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August 4, 2026

VIA ELECTRONIC FILING

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Ectory Lawless, Docket Manager
Tennessee Public Utility Commission
502 Deaderick Street, 4th Floor
Nashville, TN 37243
TPUC.DocketRoom@tn.gov

RE: ***Petition of Limestone Water Utility Operating Company, LLC to Elect and Opt into an Annual Rate Review Mechanism and ARRM Tariff Pursuant to Tenn. Code Ann. § 65-5-103(d)(6)*, Docket No. 26-00070**

Dear Ms. Lawless:

Attached for filing please find the *Petition of Limestone Water Utility Operating Company, LLC to Elect and Opt into an Annual Rate Review Mechanism and ARRM Tariff Pursuant to Tenn. Code Ann. § 65-5-103(d)(6)*, along with sworn testimony, exhibits, proposed tariffs and workpapers. Set forth within the *Petition* is a request for the entry of a protective order as well.

As required, copies of the Petition and supporting documents will be mailed to your office along with a check in the amount of $25.00 for the required filing fee. Should you have any questions concerning this filing, or require additional information, please do not hesitate to contact me.

Very truly yours,

BUTLER SNOW LLP

Melvin J. Malone

clw
Attachments
cc: Russ Mitten, Limestone
Shilina Brown, Consumer Advocate Division
Vance Broemel, Consumer Advocate Division

BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION
NASHVILLE, TENNESSEE

PETITION OF LIMESTONE WATER UTILITY OPERATING COMPANY, LLC TO ELECT AND OPT INTO AN ANNUAL RATE REVIEW MECHANISM AND ARRM TARIFF PURSUANT TO TENN. CODE ANN. § 65-5-103(d)(6)	))))))	**DOCKET NO. 26-** 00070

PETITION OF LIMESTONE WATER UTILITY OPERATING COMPANY, LLC TO ELECT AND OPT INTO ANNUAL RATE REVIEW MECHANISM AND ARRM TARIFF PURSUANT TO TENN. CODE ANN. § 65-5-103(d)(6)

Pursuant to Tenn. Code Ann. § 65-5-103(d)(6), Limestone Water Utility Operating Company, LLC ("Limestone" or the "Company"), by and through counsel, respectfully request the Tennessee Public Utility Commission ("TPUC" or "Commission") to approve Limestone's request for an election to opt into an Annual Rate Review Mechanism ("ARRM") and ARRM Tariff.

In support of the Petition, Limestone respectfully submits the following:

General Information

1. Limestone is a public utility as defined in T.C.A. § 65-4-101 and provides water service to approximately 610 water connections being served by two (2) water systems and wastewater service to approximately 2,082 sewer connections being served by eleven (11) wastewater systems. Currently,[1] Limestone serves customers in Hardin, Williamson, Marshall, Hardeman, and Campbell counties.

2. Limestone is an indirect wholly owned subsidiary of CSWR, LLC, which provides managerial and operational services to the Company.

[1] Limestone has one((1) acquisition application pending before the Commission in TPUC Docket No. 26-00036 (City of Grand Junction). Through this acquisition, Limestone seeks to acquire one additional Tennessee water system. Upon approval, this acquisition will expand Limestone's footprint to the City of Saulsbury in Hardeman County, Tennessee and provide further long-term stability and ongoing benefits and improvements to Tennessee's overall water and wastewater infrastructure.

3. Limestone Water's principal place of business is located at 655 Maryville Centre Drive, Suite 200, St. Louis Missouri, 63141.

4. All correspondence and communication with respect to this Petition should be sent to the following:

Russ Mitten
Central States Water Resources
655 Maryville Centre Drive, Suite 200
St. Louis, MO 63141
rminton@cswrgroup.com
(T) 314-380-8595

Melvin J. Malone
Butler Snow LLP
1320 Adams Street, Suite 1400
Nashville, TN 37208
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(T) 615-651-6700
(F) 615-651-6701

5. The current tariffed rates and charges of Limestone were approved by the Commission in its July 10, 2025, *Order Setting Utility Rates* in TPUC Docket No. 24-00044 ("*2025 Rate Case Order*"), as revised on June 1, 2026, in Phase II deliberations.

6. By this Petition, Limestone is seeking the Commission's approval of its request to establish an ARRM, specifically an annual review of rates authorized by Tenn. Code Ann. § 65-5-103(d)(6) based upon the ratemaking methodology approved in its most recent general rate case as reflected in the *2025 Rate Case Order*.

<u>2025 General Rate Case</u>

7. Pursuant to Tenn. Code Ann. § 65-5-103(d), a utility seeking to establish an annual review of its rates must have engaged in a general rate case within the prior five (5) years. Limestone's 2025 rate case satisfies this statutory requirement, and this Petition is based upon the rate-making methodology established by the Commission in TPUC Docket No. 24-00044 and memorialized in the *2025 Rate Case Order*.

8. Limestone's 2025 rate case was filed on July 16, 2024, in Docket No. 24-00044. Subsequent to a contested hearing on April 14, 2025, the *2025 Rate Case Order* was issued on July 10, 2025. Pursuant to and consistent with the Commission's directives, Limestone submitted compliant tariffs for Phase I on August 14, 2025, with an effective date of May 1, 2025. After Commission deliberations on the rate design for Phase II in Docket No. 24-00044, Limestone submitted revised compliant tariffs on June 5, 2026, with an effective date of June 1, 2026.

9. Consistent with Tenn. Code Ann. §§ 65-5-103(d)(6), *et. seq*., in its 2025 rate case Limestone respectfully requested that the Commission adopt the methodologies required to enable the consideration and implementation of an annual review of rates mechanism upon any subsequent petition by the Company.[2] The Commission's *2025 Rate Case Order* contains findings and conclusions with sufficient specificity to establish the necessary and appropriate methodology that can now be used as a basis for Limestone's request to adopt an ARRM.[3]

10. Thus, the statutory prerequisites for a request to elect and opt into an ARRM have been satisfied.

<u>Limestone's Proposed Annual Rate Review Mechanism</u>

11. Tenn. Code Ann. § 65-5-103(d)(6) allows utilities to opt into an annual review of their respective rates through the implementation of an alternative regulatory mechanism.[4] An annual review mechanism is intended to allow for more frequent reviews of the utility's operations `and rates, while avoiding the cost and time necessary for a general rate case.[5] To the extent the

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[2] *See, e.g., Petition of Limestone Water Utility Operating Company, LLC to Increase Charges, Fees and Rates and for Approval of a General Rate Increase and Consolidated Rates*, ¶ 16, p. 7, TPUC Docket No. 24-00044 (July 16, 2024).

[3] *See 2025 Rate Case Order*.

[4] *See, e.g., Order Approving Settlement Agreement*, p. 9, TPUC Docket No. 19-00047 (Oct. 7, 2019) ("*2019 Order Approving CGC ARRM*").

[5] *Id*. at 10.

utility is earning above or below its authorized ROE, an annual review process would capture such variances and implement smaller, incremental changes to the utility's rates and ensure the customer is protected by timely rate adjustments, which result from an annual, more streamlined process.

12. To allow for the orderly implementation of an ARRM established by Tenn. Code Ann. § 65-5-103(d)(6), Limestone's proposed ARRM sets forth a timetable and the specific support and documentation that will be provided with its annual ARRM filing. The proposed ARRM is a single filing, annual process. The Company proposes filing each annual ARRM petition by March 20th of each year with adjusted rates going into effect on August 1st of the same year. The Company also proposes to use a historical base year review ending December 31st of the prior year of its revenues, expenses, investments, and rate of return components per its actual books and records to determine if the Company earned the authorized return on equity adopted in the *2025 Rate Case Order*. Where annualization is used, it will be limited to known and measurable adjustments consistent with the Commission-approved ratemaking methodology, including annualization of revenues and expenses associated with newly acquired systems or other circumstances where annualization is necessary to align the Historic Base Period with ongoing operations. Limestone's annual ARRM filings will not contain forward-looking or forecasted data and no forward-looking or forecasted components. Once the Company calculates whether there is an excess or deficiency in earnings for the Historic Base Period, the Company will calculate the Annual True-Up Rate Adjustment deferral to either avoid under-recovery for the Company or provide a credit to customers to account for any earnings in excess of the Company's authorized return.

