

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

IN RE:)
)
JOINT APPLICATION OF LIMESTONE)
WATER UTILITY OPERATING)
COMPANY, LLC AND THE CITY OF)
GRAND JUNCTION, FOR APPROVAL) **DOCKET NO. 26-00036**
OF THE ACQUISITION OF AND TO)
OPERATE THE SAULSBURY)
DISTRIBUTION WATER SYSTEM,)
AND TO TRANSFER OR ISSUE A)
CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY)

**CONSUMER ADVOCATE’S NOTICE OF DEFICIENCIES IN THE MINIMUM FILING
REQUIREMENTS IN THIS DOCKET AND MOTION TO EXTEND TIME FOR
HEARING**

The Consumer Advocate Division (“Consumer Advocate”) of the Office of the Tennessee Attorney General and respectfully submits this notice of deficiencies in the Minimum Filing Requirements (“MFRs”) for the acquisition filed in this Docket. The Joint Petition of Limestone Water Utility Operating Company, LLC (“Limestone” or the “Company”) and the City of Grand Junction (the “City”) fails to comply with TPUC Rule 1220-04-14-.08, which sets out the MFRs for applications for acquisitions. A review of Attachment A of the Joint Petition shows that the Joint Petitioners followed the MFRs for “New and Amendments to Certificate of Convenience and Necessity” as shown below:

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 and to items not relevant to or not required regarding this Joint Application.

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

- (1) Please see accompanying Joint Application and Pre-Filed Direct Testimony of Limestone Witness Aaron Silas attached as **Exhibit 9**.

Although Limestone is proposing to add the City’s Saulsbury distribution system to its Certificate of Convenience and Necessity (“CCN”), Limestone must also request approval for the acquisition of the Saulsbury distribution system. Therefore, the Joint Petitioners must comply with TPUC’s acquisition rule.

While there is some overlap between TPUC’s acquisition rule and its CCN rule, the two are not identical. The attached chart outlines deficiencies identified by the Consumer Advocate. Nevertheless, some bear highlighting. TPUC Rule 1220-04-14-.03 requires proof of value, financial data, information and calculations used to derive the value of the acquired assets. TPUC Rule 1220-04-14-.08(2)(i)-(j) goes further and requires statements and supporting work schedules for the valuation methodology. However, there is no such documentation in the record. Exhibit 24 of the Joint Petition purports to address the “Valuation Methodology,” yet it contains no substantive information and refers to the Direct Testimony of Todd Thomas, which is not in the record. Mr. Aaron Silas is the only person to file pre-filed testimony in this matter

and there is no valuation methodology discussed in his testimony. As such, a major foundational block of financial information underlying the proposed transaction specifically required by rule is not in the record and unknown to the Consumer Advocate and the Commission.

Despite TPUC Rule 1220-04-14-.08(2)(k)-(l) requiring a schedule and supporting work papers detailing the computation of any proposed acquisition adjustment and a statement “discussing the factors supporting any acquisition adjustment to be incorporated in the acquired rate base under Rule 1220-04-14-.04,” the Joint Petitioners simply “kick the can” to a future date that is more convenient to Limestone to take the time to provide such information such as its next rate case. However, the Commission has made its expectations clearly known that such information is required at the time of the acquisition application by making it part of the MFRs for acquisitions. Other deficiencies exist as well. Exhibit 1 is a confidential map of the service area. The map is not comprehensive and is without identifying features, street names and addresses. While one can guess which road is Highway 57, the map is not sufficiently detailed to give anything more than a cursory sense of the scattered service area. Without street names, the Consumer Advocate could not decipher the location of the service area and customers.

The Consumer Advocate also notes that the Joint Petitioners identified the wrong Public Water System in its Petition. Specifically, Limestone identified PWSID# TN0000657, but this water system is Newport Resort Water System. The Joint Petitioners filed a correction through its filing on May 20, 2026, providing PWSID #0000610. However, this water system is no longer active according to the Tennessee Department of Environment and Conservation. The inactive water system was Saulsbury Utility District. The Saulsbury distribution system is now a part of the Grand Junction Water Department and its PWSID number is TN0000267. This is not a minor error in paperwork. The correct PWSID number is important because part of an

acquisition review is the review of the operational and compliance status of the system to be acquired. The wrong PWSID number will lead one to the wrong operational and environmental compliance documents.

