

**IN THE TENNESSEE PUBLIC UTILITY COMMISSION
AT NASHVILLE, TENNESSEE**

IN RE:)	
)	
APPLICATION OF LIMESTONE WATER)	
UTILITY OPERATING COMPANY, LLC)	Docket No. 21-00060
FOR AUTHORITY TO PURCHASE TITLE)	
TO THE ASSETS, PROPERTY AND REAL)	
ESTATE OF A WASTERWATER SYSTEM)	
AND FOR A FOR A CERTIFICATE OF)	
PUBLIC CONVENIENCE AND NECESSITY)	

PETITION TO INTERVENE

The Consumer Advocate Unit in the Financial Division of the Office of the Attorney General ("Consumer Advocate"), by and through counsel, pursuant to Tenn. Code Ann. § 65-4-118, respectfully petitions the Tennessee Public Utility Commission (TPUC or the "Commission") to grant the Consumer Advocate's intervention into this proceeding because consumers' interests, rights, duties, or privileges may be determined or affected by the *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* ("Petition"). For cause, the Consumer Advocate would show as follows:

1. The Consumer Advocate is authorized by Tenn. Code Ann. § 65-4-118 to represent the interests of Tennessee consumers of public utility services by initiating and intervening as a party in any matter or proceeding before the TPUC in accordance with the Uniform Administrative Procedures Act, Tenn. Code Ann. §§ 4-5-101, *et seq.*, and the TPUC rules.

2. Chapel Woods Homeowners Association ("Chapel Woods HOA") is a Tennessee

non-profit corporation whose principal office is 1717 Evelyn Avenue, Chapel Hill, TN 37034.¹

Chapel Woods HOA provides wastewater services to consumers in Marshall County, Tennessee.²

3. Limestone Water Utility Operating Company, LLC (“Limestone”) is a Tennessee limited liability company, whose principal office is located at 1650 Des Peres Rd., Suite 303, St. Louis, MO 63131.³ Limestone is managed by CSWR, LLC (“CSWR”), which is a “Missouri limited liability company, and its principal office is located at 1650 Des Peres Rd., Suite 303, St. Louis, MO 63131.”⁴ In turn, CSWR is managed by Central States Water, Inc.,⁵ (“Central States”) which is a Missouri corporation, and its principal office is located at 1650 Des Peres Rd., Suite 303, St. Louis, MO 63131.⁶

4. Chapel Woods HOA entered into an *Agreement for Sale of Utility System* (“*Sale Agreement*”) with CSWR on [REDACTED].⁷ The purchase price [REDACTED].⁸

5. On May 21, 2021, Limestone filed its *Petition*, seeking authorization for it to purchase all assets, property, and real estate currently used to provide wastewater services to Chapel Woods HOA’s consumers.⁹ Limestone also seeks authorization to obtain a Certificate of Public Convenience and Necessity (CCN).¹⁰

¹ For a principal office address that is not a P.O. Box, the Consumer Advocate reviewed the *Business Information Search* on the Tennessee Secretary of State’s website. A summary of Chapel Woods HOA’s filings with the Secretary of State are attached as Exhibit CA-1.

² *Petition* at pp. 1, 3.

³ *Id.* at p. 3.

⁴ *Id.* at pp. 4, 5.

⁵ “Central States Water Resources, Inc., merely serves as the manager of CSWR.” *Limestone’s Response to the Consumer Advocate’s First Discovery Request*, DR No. 1-4 (“Limestone Response 19-00062”), TPUC Docket No. 19-00062 (February 14, 2020). “US Water Systems, LLC (US Water), is the sole owner and member of CSWR. . . Other than its status as the ultimate parent of the affiliate group . . . US Water performs no duties, provides no services, and has no formal business relationship with either Limestone Operating or Limestone Holding.” *Id.* at DR No. 1-1 and DR No. 1-3.

⁶ Central States Water Resources, Inc. can be found at the Missouri Secretary of State’s website at <https://bsd.sos.mo.gov/e-commerce/company/search/528176> (last visited June 14, 2021).

