

January 7, 2025

**JOINT APPLICATION OF LIMESTONE WATER
UTILITY OPERATING COMPANY, LLC AND
CUMBERLAND BASIN WASTEWATER SYSTEMS,
LLC, FOR APPROVAL OF THE ACQUISITION OF
AND TO OPERATE THE WASTEWATER SYSTEM OF
CUMBERLAND BASIN WASTEWATER SYSTEMS,
LLC, AND TO ISSUE A CERTIFICATE OF PUBLIC
CONVENIENCE AND NECESSITY**

DOCKET NO.
23-00077

In the *Joint Application*, Limestone and Cumberland Basin seek Commission authority to transfer from Cumberland to Limestone via purchase acquisition, all assets, property, and real estate currently used to provide wastewater service to customers of the Genesis Village Estates

(“Genesis Village”) wastewater system in Cumberland County, Tennessee and The Bluffs at Cumberland Cove (“Cumberland Cove”) wastewater system in Putnam County, Tennessee currently owned and operated by Cumberland Basin. In addition, Limestone requests that the Commission grant a Certificate of Public Convenience and Necessity (“CCN”) to Limestone to own and operate these wastewater systems in accordance with Tenn. Code Ann. § 65-4-201.

BACKGROUND AND JOINT APPLICATION

Cumberland Basin is a Tennessee limited liability company currently providing wastewater service to thirty-one (31) customers at Genesis Village in Cumberland County, Tennessee and seven (7) customers at Cumberland Cove in Putnam County, Tennessee. Cumberland Basin currently provides service to only residential customers in a service area described and depicted by a map in the *Joint Application*.¹ Cumberland Basin’s tariff has been previously approved for adding commercial customers within its certificated service territories.² Cumberland Basin was granted a CCN to serve Genesis Village in Docket No. 16-00069,³ and to serve Cumberland Cove in Docket No. 07-00079.⁴

Limestone is a Tennessee limited liability company currently providing service to approximately 570 water customers and 1,900 wastewater customers in Tennessee.⁵ Limestone Water Utility Holding Company, LLC (“LWUHC”) is the sole member of Limestone and Josiah Cox is the sole officer. Limestone and LWUHC are members of affiliated companies owning and operating water or wastewater systems in Missouri, Arizona, Arkansas, Kentucky, Florida, Louisiana, Texas, North Carolina, South Carolina and Tennessee providing service to

¹ *Joint Application*, p. 4, Exh. 1 (October 31, 2023).

² *Id.* at Exh. 22.

³ *In re: Joint Petition of Cumberland Basin Wastewater Systems, LLC and Integrated Resource Management, Inc. and Integrated Resource Management, Inc. d/b/a IRM Utility, Inc., to Transfer Certificate*, Docket No. 16-00069, *Order Granting Transfer of Certificate* (November 4, 2016).

⁴ *In re: Petition of Cumberland Basin Wastewater Systems, LLC for CCN to Operate a Wastewater Treatment System in Putnam County, Tennessee*, Docket No. 07-00079, *Order Approving Application for a Certificate of Public Convenience and Necessity and Tariff* (November 28, 2007).

⁵ *Joint Application*, p. 5 (October 31, 2023).

approximately 147,000 customers.⁶ The *Joint Application* provides charts depicting the organizational details and the relationship of affiliate companies, as well as the number of customers served by each affiliate.⁷ One of Limestone’s affiliates, Central States Water Resources, Inc. (“CSWR”) provides technical, managerial, and financial services to Limestone and its other affiliates. Further, CSWR will manage Limestone and the system that is the subject of the *Joint Application* upon approval by the Commission.⁸ Specifically, CSWR employs engineers and other qualified personnel with experience in the design and operation of water and wastewater systems, supplementing with qualified, licensed local operators by contract who are responsible for day-to-day plant operations. Limestone provides the resumes of key CSWR personnel who provide managerial and technical expertise and experience to Limestone.⁹ Equity capital used to acquire Cumberland Basin’s assets, to fund initial capital upgrades and improvements, and providing necessary working capital will be provided by CSWR.¹⁰

Limestone and Cumberland Basin are jointly represented by counsel. The parties executed and filed a Joint Representation Agreement on February 28, 2024. The Joint Representation Agreement authorizes representation of both Joint Applicants before the Commission in this docket, waiving known or potential conflicts of interest.¹¹

In the *Joint Application*, the parties state that, “Cumberland Basin has determined it is in its best interests and the customers served by the System to sell the System to a qualified operator.”¹² As a result of that determination, Cumberland Basin and CSWR entered into an *Agreement for Sale of Utility System* (“*Sale Agreement*”), a copy of which is included with the

⁶ *Id.*

⁷ *Id.* at Exhs. 5 and 6.