13. The proposed ARRM is in the public interest because it allows the Commission, Intervenors, and the Company to review Limestone's revenues, expenses, and investment on an annual basis using methodologies previously approved by the Commission in Docket No. 24-00044. Rather than relying on frequent general rate cases, the ARRM provides a transparent process through which rates can be adjusted to reflect current operating conditions and the Company's actual cost of providing service. This annual review process allows the Commission to evaluate both over-earnings and under-earnings and ensures that rates remain aligned with the Company's authorized cost of service. Additionally, customers benefit from replacing larger and less predictable rate adjustments that can occur in traditional rate cases with smaller, more gradual adjustments based upon the Company's actual financial results. This approach would allow for customers to receive timely credits in periods when earnings exceed authorized levels.

14. In support of its proposed ARRM, Limestone will include the following twenty-seven (27) specific schedules:

- Schedule 1 – Revenue Requirement – Sewer
- Schedule 1 – Revenue Requirement – Water
- Schedule 2 – Rate Base Summary – Sewer
- Schedule 2 – Rate Base Summary – Water
- Schedule 2.1 Utility Plant In Service – Sewer
- Schedule 2.1 Utility Plant In Service – Water
- Schedule 2.2 Accumulated Depreciation – Sewer
- Schedule 2.2 Accumulated Depreciation – Water
- Schedule 2.3 Contribution in Aid of Construction – Sewer
- Schedule 2.3 Contribution in Aid of Construction – Water

- Schedule 2.4 Working Capital – Sewer
- Schedule 2.4 Working Capital – Water
- Schedule 3 Income Statement for the Test Year – Sewer
- Schedule 3 Income Statement for the Test Year – Water
- Schedule 4 Income Tax Summary – Sewer
- Schedule 4 Income Tax Summary – Water
- Schedule 5 Actual Return on Rate Base Rate – Sewer
- Schedule 5 Actual Return on Rate Base Rate – Water
- Schedule 6 Rate Design – Sewer
- Schedule 6 Rate Design – Water
- Schedule 7 Known and Measurable Adjustments – Sewer
- Schedule 7 Known and Measurable Adjustments – Water
- Schedule 8 CSWR, LLC Income Statement
- Schedule 9 CSWR, LLC Allocated Cost to Limestone Water Utility Operating Company
- Schedule 10 Excluded Expenses
- Schedule 11 Income & Revenue Conversion Factor

15. The foregoing schedules and workpapers in support of the proposed ARRM methodologies detailed in the proposed ARRM Tariff were developed consistent with the methodologies approved in Limestone's 2025 rate case.

16. In further support of this Petition, Limestone is filing simultaneously the following:

(a) Appendix A - **Pre-filed Direct Testimony and Exhibits of Aaron Silas** to provide the Commission an overview of the ARRM that Limestone is seeking, to explain the general structure of the ARRM and its benefits, to outline the ARRM annual filing process, and to generally highlight additional requests related to implementation of the ARRM.

(b) Appendix B - **Pre-Filed Direct Testimony, Exhibits, and Workpapers of Caitlin O'Reilly**, to provide the Commission with support for the ARRM that Limestone is seeking, including the methodology and underlying calculations consistent with the *2025 Rate Case Order*, as well as to outline and explain the detail and support that will be provided with each ARRM filing.

(c) Appendix C - **Proposed ARRM Tariff**, which memorializes the ARRM methodologies described and supported within Appendices A and B.

17. In order to ensure the timely submission of relevant information in this matter, Limestone hereby requests the entry of a protective order similar to that approved in other TPUC dockets. Such a proposed protective order is attached hereto as Appendix D to this Petition.

WHEREFORE, Limestone respectfully requests:

(1) That the Commission approve the proposed protective order simultaneously submitted with this Petition;

(2) That the Commission approve this Petition and issue an order allowing Limestone to elect and opt into an ARRM pursuant to Tenn. Code Ann. § 65-5-103(d)(6);

(3) That the Commission approve the Company's new tariff pages, as submitted herein, implementing the ARRM, within one hundred and twenty (120) days of the date of the filing of this Petition; and

(4) That the Commission grant such other and further relief as circumstances may warrant.

Dated this 4th day of August, 2026.

Respectfully Submitted,

MELVIN J. MALONE (BPR #013874)
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Attorneys for Limestone Water Utility Operating Company, LLC

APPENDIX A

BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION

NASHVILLE, TENNESSEE

August 4, 2026

IN RE: **PETITION OF LIMESTONE WATER UTILITY OPERATING COMPANY, LLC TO ELECT AND OPT INTO AN ANNUAL RATE REVIEW MECHANISM AND ARRM TARIFF PURSUANT TO TENN. CODE ANN. § 65-5-103(d)(6)**	)))))))))	**DOCKET NO. 26-__________**

DIRECT TESTIMONY

OF

AARON SILAS

ON BEHALF OF

LIMESTONE WATER UTILITY OPERATING COMPANY, LLC

DIRECT TESTIMONY OF

AARON SILAS

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Aaron Silas. My business address is 1630 Des Peres Road, Suite 140, St. Louis, Missouri, 63131.

Q. WHAT IS YOUR POSITION WITH LIMESTONE WATER UTILITY OPERATING COMPANY?

A. I am the Assistant Vice President of Customer Experience & Regulatory Operations at CSWR, LLC ("CSWR"), the affiliated company that has operational oversight over CSWR's utility operating companies, including Limestone Water Utility Operating Company ("Limestone Water" or "Company"). I have been employed with CSWR since October 2019 in various roles with increasing responsibility. My current responsibilities include the oversight of all state utility commission regulatory filings for all utility operating companies, including, but not limited to, acquisition cases, rate cases, and CCN expansions, as well as the coordination of all data request responses and any regulatory compliance filings. Additionally, I oversee the external communications team and CSWR's Customer Experience Department, including the third-party call center provider, enabling the Company to communicate with stakeholders regarding operational activities and accurately respond to customer inquiries. I oversee such activities for affiliated operating companies providing water or wastewater utility services to approximately 250,000 connections in

Tennessee, Missouri, Arkansas, Kentucky, Louisiana, Texas, Mississippi, North Carolina, South Carolina, Arizona, and Florida.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL EXPERIENCE.

A. I received a Bachelor of Science degree with honors from Southern Illinois University in Edwardsville ("SIUE") with a major in Business Administration, specializing in Human Resources and Finance. The first few years of my career were spent in the finance industry, including various roles within U.S. Bank and Stifel Financial Corp. During my employment at Stifel Financial Corp., I received a Master of Business Administration degree from SIUE as well.

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE TENNESSEE UTILITY COMMISSION ("COMMISSION" OR "TPUC")?

A. Yes, I filed testimony in Limestone Water's general rate case, TPUC Docket No. 24-00044. In addition, I have filed testimony before the state utility commissions of Missouri, Texas, Mississippi, Kentucky, Florida, and Arizona.

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

A. The purpose of my direct testimony is to provide the Commission with an overview of the proposed annual rate review mechanism that Limestone Water is seeking to opt into pursuant to the alternative regulatory method ("ARRM") as authorized by Tenn. Code Ann. § 65-5-103(d)(6). Pursuant to this ARRM and the annual filings described herein, the Company's tariff rates would be adjusted to provide the Company its authorized return on equity. The rate adjustments implemented under this mechanism will reflect changes in the Company's jurisdictional revenues, cost of service, and rate base.