⁷ *Petition* at p. 5. However, Josiah Cox states in his testimony the date of November 3, 2020. *Id.* at Exhibit 9, *Direct Testimony of Josiah Cox*, p. 12 and *Id.* at Exhibit 7, p. 4, § 4, filed under seal.

⁸ *Id.* at Exhibit 7, p. 4, § 4, filed under seal.

⁹ *Id.* at p. 1.

¹⁰ *Id.*

6. This *Petition* was not filed jointly, and to date, Chapel Woods HOA has not joined as a party indicating its support of this *Petition*. As the Seller, nonparty Chapel Woods HOA is in possession of documents and information regarding the wastewater system that Limestone does not possess and/or cannot access.

7. In reviewing the *Petition*, the Consumer Advocate utilized the Tennessee Department of Environment and Conservation's (TDEC) Public Dataviewers¹¹ to determine if there were any documented problems or compliance issues. During this records search, we identified two documents involving TDEC Compliance Evaluation Inspections (CEI) of the wastewater system in 2018¹² and 2020¹³ resulting in the issuance of CEI Letters to Chapel Woods HOA. After the 2018 CEI, TDEC Staff identified several improvements and investments made by Chapel Woods HOA which included:

- i. Ownership of wastewater system transferred to Chapel Woods HOA;¹⁴
- ii. Restored Chapel Woods HOA's state business filing to active standing;¹⁵
- iii. Provided \$20,000 certificate of deposit performance bond;¹⁶
- iv. Through a dye trace study with TDEC's field office staff, confirmed the outfall near the Duck River is connected to the wastewater system;¹⁷
- v. Installation of two pumps in the influent lift station;¹⁸ and
- vi. The lift station was equipped with a high level light.¹⁹

Also, during the 2018 CEI, TDEC Staff identified the following future improvement and

¹¹ TDEC's Dataviewers can be accessed at www.tn.gov/environment/about-tdec/tdec-dataviewers.html.

¹² TDEC CEI Letter, p. 1, No. 2, NPDES Permit No. TN0062073 (July 16, 2018). A copy of this CEI Letter is attached in the *Petition to Intervene* as Exhibit CA-2.

¹³ TDEC CEI Letter, p. 2, § IV. Facility Site Review and Operations and Maintenance, NPDES Permit No. TN0062073 (July 27, 2020). A copy of this CEI Letter is attached in the *Petition to Intervene* as Exhibit CA-3.

¹⁴ *Petition to Intervene*, Exhibit CA-2 at p. 1, Item 2a.

¹⁵ *Id.* at p. 1, Item 2b.

¹⁶ *Id.* at p. 1, Item 2c.

¹⁷ *Id.* at p. 1, Item 2.

¹⁸ *Id.* at p. 2, No. 3.

¹⁹ *Id.*

investments proposed by Chapel Woods HOA:

- i. The electrical panel was scheduled to be replaced with new wirings and switches on the influent lift station. New floats are also scheduled to be installed;²⁰
- ii. Although an extension had been built beyond the filter tower to enclose the effluent discharge and UV disinfection unit, Chapel Woods HOA had not yet completed the quotes process to make the following improvements in these areas:
 - a. The addition of a power source and control panel inside of the enclosure for the control of the discharge and recirculation pumps.²¹
 - b. Installation of a second discharge pump and new level floats for both pumps.²²
 - c. Addition of lighting inside of the building extension.²³
- iii. Chapel Woods HOA had not yet hired a local contractor to bushhog and smooth up the property surrounding the treatment plant to facilitate the ease of mowing and maintaining the appearance of the property.²⁴

TDEC Staff asked Chapel Woods HOA to submit a written reply²⁵ about “corrective action” by Chapel Woods HOA for the following two items:

- i. Due to the external rust along the top two sections of the metal treatment reactor, iron content from inside of this tank is affecting the output of the ultraviolet (UV) disinfection unit;²⁶ and
- ii. The wastewater system experiences inflow and infiltration (I&I) during some rain events. The system is required to have a collection maintenance program adopted to help determine the cause and location of the I&I. Also, as a part of the program, septic tanks installed at each home should have a water-tight seal and proper fittings used to connect the piping from the septic tank to the gravity sewer line.²⁷

The Consumer Advocate reviewed information in TDEC’s public Databases, but it could not locate Chapel Woods HOA’s response regarding the two corrective action items identified in TDEC’s 2018 CEI Letter. Therefore, the Consumer Advocate compared TDEC’s 2018 CEI Letter

²⁰ *Id.*

²¹ *Id.* at p. 2, No. 6a.