Based on the omissions listed in the MFRs for the Joint Petition listed herein and in the Attachment, the Consumer Advocate requests that the information be provided and the time period for the hearing established in TPUC Rule 1220-04-14-.08(1) be reset upon the fulfillment of the Commission's required MFRs.



RYAN MCGEHEE (BPR No. 025559)
Assistant Attorney General
SHILINA BROWN (BPR No. 020689)
Senior Assistant Attorney General
Office of the Tennessee Attorney General
Consumer Advocate Division
P.O. Box 20207
Nashville, Tennessee 37202-0207
Telephone: (615) 360-4219
Email: ryan.mcgehee@ag.tn.gov
Email: shilina.brown@ag.tn.gov

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:

Melvin Malone, Esq.
Butler Snow LLP
Neuhoff Building
1320 Adams Street, Suite 1400
Nashville, TN 37208
(615) 651-6700
Melvin.Malone@butlersnow.com

This 11 day of June 2026.



RYAN McGEHEE
Assistant Attorney General

Acquisition Dkt. 26-00036
 Permit: N/A
 Number of Customers: 166
 Residential
 Acquisition Price: \$60,000

Acquisition Minimum Filing Requirements CHECK LIST				
1220-04-14-08	Public or Conf. Document	Where is it in the filing? (original petition, testimony, etc.)	Date of filing	Consumer Advocate Concerns
(1) The Commission shall approve or deny an application for acquisition within 120 days of the filing of a complete application by the acquiring utility. For good cause shown, the Commission or Hearing Officer may extend this period up to an additional 60 days either on its own motion or by request of any party to the acquisition proceeding.				
(2) An application for acquisition shall, at a minimum, contain all the following information prior to such application being deemed complete unless a provision is waived by the Commission or Hearing Officer upon request by the applicant(s):	<i>The Joint Applicants set out the Minimum Filing Requirements (MFRs) for TPUC Rule 1220-04-13.17 which are for new/amended wastewater CCNs. However, the Consumer Advocate attempted to conduct a compliance review with the existing Joint Applicant under TPUC Rule 1220-04-14-08 for Acquisitions.</i>			
(a) a fully executed acquisition agreement, including all attachments, reflecting the terms and provisions of the acquisition transaction;	Public	Exhibit 10	4/24/2026	Exhibit A to Agmt. Service Area Description- Handwritten note about Taking Meters & Lines east of Main Meter Exhibit B to Agmt. Land Improvements, etc. - Nothing provided Exhibit C to Agmt. Personal Property & Equipment - nothing & says to be filed before closing
(b) 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;	Public	Exhibit 19	4/24/2026	Provided Annual Reports for 2024, 2023, and 2021. These are annual reports of the City of Grand Junction. Although some information is provided about the Water Department it is mixed with the City's financials. The City should supply its Water Department's financial statements, income statement and balance sheet, separate from the rest of the City's financials. Also, the City has provided the Tennessee Comptroller information for FY2025. This filing's most recent information is 2024.
(c) 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;	Public	Exhibit 27	4/24/2026	None, at this time, for purposes of filing petition/application
(d) a schedule detailing the number of customers by customer class served by the selling utility at the time the application for acquisition is filed;	Confidential	Exhibit 20	4/24/2026	Has list of customers but doesn't provide "class of customers." *Exhibit 20 is just a list and addresses but type of customer not listed: The US Post Office is a customer as is the Town of Saubsbury Lodge, the City Hall, Pleasant Hill Mt Church, Saubsbury Baptist. *Proposed Tariff (Exhibit 17) shows connection fees for residential, industrial, and commercial so extensive more than residential class.
(e) a statement and, if available, maps that comprehensively describe the service area of the selling utility-SS-7039 (March 2020) 6 RDA 1693	Confidential	Exhibit 10	4/24/2026	Rule requires map to be "comprehensive" however the map has no detail. For example, there are no lot numbers/addresses of the customers. Although the rule does not define comprehensive, TPUC Rule 1220-04-13-17(a)7 gives some guidance on necessary details: location of plant, water source, name of surrounding streets (only a few named)
(f) 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;	Public	Exhibit 21	4/24/2026	None, at this time, for purposes of filing petition/application