Q. ARE YOU SPONSORING ANY EXHIBITS WITH YOUR TESTIMONY?

A. Yes, I am sponsoring Appendix C to the application which provides Limestone Water's proposed ARRM tariff, including the definitions, timing, and mechanics for this ARRM filing.

Q. WERE YOUR TESTIMONY AND EXHIBITS DEVELOPED BY YOU OR BY SOMEONE UNDER YOUR DIRECT SUPERVISION?

A. Yes.

II. DESCRIPTION OF LIMESTONE WATER

Q. PLEASE DESCRIBE LIMESTONE WATER'S PARENT COMPANY, CSWR.

A. CSWR is a holding company that, as of March 2025, owned utility operating companies in eleven states: Missouri, Arkansas, Texas, Louisiana, Kentucky, Tennessee, Mississippi, Florida, Arizona, North Carolina and South Carolina. CSWR provides operational expertise, managerial oversight, and support for all its operating utility affiliates and also provides access to financial resources necessary to acquire water and wastewater systems, upgrade those systems as required, and operate them until fully compensatory rates can be established.

Through Limestone Water and its other subsidiaries, CSWR operates more than 1,000 public drinking water and/or wastewater systems that provide safe and reliable utility service to approximately 250,000 individual connections.

As a result of its affiliation with CSWR, Limestone Water has access to experienced technical and managerial expertise and experience not usually available to smaller, community-based water and wastewater systems. CSWR's business model and deep experience make these services available to its affiliates at a lower cost than otherwise would be the case on a stand-alone basis because of the economies of scale the affiliated structure is able to achieve for its member utility operating companies.

Q. WHAT IS CSWR'S MISSION?

A. The mission of our affiliate group is to "bring safe, reliable, and environmentally responsible water resources to every community in the United States."[1] In December 2022, CSWR became the single largest owner of individual domestic wastewater treatment plants and one of the largest owners of individual drinking water systems in the United States and has continued to add systems since that date. In fact, CSWR believes that its subsidiaries have brought more water and wastewater systems out of noncompliance with the Clean Water Act than any other single entity.

Q. WHY DOES CSWR FOCUS ON INVESTING IN DISTRESSED, COMMUNITY-BASED SYSTEMS?

A. CSWR has unique experience working to rehabilitate smaller distressed systems that have suffered from a lack of investment and would benefit from the transition to a large, stable, experienced management team that is both willing and able to make necessary investments to improve the systems and then operate them in a manner that complies with applicable health, safety, and environmental laws and provides good service to customers. The core

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[1] CSWR, *About Us and Our Mission*, https://www.centralstateswaterresources.com/about-us (last visited Dec. 16, 2025).

focus of CSWR and its management team is providing safe, reliable, and adequate water and wastewater service to customers at a reasonable cost.

Q. PLEASE DESCRIBE LIMESTONE WATER.

A. Limestone Water is the CSWR-affiliated utility operating company in the state of Tennessee. Limestone Water acquired its first systems (Aqua Utilities) in March 2021. Since that time, Limestone Water has acquired several additional systems in Tennessee and now owns and operates 2 water and 11 wastewater systems in Tennessee.

III. <u>REQUESTED RELIEF</u>

Q. WHY IS LIMESTONE WATER SEEKING AN ARRM?

A. Limestone Water's primary focus continues to be its commitment to the provision of safe and reliable water and wastewater services. Having a regulatory construct that allows the Company to make necessary investments consistent with that commitment while balancing the interests of all parties involved in the regulatory process is critical to delivering on that commitment.

In that regard, the Company is seeking approval of an ARRM in order to: (1) reduce regulatory lag associated with new capital investment, (2) incorporate the effects of ongoing accumulated depreciation of existing plant, (3) update the Company's billing determinants and operations and maintenance expenses on a more timely basis, (4) streamline and reduce the high costs to customers of establishing base rates through general rate case proceedings, and (5) generally increase the efficiency of the process utilized to adjust base rates.

The ARRM the Company is proposing in this docket is an appropriate way to ensure that the Company's rates reflect its underlying cost of service. As will be discussed throughout my testimony, the Company's guiding principles for opting into and designing an ARRM are as follows:

- One ARRM filing per year based on an historic base period that is aligned with the Company's fiscal year;
- Maintaining the Commission's long-standing objective and policy of minimizing regulatory lag;
- Reconciling the Company's actual results to its authorized return on equity ("ROE"); and
- In no way limiting the Commission's authority over ratemaking.

Q. **WILL THESE GUIDING PRINCIPLES SERVE THE INTERESTS OF CUSTOMERS?**

A. Yes. The ARRM proposed herein will, in my opinion, benefit all interested parties. It will ensure that rates charged to Limestone Water's customers remain just and reasonable, considering both increases and decreases in plant, expense and revenue. It will effectively delay the need for Limestone Water to refresh its rates through periodic general rate case filings, thereby eliminating the substantial costs to customers that arise in those proceedings while simultaneously reducing the administrative burden on the Commission, intervenors, and other interested parties. It will also smooth rate increases for customers that arise from ongoing capital investment by incrementally adjusting rates on an annual basis instead of having substantially larger increases that can result from general rate cases and will thereby provide the Company with a reasonable opportunity to earn the return allowed by the Commission.

Q. HAS THE COMMISSION PREVIOUSLY FOUND MECHANISMS SIMILAR TO LIMESTONE WATER'S PROPOSED ARRM CONSISTENT WITH THE PUBLIC INTEREST?

A. Yes. The Commission has approved several annual review mechanisms. While I have not conducted a thorough search of all companies with such an alternative regulatory mechanism, I am aware that Tennessee Water Services, Atmos Energy, Piedmont Natural Gas, and Chattanooga Gas all currently operate under such a mechanism.

Q. DOES CSWR HAVE FAMILIARITY OPERATING WITH FORMULA RATE MECHANISMS LIKE THE PROPOSED ARRM?

A. Yes. CSWR affiliates in Louisiana and Mississippi currently operate under formula rate mechanisms that are similar to that proposed herein.

IV. LIMESTONE WATER'S PROPOSED ARRM IS IN THE PUBLIC INTEREST AND CONSISTENT WITH BOTH STATUTORY AUTHORITY AND COMMISSION PRECEDENT

Q. WHAT ARE THE STATUTORY REQUIREMENTS ASSOCIATED WITH APPROVAL OF AN ANNUAL REVIEW MECHANISM SUCH AS THAT PROPOSED BY LIMESTONE WATER IN THIS DOCKET?

A. Based upon my review of Tenn. Code Ann. § 65-5-103(d)(6) and the Commission's prior orders approving ARRM mechanisms, it is my understanding that in order to be eligible to "opt-in" to an ARRM the Company must have engaged in a general rate case within the five-year period preceding the filing for an ARRM and the proposed mechanism must be based upon the methodologies adopted in its most recent rate case filing. Also, in its various orders regarding ARRM filings, it appears the Commission requires that adoption of the ARRM be in the public interest.

Q. HAS LIMESTONE WATER ENGAGED IN A GENERAL RATE CASE IN THE LAST FIVE YEARS?

A. Yes. Limestone Water recently concluded a general rate case (TPUC Docket No. 24-00044).[2] The Commission issued its initial Order Setting Utility Rates in that docket on July 10, 2025, and concluded hearings on Phase 2 of the docket in April 2026. Limestone Water was authorized to implement Phase 2 rates in June 2026. Thus, the Company falls within the five-year threshold required under the alternative ratemaking statute.