⁸ *Id.* at 5.

⁹ *Id.* at 10 and Exh. 12.

¹⁰ *Id.* at 9-10.

¹¹ Joint Representation Agreement for Central States Water Resources and Cumberland Basin Wastewater Systems, LLC (February 28, 2024).

¹² *Joint Application*, p. 6.

Joint Application.¹³ The *Sale Agreement* provides the specific terms for Cumberland Basin to sell all assets used for the provision of wastewater services to its Genesis Village and Cumberland Cove systems to CSWR, including “wastewater service facilities and equipment, intangibles, franchises, inventory, contracts and contract rights, and real estate.”¹⁴ As part of the *Sale Agreement*, CSWR will transfer all rights, title, and interests in the obtained Cumberland Basin assets to Limestone.¹⁵

Limestone asserts that the *Sale Agreement* is in the public interest and in the interest of customers of the Genesis Village and Cumberland Cove systems because Limestone is willing and able to invest the capital needed to maintain the compliance of these wastewater systems with applicable laws and regulations. In addition, Limestone asserts that it has access to capital to make necessary upgrades and improvements to the system and to continue to operate the system in a state of regulatory compliance. Further, Limestone proposes to adopt Cumberland Basin’s currently applicable base rates with any future changes subject to Commission approval.¹⁶

The Consumer Advocate Division of the Office of the Tennessee Attorney General (“Consumer Advocate”) filed a *Petition to Intervene* on December 11, 2023. The Administrative Judge entered an order granting the Consumer Advocate’s intervention on January 3, 2024. Following exchange of discovery requests and responses and the filing of Pre-Filed Testimony of the witnesses for the parties, Limestone, Cumberland Basin, and the Consumer Advocate filed a *Stipulation and Settlement Agreement* (“*Settlement Agreement*”).

¹³ *Id.* at 6-7 and Exh. 7.

¹⁴ *Id.* at 6-7.

¹⁵ *Id.* at 7 and Exh. 8.

¹⁶ *Id.* at 14.

THE PROPOSED SETTLEMENT AGREEMENT

On August 21, 2024, Limestone, Cumberland Basin, and the Consumer Advocate filed a *Settlement Agreement* executed by each of the parties. Upon approval of the jointly submitted Settlement Agreement, all contested issues related to this docket would be resolved.¹⁷

The terms of the *Settlement Agreement* are summarized as follows:

1. All security deposits retained by Cumberland Basin, as of September 9, 2024, will be refunded to customers prior to closing. Cumberland Basin will file proof of refunding the security deposits in this docket at or before closing.¹⁸
2. Limestone will be required to adopt Cumberland Basin's presently tariffed service rates, charges, and terms of service, and it shall file a new tariff substituting itself in place of Cumberland Basin as the service provider within thirty (30) days after closing. The tariff shall identify all residential subdivisions by each subdivision name, as well as any commercial customers being served within Limestone's CCN. Limestone will not require security deposits from new or existing customers for the systems acquired from Cumberland Basin. Limestone will eliminate the escrow surcharge currently charged under Cumberland Basin's tariff.¹⁹
3. Due to Limestone's adoption of Cumberland Basin's presently tariffed rates, and the elimination of the escrow surcharge, the monthly rate for customers being served in The Bluffs at Cumberland Cove will be \$28.08, and the monthly rate for customers being served in Genesis Village Estates will be \$36.56.²⁰

¹⁷ *Consumer Advocate Division of the Office of the Attorney General, Limestone Water Utility Operating Company, LLC and Cumberland Basin Wastewater Systems, LLC Stipulation and Settlement Agreement* (August 21, 2024).

¹⁸ *Id.* at 2.

¹⁹ *Id.* at 5.

²⁰ *Id.* at 3.