²² *Id.* at p. 2, No. 6b.

²³ *Id.* at p. 2, No. 6c.

²⁴ *Id.* at p. 2, No. 9.

²⁵ The written reply was required within 30 days of Chapel Woods HOA’s receipt of the CEI Letter. *Id.*

²⁶ *Id.* at p. 2, No. 5.

²⁷ *Id.* at p. 2, No. 4.

with its 2020 CEI Letter.²⁸ After this review, it is still unclear whether Chapel Woods HOA addressed the two corrective action items. However, TDEC's 2020 CEI Letter identified the following additional improvements and investments made by Chapel Woods HOA to its wastewater system:²⁹

- i. Replacement of sludge drains at the metal treatment reactor;
- ii. Installation of an accessible cover on the lift station;
- iii. Installation of a high level alarm and a pump hour meter on the influent lift station;
- iv. The road at the entrance to the plant has been asphalted; and
- v. Installation of a new perimeter fence with a locked gate surrounding the treatment plant.

The Consumer Advocate could not locate information in TPUC's or TDEC's publicly available record regarding the costs of Chapel Woods HOA's recent improvements and investments. Nor is there information that these costs resulted in a recent rate increase by Chapel Woods HOA.

8. Limestone proposed to initially adopt the current tariff rates of Chapel Woods HOA.³⁰ However, the rates charged by Chapel Woods HOA have never been reviewed and approved³¹ by the Commission since it appears that Chapel Woods HOA is a non-profit homeowner's association.³² Also, Limestone acknowledged the likelihood of it petitioning the Commission to increase rates "given the additional capital investment needed for system upgrades and improvements."³³ Despite the improvements by Chapel Woods HOA as documented by

²⁸ The Consumer Advocate could not locate a reply from Chapel Woods HOA on the two corrective action items identified in TDEC's 2018 CEI Letter.

²⁹ *Id.*

³⁰ *Id.* at Exhibit 9, *Direct Testimony of Josiah Cox*, p. 14.

³¹ In reviewing rates, the Commission determines whether the rates are "just and reasonable." Tenn. Code Ann. § 65-5-101(a).

³² It appears that Chapel Woods HOA falls within the exceptions to the term "Public utility" as defined in Tenn. Code Ann. § 65-4-101(6)(B)(i).

³³ *Id.* at Exhibit 9, *Direct Testimony of Josiah Cox*, p. 14.

TDEC in its 2018 and 2020 CEI Letters, Limestone identified the following improvements and capital investments: ³⁴

- i. Customer access to 24-hour phone line to report any utility issues;
- ii. Centralized Computerized Maintenance Management System (CCMS) and converted into work orders;
- iii. During normal business hours, customers will have access to customer service representatives;
- iv. A utility specific webpage, dedicated email address, and social media page;
- v. Online bill paying options;
- vi. GIS mapping of the system;
- vii. Construction of a new concrete flow equalization tank;
- viii. New activated sludge plant; and
- ix. Unidentified “various repairs.”

Also, Limestone acknowledged that it “may also seek authority to consolidate rates of the systems it proposes to acquire in this case with those of other wastewater systems it operates in Tennessee.”³⁵

9. The interests of consumers in the transfer of authority to provide wastewater services from Chapel Woods HOA to Central States, Limestone, and CSWR may be affected by determinations and orders made by the Commission with respect to its interpretation, application, and implementation of Tenn. Code Ann. § 65-4-113 and other relevant statutory and regulatory provisions. Such interests include, but are not limited to: a determination by the Commission of whether the current rates are just and reasonable; the system’s compliance status with TDEC; the quantification of Chapel Woods HOA’s recent improvements and investment into its system and the impact on the system’s lifespan; the impact of Limestone’s proposed improvements and capital investments on the rates of the customers of Chapel Woods HOA; the affiliate relationship of Limestone, Central States, and CSWR; the overall cost and benefits to consumers which may be

³⁴ *Id.* at pp. 8-13.