Q. DOES THE COMPANY'S PROPOSED ARRM INCORPORATE METHODOLOGIES UTILIZED IN THIS PRIOR RATE CASE?

A. Yes. On a general basis, the methodology for calculating the Company's earned return on equity in an ARRM filing relies upon the same formula utilized by the Commission in setting the Company's revenue requirement in its recently completed rate case. More specifically, however, the ARRM is designed to reflect the Commission's going forward ratemaking findings including, but not limited to:

1. Treating tap fees and inspection fees as revenues instead of as CIAC;
2. Utilization of a 15% water loss to limit the amount of water production costs included in rates for the Aqua systems;
3. Use of currently approved depreciation rates;

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[2] *Order Setting Utility Rates*, TPUC Docket No. 24-00044 (July 10, 2025) (hereinafter "*2025 Rate Case Order*").
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4. Amortization of the Commission approved water and wastewater regulatory asset for transaction costs and acquisition adjustments; and

5. Utilization of a capital structure consisting of 55% equity and 45% debt as well as a 6.64% cost of debt.

Q. DO YOU BELIEVE THAT THE COMPANY'S PROPOSAL IN THIS DOCKET IS IN THE PUBLIC INTEREST?

A. Yes. As I noted above, the establishment of an ARRM for Limestone Water will benefit the Company, its customers and the Commission and will generally result in rates that are more reflective of the actual costs incurred by Limestone Water and the current revenues being recovered from its customers.

Q. CAN YOU FURTHER DISCUSS THE BENEFITS OF MECHANISMS SUCH AS THE ONE PROPOSED BY LIMESTONE WATER?

A. Yes. Based upon my experience, annual mechanisms like the Company's proposed ARRM provide the following benefits to stakeholders involved in the regulatory process:

- Matching of rates to underlying costs and investment;
- Regulatory efficiency; and
- Transparency.

Q. DISCUSS FURTHER THE MATCHING OF RATES TO UNDERLYING COSTS.

A. The term "regulatory lag" refers to the time gap inherent in regulation between when a utility experiences a change in its revenue, expense, and/or investment and when that change is reflected in the revenue requirement used to set rates. Because regulated utilities must request authority to change rates and must undergo a thorough vetting of such requests, it takes months (or even years) to address the kinds of changes I just identified.

Under this proposed ARRM, the effects of regulatory lag will be mitigated because rates will be adjusted annually to reflect changes in revenue, expense, and investment experienced during the most recent calendar year. Limestone Water's revenue requirement – and its rates – can then be adjusted up or down to ensure the Company has a reasonable opportunity to earn the rate or return found reasonable in its most recent rate case. It also will quickly return to customers any excess earnings that may have occurred during the preceding calendar year. The new rates set under the proposed ARRM would be based on a revenue requirement that reflects the updated values of revenue, expense, and investment since the end of the Historic Base Period. Such rates would be fair and reasonable to both the Company and its customers.

Q. WOULD YOU ELABORATE FURTHER ON REGULATORY EFFICIENCY?

A. Annual mechanisms, such as the one proposed by Limestone Water, seek to refresh rates annually while greatly reducing the cost of litigating frequent general rate cases. As the Commission has noted "Rate cases involve a multitude of accounting and financial issues that include troves of documents and thousands of calculations."[3]

By requiring that an annual review of rates adopt the methodologies used in a utility's most recent general rate case, Tenn. Code Ann. § 65-5-103(d) ensures that several issues will not be litigated year after year as is often the case in general rate cases. Additionally, parties involved in annual mechanisms generally become increasingly

[3] *2025 Rate Case Order* at 5.

efficiency in preparing, filing, and reviewing each subsequent filing. Consistency and predictability in the data, filing formats, and procedural dates leads to increased productivity and improved resource allocation. An annual mechanism leads to lower costs to customers by reducing or eliminating the significant costs of conducting periodic general rate cases without sacrificing Commission supervision and control over the establishment of rates.

Q. CAN YOU FURTHER DISCUSS HOW THE PROPOSED ARRM INCREASES TRANSPARENCY?

A. Yes. Increased transparency is rooted in the fact that the Company's rates (and all components of its cost of service) are subject to review annually under the proposed ARRM. Changes in the utility's cost of service are provided annually for Commission review rather than occasionally when rate cases are filed. Under the traditional rate making procedure, there is usually an extended period between rate cases. For example, Limestone Water acquired its first system in March 2021 and filed its first, and to date only, rate case in July 2024. For purposes of determining the revenue requirement in that case, the Commission used a test period ending April 30, 2024. Since April 2024, the Company has added $3,163,545 to its water and wastewater rate base. Under this ARRM proposal, the Commission, the Consumer Advocate, and other interested parties will have the opportunity to see how the Company's operations are changing on a more current basis than would be the case under traditional ratemaking. In addition, the Commission and the Consumer Advocate will have the opportunity to ask questions and analyze changes in the cost of service during the annual proceeding. In general, the proposed annual ARRM filing and proceeding will provide greater transparency than is currently provided under the traditional ratemaking procedure.

V. LIMESTONE WATER'S PROPOSED ARRM

Q. PLEASE PROVIDE AN OVERVIEW OF LIMESTONE WATER'S PROPOSED ARRM.

A. After the end of each calendar year, Limestone Water will make a filing (the "ARRM") that will allow the Commission to review Limestone Water's revenues, expenses, and investment (rate base) for the prior calendar year (the "Historic Base Period"). The ARRM will then calculate the Return on Equity Rate Base and compare that amount to the Authorized Return on Equity To the extent that the Company's Return on Equity Rate Base during the Historic Base Period exceeded the Authorized Return on Equity, the excess earnings would then reduce the rates established by the Commission in the rate case. Similarly, if the Return on Equity Rate Base is less than its Authorized Return on Equity, the Company's rates would then be increased to recover the shortfall.

Additionally, consistent with the ARRMs approved for other Tennessee utilities, the proposed ARRM defers excess earnings or deficiency into a regulatory asset / liability. If the Company earned more than the authorized return on equity, the earnings excess (grossed up to determine excess revenues) shall be deferred into a regulatory liability and rates shall be reduced for this amount prospectively. If the Company earned less than its authorized return on equity, the Company shall defer expenses to a regulatory asset, and rates shall be increased for this amount prospectively. Under both scenarios, the Company is proposing that any carrying charges be computed and accrued for on the simple average of the deferred balance. The simple average shall be determined based on the final year end deferred balance, assuming the balance accrued evenly throughout the year. The average balance shall then be multiplied by the authorized rate of return per the Company's *2025 Rate Case Order*. Ms. O'Reilly will provide greater detail on the details of recovery.

Q. WHAT IS THE COMPANY'S AUTHORIZED RETURN ON EQUITY?

A. The authorized return on equity of 10.00% is taken directly from the Commission's *2025 Rate Case Order* .[4]

Q. HOW IS THE RETURN ON EQUITY RATE BASE FOR THE HISTORIC BASE PERIOD CALCULATED IN THE ARRM FILING?

A. The Return on Equity Rate Base is calculated much as in the same way that revenue deficiency is calculated in a rate case. Specifically, the Company will take the actual authorized expenses and revenues experienced in the Historic Base Period. The difference between authorized expenses and revenues results in the Operating Income collected during that period. Operating Income is then reduced by Interest Expense and Income Taxes to arrive at Income Available for Equity. Income Available for Equity is then divided by the approved equity portion (55%) of Rate Base to arrive at Return on Equity Rate Base.