4. Limestone and Cumberland Basin will provide documentation demonstrating the value of the Escrow Account at closing, the value of which should be no less than \$33,596.73.
5. Limestone is not requesting an acquisition premium, nor is the Commission being asked to approve any acquisition adjustment related to this transaction. In Limestone's future rate case that includes the Cumberland Basin systems, Limestone shall be allowed to present evidence and argument concerning an acquisition premium. The Consumer Advocate or other interested parties may oppose such values or present their own evidence and argument concerning the value of such assets. In the interim, any requested acquisition premium related to this transaction may be set aside in account 121.00 (nonutility property).²¹
6. During a future rate case involving the Cumberland Basin systems, Limestone shall be permitted to present evidence to establish and include in rate base amounts incurred for regulatory and other transaction-related costs, limited to such costs incurred in this proceeding. The Consumer Advocate or other interested parties may oppose such values or present their own evidence and argument concerning the proper amounts of these costs to be recovered in rates.²²
7. The Parties agree that determination of recoverable regulatory and transaction costs will be deferred to Limestone's initial rate case involving the systems, and that Limestone agrees it will not seek to recover in rates any amount exceeding 50% of the legal expenses paid to local counsel for the representation of the Buyer or Seller in this proceeding. The Consumer Advocate and other interested parties may present independent evidence and argument concerning amounts to be recovered in rates.²³

²¹ *Id.*

²² *Id.* at 3-4.

²³ *Id.* at 4.

8. In the interim, regulatory and legal costs related to this transaction may be set aside in Account 121.00 (nonutility property).²⁴
9. The Parties have agreed that Limestone will obtain and file all relevant accounting records for Cumberland Basin and agrees to other accounting requirements that are substantially the same as the requirements Limestone has previously agreed to in other recent acquisition dockets approved by the Commission.²⁵
10. The Parties have agreed that Limestone will file and obtain all of the deeds, easements, bonding requirements, financial securities, contracts, and other documentations as a condition of settlement. These documents are substantially the same as other required filings that Limestone has agreed to provide in other recent acquisition dockets approved by the Commission.²⁶

The *Settlement Agreement* also outlines general terms and conditions. The parties agree that all Pre-Filed Testimony, discovery, and exhibits will be introduced as evidence without objection, and cross-examination of witnesses is waived with respect to Pre-Filed Testimony. In addition, the parties are not bound to any position or term of the *Settlement Agreement* if not approved by the Commission in whole. The *Settlement Agreement* establishes no binding or precedential effect in any proceeding before the Commission, or any state or federal court except to the limited extent necessary to implement the provisions of the *Settlement Agreement* or enforcement thereof.²⁷

HEARING ON THE MERITS

A Hearing in this matter was held before the voting panel of Commissioners during the regularly scheduled Commission Conference on November 18, 2024, as noticed by the

²⁴ *Id.* at 3.

²⁵ *Id.* at 4-5.

²⁶ *Id.* at 6.

²⁷ *Id.* at 7-9.

Commission on November 8, 2024. Participating in the Hearing were Shilina Brown, Esq. and Alex Bradley on behalf of the Consumer Advocate, and Aaron Silas, Director of Regulatory and Customer Relations for CSWR on behalf of Limestone. Katherine Barnes, Esq. appeared as counsel jointly representing Limestone and Cumberland Basin. During the Hearing, Mr. Silas adopted and summarized his Pre-Filed Direct Testimony, which adopted the Pre-Filed Direct Testimony of Josiah Cox, President of CSWR. Further, Mr. Silas presented a summary of the *Settlement Agreement* to the Commission and was subject to questions from the panel and Commission Staff. The Commission opened the floor for public comment on the *Joint Application*, but no person came forward to comment.

STANDARD OF REVIEW

The Commission has “general supervisory and regulatory power, jurisdiction, and control over all public utilities, and also over their property, property rights, facilities, and franchises, so far as may be necessary for the purpose of carrying out the provisions of this chapter.”²⁸ The Tennessee Supreme Court has interpreted the supervisory and regulatory powers of the Commission as “practically plenary authority over the utilities within its jurisdiction.” *BellSouth Adver. & Publ’g Corp. v Tenn. Reg. Auth.*, 79 S.W.3d 506, 512-513 (Tenn. 2002).

In performing its duties concerning issues before the Commission in the current docket, several statutory provisions must be considered. First, Tenn. Code Ann. § 65-4-113(a) provides:

No public utility, as defined in § 65-4-101, shall transfer all or any part of its authority to provide utility services, derived from its certificate of public convenience and necessity issues by the commission, to any individual, partnership, corporation, or other entity without first obtaining the approval of the commission.²⁹

When considering a transfer of authority to provide utility services, the Commission must consider all relevant factors, “including, but not limited to, the suitability, the financial

²⁸ Tenn. Code Ann. § 65-4-104(a) (2022).