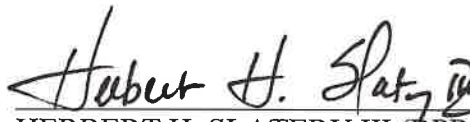
³⁵ *Id.* at p. 14.

gained from the transfer; and the assessment of the suitability, the financial responsibility, and technical capability of both Limestone and CSWR to operate the Chapel Woods HOA wastewater system.

10. Only by participating as a party to this proceeding can the Consumer Advocate adequately carry out its statutory duty to represent the interests of Tennessee consumers.

Wherefore, the Consumer Advocate requests the TPUC grant this *Petition to Intervene*.

RESPECTFULLY SUBMITTED,



HERBERT H. SLATTERY III (BPR No. 009077)
Attorney General and Reporter
State of Tennessee



KAREN H. STACHOWSKI (BPR No. 019607)
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Office of the Tennessee Attorney General
Financial Division, Consumer Advocate Unit
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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served via U.S. Mail,
with a courtesy copy by electronic mail, upon:

Charles B. Welch, Jr., Esq.
Farris Bobango PLC
414 Union Street, Suite 1105
Nashville, TN 37219
Telephone: (614) 726-1200
Email: cwelch@farris-law.com

This the 27th day of July, 2021.



KAREN H. STACHOWSKI
Senior Assistant Attorney General



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

Filing Information

Name: **Chapel Woods Home Owners Association**

General Information

SOS Control #	000745123	Formation Locale: TENNESSEE
Filing Type:	Nonprofit Corporation - Domestic	Date Formed: 01/29/2014
	01/29/2014 11:40 AM	Fiscal Year Close 12
Status:	Active	
Duration Term:	Perpetual	
Public/Mutual Benefit:	Mutual	

Registered Agent Address
MATT MOOREHEAD, CPA, PLLC
303 N HORTON PKWY
CHAPEL HILL, TN 37034-3307

Principal Address
1717 EVELYN AVE
CHAPEL HILL, TN 37034

The following document(s) was/were filed in this office on the date(s) indicated below:

<u>Date Filed</u>	<u>Filing Description</u>	<u>Image #</u>
04/01/2021	2020 Annual Report	B1013-4904
02/03/2020	2019 Annual Report	B0810-9499
	Registered Agent Organization Name Changed From: CHAPEL WOODS HOME OWNERS ASSOCIATION To: MAT MOOREHEAD, CPA, PLLC	
	Registered Agent Physical Address 1 Changed From: 1717 EVELYN AVE To: 303 N HORTON PKWY	
	Registered Agent Physical Postal Code Changed From: 37034 To: 37034-3307	
07/30/2019	2018 Annual Report	B0738-9124
	Principal Address 1 Changed From: 1512 EVELYN AVE To: 1717 EVELYN AVE	
	Principal Postal Code Changed From: 37034-4000 To: 37034	
	Registered Agent Physical Address 1 Changed From: 1512 EVELYN AVE To: 1717 EVELYN AVE	
	Registered Agent Physical Postal Code Changed From: 37034-4000 To: 37034	
06/01/2019	Notice of Determination	B0714-1002
12/11/2017	Application for Reinstatement	B0462-9086
	Filing Status Changed From: Inactive - Dissolved (Administrative) To: ACTIVE	
	Inactive Date Changed From: 08/08/2015 To: No Value	
12/11/2017	2017 Annual Report	B0462-9061
12/11/2017	2016 Annual Report	B0462-9052

Filing Information

Name: **Chapel Woods Home Owners Association**

12/11/2017	2015 Annual Report	B0462-9041
12/11/2017	2014 Annual Report	B0462-9031
08/08/2015	Dissolution/Revocation - Administrative	B0142-2487
Filing Status Changed From: Active To: Inactive - Dissolved (Administrative)		
Inactive Date Changed From: No Value To: 08/08/2015		
06/02/2015	Notice of Determination	B0109-7310
01/29/2014	Initial Filing	7279-0092
Record Status Changed From: Pending To: Active		

