

STATE OF TENNESSEE

Office of the Attorney General



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March 4, 2022

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

Re: Tennessee Public Utility Commission, TPUC Docket No. 21-00060,
*Application of Limestone Water Utility Operating Company, LLC for
Authority to Purchase Title to the Assets, Property, and Real Estate of a
Wastewater System, Chapel Woods, and for a Certificate of Public
Convenience and Necessity.*

Mr. Welch and Mr. Cosby:

This letter is to acknowledge the Consumer Advocate's review of Limestone Water Utility Operating Company, LLC's ("Limestone") Letter to Chairman Kenneth C. Hill dated February 7, 2022. Limestone's February 7, 2022, letter and attachments address Tennessee Public Utility Commission ("TPUC") Rule 1220-04-14-.08, a rule which sets forth minimum filing requirements for an acquisition transaction.

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

Also, for convenience, the Consumer Advocate is providing a Revised Attachment A showing the two outstanding issues regarding the Minimum Filing Requirements for an amendment to a Certificate of Convenience and Necessity ("CCN"), which is set out in TPUC Rule 1220-04-13-.17. The Consumer Advocate previously provided these two outstanding items in its correspondence dated December 14, 2021.

Again, thank you for Limestone's attention to the Commission's minimum filing requirements. This information assists the Consumer Advocate in its review and consideration of

Limestone's application in this Docket, specifically whether such application is in the public interest. If you have any questions, please contact me at (615) 741-2370.

Respectfully,

A handwritten signature in blue ink that reads "Karen H. Stachowski". The signature is written in a cursive, slightly slanted style.

Karen H. Stachowski
Senior Assistant Attorney General

cc: TPUC Docket Manager
Monica Smith-Ashford

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

1. *Rule 1220-04-14-.08(2)(b)*. Per the rule, please file the financial statements, including a balance sheet and income statement, of the selling utility's **three** most recently completed fiscal years or reporting periods at the time the application for acquisition is filed. The filing provides only two years of information.
2. *Rule 1220-04-14-.08(2)(c)*. Per the rule, please file all tariffs, schedules or lists detailing the rates, charges, and terms of service in effect for the **selling utility** at the time the application for acquisition is filed. The document filed appears to pertain to Limestone, not the selling utility (Chapel Woods).
3. *Rule 1220-04-14-.08(2)(f)*. The rule requires "a forecasted income statement detailing the projected operating revenues, expenses, taxes and net income attributable to the **selling utility's** operations for the twelve-month period following the estimated closing date of the acquisition transaction."

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

4. *Rule 1220-04-14-.08(2)(g)*. Provide the anticipated capital budgets for the various construction projects as discussed by Witness Cox on page 13 of his testimony for the three-year period following the estimated closing date of the acquisition transaction.
5. *Rule 1220-04-14-.08(2)(n)(ii)*. Witness Cox testifies on page 14 of his testimony that "if the revenue requirement for that [Chapel Woods] 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." Witness Cox does not, however, discuss the proposed methodology and rate design for recovery. Likewise, Limestone's February 7, 2022 filing also did not provide the proposed methodology and rate design for recovery.

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

Rule 1220-04-13-.17(2)(d) Sufficient Technical Ability

1. *Rule 1220-04-13-.17(2)(d)4.* Limestone submitted a public records request to the Tennessee Department of Environment and Conservation for maps and engineering plans. Limestone filed these documents as Exhibit B on October 20, 2021. The current utility owner confirmed the only correspondence that it has regarding the Compliance Evaluation Inspection (“CEI”) was Exhibit D. **The Consumer Advocate requests confirmation that the Joint Petitioners also submitted a records request for TDEC’s inspection files for Chapel Woods, which may contain copies of the correspondence requested by the Consumer Advocate.**

Rule 1220-04-13-.17(2)(e) Sufficient Financial Ability

1. *Rule 1220-04-13-.17(2)(e)8.* Limestone provided an amended Sheet No. 2 “Schedule of Rates” identifying the proposed rate to customers as Appendix I in its filings on October 20, 2021. Limestone explained to the Consumer Advocate, separately, that this amended Tariff Sheet No. 2 is intended to replace the existing Tariff Sheet No. 2 within its Exhibit 20 of the Petition. However, Tariff Sheet No. 4, first paragraph, identifies subdivisions that are not a part of this Docket. **The Consumer Advocate requests clarification on these identified subdivisions and/or an amended Tariff Sheet No. 4 identifying the subdivision at issue is Chapel Woods.**