²⁹ Tenn. Code Ann. § 65-4-113(a) (2022).

responsibility, and capability of the proposed transferee to perform efficiently the utility services to be transferred and the benefit to the consuming public to be gained from the transfer.” Upon a finding that the transfer furthers the public interest, the Commission shall approve the transfer.³⁰ After the Commission approves the transfer, the transferee is granted full authority to provide the transferred utility services while the transferor no longer has authority to provide transferred services.³¹

In addition, the Commission must consider whether to grant Limestone a CCN to provide wastewater services. A public utility is not permitted to begin construction or operation of a new utility service without first obtaining a CCN from the Commission, as set forth in Tenn. Code Ann. § 65-4-201(a), which states:

No public utility shall establish or begin the construction of, or operate any line, plant, or system, or route in or into a municipality or other territory already receiving a like service from another public utility, or establish service therein, without first having obtained from the commission, after written application and hearing, a certificate that the present or future public convenience and necessity require or will require such construction, establishment, and operation, and no person or corporation not at the time a public utility shall commence the construction of any plant, line, system, or route to be operated as a public utility, or the operation of which would constitute the same, or the owner or operator thereof, a public utility as defined by law, without having first obtained, in like manner, a similar certificate; provided, however, that this section shall not be construed to require any public utility to obtain a certificate for an extension in or about a municipality or territory where it shall theretofore have lawfully commenced operations, or for an extension into territory, whether within or without a municipality, contiguous to its route, plant, line, or system, and not theretofore receiving service of a like character from another public utility, or for substitute or additional facilities in or to territory already served by it.³²

Additionally, in order to obtain a CCN to provide wastewater service, TPUC Rule 1220-04-13-.17 (1) provides:

³⁰ Tenn. Code Ann. § 65-4-113(b) (2022).

³¹ Tenn. Code Ann. § 65-4-113(c) (2022).

³² Tenn. Code Ann. § 65-4-109 (2022).

Any public wastewater utility requesting a Certificate of Public Convenience and Necessity (“CCN”) in accordance with Tenn. Code Ann. §§ 65-4-201, et seq., shall file an application that complies with Rule 1220-01-01-.03 and this rule. Each applicant shall demonstrate to the Commission that it possesses sufficient managerial, financial, and technical capabilities to provide the wastewater services for which it has applied. Each application shall demonstrate that there exists a public need for wastewater service and include the required financial security consistent with Tenn. Code Ann. § 65-4-201, and these rules.³³

The rule further establishes minimum information filing guidelines for applications for new or amended CCNs.³⁴

FINDINGS AND CONCLUSIONS

The voting panel found that the terms of the *Settlement Agreement* are fair and reasonable, allowing the parties to avoid the time and cost associated with the extensive litigation associated with this type of matter. In addition, the panel found that settlement of this matter is in the public interest as it offers potential savings in the legal expenses of the wastewater systems. In addition, as Cumberland Basin avers that it no longer desires to continue operating the Cumberland Basin wastewater systems, the *Settlement Agreement* permits the transfer of the ownership and operation of the wastewater systems to an operator of public utilities that is well equipped with the financial, technical, and managerial capabilities to successfully operate and enhance the system as it requires maintenance, repairs, upgrades, and replacements. The level of commitment to operations and capital investments from Limestone will benefit the ratepayers. The panel further found that the *Settlement Agreement* includes terms that require compliance with accounting procedures that are needed to assist in the analytical review of transactions. Limestone agreed to maintain the current terms, conditions, and rates of Cumberland Basin for the customers of the Genesis Villages and Cumberland Cove systems. The voting panel found that the *Joint Application* is compliant with the requirements established in Tenn. Code Ann. § 65-4-113 relative to petitions for approval for

³³ Tenn. Comp. R. & Regs. 1220-04-13-.17.

³⁴ *Id.*

transfer of authority to provide utility service and Commission Rule 1220-04-14 relating to utility acquisitions. Therefore, the panel voted unanimously to approve the terms of the *Settlement Agreement* transferring the assets of Cumberland Basin providing wastewater service to Genesis Villages and Cumberland Cove, including their respective service territories, to Limestone by an assignment from CSWR.

The panel noted that the *Settlement Agreement* recognizes that the Commission must approve a CCN for Limestone to assume operation of the Cumberland Basin wastewater treatment systems also requested in the *Joint Application*. The Commission found that Limestone demonstrated that it has sufficient financial, managerial, and technical expertise to operate the Cumberland and Putnam County wastewater systems at issue.

