

**BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION
NASHVILLE, TENNESSEE**

IN RE: APPLICATION OF LIMESTONE WATER UTILITY OPERATING COMPANY, LLC, FOR AUTHORITY TO PURCHASE TITLE TO THE ASSETS, PROPERTY, AND REAL ESTATE OF A WASTEWATER SYSTEM AND FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY	DOCKET NO. <u>21-00060</u>
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**APPLICATION OF LIMESTONE WATER UTILITY OPERATING COMPANY,
LLC, FOR AUTHORITY TO PURCHASE TITLE TO THE ASSETS, PROPERTY,
AND REAL ESTATE OF A WASTEWATER SYSTEM AND FOR A CERTIFICATE
OF PUBLIC CONVENIENCE AND NECESSITY**

Pursuant to Tenn. Code Ann. §§ 65-4-104 and 65-4-113 and TPUC Rules 1220-1-1-.03, 1220-04-13-.10, and 1220-04-13-.17, Limestone Water Utility Operating Company, LLC, ("Limestone") ("Applicant") respectfully submits this Application requesting the Tennessee Public Utility Commission ("TPUC" or "Commission") to authorize Limestone to purchase title to all assets, property, and real estate currently used by Chapel Woods Home Owners Association ("Chapel Woods") to provide wastewater service to customers in in Marshall County, Tennessee - ("the Transaction"). In addition, to enable Limestone to operate the wastewater system it proposes to acquire ("System"), Applicant requests the Commission authorize and grant Limestone a Certificate of Convenience and Necessity ("CCN") pursuant to Tenn. Code Ann. § 65-4-201 and TPUC Rule 1220-4-13-.17.

Under terms of the *Agreement for Sale of Utility System* governing the sale of the System, all authorizations and approvals requested in the preceding paragraph, and related accounting,

ratemaking, and regulatory approvals, are conditions precedent to closing the Transaction. Because they wish to close the Transaction as soon as possible and because they believe approving the Transaction and granting Limestone's request for a CCN serve the public interest and are necessary for public convenience, Applicants respectfully request the Commission consider this Application on an expedited basis.

In support of its Application, Applicant submits the following:

I. Introduction

1. The full names, addresses, and contact information for the Applicant is as follows:

Limestone Water Utility Operating Company, LLC
c/o Josiah Cox
Central States Water Resources, Inc.¹
1650 Des Peres Rd., Suite 303,
St. Louis, MO 63131
(314) 736-4672
jcox@cswrgroup.com

2. All correspondence, notices, inquiries, questions, and other communications regarding the Application should be directed to the persons or entities identified in the preceding paragraph, with copies to the following counsel for applicant:

For Limestone:
Charles B. Welch, Jr.
Farris Bobango PLC
414 Union Street
Suite 1105
Nashville, TN 37219

3. In support of this Application, the following appendix and exhibits are attached hereto:

- a. **Appendix A** - Minimum filing requirements;
- b. **Exhibit 1** - Description and area map of the System;

¹ Limestone is an "affiliate" of Central States Water Resources, Inc., as that term defined in TPUC Rule 1220-04- 13-.16(2)(a).

- c. **Exhibit 2** - Limestone's Articles of Organization;
- d. **Exhibit 3** - Limestone's Operating Agreement;
- e. **Exhibit 4** - Limestone's Certificate of Existence;
- d. **Exhibit 5**- CSWR's organization chart;
- e. **Exhibit 6** - Chart of Limestone's affiliates and number of customers served;
- f. **Exhibit 7** - SEALED - *Agreement for Sale of Utility System*;
- g. **Exhibit 8**- Assignment of Rights Agreement;
- h. **Exhibit 9** - Direct testimony of Josiah Cox;
- i. **Exhibit 10** - SEALED - CSWR consolidated financial statements;
- J. **Exhibit 11** - SEALED - Limestone proforma financial statements;
- k. **Exhibit 12** - Resumes of key CSWR personnel;
- I. **Exhibit 13** - Customer notification letter draft;
- m. **Exhibit 14**- Surety bond;
- n. **Exhibit 15**- Officer/key employee organization chart;
- o. **Exhibit 16**- Chapel Woods' state operating permit;
- p. **Exhibit 17** - Chapel Woods' state operator's certificate;
- q. **Exhibit 18** - Proposed chart of accounts;
- r. **Exhibit 19**- List of plant-in-service accounts.
- s. **Exhibit 20** - Proposed Tariff

II. Description of the Transaction Parties

4. General Information

A. Chapel Woods

Chapel Woods is a Tennessee mutual benefit corporation. Its principal office and place of business is at P.O. Box 39, Chapel Hill, TN 37034, chapelwoodshoa@gmail.com, (931) 309-3513. Chapel Woods currently provides wastewater service to customers through a wastewater system located in Marshall County, Tennessee. As required by TPUC Rule 1220-04-13-. 1 7(2)(a)7, a description of Chapel Woods' service area and a service area map are attached to the Application as **Exhibit 1** and are incorporated by reference.

B. Limestone

Limestone is a Tennessee limited liability company. Its principal office and place of business is at 1650 Des Peres Rd., Suite 303, St. Louis, MO 63131. Limestone currently provides water and wastewater services to approximately 400 water customers and 350 wastewater customers in Hardin County, Tennessee. A certified copy of Limestone's articles of organization,

operating agreement, and certificate of existence, as filed with or issued by the Tennessee Secretary of State's office, are attached to the Application as **Exhibits 2, 3, and 4** respectively, and are incorporated by reference. Limestone's sole member is Limestone Water Utility Holding Company, LLC, ("LWUHC"), a Tennessee limited liability company, whose sole officer is its president, Josiah Cox.

Limestone and LWUHC are part of a group of affiliated companies that directly or indirectly own and operate water or wastewater systems in Missouri, Arkansas, Kentucky, Louisiana, Texas, and Tennessee and provide services to approximately 126,000 customers. Each company within the group is an "affiliate" of each other company, as defined by TPUC Rule 1220-04-13-.16(2)(a). An organization chart showing all affiliate relationships within the group is attached to the Application as **Exhibit 5**. Each affiliate that directly owns and operates a water or wastewater system and the number of customers it serves is identified in **Exhibit 6**. Those exhibits are incorporated into this Application by reference.

One of Limestone's affiliates, CSWR, LLC, ("CSWR"), provides financial, technical, and managerial expertise and services to each of the group's utility operating affiliates and will manage Limestone and the System at issue if the Commission approves the Transaction that is the subject of the Application. CSWR is the only company within the group that has employees and is the only affiliate that would provide services to Limestone. The technical, managerial, and financial services CSWR would provide Limestone are described elsewhere in the Application. CSWR is a Missouri limited liability company, and its principal office is located at 1650 Des Peres Rd., Suite 303, St. Louis, MO 63131. It currently does not conduct business in Tennessee and does not intend to do so in the future; therefore, CSWR is not required to have a business license or any other authorization from the Tennessee Secretary of State.

III. Description of the Transaction

Chapel Woods has determined it is in the best interests of both the company and its customers to sell the wastewater System at issue in this Application to a qualified operator. In furtherance of that objective, Chapel Woods and Central States Water Resources, Inc. entered into a binding *Agreement for Sale of Utility System* dated July 30, 2019 ("Agreement"). In accordance with TPUC Rule 1220-04-13-.10(2), a copy of the full Agreement is attached, under seal, as Proprietary and Confidential **Exhibit 7** and incorporated by reference. The Agreement specifies terms for Chapel Woods to sell and CSWR to purchase all assets Chapel Woods uses to provide wastewater services to its Marshall County system, including, but not limited to, wastewater service facilities and equipment, intangibles, franchises, inventory, contracts and contract rights, and real estate. Assets are to be transferred free of all liens, mortgages, and similar encumbrances. No closing date is specified because closing is expressly contingent on satisfaction of various conditions precedent, including obtaining all required regulatory approvals. The closing date will be in accordance with TPUC Rule 1220-04-13-.10(2).

Limestone proposes to acquire all assets Chapel Woods currently uses to provide wastewater services to customers located in Marshall County, Tennessee. The Chapel Woods wastewater System is composed of septic tanks with grinders at houses, a STEP low pressure collection system, influent pump station, large septic tank, an above ground trickling filter, and ultraviolet disinfection system. The plant is designed to handle 32,000 gpd of flow. The treatment facility consists of an influent pump station that pumps water to an above ground septic tank. This tank discharges via gravity flow to the above ground trickling filter. From the effluent, some of the wastewater is returned to the septic tank and a portion of the treated flow is sent to the disinfection process. While the system is meeting limits, the plant is approaching on its useful life

due to tankage starting to break down causing a problem with transmissivity of the effluent. Limestone believes that the most cost-effective solution will involve construction of a new concrete flow equalization tank and new activated sludge plant, in addition to various repairs.

Section 17 of the Agreement authorizes Central States Water Resources, Inc. to assign its rights to an affiliated entity. In accordance with that provision, Central States Water Resources, Inc. has executed an *Assignment of Rights* that, at closing, would transfer to Limestone all rights, title, and interests to Chapel Woods assets. A copy of that assignment is attached to this Application as **Exhibit 8** and incorporated by reference.

The sale of assets under terms specified in the Agreement promotes the interests of the public generally and of Chapel Woods' customers more specifically. The sale of assets under terms specified in the Agreement promotes the interests of the public generally and of Chapel Woods' customers more specifically. Limestone and CSWR are willing and able to invest capital necessary to keep the Chapel Woods System in compliance with applicable law. The affiliate group of which Limestone and CSWR are part has access to capital adequate to make necessary upgrades and improvements to the Chapel Woods System and to continue to operate that System in a manner that is in the public interest and complies with applicable statutes, rules, and regulations. If the Commission grants the relief requested in the Application, Limestone intends to adopt rates currently in effect for the Chapel Woods' system.

The reasons Limestone wants to purchase Chapel Woods' System and Limestone's plans for the System are discussed in the written direct testimony of Josiah Cox, which is attached to this Application as **Exhibit 9** and incorporated by reference. Mr. Cox's testimony also includes information required by TPUC Rules 1220-04-13-.12 and 1220-04-13-. 17(2)(a)8(f) and confirms Limestone's intent to fully comply with all applicable statutes, rules, and regulations.

IV. Limestone Possesses the Technical, Managerial and Financial Expertise Necessary to Provide Utility Services

Through its affiliation with CSWR, Limestone possesses the requisite technical, financial and managerial capabilities to operate as a utility services provider. These capabilities are further explained in detail below and in Mr. Cox's direct testimony. As previously noted, in addition to the water and wastewater services Limestone already provides in Tennessee, CSWR-affiliated companies currently operate water or wastewater systems in Missouri, Arkansas, Kentucky, Louisiana, and Texas. For each of the systems an affiliate currently owns or operates, CSWR provides the technical, managerial, and financial resources necessary to acquire and operate those systems. CSWR would continue to provide similar support for the System Limestone proposes to acquire in this case.

A. Technical Qualifications

CSWR's technical resources and expertise have greatly improved the quality of service its utility operating affiliates are able to provide their respective customers in Missouri, Arkansas, Kentucky, Louisiana, Tennessee, and Texas. CSWR has on staff engineers and other similarly qualified personnel with experience in the design and operation of water and wastewater systems, and supplements those resources with qualified and licensed local contract operators who are responsible for day-to-day plant operations. Access to these and other resources available through its affiliation with CSWR allow Limestone to achieve economies not generally available to similarly sized water and wastewater utilities. If the Commission grants the regulatory approvals sought in this Application, CSWR would bring the same benefits it currently provides to customers in Missouri, Arkansas, Kentucky, Louisiana, Texas, and Tennessee customers to the Chapel Woods customers Limestone proposes to serve through this application. In his direct testimony, Mr. Cox describes and discusses the technical qualifications of Limestone and its affiliates to own

and operate the Chapel Woods System.

B. Financial Qualifications

CSWR has access to investment capital necessary to acquire small, oftentimes distressed, water and wastewater systems and make investments necessary to upgrade, improve, and maintain those systems so they can consistently provide safe and reliable water and wastewater service to customers. Equity capital used to acquire Chapel Woods' assets, to fund initial capital upgrades and improvements, and providing necessary working capital will be provided by CSWR. After the acquisition is completed, Limestone will determine if future system improvements will be funded by equity, debt, or a combination of both, with future debt capital to be obtained from commercial sources, if available, at reasonable interest rates. Limestone and its affiliates thus have the financial capability necessary to acquire, own, and operate the Chapel Woods System. CSWR's consolidated balance sheet and income statement for the most recent fiscal year are attached to the Application as **Exhibit 10**, as Limestone began operations as of March 18, 2021, and does not yet have financial statements of its own. A pro-forma income statement and balance sheet for Limestone for the first three years of its proposed operation of the Chapel Woods System is attached as **Exhibit 11**. Each of those exhibits is incorporated by reference.

C. Managerial Qualifications

Resumes of key CSWR personnel who are closely involved with Limestone's operations are attached to this Application as **Exhibit 12** and are incorporated by reference. Information presented in those resumes demonstrates the considerable managerial and technical expertise and experience available to Limestone through its affiliation with CSWR. Where additional or supplemental expertise is required (e.g., personnel holding licenses or certifications required by Tennessee law), Limestone or CSWR will engage qualified independent contractors to satisfy

those needs.

V. Approval of Limestone's Application is in the Public Interest

Granting Limestone's Application is consistent with the public interest. In that regard, Applicant makes the following representations to the Commission:

- a. Limestone possesses the technical, financial, and managerial resources sufficient to provide the services requested;
- b. Limestone's services will meet the service standards required by the Commission;
- c. The provision of services by Limestone will not adversely impact the availability of affordable utility service; and
- d. The provision of utility services by Limestone will not adversely impact the public interest.

To minimize any adverse effects on customers, Limestone proposes to adopt the rates currently charged by Chapel Woods, and any future changes in those rates would be subject to the Commission's review and approval.

VIII. Conclusion

Both Chapel Woods and Limestone believe it is in the best interests of the customers for Limestone to acquire the System from Chapel Woods with the result that Limestone will be the exclusive provider of wastewater within the service area of the System.

In properly maintaining and supporting a wastewater system, successful operators will inevitably be confronted with, among other things, increasing costs and mounting capital expenditures. Aging infrastructure and technological advances must be consistently and appropriately studied and addressed. Limestone has the capability and resources to ensure that the

System is appropriately maintained and upgraded in the days ahead as conditions warrant.

The representations and warranties described in the *Agreement for Sale of Utility System* reflect the determination by the parties involved that going forward Limestone, rather than Chapel Woods, is best suited to provide service to customers of the System, including making future capital improvements necessary to maintain the efficiency and quality of the System.

The *Agreement for Sale of Utility System* and the requested regulatory treatment and approvals are necessary and proper for the public convenience and properly conserve, promote, and protect the public interest. A copy of the customer notification letter required by TPUC Rule 1220-04-13-.10(3)(f) is attached as **Exhibit 13** and is incorporated by reference. Limestone has reviewed and is familiar with the requirements of TPUC Rules 122-04-13-.07 and .08 and 1220-04-13-.17(2)(e) regarding the need for wastewater utilities to demonstrate acceptable financial security to comply with those rules, Limestone has secured a corporate surety bond, in the form prescribed in TPUC 1220-04-13-.08, in the amount of \$20,000. A copy of that surety bond is attached to the Application as **Exhibit 14** and incorporated by reference.

This Application demonstrates that Limestone possesses the technical, financial, and managerial resources to provide wastewater services. Therefore, the issuance of a CCN to Limestone serves the public interest.

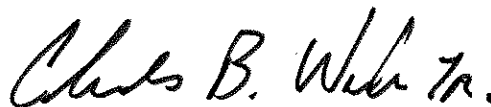
WHEREFORE, for the reasons previously stated, Limestone requests the Commission issue an order:

- a. Authorizing Limestone to purchase all Chapel Woods' assets used to provide wastewater utility services to customers in Marshall County, Tennessee;
- b. Authorizing and granting Limestone a CCN to provide wastewater utility services in areas currently served by Chapel Woods; and

c. Providing such other relief as the Commission believes is necessary and appropriate under the circumstances on an expedited basis.

Dated: May 21, 2021

Respectfully submitted,



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Farris Bobango PLC
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Nashville, TN 37219
(615) 726-1200 (telephone)
cwelch@farris-law.com
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BRYDON, SWEARENGEN & ENGLAND P.C.
312 E. Capitol Avenue
P. O. Box 456
Jefferson City, MO 65102
(573) 635-7166
dcooper@brydonlaw.com

*Attorneys for Applicant Limestone Water
Utility Operating Company, LLC*

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served via either U.S. Mail, postage prepaid, or electronically to the following this 21st day of May, 2021.

Vance Broemel Karen H. Stachowski Terra Allen Consumer Protection and Advocate Division Office of the Attorney General P.O. Box 20207 Nashville, TN 37202	Chapel Woods Home Owners Association William L. Pegram, President P.O. Box 39 Chapel Hill, TN 37034
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Charles B. Welch, Jr., Esq.

**BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION
NASHVILLE, TENNESSEE**

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

STATE OF MISSOURI)

COUNTY OF ST. LOUIS)

I, Josiah Cox, being first duly sworn, am authorized to represent and warrant, on behalf of Limestone Water Utility Operating Company, LLC, in the above-referenced docket. To the best of my knowledge, the statements in the Application filed in this Docket are true and correct. Limestone will comply with all applicable laws, regulations, and Commission rules. I declare under the penalty of perjury that the foregoing is true and correct.



MERANDA K. KEBLER
My Commission Expires
November 13, 2022
St. Louis County
Commission #14631487



Josiah Cox

Sworn and subscribed before me this 10th day of May, 2021.



Notary Public

My Commission Expires: 11/13/2022

APPENDIX A

I. Definitions

The term "Not Applicable" contained herein is used as a response to the Minimum Filing Requirements that pertain to the construction of a new system and not the purchase of an existing system.

II. TPUC Rule 1220-04-13-.17 Minimum Requirements for New and Amendments to Certificate of Convenience and Necessity.

(1) See attached application and direct testimony of Josiah Cox (**Exhibit 9**).

(2)

(a) (1) The legal corporate names and addresses of the Applicant is shown in Section I, paragraph 1 of the Application.

(2) An organization chart showing each officer and other key personnel of applicant Limestone is attached as **Exhibit 15**.

(3) Limestone's sole member is Limestone Water Utility Holding Company, LLC, a Missouri limited liability company. Its sole officer is its president Josiah Cox and whose office address is 1650 Des Peres Rd., Suite 303, St. Louis, MO 63131. The company's telephone number is (314) 380-8544.

(4) An organization chart showing Limestone's affiliated companies is attached to the Application as **Exhibit 5**. One of Limestone's affiliates, CSWR, LLC, will provide technical and financial support and will assume responsibility for overseeing day-to-day operations of Limestone's systems.

(5) Copies of Limestone's Articles of Organization and Operating Agreement are attached to the Application as **Exhibits 2 and 3**, respectively.

(6) A copy of Limestone's license to engage in business in the state of Tennessee, as registered with the Secretary of State, is attached to the Application as **Exhibit 4**.

(7) Limestone proposes to acquire all assets used by Chapel Woods to provide wastewater services to customers in Marshall County, Tennessee. The TDEC permit associated with the wastewater system is as follows: State Operating permit No. TN0062073 and is attached to the Application as **Exhibit 16**. Maps depicting the areas served by Chapel Woods are on file with the Commission, and those maps are incorporated into the Application by reference.

(8) Not applicable.

(9) Not applicable.

(10) Not applicable.

(11) Not applicable.

(12) The Applicant will respond completely to information requests from the Commission staff.

(b) (1) Not applicable.

(2) The System Limestone proposes to acquire is not located in an area that requires a municipal or county franchise.

(3) Not applicable.

(c) (1) Biographies of officers and/or key water and wastewater utility staff that demonstrate their managerial ability and relevant certifications and professional licenses, are attached to the Application as **Exhibit 12**.

(2) Limestone's affiliates have purchased and currently are operating public drinking water and/or wastewater serves in Missouri, Arkansas, Kentucky, Louisiana, Tennessee, and Texas that provide safe, and reliable service to approximately 126,000 customers. Limestone-

affiliated companies currently have additional acquisition applications pending in Mississippi, North Carolina, Florida, and Texas.

(3) Not applicable.

(4) Not applicable.

(d) (1) Limestone has not filed or applied for a State Operating Permit with the TDEC for the Chapel Woods System. If the Commission grants Limestone the authority to acquire the System currently owned and operated by Chapel Woods, Limestone will obtain from the TDEC all permits and other operating authorizations required by law. Limestone holds State Operating Permit No. TN0000948 for water and SOP-92082 for wastewater, as to its current systems in Tennessee.

(2) A copy of Chapel Woods' State Operator Certificate for the wastewater system operator of record is attached to the Application as **Exhibit 17**.

(3) Josiah Cox is the person responsible for and knowledgeable about Limestone's proposed operations in Tennessee. Mr. Cox's address and telephone number are provided in the Application and in this Appendix in Section 2(a)(3).

(4) Chapel Woods and Limestone currently have no complaints or notices of violation or administrative action issued by any federal, state, or local regulatory agency.

(5) Not applicable.

(e) (1) Financial statements for CSWR, LLC for the most recent fiscal year are attached to the Application as **Exhibit 10**. Limestone began operations as of March 18, 2021 and does not yet have financial statements of its own.

(2) Proforma income statements showing the first three (3) years of Limestone's operation of the wastewater system it proposes to acquire are attached to the Application as

Exhibit 11.

(3) A proposed chart of accounts, which follows the NARUC Uniform System of Accounts for water and wastewater utilities, is attached to the Application as **Exhibit 18**.

(4) A list of plant-in-service account numbers and names, along with estimated account balances, is attached to the Application as **Exhibit 19**.

(5) For the system it proposes to acquire, Limestone proposes to use depreciation rates most recently approved by the Commission for Chapel Woods.

(6) Not applicable.

(7) If the Commission approves the Application, Limestone will be the owner of all assets acquired from Chapel Woods.

(8) If the Commission approves the Application, Limestone proposes to adopt the tariff attached to the Application as **Exhibit 20**. The proposed tariff shows products, services, terms, conditions and proposed rates to be charged for wastewater service, as well all fees, including but not limited to, customer deposits, disconnect or reconnect fees, late fees, tap fees, escrow fees, bond fees, franchise fees and taxes. Limestone proposes to initially use the rates currently charged by Chapel Woods.

(9) Limestone is not currently projecting any customer growth during the first five years of operations for the Chapel Woods System.

(10) Not applicable.

(11) Not applicable.

(12) Limestone plans to make the acquisitions proposed in the Application through an infusion of equity capital from CSWR, LLC.

(13) Information demonstrating compliance with the financial security

requirements of Rule 1220-04-13-.07 is attached to the Application as **Exhibit 14**.

(f) (1) Not applicable.

(2) The written testimony of Josiah Cox is attached to the Application as **Exhibit 9**. That testimony includes a description of the wastewater system Limestone proposes to acquire from Chapel Woods.

(3) The written testimony of Josiah Cox is attached to the Application as **Exhibit 9**. That testimony includes a statement that Limestone is aware of and will abide by all applicable Tennessee statutes and Commission rules.

(4) The written testimony of Josiah Cox is attached to the Application as **Exhibit 9**. That testimony describes and discusses the technical, managerial, and financial capabilities of Limestone and its affiliates and their ability to acquire and operate the wastewater system at issue in the Application.

(5) Not applicable.

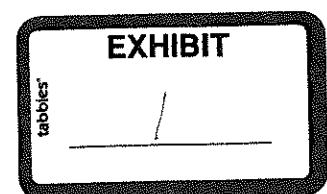
(6) The written testimony of Josiah Cox is attached to the Application as **Exhibit 9**. That testimony includes a signed affidavit that all information submitted in the Application and in Mr. Cox's written testimony is true and correct to the best of the witness' knowledge and belief.

Exhibit 1 - Description and area maps of the Systems

Currently, Chapel Woods provides wastewater services to customers in the following service areas in Marshall County, Tennessee.

The maps provide a complete description of the geographic territory served by Chapel Woods, including the names of surrounding streets and roads. The maps also include the locations of the system components.

The following are maps of the referenced service areas currently served by Chapel Woods:



**ROUGH SERVICE AREA MAP (v2)
CHAPEL WOODS - SITE ID TBD
(WASTEWATER)
MARSHALL, TN**



WATER MARSHALL
DRAINAGE CHAPEL WOODS WASTEWATER TREATMENT
PLANT
PROPOSED TO BE SITUATED WITHIN
SECTION 1 OF SECTION 1A

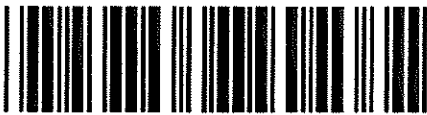
Service Area Description

The service area shown herein is based on the service area description provided to the system manager. 21 Design Group, Inc. performed no field verification of the land and is unable to determine the exact location of the line. The location represents approximate location only and is not intended to be used for engineering purposes. The location is based on aerial photography and is not intended to be used for engineering purposes. The location is based on aerial photography and is not intended to be used for engineering purposes.

DATE	04/22/2024
PROJECT NO	0012-10
PROJECT NAME	0012-10
PROJECT LOCATION	0012-10
PROJECT AREA	0012-10

**21
DESIGN
GROUP INC.**

21 DESIGN GROUP, INC.
10000 W. 100th Ave.
Suite 100
Centennial, CO 80109



000997814

**ARTICLES OF ORGANIZATION
LIMITED LIABILITY COMPANY**

SS-4270

**Tre Hargett**
Secretary of State**Division of Business Services**
Department of State
State of Tennessee
312 Rosa L. Parks AVE, 6th FL
Nashville, TN 37243-1102
(615) 741-2286Filing Fee: \$50.00 per member
(minimum fee = \$300.00, maximum fee = \$3,000.00)

For Office Use Only

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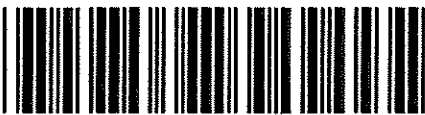
Control # 000997814

The Articles of Organization presented herein are adopted in accordance with the provisions of the Tennessee Revised Limited Liability Company Act.**1. The name of the Limited Liability Company is:** Limestone Water Utility Operating Company, LLC

(Note: Pursuant to the provisions of T.C.A. §48-249-106, each Limited Liability Company name must contain the words "Limited Liability Company" or the abbreviation "LLC" or "L.L.C.")

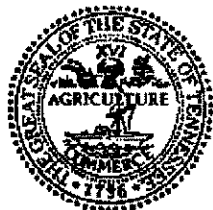
2. Name Consent: (Written Consent for Use of Indistinguishable Name)☐ This entity name already exists in Tennessee and has received name consent from the existing entity.**3. This company has the additional designation of:** None**4. The name and complete address of the Limited Liability Company's initial registered agent and office located in the state of Tennessee is:**C T CORPORATION SYSTEM
300 MONTVUE RD
KNOXVILLE, TN 37919-5546
KNOX COUNTY**5. Fiscal Year Close Month:** December**6. If the document is not to be effective upon filing by the Secretary of State, the delayed effective date and time is:**
(none) (Not to exceed 90 days)**7. The Limited Liability Company will be:**☐ Member Managed☒ Manager Managed☐ Director Managed**8. Number of Members at the date of filing:** 1**9. Period of Duration:** Perpetual**10. The complete address of the Limited Liability Company's principal executive office is:**300 MONTVUE RD
KNOXVILLE, TN 37919-5546
KNOX COUNTY**EXHIBIT**

2



**ARTICLES OF ORGANIZATION
LIMITED LIABILITY COMPANY**

SS-4270



Tre Hargett
Secretary of State

**Division of Business Services
Department of State
State of Tennessee**
312 Rosa L. Parks AVE, 6th FL
Nashville, TN 37243-1102
(615) 741-2286

Filing Fee: \$50.00 per member
(minimum fee = \$300.00, maximum fee = \$3,000.00)

For Office Use Only

-FILED-

Control # 000997814

The name of the Limited Liability Company is: Limestone Water Utility Operating Company, LLC

11. The complete mailing address of the entity (if different from the principal office) is:

STE 500
500 NORTHWEST PLAZA DR
SAINT ANN, MO 63074-2220

12. Non-Profit LLC (required only if the Additional Designation of "Non-Profit LLC" is entered in section 3.)

- ☐ I certify that this entity is a Non-Profit LLC whose sole member is a nonprofit corporation, foreign or domestic, incorporated under or subject to the provisions of the Tennessee Nonprofit Corporation Act and who is exempt from franchise and excise tax as not-for-profit as defined in T.C.A. §67-4-2004. The business is disregarded as an entity for federal income tax purposes.