(g) anticipated capital budgets based on due diligence detailing by project all projected post-acquisition capital investments in property, plant and equipment attributable to the selling utility's system or service area for the three-year period following the estimated closing date of the acquisition transaction;	Public	Exhibit 22	4/24/2026	Since now part of CSWR will install 1. Hi-Tide Remote Monitoring System = \$15k 2. Duplicate Master Meter w/ Hi-Tide SCADA Connection = \$15k 3. Water System Distribution Improvements = \$50k 4. Add EMRs @ each existing Service = \$102k No details of what 3&4 are. No computation for reaching the \$102k
(h) a schedule detailing the computation of regulatory, transaction and closing costs related to the proposed acquisition and the amount of such costs requested for recovery from the acquiring utility's customers;	Public	Exhibit 20	4/24/2026	Only shows \$65k purchase price. This requires a schedule DETAILED regulatory, transaction and closing costs. Mr. Thies testimony in 24-00044 provides more detail in transaction costs, which includes real estate related legal costs, regulatory legal costs, system mapping, engineering analysis, etc. Mr. Kaml explained in his testimony in 24-00044 about the lack of information at the time of his testimony. The rule expects this detail at the time of filing of the petition/application.
(i) a statement fully explaining the proposed methodology for valuing the acquired assets to be incorporated into the acquired rate base under Rule 1220-04-14-03;	Public	Exhibit 24;	4/24/2026	
(j) a schedule and supporting workpapers detailing the computation of the value of the acquired assets requested for inclusion in the acquired rate base under Rule 1220-04-14-03;	Public	Exhibit 24	4/24/2026	No methodology was provided. The Rule provides methods of proof of value. Also, Limestone references testimony by Todd Thomas but there is no testimony from Todd Thomas and SAs doesn't address this issue.
(k) a schedule and supporting workpapers detailing the computation of any proposed acquisition adjustment requested for inclusion in the acquired rate base under Rule 1220-04-14-04;	Public	Petition pp. 10-11	4/24/2026	Nothing provided. Just statement that this will be addressed at the next rate case. The rule requires this information at the time of filing petition/application.
(l) a statement discussing the factor(s) supporting any proposed acquisition adjustment to be incorporated in the acquired rate base under Rule 1220-04-14-04, including the particular benefits, costs, or service changes, if any, that affect acquired customers and/or existing customers;	Public	Petition pp. 10-11	4/24/2026	See (k) above.
(m) a schedule identifying any assets that were contributed or donated to the selling utility that are included in the acquisition transaction;	Public	Exhibit 23	4/24/2026	This is the Journal Entry for the sale price - \$60k for distribution and transmission mains. \$5k for land rights
(n) a statement discussing the proposed methodology and rate design for recovery from customers of any requested:			4/24/2026	See (k) above.
(i) acquisition adjustment;				
(n)(ii) costs of post-acquisition capital investments; or			4/24/2026	See (g) above.
(n)(iii) regulatory, transaction and closing costs;			4/24/2026	See (h) above.
(o) a schedule detailing the pro-forma accounting entries for recording the proposed acquisition transaction in accordance with the Uniform System of Accounts;	Public	Exhibit 14	4/24/2026	Since Limestone used the incorrect rule, the required information is not part of its initial filing.
(p) a schedule detailing the computation of post-acquisition rates and charges proposed for acquired customers by customer class;	Public	Exhibit 14	4/24/2026	This exhibit doesn't show "computation" of post-acquisition rates and charges for the acquired customers by customer class. Limestone states that it will simply charge the same rate.
(q) a schedule comparing the pre-acquisition and proposed post-acquisition rates and charges for acquired customers by customer class;	Public	Exhibit 14	4/24/2026	None, at this time, for purposes of filing petition/application
(r) a schedule detailing the computation of post-acquisition rates and charges proposed for existing customers by customer class;			4/24/2026	Not addressed directly since used incorrect rule