Specifically, LWUHC is the sole member of Limestone. In addition, Limestone is part of a group of affiliated companies that own and operate water and wastewater systems in Missouri, Arizona, Arkansas, Kentucky, Louisiana, Florida, North Carolina, South Carolina, and Texas in addition to Tennessee. One of the affiliates, CSWR, provides the financial, technical, and managerial expertise to Limestone and the other affiliates within the group. CSWR will manage Limestone and the wastewater systems at issue.

Josiah Cox, President of Limestone and of CSWR, attests that Limestone possesses the necessary technical, managerial, and financial capabilities to provide wastewater service to the Lakeside Estates wastewater systems to be transferred.³⁵ Mr. Cox states that the companies in the affiliated group, of which Limestone is a member, have acquired and are currently operating approximately 850 water or wastewater systems in eleven (11) states.³⁶ He also testifies that the affiliated group has secured an ongoing commitment from a Wall Street private equity firm, to

³⁵ *Joint Application*, Exh. 9, Josiah Cox, Pre-Filed Direct Testimony, pp. 11-12 (October 31, 2023). *See also* Aaron Silas, Pre-Filed Direct Testimony (November 14, 2024). Mr. Silas adopted the Pre-Filed Direct Testimony of Josiah Cox.

³⁶ *Id.* at 3.

provide capital necessary to purchase small and/or distressed water and wastewater systems and to bring the systems into compliance with applicable health, safety, and environmental law and regulations.³⁷

Limestone provided evidence of employees' credentials and company responsibilities. Mr. Cox has education in environmental science and has work experience in engineering, business, and utility operations.³⁸ In addition, the *Joint Application* includes resumes that demonstrate the education and experience of key members of CSWR's senior team who will be involved in Tennessee operations.³⁹

The panel found that the evidence in the record demonstrates that Limestone, through CSWR and the group of affiliated companies, possesses the requisite financial, managerial, and technical abilities to operate the Cumberland Basin wastewater facilities in Cumberland and Putnam Counties to be transferred. Therefore, the panel voted unanimously to grant Limestone's request for a CCN to operate the wastewater systems to be transferred.

IT IS THEREFORE ORDERED THAT:

1. The *Stipulation and Settlement Agreement* executed and submitted by the Consumer Advocate Unit in the Financial Division of the Office of the Tennessee Attorney General; Limestone Water Utility Operating Company, LLC; and Cumberland Basin Wastewater Systems, LLC on August 21, 2024, is approved. A copy of the *Stipulation and Settlement Agreement* is attached to this Order as Exhibit 1 and is incorporated in this Order as if fully rewritten herein.

2. Limestone Water Utility Operating Company, LLC shall file a report in this docket on the status of compliance with the provisions of Paragraphs 4, 7, 9, 11, 12, 15, 16, 17, 18, 21,

³⁷ *Id.* at 11-12.

³⁸ *Id.* at 7-9.

³⁹ *Joint Application*, Exh. 12 (October 31, 2023).

22, 23, 24, 25, 26, and 27 of the *Stipulation and Settlement Agreement* within six (6) months of the date of this Order. Limestone Water Utility Operating Company, LLC shall file an updated report on the status of compliance every three (3) months thereafter until full compliance is reported in this docket.

3. In accordance with Tenn. Code Ann. § 65-4-201, a Certificate of Public Convenience and Necessity is granted to Limestone Water Utility Operating Company, LLC to serve the wastewater systems in Cumberland County, Tennessee and Putnam County, Tennessee, currently served by Cumberland Basin Wastewater Systems, LLC.

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

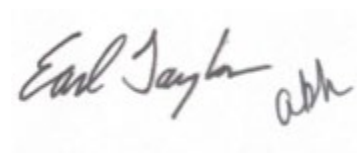
5. Any person(s) aggrieved by the Commission's decision in this matter has the right to judicial review by filing a Petition for Review in the Tennessee Court of Appeals, Middle Section, within sixty (60) days from the date of this Order.

FOR THE TENNESSEE PUBLIC UTILITY COMMISSION:

**Chairman David F. Jones,
Commissioner Herbert H. Hilliard,
Commissioner Robin L. Morrison,
Commissioner Clay R. Good, and
Commissioner Kenneth C. Hill concurring.**

None dissenting.

ATTEST:

A handwritten signature in dark ink, appearing to read "Earl Taylor" followed by a smaller, less legible signature or initials.