Q. HOW IS INTEREST EXPENSE CALCULATED?

A. The Commission has instructed Limestone Water to implement a hypothetical capital structure consisting of 45% debt.[5] To simplify this calculation, Limestone Water is willing to utilize the same hypothetical capital structure for purposes of this ARRM. Thus, Interest Expense used in the calculation of Income Available for Equity would be the greater of

[4] *2025 Rate Case Order* at 102.
[5] *Id.* at 97.

actual incurred debt expense or the Company's weighted average cost of debt (6.64%) multiplied by 45% of Rate Base.[6] Limestone Water Witness Ms. O'Reilly provides greater detail on these financial calculations in her testimony.

Q. ARE THERE OTHER ADJUSTMENTS THAT CAN BE MADE IN THE DETERMINATION OF THE COMPANY'S REVENUE DEFICIENCY OR EXCESS FOR THE HISTORIC BASE PERIOD THAT WERE NOT DISCUSSED IN THE RATE CASE ORDER FROM DOCKET NO. 24-000044?

A. Yes, such adjustments are part of the proposed ARRM. As the Commission is aware, Limestone Water is constantly considering troubled water and wastewater systems to add to its Tennessee systems portfolio. In almost every case, the systems the Company acquires are losing money at the time of their acquisition – i.e., the revenues derived from current rates do not cover current operating expenses.

In addition, the systems suffer from chronic underinvestment in maintenance, upgrade, and replacement of their facilities. Because, at closing, Limestone Water usually assumes the current rates of systems it acquires, the losses those systems experience prior to their acquisition continue. Indeed, in most cases the losses accelerate because it costs more to properly operate a water or wastewater system than it does to operate it in a manner that fails to comply with applicable health, safety, and environmental rules and places safe and reliable service to customers in constant jeopardy. In addition, Limestone Water immediately begins investing capital after closing, and the rates in effect at closing do not provide any return on the newly invested capital.

[6] *2024 Rate Decision*, page 98.

For the reasons I just stated, the proposed ARRM includes a mechanism that would allow the Company to include the net plant, revenues, expenses, and customers associated with systems acquired by the Company since the last ARRM adjustment and for such items to be treated consistent with applicable Commission orders, accepted accounting principles, and prior Commission-approved ratemaking methodologies. Such permitted inclusions remain subject to the Commission's review in the ARRM filing. Newly acquired systems, facilities, and customers will be included in the Historic Base Period results reflected in an Annual ARRM Filing only to the extent such assets and related costs have been placed in service, recorded on the Company's books and records during the Historic Base Period, and are otherwise eligible for rate recovery under existing Commission authority. This proposal allows Limestone Water to ensure it can continue investing capital, providing professionalized operations, and enhancing the customer experience without incurring substantial losses.

Q. when will the company make the annual filing, and when will the rates be effective?

A. The Company proposes to make its annual ARRM filing on or before March 20 of each year with the rates to be effective on or before August 1 of the filing year.

Q. WHEN WILL THE FIRST ANNUAL REVIEW OCCUR?

A. Limestone Water's first annual review will be filed on March 20, 2027, based on calendar year 2026. Any rate adjustments will take effect for rates beginning on August 1, 2027.

Q. DOES THE PROPOSED ARRM LIMIT THE COMMISSION'S AUTHORITY OVER REVENUE ALLOCATION OR RATE DESIGN?

A. No. While the ARRM establishes the methodology used to determine the Company's revenue requirement and authorized earnings reconciliation, the Company may propose revenue allocation and rate design adjustments in each annual filing as circumstances warrant. The Consumer Advocate, and any other intervening parties remain free to challenge any such proposal or to propose alternative revenue allocation and rate design methodologies, and the Commission retains full authority to determine the appropriate rate design and allocation of revenues in the public interest.

Q. WILL THE ADOPTION OF THE PROPOSED ARRM RESULT IN A CHANGE IN HOW LIMESTONE WATER OPERATES?

A. Not directly, although the ability to timely adjust rates to reflect changes in the cost of service will improve the Company's ability to react to the changing needs of its customers. As a result, the Company should have improved access to the resources that it needs. In addition, because of the annual review under the proposed ARRM, both the Company and its customers will be assured that rates reflect the actual and current cost to provide service.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION
NASHVILLE, TENNESSEE

PETITION OF LIMESTONE WATER UTILITY OPERATING COMPANY, LLC TO ELECT AND OPT INTO AN ANNUAL RATE REVIEW MECHANISM AND ARRM TARIFF PURSUANT TO TENN. CODE ANN. § 65-5-103(d)(6)	)))))))	**DOCKET NO. 26-________**

VERIFICATION

STATE OF Missouri)
)
COUNTY OF St. Louis)

I, AARON SILAS, being duly sworn, state that I am authorized to testify on behalf of Limestone Water Utility Operating Company, LLC in the above-referenced docket, that if present before the Commission and duly sworn, my testimony would be as set forth in my pre-filed testimony in this matter, and that my testimony herein is true and correct to the best of my knowledge, information, and belief.

____
AARON SILAS

Sworn to and subscribed before me
this 3rd day of August, 2026.

____
Notary Public

My Commission Expires: 5/4/28

DANIEL RYAN JANOWIAK
Notary Public, Notary Seal
State of Missouri
St. Louis County
Commission # 20374795
My Commission Expires 05-04-2028

APPENDIX B

BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION

NASHVILLE, TENNESSEE

August 4, 2026

IN RE:	)	
	)	
PETITION OF LIMESTONE	)	
WATER UTILITY OPERATING	)	
COMPANY, LLC TO ELECT AND	)	**DOCKET NO. 26-__________**
OPT INTO AN ANNUAL RATE	)	
REVIEW MECHANISM AND ARRM	)	
TARIFF PURSUANT TO TENN.	)	
CODE ANN. § 65-5-103(d)(6)	)	

DIRECT TESTIMONY

OF

CAITLIN O'REILLY

ON BEHALF OF

LIMESTONE WATER UTILITY OPERATING COMPANY, LLC

DIRECT TESTIMONY OF

CAITLIN O'REILLY

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Caitlin O'Reilly. My business address is 1630 Des Peres Road, Suite 140, St. Louis Missouri, 63131.

Q. WHAT IS YOUR POSITION WITH LIMESTONE WATER UTILITY OPERATING COMPANY?

A. I am the Director of Regulatory and Plant Accounting at CSWR, LLC ("CSWR"), the affiliated company that has operational/managerial oversight over the CSWR utility operating companies, including Limestone Water Utility Operating Company, Inc. ("Limestone Water" or "Company"). I have been employed at CSWR since May 2021. At CSWR, my responsibilities include overseeing and ensuring compliance with regulatory reporting requirements and accounting standards within both the Company and its various utility operating companies. I collaborate with cross-functional teams, including the finance, legal, and regulatory departments, to ensure accurate and timely reporting to regulatory authorities.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL EXPERIENCE.

A. My education includes a Bachelor of Science in Accounting and a Bachelor of Science in Accounting Information Systems from Maryville University. Prior to being employed by CSWR, I worked at Mastercard and Royal Canin in various accounting roles with increasing levels of responsibility.

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION ("COMMISSION" OR "TPUC")?

A. While I have not testified before this Commission, I have testified before the state utility commissions of Kentucky, Missouri, and North Carolina.

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

A. The purpose of my testimony is to identify the financial methodologies that Limestone Water will use in its Annual Review Mechanism ("ARRM") filings. Additionally, I will discuss the associated deferral mechanism. From these calculations, the Commission can determine if the Company's earnings were more or less than authorized, and based on that determination can make any required adjustments to rates going forward. Limestone Water Witness Mr. Aaron Silas also has filed testimony providing an overview of the ARRM mechanism, including the benefits of the ARRM, the timing of the filing, and other associated information.