Active Assumed Names (if any)

Date

Expires



STATE OF TENNESSEE
DEPARTMENT OF ENVIRONMENT AND CONSERVATION
COLUMBIA ENVIRONMENTAL FIELD OFFICE
1421 HAMPSHIRE PIKE
COLUMBIA, TENNESSEE 38401
PHONE (931) 380-3371 STATEWIDE 1-888-891-8332 FAX (931) 380-3397

July 16, 2018

Mr. William Pegram
Chairman of the Board
Chapel Woods Home Owners Association
P.O. Box 39
Chapel Hill, TN 37304

Re: Compliance Evaluation Inspection
NPDES Permit No. TN0062073
Chapel Woods Home Owners Association
Chapel Hill, Marshall County, Tennessee

Dear Mr. Pegram:

On June 21, 2018, I conducted a Compliance Evaluation Inspection (CEI) of the Chapel Woods Home Owners Association (HOA) wastewater treatment plant. A CEI is conducted to determine compliance with the permit and to review the operation and maintenance of the treatment system. The following observations were made during the inspection:

1. The current permit expired on June 30, 2018. An application for renewal was received on March 31, 2018. The Division requested that the HOA supply supplemental information prior to processing the application for permit renewal. The HOA provided the information in a manner acceptable to the Division. Discharges from the facility will be authorized until the new permit is reissued through the administrative extension of the expired permit.
2. The HOA has completed the following tasks identified as being necessary for the HOA to qualify as a public sewerage system:
 - a. Transferred ownership of the sewer treatment system to the HOA
 - b. Restored the HOA state business filing to active standing
 - c. Provided a \$20,000 certificate of deposit performance bond

Additionally, the HOA located and documented the outfall line near the Duck River on January 2, 2018. On January 19, 2018, Columbia Environmental Field Office staff participated in a dye trace of the outfall line. It was determined that sufficient evidence existed to confirm that the located outfall line is connected to the sewerage system's effluent pump station.


3. There are two pumps installed in the influent lift station. The influent lift station electrical panel is scheduled to be replaced with new wiring and switches. New floats are also scheduled to be installed. The lift station is equipped with a high level light.
4. Discussions during the inspection indicated that the treatment plant experiences inflow & infiltration (I&I) during some rain events. A collections maintenance program needs to be adopted to determine the cause and location of the I&I. Septic tanks installed at each home should have a water-tight seal and proper fittings used to connect the piping from the septic tank to the gravity sewer line.
5. The metal treatment reactor has developed external rust along the top two sections of the unit which needs to be addressed. Iron content from inside of this tank is affecting the output of the ultraviolet (UV) disinfection unit.
6. An extension has been built beyond the filter tower to enclose the effluent discharge and UV disinfection unit. The HOA is in the process of completing quotes to make the following improvements in this area:
 - a. Add a new power source and control panel inside of the enclosure for the control of the discharge and recirculation pumps
 - b. Install a second discharge pump and new level floats for both pumps
 - c. Add lighting inside of the building extension
7. The UV disinfection unit is functioning. It was discovered that the iron content from the rust inside of the metal reactor was blocking the effectiveness of the UV system, still causing some e-coli permit violations. In an attempt to prevent future violations, the plant uses bleach to disinfect the wastewater after passing through the UV system. The plant uses Norweco Bio- Max tablets to dechlorinate the wastewater. The discharge was clear during the inspection.
8. The HOA is presently running around eighty percent current on fee collection. A new sewer service agreement has been adopted and must be signed for both new customers and resold properties.
9. The HOA is working with a local contractor to bushhog and smooth up the property surrounding the treatment plant to facilitate the ease of mowing and maintaining the appearance of the property.

It is requested that a written reply be submitted to this office within thirty (30) days receipt of this letter regarding corrective action for items 4 & 5 listed above.