Earl R. Taylor, Executive Director

EXHIBIT 1

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

IN RE:

**JOINT APPLICATION OF LIMESTONE
WATER UTILITY OPERATING
COMPANY, LLC, AND CUMBERLAND
BASIN WASTEWATER SYSTEMS, LLC
FOR APPROVAL OF THE
ACQUISITION OF AND TO OPERATE
THE WASTEWATER SYSTEM OF
CUMBERLAND BASIN WASTEWATER
SYSTEMS, LLC, AND TO ISSUE A
CERTIFICATE OF PUBLIC
CONVENIENCE AND NECESSITY**

DOCKET NO. 23-00077

STIPULATION AND SETTLEMENT AGREEMENT

The Consumer Advocate Division of the Office of the Tennessee Attorney General (the “Consumer Advocate”), Limestone Water Utility Operating Company, LLC (“Limestone” or the “Buyer”), and Cumberland Basin Wastewater Systems, LLC (“Cumberland Basin” or the “Seller”) jointly submit this Stipulation and Settlement Agreement (“Settlement Agreement”) to the Tennessee Public Utility Commission (“TPUC” or the “Commission”) in TPUC Docket No. 23-00077.

Limestone requested approval from the Commission to allow Cumberland Basin to sell or transfer the assets, property, and real estate related to its wastewater system to Limestone so that Limestone may operate the system. Limestone also requested the Commission authorize and grant Limestone a Certificate of Public Convenience and Necessity (“CCN”) pursuant to Tenn. Code Ann. § 65-4-201 and TPUC Rule 1220-04-13.-17. Subject to TPUC’s approval, the Consumer Advocate, Limestone, and Cumberland Basin (hereinafter, individually “Party” and collectively

“Parties”) stipulate and agree as follows and respectfully request Commission approval of the same:

I. BACKGROUND

1. On October 31, 2023, Limestone filed its Petition, seeking authorization for Cumberland Basin to sell or transfer all assets, property, and real estate currently used to provide regulated wastewater services to customers currently served by Cumberland Basin and also to grant Limestone a CCN.
2. On January 3, 2024, the Commission granted the Consumer Advocate’s Petition to Intervene. On June 28, 2024, the Consumer Advocate filed the Direct Testimony of Alex Bradley, which recommended approval of the transaction subject to eight conditions.

II. SETTLEMENT TERMS

3. The Parties to this Settlement Agreement have undertaken discussions to resolve this case. As a result of the information obtained during the discussions among the Parties, and for the purpose of avoiding further litigation and resolving this matter upon acceptable terms, the Parties have reached this Settlement Agreement. Subject to TPUC’s approval, in furtherance of this Settlement Agreement, the Parties have agreed to the settlement terms set forth below.
4. The Parties agree that all security deposits retained by Cumberland Basin, as of September 9, 2024, will be refunded to customers prior to closing. The Parties agree that Cumberland Basin will file proof of refund in this Docket at or before closing.
5. The Parties agree that Limestone will not require Security Deposits from new or existing customers for the systems acquired from Cumberland Basin.
6. The Parties agree that Limestone does not propose to assess a sewer system access fee to new or existing customers for the systems at Cumberland Basin.

7. The Parties agree that Limestone and Cumberland Basin should provide documentation demonstrating the value of the Escrow Account at closing, the value of which should be no less than \$33,596.73.
8. The Parties agree that Limestone will eliminate the Escrow surcharge currently charged under Cumberland Basin's Tariff. This elimination means that the monthly rate for customers being served in The Bluffs at Cumberland Cove will be \$28.08 and that the monthly rate for customers being served in Genesis Village Estates will be \$36.56.
9. The Parties agree that Limestone should provide documentation demonstrating the book value of Plant-in-Service at closing, excluding any writeup of land costs supported by an appraisal.
10. The Parties agree that Limestone shall not make any corrections or modifications to accounting records received from Cumberland Basin at closing. If Limestone believes accounting entries should be corrected or changed, it shall seek approval from the Commission to make the necessary accounting corrections at least 180 days prior to its initial request to increase base rates. Limestone will courtesy copy the Consumer Advocate on any such requests made to the Commission. The Consumer Advocate reserves the right to oppose such a request for any reason, including but not limited to if such a request should occur during an acquisition docket as a part of the Buyer's due diligence.
11. Limestone is not requesting an acquisition premium, nor is the Commission being asked to approve any acquisition adjustment related to the purchase of Cumberland Basin's assets. Accordingly, the Parties agree that Limestone's beginning value of the acquired assets shall be the value recorded in Cumberland Basin's books and records at the date of the acquisition. Further, in Limestone's future base rate case filed with TPUC which includes the Cumberland Basin system, Limestone shall be allowed to present evidence and argument concerning the Acquisition Premium. The Consumer Advocate or other interested parties may oppose such

values or present their own evidence and argument concerning the value of such assets. In the interim, Limestone's requested Acquisition Premium, in this case, should be set aside in account 121.00 (Nonutility Property).

12. The Parties agree the legal and regulatory costs associated with this transaction should be set aside in Account 121.00 (Nonutility Property). In a future base rate case that includes the Cumberland Basin system, Limestone shall be allowed to present evidence seeking to establish and include in rate base amounts incurred for legal and other transaction-related fees and services. The Consumer Advocate or other interested parties may oppose such values or present their own evidence and argument concerning the proper amounts of these expenses to be recovered in rates.
13. The Parties agree Limestone should maintain separate accounting records for The Bluffs at Cumberland Cove and Genesis Village Estates, distinct from its other systems.
14. The Parties agree that in Limestone's future base rate case that includes the Cumberland Basin system, Limestone should provide direct customer notifications at the commencement of its rate case filing.
15. The Parties agree that Limestone must file, within 30 days after closing, a balance sheet and supporting general ledger, in the format prescribed by the Uniform System of Accounts and in accordance with Commission Rule 1220-04-01-.11, showing Cumberland Basin ending balances of the assets acquired by Limestone as of the closing date. Limestone also shall file a balance sheet and supporting general ledger, in the format prescribed by the Uniform System of Accounts and in accordance with Commission Rule 1220-04-01-.11, showing Limestone's beginning balances of the assets acquired from Cumberland Basin as of the closing date.
16. The Parties agree that a determination of recoverable regulatory and transaction costs related to the subject acquisition will be deferred to Limestone's initial rate case involving those costs.

Limestone agrees that it will not seek to recover in rates any amount exceeding 50% of the legal expenses paid to local counsel for the representation of Buyer or Seller in the instant regulatory proceeding. The Consumer Advocate and other interested parties may present independent evidence and argument concerning the proper amounts to be recovered in rates. Limestone will file within 30 days of closing the amount of legal costs, separated by represented party, incurred for this matter.

17. The Parties agree that Limestone be required to adopt Cumberland Basin's presently tariffed rates, charges, and terms of service, and it shall file a new tariff substituting itself in place of Cumberland Basin as the service provider within 30 days after closing. The tariff shall identify all residential subdivisions by each subdivision name, as well as any commercial customers being served within Limestone's CCN.
18. The Parties agree that Limestone will provide its proposed accounting entries within 30 days of closing to the Commission. The submission should be made within this Docket and a courtesy copy provided to the Consumer Advocate.
19. The Parties agree Limestone must maintain its books and records in compliance with the Uniform System of Accounts as set forth in Commission Rule 1220-04-01-11.
20. The Parties agree that, at closing, Cumberland Basin shall transfer to Limestone complete copies of Cumberland Basin's accounting records, to the extent they exist, for the two calendar years immediately preceding the date of acquisition as well as the complete year-to-date accounting records for the calendar year in which closing occurs. Limestone shall maintain these records intact at least through completion of its first rate case proceeding before the Commission.
21. The Parties agree Limestone must post a bond compliant with the Commission's financial security rules within 30 days after closing.

22. The Parties agree Limestone must file within 30 days of execution copies of contracts or pricing agreements between Limestone and any affiliate and between Limestone and contractors that provide ongoing operations and maintenance or billing services to the Cumberland Basin system or customers served by that system.
23. The Parties agree Limestone must file copies of recorded deeds for land where Cumberland Basin's facilities are located and copies of recorded easements in Limestone's name for all the land and ownership rights for any and all access to the acquired wastewater system within 30 days after the date of recording.
24. The Parties agree Limestone must file a copy of the Purchase and Sale Agreement that has been fully executed by Seller and Buyer and acknowledged by the Title Company with the recorded effective date and with all exhibits attached, complete with documentation, within 30 days after closing.
25. The Parties agree Limestone must file a copy of the final executed Assignment of Rights Agreement within 30 days after closing.
26. The Parties agree Limestone must file a copy of the State Operating Permit "Request for Transfer" for current permits within 30 days of issuance.
27. The Parties agree Limestone must file copies of maps and engineering designs for the wastewater system within 30 days of availability.
28. The Parties agree Limestone must comply with all applicable Commission rules and regulations, including but not confined to the Commission's rules governing transactions with affiliates. The Parties further agree that Limestone shall be bound by any order of the Commission or its predecessor agencies (including the Tennessee Public Service Commission and the Tennessee Regulatory Authority) that applied to Cumberland Basin.