Q. ARE YOU SPONSORING ANY EXHIBITS WITH YOUR TESTIMONY?

A. Yes, I am sponsoring Exhibit CO-1, which is a breakdown of the methodologies I describe in detail below.

Q. WERE YOUR TESTIMONY AND EXHIBITS DEVELOPED BY YOU OR BY SOMEONE UNDER YOUR DIRECT SUPERVISION?

A. Yes.

II. OVERVIEW OF ARRM METHODOLOGIES

Q. PLEASE DISCUSS YOUR UNDERSTANDING OF THE BASIS FOR LIMESTONE WATER'S ARRM FILING.

A. Limestone Water seeks to opt into the proposed ARRM pursuant to the alternative regulatory methods statute, Tenn. Code Ann. § 65-05-103(d)(6). The statute specifies that "[a] public utility may opt to file for an annual review of its rates based upon the methodology adopted in its most recent rate case pursuant to § 65-5-101 and subsection (a), if applicable." The statute continues, "[i]n order for a public utility to be eligible to make an election to opt into an annual rate review, the public utility must have engaged in a general rate case pursuant to § 65-5-101 and subsection (a) within the last five (5) years."

As discussed by Mr. Silas, the Company has met these criteria and is proposing to opt into its proposed ARRM based on the methodologies defined in Exhibit CO-1.

Q. WHAT IS THE PURPOSE OF THE FINANCIAL METHODOLOGIES INCLUDED IN EXHIBIT CO-1?

A. The purpose of the financial methodologies contained in Exhibit CO-1 is to establish a clear, transparent, and repeatable framework for preparing Limestone Water's annual ARRM filings. The methodologies translate the ratemaking principles and determinations established by the Commission in Docket No. 24-00044 into a process that can be applied consistently from year to year. By identifying how revenues, expenses, rate base, taxes, and the Company's authorized rate of return will be calculated, the methodologies provide all parties with a common understanding of how the annual filing will be prepared and reviewed. The methodologies are also intended to ensure that future ARRM filings are prepared in a manner consistent with the Commission's prior ratemaking decisions while providing sufficient supporting information for the Commission , the Consumer Advocate, and other interested parties to evaluate the reasonableness of the Company's filing.

Q. HOW WERE THESE METHODOLOGIES DEVELOPED?

A. The methodologies were developed through a comprehensive review of the Commission's Order Setting Utility Rates in Docket No. 24-00044, including the findings, adjustments, and ratemaking determinations used to establish Limestone Water's current rates.[1] The Company reviewed the methodologies utilized by the Commission in determining revenue requirement, rate base, operating expenses, taxes, capital structure, and return on equity and then evaluated how those same concepts could be applied within an annual review mechanism. The resulting methodologies are intended to reflect the Commission's ratemaking determinations while providing a practical framework for annual implementation.

Q. ARE THE METHODOLOGIES CONSISTENT WITH THE COMMISSION'S ORDER IN DOCKET NO. 24-00044?

A. Yes. The methodologies proposed are based upon and intended to reflect the regulatory principles, adjustments, and ratemaking determinations adopted by the Commission in Docket No. 24-00044. Consistent with those determinations, the ARRM filing will utilize Commission-approved methodologies for determining revenues, operating expenses, depreciation, taxes, rate base, capital structure, and return on equity. Revenues will be determined using the revenue treatment approved

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[1] *Order Setting Utility Rates*, TPUC Docket No. 24-00044 (July 10, 2025) (hereinafter "*2025 Rate Case Order*").

by the Commission, including the treatment of other revenues. Expenses will be calculated using the ratemaking adjustments and limitations adopted by the Commission. Rate base will be developed using the same general components utilized by the Commission in establishing rates, including utility plant, accumulated depreciation, working capital, and other approved rate base items. The filing will also utilize the Commission-approved capital structure, cost of debt, and return on equity in determining the Company's authorized return. Finally, Tennessee Excise Tax and Federal Income Tax will continue to be calculated using the same general ratemaking principles reflected in the *2025 Rate Case Orde*r. Through these methodologies, the Company seeks to ensure that future ARRM filings remain grounded in the Commission's most recent rate case determinations while providing a consistent process for annual review.

III. ARRM FILING

Q. PLEASE SUMMARIZE THE ARRM FILING PROCESS.

A. As discussed by Mr. Silas, on or before March 20 of each year in which the ARRM is in effect, Limestone Water will file the ARRM containing the Company's revenues, expenses, and rate base for the twelve-month period ending December 31 of the preceding calendar year, which is referred to as the Historic Base Period. The ARRM filing will utilize the methodologies contained in Exhibit CO-1 to determine the Company's earned return during the Historic Base Period and compare that result to the return authorized by the Commission in Docket No. 24-00044. The filing will also calculate the revenue requirement necessary to establish rates prospectively based upon updated financial information. Through this process, the Commission will be able to evaluate the Company's earnings and determine any resulting rate adjustments consistent with the ARRM.

Q. WHAT ARE THE TWO COMPONENTS OF THE ARRM FILING?

A. The ARRM filing has two primary components. First, the filing will determine whether Limestone Water experienced an earnings deficiency or earnings excess during the Historic Base Period by comparing the Company's earned return to the return authorized by the Commission. Second, the filing will calculate a prospective rate reset designed to establish rates using the updated revenues, expenses, and rate base reflected in the Historic Base Period. Together, these components allow the Commission to evaluate both the Company's historic earnings and the revenue requirement necessary to provide the Company an opportunity to earn its authorized return going forward.

Q. WHAT INFORMATION WILL BE INCLUDED IN EACH ARRM FILING?

A. Each ARRM filing will include schedules, workpapers, and supporting documentation sufficient to demonstrate the calculation of the Company's revenues, expenses, taxes, rate base, earned return, and proposed rate adjustments. These materials will include revenue schedules identifying customer revenues and other revenues included in the calculation, expense schedules supporting the Company's operating and maintenance expenses, depreciation expense, amortization expense, and tax calculations, and rate base schedules identifying utility plant, accumulated depreciation, working capital, acquisition-related assets, and other rate base components. The filing will also include detailed supporting workpapers demonstrating how each adjustment was calculated and how the methodologies were applied.

In addition, the Company will provide schedules supporting plant additions placed in service during the Historic Base Period, information regarding construction projects included in rate base, documentation supporting any acquisition-related rate base additions, and any other schedules necessary to explain material changes in revenues, expenses, or investment since the Commission's most recent rate case. The purpose of this supporting information is to provide transparency regarding the Company's calculations and to allow the Commission, the Consumer Advocate, and other interested parties to efficiently review and verify the information included in each ARRM filing.

IV. REVENUE REQUIREMENT METHODOLOGIES

Q. WHAT REVENUES WILL BE INCLUDED IN THE ARRM FILING?

A. Limestone Water will utilize actual revenues recorded during the Historic Base Period in determining the Company's earnings deficiency or excess and in calculating the revenue requirement associated with the ARRM filing. Revenues will be based on the Company's books and records and will be reported consistent with the revenue treatment, including known & measurable adjustment methodologies, approved by the Commission in Docket No. 24-00044. The use of actual revenues provides a transparent and verifiable basis for evaluating the Company's financial performance during the Historic Base Period.

Q. WHAT OTHER REVENUES WILL BE INCLUDED IN THE ARRM FILING?

A. Consistent with the Commission's determinations in Docket No. 24-00044, the Company will include other revenues recognized for ratemaking purposes, including late payment fees, tap fees, inspection fees, and other miscellaneous operating revenues. These revenues will be incorporated into the ARRM filing in a manner consistent with the treatment approved by the Commission in its most recent rate case.

Q. WILL ACTUAL OR PROJECTED REVENUES BE USED IN THE ARRM FILING?

A. Limestone Water proposes to use actual recorded revenues rather than projected revenues. Because the ARRM is based upon a Historic Base Period, the revenue information included in the filing will consist of revenues that have already been earned and recorded on the Company's books and records. The use of actual revenues improves transparency and allows the Commission and interested parties to review information that is readily verifiable through supporting documentation and accounting records.