13. Professional LLC (required only if the Additional Designation of "Professional LLC" is entered in section 3.)

- ☐ I certify that this PLLC has one or more qualified persons as members and no disqualified persons as members or holders.

Licensed Profession:

14. Series LLC (optional)

- ☐ I certify that this entity meets the requirements of T.C.A. §48-249-309(a) & (b)

15. Obligated Member Entity (list of obligated members and signatures must be attached)

- ☐ This entity will be registered as an Obligated Member Entity (OME) Effective Date: (none)
☐ I understand that by statute: THE EXECUTION AND FILING OF THIS DOCUMENT WILL CAUSE THE MEMBER(S) TO BE PERSONALLY LIABLE FOR THE DEBTS, OBLIGATIONS AND LIABILITIES OF THE LIMITED LIABILITY COMPANY TO THE SAME EXTENT AS A GENERAL PARTNER OF A GENERAL PARTNERSHIP. CONSULT YOUR ATTORNEY.

16. This entity is prohibited from doing business in Tennessee:

- ☐ This entity, while being formed under Tennessee law, is prohibited from engaging in business in Tennessee.

17. Other Provisions:

Electronic

Signature

Attorney

Title/Signer's Capacity

Caroline M. Johnson as authorized representative for Limestone Water

Printed Name

Dec 4, 2018 10:37AM

Date

OPERATING AGREEMENT OF LIMESTONE WATER UTILITY OPERATING COMPANY, LLC

THIS OPERATING AGREEMENT (this "Agreement") is signed as of the 1st day of January, 2019 (the "Effective Date"), by Limestone Water Utility Holding Company, LLC, a Tennessee limited liability company as the sole Member of LIMESTONE WATER UTILITY OPERATING COMPANY, LLC, a Tennessee limited liability company (the "Company").

RECITALS

WHEREAS, on December 4, 2018, the Company was organized a limited liability company under the laws of Tennessee pursuant to the Tennessee Revised Limited Liability Company Act, Title 48, Chapter 249 (the "Act") for the purpose of, among other things, of investing in and operating water and waste water utilities;

WHEREAS, the aforementioned Member desires to adopt this Operating Agreement setting forth the Member's desire for the management and operation of such limited liability company.

NOW THEREFORE, in consideration of the mutual covenants and other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the Member hereby states as follows:

ARTICLE I. ORGANIZATION

1.1. Certain Definitions. As used herein, the following terms have the following meanings:

- (a) "Act" is defined in Section 1.2 hereof.
- (b) "Agreement" means this Operating Agreement, as the same may be amended from time to time.
- (c) "Business Property" means all properties, assets and interests (whether real or personal, tangible or intangible) now or hereafter owned or held by the Company.
- (d) "Capital Account" means the Capital Account maintained by the Company for each Member in accordance with Treasury Regulations Section 1.704-1(b)(2)(iv), as amended from time to time.
- (e) "Capital Contributions" means with respect to the Member, the total amount of money and the fair market value of the other property, if any, to be contributed to the Company by the Member in accordance with Article II hereof. The Member's "Paid-In Capital Contribution" means the amount of the Member's Capital Contribution actually paid in cash or other property actually contributed to or on behalf of the Company. With respect to the Company, such terms shall mean the aggregate



Capital Contributions and aggregate Paid-In Capital Contributions, respectively, of the Member.

(f) "Capital Transaction" means any of the following items or transactions: a sale, transfer or other disposition of all or substantially all of the assets of the Company, condemnation actions, net insurance recoveries (other than for temporary loss of use), the refinancing of the mortgage or other indebtedness of the Company. The payment of Capital Contributions by the Member shall not be included within the meaning of the term "Capital Transaction."

(g) "Code" means the Internal Revenue Code of 1986, as amended from time to time, or any successor statute.

(h) "Company" means this limited liability company and any successors hereto.

(i) "Depreciation" means for each fiscal year, an amount equal to the depreciation, amortization or other cost recovery deduction allowable with respect to an asset for such fiscal year. In the event the book value of an asset differs from its adjusted tax basis at the beginning of such year, then the Depreciation shall be an amount which bears the same ratio to the fair market value (as may be adjusted pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(f) and (g)) as the Depreciation determined for federal income tax purposes bears to the beginning adjusted tax basis.

(j) "Dissolution Proceeds" is defined in Section 10.2 hereof.

(k) "Net Profits" or "Net Losses" for the applicable period means the gross income of the Company minus (a) all net cash outlays of any kind, whether capital in nature or not, to the extent the same are not depreciable or amortizable for federal income tax purposes (or, as the context may require, to the extent the same are not depreciated or amortized for federal income tax purposes), including, without limiting the generality of the foregoing, all operating expenses payable by the Company, salaries, life insurance premiums on policies owned by the Company, and interest on any Company indebtedness; and (b) all Depreciation allowable for federal income tax purposes. In the event that such sum is a positive number, it shall be considered "Net Profits" and if the sum is a negative number, it shall be considered "Net Losses."

(l) "Person" is defined in Section 1.9 hereof.

(m) "Treasury Regulation(s)" means the Income Tax Regulations promulgated under the Code, as such Treasury Regulations may be amended or supplemented from time to time.

1.2. Formation. The Member has formed the Company under and pursuant to the provisions of the Act, for the limited purposes and scope set forth in this Agreement. The Member has filed in the appropriate governmental office(s) Articles of Organization which conform to the requirements of the Act in order to constitute the

Company as a valid limited liability company under the Act. The costs and expenses associated with such filing shall be borne by the Company.

1.3. Name. The business and affairs of the Company shall be conducted solely under the name of "LIMESTONE WATER UTILITY OPERATING COMPANY, LLC", and such name shall be used at all times in connection with the business and affairs of the Company; provided that the Member may operate the Company under any other name necessary or convenient to qualify it to do business in any state or jurisdiction.

1.4. Term. The Company shall continue in existence perpetually, or until dissolved by the Member under the terms of this Agreement.

1.5. Business of the Company. The business of the Company is to: (i) invest in and operate water and waste water utilities; (ii) own, finance, hold, manage, manufacture, sell, exchange or otherwise deal with and dispose of all or any part of the Business Property; and (iii) transact any and all lawful business for which a limited liability company may be organized under the Act and exercise all rights and engage in all activities related thereto (the "Business").

1.6. Principal Office. The principal office of the Company shall be at 500 Northwest Plaza Drive, Suite 500, St. Ann, MO 63074, or such other location as may be hereafter determined by the Manager.

1.7. Registered Office and Registered Agent. The name of the Company's registered agent for service of process in Tennessee and the address of the Company's registered office in Tennessee shall be as provided in the Articles of Organization. The Manager may in his sole discretion and from time to time change the address of the registered office and the registered agent by filing the documents required by law.

1.8. Articles of Organization and Other Instruments. The Member has executed or has authorized the execution of the Articles of Organization in accordance with the Act, and shall execute such other documents and instruments and take all such other actions as may be deemed by the Manager to be necessary or appropriate to effectuate and permit the continuation of the Company under the laws of the State of Tennessee or the laws of any other state in any other state which the Member deems necessary or appropriate. The Manager shall, from time to time, take appropriate action, including the preparation and filing of such other amendments to the Articles of Organization and other certificates as may be required under the laws of the State of Tennessee or any other state, to enable the Company to do business in the State of Tennessee or any other state.

1.9. Additional Definitions. The definitions in Section 1.1 shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun used herein shall include the corresponding masculine, feminine and neuter forms. The term "Person" includes individuals, partnerships, corporations, limited liability companies, trusts, and other associations and entities. The words "include," "includes," and "including" shall be deemed to be followed by the phrase

"without limitation." The words "herein," "hereof," "hereunder," and similar terms shall refer to this Agreement, unless the context otherwise requires.

ARTICLE II. CAPITAL CONTRIBUTIONS

2.1. Initial Capital Contributions. The Member shall make the Capital Contribution to the Company as reflected on Exhibit A attached hereto and incorporated herein by reference.

ARTICLE III. DISTRIBUTIONS

3.1. Distributions. Except as otherwise requested by the Member or required by law, cash distributions shall be made to the Member on the following bases at such time (but at least annually) and in such amounts as the Manager in his sole discretion shall determine:

(a) Distributions, other than from a Capital Contribution, shall be made in the following order of priority:

(i) To the payment of liabilities of the Company then due and owing to Persons other than the Member;

(ii) To the Member, in an amount equal to the unpaid balance of principal and accrued interest of any loan by the Member to the Company;

(iii) The balance, if any, shall be distributed to the Member.

(b) The proceeds of any Capital Transaction and the distribution upon liquidation under Section 10.2 shall be made in the following order of priority:

(i) To the payment of liabilities of the Company then due and owing to Persons other than the Member;

(ii) To establish such reserves as the Manager in his discretion determines to be reasonably necessary for any contingent or foreseeable liability or obligation of the Company; provided, however, that the balance of any such reserve remaining at such time as the Manager shall reasonably determine shall be distributed in accordance with subparagraphs (iii) through (v) of this Section 3.1(b);

(iii) To the payment to the Member of an amount equal to the unpaid balance of principal and accrued interest of any Loan by the Member;

(iv) To the Member, an amount equal to its Capital Contributions reduced (but not below zero) by the amount of all prior distributions to it under this Section 3.1;

(v) The balance, if any, shall be distributed to the Member.

3.2. Distributions to Be Made In Cash. Unless otherwise determined by the Member, all distributions to the Member shall be made in cash.

ARTICLE IV. ALLOCATION OF NET PROFITS AND NET LOSSES

4.1. Profits and Losses. Net Profits and Net Losses incurred and/or accrued shall be allocated to the Member.

ARTICLE V. ACCOUNTING; RECORDS

5.1. Accounting Methods. The Company books and records shall be prepared in accordance with generally accepted accounting principles, consistently applied. All Federal, state and local tax returns of the Company shall be prepared by the Company's certified public accountants, under the direction of the Manager.

5.2. Fiscal Year. The fiscal year of the Company shall be the twelve calendar month period ending December 31.

5.3. Tax Status. The Member shall elect such tax status that it deems appropriate for each tax year by notifying the Manager of such election.

ARTICLE VI. POWERS, RIGHTS AND DUTIES OF THE MEMBER AND MANAGER

6.1. Restriction of the Member's Rights to Participate in Management. Except as otherwise expressly provided herein, the Member shall have no voice in, take any part in, nor interfere with, the conduct, control, or management of the business of the Company in its capacity as the Member, nor shall the Member have any authority or power to act for, or on behalf of, the Company, or to bind the Company in any respect whatsoever.

6.2. Member Consent. (a) The affirmative vote, approval or consent of the Member shall be required to: (i) alter the primary purposes of the Company as set forth in Section 1.5; (ii) do any act in contravention of this Agreement or cause the Company to engage in any business not authorized by the Articles of Organization or the terms of this Agreement; (iii) do any act which would make it impossible to carry on the usual course of business of the Company; (iv) change or reorganize the Company into any other legal form; (v) amend this Agreement; (vi) issue an Interest in the Company to any Person and admit such Person as a Member; (vii) approve a merger or consolidation with another Person, (viii) change the status of the Company from one in which management is vested in the one or more Managers to one in which management is vested in the Member, or vice versa; (ix) possess any Company property or assign the rights of the Company in specific Company property for other than a Company purpose; (x) perform any act (other than an act required by this Agreement or any act taken in good faith reliance upon counsel's opinion) which would, at the time such act occurred, subject the Member to liability as a general

partner in any jurisdiction; (xi) operate the Company in such a manner as to have the Company classified as an "investment company" for purposes of the Investment Company Act of 1940; (xii) have an order for relief entered against the Company under applicable federal bankruptcy law; OR (xiii) file a voluntary petition in bankruptcy or a petition or an answer seeking reorganization or an arrangement with creditors or taking advantage of any insolvency law or any answer admitting the material allegations of a petition filed against the Company in any bankruptcy, reorganization or insolvency proceeding.

(b) The Member shall have the right to replace a Manager of the Company and name its successor at any time by providing written notice to the Manager being replaced of such decision in which the successor Manager is also set forth.

6.3. Manager.

(a) The Manager shall have the power to do all things necessary or convenient to carry out the business affairs of the Company. The initial Manager shall be Central States Water Resources, Inc., a Missouri corporation.

(b) The Manager shall not have any contractual right to such position and shall serve until the earliest of (i) the withdrawal of the Manager, or (ii) the removal of the Manager. The Manager may be removed and replaced in accordance with the provisions of Section 6.2(b).

(c) Except to the extent provided herein, the Member hereby agrees that only the Manager and agents of the Company authorized by the Manager shall have the authority to bind the Company. The Member shall not take any action to bind the Company without notifying the Manager of such action. If the Member takes any action to bind the Company, it shall indemnify and hold harmless the Manager against any claim, loss, expense or liability (including, without limitation, attorneys' fees and expenses, whether or not litigation is commenced) incurred by the Manager as a result of the unauthorized action of such Member.

(d) The Manager's duty of care in the discharge of the duties of the Manager to the Company and the Member is limited to discharging his duties pursuant to this Agreement in good faith, with the care a corporate officer of like position would exercise under similar circumstances, in the manner he reasonably believes to be in the best interests of the Company. In discharging his duties, the Manager shall not be liable to the Company or to the Member for any mistake or error in judgment or for any act or omission believed in good faith to be within the scope of authority conferred by this Agreement or by separate written instrument executed by the Member.

(e) The Manager's compensation shall be established by the Member, and the Manager shall be entitled to reimbursement of any general overhead expenses incurred in the regular course of his duties.

6.4. Indemnification

(a) The Company, except as provided in Section 6.4(b), shall indemnify any Person who is or was a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether criminal, civil, administrative or investigative, including without limitation any action by or in the right of the Company, by reason of the fact that he/it was or is a Member or Manager of the Company or is or was a Member or Manager of the Company who is or was serving at the request of the Company as a member, manager, director, officer, agent, employee, partner or trustee of another limited liability company, corporation, partnership, joint venture, trust or other enterprise; against expenses, including attorneys' fees, judgments, fines, taxes and amounts paid in settlement, actually and reasonably incurred by him in connection with such action, suit or proceeding if such Person's conduct is not finally adjudged to be knowingly fraudulent, deliberately dishonest or willful misconduct. The right to indemnification conferred in this paragraph shall be a contract right and shall include the right to be paid by the Company expenses incurred in defending any actual or threatened civil or criminal action, suit or proceeding in advance of the final disposition of such action, suit or proceeding. Such right will be conditioned upon receipt of an undertaking by or on behalf of the Member or manager to repay such amount if it shall ultimately be determined that he/it is not entitled to be indemnified by the Company as authorized in this Article. Such right shall survive any amendment or repeal of this Article with respect to expenses incurred in connection with claims, regardless of when such claims are brought, arising out of acts or omissions occurring prior to such amendment or repeal. The Company may, by action of the Member, provide indemnification to employees and agents of the Company with the same scope and effect as the foregoing indemnification of Member and Manager.

(b) If a claim under Section 6.4(a) is not paid in full by the Company within thirty (30) days after a written claim has been received by the Company, the claimant may at any time thereafter bring suit against the Company to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense, including reasonable attorneys' fees and costs, of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any is required, has been tendered to the Company) that the claimant has not met the standards of conduct which make it permissible under the limited liability company law of Tennessee for the Company to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the Company. Neither the failure of the Company (including the Member or independent legal counsel) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he/it has met the applicable standard of conduct set forth in the limited liability company law of Tennessee, nor an actual determination by the Company (including its Member or independent legal counsel) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

(c) The indemnification provided by this Section 6.4 shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any agreement, consent of the Member or otherwise, both as to action in his/its official capacity and as to action in another capacity while holding such office, and shall continue as to a Person who has ceased to be a Member, Manager, employee, partner, trustee or agent and shall inure to the benefit of the heirs, executors and administrators of such a Person.

(d) The Company may purchase and maintain insurance on behalf of any Person who is or was a Member, Manager, employee or agent of the Company, or is or was serving at the request of the Company as a member, manager, director, officer, employee, partner, trustee or agent of another limited liability company, corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity or arising out of his/its status as such, whether or not the Company would have the power to indemnify him against such liability under the provisions of this Section 6.4.

(e) For the purposes of this Section 6.4, references to the Company includes the resulting or surviving entity in any merger or consolidation so that any Person who is or was a Member, Manager, employee or agent of such a constituent entity or is or was serving at the request of such constituent entity as a member, manager, director, officer, employee, partner, trustee or agent of another limited liability company, corporation, partnership, joint venture, trust or other enterprise shall stand in the same position under the provisions of this Section 6.4 with respect to the resulting or surviving entity as he/it would if he/it had served the resulting or surviving entity in the same capacity.

(f) For purposes of this Section 6.4, the term "other enterprise" shall include employee benefit plans; the term "fines" shall include any excise taxes assessed on a Person with respect to any employee benefit plan; and the term "serving at the request of the Company" shall include any service as a member, manager, director, officer, employee, partner, trustee or agent of, or at the request of, the Company which imposes duties on, or involves services by, such member, manager, director, officer, employee, partner, trustee or agent with respect to an employee benefit plan, its participants, or beneficiaries.

(g) In the event any provision of this Section 6.4 shall be held invalid by any court of competent jurisdiction, such holding shall not invalidate any other provision of this Section 6.4 and any other provisions of this Section 6.4 shall be construed as if such invalid provision had not been contained in this Section 6.4. In any event, the Company shall indemnify any Person who is or was a Member or Manager of the Company, or is or was a Member or Manager of the Company who is or was serving at the request of the Company as a member, manager, director, officer, agent, employee, partner or trustee of another limited liability company, corporation, partnership, joint venture, trust or other enterprise, to the full extent permitted under Tennessee law, as from time to time in effect.

6.5. Liability of the Member. The Member shall not be liable as such for the liabilities of the Company. The failure of the Company to observe any formalities or

requirements relating to the exercise of its powers or management of its business or affairs under this Agreement or the Act shall not be grounds for imposing personal liability on the Member or a Manager for liabilities of the Company.

ARTICLE VII. DETERMINATIONS BY THE MEMBER

7.1. Actions by the Member. The Member shall have the right to take any action set forth herein in accordance with the terms of the Agreement. In addition, if the Member determines that it wants to take an action that is not expressly granted to it within this Agreement, it shall take such action only after notifying the Manager in writing of the intended action.

ARTICLE VIII. ACTIONS OF THE MANAGER

8.1. Actions by the Manager. The Manager shall decide any question related to the operations of the Company, unless the question is one upon which, by express provision of the Act, the Articles of Organization or this Agreement, the Member is required to consent, in which case such express provision shall govern and control the decision on such question.

ARTICLE IX. TRANSFER OF MEMBER'S INTEREST

9.1. Transfer of Member's Interest. The Member shall have the right to transfer all or part of its Interest to another Person upon such terms that the Member deems acceptable. Prior to the effective date of the transfer of all or part of the Interest, the Member must notify the Manager of the transfer in writing.

9.2. Effect of Assignment; Documents. All Interests in the Company transferred pursuant to the provisions of this Article shall be subject to the restrictions and obligations set forth in this Agreement. As a condition to any Person being admitted as an additional Member or a substituted Member, such Person must execute this Agreement and agree to be bound by all of its terms and provisions as a substituted Member or additional Member.

ARTICLE X. DISSOLUTION OF THE COMPANY

10.1. Dissolution Acts.

(a) No act, thing, occurrence, event or circumstance shall cause or result in the dissolution of the Company except that the happening of any one of the following events shall work as an immediate dissolution and termination of the Company:

(i) A determination by Member to dissolve and terminate the Company; and

(ii) The event of the death of the Member.

(b) Without limiting the other provisions hereof, the transfer of all or any part of a Member's Interest, in accordance with the provisions of this Agreement or the admission of a new Member, shall not work the dissolution of the Company.

10.2. Distribution of Proceeds on Dissolution; Reserves. Upon the dissolution and termination of the Company, a the Member or such other Person designated by the Member (the "Winding-Up Member") shall file a Notice of Winding Up pursuant to the Act and shall proceed with the liquidation and termination of the Company as promptly as possible, but in an orderly and businesslike manner so as not to involve undue sacrifice, and the proceeds therefrom and any other funds and assets of the Company (the "Dissolution Proceeds"), shall be applied and distributed pursuant to the provisions of Section 3.1.b.

ARTICLE XI. GENERAL

11.1. Notices. Any notice, request, approval, consent, demand or other communication required or permitted hereunder shall be given in writing by (1) personal delivery, (2) expedited delivery service with proof of delivery, (3) United States Mail, postage prepaid, registered or certified mail, return receipt requested, or (4) email or facsimile (provided that such email or facsimile is confirmed as received), and shall be deemed to have been given and received either at the time of personal delivery or, in the case of delivery service or mail, as of the date of first attempted delivery at the last known address, or in the case of email or facsimile, upon receipt.

11.2. Amendments. This Agreement may be amended by a written agreement of amendment executed by the Member.

11.3. Miscellaneous. Except as herein otherwise specifically provided, this Agreement shall be binding upon and inure to the benefit of the parties and their respective heirs, legal representatives, successors and assigns. Captions contained in this Agreement in no way define, limit, or extend the scope or intent of this Agreement. If any provision of this Agreement or the application of such provision to any Person or circumstance shall be held invalid, the remainder of this Agreement, or the application of such provision to any other Persons or circumstances, shall not be affected thereby.

11.4. Remedies. If the Company or any party to this Agreement obtains a judgment against any other party by reason of breach of this Agreement or failure to comply with the provisions hereof, reasonable attorneys' fees as fixed by the court shall be included in such judgment. No remedy conferred upon the Company or the Member in this Agreement is intended to be exclusive of any other remedy herein or by law provided or permitted, but each shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. No waiver by the Member or the Company of any breach of this Agreement shall be deemed to be a waiver of any other breach of any kind or nature and no acceptance of payment or performance by a Member or the Company after any such

breach shall be deemed to be a waiver of any breach of this Agreement, whether or not such Member or the Company knows of such breach at the time it accepts such payment or performance. If the Member has the right herein to approve or consent to any matter or transaction, such approval or consent may be withheld in the sole discretion of the Member for any reason or no reason. No failure or delay on the part of the Member or the Company to exercise any right it may have shall prevent the exercise thereof by the Member or the Company at any time such other may continue to be so in default, and no such failure or delay shall operate as a waiver of any default.

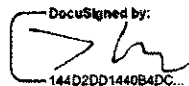
11.5. Compliance with Securities Laws. Notwithstanding anything herein contained to the contrary, no transfer or disposition of Interests in the Company pursuant to the terms hereof shall be made unless such transfer or disposition complies in all respects with the provisions of the Securities Act of 1933 and the securities laws of any and all states with jurisdiction over such transfer or disposition, and the rules and regulations promulgated thereunder.

11.6. Binding Effect. This Agreement and any amendment hereto made as provided herein shall be binding upon and inure to the benefit of the Company and its successors and assigns, and the Member, its heirs, executors, administrators, and legal or personal representatives.

11.7. Governing Law. This Agreement and the rights of the parties hereunder shall be governed by and interpreted in accordance with the laws of the State of Tennessee.

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first above written.

**Limestone Water Utility
Holding Company, LLC**

By: 
144D2DD1440B4DC...
Josiah M. Cox, President of
Central States Water Resources, Inc.,
Manager

Agreed and Accepted by:

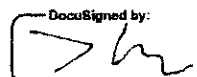

144D2DD1440B4DC...
Josiah M. Cox, President of
Central States Water Resources, Inc.,
Manager

EXHIBIT A
INITIAL CAPITAL CONTRIBUTIONS

<u>Member's Name and Address</u>	<u>Member's Interest</u>	<u>Capital Contribution</u>
Limestone Water Utility Holding Company, LLC	100%	Kept by Company Accountant



Tre Hargett
Secretary of State

Division of Business Services
Department of State
State of Tennessee
312 Rosa L. Parks AVE, 6th FL
Nashville, TN 37243-1102

LIMESTONE WATER UTILITY OPERATING COMPANY, LLC
KRIS WHITTEN
SUITE 303
1650 DES PERES ROAD
DES PERES, MO 63131

May 3, 2021

Request Type: Certificate of Existence/Authorization
Request #: 0415492

Issuance Date: 05/03/2021
Copies Requested: 1

Document Receipt

Receipt #: 006338914
Payment-Credit Card - State Payment Center - CC #: 3806073067

Filing Fee: \$20.00
\$20.00

Regarding: Limestone Water Utility Operating Company, LLC
Filing Type: Limited Liability Company - Domestic
Formation/Qualification Date: 12/04/2018
Status: Active
Duration Term: Perpetual
Business County: KNOX COUNTY

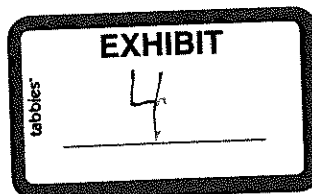
Control #: 997814
Date Formed: 12/04/2018
Formation Locale: TENNESSEE
Inactive Date:

CERTIFICATE OF EXISTENCE

I, Tre Hargett, Secretary of State of the State of Tennessee, do hereby certify that effective as of the issuance date noted above

Limestone Water Utility Operating Company, LLC

- * is a Limited Liability Company duly formed under the law of this State with a date of incorporation and duration as given above;
- * has paid all fees, interest, taxes and penalties owed to this State (as reflected in the records of the Secretary of State and the Department of Revenue) which affect the existence/authorization of the business;
- * has filed the most recent annual report required with this office;
- * has appointed a registered agent and registered office in this State;
- * has not filed Articles of Dissolution or Articles of Termination. A decree of judicial dissolution has not been filed.