29. All pre-filed discovery (formal and informal), testimony, and exhibits of the Parties will be introduced into evidence without objection, and the Parties waive their right to cross examine all witnesses with respect to all such pre-filed testimony. If, however, questions should be asked by any member of the public, Commissioners, or Commission Staff, the Parties may present testimony and exhibits to respond to such questions and may cross-examine any witnesses with respect to such testimony and exhibits. The Parties would ask to permit any witnesses from out of town to be available by telephone or video conference to reduce the costs associated with such appearance.
30. After the filing of this Settlement Agreement, the Parties agree to support this Settlement Agreement before the Commission and in any hearing, proposed order, or brief conducted or filed in this matter. The provisions of this Settlement Agreement are agreements reached in compromise and solely for the purpose of settlement. The provisions in this Settlement Agreement do not necessarily reflect the positions asserted by any Party. None of the Parties to this Settlement Agreement shall be deemed to have acquiesced in or agreed to any ratemaking or accounting methodology or procedural principle.
31. This Settlement Agreement, which is the product of negotiations and substantial communication and compromise between the Parties, is just and reasonable and in the public interest.
32. This Settlement Agreement shall not have any precedential effect in any future proceeding or be binding on any of the Parties in this or any other jurisdiction except to the limited extent necessary to enforce and implement the provisions hereof.
33. The Parties agree and request the Commission order that the settlement of any issue pursuant to this Settlement Agreement shall not be cited by the Parties or any other entity as binding precedent in any other proceeding before the Commission, or any court, state or federal, except

to the limited extent necessary to implement the provisions hereof and for the limited purpose of enforcement should it become necessary.

34. The terms of this Settlement Agreement have resulted from negotiations between the signatories and the terms hereof are interdependent. The Parties jointly recommend that the Commission issue an order adopting this Settlement Agreement in its entirety without modification.
35. If the Commission does not accept the settlement in whole, the Parties are not bound by any position or term set forth in this Settlement Agreement. In the event that the Commission does not approve this Settlement Agreement in its entirety, each of the signatories to this Settlement Agreement retains the right to terminate this Settlement Agreement by giving notice of the exercise of such right within 15 business days of the date of such action by the Commission; provided, however, that the signatories to this Settlement Agreement could, by unanimous consent, elect to modify this Settlement Agreement to address any modification required by, or issues raised by, the Commission within the same time frame. Should this Settlement Agreement terminate, it would be considered void and have no binding or precedential effect, and the signatories to this Settlement Agreement would reserve their rights to fully participate in all relevant proceedings notwithstanding their agreement to the terms of this Settlement Agreement.
36. By agreeing to this Settlement Agreement, no Party waives any right to continue litigating this matter should this Settlement Agreement not be approved by the Commission in whole or in part.
37. No provision of this Settlement Agreement shall be deemed an admission of any Party. No provision of this Settlement Agreement shall be deemed a waiver of any position asserted by a Party in this matter or any other docket.
38. Except as expressly noted herein, the acceptance of this Settlement Agreement by the Attorney General shall not be deemed approval by the Attorney General of Limestone's or Cumberland Basin's acts or practices.

39. The Consumer Advocate's agreement to this Settlement Agreement is expressly premised upon the truthfulness, accuracy, and completeness of the information provided by Limestone and Cumberland Basin to TPUC and the Consumer Advocate throughout the course of this Docket, which information was relied upon by the Consumer Advocate in negotiating and agreeing to the terms and conditions of this Settlement Agreement.
40. This Settlement Agreement shall be governed by and construed under the laws of the State of Tennessee, notwithstanding conflicts of law provisions.
41. The Parties agree that this Settlement Agreement constitutes the complete understanding among the Parties and that any and all oral statements, representations, or agreements made prior to the execution of this Settlement Agreement shall be null and void.
42. The signatories to this Settlement Agreement warrant that they have informed, advised, and otherwise consulted with the Parties for whom they sign regarding the contents and significance of this Settlement Agreement, and, based on those communications, the signatories represent that they are authorized to execute this Settlement Agreement on behalf of the Parties.

The foregoing is agreed and stipulated to this 21st day of August, 2024.

[signature page follows—remainder of this page left intentionally blank]

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