Q. WHAT EXPENSES WILL BE INCLUDED IN THE ARRM FILING?

A. Limestone Water will utilize actual expenses recorded for General and Administrative expense ("G&A"), Operations and Maintenance expense ("O&M"), Depreciation, Amortization, Taxes Other Than Income Taxes, Tennessee Excise Tax, and Federal Income Tax. These expenses will be adjusted as necessary to reflect the ratemaking methodologies approved by the Commission in Docket No. 24-00044 and any other adjustments required under Exhibit CO-1.

Q. HOW WILL G&A EXPENSES BE CALCULATED?

A. Pursuant to the 2025 Rate Case Order, Limestone Water will make known and measurable adjustments to G&A expenses and will continue to apply the Commission-authorized treatment of uncollectible accounts. Additionally, the Company will exclude expenses that the Commission determined should not be included in rates, including costs associated with investment income activities, sponsorships, association memberships, subscriptions determined to be non-recoverable, and other items specifically disallowed by the Commission. The resulting amount will be utilized in the ARRM filing consistent with the methodologies approved in the Company's most recent rate case.

Q. HOW WILL O&M EXPENSES BE CALCULATED?

A. Limestone Water will utilize actual O&M expenses recorded during the Historic Base Period and will make adjustments consistent with the *2025 Rate Case Order*. Such adjustments may include updates to contract service rates, application of the Commission-approved unaccounted-for-water limitation, and other known and measurable adjustments recognized by the Commission in establishing the Company's current rates. Additionally, the Company will include acquisition-related operating expenses that have been recorded on the Company's books and are otherwise eligible for recovery under Commission-approved ratemaking principles. The Company believes that utilizing actual recorded expenses, subject to these ratemaking adjustments, appropriately reflects the ongoing cost of providing safe and reliable utility service.

Q. HOW WILL DEPRECIATION EXPENSE BE CALCULATED?

A. Limestone Water will continue to utilize the depreciation rates approved by the Commission in Docket No. 24-00044 and will calculate depreciation expense consistent with those approved rates. Any updates to plant balances resulting from construction projects, acquisitions, or asset retirements will be reflected in the depreciation calculations as appropriate.

Q. HOW WILL AMORTIZATION BE CALCULATED?

A. Limestone Water will calculate amortization expense consistent with the Commission's treatment of amortized items in Docket No. 24-00044. In addition, the Company will include the amortization effect associated with Contributions in Aid of Construction ("CIAC") and any other Commission-authorized amortization items applicable during the Historic Base Period.

Q. HOW WILL TENNESSEE EXCISE TAX BE CALCULATED?

A. Tennessee Excise Tax will be calculated in accordance with applicable Tennessee statutes and regulations using revenues, expenses, and ratemaking adjustments reflected in the ARRM filing. The Company will continue to utilize synchronized interest expense in determining taxable income by applying the approved weighted cost of debt to the applicable rate base. This methodology is consistent with the treatment approved by the Commission in Docket No. 24-00044.

Q. HOW WILL FEDERAL INCOME TAX BE CALCULATED?

A. Federal Income Tax will be calculated in accordance with applicable federal tax law using revenues and expenses reflected in the ARRM filing after application of Commission-approved ratemaking adjustments. As with Tennessee Excise Tax, synchronized interest will be utilized in determining taxable income through application of the approved cost of debt to applicable rate base. In addition, any excess deferred income tax amortization or other tax-related adjustments recognized by the Commission in Docket No. 24-00044 will continue to be reflected in the ARRM calculation.

V. DETERMINATION OF EARNED RETURN

Q. HOW WILL LIMESTONE WATER DETERMINE NET OPERATING INCOME?

A. Limestone Water will determine Net Operating Income by subtracting all operating expenses from total operating revenues during the Historic Base Period. Operating expenses will include Operations and Maintenance expense, General and Administrative expense, Depreciation expense, Amortization expense, Taxes Other Than Income Taxes, Tennessee Excise Tax, and Federal Income Tax, as adjusted in accordance with the methodologies contained in Exhibit CO-1. The resulting amount represents the Company's earnings from utility operations during the Historic Base Period.

Q. HOW WILL LIMESTONE WATER DETERMINE RATE BASE?

A. Limestone Water will determine rate base using the methodologies approved by the Commission in Docket No. 24-00044 and reflected in Exhibit CO-1. Rate base will generally include utility plant in service, accumulated depreciation, acquisition-related assets, cash working capital, prepaid expenses, and other Commission-approved rate base components. The Company will update these balances using information from the Historic Base Period to reflect the investment used and useful in providing utility service to customers.

Q. HOW WILL THE COMPANY DETERMINE ITS EARNED RETURN?

A. The Company's earned return will be determined by comparing its Net Operating Income to its rate base during the Historic Base Period. Specifically, the Company will calculate its earned return by dividing Net Operating Income by the applicable rate base. This calculation provides a measurement of the return generated by the utility's investment and allows for a comparison to the return authorized by the Commission. The resulting earned return serves as the basis for determining whether Limestone Water experienced an earnings deficiency or earnings excess during the Historic Base Period.

Q. HOW WILL THE COMPANY DETERMINE WHETHER IT EXPERIENCED AN EARNINGS DEFICIENCY OR EXCESS?

A. Limestone Water will compare its earned return during the Historic Base Period to the return authorized by the Commission in Docket No. 24-00044. If the Company's earned return is less than the authorized return, the difference will constitute an earnings deficiency. Conversely, if the Company's earned return exceeds the authorized return, the difference will constitute an earnings excess. This comparison allows the ARRM filing to quantify the extent to which the Company's actual financial results differed from the return authorized by the Commission and serves as the basis for any resulting adjustment under the ARRM.

Q. WHAT AUTHORIZED RETURN WILL BE USED IN THE ARRM CALCULATION?

A. Limestone Water proposes to utilize the return authorized by the Commission in Docket No. 24-00044. Consistent with determinations included in the *2025 Rate Case Order*, the Company will utilize the Commission-approved capital structure consisting of 45% debt and 55% equity, a cost of debt of 6.64%, and a return on equity of 10.00%. These components result in an overall authorized rate of return of 8.49%, which will be utilized in determining both the Company's earnings deficiency or excess and the prospective rate reset calculations included in the ARRM filing.

VI. RATE BASE METHODOLOGIES

Q. PLEASE DESCRIBE RATE BASE.

A. Rate base represents the Company's investment in the assets and resources used to provide water and wastewater utility service to customers. In general, rate base includes the utility plant, facilities, infrastructure, equipment, and other investments necessary to operate the utility and provide safe and reliable service. Rate base serves as the investment amount upon which the Commission-authorized rate of return is applied to determine the level of earnings the Company is permitted an opportunity to recover through rates.

Q. WHAT RATE BASE COMPONENTS WILL BE UPDATED IN THE ARRM FILING?

A. The Company will update the principal components of rate base utilizing information from the Historic Base Period. These components generally include Utility Plant in Service, Accumulated Depreciation, acquisition-related assets, Cash Working Capital, Prepaid Expenses, and other rate base items recognized by the Commission in Docket No. 24-00044. These updates ensure that rate base reflects the Company's actual investment in utility assets used to provide service during the Historic Base Period.

Q. HOW WILL UTILITY PLANT IN SERVICE BE CALCULATED?

A. Utility Plant in Service will reflect the Company's recorded plant balances as of the end of the Historic Base Period, including additions resulting from completed construction projects and assets placed into service to provide utility service to customers. Utility Plant in Service will be recorded net of any required ratemaking adjustments and will be supported by the Company's books and records, construction documentation, and other supporting workpapers included with the ARRM filing. Depreciation expense and accumulated depreciation will continue to be calculated utilizing the depreciation methodologies and rates approved by the Commission in Docket No. 24-00044.