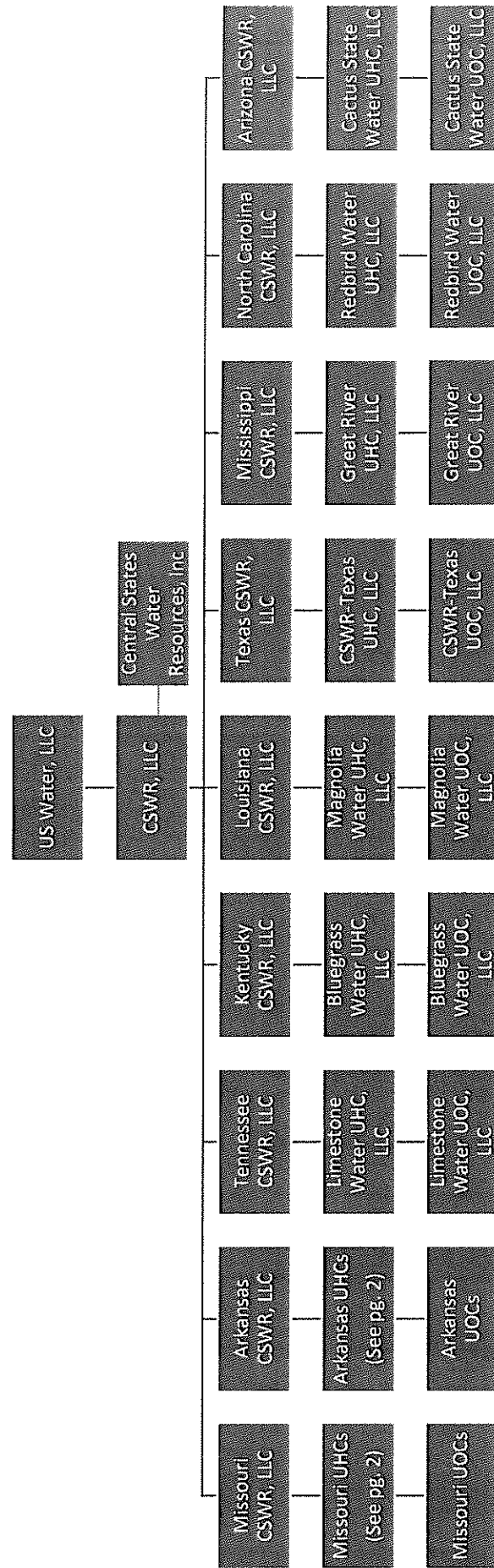


Tre Hargett
Tre Hargett
Secretary of State

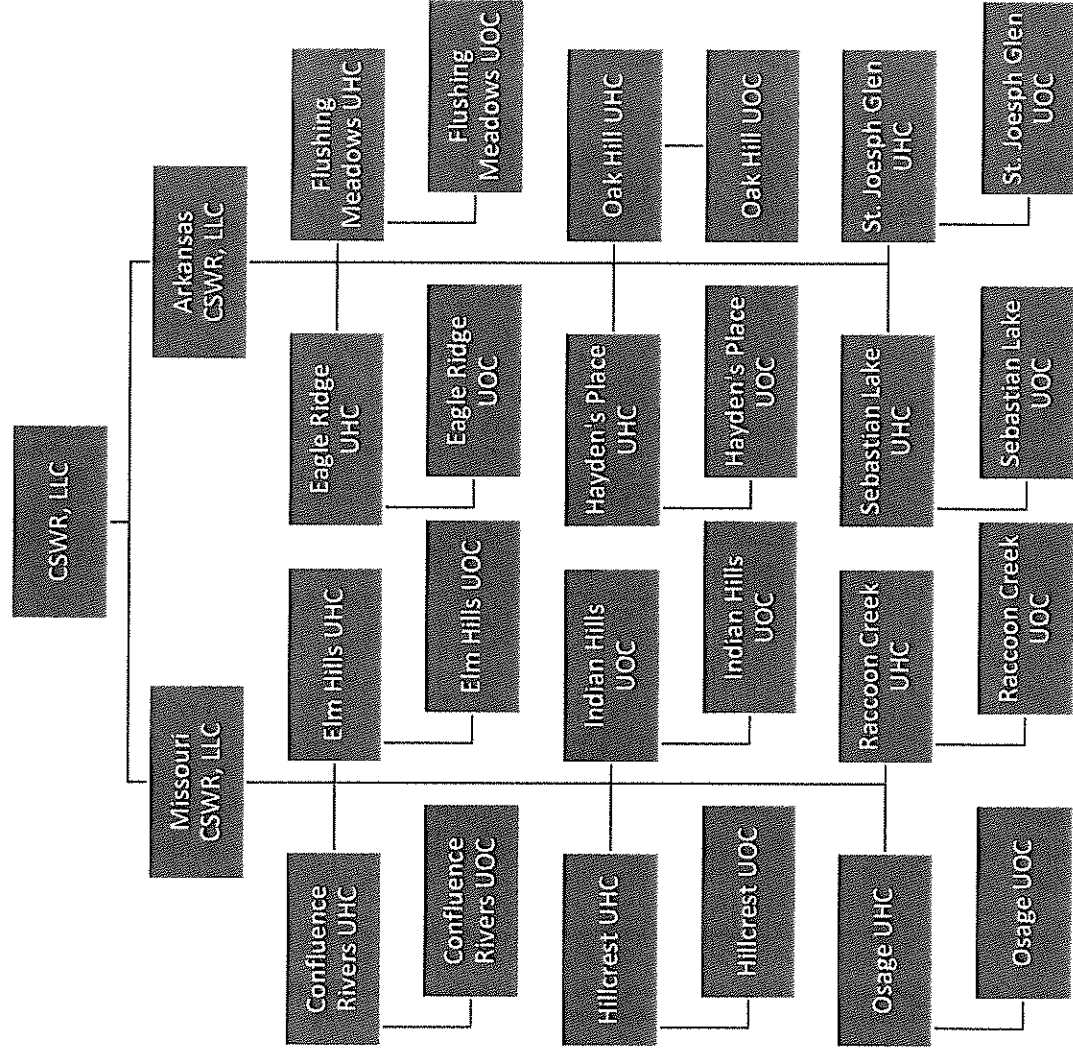
Processed By: Cert Web User

Verification #: 046029631

Central States Water Resources Corporate Entity Organizational Chart



Missouri & Arkansas CSWR Organizational Chart Detail



Operating Companies

tabbles®

EXHIBIT

6

ASSIGNMENT OF CONTRACT RIGHTS

This Assignment of Contract Rights ("Assignment") is executed as of the ____ day of May, 2021, by CENTRAL STATES WATER RESOURCES, INC., a Missouri corporation ("Assignor"), in favor of LIMESTONE WATER UTILITY OPERATING COMPANY, LLC, a Tennessee limited liability company ("Assignee").

WHEREAS, on July 30, 2019, Assignor entered into an Agreement for Sale of Utility System ("Purchase Agreement"), with Chapel Woods Homeowner's Association, a Tennessee non-profit corporation ("Chapel Woods");

WHEREAS, Section 17 of the Purchase Agreement provides that Assignor may assign its rights to the Purchase Agreement to an entity affiliated with Assignor and controlled by Assignor, but without the need for Chapel Woods' consent;

WHEREAS, Assignee is an entity affiliated with Assignor that Assignor controls;

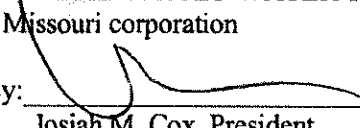
NOW, THEREFORE, in consideration of the foregoing recitals and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged, Assignor and Assignee hereby agree:

As of the date of this Assignment, Assignor hereby assigns, conveys, transfers and sets over unto Assignee all of Assignor's right, title and interest in and to the Purchase Agreement, and any amendments or addendums thereto.

IN WITNESS WHEREOF, the parties have executed this Assignment as of the date first set forth above.

ASSIGNOR:

CENTRAL STATES WATER RESOURCES, INC.,
a Missouri corporation

By: 
Josiah M. Cox, President

ASSIGNEE:

LIMESTONE WATER UTILITY OPERATING
COMPANY, LLC, a Tennessee limited liability
company

By: ~~CENTRAL STATES WATER RESOURCES,
INC., its manager~~

By: 
Josiah M. Cox, President



DIRECT TESTIMONY

OF JOSIAH COX

LIMESTONE WATER UTILITY OPERATING COMPANY, LLC

WITNESS INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

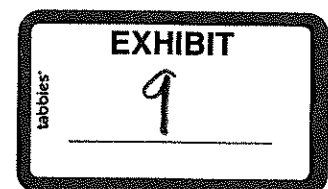
A. My name is Josiah Cox. My business address is 1650 Des Peres Road, Suite 303. St. Louis Missouri, 63131.

Q. WHAT IS YOUR POSITION WITH LIMESTONE WATER UTILITY OPERATING COMPANY, LLC ("LIMESTONE" OR "COMPANY")?

A. I am President of Limestone. I also am President of CSWR, LLC, ("CSWR") a Limestone affiliate. Later in my testimony I will describe CSWR's relationship to Limestone, and discuss the role CSWR would play in Limestone's future operations if the Commission approves the Application.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL EXPERIENCE.

A. I received a Bachelor of Science with a major in Environmental Science from the University of Kansas. Professionally I have worked at the Kansas state biological survey, where I performed a wildlife habitat study. I then worked at a civil engineering firm where I was involved in various facets of the land development process including permitting, entitlement, civil design, project management, and construction management. I focused mainly on the water and wastewater side of the civil engineering business and participated in every part of that business from waste-load allocation studies (now known as the anti-degradation processes), design, permitting, project management, and construction management. I also ran the firm's environmental consulting division and was the second private consultant to submit a water quality impact study in the state



of Missouri in 2003. I joined the engineering firm's executive leadership team and helped run all the firm's operations.

Beginning in 2005, I raised money from a group of investors and formed a full-service civil engineering, environmental consulting, general contracting, and construction management firm. I served as the Chief Operating Officer, and finally Chief Executive Officer, I obtained extensive experience with rural communities in every facet of the water and wastewater compliance process, including environmental assessment, permitting, design, construction, operation and community administration of the actual water and wastewater (sewerage) systems. The firm performed stream sampling and built waste-load allocation models to determine receiving water-body protective permit-able effluent pollutant loads. We have done full engineering design of multiple whole community wastewater and water infrastructure systems including wells, water distribution, water treatment, water storage, wastewater conveyance, and wastewater treatment plants and taken these designs through federal and state administered permitting processes in Missouri. The engineering firm also administered the construction of these water and wastewater systems from green field site selection all the way through system startup and final engineering sign off.

During this time, I began the Master of Business Administration (MBA) program at Washington University in St. Louis, from which I graduated in 2007. In addition, starting in 2008, I took over the operations of an existing rural sewer district, and I still operate a system managing the functioning, testing, and maintenance of the system. I also act as the administrator for this municipal system performing all the billing, emergency response, accounts payable/accounts receivable, collections, budgeting, customer service, and public town meetings required to service the community.

In late 2010, after working on several small, failing water and wastewater systems, I created a business plan to acquire and recapitalize failing systems as investor-owned regulated water and wastewater utility companies. In early 2011, I went to the capital markets to raise money to implement my plan. Over a period of approximately three years, I met with over fifty-two infrastructure investment groups trying to raise necessary financing. In February 2014, I achieved my goal, and I used the debt and equity capital I was able to raise to start CSWR. In 2018, I was able to attract an additional large institutional private equity investor, which allowed me to expand the scope of my business plan. This new investor is allowing CSWR to form companies for the purpose of acquiring water and wastewater systems in additional states. Since its formation, CSWR has acquired, and currently is operating through various affiliates, 292 water or wastewater systems in Missouri, Kentucky, Louisiana, Texas, Tennessee, and Arkansas. In Missouri, those systems are regulated by the Missouri Public Service Commission; in Kentucky they are regulated by the Kentucky Public Service Commission; in Louisiana they are regulated by the Louisiana Public Service Commission; in Texas they are regulated by the Public Utility Commission of Texas; and in Arkansas, the systems are outside the Arkansas Public Service Commission's jurisdiction due to the fact each system falls below annual revenue thresholds that trigger regulation in that state.

Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY IN THIS CASE?

A. The purpose of my testimony is to support the application filed in this case ("Application") which seeks Commission authority for Limestone to acquire all assets currently used by Chapel Woods Home Owners Association ("Chapel Woods") to provide wastewater utility service to customers in Marshall County, Tennessee. My testimony describes the proposed transaction and explains why both Limestone and Chapel Woods believe authorizing consummation of the

transaction is in the public interest. I also describe Limestone's relationship to CSWR, the role CSWR would play in Limestone's operation of the water system at issue in this case, and the benefits Limestone's relationship with CSWR would bring to customers served by that system. Finally, to the extent applicable, I provide the Commission information required by TPUC Rule 122 0-04-13- .17(2) and other rules applicable to the Application. In this testimony, I also adopt the Application and verify that all information included there is true and correct to the best of my information and belief.

**BACKGROUND INFORMATION REGARDING
LIMESTONE AND ITS AFFILIATES**

Q. PLEASE PROVIDE SOME BACKGROUND INFORMATION ABOUT LIMESTONE AND CSWR.

A. Limestone is a limited liability company formed to acquire water and wastewater assets in Tennessee and to operate those assets as a regulated public utility. In its Docket No. 19-00062, the Commission authorized Limestone to acquire and operate water and wastewater systems previously owned by Aqua Utilities Company. Currently, Limestone serves approximately 400 water customers and 350 wastewater customers. If the Commission grant's the requests the Applicants have made in this case, Limestone would acquire, own, and operate the wastewater system currently owned by Chapel Woods.

Limestone is an affiliate of CSWR, a Missouri limited liability company formed to provide managerial, technical, and financial support to its utility operating affiliates. A corporate organization chart illustrating that relationship was filed as **Exhibit 5** to the Application.

To date, CSWR-affiliated utility operating companies have acquired and are operating water or wastewater systems in Missouri, Kentucky, Louisiana, Texas, Tennessee, and Arkansas.

And our affiliated group has applications pending in Mississippi, North Carolina, Florida, Louisiana, Missouri, and Texas to acquire even more such systems.

Q. WHAT IS CSWR'S BUSINESS PLAN WITH REGARD TO THE ACQUISITION AND OPERATION OF SMALL AND DISTRESSED WATER AND WASTEWATER SYSTEMS?

A. CSWR's business plan is to pursue the purchase and recapitalization of small water and wastewater systems and to operate those systems as investor-owned regulated utilities. Many of those systems are not currently regulated. Of those that are regulated, many, if not most, are out of compliance with utility commission rules and with federal or state pollution and safety laws and regulations. Indeed, many systems we acquire do not even have federal or state permits required to lawfully operate those systems. We also have found that many regulated systems we acquire have not increased their rates for a decade or more and, as a result, lack the financial resources necessary to build, maintain, and replace assets used to provide service or bring their operations into compliance with rapidly changing environmental and water quality regulations. Some systems we acquire are in receivership and, therefore, lack the ability to raise capital necessary to improve their systems. However, because it has found investors willing to make investments and take risks necessary to bring small water and wastewater systems into compliance with current statutes, rules, and regulations, CSWR, through its affiliates, has been able to acquire distressed systems, invest capital necessary to upgrade or repair physical facilities, and operate those systems in a way that satisfies customers, regulators, and investors alike.

CSWR's business plan and the expertise its personnel provide to affiliates have convinced regulators in Missouri, Kentucky, Louisiana, and Texas to acquire and operate numerous small water and wastewater systems in those states, and we expect to be authorized to acquire additional

systems in those and other states in the future. If the Commission authorizes Limestone to acquire Chapel Woods' assets, they would be added to the portfolio of systems the Company currently operates in Tennessee. We hope the Commission will give us the same opportunity in this case it gave us in the previous Aqua Utilities acquisition case so we can continue in Tennessee the record of success our affiliated group has achieved elsewhere.

Q. PLEASE DESCRIBE YOUR AFFILIATES' EXPERIENCE WITH WATER AND WASTEWATER SYSTEMS.

A. Limestone and its affiliates have the financial, technical, and managerial ability to acquire, own, and operate Chapel Woods' water system in a manner that fully complies with applicable health, safety, and environmental protection laws and regulations and provides reliable, safe, and adequate service to customers. Limestone is part of an affiliated group that currently owns and operates wastewater systems serving approximately 78,000 customers and drinking water systems serving approximately 49,000 customers in Missouri, Arkansas, Kentucky, Louisiana, Texas, and Tennessee.

On the wastewater side of the business, our affiliate group has purchased wastewater treatment plants with associated sewer pumping stations, gravity force mains, and gravity conveyance lines. With the approval of state wastewater regulatory authorities, since March 2015, CSWR-affiliated companies have designed, permitted, and completed construction, of numerous sanitary sewer system improvements. These improvements include wastewater line repairs to remove infiltration and inflow, building sewer main extensions, the repair of multiple lift stations, the construction of lift stations, the closure of an existing regulatory impaired wastewater system, building two fully activated sludge plants, constructing moving bed bio-reactor plants ("MBBR"), converting multiple failing wastewater systems into sludge storage/flow equalization and

treatment basins, converting failed mechanical systems to I-Fast systems, and constructing various other wastewater supporting improvements.

On the water side of the business, since March 2015, affiliates have designed, permitted, and completed construction – with the approval of state regulatory authorities – upgrades and improvements to numerous drinking water systems. Those upgrades and improvements include construction of ground water storage tanks and drinking water pressurization pump assemblies, drilling water wells, erecting or rehabilitating well houses, closing failed wells, blasting/coating water storage tanks, replacing meter pits with new meters, replacing or repairing numerous water distribution lines, installing numerous isolation valve systems, installing multiple flush hydrants, repairing hundreds of leaking lines, and constructing or rehabilitating various other improvements to existing drinking water systems.

Q. DOES CSWR HAVE PERSONNEL QUALIFIED TO PERFORM THE SERVICES YOU IDENTIFIED IN YOUR PRECEDING ANSWER?

A. Yes, it does, as evidenced by the fact CSWR already is providing those and other similar services for water and wastewater systems in Missouri, Arkansas, Kentucky, Louisiana, Texas, and Tennessee. I already described my background and experience in the water and wastewater utility industry and the resumes of the other key members of CSWR's senior team who would be involved in Limestone's operations shows we are well-qualified to meet the demands of Limestone and its customers and of this Commission and other regulators charged with overseeing Limestone's operations. CSWR provides Limestone the same level of experience and expertise CSWR currently provides affiliated systems outside Tennessee. The types and quality of services CSWR provides Limestone are not usually available to small systems like those at issue in this case. However, CSWR's business model was developed to provide that expertise and experience

to affiliates and to do so while achieving economies of scale attributable to CSWR's centralized management structure. Not only would CSWR and Limestone provide current Chapel Woods customers expertise not generally available to small water and wastewater systems, but it can realize economies of scale that would not be possible if Limestone had to acquire or provide such expertise and support on a company- or system-specific basis.

Q. HAS YOUR GROUP OF AFFILIATED COMPANIES TAKEN STEPS TO IMPROVE SERVICES AT THE SYSTEMS IT NOW OPERATES?

A. Yes. In addition to the capital improvements made on systems our affiliate group has acquired, we have built from scratch customer service systems that meet or exceed regulatory commission rules and provide numerous benefits to the customers.

If the Application is approved, Limestone would implement operational changes to improve and enhance service to Chapel Woods' current customers. For example, those customers would have access to a 24-hour phone line to report any utility service issues. Those calls would then be transferred into the computerized maintenance management system and converted into work orders, which creates a historical record of all reported service issues. The work order also will ensure contracted customer service personnel can commence work required to deal quickly and efficiently with any customer service issues. Second, Limestone would ensure customers have access to customer service representatives during normal business hours to talk about any customer concerns, and would establish a utility-specific webpage and dedicated email address to keep customers informed about their utility service. Information available on the website would include dissemination of state-mandated information, up-to-date website bulletins about service issues, and procedures for service initiation or discontinuance. Mirroring relevant utility homepage information, Limestone would provide a dedicated social media page to offer another avenue of

communication with customers about utility matters. The social media account is manned by customer service representatives that can answer customer questions. Finally, Limestone offers online bill paying options to customers, including e-checks, debit card, and credit cards.

Q. WHAT EVIDENCE CAN YOU PROVIDE TO SUPPORT YOUR CLAIMS ABOUT THE ABILITY OF LIMESTONE'S AFFILIATES TO PROVIDE THESE SERVICES OUTSIDE TENNESSEE?

A. The Missouri Public Service Commission and the Missouri Department of Natural Resources have recognized the solid track record CSWR and its affiliates have established for acquiring, rehabilitating, maintaining, and operating troubled water and wastewater systems in that state. And in a recent order authorizing the group's Kentucky affiliate to acquire several troubled wastewater systems, the Kentucky Public Service Commission expressly found the group has the financial, technical, and managerial ability necessary to provide reasonable service to the public.

Q. DO LIMESTONE AND CSWR HAVE THE FINANCIAL CAPACITY TO ACQUIRE, OWN, AND OPERATE THE SYSTEM YOU PROPOSE TO PURCHASE FROM CHAPEL WOODS?

A. Yes, Limestone and CSWR have the financial capacity to finance, own, and operate the system we propose to acquire from Chapel Woods. The affiliated group of which Limestone is a member has been able to secure an ongoing commitment from Sciens Capital Management, a Wall Street private equity firm, to provide capital necessary to purchase small, oftentimes distressed, water and wastewater systems and then make investments necessary to bring those systems into compliance with applicable health, safety, and environmental protection laws and regulations. This investment commitment also includes working capital necessary to operate until an application for compensatory rates can be prepared and prosecuted. To date, CSWR, through its affiliates, has

invested almost \$100 million to purchase, upgrade, and operate water and wastewater systems. Although those investments have been almost exclusively in the form of equity, Limestone plans to pursue debt financing from non-affiliated commercial sources that would allow the company to balance its capital structure. Ultimately, Limestone's objective is a capital structure consisting of 50% equity and 50% debt.

Q. IF THE AUTHORIZATIONS REQUESTED IN THE APPLICATION ARE GRANTED, WOULD LIMESTONE HIRE CURRENT EMPLOYEES TO PROVIDE SERVICE IN THE AREA SERVED BY CHAPEL WOODS?

A. No, Limestone does not plan to hire Chapel Woods' current employees to perform any services after closing.

Q. AFTER CLOSING, HOW DOES LIMESTONE PROPOSE TO PROVIDE SERVICE TO CUSTOMERS OF THAT SYSTEM?

A. If the Application is approved, Limestone intends to hire a local, non-affiliated third-party Operations and Maintenance (O&M) firm that has knowledgeable and experienced personnel, carries required state licenses, and has insurance coverage necessary to manage daily water operations at the system at issue in this case. This is what Limestone has done at the former Aqua Utilities systems. It also is the approach that Limestone's affiliated utility operating companies have successfully employed at the water and wastewater systems they operate outside Tennessee.

In addition to its service obligations during normal business hours, the O&M firm would be required to have a 24-hour emergency service line to deal with customers experiencing service disruptions. However, notice of all service disruption calls would be forwarded to me, as CSWR's manager and the executive ultimately responsible for service in the areas served by each of CSWR's utility affiliates. CSWR has developed a centralized computerized maintenance

management system (CCMS) that monitors the performance of our drinking water and wastewater systems and allows us to track the ongoing maintenance and testing work performed by the O&M contractors we employ at each of our facilities. In addition, CSWR uses geographic information system ("GIS") survey information to accurately map all infrastructure assets, which allows the Company to specifically target ongoing infrastructure re-investment as part of the overall managerial and technical support CSWR provides each of its utility operating affiliates.

Limestone also would use a non-affiliated third-party billing and customer service firm to send out bills and handle service-related billing questions. The billing firm, which is used by all CSWR's utility affiliates, has in place an online billing system to receive credit card and e-checks from customers. The billing firm also would establish a Limestone-specific customer service email account to field ongoing customer interactions. Customer service representatives employed by the billing firm would be available during normal business hours, would take messages twenty-four hours a day, and all customer correspondence would be recorded and logged to consumers' accounts to ensure the highest level of service.

While day-to-day operational, billing, and customer service functions would be provided by non-employee contractors, all management, financial reporting, underground utility safety and location services, Commission regulatory reporting, environmental regulatory reporting and management, operations oversight, utility asset planning, engineering planning, ongoing utility maintenance, utility record keeping, and final customer dispute management would be performed by personnel at CSWR's corporate office, with a proportional share of costs for those services passed down to Limestone. CSWR personnel also would monitor the activities of the non-employee contractors to make sure the system is being operated and maintained properly and customers' needs are being met. The resumes of CSWR personnel who, in addition to me, would

be responsible for providing services or oversight to Limestone's operation, are attached to the Application as **Exhibit 12**.

DESCRIPTION OF THE PROPOSED TRANSACTION

Q. PLEASE DESCRIBE THE WASTEWATER SYSTEM LIMESTONE PROPOSES TO ACQUIRE FROM CHAPEL WOODS.

A. Limestone proposes to acquire Chapel Woods' wastewater system located in Marshall County. Maps and aerial photographs showing the location of this system were filed as **Exhibit 1** to the Application. The system currently serves approximately 142 customers.

Terms of the proposed asset sale are governed by the November 3, 2020, *Agreement for the Sale of Utility System* ("Agreement"), between Chapel Woods and CSWR. A copy of the Agreement was filed as **Exhibit 7** to the Application.

No closing date for the transaction has been set, but the Agreement identifies various conditions precedent, including obtaining all required regulatory approvals, that must be satisfied before the transaction can close. Section 19 of the Agreement also authorizes CSWR to assign all its rights to the acquired assets to an affiliated entity. In accordance with that section, at closing CSWR will transfer to Limestone all sewer system assets acquired from Chapel Woods. A copy of the document assigning CSWR's interests in Chapel Woods' assets to Limestone was filed as **Exhibit 8** to the Application.

Q. IF THE COMMISSION APPROVES THE APPLICATION, IS LIMESTONE WILLING AND ABLE TO MAKE ANY IMPROVEMENTS NECESSARY TO KEEP CHAPEL WOODS' WASTEWATER SYSTEM UP TO STANDARD AND IN COMPLIANCE WITH APPLICABLE REGULATIONS?

A. Yes. If the Commission grants Limestone the authority it seeks in the Application, Limestone and CSWR are willing and able to invest capital necessary to bring the Chapel Woods system up to standard and into compliance with applicable law. As I described previously, the affiliate group of which Limestone and CSWR are part has access to capital adequate to make necessary upgrades and improvements to the Chapel Woods system and to continue to operate that system in a manner that is in the public interest and complies with applicable statutes, rules, and regulations.

Q. PLEASE DESCRIBE THE CHAPEL WOODS SYSTEM AND ITS CURRENT CONDITION.

A. The Chapel Woods wastewater System is composed of septic tanks with grinders at houses, a STEP low pressure collection system, influent pump station, large septic tank, an above ground trickling filter, and ultraviolet disinfection system. The plant is designed to handle 32,000 gpd of flow. The treatment facility consists of an influent pump station that pumps water to an above ground septic tank. This tank discharges via gravity flow to the above ground trickling filter. From the effluent, some of the wastewater is returned to the septic tank and a portion of the treated flow is sent to the disinfection process. While the system is meeting limits, the plant is approaching on its useful life due to tankage starting to break down causing a problem with transmissivity of the effluent. Limestone believes that the most cost-effective solution will involve construction of a new concrete flow equalization tank and new activated sludge plant, in addition to various repairs.

Q. WHAT RATES, RULES, AND REGULATIONS WOULD BE IN EFFECT FOR THE CHAPEL WOODS SYSTEM AT ISSUE IN THIS CASE?

A. Initially, Limestone proposes to adopt the rates, rules, and regulations found in the tariff attached to the Application as **Exhibit 20**. Limestone proposes to initially charge the rates charged by Chapel Woods. However, if the revenue requirement for that system increases in the future - as likely would be the case given the additional capital investment needed for system upgrades and improvements - Limestone may petition the Commission to increase rates or change certain operating regulations. Limestone may also seek authority to consolidate rates of the system it proposes to acquire in this case with those of other systems it operates in Tennessee.

Q. ARE LIMESTONE AND CSWR FAMILIAR WITH THE COMMISSION'S RULES AND REGULATIONS GOVERNING WASTEWATER UTILITIES AND DO THOSE COMPANIES PLEDGE TO OPERATE THE SYSTEM AT ISSUE IN THIS CASE IN A MANNER THAT COMPLIES WITH THOSE RULES AND REGULATIONS?

A. Yes, CSWR and Limestone are familiar with the Commission's rules and regulations and pledge to operate the system in a manner that complies with all Commission requirements and all applicable state statutes and regulations.

Q. HOW DOES LIMESTONE PROPOSE TO SATISFY THE FINANCIAL SECURITY REQUIREMENTS IMPOSED BY TPUC RULES 122-04-13-.07 AND 1220-04-13-.08?

A. To demonstrate financial security as required by the Commission's rules, Limestone has secured a corporate surety bond in the amount of \$20,000 in a form that complies with TPUC Rule 1220-04-13-.08. A copy of that surety bond is attached to the Application as **Exhibit 14**.

Q. DO YOU BELIEVE THE PROPOSED TRANSACTIONS ARE IN THE PUBLIC INTEREST?

A. Yes. I believe Limestone's proposed acquisition of the wastewater system currently owned and operated by Chapel Woods would be consistent with and would promote the public interest.

Limestone and CSWR are fully qualified, in all respects, to own and operate that system and to otherwise provide safe and adequate service.

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes, it does.

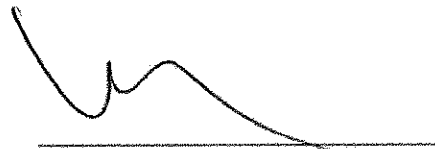
Affidavit

STATE OF MISSOURI)
)
COUNTY OF ST. LOUIS)

I, Josiah M. Cox, state that I am President of Limestone Utility Operation Company, LLC,
and that the answers to the questions posted in the attached Direct Testimony are true and correct
to the best of my knowledge, information, and belief.



MERANDA K. KEUBLER
My Commission Expires
November 13, 2022
St. Louis County
Commission #14631487

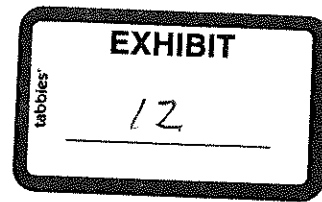


Josiah M. Cox

Subscribed and sworn to me before this 10th day of May 2021.



Notary Public



Josiah Cox – President

Mr. Cox is President of Limestone Water Utility Operating Company, LLC, and also of CSWR, LLC, ("CSWR"). Both companies are part of an affiliated group that provide water or wastewater utility services to more than 40,000 customers in six states.

Mr. Cox received a Bachelor of Science with a major in Environmental Science from the University of Kansas. Professionally he has worked at the Kansas state biological survey, where he performed a wildlife habitat study. He then worked at a civil engineering firm where he was involved in various facets of the land development process including permitting, entitlement, civil design, project management, and construction management. He focused mainly on the water and wastewater side of the civil engineering business and participated in every part of that business from waste-load allocation studies (now known as the anti- degradation processes), design, permitting, project management, and construction management. He also ran the firm's environmental consulting division and was the second private consultant to submit a water quality impact study in the state of Missouri in 2003. He joined the engineering firm's executive leadership team and helped run all the firm's operations.