I would like to thank Mr. Skinner for his time and cooperation during the inspection. If you have any questions you may reach me at 931-840-4166 or by e-mail at gary.horne@tn.gov.

Mr. Pegram
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Sincerely,

A handwritten signature in black ink, appearing to read "G. Horne", with a long horizontal flourish extending to the right.

Gary Horne
Division of Water Resources



**STATE OF TENNESSEE
DEPARTMENT OF ENVIRONMENT AND CONSERVATION
COLUMBIA ENVIRONMENTAL FIELD OFFICE
1421 HAMPSHIRE PIKE
COLUMBIA, TENNESSEE 38401**

PHONE (931) 380-3371 STATEWIDE 1-888-891-8332 FAX (931) 380-3397

July 27, 2020

Mr. William Pegram, President
Chapel Woods Homeowners Association
P.O. Box 39
Chapel Hill, TN 37304

RE: Compliance Evaluation Inspection
 Chapel Woods Homeowners Association
 NPDES Permit No. TN0062073
 Chapel Hill, Marshall County, Tennessee

Dear Mr. Pegram:

On July 17, 2020, I conducted a Compliance Evaluation Inspection (CEI) of the Chapel Woods Homeowners Association (HOA) wastewater treatment plant. A CEI is conducted to determine compliance with permit and to review the operation and maintenance of the treatment plant. The following observations were made during the inspection:

I. Permit

The current permit expired on June 30, 2018. The Division requested supplemental information from the HOA prior to processing the application for renewal submitted on March 31, 2018. The HOA provided the information in a manner that was acceptable to the Division.. Discharges from the facility have been authorized until the new permit is reissued through the administrative extension of the expired permit. The draft permit for this facility is scheduled to be put out for public notice on August 4, 2020

II. Records/Reports

Monthly Operation Reports (MORs) are being submitted to the Columbia Environmental Field Office. The iron content from the rust on the inside of the reactor still blocks the effectiveness of the UV system, causing occasional E-coli violations. The plant uses bleach to disinfect prior to the UV disinfection in an attempt to prevent future violations. The plant uses Norweco Bio-Max tablets to dechlorinate the wastewater.

Mr. Pegram
July 27, 2020
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III. Laboratory

The facility is equipped to perform the Total Residual Chlorine (TRC), pH, Dissolved Oxygen (DO) and Settleable Solids (SS) analytical testing requirements of the permit. The Total Suspended Solids (TSS), BOD and E-coli analytical testing is performed by Microbac. A chain of custody and analytical results of the testing performed by Microbac is being submitted with the Monthly Operation Report (MOR). A new HACH DO/pH meter has been purchased since the previous inspection. Annual laboratory equipment and instrument calibration is being performed by Labtronix.

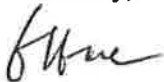
IV. Facility Site Review and Operations and Maintenance

The treatment system consists of an influent lift station, metal treatment reactor, filter tower, recirculation tank and UV disinfection system. The metal treatment reactor has been sandblasted and painted since the previous inspection. Sludge drain valves have been replaced on the metal treatment reactor. The influent lift station has been equipped with two new pumps and floats. A new accessible cover has been installed on the lift station. A new electrical control panel, new wiring, high level alarm and a pump hour meter has been installed on the influent lift station. New influent valves have been installed between the lift station and the reactor. Two new effluent pumps and a new control panel have been installed since the previous inspection. A spare effluent pump was also purchased. Clean up of the grounds surrounding the treatment plant has been performed to facilitate the ease of mowing and maintaining the property. The road at the entrance to the plant has been asphalted. A new perimeter fence with a locked gate surrounds the treatment plant. The Chapel Woods Homeowners Association (HOA) is presently in discussion with Limestone Water Utilities Co regarding the acquisition of the wastewater treatment plant in the near future.

V. Conclusion

The facility is being operated and maintained in accordance with the terms and conditions of NPDES Permit No. TN0062073. I would like to thank you for your time and cooperation during the inspection. If you have any questions concerning this correspondence you may reach me at 931-840-4166 or by e-mail at gary.horne@tn.gov.

Sincerely,



Gary Horne
Division of Water Resources