Q. HOW WILL ACQUISITIONS BE REFLECTED IN RATE BASE?

A. Consistent with the Company's proposed ARRM methodologies, Limestone Water will include in rate base the net book value of assets acquired since the prior ARRM filing that have been recorded on the Company's books and are providing utility service during the Historic Base Period. The Company will provide supporting schedules identifying acquired assets and their associated values. As discussed previously, any acquisition adjustment associated with an acquired system would remain subject to future Commission review and approval in a separate proceeding. This approach allows newly acquired utility systems to be incorporated into the ARRM in a manner consistent with the Company's ongoing acquisition and infrastructure investment strategy.

Q. HOW WILL CASH WORKING CAPITAL BE CALCULATED?

A. Limestone Water will calculate Cash Working Capital using the methodology approved by the Commission in Docket No. 24-00044. Consistent with that methodology, Operations and Maintenance expenses will be converted to a daily amount and multiplied by the Commission-authorized lag period to determine the appropriate level of working capital required to support utility operations. The Company will make any adjustments necessary to maintain consistency with the Commission's prior ratemaking determinations.

Q. HOW WILL PREPAID EXPENSES BE CALCULATED?

A. Prepaid Expenses will reflect amounts paid in advance for services or obligations that benefit future periods. These balances may include items such as insurance premiums, software subscriptions, regulatory fees, permits, and other prepaid operating costs. The Company will utilize the balances reflected on its books and records during the Historic Base Period and will make any adjustments necessary to ensure consistency with the methodologies approved by the Commission in Docket No. 24-00044.

Q. WHY DOES THE COMPANY UTILIZE YEAR-END RATE BASE IN ITS ARRM CALCULATIONS?

A. Limestone Water proposes to use year-end rate base because it more accurately reflects the investment devoted to providing service to customers at the conclusion of the Historic Base Period. As the Commission is aware, Limestone Water's business model includes both the acquisition of distressed systems and the continued investment of capital to rehabilitate, replace, upgrade, and expand water and wastewater infrastructure. These activities frequently result in meaningful additions to plant investment during the course of a year. Utilizing year-end rate base allows the ARRM to recognize the investments that have been completed, placed into service, and are providing benefits to customers as of the end of the Historic Base Period rather than relying upon balances that may not fully reflect those investments.

Furthermore, the use of year-end rate base helps reduce regulatory lag by incorporating capital investments and newly acquired utility assets into the ARRM calculation shortly after those investments begin serving customers. Because the Company routinely acquires distressed systems and makes substantial post-acquisition improvements to ensure compliance with applicable safety, health, and environmental requirements, a year-end measurement better reflects the facilities and infrastructure actually being utilized to provide service. The Company believes this approach results in a more current representation of utility investment while maintaining transparency through supporting documentation that will accompany each ARRM filing.

Finally, Limestone Water believes use of year-end rate base aligns the Company's revenues with the investment necessary to provide service and appropriately recognizes the ongoing capital investment that is fundamental to the Company's mission of acquiring, improving, and operating distressed water and wastewater systems. This approach provides a more accurate measurement of the Company's actual utility investment while allowing the Commission to review and verify each addition through the schedules, workpapers, and supporting documentation included with the ARRM filing.

VII. DEFERRAL AND RECOVERY MECHANISM

Q. HOW WILL THE COMPANY RECORD AN EARNINGS DEFICIENCY OR EXCESS?

A. After determining the Company's earned return for the Historic Base Period, Limestone Water will compare that return to the Commission-authorized return. To the extent the Company's earned return is less than the authorized return, the resulting earnings deficiency will be recorded as a regulatory asset. Conversely, if the Company's earned return exceeds the authorized return, the resulting earnings excess will be recorded as a regulatory liability. This treatment allows the Company to track the amount subject to future recovery or refund through the ARRM process while maintaining transparency regarding the effect of the Historic Base Period's financial results. Consistent with the ARRM framework described by Mr. Silas, the regulatory asset or liability will represent the mechanism through which earnings differences are carried forward for future disposition.

Q. WILL THE DEFERRED BALANCE ACCRUE A CARRYING CHARGE?

A. Yes. Consistent with the ARRM framework proposed by the Company, any earnings deficiency or earnings excess deferred as a regulatory asset or regulatory liability will accrue carrying charges. The carrying charge will be calculated using the simple average of the deferred balance, assuming the balance accumulated evenly throughout the Historic Base Period. The average balance will then be multiplied by the Commission-authorized rate of return established in Docket No. 24-00044. This approach recognizes the time value of money associated with the deferred balance and is intended to treat both earnings deficiencies and earnings excesses in a consistent manner.

Q. HOW WILL THE DEFERRED BALANCE BE RECOVERED OR REFUNDED?

A. The deferred balance, including any applicable carrying charges, will be incorporated into rates prospectively through the ARRM filing. If the deferred balance represents an earnings deficiency, rates will be adjusted to provide recovery of that amount. If the deferred balance represents an earnings excess, rates will be adjusted to return that amount to customers. As discussed by Mr. Silas, the deferred balance will be reflected as part of the annual ARRM calculation and incorporated into future rates through the rate reset process approved by the Commission. This approach allows the Company's actual earnings experience during the Historic Base Period to be reflected in customer rates on a timely basis.

Q. HOW WILL THE RATE RESET BE CALCULATED?

A. The rate reset will be calculated using the updated revenues, expenses, taxes, and rate base developed from the Historic Base Period and calculated in accordance with the methodologies contained in Exhibit CO-1. The Company will first determine the revenue requirement necessary to provide an opportunity to earn the Commission-authorized return on the updated rate base. The deferred earnings deficiency or earnings excess, including any carrying charges, will then be incorporated into that calculation. The resulting revenue requirement will be used to determine the prospective rate adjustment necessary to establish rates going forward. Accordingly, the rate reset incorporates all major components of the ARRM filing, including revenues, operating expenses, depreciation, amortization, taxes, rate base, capital structure, authorized return, and any deferred regulatory asset or liability resulting from the earnings reconciliation. In this manner, the ARRM provides both a reconciliation of historical earnings and an update to rates based upon the Company's current cost of providing service.

VIII. NEW MATTERS

Q. WHAT ARE NEW MATTERS?

A. For purposes of the ARRM, "New Matters" are issues, events, accounting treatments, or ratemaking considerations that directly or indirectly affect the annual filing but were not expressly addressed in TPUC Docket No. 24-00044. New Matters may include changes in accounting standards or accounting treatment, newly acquired utility systems, regulatory directives issued after the Company's most recent rate case, or unique or unusual events that materially affect the

Company's revenues, expenses, taxes, or rate base. Because such matters may not have been considered during the Company's most recent rate proceeding, Limestone Water believes it is appropriate to separately identify and explain them as part of the ARRM filing process.

Q. HOW WILL NEW MATTERS BE PRESENTED TO THE COMMISSION?

A. Limestone Water will separately identify any New Matters included in an ARRM filing and provide sufficient supporting documentation to allow the Commission to evaluate their treatment. The Company will provide supporting schedules, workpapers, calculations, and narrative explanations describing the nature of the issue, its impact on the ARRM calculation, and the basis for the Company's proposed treatment. By separately identifying New Matters, the Company seeks to provide transparency regarding any item that was not expressly addressed in Docket No. 24-00044 and facilitate efficient review by the Commission, Commission Staff, and other interested parties.

Q. MAY THE COMPANY PROPOSE ADDITIONAL ADJUSTMENTS IN FUTURE ARRM FILINGS?

A. