliant with the Commission's financial security rules within 30 days of the date of acquisition.

14. The Parties agree Limestone must file within 30 days of execution copies of contracts or pricing agreements between Limestone and any affiliate and between Limestone and contractors that provide ongoing operations and maintenance or billing services to the Candlewood Lakes system or customers served by that system.

15. The Parties agree Limestone must file copies of recorded deed(s) for land where Candlewood Lakes' facilities are located and copies of recorded easements in Limestone's name for all the land and ownership rights for any and all access to the acquired water system and water systems within 30 days after the date of recording.

16. The Parties agree Limestone must file a copy of the Purchase and Sale Agreement that has been fully executed by Seller and Buyer and acknowledged by the Title Company with the recorded effective date and with all exhibits attached, complete with documentation, within 30 days after the date of acquisition.

17. The Parties agree Limestone must a copy of the final executed Assignment of Rights Agreement within 30 days after the date of acquisition.

18. The Parties agree Limestone must file a copy of the State Operating Permit "Request for Transfer" for current permits, both for water and wastewater, within 30 days of issuance.

19. The Parties agree Limestone must file copies of maps and engineering designs for the water and wastewater systems within 30 days of availability.

20. The Parties agree Limestone must comply with all applicable Commission rules and regulations, including but not confined to the Commission's rules governing transactions with affiliates.

21. All pre-filed discovery (formal and informal), testimony and exhibits of the Parties will be introduced into evidence without objection, and the Parties waive their right to cross-examine all witnesses with respect to all such pre-filed testimony. If, however, questions should be asked by any member of the public, Commissioners, or Commission Staff, the Parties may present testimony and exhibits to respond to such questions and may cross-examine any witnesses with respect to such testimony and exhibits. The Parties would ask to permit any witnesses from out of town to be available by telephone or video conference to reduce the costs associated with such appearance.

22. After the filing of this Settlement Agreement, the Parties agree to support this Settlement Agreement before the Commission and in any hearing, proposed order, or brief conducted or filed in this matter. The provisions of this Settlement Agreement are agreements reached in compromise and solely for the purpose of settlement. The provisions in this Settlement Agreement do not necessarily reflect the positions asserted by any Party. None of the Parties to this Settlement Agreement shall be deemed to have acquiesced in or agreed to any ratemaking or accounting methodology or procedural principle.

23. This Settlement Agreement, which is the product of negotiations and substantial communication and compromise between the Parties, is just and reasonable and in the public interest.

24. This Settlement Agreement shall not have any precedential effect in any future proceeding or be binding on any of the Parties in this or any other jurisdiction except to the limited extent necessary to enforcement and implementation of the provisions hereof.

25. The Parties agree and request the Commission to order that the settlement of any issue pursuant to this Settlement Agreement shall not be cited by the Parties or any other entity as binding precedent in any other proceeding before the Commission, or any court, state or federal, except to the limited extent necessary to implement the provisions hereof and for the limited purpose of enforcement should it become necessary.

26. The terms of this Settlement Agreement have resulted from negotiations between the signatories and the terms hereof are interdependent. The Parties jointly recommend that the Commission issue an order adopting this Settlement Agreement in its entirety without modification.

27. If the Commission does not accept the settlement in whole, the Parties are not bound by any position or term set forth in this Settlement Agreement. In the event that the Commission does not approve this Settlement Agreement in its entirety, each of the signatories to this Settlement Agreement retains the right to terminate this Settlement Agreement by giving notice of the exercise of such right within 15 business days of the date of such action by the Commission; provided, however, that the signatories to this Settlement Agreement could, by unanimous consent, elect to modify this Settlement Agreement to address any modification required by, or issues raised by, the Commission within the same time frame. Should this Settlement Agreement terminate, it would

be considered void and have no binding or precedential effect, and the signatories to this Settlement Agreement would reserve their rights to fully participate in all relevant proceedings notwithstanding their agreement to the terms of this Settlement Agreement.

28. By agreeing to this Settlement Agreement, no Party waives any right to continue litigating this matter should this Settlement Agreement not be approved by the Commission in whole or in part.

29. No provision of this Settlement Agreement shall be deemed an admission of any Party. No provision of this Settlement Agreement shall be deemed a waiver of any position asserted by a Party in this matter or any other docket.

30. Except as expressly noted herein, the acceptance of this Settlement Agreement by the Attorney General shall not be deemed approval by the Attorney General of Limestone's or Candlewood Lakes' acts or practices.

31. The Consumer Advocate's agreement to this Settlement Agreement is expressly premised upon the truthfulness, accuracy, and completeness of the information provided by Limestone and Candlewood Lakes to TPUC and the Consumer Advocate throughout the course of this Docket, which information was relied upon by the Consumer Advocate in negotiating and agreeing to the terms and conditions of this Settlement Agreement.

32. This Settlement Agreement shall be governed by and construed under the laws of the State of Tennessee, notwithstanding conflicts of law provisions.

33. The Parties agree that this Settlement Agreement constitutes the complete understanding among the Parties and that any and all oral statements, representations, or agreements made prior to the execution of this Settlement Agreement shall be null and void.

34. The signatories to this Settlement Agreement warrant that they have informed, advised, and otherwise consulted with the Parties for whom they sign regarding the contents and significance of this Settlement Agreement, and, based on those communications, the signatories represent that they are authorized to execute this Settlement Agreement on behalf of the Parties.

The foregoing is agreed and stipulated to this ___ day of August 2022.

[signature pages follow – remainder of page intentionally left blank]

LIMESTONE WATER UTILITY OPERATING COMPANY, LLC and
CANDLEWOOD LAKES PROPERTY OWNERS ASSOCATION AND
CANDLEWOOD LAKES POA WATER WORKS, INC.

BY: _____

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ACKNOWLEDGED AND AGREED,

_____

David Kennamore, President
Candlewood Lakes Property Owners Association and
Candlewood Lakes POA Water Works, Inc.

[additional signature page follows – remainder of page intentionally left blank]

CONSUMER ADVOCATE DIVISION

BY:

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