Beginning in 2005, he formed a full-service civil engineering, environmental consulting, general contracting, and construction management firm. He obtained extensive experience with rural communities in every facet of the water and wastewater compliance process, including environmental assessment, permitting, design, construction, operation and community administration of the actual water and wastewater (sewerage) systems. The firm performed stream sampling and built waste-load allocation models to determine receiving water-body protective permit- able effluent pollutant loads. They did full engineering design of multiple whole community wastewater and water infrastructure systems including wells, water distribution, water treatment, water storage, wastewater conveyance, and wastewater treatment plants and taken these designs through federal and state administered permitting processes in Missouri. The engineering firm also administered the construction of these water and wastewater systems from green field site selection all the way through system startup and final engineering sign-off. During this time, he also began the Master of Business Administration (MBA) program at Washington University in St. Louis, from which he graduated in 2007.

In addition, starting in 2008, he took over the operations of an existing rural sewer district, and he still operates a system managing the functioning, testing, and maintenance of the system. He also acts as the administrator for this municipal system performing all the billing, emergency response, accounts payable/accounts receivable, collections, budgeting, customer service, and public town meetings required to service the community.

In late 2010, after working on several small, failing water and wastewater systems, Mr. Cox created a business plan to acquire and recapitalize failing systems as investor-owned regulated water and wastewater utility companies. In early 2011, he went to the capital markets to raise money to implement my plan, and over a period of approximately three years met with over fifty-two infrastructure investment groups trying to raise necessary financing. In February 2014, he was able to raise sufficient debt and equity capital to start CSWR. In 2018, he attracted an additional large institutional private equity investor, which allowed CSWR to expand the scope of its business plan. Since its formation, CSWR has acquired, and currently is operating more than 257 water and/or wastewater systems in Missouri, Kentucky, Louisiana, Texas, Tennessee, and Arkansas.

Marty Moore – Chief Financial Officer

Marty Moore is the Chief Financial Officer of CSWR, LLC, and has held this position since April 2020. As CFO, Mr. Moore provides leadership, direction, and management to the finance and accounting teams, manages the process for financial forecasting, budgeting, and reporting and oversees the human resources and risk management functions.

After receiving a Bachelor of Business Administration in Accounting from Abilene Christian University, he gained a wide range of experience. Moore's extensive senior-level finance and operational experience includes serving as CFO of international automation equipment manufacturer Baldwin Technology Co., a company he helped Barry-Wehmiller/Forsyth Capital take private in 2012. Prior to that, Mr. Moore held senior leadership positions with Summit Marketing, Consolidated Terminals, Barnhill's Buffet Inc., and Global Materials Services. He began his career at Arthur Andersen. Moore most recently led finance and corporate services as CFO of Gardner Capital, a national affordable housing and renewable energy developer, investor, and tax credit syndicator. He has an extensive background in mergers and acquisitions and will work alongside Mr. Cox in accelerating the company's already rapid growth trajectory.

Todd Thomas – Vice President

Todd Thomas holds the office of Senior Vice President of CSWR, LLC. Mr. Thomas received his Bachelor of Science in Civil Engineering from The Missouri University of Science and Technology, and a Master of Business Administration from Washington University in St. Louis.

Before joining CSWR, Mr. Thomas was President of Brotcke Well and Pump, Vice President of Operations and Business Development of the Midwest for American Water Contract Operations, and General Manager of Midwest Operations for Environmental Management Corporation. Mr. Thomas currently serves on the Technical Advisory Team for the Public Water Supply District 2 of St. Charles County, MO.

Mr. Thomas's previous employment provided him extensive experienced in water and sewer utilities. He has extensive firsthand experience with how much damage can be done by lack of maintenance on a well system and how much money and effort is required to restore a well system after neglect.

In his position as Senior Vice President at CSWR, Mr. Thomas's main responsibilities include utility operations along with the acquisition, development, and rate stabilization of CSWR-affiliated utilities. Those duties include operations, maintenance, capital planning, and regulatory compliance for all affiliate-owned facilities. He is responsible for the management of all operations and maintenance service providers, customer service and billing service providers, and engineering firms.

Mike Duncan –Vice President

Mike Duncan is the Vice President of CSWR, LLC, and was promoted to that position in October 2020. As Vice President, he has played an integral role in preparing, filing, and processing acquisition applications in Missouri, Kentucky, Tennessee, Louisiana, Texas, North Carolina, and Mississippi. He also has taken a leading role in preparing and filing rate cases in Missouri, Kentucky, and Louisiana.

After receiving a Bachelor of Arts degree from Washington University in St. Louis, the first eleven years of his career were spent as an administrator and later director at a non-profit

organization in St. Louis Missouri. As Director he oversaw accounting, finance, human resources, IT, and communications for the organization. During his employment he received a master's in business administration from Olin School of Business at Washington University. Prior to his employment with CSWR, he spent two years as Director of Operation with Auto Tire & Parts Napa, a partner-owned chain of auto parts stores, overseeing projects related to distribution, logistics, IT, and general management.

Stacy Culleton – Director of Customer Experience

Stacy Culleton is the Director of Customer Experience of CSWR, LLC. She has held this position since March 2020, and previously held the position of Project Manager. As Director of Customer Experience, Stacy leads the development, implementation and evaluation of strategic, tactical, and operational customer engagement plans, programs, and initiatives. She also advises the executive team regarding customer satisfaction measures, customer experience strategies, and drives the ongoing development of a customer service culture.

After receiving her Bachelor of Business Administration degree in Management from Lindenwood University, Stacy held positions as Director of Client Services at Unit 4 Education Solutions, Senior Business System Analyst and Sales Planning and Reporting Manager at Allianz Global Corporate and Specialty, Senior Product Manager at Unit 4, and Senior Consultant at Daugherty Business Solutions. Her experience and extensive background in managing teams helps ensure an exceptional customer experience and provides the technical and managerial expertise needed to run this critical customer service function.

Jake Freeman – Director of Engineering

Jake Freeman is the Director of Engineering of CSWR, LLC, and has held this position since January 2019. As Director of Engineering, he oversees all engineering, surveying, and facility construction upgrades for all newly acquired CSWR water and sewer utilities including those in Missouri, Arkansas, Kentucky, Louisiana, Texas, Mississippi, Tennessee, and North Carolina. He also oversees ongoing capital upgrade projects on all CSWR affiliated and operated facilities.

After receiving a Bachelor of Science degree in Mechanical Engineering from the University of Missouri – Columbia, he spent the first two years of his career working for Corrigan Mechanical, a design-build mechanical contractor in St. Louis designing, estimating, and managing plumbing, HVAC and process piping construction projects in Missouri and southern Illinois. He then spent eleven years performing similar tasks for Brotcke Well & Pump, a well and pump service contractor servicing water wells and water treatment equipment throughout Missouri, Illinois, Kentucky, and Kansas. Prior to his employment with CSWR, he was serving as Vice President of Brotcke Well & Pump and Principal for their engineering services and managing their newly opened office in Kansas City.

Jami Favor - Environmental, Health and Safety Director

Jami Favor holds the office of Environmental, Health and Safety Director of CSWR, LLC. Mr. Favor holds several top water and wastewater certifications throughout the country. Mr. Favor also has received his Associate of Science in Ecological Controls and Associate of Applied Arts.

Before joining CSWR, Mr. Favor worked for Woodard and Curran's as an Area Manager of Contract Operations and Maintenance for Public Water Supply District 2 of St. Charles County, Missouri, and General Manager of a similar system in Quincy, Washington. Mr. Favor's responsibilities included budget and financial accountability, creating, and implementing capital

improvement plans, daily operations of wastewater and water treatment facilities, including both industrial wastewater and reuse facilities that provided highly efficient softening and reverse osmosis treatment to industrial customers, implementation and oversight of Industrial Pretreatment Programs, collection, and water distribution maintenance.

Mr. Favor's previous employment provided him extensive experience in water and sewer utilities. He has extensive firsthand experience in managing water and wastewater treatment facilities safely and in a financially and operationally sound manner.

In his position as Environmental, Health and Safety Director at CSWR, Mr. Favor's main responsibilities include budgeting/financial accountability of operations, identifying capital improvements projects, overseeing regulatory compliance, implementing Computer Maintenance Management System and Regulatory Data bases for all CSWR-affiliated facilities, development of safety programs, and overseeing third party Operations and Maintenance contractors of CSWR facilities.

Customer Notification Letter Draft

May xx, 2021

Dear Current Customer of Chapel Woods,

Limestone Water Utility Operating Company, LLC. (Limestone Water) and Chapel Woods Homeowner's Association (Chapel Woods) have filed a joint application with the Tennessee Public Utility Commission (TPUC) seeking Commission authorization for Chapel Woods to sell to Limestone Water its sewer system assets. Chapel Woods is currently serving approximately 142 connections in Marshall County.

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

- Chapel Woods Homeowner's Association

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

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

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

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

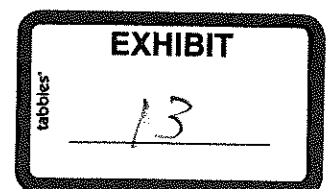
Refer to TPUC Docket Number _____ in all correspondence.

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

Sincerely,

Josiah Cox

Limestone Utility Operating Company, LLC



TENNESSEE PUBLIC UTILITY COMMISSION
PUBLIC UTILITY SERVICE PROVIDER'S SURETY BOND
___ Limestone Utility Operating Company, LLC ___

Bond #: RCB0005216

WHEREAS, Limestone Utility Operating Company, LLC, ("Principal"), holds a Certificate of Public Convenience and Necessity ("CCN") with amendments to operate public wastewater utilities in each extended territory approved by the Tennessee Public Utility Commission, subject to the laws of the State of Tennessee and rules and regulations of the Tennessee Public Utility Commission ("Commission") relating to the operation of a public wastewater utility; and

WHEREAS, under the provisions of Title 65, Chapter 4, Section 201 (e) of the Tennessee Code Annotated, a public utility providing wastewater service is required to post a bond in order to maintain such authority and to ensure the proper operation and maintenance of the public utility, conditioned as prescribed in Tenn. Comp. R. & Regs. Chapter 1220-4-13; and

WHEREAS RLI Insurance Company ("Surety"), a corporation licensed to do business in the State of Tennessee and duly authorized by the Tennessee Commissioner of Insurance to engage in the surety business in this state pursuant to Title 56, Chapter 2 of the Tennessee Code Annotated, has agreed to issue this bond in order to permit the Principal to comply with the provisions of Title 65, Chapter 4, Section 201 of the Tennessee Code Annotated and Tenn. Comp. R. & Regs. Chapter 1220-4-13.

NOW THEREFORE, BE IT KNOWN, that we the Principal and the Surety are held and firmly bound to the STATE OF TENNESSEE, in accordance with the provisions of Tennessee Code Annotated, Title 65, Chapter 4, Section 201 and Tenn. Comp. R. & Regs. Chapter 1220-4-13 in the full amount of Twenty Thousand and 00/100 (\$20,000.00) lawful money of the United States of America to be used to enable the continued operation of the public wastewater utility for the full and prompt payment of any monetary obligation imposed against the Principal, its representatives, successors or assigns, in any contested case proceeding brought under Title 65 of Tennessee Code Annotated or by Tenn. Comp. R. & Regs. Chapter 1220-4-13 on behalf of the TPUC, for which obligation we bind ourselves, our representatives, successors and assigns, each jointly and severally, firmly and unequivocally by these presents.

This bond shall become effective on the 26th of April, 2021, and shall be continuous; provided, however, that each annual renewal period or portion thereof shall constitute a new bond term. Regardless of the number of years this bond may remain in force, the liability of the Surety shall not be cumulative, and the aggregate liability of the Surety for any and all claims, suits or actions under this bond shall not exceed Twenty Thousand and 00/100 Dollars (\$20,000.00). The Surety may cancel this bond by giving sixty (60) days written notice of such cancellation to the Commission and Principal by certified mail, it being understood that the Surety shall not be relieved of liability that may have accrued under this bond prior to the date of cancellation.

PRINCIPAL

Limestone Utility Operating Company, LLC
Name of Company authorized by the TPUC

1650 Des Peres Rd., Suite 303, St. Louis, MO 63131
Address of Principal

SIGNATURE OF PRINCIPAL

Name:
Title:



MERANDA K. KEUBLER
My Commission Expires
November 13, 2022
St. Louis County
Commission #14631487

SURETY

RLI Insurance Company
Name of Surety

9025 N. Lindbergh Drive, Peoria, IL 61615
Address of Surety

SIGNATURE OF SURETY AGENT

Trudy Whitrock
Name: Trudy Whitrock
Title: Attorney-in-Fact



Address of Surety Agent:
Charles L. Crane Agency
100 N. Broadway, Suite 900
St. Louis, MO 63102

THIS BOND IS ISSUED IN ACCORDANCE WITH THE PROVISIONS OF SECTION 201, CHAPTER 4, TITLE 65 OF THE TENNESSEE CODE ANNOTATED AND TENN. COMP. R. & REGS. CHAPTER 1220-4-13. SHOULD THERE BE ANY CONFLICT WITH THE TERMS HEREOF AND THE STATUTE OR REGULATIONS PROMULGATED THEREUNDER, THE STATUTE OR REGULATIONS SHALL PREVAIL. (POWER OF ATTORNEY FROM AN APPROVED INSURANCE COMPANY MUST BE ATTACHED.)

EXHIBIT

tabbies

14

ACKNOWLEDGMENT OF PRINCIPAL

STATE OF MISSOURI

COUNTY OF St. Louis

Before me, a Notary Public of the State and County aforesaid, personally appeared Josiah COX with whom I am personally acquainted and who, upon oath, acknowledged himself to be the individual who executed the foregoing bond on behalf of Limestone Utility operating company, LLC, and he acknowledged to me that he executed the same.

WITNESS my hand and seal this 29 day of April, 2021.

My Commission Expires:

November 13, 2022

Imerand K. Kubler
Notary Public

ACKNOWLEDGMENT OF SURETY

STATE OF MISSOURI

COUNTY OF St. Louis

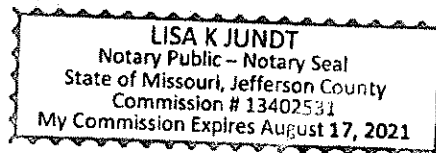
Before me, a Notary Public of the State and County aforesaid, personally appeared Trudy Whitrock with whom I am personally acquainted and who, upon oath, acknowledged himself to be the individual who executed the foregoing bond on behalf of RLI Insurance Company, the within named Surety, a corporation licensed to do business in the State of Tennessee and duly authorized by the Tennessee Commissioner of Insurance to engage in the surety business in this state pursuant to Title 56, Chapter 2 of the Tennessee Code Annotated, and that he as such an individual being authorized to do so, executed the foregoing bond, by signing the name of the corporation by himself and as such individual.

WITNESS my hand and seal this 26th day of April, 2021.

My Commission Expires:

August 17, 2021

Lisa K. Jundt
Lisa K. Jundt, Notary Public



APPROVAL AND ENDORSEMENT

This is to certify that I have examined the foregoing bond and found the same to be sufficient and in conformity to law, that the sureties on the same are good and worth the penalty thereof, and that the same has been filed with the Tennessee Public Utility Commission, State of Tennessee, this _____ day of _____, 20____.

Name:

Title:

POWER OF ATTORNEY
RLI Insurance Company
Contractors Bonding and Insurance Company
9025 N. Lindbergh Dr. Peoria, IL 61615
Phone: 800-645-2402

Know All Men by These Presents:

That this Power of Attorney is not valid or in effect unless attached to the bond which it authorizes executed, but may be detached by the approving officer if desired.

That **RLI Insurance Company** and/or **Contractors Bonding and Insurance Company**, each an Illinois corporation, (separately and together, the "Company") do hereby make, constitute and appoint:

Theresa A. Hunziker, Gregory L. Stanley, Michael T. Reedy, Linda McCarthy, Gerald M. Rogers, Harold F. James, Stephen J. Alabach,
Joel Karsten, Karen Speckhals, Cindy Rohr, Terri Hunziker, Christopher J. O'Hagan, Brandi L. Bullock, Don K. Ardolino, Kimberly
Ann Connell, Trudy Whitrock, Michelle Wilson, jointly or severally

in the City of Saint Louis, State of Missouri its true and lawful Agent(s) and Attorney(s) in Fact, with full power and authority hereby conferred, to sign, execute, acknowledge and deliver for and on its behalf as Surety, in general, any and all bonds and undertakings in an amount not to exceed Twenty Five Million Dollars
(\$25,000,000.00) for any single obligation.

The acknowledgment and execution of such bond by the said Attorney in Fact shall be as binding upon the Company as if such bond had been executed and acknowledged by the regularly elected officers of the Company.

RLI Insurance Company and/or **Contractors Bonding and Insurance Company**, as applicable, have each further certified that the following is a true and exact copy of a Resolution adopted by the Board of Directors of each such corporation, and is now in force, to-wit:

"All bonds, policies, undertakings, Powers of Attorney or other obligations of the corporation shall be executed in the corporate name of the Company by the President, Secretary, any Assistant Secretary, Treasurer, or any Vice President, or by such other officers as the Board of Directors may authorize. The President, any Vice President, Secretary, any Assistant Secretary, or the Treasurer may appoint Attorneys in Fact or Agents who shall have authority to issue bonds, policies or undertakings in the name of the Company. The corporate seal is not necessary for the validity of any bonds, policies, undertakings, Powers of Attorney or other obligations of the corporation. The signature of any such officer and the corporate seal may be printed by facsimile."

IN WITNESS WHEREOF, the **RLI Insurance Company** and/or **Contractors Bonding and Insurance Company**, as applicable, have caused these presents to be executed by its respective Vice President with its corporate seal affixed this 19th day of February, 2021.



RLI Insurance Company
Contractors Bonding and Insurance Company

By: B. W. Davis

Barton W. Davis

Vice President

CERTIFICATE

On this 19th day of February, 2021, before me, a Notary Public, personally appeared Barton W. Davis, who being by me duly sworn, acknowledged that he signed the above Power of Attorney as the aforesaid officer of the **RLI Insurance Company** and/or **Contractors Bonding and Insurance Company** and acknowledged said instrument to be the voluntary act and deed of said corporation.

By: Catherine D. Glover
Catherine D. Glover Notary Public



I, the undersigned officer of **RLI Insurance Company** and/or **Contractors Bonding and Insurance Company**, do hereby certify that the attached Power of Attorney is in full force and effect and is irrevocable; and furthermore, that the Resolution of the Company as set forth in the Power of Attorney, is now in force. In testimony whereof, I have hereunto set my hand and the seal of the **RLI Insurance Company** and/or **Contractors Bonding and Insurance Company** this 26th day of April, 2021.

RLI Insurance Company
Contractors Bonding and Insurance Company

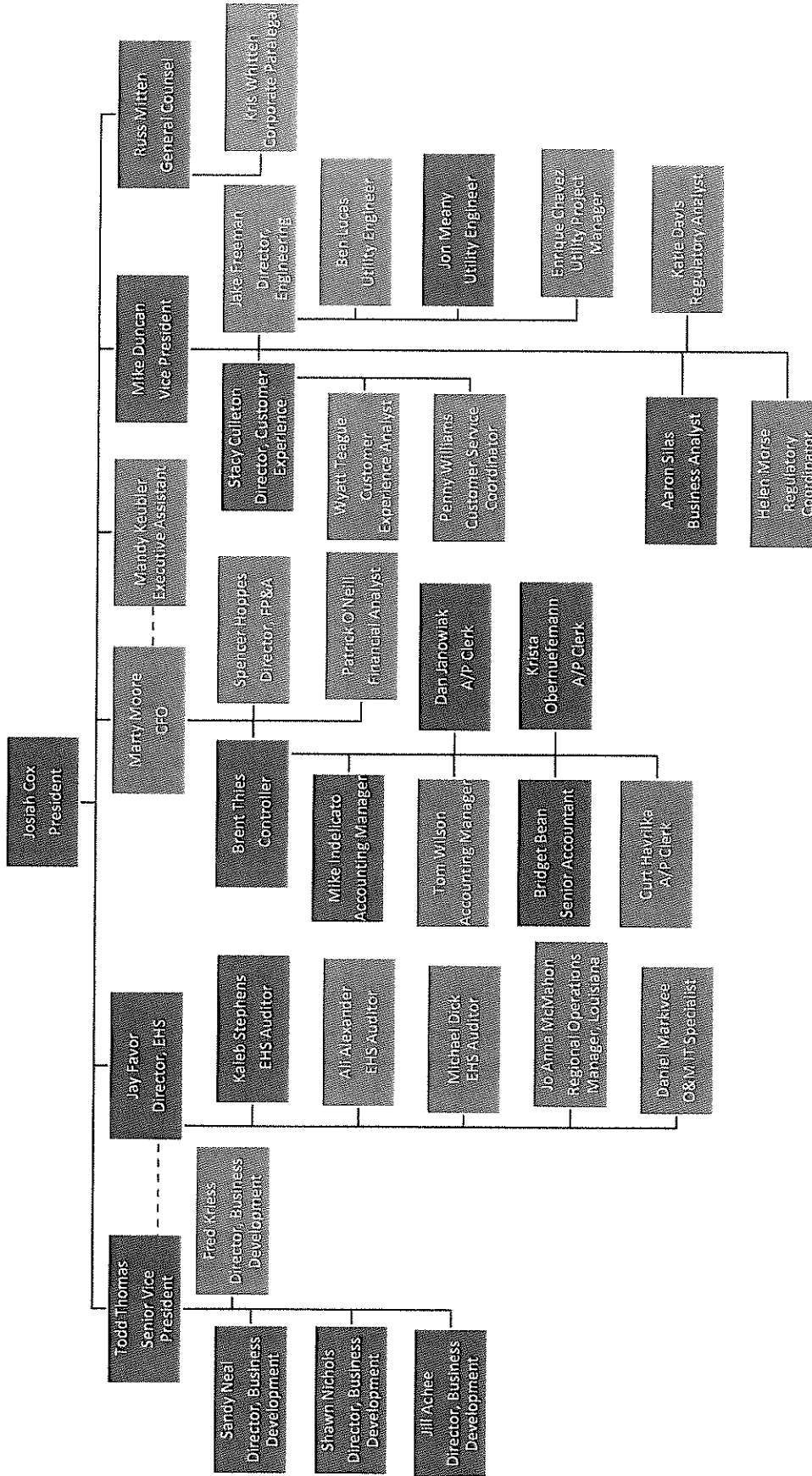
By: Jeffrey D. Fick

Jeffrey D. Fick

Corporate Secretary



CSWR Org Chart - Updated March 3rd 2021





STATE OF TENNESSEE
DEPARTMENT OF ENVIRONMENT AND CONSERVATION
DIVISION OF WATER RESOURCES
William R. Snodgrass - Tennessee Tower
312 Rosa L. Parks Avenue, 11th Floor
Nashville, Tennessee 37243-1102

September 22, 2020

Mr. William Pegram
President and Chairman of the Board
e-copy: chapelwoodshoa@gmail.com
Chapel Woods HOA
P.O. Box 39
Chapel Hill, TN 37034

Subject: **NPDES Permit No. TN0062073**
Chapel Woods Homeowners Association
Chapel Hill, Marshall County, Tennessee

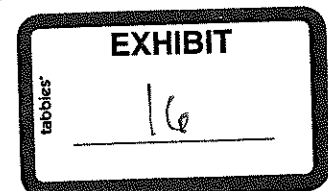
Dear Mr. Pegram:

In accordance with the provisions of the Tennessee Water Quality Control Act, Tennessee Code Annotated (T.C.A.), Sections 69-3-101 through 69-3-120, the Division of Water Resources hereby issues the enclosed NPDES Permit. The continuance and/or reissuance of this NPDES Permit is contingent upon your meeting the conditions and requirements as stated therein.

Please be advised that a petition for permit appeal may be filed, pursuant to T.C.A. Section 69-3-105, subsection (i), by the permit applicant or by any aggrieved person who participated in the public comment period or gave testimony at a formal public hearing whose appeal is based upon any of the issues that were provided to the commissioner in writing during the public comment period or in testimony at a formal public hearing on the permit application.

Additionally, for those permits for which the department gives public notice of a draft permit, any permit applicant or aggrieved person may base a permit appeal on any material change to conditions in the final permit from those in the draft, unless the material change has been subject to additional opportunity for public comment.

Any petition for permit appeal under this subsection (i) shall be filed with the Technical Secretary of the Water Quality, Oil and Gas Board within thirty (30) days after public notice of the commissioner's decision to issue or deny the permit. A copy of the filing should also be sent to TDEC's Office of General Counsel.



TDEC has activated a new email address to accept appeals electronically. If you wish to file an appeal, you may do so by emailing the appeal and any attachments to TDEC.Appeals@tn.gov. If you file an appeal electronically, you do not have to send a paper copy. If you have questions about your electronic filing, you can call (615) 532-0131. Electronic filing is encouraged, but not required.

If you have questions, please contact the Columbia Environmental Field Office at 1-888-891-TDEC; or, at this office, please contact Mr. Wade Murphy at (615) 532-0666 or by E-mail at Wade.Murphy@tn.gov.

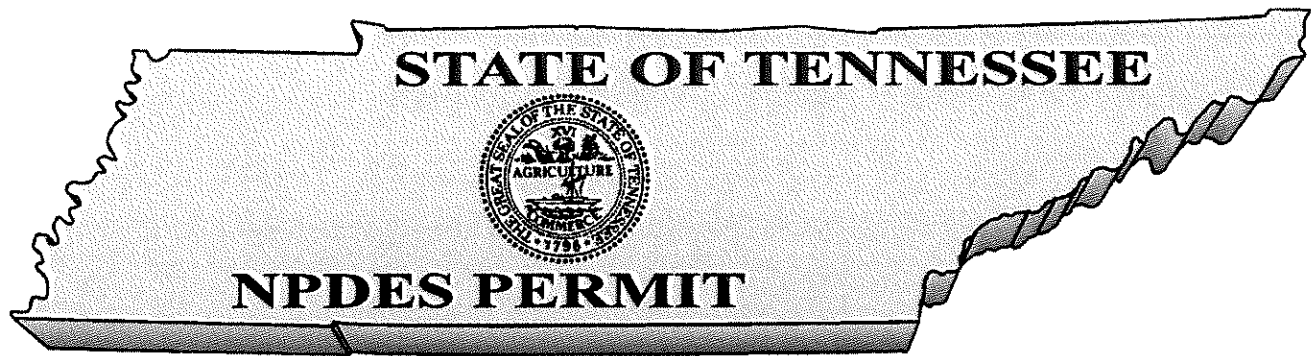
Sincerely,



Vojin Janjić
Manager, Water-Based Systems

Enclosure

cc: EFO-Columbia – DWR, gary.horne@tn.gov; sherry.glass@tn.gov
Permit File



No. TN0062073

Authorization to discharge under the
National Pollutant Discharge Elimination System

Issued By

State of Tennessee
Department of Environment and Conservation
Division of Water Resources
William R. Snodgrass - Tennessee Tower
312 Rosa L. Parks Avenue, 11th Floor
Nashville, Tennessee 37243-1102

Under authority of the Tennessee Water Quality Control Act of 1977 (T.C.A. 69-3-101 et seq.) and the delegation of authority from the United States Environmental Protection Agency under the Federal Water Pollution Control Act, as amended by the Clean Water Act of 1977 (33 U.S.C. 1251, et seq.)

Discharger: **Chapel Woods Homeowners Association**
Chapel Woods STP

is authorized to discharge: treated municipal wastewater from Outfall 001

from a facility located: Highway 99, Chapel Hill, Marshall County, Tennessee

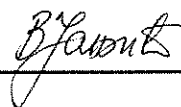
to receiving waters named: Duck River at mile 177.5

in accordance with effluent limitations, monitoring requirements and other conditions set forth herein.

This permit shall become effective on: October 01, 2020

This permit shall expire on: September 30, 2024

Issuance date: September 18, 2020



for Jennifer Dodd
Director

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PART 1

A. EFFLUENT LIMITATION AND MONITORING REQUIREMENTS

Discharge 001 consists of domestic wastewater from a treatment facility with a design capacity of .05 MGD. The permittee shall monitor and report the following parameters relative to operation of the collection system and treatment system:

Monitoring : All Weather						
Code	Parameter	Qualifier	Value	Unit	Sample Type	Monitoring Frequency Statistical Base
51929	Bypass of Treatment Facility	Report	-	occur/mo	Occurrences	Continuous Monthly Total
51929	Bypass of Treatment Facility	Report	-	gal/mo	Estimate	Continuous Monthly Total
Monitoring : Dry Weather						
Code	Parameter	Qualifier	Value	Unit	Sample Type	Monitoring Frequency Statistical Base
51925	SSO, Dry Weather	Report	-	gal/mo	Estimate	Continuous Monthly Total
51925	SSO, Dry Weather	Report	-	occur/12 Mo Cumulative Total *	Calculated	Continuous Total
51925	SSO, Dry Weather	<=	0	occur/mo	Occurrences	Continuous Monthly Total
51927	Release [Sewer], Dry Weather	Report	-	occur/mo	Occurrences	Continuous Monthly Total
51927	Release [Sewer], Dry Weather	Report	-	gal/mo	Estimate	Continuous Monthly Total
Monitoring : Wet Weather						
Code	Parameter	Qualifier	Value	Unit	Sample Type	Monitoring Frequency Statistical Base
51926	SSO, Wet Weather	Report	-	gal/mo	Estimate	Continuous Monthly Total
51926	SSO, Wet Weather	Report	-	occur/12 Mo Cumulative Total *	Calculated	Continuous Total
51926	SSO, Wet Weather	<=	0	occur/mo	Occurrences	Continuous Monthly Total
51928	Release [Sewer], Wet Weather	Report	-	occur/mo	Occurrences	Continuous Monthly Total
51928	Release [Sewer], Wet Weather	Report	-	gal/mo	Estimate	Continuous Monthly Total

*Limit start date for 12 month cumulative total SSOs should begin 12 months after the permit effective date.

The permittee shall report all instances of releases, overflows and/or bypasses on the Monthly Operating Report (MOR). See Part I.C. for the definition of overflow and Part I.D.1. for reporting requirements.

Discharge 001 shall be limited and monitored by the permittee as specified below:

Description : External Outfall, Number : 001, Monitoring : Effluent Gross, Season : All Year, Limit Set Status : Active							
Code	Parameter	Qualifier	Value	Unit	Sample Type	Monitoring Frequency	Statistical Base
00300	Oxygen, dissolved (DO)	>=	1.0	mg/L	Grab	Five Per Week	Instantaneous Minimum
00310	BOD, 5-day, 20 C	<=	45	mg/L	Grab	Monthly	Daily Maximum
00310	BOD, 5-day, 20 C	<=	30	mg/L	Grab	Monthly	Monthly Average
00400	pH	>=	6.0	SU	Grab	Two Per Week	Instantaneous Minimum
00400	pH	<=	9.0	SU	Grab	Two Per Week	Instantaneous Maximum
00530	Total Suspended Solids (TSS)	<=	45	mg/L	Grab	Monthly	Daily Maximum
00530	Total Suspended Solids (TSS)	<=	30	mg/L	Grab	Monthly	Monthly Average
00545	Settleable Solids	<=	1.0	mL/L	Grab	Two Per Week	Daily Maximum
50050	Flow	Report	-	MGD	Instantaneous	Five Per Week	Daily Maximum
50050	Flow	Report	-	MGD	Instantaneous	Five Per Week	Monthly Average
50060	Chlorine, Total Residual*	<=	2.0*	mg/L	Grab	Two Per Week	Daily Maximum
51040	E. coli	>=	487	MPN/100mL	Grab	Monthly	Daily Maximum
51040	E. coli	>=	126	MPN/100mL	Grab	Monthly	Monthly Average

- * The effluent is disinfected via ultraviolet radiation. A limit of 2.0 mg/l for residual chlorine will be applied only if chlorine is used for disinfection.

Unless elsewhere specified, summer months are May through October; winter months are November through April.

The acceptable methods for analysis of TRC are any methods specified in Title 40 CFR, Part 136 as amended. The method detection level (MDL) for TRC shall not exceed 0.05 mg/l unless the permittee demonstrates that its MDL is higher. The permittee shall retain the documentation that justifies the higher MDL and have it available for review upon request.

The wastewater discharge must be disinfected to the extent that viable coliform organisms are effectively eliminated. The concentration of the E. coli group after disinfection shall not exceed 126 cfu per 100 ml as the geometric mean calculated on the actual number of samples collected and tested for E. coli within the required reporting period. The permittee may collect more samples than specified as the monitoring frequency. Samples may not be collected at intervals of less than 12 hours. For the purpose of determining the geometric mean, individual samples having an E. coli group concentration of less than one (1) per 100 ml shall be considered as having a concentration of one (1) per 100 ml. In addition, the concentration of the E. coli group in any individual sample shall not exceed a specified maximum amount. A maximum daily limit of 487 colonies per 100 ml applies to lakes and exceptional Tennessee waters. A maximum daily limit of 941 colonies per 100 ml applies to all other recreational waters.

There shall be no distinctly visible solids, scum, foam, oily slick, or the formation of slimes, bottom deposits or sludge banks of such size or character as may be detrimental to fish and aquatic life.

The wastewater discharge must result in no other materials in concentrations sufficient to be hazardous or otherwise detrimental to humans, livestock, wildlife, plant life, or fish and aquatic life in the receiving stream.

There shall be no total suspended solids, turbidity or color in such amounts or character that will result in any objectionable appearance to the water, considering the nature and location of the water.

Sludge or any other material removed by any treatment works must be disposed of in a manner which prevents its entrance into or pollution of any surface or subsurface waters.

B. MONITORING PROCEDURES

1. Representative Sampling

Samples and measurements taken in compliance with the monitoring requirements specified above shall be representative of the volume and nature of the monitored discharge, and shall be taken at the following location(s):

- nearest accessible point after final treatment but prior to actual discharge to or mixing with the receiving waters.

Appropriate flow measurement devices and methods consistent with accepted scientific practices shall be selected and used to ensure the accuracy and reliability of measurements of the volume of monitored discharges. The devices shall be installed, calibrated and maintained to ensure that the accuracy of the measurements is consistent with accepted capability of that type of device. Devices selected shall be capable of measuring flows with a maximum deviation of less than plus or minus 10% from the true discharge rates throughout the range of expected discharge volumes.

2. Test Procedures

- a. Test procedures for the analysis of pollutants shall conform to regulations published pursuant to Section 304 (h) of the Clean Water Act, as amended, under which such procedures may be required.

- b. Unless otherwise noted in the permit, all pollutant parameters shall be determined according to methods prescribed in Title 40, CFR, Part 136, as amended, promulgated pursuant to Section 304 (h) of the Act.
- c. If the MDLs for all methods available in accordance with 40 CFR 136 are above the stated permit limit or applicable water quality criteria for that parameter, then the method with the lowest stated MDL shall be used.
- d. Where the analytical results are below method detection or practical quantitation limits, the permittee shall report the actual laboratory MDL and/or PQL values for the analyses that were performed following the instructions on the discharge monitoring report.
- e. Where necessary, the permittee may request approval of alternate methods or for alternative MDLs and PQLs for any approved analytical method. Approval of alternate laboratory MDLs or PQLs is not necessary if the laboratory reported MDLs and PQLs are less than or equal to the permit limit or the applicable water quality criteria, if any, stated in Chapter 0400-04-03. Approval of an alternative method is not necessary if the analytical method is in accordance with 40 CFR 136.

3. Sampling Frequency

- a. Where the permit requires sampling and monitoring of a particular effluent characteristic(s) at a frequency of less than once per day or daily, the permittee is precluded from marking the "No Discharge" block on the Discharge Monitoring Report if there has been any discharge from that particular outfall during the period which coincides with the required monitoring frequency; i.e. if the required monitoring frequency is once per month or 1/month, the monitoring period is one month, and if the discharge occurs during only one day in that period then the permittee must sample on that day and report the results of analyses accordingly.

4. Recording of Results

For each measurement or sample taken pursuant to the requirements of this permit, the permittee shall record the following information:

- a. The exact place, date, and time of sampling;
- b. The exact person(s) collecting samples;
- c. The dates and times the analyses were performed;
- d. The person(s) or laboratory who performed the analyses;
- e. The analytical techniques or methods used, and;
- f. The results of all required analyses.

5. Records Retention

All records and information resulting from the monitoring activities required by this permit including all records of analyses performed and calibration and maintenance of instrumentation shall be retained for a minimum of three (3) years, or longer if requested by the Division of Water Resources.

C. DEFINITIONS

A "*bypass*" is defined as the intentional diversion of waste streams from any portion of a treatment facility.

A "*calendar day*" is defined as the 24-hour period from midnight to midnight or any other 24-hour period that reasonably approximates the midnight to midnight time period.

A "*composite sample*" is a combination of not less than 8 influent or effluent portions, of at least 100 ml, collected over a 24-hour period. Under certain circumstances a lesser time period may be allowed, but in no case, less than 8 hours.

The "*daily maximum concentration*" is a limitation on the average concentration in units of mass per volume (e.g. milligrams per liter), of the discharge during any calendar day. When a proportional-to-flow composite sampling device is used, the daily concentration is the concentration of that 24-hour composite; when other sampling means are used, the daily concentration is the arithmetic mean of the concentrations of equal volume samples collected during any calendar day or sampling period.

"*Discharge*" or "discharge of a pollutant" refers to the addition of pollutants to waters from a source.

A "*dry weather overflow*" is a type of sanitary sewer overflow and is defined as one day or any portion of a day in which unpermitted discharge of wastewater from the collection or treatment system other than through the permitted outfall occurs and is not directly related to a rainfall event. Discharges from more than one point within a 24-hour period shall be counted as separate overflows.

The "*geometric mean*" of any set of values is the n^{th} root of the product of the individual values where "n" is equal to the number of individual values. The geometric mean is equivalent to the antilog of the arithmetic mean of the logarithms of the individual values. For the purposes of calculating the geometric mean, values of zero (0) shall be considered to be one (1).

A "*grab sample*" is a single influent or effluent sample collected at a particular time.

The "*instantaneous maximum concentration*" is a limitation on the concentration, in milligrams per liter, of any pollutant contained in the wastewater discharge determined from a grab sample taken from the discharge at any point in time.

The "*instantaneous minimum concentration*" is the minimum allowable concentration, in milligrams per liter, of a pollutant parameter contained in the wastewater discharge determined from a grab sample taken from the discharge at any point in time.

The "*monthly average amount*", is the arithmetic mean of all the measured daily discharges by weight during the calendar month when the measurements were made.

The "*monthly average concentration*", other than for *E. coli* bacteria, is the arithmetic mean of all the composite or grab samples collected in a one-calendar month period.

A ***"one week period"*** (or ***"calendar-week"***) is defined as the period from Sunday through Saturday. For reporting purposes, a calendar week that contains a change of month shall be considered part of the latter month.

"Pollutant" means sewage, industrial wastes, or other wastes.

A ***"quarter"*** is defined as any one of the following three-month periods: January 1 through March 31, April 1 through June 30, July 1 through September 30, and/or October 1 through December 31.

A ***"rainfall event"*** is defined as any occurrence of rain, preceded by 10 hours without precipitation that results in an accumulation of 0.01 inches or more. Instances of rainfall occurring within 10 hours of each other will be considered a single rainfall event.

A ***"rationale"*** (or ***"fact sheet"***) is a document that is prepared when drafting an NPDES permit or permit action. It provides the technical, regulatory and administrative basis for an agency's permit decision.

A ***"release"*** is the flow of sewage from any portion of the collection or transmission system owned or operated by the permittee other than through permitted outfalls that does not add pollutants to waters. In addition, a "release" includes a backup into a building or private property that is caused by blockages, flow conditions, or other malfunctions originating in the collection and transmission system owned or operated by the permittee. A "release" does not include backups into a building or private property caused by blockages or other malfunctions originating in a private lateral.

A ***"sanitary sewer overflow (SSO)"*** is defined as an unpermitted discharge of wastewater from the collection or treatment system other than through the permitted outfall.

"Sewage" means water-carried waste or discharges from human beings or animals, from residences, public or private buildings, or industrial establishments, or boats, together with such other wastes and ground, surface, storm, or other water as may be present.

"Severe property damage" when used to consider the allowance of a bypass or SSO means substantial physical damage to property, damage to the treatment facilities which causes them to become inoperable, or substantial and permanent loss of natural resources which can reasonably be expected to occur in the absence of a bypass or SSO. Severe property damage does not mean economic loss caused by delays in production.

"Sewerage system" means the conduits, sewers, and all devices and appurtenances by means of which sewage and other waste is collected, pumped, treated, or disposed.

"Sludge" or ***"sewage sludge"*** is solid, semi-solid, or liquid residue generated during the treatment of domestic sewage in a treatment works. Sewage sludge includes, but is not limited to, domestic septage; scum or solids removed in primary, secondary, or advanced wastewater treatment processes; and a material derived from sewage sludge. Sewage sludge does not include ash generated during the firing of sewage sludge in a sewage sludge incinerator or grit and screenings generated during preliminary treatment of domestic sewage in a treatment works.

"Upset" means an exceptional incident in which there is unintentional and temporary noncompliance with technology-based effluent limitations because of factors beyond the reasonable control of the permittee. An upset does not include noncompliance to the extent caused by operational error, improperly designed treatment facilities, inadequate treatment facilities, lack of preventive maintenance, or careless or improper operation.

The term, **"washout"** is applicable to activated sludge plants and is defined as loss of mixed liquor suspended solids (MLSS) of 30.00% or more from the aeration basin(s).

"Waters" means any and all water, public or private, on or beneath the surface of the ground, which are contained within, flow through, or border upon Tennessee or any portion thereof except those bodies of water confined to and retained within the limits of private property in single ownership which do not combine or effect a junction with natural surface or underground waters.

The **"weekly average amount"**, shall be determined by the summation of all the measured daily discharges by weight divided by the number of days during the calendar week when the measurements were made.

The **"weekly average concentration"**, is the arithmetic mean of all the composite samples collected in a one-week period. The permittee must report the highest weekly average in the one-month period.

D. REPORTING

1. Monitoring Results

Monitoring results shall be recorded monthly and submitted monthly using Monthly Operation Report Forms (MOR) supplied by the Division of Water Resources. Submittals shall be postmarked no later than 15 days after the completion of the reporting period. A copy should be retained for the permittee's files. Monthly Operation Reports and any communication regarding compliance with the conditions of this permit must be sent to:

**Attention: Division of Water Resources
Columbia Environmental Field Office
1421 Hampshire Pike
Columbia, TN 38401**

The first MOR is due on the 15th of the month following permit effectiveness.

Monthly Operation Report must be signed and certified by a responsible corporate officer, as defined at 40 CFR 122.22, or a general partner or proprietor, or a principal municipal executive officer or ranking elected officer, or a duly authorized representative. Such authorization must be submitted in writing and must explain the duties and responsibilities of the authorized representative.

A summary report of known instances of sanitary sewer overflows, releases, and bypasses shall be reported on the MOR. The report must contain the date(s), estimated duration in hours, estimated quantity of wastewater in gallons, and if applicable, the receiving stream for each instance of sanitary sewer overflow, release, or bypass. For each sanitary sewer overflow and release, the report

shall identify (using the permittee's naming conventions) the next downstream pump station. For each sanitary sewer overflow, the report shall also identify whether it was a dry weather overflow.

The report must also detail activities undertaken during the reporting period to correct the reported sanitary sewer overflows and releases.

On the MOR, the permittee must separately report: the total number of sanitary sewer overflows for the reporting month and the cumulative total for the previous 12 months; the total number of dry-weather overflows for the reporting month and the cumulative total for the previous 12 months; the total number of releases for the reporting month; and the total number of bypasses for the reporting month. On the MOR, sanitary sewer overflows are coded "SSO, Dry Weather and SSO, Wet Weather" and releases are coded "Release [Sewer], Dry Weather and Release [Sewer], Wet Weather." Estimated total monthly volume for each type of event will be reported as gallons per month. Each release due to improper operation or maintenance shall be reported as such. Each discrete location of a sanitary sewer overflow or a release shall be reported as a separate value.

2. Additional Monitoring by Permittee

If the permittee monitors any pollutant at the location(s) designated herein more frequently than required by this permit, using approved analytical methods as specified above, the results of such monitoring shall be included in the calculation and reporting of the values required in the Monthly Operation Report Form (MOR). Such increased frequency shall also be indicated. The Permittee is also required to perform and report influent and operation tests in accordance with the schedule listed on the Monthly Operation Report/Schedule for Analysis for Package Sewage Treatment Facilities or as developed by the design engineer.

3. Falsifying Reports

Knowingly making any false statement on any report required by this permit may result in the imposition of criminal penalties as provided for in Section 309 of the Federal Water Pollution Control Act, as amended, and in Section 69-3-115 of the Tennessee Water Quality Control Act.

4. Reporting Less Than Detection; Reporting Significant Figures

A permit limit may be less than the accepted detection level. If the samples are below the detection level, then report "BDL" or "NODI =B" on the DMRs. The permittee must use the correct detection levels in all analytical testing required in the permit. The required detection levels are listed in the Rules of the Department of Environment and Conservation, Division of Water Resources, Chapter 0400-40-03-.05(8).

For example, if the limit is 0.02 mg/l with a detection level of 0.05 mg/l and detection is shown; 0.05 mg/l must be reported. In contrast, if nothing is detected reporting "BDL" or "NODI =B" is acceptable.

Reported results are to correspond to the number of significant figures (decimal places) set forth in the permit conditions. The permittee shall round values, if allowed by the method of sample analysis, using a uniform rounding convention adopted by the permittee.

E. SCHEDULE OF COMPLIANCE

Full operational level shall be attained from the effective date of this permit.

PART II

A. GENERAL PROVISIONS

1. Duty to Reapply

The permittee is not authorized to discharge after the expiration date of this permit. In order to receive authorization to discharge beyond the expiration date, the permittee shall submit such information and forms as are required to the Director of Water Resources (the "Director") no later than 180 days prior to the expiration date.

2. Right of Entry

The permittee shall allow the Director, the Regional Administrator of the U.S. Environmental Protection Agency, or their authorized representatives, upon the presentation of credentials:

- a. To enter upon the permittee's premises where an effluent source is located or where records are required to be kept under the terms and conditions of this permit, and at reasonable times to copy these records;
- b. To inspect at reasonable times any monitoring equipment or method or any collection, treatment, pollution management, or discharge facilities required under this permit; and
- c. To sample at reasonable times any discharge of pollutants.

3. Availability of Reports

Except for data determined to be confidential under Section 308 of the Federal Water Pollution Control Act, as amended, all reports prepared in accordance with the terms of this permit shall be available for public inspection at the offices of the Division of Water Resources. As required by the Federal Act, effluent data shall not be considered confidential.

4. Proper Operation and Maintenance

- a. The permittee shall at all times properly operate and maintain all facilities and systems (and related appurtenances) for collection and treatment which are installed or used by the permittee to achieve compliance with the terms and conditions of this permit. Proper operation and maintenance also includes adequate laboratory and process controls and appropriate quality assurance procedures. This provision requires the operation of backup or auxiliary facilities or similar systems which are installed by a permittee only when the operation is necessary to achieve compliance with the conditions of the permit. Backup continuous pH and flow monitoring equipment are not required.
- b. Dilution water shall not be added to comply with effluent requirements to achieve BCT, BPT, BAT and/or other technology based effluent limitations such as those in State of Tennessee Rule 0400-40-05-.03.

5. Treatment Facility Failure (Industrial Sources)

The permittee, in order to maintain compliance with this permit, shall control production, all discharges or both, upon reduction, loss, or failure of the treatment facility, until the facility is restored or an alternative method of treatment is provided. This requirement applies in such situations as the reduction, loss, or failure of the primary source of power.

6. Property Rights

The issuance of this permit does not convey any property rights in either real or personal property, or any exclusive privileges, nor does it authorize any injury to private property or any invasion of personal rights, nor any infringement of Federal, State, or local laws or regulations.

7. Severability

The provisions of this permit are severable. If any provision of this permit due to any circumstance, is held invalid, then the application of such provision to other circumstances and to the remainder of this permit shall not be affected thereby.

8. Other Information

If the permittee becomes aware that he failed to submit any relevant facts in a permit application, or submitted incorrect information in a permit application or in any report to the Director, then he shall promptly submit such facts or information.

B. CHANGES AFFECTING THE PERMIT**1. Planned Changes**

The permittee shall give notice to the Director as soon as possible of any planned physical alterations or additions to the permitted facility. Notice is required only when:

- a. The alteration or addition to a permitted facility may meet one of the criteria for determining whether a facility is a new source in 40 CFR 122.29(b); or
- b. The alteration or addition could significantly change the nature or increase the quantity of pollutants discharged. This notification applies to pollutants which are subject neither to effluent limitations in the permit, nor to notification requirements under 40 CFR 122.42(a)(1).

2. Permit Modification, Revocation, or Termination

- a. This permit may be modified, revoked and reissued, or terminated for cause as described in 40 CFR 122.62 and 122.64, Federal Register, Volume 49, No. 188 (Wednesday, September 26, 1984), as amended.
- b. The permittee shall furnish to the Director, within a reasonable time, any information which the Director may request to determine whether cause exists for modifying, revoking and reissuing, or terminating this permit, or to determine compliance with this permit. The

permittee shall also furnish to the Director, upon request, copies of records required to be kept by this permit.

- c. If any applicable effluent standard or prohibition (including any schedule of compliance specified in such effluent standard or prohibition) is established for any toxic pollutant under Section 307(a) of the Federal Water Pollution Control Act, as amended, the Director shall modify or revoke and reissue the permit to conform to the prohibition or to the effluent standard, providing that the effluent standard is more stringent than the limitation in the permit on the toxic pollutant. The permittee shall comply with these effluent standards or prohibitions within the time provided in the regulations that establish these standards or prohibitions, even if the permit has not yet been modified or revoked and reissued to incorporate the requirement.
- d. The filing of a request by the permittee for a modification, revocation, reissuance, termination, or notification of planned changes or anticipated noncompliance does not halt any permit condition.

3. Change of Ownership

This permit may be transferred to another party (provided there are neither modifications to the facility or its operations, nor any other changes which might affect the permit limits and conditions contained in the permit) by the permittee if:

- a. The permittee notifies the Director of the proposed transfer at least 30 days in advance of the proposed transfer date;
- b. The notice includes a written agreement between the existing and new permittees containing a specified date for transfer of permit responsibility, coverage, and liability between them; and
- c. The Director, within 30 days, does not notify the current permittee and the new permittee of his intent to modify, revoke or reissue, or terminate the permit and to require that a new application be filed rather than agreeing to the transfer of the permit.

Pursuant to the requirements of 40 CFR 122.61, concerning transfer of ownership, the permittee must provide the following information to the division in their formal notice of intent to transfer ownership: 1) the NPDES permit number of the subject permit; 2) the effective date of the proposed transfer; 3) the name and address of the transferor; 4) the name and address of the transferee; 5) the names of the responsible parties for both the transferor and transferee; 6) a statement that the transferee assumes responsibility for the subject NPDES permit; 7) a statement that the transferor relinquishes responsibility for the subject NPDES permit; 8) the signatures of the responsible parties for both the transferor and transferee pursuant to the requirements of 40 CFR 122.22(a), "Signatories to permit applications"; and, 9) a statement regarding any proposed modifications to the facility, its operations, or any other changes which might affect the permit limits and conditions contained in the permit.

4. Change of Mailing Address

The permittee shall promptly provide to the Director written notice of any change of mailing address. In the absence of such notice the original address of the permittee will be assumed to be correct.

C. NONCOMPLIANCE

1. Effect of Noncompliance

All discharges shall be consistent with the terms and conditions of this permit. Any permit noncompliance constitutes a violation of applicable State and Federal laws and is grounds for enforcement action, permit termination, permit modification, or denial of permit reissuance.

2. Reporting of Noncompliance

a. 24-Hour Reporting

In the case of any noncompliance which could cause a threat to public drinking supplies, or any other discharge which could constitute a threat to human health or the environment, the required notice of non-compliance shall be provided to the Division of Water Resources in the appropriate Environmental Field Office within 24 hours from the time the permittee becomes aware of the circumstances. (The Environmental Field Office should be contacted for names and phone numbers of environmental response team.)

A written submission must be provided within five days of the time the permittee becomes aware of the circumstances unless the Director on a case-by-case basis waives this requirement. The permittee shall provide the Director with the following information:

- i. A description of the discharge and cause of noncompliance;
- ii. The period of noncompliance, including exact dates and times or, if not corrected, the anticipated time the noncompliance is expected to continue; and
- iii. The steps being taken to reduce, eliminate, and prevent recurrence of the noncomplying discharge.

b. Scheduled Reporting

For instances of noncompliance which are not reported under subparagraph 2.a. above, the permittee shall report the noncompliance on the Monthly operation report. The report shall contain all information concerning the steps taken, or planned, to reduce, eliminate, and prevent recurrence of the violation and the anticipated time the violation is expected to continue.

3. Overflow

- a. Sanitary sewer overflows, including dry-weather overflows, are prohibited.

- b. The permittee shall operate the collection system so as to avoid sanitary sewer overflows and releases due to improper operation or maintenance. A "release" may be due to improper operation or maintenance of the collection system or may be due to other cause(s). Releases caused by improper operation or maintenance of the permittee's collection and transmission system are prohibited.
- c. The permittee shall take all reasonable steps to minimize any adverse impact associated with overflows and releases.
- d. No new or additional flows shall be added upstream of any point in the collection or transmission system that experiences greater than 5 sanitary sewer overflows and/or releases per year¹ or would otherwise overload any portion of the system. Unless there is specific enforcement action to the contrary, the permittee is relieved of this requirement after: 1) an authorized representative of the Commissioner of the Department of Environment and Conservation has approved an engineering report and construction plans and specifications prepared in accordance with accepted engineering practices for correction of the problem; 2) the correction work is underway; and 3) the cumulative, peak-design, flows potentially added from new connections and line extensions upstream of any chronic overflow or release point are less than or proportional to the amount of inflow and infiltration removal documented upstream of that point. The inflow and infiltration reduction must be measured by the permittee using practices that are customary in the environmental engineering field and reported in an attachment to a Monthly Operating Report submitted to the local TDEC Environmental Field Office. The data measurement period shall be sufficient to account for seasonal rainfall patterns and seasonal groundwater table elevations.
- e. In the event that chronic sanitary sewer overflows or releases have occurred from a single point in the collection system for reasons that may not warrant the self-imposed moratorium of the actions identified in this paragraph, the permittee may request a meeting with the Division of Water Resources EFO staff to petition for a waiver based on mitigating evidence.

4. Upset

- a. "*Upset*" means an exceptional incident in which there is unintentional and temporary noncompliance with technology-based effluent limitations because of factors beyond the reasonable control of the permittee. An upset does not include noncompliance to the extent caused by operational error, improperly designed treatment facilities, inadequate treatment facilities, lack of preventive maintenance, or careless or improper operation.
- b. An upset shall constitute an affirmative defense to an action brought for noncompliance with such technology-based permit effluent limitations if the permittee demonstrates, through properly signed, contemporaneous operating logs, or other relevant evidence that:
 - i. An upset occurred and that the permittee can identify the cause(s) of the upset;

¹ This includes dry weather overflows, wet weather overflows, dry weather releases and wet weather releases.

- ii. The permitted facility was at the time being operated in a prudent and workman-like manner and in compliance with proper operation and maintenance procedures;
- iii. The permittee submitted information required under "Reporting of Noncompliance" within 24 hours of becoming aware of the upset (if this information is provided orally, a written submission must be provided within five days); and
- iv. The permittee complied with any remedial measures required under "Adverse Impact."

5. Adverse Impact

The permittee shall take all reasonable steps to minimize any adverse impact to the waters of Tennessee resulting from noncompliance with this permit, including such accelerated or additional monitoring as necessary to determine the nature and impact of the noncomplying discharge. It shall not be a defense for the permittee in an enforcement action that it would have been necessary to halt or reduce the permitted activity in order to maintain compliance with the conditions of this permit.

6. Bypass

- a. "**Bypass**" is the intentional diversion of wastewater away from any portion of a treatment facility. "Severe property damage" means substantial physical damage to property, damage to the treatment facilities which would cause them to become inoperable, or substantial and permanent loss of natural resources which can reasonably be expected to occur in the absence of a bypass. Severe property damage does not mean economic loss caused by delays in production.
- b. Bypasses are prohibited unless all of the following three (3) conditions are met:
 - i. The bypass is unavoidable to prevent loss of life, personal injury, or severe property damage;
 - ii. There are not feasible alternatives to bypass, such as the construction and use of auxiliary treatment facilities, retention of untreated wastes, or maintenance during normal periods of equipment downtime. This condition is not satisfied if adequate back-up equipment should have been installed in the exercise of reasonable engineering judgment to prevent a bypass which occurred during normal periods of equipment down-time or preventative maintenance;
 - iii. The permittee submits notice of an unanticipated bypass to the Division of Water Resources in the appropriate Environmental Field Office within 24 hours of becoming aware of the bypass (if this information is provided orally, a written submission must be provided within five days). When the need for the bypass is foreseeable, prior notification shall be submitted to the Director, if possible, at least ten (10) days before the date of the bypass.

- c. Bypasses not exceeding permit limitations are allowed **only** if the bypass is necessary for essential maintenance to assure efficient operation. All other bypasses are prohibited. Allowable bypasses not exceeding limitations are not subject to the reporting requirements of 6.b.iii, above.

7. Washout

- a. For domestic wastewater plants only, a "washout" shall be defined as loss of Mixed Liquor Suspended Solids (MLSS) of 30.00% or more. This refers to the MLSS in the aeration basin(s) only. This does not include MLSS decrease due to solids wasting to the sludge disposal system. A washout can be caused by improper operation or from peak flows due to infiltration and inflow.
- b. A washout is prohibited. If a washout occurs the permittee must report the incident to the Division of Water Resources in the appropriate Environmental Field Office within 24 hours by telephone. A written submission must be provided within five days. The washout must be noted on the Monthly operation report. Each day of a washout is a separate violation.

D. LIABILITIES

1. Civil and Criminal Liability

Except as provided in permit conditions or "*Bypass*," "*Overflow*," "*Upset*," "*Diversion*," and "*Treatment Facility Failures*," nothing in this permit shall be construed to relieve the permittee from civil or criminal penalties for noncompliance. Notwithstanding this permit, the permittee shall remain liable for any damages sustained by the State of Tennessee, including but not limited to fish kills and losses of aquatic life and/or wildlife, as a result of the discharge of wastewater to any surface or subsurface waters. Additionally, notwithstanding this Permit, it shall be the responsibility of the permittee to conduct its wastewater treatment and/or discharge activities in a manner such that public or private nuisances or health hazards will not be created.

2. Liability Under State Law

Nothing in this permit shall be construed to preclude the institution of any legal action or relieve the permittee from any responsibilities, liabilities, or penalties established pursuant to any applicable State law or the Federal Water Pollution Control Act, as amended.

PART III OTHER REQUIREMENTS

A. CERTIFIED OPERATOR

The waste treatment facilities shall be operated under the supervision of a certified wastewater treatment operator and the collection system shall be operated under the supervision of a certified collection system operator in accordance with the Water Environmental Health Act of 1984.

B. PLACEMENT OF SIGNS

Within sixty (60) days of the effective date of this permit, the permittee shall place and maintain a sign at each overflow/release point in the collection system. For the purposes of this requirement, any point that has had a total of five (5) or more overflows plus releases in the last year must be so posted. The permittee shall place and maintain a sign at each outfall. The sign(s) should be clearly visible to the public from the bank and the receiving stream. The minimum sign size should be two feet by two feet (2' x 2') with one inch (1") letters. The sign should be made of durable material and have a white background with black letters.

The sign(s) are to provide notice to the public as to the nature of the discharge and in the case of the permitted outfalls, that the discharge is regulated by the Tennessee Department of Environment and Conservation, Division of Water Resources. The following is given as an example of the minimal amount of information that must be included on the sign:

Unpermitted release/overflow point:

UNTREATED WASTEWATER DISCHARGE POINT
Chapel Woods Homeowners Association
Chapel Woods STP
(931) 309-3513
NPDES Permit NO. TN0062073
TENNESSEE DIVISION OF WATER RESOURCES
1-888-891-8332 ENVIRONMENTAL FIELD OFFICE - Columbia

NPDES Permitted Sanitary Outfall:

TREATED SANITARY WASTEWATER
Chapel Woods Homeowners Association
Chapel Woods STP
(931) 309-3513
NPDES Permit NO. TN0062073
TENNESSEE DIVISION OF WATER RESOURCES
1-888-891-8332 ENVIRONMENTAL FIELD OFFICE - Columbia

No later than sixty (60) days from the effective date of the permit, the permittee shall have the above sign(s) on display in the location specified.

C. ADDITION OF WASTE LOADS

The permittee may not add wasteloads to the existing treatment system without the knowledge and approval of the division.

D. SLUDGE MANAGEMENT PRACTICES

The permittee must comply with the provisions of 40 CFR Part 503. If the sludge is transported to another POTW for disposal, the permittee shall note on the monthly operation report the amount of sludge wasted in gallons, % solids of sludge wasted and the name of the facility to which the sludge was taken.

The proper operation of this treatment system depends, largely, on the efficient use of the septic tank. The solids that accumulate in the tank shall be removed at a frequency that is sufficient to ensure that the treatment plant will comply with the discharge requirements of this permit.

E. ANTIDegradation

Pursuant to the Rules of the Tennessee Department of Environment and Conservation, Chapter 0400-40-03-.06, titled "Tennessee Antidegradation Statement," which prohibits the degradation of high quality surface waters and the increased discharges of substances that cause or contribute to impairment, the permittee shall further be required, pursuant to the terms and conditions of this permit, to comply with the effluent limitations and schedules of compliance required to implement applicable water quality standards, to comply with a State Water Quality Plan or other state or federal laws or regulations, or where practicable, to comply with a standard permitting no discharge of pollutants.

F. SPECIFIC REQUIREMENTS FOR THIS HOMEOWNERS' ASSOCIATION

1. Historically, Homeowners' Associations have been less reliable in STP/collection system operation than municipalities, public utilities, and utility districts. Due to this lack of reliability and/or financial stability, this permit requires that the Homeowners' Association comply with the following provisions:

Operating and Maintenance Fund

2. The Homeowners' Association shall properly operate and maintain the collection system in accordance with the provisions of this permit and all applicable federal and state regulations and law.
3. The Homeowners' Association shall levy and collect any assessments needed to provide the funds required to properly operate and maintain the collection and/or treatment system. Funds required to properly operate and maintain the system shall include monies to fund all operation, maintenance, principle and interest of debt service and depreciation. Should the levied assessments fail to provide the required funds, the Homeowners' Association shall levy additional assessments as necessary.
4. The Homeowners' Association shall ensure that each sewer customer has signed the Chapel Woods HOA Waste Water Treatment Service Agreement and that these agreements reflect the current monthly charge for sewer service. The Homeowners' Association shall maintain a file of executed agreements for inspection by division staff upon request.
5. The Homeowners' Association shall provide new customers with the Chapel Woods Waste Water User Manual and provide existing customers a copy of the most current user manual at least once every five years. The Homeowners' Association may supply these in paper or electronic format.

Reserve Fund

6. The Homeowners' Association shall grant authority to the officers of the Association, via the governing documents of the Association and/or its Bylaws, to levy and collect such assessments and/or tap fees in an amount to be determined by the Board of Directors of the Association. Each purchaser of a unit in the Association area shall be assessed a tap fee. All revenue from tap fees shall be placed in an escrow account to establish the reserve fund. The reserve fund shall be restricted to capital expenses, and thus, it may not be applied to operating expenses in the ordinary course of business.
7. The Homeowners' Association shall create, maintain and use reserve funds that are readily available to repair the collection system, in the event of damages, destruction or repair needs that are not considered to be normal maintenance. The reserve funds shall also be adequate to pay any penalties, fines or damage assessments. In determining the adequate amount of reserve funds, the Homeowners' Association must consider life expectancy of equipment, depreciation and replacement costs.
8. The Homeowner's Association shall maintain and implement an agreement with the Marshall County Board of Public Utilities whereby water service may be discontinued to customers delinquent on their sewer charges.

Association Authority

In addition, the governing documents of the Association shall grant the Association the authority to obtain and execute a lien on any property where the owner fails or refuses to pay the necessary fees and assessments.

Financial Security

1. The Homeowners' Association shall obtain, maintain, and demonstrate adequate bond or financial security, in an amount equal to \$20,000.00. The Homeowner's Association may obtain a Surety bond, Insurance and Risk Retention Group Coverage, Letter of credit or other financial security acceptable to the Division.
9. The Homeowner's Association shall submit a notarized copy of the bond or financial security, should the term of the security be canceled, extended, the terms changed, or the Association obtains alternative security within thirty (30) days of the said change.
2. Forfeiture: Conditions for bond or financial security forfeiture are as follows:
 - i. Failure to properly transfer or renew the permit and/or bond;
 - ii. Failure to employ a certified operator for more than (30) days;
 - iii. Chronic permit violations and/or violations not corrected within (30) days of notice of such violations from the Division;
 - iv. Failure to properly maintain the collection or treatment system such that the system cannot be properly operated;
 - v. Operation of the collection or treatment system in such a manner as to create a public nuisance and or health hazard;
 - vi. Abandonment of the facility; or
 - vii. Insufficient funds to carry out the terms and conditions of the permit.
10. The Homeowners' Association must notify the Division if the adequate bond or financial security is canceled. The Homeowner's Association shall have thirty (30) days from the notification of cancellation to obtain alternate adequate bond or financial security acceptable to the Division.

11. Failure to submit the amount of adequate bond or financial security, failure to procure adequate bond or financial security and failure to submit proof of adequate bond or financial security will be cause for either revocation of the permit, enforcement action or both.
12. The Homeowners' Association shall not voluntarily dissolve without providing for the proper operation and maintenance of the STP and the collection system and without written approval from the Division. The Division's approval would be contingent upon proper transfer of the collection or system to some person, corporation, or other entity acceptable to the Division.

Changes in Association Officers

13. The Homeowners' Association shall submit to the Division the names, addresses and phone numbers of the Homeowners' Association officers within thirty (30) days of the effective date of this permit. The Homeowners' Association shall also notify the Division of any change in status of the Homeowners' Association officers within thirty (30) days of such a change.
14. The Homeowners' Association must have readily available for inspection, a list of names and mailing addresses of all active members of the association.

RATIONALE SHEET**NPDES PERMIT No. TN0062073****Permit Writer: WDM****I. DISCHARGER**

NAME: Chapel Woods Homeowners Association
Chapel Woods STP

REPRESENTATIVE: Mr. William Pegram

LOCATION: Chapel Hill, COUNTY: Marshall, PHONE NUMBER: 931- 309-3513

WASTEWATER:

Discharge number: 001 type: Domestic

WATERSHED: Duck-Upper

HUC: 06040002

Average design flow: .05 MGD

PRESENT TREATMENT: Septic tank effluent gravity collection and a three-cell, anaerobic upflow reactor operated in parallel in conjunction with recirculation through a nitrification tower. Disinfecting is by ultraviolet radiation and chlorination with dechlorination. Solids are returned to the anaerobic reactor and periodic transfer to a POTW for disposal.

STATUS: Reissuance

CERTIFIED OPERATOR GRADES: STP: I; CS: I; Date Rated: NA. Rating Defined by Rule

II. RECEIVING WATERS

STREAM: Duck River at mile 177.5

CLASSIFICATION: Domestic and industrial water supply, fish and aquatic life, recreation, irrigation, livestock watering and wildlife uses

LOW FLOW: 1Q10= 87 CFS = 56 MGD

BASIS OF FLOW CALCULATION: See below.

Low flows on unregulated streams are estimated using guidance from the EPA document *Low Flow Statistics Tools: A How-To Handbook for NPDES Permit Writers*². When sufficient and representative USGS gage data is available, USGS SWToolbox³ is used to analyze the flow data and calculate flow values. Using these low flow values at the gage, the permit writer then determines the flow at the point of discharge using the following equation:

$$Q_{outfall} = Q_{gage} \times \frac{A_{outfall}}{A_{gage}}$$

Where:

$Q_{outfall}$ = Low flow statistic at outfall location

Q_{gage} = Low flow statistic at gage location

$A_{outfall}$ = Area draining to outfall

A_{gage} = Area draining to gage

In the absence of sufficient gage data, the division relies on USGS Streamstats⁴ to calculate low flows statistics.

In this permit, USGS Gage Station #03599500 at Columbia provides sufficient data to characterize the low flow of the receiving stream. Gage data was analyzed with SWToolbox and used to calculate the 1Q10 above via proportioning the drainage areas at the gage and outfall locations.

² https://www.epa.gov/sites/production/files/2018-11/documents/low_flow_stats_tools_handbook.pdf
Released October 2018 (EPA-833-B-18-001).

³ <https://www.usgs.gov/software/swtoolbox-software-information>

⁴ https://www.usgs.gov/mission-areas/water-resources/science/streamstats-streamflow-statistics-and-spatial-analysis-tools?qt-science_center_objects=0#qt-science_center_objects

WATER QUALITY STATUS: According to the division's most recent assessment of water quality, the Duck River at mile 177.5 is considered fully supportive of its designated use classifications.

WATER QUALITY DESIGNATION: Exceptional Tennessee Waters

III. PREVIOUS PERMIT

ISSUANCE: 01-JUL-13
EXPIRATION: 30-JUN-18

PARAMETERS	MONTHLY AVERAGE CONCENTRATION (MG/L)	MAXIMUM CONCENTRATION (MG/L)
BOD ₅	30	45
Total Suspended Solids	30	45
Dissolved Oxygen	1.0 (daily minimum)	
Total Chlorine Residual		2.0 (daily maximum)
<i>E. coli</i>	126. cfu/100 ml	487 cfu/100 ml
Settleable Solids (ml/l)		1.0 (daily maximum)
pH (standard units)	6.0-9.0	
Flow (MGD):		
Effluent	Report	Report

Abbreviated timeline for this activity:

- 08/17/87 TDEC (S. Fishel) approved the sewer system construction drawings as WPN 87-0972 as Walnut Hills Dev in the Caney Creek Utility District;
- 06/30/08 TDEC continued reissue of this NPDES permit under the site name of Chapel Woods STP;
- 07/01/13 TDEC issued the permit in the name of the owner, Chapel Woods Homeowner's Association;
- 10/13/13 Connelly Group, Inc., a for-profit corporation whose principal address is 481 Opossum Ln, Bunnell, FL, 32110, c/o Phillip Edward Zimmerle, purchased the lot containing the STP (Map 025, Parcel 088.00) as well as undeveloped lots in the subdivision;
- 10/24/13 TDEC issued a Notice of Violation, pursuant to a compliance evaluation inspection on 09/26/13, for submitted MORs unsigned, identified equipment that was not functioning and/or in need of repair, and cited the permittee for not complying with failing to maintain a O & M fund, a reserve fund, a financial security, a financial audit and updated association members;
- 11/16/16 The Chapel Woods HOA interred into an Agreement and Indemnity Agreement with the Marshall County Board of Public Utilities enabling discontinue of water service to HOA customers who become delinquent on charges for sewer service;
- 12/11/17 HOA returned back to active business filing status with the Tennessee Secretary of State, # 745123;
- 01/19/18 The EFO-Columbia field verified, with the permittee, that a dye trace of the outfall line did not result in dye trace measurements but nonetheless demonstrated, via a tap into the outfall line at the river, that the outfall line is connected to the effluent pump station;
- 01/25/18 Connelly Group transferred ownership of the lot with the STP to the HOA via warranty deed;
- 02/02/18 Hand-delivered a certificate of deposit in the amount of \$20,000.00 as financial security;

03/29/18 Submitted a complete application for permit renewal.

IV. PROPOSED EFFLUENT LIMITS & RATIONALE

A. NEW CONDITIONS

The conditions under which this permit was issued 01-JUL-13 have changed relative to watershed planning for nutrients and operation of the collection system.

The division is not including nutrient monitoring and reporting at this time in association with its state-wide nutrient reduction effort. Nutrients are naturally occurring and essential components of healthy aquatic systems. Excessive amounts of nutrients, however, can impact water quality. The enrichment of a waterbody with nutrients, called eutrophication, can result in dense, rapidly multiplying growths, or blooms, of algal species and other nuisance aquatic plants. These have potential for negatively impacting the habitat for fish and aquatic life and degrading the water quality for drinking water supply and recreation uses. These impacts can present both locally from an individual activity and much further downstream from the cumulative impact of multiple activities.

The division has developed and begun to implement a draft framework to accomplish long-term nutrient reduction in Tennessee waters. The framework considers impacts from both point and non-point sources of nutrients and recommends reduction goals for both point and non-point sources. This nutrient reduction framework approach is intended to utilize an adaptive management approach in consideration of the facts presenting within a watershed and reevaluation of the effectiveness of progress being made. Regular reassessments of goals and action plans will be conducted by reviewing monitoring data, modeling results and other measures of success.

For small domestic systems who may apply using Form 2E (facilities which do not discharge process wastewater), the division will generally make a conservative estimate and not require effluent monitoring and reporting. This is especially true for discharges whose users would reasonably be accounted for in watershed loading another way (e.g. municipal discharges or the septic systems inherent in nonpoint source loads from urban and agricultural lands). However, effluent characterization may be requested pursuant to T.C.A. § 69-3-107(10) by the division during the permit term or included in a permit action with site-specific rationale for its inclusion. The draft framework may be reviewed on the division's webpage at <http://www.tn.gov/environment/article/wr-ws-tennessee-nutrient-reduction-framework>.

For the purposes of demonstrating proper operation of the collection, transmission and treatment system, the permit treats releases separately from overflows and bypass. State regulations at 0400-40-05-.07(2) establish "standard conditions." These standard conditions include 0400-40-05-.07(2)(n) that sets forth specific language prohibiting sanitary sewer overflows (defined in the regulations as a "discharge") and standard conditions in 0400-40-05-.07(2)(l) and (m) pertaining to bypass. While the regulations prohibit sanitary sewer overflow (i.e., discharges that reach receiving waters) it does not prohibit "releases" that do not reach receiving waters. However, releases that do not reach receiving waters may be indicative of other problems, such as improper operation and maintenance of the sewer system. Whether another violation occurs or whether, for example, there is an unavoidable accident (see, e.g., § 69-3-114(a)), will involve case-specific evaluations. Regardless, the permit assures, without waiving rights to pursue other violations associated with a release, as applicable, that the permittee would, at a minimum be reporting and responding to releases. Any release potentially warrants permittee mitigation of human health risks via direct or indirect contact and demonstrates a hydraulic problem in the system that warrants permittee consideration as part of proper operation and maintenance of the system. When determining if a location experiences chronic sanitary sewer overflows or releases the term "event(s)" includes dry weather overflows, wet weather overflows, dry weather releases and wet weather releases.

Lastly, this permit modifies narrative requirements for the Homeowners Association in Part III of the permit to align with the way the homeowner's association does business. The modified conditions concern the waste water treatment service agreements, customer user manuals and agreement and indemnity agreement with the Marshall County Board of Public Utilities for management of delinquent sewer charges. The language also reflects the current financial security arrangement approved by TDEC.

Other than that, the permit will be reissued with existing permit conditions.

B. TEST METHOD FOR *E. COLI*

Disinfection of wastewater is required to protect the receiving stream from pathogenic microorganisms. *E. Coli* are indicator organisms used as a measure of bacteriological health of a receiving stream and the effectiveness of disinfection.

Unless otherwise noted in the permit, all pollutant parameters shall be determined according to methods prescribed in Title 40, CFR, Part 136, as amended, promulgated pursuant to Section 304 (h) of the Act.

C. CHLORINATION

The residual chlorine limit is derived using the mass balance formula and the EPA instream protection value of 0.019 mg/l for fish and aquatic life. Applying this formula yields the following calculation:

$$\frac{0.019 (Q_d + Q_s)}{Q_d} = \text{Limit (mg/l)} = \frac{0.019 (0.05 + 56)}{0.05} = 21 \text{ mg/l}$$

where:

0.019	=	instream protection value (acute)
.05	=	Q _d , design flow of STP (MGD)
56	=	Q _s , 7Q ₁₀ flow of receiving stream (MGD)

This calculation shows that the effluent limit of 2.0 mg/L that is based on good operational practices is more stringent than the calculated water-quality based effluent limit. Therefore, the 2.0 mg/L applies.

V. OTHER REQUIREMENTS & CONDITIONS**A. Certified Wastewater Treatment Operator**

The waste treatment facilities shall be operated under the supervision of a Grade I certified wastewater treatment operator in accordance with the Water Environmental Health Act of 1984. Operator grades are under jurisdiction of the Water and Wastewater Operators Certification Board. This NPDES permit is under jurisdiction of the Tennessee Board of Water Quality, Oil and Gas. Operator grades are rated and recommended by the Division of Water Resources pursuant to Rule 0400-49-01 (formerly 1200-05-03) and are included in this fact sheet for reference. The grades are intentionally not specified in the permit so that the operation certification board can authorize changes in grade without conflicting with this permit.

The collection system shall be operated under the supervision of a Grade I certified collection system operator in accordance with the Water Environmental Health Act of 1984.

B. The permittee is required to install a sign notifying the public of its permitted discharge point.

C. PERMIT TERM

This permit is being reissued for 4 years in order to coordinate its reissuance with other permits located within the Duck-Upper Watershed.

VI ANTIDegradation Statement/Water Quality Status

Tennessee's Antidegradation Statement is found in the Rules of the Tennessee Department of Environment and Conservation, Chapter 0400-40-03-.06. It is the purpose of Tennessee's standards to fully protect existing uses of all surface waters as established under the Act.

Stream determinations for this permit action are associated with the waterbody segment identified by the division as segment ID# TN06040002010_1000.

The Department has made a determination of the receiving waters associated with the subject discharge(s) and has found the (stream or river) to be an exceptional Tennessee water. The Duck River from river mile 133 to 179 is USFWS designated Critical Habitat for Cumberlandian Combshell and Purple Bean and is habitat for populations of federal endangered Tan Riffleshell, Birdwing Pearlymussel, and Cumberland Monkeyface, and state threatened Striated Darter, Ashy Darter, Saddled Madtom and Coppercheek Darter. No permanent degradation of water quality above the level of de minimis will be allowed unless the applicant demonstrates to the Department that the degradation is for necessary economic or social development and will not interfere with or become injurious to any existing uses. The specific requirements for this demonstration are described in the Rules of the Tennessee Department of Environment and Conservation, Chapter 0400-40-03-.06(4).

The Department has made a determination of the receiving waters associated with the subject discharge(s) and has found the receiving stream to be an available conditions water. Additionally, this water is fully supporting of its designated uses. The Department has maintained, and shall continue to assess, the water quality of the stream to assure that the water quality is adequate to protect the existing uses of the stream fully, and to assure that there shall be achieved the highest statutory and regulatory requirements for all new and existing point sources and all cost-effective and reasonable best management practices for nonpoint source control.

No TMDLs have been developed and approved for this waterbody segment. The *E. coli* TMDL approved 10/17/18 encompasses a different segment of the Duck River.

The Homeowners' Association does not have any alternative to discharge to the exceptional Tennessee water at this time. Prior to receipt of the permit application, the Homeowners' Association explored the possibility of transferring its waste water treatment operations, inclusive of the discharge, to a public utility or privately-owned public utility but none of those alternatives were successfully negotiated.

VII. COMPLIANCE SCHEDULE SUMMARY

<u>Section</u>	<u>Description</u>
I. D 1	DMR/MOR Reports, monthly
III. B	Placement of Sign(s), within 60 days from the effective date of this permit
III. D	Sludge management practices, monthly



STATE OF TENNESSEE
DEPARTMENT OF ENVIRONMENT AND CONSERVATION
DIVISION OF WATER RESOURCES
WATER SUPPLY SECTION

William R. Snodgrass Tennessee Tower, 11th Floor
312 Rosa L. Parks Avenue
Nashville, Tennessee 37243

August 5, 2020

William Pegram President and Chairman of the Board
Chapel Woods HOA
P.O. Box 39
Chapel Hill, TN 37034

Re: Certified Operator in Direct Charge -- Wastewater Facilities

Mr. Pegram;

The Water and Wastewater Operator Certification Act and rules promulgated pursuant to the Act require waste water facilities to report the name of the person in direct charge of the treatment facility and/or the collection system to the Board each year.

You are receiving this letter because your name has been associated with the following permit(s). For each permit listed below, please confirm or provide the person(s) designated as the operator(s) in direct charge.

<u>Permit #</u>	<u>Facility Name</u>	<u>Operator in Charge</u>	<u>Oper ID</u>	<u>Correct?</u>
TN0062073	Chapel Woods Homeowners Association	Williams, Mark	2033	Y - N

Name and signature of person verifying or updating the information above:

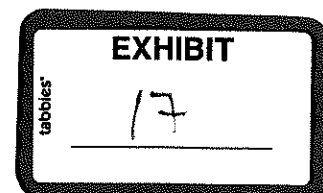
<u>William Pegram</u>	<u>William Pegram</u>	<u>President</u>	<u>8/10/2020</u>
Name (Please Print)	Signature	Title	Date

Please update, sign and return this form to the above address, or scan and e-mail to: DWRwater.compliance@tn.gov

The Division appreciates your assistance with collecting and updating this information. If you have any questions, please contact the Division at 615-532-0625.

Sincerely,

Jeff Bagwell
Environmental Consultant
Division of Water Resources



CSWR, LLC - Limestone UOC

Chart of Accounts

Account Name

106.000-05-013 - Utility Plant Purchased/Sold (TN, Limestone)
107.001-05-013 - CIP (Plant) (TN, Limestone)
107.002-05-013 - CIP (Engineering) (TN, Limestone)
107.003-05-013 - CIP (Legal) (TN, Limestone)
107.004-05-013 - CIP (Startup) (TN, Limestone)
107.005-05-013 - CIP (Debt Carry) (TN, Limestone)
108.000-05-013 - AccumDepre Plant in Service (TN, Limestone)
108.100-05-013 - Accum Deprec Salvage Reserve (TN, Limestone)
108.300-05-013 - Accum Amort Plant in Service (TN, Limestone)
114.000-05-013 - Utility Plant Acq Adj (TN, Limestone)
123.000-05-013 - Investment in Associated Companies (TN, Limestone)
131.100-05-013 - Cash Operating (TN, Limestone)
131.200-05-013 - Cash Receipts (TN, Limestone)
141.000-05-013 - Customer AR (TN, Limestone)
143.000-05-013 - AR Other (TN, Limestone)
144.000-05-013 - Accum Prov for Uncoll Accts (TN, Limestone)
145.000-05-013 - N/R from Assoc Companies (TN, Limestone)
146.000-05-013 - A/R from Assoc Companies (TN, Limestone)
166.000-05-013 - Prepayments (TN, Limestone)
181.000-05-013 - Unamortized Debt Disc/Exp (TN, Limestone)
183.000-05-013 - Preliminary Survey and Investigation Charges (TN, Limestone)
183.001-05-013 - PSI - Engineering (TN, Limestone)
183.002-05-013 - PSI - Legal (TN, Limestone)
186.000-05-013 - Misc Deferred Debits (TN, Limestone)
201.000-05-013 - Common Stock Issued (TN, Limestone)
204.000-05-013 - Preferred Stock Issued (TN, Limestone)
211.000-05-013 - APIC (TN, Limestone)
215.000-05-013 - Retained Earnings (TN, Limestone)
216.000-05-013 - Unappropriated Retained Earnings (TN, Limestone)
218.000-05-013 - Capital (TN, Limestone)
221.000-05-013 - Bonds (TN, Limestone)
224.000-05-013 - LT Debt (Other) (TN, Limestone)
231.000-05-013 - Notes Payable (TN, Limestone)
232.000-05-013 - Accounts Payable (TN, Limestone)
233.000-05-013 - Notes Payable Associated Companies (TN, Limestone)
235.000-05-013 -Customer Deposits (TN, Limestone)
236.000-05-013 - Taxes Payable (TN, Limestone)
242.000-05-013 - Misc Current & Accrued Liab (TN, Limestone)
242.001-05-013 - LT Debt (Current Portion) (TN, Limestone)
265.000-05-013 - Misc Operating Reserves (TN, Limestone)
271.000-05-013 - CIAC (TN, Limestone)
272.000-05-013 - CIAC Accum Amort (TN, Limestone)
283.000-05-013 - Accumulated Deferred Income Taxes (TN, Limestone)



304.000-05-013 - Structures & Improvements (TN, Limestone)
305.000-05-013 - Collecting & Impound Reservoirs (TN, Limestone)
306.000-05-013 - Lake, River & Other Intakes (TN, Limestone)
307.000-05-013 - Wells and Springs (TN, Limestone)
308.000-05-013 - Infiltration Galleries & Tunnels (TN, Limestone)
309.000-05-013 - Supply Mains (TN, Limestone)
310.000-05-013 - Power Generating Equipment (TN, Limestone)
311.000-05-013 - Pumping Equipment (TN, Limestone)
320.000-05-013 - Water Treatment Equipment (TN, Limestone)
330.000-05-013 - Distb'n Reservoirs & Standpipes (TN, Limestone)
331.000-05-013 - Transmission & Distbution Mains (TN, Limestone)
333.000-05-013 - Services (TN, Limestone)
334.000-05-013 - Meter & Meter Installations (TN, Limestone)
335.000-05-013 - Hydrants (TN, Limestone)
339.000-05-013 - Other Plant & Misc. Equipment (TN, Limestone)
340.000-05-013 - Office Furniture & Equipment (TN, Limestone)
341.000-05-013 - Transportation Equipment (TN, Limestone)
342.000-05-013 - Stores Equipment (TN, Limestone)
343.000-05-013 - Tools, Shop & Garage Equipment (TN, Limestone)
344.000-05-013 - Laboratory Equipment (TN, Limestone)
345.000-05-013 - Power Operated Equipment (TN, Limestone)
346.000-05-013 - Communication Equipment (TN, Limestone)
347.000-05-013 - Miscellaneous Equipment (TN, Limestone)
348.000-05-013 - Other Tangible Plant (TN, Limestone)
351.000-05-013 -Organization (TN, Limestone)
352.000-05-013 - Franchises (TN, Limestone)
353.000-05-013 - Land & Land Rights (TN, Limestone)
354.000-05-013 - Structures & Improvements (TN, Limestone)
360.000-05-013 - Collection Sewers-Force (TN, Limestone)
361.000-05-013 -Collection Sewers-Gravity (TN, Limestone)
362.000-05-013 -Special Collection Structures (TN, Limestone)
363.000-05-013 -Services to Customers (TN, Limestone)
364.000-05-013 - Flow Measuring Devices (TN, Limestone)
365.000-05-013 - Flow Measuring Installations (TN, Limestone)
370.000-05-013 - Receiving Wells (TN, Limestone)
371.000-05-013 - Puming Equipment (TN, Limestone)
380.000-05-013 - Treatment & Disposal Equipment (TN, Limestone)
381.000-05-013 - Plant Sewers (TN, Limestone)
382.000-05-013 - Outfall Sewer Lines (TN, Limestone)
389.000-05-013 - Other Plant & Miscellaneous Equipment (TN, Limestone)
390.000-05-013 -Office Furniture & Equipment (TN, Limestone)
391.000-05-013 - Transportation Equipment (TN, Limestone)
392.000-05-013 - Stores Equipment (TN, Limestone)
393.000-05-013 - Tools, Shop & Garage Equipment (TN, Limestone)
394.000-05-013 - Laboratory Equipment (TN, Limestone)
395.000-05-013 - Power Operated Equipment (TN, Limestone)
396.000-05-013 - Communication Equipment (TN, Limestone)

397.000-05-013 - Miscellaneous Equipment (TN, Limestone)
398.000-05-013 - Other Tangible Plant (TN, Limestone)
403.000-05-013 - Depreciation Expense (TN, Limestone)
403.100-05-013 - Depreciation Expense CIAC (TN, Limestone)
403.200-05-013 - Depreciation Expense Salvage Reserve (TN, Limestone)
405.000-05-013 - Amortization Expense (TN, Limestone)
408.100-05-013 - Taxes (Other) (TN, Limestone)
408.120-05-013 - Taxes SS & Med (TN, Limestone)
408.140-05-013 - Taxes Unemployment (TN, Limestone)
408.160-05-013 - Taxes Property (TN, Limestone)
409.000-05-013 - Taxes Income (TN, Limestone)
410.000-05-013 - Provision for Deferred Income Tax (TN, Limestone)
414.000-05-013 - Gains(Losses) on Disposal of Utility Property (TN, Limestone)
420.000-05-013 - AFUDC (TN, Limestone)
426.000-05-013 - Miscellaneous Income Deductions (TN, Limestone)
427.000-05-013 - Interest Long (TN, Limestone)
428.000-05-013 - Amortization of Debt Discount & Expense (TN, Limestone)
433.000-05-013 - Extraordinary Income (TN, Limestone)
434.000-05-013 - Extraordinary Expense (TN, Limestone)
461.100-05-013 - Water Revenue Residential (TN, Limestone)
461.200-05-013 - Water Revenue Commercial (TN, Limestone)
461.300-05-013 - Water Revenue Industrial (TN, Limestone)
461.400-05-013 - Water Revenue Multi-Family (TN, Limestone)
470.000-05-013 - Late Fees Water (TN, Limestone)
471.000-05-013 - Miscellaneous Service Revenues (TN, Limestone)
471.100-05-013 - Tap Fees (TN, Limestone)
521.100-05-013 - Sewer Revenue Residential (TN, Limestone)
521.200-05-013 - Sewer Revenue Commercial (TN, Limestone)
521.300-05-013 - Sewer Revenue Industrial (TN, Limestone)
521.400-05-013 - Sewer Revenue Multi-Family (TN, Limestone)
532.000-05-013 - Late Fees Sewer (TN, Limestone)
536.000-05-013 - Miscellaneous Service Revenues (TN, Limestone)
536.100-05-013 - Tap Fees (TN, Limestone)
600.000-05-013 - Operation Supervision and Engineering (TN, Limestone)
601.000-05-013 - Salaries & Wagers - Employees (TN, Limestone)
603.000-05-013 - Miscellaneous (TN, Limestone)
603.000-05-013 - Salaries & Wagers - Officers, Directors & Stockholders (TN, Limestone)
604.000-05-013 - Employee Pension & Benefits (TN, Limestone)
610.000-05-013 - Purchased Water (TN, Limestone)
611.000-05-013 - Maintenance S&I (TN, Limestone)
612.000-05-013 - Maintenance Collecting and Impounding Reservoirs (TN, Limestone)
613.000-05-013 - Maintenance Lake, River and Other Intakes (TN, Limestone)
614.000-05-013 - Maintenance Wells and Springs (TN, Limestone)
615.000-05-013 - Purchased Power (TN, Limestone)
616.000-05-013 - Fuel for Power PProduction (TN, Limestone)
618.000-05-013 - Chemicals (TN, Limestone)
620.000-05-013 - Materials & Supplies (TN, Limestone)

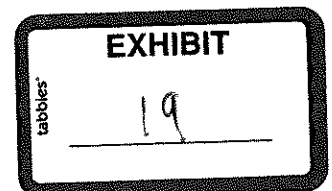
621.000-05-013 - Fuel for Power Production (TN, Limestone)
622.000-05-013 - Power Production Labor and Expense (TN, Limestone)
623.000-05-013 - Fuel/Power Purchased for Pump (TN, Limestone)
624.000-05-013 - Pumping Labor and Expense (TN, Limestone)
626.000-05-013 - Miscellaneous Expenses Water Pumping (TN, Limestone)
630.000-05-013 - Contractual Services (TN, Limestone)
631.000-05-013 - Maintenance S&I (TN, Limestone)
632.000-05-013 - Maintenance Power Production Equipment (TN, Limestone)
633.000-05-013 - Maintenance Pumping Equipment (TN, Limestone)
640.000-05-013 - Rents (TN, Limestone)
641.000-05-013 - Chemicals (TN, Limestone)
642.000-05-013 - Operation Labor and Expense (TN, Limestone)
643.000-05-013 - Miscellaneous Expenses Wtr Trtm (TN, Limestone)
650.000-05-013 - Transportation Expense (TN, Limestone)
652.000-05-013 - Maintenance Equipment (TN, Limestone)
655.000-05-013 - Insurance Expense (TN, Limestone)
660.000-05-013 - Operation Supervision and Engineering (TN, Limestone)
661.000-05-013 - Storage Facilities Expense (TN, Limestone)
662.000-05-013 - Transm and Distr Lines Expenses (TN, Limestone)
663.000-05-013 - Meter Expenses (TN, Limestone)
664.000-05-013 - Customer Installations Expenses (TN, Limestone)
665.000-05-013 - Regulatory Commission Expense (TN, Limestone)
670.000-05-013 - Bad Debt Expense (TN, Limestone)
671.000-05-013 - Maintenance Stuctures and Improvements (TN, Limestone)
672.000-05-013 - Miscellaneous Expense (TN, Limestone)
673.000-05-013 - Maintenance Transmission & Distrttribution Mains (TN, Limestone)
674.000-05-013 - Maintenance Fire Mains (TN, Limestone)
675.000-05-013 - Maintenance Services (TN, Limestone)
676.000-05-013 - Maintenance Meters (TN, Limestone)
677.000-05-013 - Maintenance Hydrants (TN, Limestone)
678.000-05-013 - Maintenance Miscellaneous Plant (TN, Limestone)
700.000-05-013 - Collection Supervision and Engineering (TN, Limestone)
701.000-05-013 - Salaries & Wages - Employees (TN, Limestone)
702.000-05-013 - Services to Customers (TN, Limestone)
703.000-05-013 - Salaries & Wages - Officers, Directors & Stockholders (TN, Limestone)
704.000-05-013 - Employee Pensions & Benefits (TN, Limestone)
710.000-05-013 - Sludge Removal Expense (TN, Limestone)
711.000-05-013 - Maintenance Collection Structures and Improvements (TN, Limestone)
712.000-05-013 - Maintenance Collection Sewers (TN, Limestone)
713.000-05-013 - Maintenance Services to Cust (TN, Limestone)
714.000-05-013 - Maintenance Flow Measuring Devicies (TN, Limestone)
715.000-05-013 - Purchased Power (TN, Limestone)
716.000-05-013 - Fuel for Power Production (TN, Limestone)
720.000-05-013 - Materials & Supplies (TN, Limestone)
721.000-05-013 - Fuel and Power Purchased for Pumping (TN, Limestone)
722.000-05-013 - Pumping Labor & Expenses (TN, Limestone)
724.000-05-013 - Miscellaneous Expenses (TN, Limestone)

730.000-05-013 - Contractual Services (TN, Limestone)
731.000-05-013 - Maintenance Pumping Structures and Improvements (TN, Limestone)
732.000-05-013 - Maintenance Sewer Pump Equip (TN, Limestone)
740.000-05-013 - Rents (TN, Limestone)
741.000-05-013 - Sewer Treatment Chemicals (TN, Limestone)
742.000-05-013 - Treatment Labor & Expense (TN, Limestone)
743.000-05-013 - Fuel & Power Sewage T&P (TN, Limestone)
744.000-05-013 - Miscellaneous Expense (TN, Limestone)
750.000-05-013 - Transportation Expense (TN, Limestone)
751.000-05-013 - Maintenance T&D Structures & Improvements (TN, Limestone)
752.000-05-013 - Maintenance T&D Plant (TN, Limestone)
753.000-05-013 - Maintenance T&D Other (TN, Limestone)
755.000-05-013 - Insurance Expense (TN, Limestone)
765.000-05-013 - Regulatory Commission Expense (TN, Limestone)
770.000-05-013 - Bad Debt Expense (TN, Limestone)
775.000-05-013 - Miscellaneous Expense (TN, Limestone)
903.100-05-013 - Cust Record Collect (Billing) (TN, Limestone)
903.200-05-013 - Cust Record Collect (Postage) (TN, Limestone)
903.280-05-013 - Cust Record Collect (Bank Fees) (TN, Limestone)
904.000-05-013 - Uncollectible Accounts (TN, Limestone)
905.000-05-013 - Miscellaneous Customer Accounts Expense (TN, Limestone)
907.000-05-013 - Cust Service & Inform Ex (TN, Limestone)
920.000-05-013 - Salaries Admin & General (TN, Limestone)
921.000-05-013 - Office Supp Exp (TN, Limestone)
921.110-05-013 - Office Supp Exp (Meals, Travel) (TN, Limestone)
921.500-05-013 - Office Supp Ex (Communication) (TN, Limestone)
921.800-05-013 - Office Supplies Expense (TN, Limestone)
922.000-05-013 - Administrative Expenses Transferred (TN, Limestone)
923.100-05-013 - Outside Services (Bank Fees) (TN, Limestone)
923.300-05-013 - OutsideService (Eng Consult) (TN, Limestone)
923.400-05-013 - OutsideService (Legal Fees) (TN, Limestone)
923.500-05-013 - OutsideService (Audit/Accounting) (TN, Limestone)
923.600-05-013 - OutsideService (Manage Consult) (TN, Limestone)
923.800-05-013 - Outside Services (Payroll Fees) (TN, Limestone)
923.900-05-013 - Outside Services (IT) (TN, Limestone)
924.000-05-013 - Property Insurance (TN, Limestone)
924.200-05-013 - Property Insurance Environmental (TN, Limestone)
924.300-05-013 - Property Insurance Worker's Comp (TN, Limestone)
924.400-05-013 - Property Insurance Commercial (TN, Limestone)
926.100-05-013 - EE Benefits Keyman (TN, Limestone)
926.200-05-013 - EE Benefits Healthcare (TN, Limestone)
926.300-05-013 - EE Benefits Retirement (TN, Limestone)
926.400-05-013 - EE Benefits Life/STD/LTD/ADD (TN, Limestone)
928.100-05-013 - Regulatory Expense DNR (TN, Limestone)
928.200-05-013 - Regulatory Expense PSC (TN, Limestone)
928.400-05-013 - Regulatory Expense Business License (TN, Limestone)
930.200-05-013 - Misc General Expense (TN, Limestone)

931.000-05-013 - Rents Admin & General (TN, Limestone)

**Limestone Water Utility Operating Company
Chapel Woods HOA**

GL Account	Account Name	Balance
351	Organization	\$ -
352	Franchises	\$ -
353	Land & Land Rights	
354	Structures & Improvements	\$ 22,110.54
360	Collections Sewers - Force	\$ 3,630.27
361	Collection Sewers - Gravity	\$ -
362	Special Collecting Structures	\$ -
363	Services to Customers	\$ -
364	Flow Measuring Devices	\$ 2,838.05
365	Flow Measuring Installations	\$ -
370	Receiving Wells	\$ -
371	Pumping Equipment	\$ 4,767.08
380	Treatment & Disposal Equipment	\$ 13,414.88
381	Plant Sewers	\$ -
382	Outfall Sewer Lines	\$ -
389	Other Plant & Misc. Equipment	\$ -
390	Office Furniture & Equipment	\$ -
391	Transportation Equipment	\$ -
392	Stores Equipment	\$ -
393	Tools, Shop, & Garage Equipment	\$ -
394	Laboratory Equipment	\$ -
395	Power Operated Equipment	\$ -
396	Communication Equipment	\$ -
397	Misc. Equipment	\$ -
398	Other Tangible Plant	\$ -
	Total:	\$ 46,760.82



Rules and Regulations Governing Rendering of Water Service

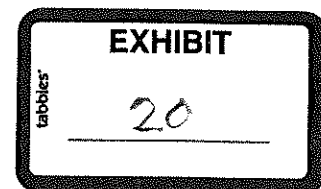
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Limestone Water Utility
Operating Company, LLC
1650 Des Peres Rd. Suite 303
St. Louis, MO 63131

Tariff

Sheet No. 2

Rules and Regulations Governing Rendering of Water Service

Schedule of Rates

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Schedule of Service Charges

Construction inspection charge per connection \$82.50

New connection, disconnect and recommend charge Actual Cost

Late Fee \$5.00 or 3%

The late charge is calculated monthly with the greater amount above being added to the delinquent bill in accordance with Rule 10 G.

Returned Check Charge \$25.00

Turn-On/Turn-Off (Requested by the Customer)

8 am to 5 pm Monday through Friday (scheduled 24hrs in advance) \$27.50

Before 8 am and after 5 pm, Saturdays/Sundays, or
scheduled less than 24 hours in advance \$164.00

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SCHEDULE OF SERVICE CHARGES (cont.)

Schedule of Service Charges for Berkshire Glen/Walnut Hills Estates, Bar-B Acres, Countryside Meadows Subdivision, Wil-Mar Estates Subdivision, Fox Run Subdivision, Country Hills Subdivision, and Private Gardens-Prairie Field

SERVICE CONNECTION CONSTRUCTION

For STEP, STEG or gravity service - includes installation of new saddle, or new wye or tee, as appropriate, installed on the collecting sewer, construction and connection of the Company-owned service connection pipeline to the saddle, wye, or stub, as applicable, any miscellaneous materials, and all labor and equipment required to complete the connection. This charge does not apply if a pre-existing existing service connection is used, or if a service connection was constructed as a stub-out along with a collecting sewer extension **\$690.00**

INSPECTION CHARGES

STEP system installation customer service line installation, connection inspection, and startup/operation inspection pursuant to Rule 5B and/or Rule 6H includes inspection of - collection tank; repairable parts; electrical connections and wiring from the house to the pump controls at the tank including circuit breaker box; service sewer from the house plumbing to the collection tank as applicable; and service sewer from the collection tank to the service connection or to service sewer stub from the collecting sewer if one exists. STEG system installation and connection inspection – includes inspection of – collection tank, service sewer from the house plumbing to the collection tank, and service sewer from the collection tank to the service connection or to service sewer stub. **\$125.00**
Gravity service sewer inspection – includes inspection of – service sewer from the house plumbing to the service connection or to service sewer stub from the collecting sewer if one exists. **\$125.00**

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SCHEDULE OF SERVICE CHARGES (cont.)

TAXES

Sales, Gross Receipts, Occupation or Franchise Taxes: There shall be added to the customer's bill as a separate item an amount equal to the proportionate part of any sales, license, occupation, franchise or other similar fee or tax now or hereafter imposed upon the Company by any municipality or any other governmental authority, whether imposed by statute, ordinance, franchise or otherwise, in which the fee or tax is based upon a percentage of gross receipts, net receipts, revenue or income from the provision of service by the Company. When such tax or fee is a stated amount, a pro rata portion of such tax or fee shall be included as a separate item on the customer's bill and shall be calculated by applying thereto the same percentage factor as the total annual amount of that tax bears to the gross receipts of the Company from the provision of service during the preceding calendar year to customers located within the boundaries of the taxing entity. These tax or fee amounts shall be added to the customer's bill only within the boundaries of the entity imposing the tax or fee. This provision does not apply to the "assessment" rendered by the Tennessee Public Utility Commission to the Company. Any applicable Federal, State or Local taxes computed on billing basis shall be added as separate items in rendering each bill.

LATE PAYMENT CHARGE: \$5.00 per notice per month
Applies when payment is delinquent (according to Rule 9, Sheet No. 20)

RETURN CHECK CHARGE: \$25.00
Only one charge per returned check.

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Rule 1 – Definitions

- A. An "APPLICANT" is a person, firm, corporation, governmental body, or other entity that has applied for sewer service and/or an extension of collecting sewers along with additional plant facilities; two or more such entities may make one application for a sewer extension, and be considered one APPLICANT. An "ORIGINAL APPLICANT" is an APPLICANT who entered into any contract or agreement with the Company for an extension of collecting sewers and/or additional plant facilities, contributed funds or utility plant assets to the Company under the terms of the contract or agreement, and is eligible for refunds under the terms of the contract or agreement as additional Applicants connect to such extensions or plant facilities.
- B. "B.O.D" denotes Biochemical Oxygen Demand. It is the quantity of oxygen utilized in the biochemical oxidation of waste matter under standard laboratory conditions expressed in milligrams per liter.
- C. "C.O.D" denotes Chemical Oxygen Demand. It is the quantity of oxygen utilized in the chemical oxidation of waste matter under standard laboratory conditions, expressed in milligrams per liter.
- D. A "COLLECTING SEWER" is a pipeline, including force pipelines, gravity sewers, interceptors, laterals, trunk sewers, manholes, lampholes, and necessary appurtenances, including service tees, wyes and saddles, which is owned and maintained by the Company, located on public property or on private easements, and used to transport sewage waste from the Customer's service connection to the point of disposal. A "PRESSURE COLLECTING SEWER" is a collecting sewer pipeline, including tees, wyes, and saddles, operated under pressure from pump units owned and operated by customers connected to the pipeline, and is sometimes referred to generically as a COLLECTING SEWER.

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- E. The "COMPANY" is Limestone Water Utility Operating Company, Inc., acting through its officers, managers, or other duly authorized employees or agents.
- F. A "CUSTOMER" is any person, firm, corporation or governmental body which has contracted with the Company for sewer service, or is receiving service from the Company, or whose facilities are connected for utilizing such service, and except for a guarantor is responsible for payment for service.
- G. The "DATE OF CONNECTION" shall be the date the permit for a service connection is issued by the Company. In the event no permit is taken and a service connection is made, the date of connection shall be determined based on available information, such as construction/occupancy permits, or water or electric service turn-on dates, or may be the date of commencement of construction of the building upon the property.
- H. A "DEVELOPER" is any person, firm, corporation, partnership or any entity that, directly or indirectly, holds title to, or sells or leases, or offers to sell or lease, or advertises for sale or lease, any lots in a subdivision.
- I. "DISCONTINUANCE OF SERVICE" is intentional cessation of the use of sewer service by action of the Company not at the request of the Customer. Such DISCONTINUANCE OF SERVICE may be accomplished by methods including physical disconnection of the service sewer, or turn-off of water service by the water utility at the request of the Company.
- J. "DOMESTIC SEWAGE" is sewage, excluding storm and surface water, resulting from normal household activities; and, "NON-DOMESTIC SEWAGE" is all sewage other than DOMESTIC SEWAGE including, but not limited to, commercial or industrial wastes. See Rule 6 - Improper or Excessive Use.
- K. A "FOUNDATION DRAIN" is a pipe installed inside or outside the foundation of a structure for the purpose of draining ground or subsurface water away from the foundation.

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- L. "pH" is the relative degree of acidity or alkalinity of water as indicated by the hydrogen ion concentration. pH is indicated on a scale reading from 1-14, with 7.0 being neutral, below 7.0 acid, and above 7.0 alkaline; more technically defined as the logarithm of the reciprocal of the hydrogen ion concentration.
- M. A "PUMP UNIT" is a self-contained facility consisting generally of a tank and an electric pump and may include liquid level controls, an alarm, and check valves; the Pump Unit may either separate solid from liquid waste retaining the solid waste in the tank and pumping the liquid waste under pressure to collecting sewer pipelines (septic tank effluent pump or STEP), or may pump waste water including solids to a collecting sewer or a pressure collecting sewer (grinder pump). The PUMP UNIT is installed, owned and maintained by the Customer.
- N. A "RETURNED CHECK" is a check that is returned to the Company from any bank unpaid for any reason.
- O. A "SADDLE" is a fitting that connects the Customer's Service Sewer to the collecting sewer whether it be a gravity collecting sewer or a pressure collecting sewer; the saddle clamps around the collecting sewer pipeline into which pipeline a hole is cut, and the Service Sewer is connected to the Saddle thereby connecting it to the collecting sewer.
- P. A "SEASONAL CUSTOMER" is a Customer who is absent from the premises and may turn off, or request the Company turn off, water service temporarily. All Rates, Rules and Regulations within this tariff continue to apply to "Seasonal Customers" during periods of seasonal absence or turn-off.
- Q. A "SERVICE CONNECTION" is the connection of a service sewer to the Company's collecting sewer either at the bell of a tee branch or wye branch, or the bell of a saddle placed on the barrel of the collecting sewer.
- R. A "SERVICE SEWER" or "CUSTOMER'S SERVICE SEWER" is a pipe with appurtenances installed, owned and maintained by the Customer, used to conduct sewage from the Customer's premises to the collecting sewer, excluding service

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tees, wyes or saddles. For Customers connected to a pressure collecting sewer and utilizing a pump unit, the portion of the Service Sewer between the pump unit and the collecting sewer is a pressurized portion of the Service Sewer. In addition to other parts and fittings this shall include a stop cock accessible to the Company for turn-off of sewage flow and a check valve to prevent backflow of waste-water under pressure in the pressure collecting sewer. The SERVICE SEWER is constructed, owned and maintained by the Customer.

- S. A "SUBDIVISION" is any land in the state of Tennessee which is divided or proposed to be divided into two or more lots or other divisions of land, whether contiguous or not, or uniform in size or not, for the purpose of sale or lease, and includes re-subdivision thereof.
- T. A "TEE" is a three-way one-piece pipe fitting in the shape of the letter "T" that is a part of the Collecting Sewer pipeline and to which the Customer's Service Sewer is connected.
- U. "TERMINATION OF SERVICE" is the cessation of the use of sewer service requested by the Customer. Such TERMINATION OF SERVICE shall be accomplished by a method verified and recognized by the Company, and may include physical disconnection of the service sewer, termination or disconnection of water service by the water utility, or the Company's observation of non-occupancy of the unit served.
- V. The word "UNIT" or "LIVING UNIT" shall be used herein to define the premises or property of a single sewer user, whether or not that sewer user is the Customer. It shall pertain to any building whether multi-tenant or single occupancy, residential or commercial, owned or leased.
- W. A "WYE" or "WYE BRANCH" or "Y" or "Y BRANCH" is a three-way one-piece pipe fitting in the shape of the letter "y" that is a part of the collecting sewer pipeline, and to which the Customer's service sewer is connected.

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Rule 2 - General Matters

- A. Every applicant, upon signing an application for sewer service or any Customer accepting service rendered by the Company, shall be considered to have expressed consent to be bound by these Rates, Rules and Regulations.
- B. The Company's Rules and Regulations governing rendering of service are set forth in the numbered sheets of this tariff. The rates applicable to appropriate class of service in particular service areas are set forth in rate schedules and constitute a part of this tariff.
- C. The Company reserves the right, subject to approval from the Tennessee Public Utility Commission, to prescribe additional Rates, Rules or Regulations or to alter existing Rates, Rules or Regulations as it may from time-to-time deem necessary or proper.
- D. After the effective date of these rules, all new facilities, construction contracts and written agreements shall conform to these Rules and Regulations, in accordance with the statutes of the State of Tennessee, and the Rules and Regulations of the Tennessee Public Utility Commission. Pre-existing facilities that do not conform with these Rules and Regulations may remain, if said facilities do not cause any service problems or improper use, and reconstruction is impractical.
- E. The point of sewer service provided by the Company shall be at the service connection.
- F. The Company shall have the right to enter upon the Customer's premises for the purpose of inspecting for compliance with these rules. Company personnel shall identify themselves and such inspections shall be conducted during reasonable hours.

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Rule 3 – Limited Authority Of Company Employees

- A. Employees or agents of the Company are expressly forbidden to demand or accept any compensation for any service rendered to its Customers except as covered in the Company's Rules and Regulations.
- B. No employee or agent of the Company shall have the right or authority to bind it by any promise, agreement or representation contrary to the letter or intent of these Rules and Regulations.
- C. The Company shall not be responsible for damages due to any failure to remove waste water from the premises, or for interruption if such failure or interruption is without willful default or negligence on its part.
- D. The Company shall not be liable for damages because of any interruption of sewer service, or for damages caused by defective piping, fittings, fixtures or appliances on the Customer's premises and not owned by the Company.
- E. The Company shall not be liable for damages due to damages from Acts of God, civil disturbances, war, government actions, and other uncontrollable occurrences.

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Rule 4 – Applications For Sewer Service

- A. A written application for service, signed by the Customer, and accompanied by the appropriate fees as provided in the Schedule of Rates, the Schedule of Service Charges, Rule 11 - Extension of Collecting Sewers, and other information required by these Rules, must be received from each Customer. Said application must be filed in writing three (3) business days in advance stating the street, house number, name of the applicant, name of the property owner, and the time, at which connection is to be made.
- B. The Company shall have the right to refuse service for failure to comply with the rules herein, or if the Customer owes a past due bill not in dispute for sewer service at any location within the Company's service area.
- C. In any case where a collecting sewer extension or unusual construction or equipment expense is necessary to furnish the service, the Company may require a contract for service specifying a reasonable period of time for the Company to provide the service.
- D. If the Customer is a tenant, the Company shall notify the owner of the property or owner's property manager or other agent, if known to the Company, that such owner or property manager may be responsible for payment of the sewer service bill associated with the application.
- E. A prospective Commercial or Industrial Customer shall, upon request of the Company, present in writing to the Company a list of devices that will discharge to the collecting sewers, the amount and specifications of any discharge, and the location of any buildings. The Company will then advise the Customer of the form and the character of the wastewater collection facilities available. If a sewer extension as provided for in Rule 11 - Extension of Collecting Sewers will be necessary, or if the Customer will be required to own, operate, and maintain a pretreatment facility, the Customer will also be so advised.

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- F. When sewer charges are based on water usage, the Company reserves the right to refuse sewer service to any applicant unless said applicant agrees to install a water meter accessible by the Company, so that there will be a basis for sewer charges. The Company and Customer may agree to an estimated water use amount, on an interim basis for a period not to exceed six (6) months, to allow time to install suitable metering equipment.
- G. The Company will determine or approve the location of the service connection. Service sewers will not be extended along public streets or roadways or through property of others in connecting with collecting sewers. If a service connection is requested at a point not already served by a collecting sewer of adequate capacity, the collecting sewer shall be extended in accordance with Rule 11 - Extension of Collecting Sewers, unless in the Company's judgment such a collecting sewer would serve no other future purpose and a service sewer may be constructed to serve the Customer's premises in a reasonable manner.
- H. A new service connection shall be authorized when all conditions in the above paragraphs, and Rule 5 – Inside Piping and Customer Service Sewer, regarding application, construction and inspection provisions, are met.
- I. No substantial addition to the water using equipment or appliances connected to the sewer system shall be made by Commercial or Industrial Customers except upon written notice to and with the written consent of the Company.

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Rule 5 – Inside Piping And Customer Service Sewer

- A. The Customer is obligated to construct, repair, and maintain the service sewer from the collecting sewer to the building, and make the connection to the collecting sewer, with the approval of the Company. The Customer shall notify the Company prior to cleaning or repairing the service sewer.
- B. When a service sewer is to be connected to the collecting sewer, the plumber shall advise the Company seventy-two (72) hours in advance of when the connection is expected to be made so a representative of the Company can inspect the installation and connection. No backfill shall be placed until the work has been inspected by the Company. If backfill is placed prior to inspection, customer may incur charges. In the event the Customer or the Customer's agent shall damage a tee branch, wye branch or saddle, or cause damage to the collecting sewer, then the Customer shall be responsible for the cost to repair any such damage, including replacement of pipe or appurtenances as necessary.
- C. Plumbing specifications of all governmental agencies having jurisdiction, and these Rules and Regulations, in effect at the time of connection, must be met. The Company may deny service or may discontinue service where foundation drains, downspouts, or other sources of surface or storm water are permitted to enter the sewer system through either the inside piping or through the building sewer.
- D. A separate and independent service sewer shall generally be required for every building. Exceptions are:
 - 1. When one building stands at the rear of another building on an interior lot where a proper service sewer cannot be constructed through an adjoining easement. In that situation, the service sewer from the front building may be extended to the rear building and it will be considered as one service sewer.

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2. When two or more buildings are a part of a complex that cannot be subdivided.
- E. The gravity service sewer shall be constructed using ductile iron pipe, polyvinyl chloride pipe (PVC), ASTM specification or equal; or other suitable material approved by the Company. Only those jointing materials and methods that are approved by the Company may be used. Joints shall be tight and waterproof. Any part of the service sewer that is located within ten (10) feet of a water main or water service pipe shall be constructed of ductile iron or PVC pressure pipe. The pipe shall be bedded according to the manufacturer's specifications and on undisturbed earth or fill compacted to at least ninety-five percent (95%) proctor density. Fill may be non-organic soil or aggregate.
- F. The size and slope of the gravity service sewer shall be subject to the approval of the Company, but in no event shall the diameter be less than four (4) inches. The slope of such four (4) inch gravity sewer pipe shall not be less than one-eighth (1/8) inch per foot.
- G. Whenever possible, the service sewer shall be brought to the building at an elevation below the basement floor. No building sewer shall be laid parallel to or within three (3) feet of any bearing wall except where the service sewer enters the building area. The depth shall be sufficient to afford protection from frost. The service sewer shall be laid at a uniform grade and in straight alignment insofar as possible. Changes in direction shall be made only with properly curved pipes and fittings.
- H. Existing service sewers may be used in connection with new buildings only when they are found on examination and test to meet all requirements of the Company.
- I. In any building in which a building drain is too low to permit the required slope of the service sewer, sanitary sewage carried by such drain shall be lifted by approved artificial means and discharged to the service sewer. No water operated sewage ejector shall be used.

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- J. All excavations required for the installation of a service sewer and connection to the collecting sewer shall be open trench work unless otherwise approved by the Company. Pipe laying and backfill shall be performed in accordance with the latest published engineering specifications of the manufacturer of the materials used, and all applicable local plumbing codes.
- K. The connection of the service sewer to the collecting sewer shall be made at the tee branch or wye branch, if such branch is available at a suitable location. If the collecting sewer is vitrified clay pipe of twelve-inch (12") diameter or less and there is no properly located tee branch or wye branch at a suitable location, such a branch shall be furnished and installed by the Customer's Professional contractor or plumber at a location specified by the Company and by an installation method approved by the Company. If the collecting sewer is greater than twelve inches (12") in diameter, or is PVC of any size, a neat hole may be cut at a location specified by the Company, and a saddle shall be furnished installed by the Customer to which the service sewer will be connected. The invert of the service sewer at the point of connection shall be at the centerline or higher elevation of the collecting sewer. The connection shall be secure and watertight. The wye branch, tee branch, or saddle shall become a part of the Company's collecting sewer and owned by the Company after installation.
- L. Any change in the location of an existing service connection and/or service sewer requested by the Customer shall be made at the Customer's expense.
- M. Company personnel may not work on piping or facilities not owned by the Company, unless authorized by the Customer. Except, the Company will work on Customer-owned Pump Units as provided for within these Rules and Regulations.
- N. The Company shall have the right to enter the Customer's premises, after reasonable notice, for the purposes of inspection to ensure compliance with these Rules and Regulations. Company personnel shall identify themselves and make these inspections only at reasonable hours.

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- O. Customer Service Sewers may not be extended along public streets or roadways or through property of others in connecting with the Company's collecting sewers. The service sewer may, however, extend through the collecting sewer easement and roadway easement as necessary in order to be connected to a collecting sewer located across and adjacent to a street in front of the Customer's living unit. The service sewer must be laid in a straight line and at right angles to the collecting sewer and the face of the structure or as nearly so as possible. Any deviation from this because of physical obstruction will be at the discretion of the Company.

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Rule 5A – Pressure Collecting Sewers

- A. This rule applies to customers on pressure collecting sewers, and is not applicable to customers on a gravity collecting sewer. Other rules elsewhere herein not applicable specifically to gravity collecting sewers or gravity service sewers also apply, in addition to this rule.
- B. Any customer proposing to discharge domestic sewage, and to be connected to a pressure collecting sewer, shall install at his own expense within the lot, a pump unit of suitable capacity. All pump units and components utilized in a pump unit must be approved by the Company prior to installation. Installation costs of the pump unit, electrical wiring and components, and service sewers between the dwelling and the pump unit and between the pump unit and the Company's collecting sewers shall be the responsibility of the Customer. Electricity costs for pump operation shall be the responsibility of the Customer.
- C. The Company will locate the point to which the service connection to the pressure collecting sewer will be made, and the Customer shall furnish materials for the connection. All taps to the pressure collecting sewer shall be done by the Customer's Professional contractor or plumber, and subject to inspection by the Company. One connection shall not service more than one property.
- D. The pressurized portion of the service sewer shall be constructed of copper, ductile iron or PVC pressure pipe.
- E. A stop cock shall be installed on the pressurized portion of the service sewer near the service connection. Said stop cock shall be in a location accessible to the Company so that it may be operated by either the Company or the Customer, and shall include a provision for locking by the Company. A check valve near the stop cock may be required by the Company, depending upon the type of pump utilized. The stop cock and check valve will be furnished, owned and maintained by the Customer.

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- F. In addition to other methods outlined elsewhere within these Rules, specifically Rule 7, for discontinuance of sewer service, sewer service may be disconnected by the Company by locking the stop cock in the closed position. Service shall not be resumed again except upon payment of all delinquent charges, plus any applicable approved service charge to cover the costs of resuming service, in accordance with these Rules.
- G. The gravity service sewer from the building to the pump unit and the pressurized portion of the service sewer from the pump unit to the collecting sewer shall be owned and maintained by the Customer.
- H. The pump unit shall be owned by the Customer. The Customer shall be responsible for repair, or replacement if necessary, of the tank portion of a pump unit. The Customer shall be responsible for the cost of mechanical and electrical parts, miscellaneous material, and labor, necessary for the repair of a pump unit including emergency repairs.
- I. If a Customer does not timely undertake necessary repairs to a pump unit for which the Customer is responsible, and a failure of a pump unit is causing, or is reasonably expected to cause, a discharge of untreated sewage, then the Company may, at its option, discontinue sewer service as per Rule 7 – Discontinuance of Service, including exercising the provision of Rule 7 G. where thirty (30) day notice may be waived. Or, if practical, the Company may undertake repairs to the Customer's pump unit and bill the Customer for reasonably incurred expenses for such repairs.
- J. The Company shall not be liable for parts or labor necessary due to damage caused by misuse of the pump unit. The Customer and/or the owner of the premises wherein pump units are in operation shall be responsible for the care and safekeeping of the pump unit, including electrical service to the pump unit, to prevent freezing and overflow as well as damage due to flooding caused by the pump unit.

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Rule 6 – Improper Waste or Excessive Use

- A. In the event that the Customer to be served proposes to discharge, or actually consistently discharges, an abnormally high volume or strength of waste, the Company may require:
1. The Customer's Professional contractor or plumber to install a pretreatment facility, grease trap or other device on the premises, to prevent the exceeding of discharge limits, or other adverse impacts upon the Company's system. The installation of any such device as well as its operation and maintenance shall be the responsibility of the Customer, and subject to approval and inspection by the Company.
 2. The Customer to enter into a special contract with the Company for treatment of the Customer's discharge, that could require an enlargement of the Company's existing sewage treatment plant or the construction of a temporary sewage treatment plant, and/or the construction or reconstruction of sewer lines or pump facilities, in a form approved by the Tennessee Public Utility Commission with a rate applicable to the Customer to be included within this Schedule of Rates, Rules, and Regulations, that is fair and reasonable to both parties and so as not to constitute a burden upon the Company or the existing Customers of the Company.
- B. No Customer shall discharge or cause to be discharged any storm water, surface water, ground water, swimming pool water, roof runoff, sub-surface drainage, or cooling water into the collecting sewers.
- C. The Customer shall not tamper with, by-pass, remove, or willfully damage a water meter that is used for calculation of sewer bills, or allow any such action.
- D. The Customer shall not attempt to discharge sewage either by an unauthorized service connection or direct unauthorized connection to a service sewer.
- E. Customers will not be permitted to allow discharge in any way from premises other than the service address, nor to permit the use of their drains or connections to the service sewer for waste discharge by others, without permission from the Company.

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F. Except as may be provided in paragraph A.2., above, the Customer shall be required to take any action necessary to meet the following described wastewater limits before the wastewater is discharged into the collection sewer:

1. Maximum temperature of 150 degrees Fahrenheit.
2. Maximum strength of four-hundred (400) parts per million Biological Oxygen Demand (B.O.D.).
3. A maximum of one-hundred (100) parts per million, by weight, any fat, oil or grease.
4. A maximum of twenty-five (25) parts per million, by weight, any soluble oils.
5. No gasoline, benzene, naphtha, fuel oil, or other flammable or explosive liquid, solid or gas.
6. No garbage that has not been properly shredded.
7. No ashes, cinders, sand, mud, straw, shavings, metal, glass, rags, feathers, tar, plastics, wood or any other solid or viscous substance capable of causing obstruction to the flow in sewers or other interference with the proper operation of the sewer system.
8. No waste-water having a pH less than 5.0 or greater than 9.0, or having any other corrosive property, capable of causing damage or hazard to structures, equipment or personnel of the Company.
9. No waste-water containing heavy metals, toxic material, or Chemical Oxygen Demand (C.O.D.), in sufficient quantity to disrupt the operation of treatment facilities, or exceeding any limits which may be specified in a service contract for any such substance.

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Rule 7 – Discontinuance of Service

A. The Company may discontinue service for any of the following reasons:

1. Non-payment of a delinquent account not in dispute; or
2. Failure to post a security deposit or guarantee acceptable to the utility; or
3. Unauthorized interference, diversion or use of the utility service situated or delivered on or about the Customer's premises; or
4. Misrepresentation of identity in obtaining utility service; or
5. Enclosing or obstructing any meter so as to make reading or repairs unreasonably difficult, or
6. Failure to comply with the terms and conditions of a settlement agreement.
7. Refusal after reasonable notice to grant access at reasonable times to equipment installed upon the premises of the Customer for the purpose of inspection, meter reading, maintenance or replacement; or
8. Violation of any of these Rules and Regulations on file with and approved by the Tennessee Public Utility Commission, for unauthorized resale of sewer service, or for any condition which adversely affects the safety of the Customer or other persons, or the integrity of the utility's sewer system; or
9. Non-payment of a sewer bill issued by the Company or by a sewer utility requesting discontinuance of water service by an agreement between the Company and such sewer utility. When water service is discontinued for non-payment of a sewer bill and if the sewer bill is not issued by the Company, any service charges for turn on/off or disconnection/reconnection within these Rules and Regulations shall not apply, and notice to the Customer shall be provided by rules and procedure applicable to the Customer's sewer service in lieu of notification required by these Rules and Regulations.

B. Discontinuance of service may be accomplished by, but not limited to, physical

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disconnection or turn-off of the Customer's service sewer from the Company's collecting sewer. Discontinuance of sewer service for non-payment of a sewer bill may be accomplished by physical disconnection or turn-off, or discontinuance by turn-off of water service by the Customer's water utility at the request of the Company. In such cases where discontinuance is accomplished by turn-off of water service:

1. If sewer billing is combined with water billing, Customers will be notified by the water utility by the terms of its rules normally practiced for discontinuance of water service; or
 2. If sewer billing is not combined with water billing, Customers will be notified by the terms of paragraphs F. and H., below, and not by those of any water utility.
- C. Reconnection of any Customer after discontinuance of service by authority of this rule will be made subject to payment of the cost of reconnection.
- D. Where the owner of rental property is the Customer and has been notified of the intent of disconnection, the tenants shall be given the opportunity in a reasonable and timely manner to pay delinquent bills in lieu of disconnection of service.
- E. None of the following shall constitute sufficient cause for the Company to discontinue service:
1. The failure of the Customer to pay for merchandise, appliances, or service not subject to Commission jurisdiction as an integral part of the utility service provided by the Company; or
 2. The failure of the Customer to pay for service received at a separate point of service, residence, or location. In the event of discontinuance or termination of service at a separate residential point of service, residence, or location in accordance with these rules, the Company may transfer and bill any unpaid balance to any other residential service account of the Customer and may discontinue service after twenty-one (21) days after

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rendition of the combined bill, for nonpayment, in accordance with this rule;
or

3. The failure of the customer to pay for a different class of service received at the same or different location. The placing of more than one (1) service connection at the same location for the purpose of billing the usage of specific devices under operational rate schedules or provisions is not construed as a different class of service for the purpose of this rule; or
4. The failure to pay the bill of another customer, unless the customer whose service is sought to be discontinued received substantial benefit and use of the service billed to the other customer; or
5. The failure of a previous owner or occupant of the premises to pay an unpaid or delinquent bill except where the previous occupant remains an occupant of the living unit; or
6. The failure to pay a bill correcting a previous underbilling, whenever the customer claims an inability to pay the corrected amount, unless a utility has offered the customer a payment arrangement equal to the period of underbilling.

F. Unless discontinuance is accomplished by turn-off of water service and discontinuance notice is provided by the water utility, then at least thirty (30) days prior to discontinuance of service, the Company will mail a written notice to the Customer by certified mail, return receipt requested or by electronic verification, with a copy of the notice sent to the Public Service Commission and a copy to the property owner if different than the Customer and if known by the Company. If the Company intends to discontinue service to a multi-tenant dwelling with occupants who are not customers, a notice shall also be conspicuously posted in the building ten (10) days prior to the proposed discontinuance, along with information pertaining to how one or more of the tenants may apply to become customers. Discontinuance shall occur within thirty (30) calendar days after the date given as the discontinuance date, shall occur between the hours of 8:00 a.m. and 4:00 p.m., and shall not occur on a day when the Company will not be available to reconnect service or on a day immediately preceding such a day. The thirty (30) day notice may be waived if there is any waste discharge that might be detrimental to the health and safety of the public, or cause damage to the sewer system. In the event of

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discontinuance of service without the thirty (30) day notice as above provided, the Customer and the Tennessee Public Utility Commission shall be notified immediately with a statement of the reasons for such discontinuance of service.

G. A discontinuance notice provided to a customer shall include:

1. The name and address of the Customer, the service address if different than the Customer's address; and
2. A statement of the reason for the proposed discontinuance of service and the cost for reconnection; and
3. How the customer may avoid the discontinuance; and
4. The possibility of a payment agreement if the claim is for a charge not in dispute and the Customer is unable to pay the charge in full at one time; and
5. A telephone number the Customer may call from the service location without incurring toll charges and the address and any available electronic contact information of the utility prominently displayed where the customer may make an inquiry.

H. The Company shall make reasonable efforts to contact the Customer, at least twenty-four (24) hours prior to any discontinuance, regarding the reason(s) for discontinuance of service, and the resolution. If discontinuance of service would affect an occupant who is not the Company's Customer, or is not responsible for payment of the bill, then the Company shall make reasonable efforts to inform such occupant(s).

I. The Company shall postpone the discontinuance if personnel will not be available to restore service the same day, or if personnel will not be available to restore service the following day. The Company also shall postpone discontinuance if a medical emergency exists on the premises, however the postponement may be limited to twenty-one (21) days, and the Company may require proof of a medical emergency.

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- J. The Company shall have the right to enter the Customer's premises for purposes of discontinuance of service in compliance with these Rules and Regulations. Discontinuance of service will be made during reasonable hours. Company personnel shall identify themselves and announce the intention to discontinue service, or leave a conspicuous notice of the discontinuance. The Company shall have the right to communicate with the owner of the Customer's Unit for purposes of gaining access to the property for discontinuance of service in accordance with the Tennessee Public Utility Commission's billing practices, but any extra costs for arranging such access shall not be charged to the Customer's account.
- K. The provisions of paragraphs I. and K., above, may be waived if safety of Company personnel while at the premises is a consideration.
- L. Discontinuance of service to a unit for any reason shall not prevent the Company from pursuing any lawful remedy by action at law or otherwise for the collection of monies due from the Customer.
- M. In case the Company discontinues its service for any violation of these Rules and Regulations, then any monies due the Company shall become immediately due and payable.
- N. The Company has the right to refuse or to discontinue service to any unit to protect itself against fraud or abuse.
- O. The Company shall deal with Customers and handle Customer accounts in accordance with the Tennessee Public Utility Commission's Utility Billing Practices.
- P. Applicable Turn-off and turn-on charges are specified in the Schedule of Service Charges.

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Rule 8 – TERMINATION OF SERVICE

- A. Termination of service at the Customer's request may be accomplished at the expense of the Customer. If termination of service must be accomplished by physical disconnection, the Customer shall notify the Company of the date and time of the disconnection in writing at least five (5) days prior to the disconnection. If termination is accomplished by turn-off of water service, such notice shall be on or before the date of the water turn-off. Service may not be terminated for one unit of a multi-unit building if the building is served by one service sewer, unless accomplished by turnoff of water service to that unit. The method used for termination of service shall be determined by the Company.
- B. A Customer may request temporary turn-off of water service or sewer service by the Company for the Customer's own convenience; however, the Customer shall still be charged for service at the appropriate rate as specified in the Schedule of Rates during the time the service is turned off.
- C. A Customer who requests termination of sewer service, but returns to the premises and requests sewer service within nine (9) months of such termination, at the Company's discretion may be deemed to have been a seasonal customer, and applicable charges incurred during the period of absence may apply.

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Rule 9 – Interruptions in Service

- A. The Company reserves the right to limit sewer service in its collecting sewers at any time, in a reasonable and non-discriminatory manner, for the purpose of making repairs to the sewer system.
- B. Whenever service is limited for repairs, all Customers affected by such limitation will be notified in advance whenever it is practicable to do so. Every effort will be made to minimize limitation of service.
- C. No refunds of charges for sewer service will be made for limitations of service unless due to willful misconduct of the Company.
- D. In order to avoid service problems when extraordinary conditions exist, the Company reserves the right, at all times, to determine the limit of and regulate sewage discharge in a reasonable and non-discriminatory manner.

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Rule 10 – Bills for Service

- A. The charges for sewer service shall be at the rates specified in the Schedule of Rates in these Rules and Regulations. Service charges for connection or disconnection are set forth in the Schedule of Service Charges.
- B. A Customer who has made application for, or who is or has been taking sewer service at one or more units connected to the collecting sewer, shall be held liable for payment of any applicable charges for service furnished to such units from the date of connection until the date requested by the Customer in writing for service to be terminated, or until service is discontinued by the Company.
- C. The owner of the premises, the occupant and the user of the service shall be jointly and severally liable to pay for the sewer service to such premises; and the service is furnished to the premises by CSWR only upon the condition that the owner of the premises, occupant and user of the services are jointly and severally liable to CSWR. In accordance with 20 CSR 4240-13.050, debts incurred by one tenant will not be conveyed to a successive tenant. This provision is applicable only to new accounts established after the effective date of this tariff sheet.
- D. Bills for sewer service will be mailed or delivered to the Customer's last address as shown by the records of the Company, but failure to receive the bill will not relieve the Customer from the obligation to pay the same.
- E. Payments shall be made at the office of the Company or at a convenient location designated by the Company, by ordinary mail, or by electronic methods employed by the Company. Payment must be received by the close of business on the date due, unless the date due falls on a non-business day in which case payment must be received by the next business day.
- F. Neither the Company nor the Customer will be bound by bills rendered under mistake of fact as to the quantity of service rendered or as a result of clerical

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error. Customers will be held responsible for charges based on service provided.

- G. Separate bills shall be rendered for each location at which sewer service is provided, even though one entity may be the Customer at such separate locations.
- H. The Company may render bills monthly in advance, or on a monthly basis in arrears when the sewer charges are based on water usage. Bills shall have the due date indicated on the bill. Bills will be rendered net, bearing the last date on which payment will then be considered delinquent. The period after which the payment is considered delinquent is a minimum of 21 days after rendition of the bill. Bills unpaid after the stated due date will be delinquent and the Company shall have the right to discontinue service in accordance with Rule 8. Delinquent bills may be subject to a late charge as provided in the Schedule of Service Charges. The Company shall not be required to restore or connect any new service for such delinquent Customers until the unpaid account due the Company under these Rules and Regulations has been paid in full or arrangements satisfactory to the Company have been made to pay said account.
- I. When bills are rendered for a period of less than a complete billing period due to the connection or termination of service, the billing shall be for the proportionate part of the monthly charge, or where water usage is the basis for the charge, at the appropriate rate for water used.
- J. Customers terminating after taking service for less than one month shall pay not less than the monthly minimum. The owner of the property served will be held responsible for ultimate payment of a bill. If the customer is a tenant of rental property, copies of all notices of violations of the rules, or of disconnection of service shall also be sent to the owner of the property if the owner is known to the Company.
- K. Unless sewer charges are billed in advance, the Company may require a security deposit or other guarantee as a condition of new service if the Customer:
 - 1. Has a past-due bill which accrued within the last five (5) years and, at the time of the request for service, remains unpaid and not in dispute with a utility for the provision of the same type of service; or,

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2. Has, in an unauthorized manner, within the last five (5) years prior to applying for service, interfered with or diverted the service of a utility in the provision of the same type of service; or,
3. Is unable to establish a credit rating with the Company. Adequate credit rating for a residential Customer shall be established if the Customer:
 - a. Owns or is purchasing a home; or,
 - b. Is and has been regularly employed full time for at least one (1) year; or,
 - c. Has an adequate and regular source of income; or
 - d. Can provide credit references from a commercial credit source.
- L. Unless sewer charges are billed in advance, the Company may require a security deposit or other acceptable written guarantee of payment as a condition of continued or re-establishing service if service if:
 1. The water service of the Customer has been discontinued for non-payment of a delinquent account not in dispute; or,
 2. The Customer has interfered with, diverted or, in an unauthorized manner, used utility service delivered to the customer's premises; or,
 3. The Customer has failed to pay undisputed bills before the delinquency date for five (5) billing periods out of twelve (12) consecutive monthly billing periods. Prior to requiring a customer to post a deposit under this subsection, the utility shall send the customer a written notice explaining the utility's right to require a deposit or include such explanation with each written discontinuance notice.
- M. The amount of a security deposit shall not exceed utility charges applicable to one (1) billing period plus thirty (30) days, computed on estimated or actual annual usage.
- N. Interest shall be payable annually on all deposits, but shall not accrue after the utility has made reasonable effort to return the deposit. Interest will be paid at

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a per annum rate equal to the prime bank lending rate, as published in the *Wall Street Journal* for the last business day of the preceding calendar year, plus one (1) percentage point. Interest may be credited to the Customer's account.

- O. After a Customer has paid proper and undisputed utility bills by the due dates, for a period not to exceed one (1) year, credit shall be established or re-established, and the deposit and any interest due shall be refunded. The utility may withhold full refund of the deposit pending resolution of a disputed matter.
- P. The utility shall give a receipt for deposits received, but shall also keep accurate records of deposits, including Customer name, service address, amounts, interest, attempts to refund and dates of every activity regarding the deposit.
- Q. All billing matters shall be handled in accordance with the Tennessee Public Utility Commission's Rules and Regulations regarding Utility Billing Practices, 4 CSR 240-13.

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Rule 11 – Extension Of Collecting Sewers

- A. Collecting sewers will be extended within the Company's certificated service area, at the applicant's cost, if service is requested by the applicant at a location where facilities do not exist (the "applicant" is sometimes referred to in this rule as the "original applicant"). The applicant shall enter into a contract with the Company. The applicant may choose to have the Company perform all work under the terms and conditions of Paragraph C, following, or have a private contractor perform the work under the terms and conditions of Paragraph D, following. For purposes of this rule, an extension could include, in addition to a collecting sewer, one or more pump station or treatment plant facilities, as necessary to provide the service.
- B. The pipe used in making extensions shall be of a type and size which will be reasonably adequate for the area to be served. Such determination as to size and type of pipe shall be left solely to the judgment of the Company. If the Company desires a pipe size, lift station, treatment plant, or any other facility larger than reasonably required to provide service to the applicant, the additional cost due to larger size shall be borne by the Company.
- C. The Company will extend collecting sewers for the applicant under the following terms and conditions:
1. Upon receipt of written application for service as provided in Rule 4, Applications for Service, the Company will provide the applicant an itemized estimate of the cost of the proposed extension. Said estimate shall include the cost of all labor and materials required, including reconstruction of existing facilities if necessary, and the direct costs associated with supervision, engineering, permits, and bookkeeping.
 2. The applicant shall enter into a contract with the Company for the installation of said extension and shall tender to the Company a contribution-in-aid-of-construction equal to the amount determined in Paragraph C (1) above, plus any appropriate fees as provided in the Schedule of Rates or the Schedule of Service Charges.

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3. If, as a result of reasonably unforeseen circumstances, the actual cost of the extension exceeds the estimated cost of the extension, the applicant shall pay the additional cost.
- D. When the applicant elects to construct an extension, the Company will connect said extension to its existing collecting sewers under the following terms and conditions:
1. Applicant shall enter into a contract with the Company which provides that the applicant construct said collecting sewers and/or other facilities to meet the requirements of all governmental agencies and the Company's rules. Plans for the extension shall be submitted to the Company for approval prior to construction. Applicant's choice of construction contractor is subject to approval by the Company. Applicant shall contribute said facilities to the Company with a detailed accounting of the actual cost of construction, and contribute to the Company the estimated reasonable cost of the Company's inspection.
 2. The Company, or its representative, shall have the right to inspect and test the extension prior to connecting it to the existing collecting sewers and acceptance of ownership.
 3. Connection of the extension to existing Company collecting sewers shall be made by, or under direct supervision of, the Company or its representative.
 4. The Company shall have the right to refuse ownership and responsibility for the sewer extension until applicant has met the contractual obligations as provided in Paragraph D (1).
- E. The cost to additional applicants connecting to the sewer contributed by the original applicant shall be as follows:
1. For a single-family residential applicant applying for service in a platted subdivision, the Company shall divide the actual cost of the extension, including income tax impact if any, by the number of lots abutting said extension to determine the per lot extension cost. When counting lots, corner lots which abut existing sewers shall be excluded.

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2. For a single-family residential applicant requesting service to areas that are not platted in subdivision lots, the applicant's cost shall be equal to the total cost of the extension times 100 feet divided by the total length of the extension in feet.
3. For an industrial, commercial, or multi-family residential applicant, the cost will be equal to the amount calculated for a single-family residence in E (1) above or E (2) above, as appropriate, multiplied by a water usage factor. The water usage factor shall be determined by dividing the average monthly usage in gallons by 7,000 gallons, but shall not be less than 1.

F. Refunds of contributions shall be made to the original applicant as follows:

1. Should the actual cost of an extension constructed by the Company under Paragraph C, or actual costs for inspection by the Company under Paragraph D, above, be less than the estimated cost, the Company shall refund the difference as soon as the actual cost has been ascertained.
2. During the first ten years after the extension is completed, the Company will refund to the original applicant who paid for the extension monies collected from additional applicants in accordance with Paragraph E above.
3. The sum of all refunds to the applicant shall not exceed the total contribution, including income tax and inspection costs associated with the extension, which the applicant has paid.
4. If two or more entities are considered an original applicant, the refund shall be distributed to each entity based upon the percentage of the actual extension cost contributed by each entity.

G. Any extension made under this rule shall be and remain the property of the Company in consideration of its perpetual upkeep and maintenance.

H. The Company reserves the right to connect additional extensions to a collecting sewer contributed by the applicant. The connection of new customers to such additional extensions shall not entitle the applicant to any refund.

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