1220-04-14-05 POST-ACQUISITION CAPITAL INVESTMENTS.
 (1) Post-acquisition capital investments in property, plant and equipment attributable to the selling utility's system or service area shall be reasonable, prudent and used and useful in the provisioning of public utilities services if such investments are to be recovered from customers.
 (2) Post-acquisition capital investments shall be depreciated in accordance with the acquiring utility's most recently approved depreciation rates and methods unless otherwise ordered by the Commission.
 (3) The acquiring utility's return on post-acquisition capital investments shall be the rate of return approved by the Commission at the acquiring utility's most recent general rate case.

1220-04-14-03 VALUE OF ACQUIRED ASSETS.
 (1) The acquiring utility shall incorporate the acquired assets of the selling utility into the acquired rate base at the value ordered by the Commission after public notice and hearing.
 (2) The applicant(s) shall present proof of the value of the acquired assets, including, but not confined to, evidence of the methodology used to value such assets and the sources of financial data, information and calculations used to derive the proposed value.
 (3) The Commission recognizes the following methodologies may be appropriate to derive the value of the acquired assets:
 (a) Average embedded cost of the acquiring utility.
 (b) Reproduction cost less depreciation.
 (c) Any other reasonable valuation method proposed by a party to the acquisition proceeding and approved by the Commission; and (d) Any other valuation method found by the Commission to be reasonable.
 (4) Nothing herein is intended to limit the Commission from gathering and considering information it deems necessary to determine a just and reasonable value of the acquired assets.
 (5) Notwithstanding the foregoing, the value of the assets added to the acquired rate base shall be just and reasonable and in no event shall exceed the negotiated sales price.

(e) a schedule comparing the pre-acquisition and proposed post-acquisition rates and charges for existing customers by customer class;			4/24/2026	None, at this time, for purposes of filing petition/application
(f) a statement describing in detail how the proposed public utility acquisition furthers the public interest; and	Public	Exhibit 9	4/24/2026	No detailed statement. Silas 14:6-9. "As I described previously, the affiliate group of which Limestone and CSWR are part has the financial capacity to operate that system in a manner that is in the public interest and complies with applicable statutes, rules, and regulations." Silas 15:9-11. "Consistent with my testimony and the Joint Application, I believe Limestone's proposed acquisition of the water system currently operated under the CCN issued to Grand Junction would be consistent with and would promote the public interest."
(u) written testimony supporting the application for acquisition.	Public	Exhibit 9	4/24/2026	None, at this time, for purposes of filing petition/application
(3) The acquiring utility shall possess a Certificate of Public Convenience and Necessity (CCN) or demonstrate its eligibility for a CCN to operate the selling utility's system in accordance with applicable statutory law and Commission rules and regulations.	Public	Petition	4/24/2026	Limestone has an existing CCN
(4) The acquiring utility shall file a proposed tariff incorporating the acquired customers into the acquiring utility's rates, charges and terms of provisioning public utilities services.	Public	Exhibit 17	4/24/2026	None, at this time, for purposes of filing petition/application
(5) The acquiring utility shall provide public notice of the proposed acquisition in accordance with applicable statutory law and Commission rules and regulations, as well as any additional public notice requirements ordered by the Commission or the Hearing Officer.	Public	Exhibit 26	4/24/2026	It doesn't appear that the Saalsbury customers are aware of this proposed acquisitions after contact with the Mayor of Saalsbury.
(6) The acquiring utility shall furnish any other pertinent information as determined and requested by the Commission or in accordance with the discovery phase of the acquisition proceeding.				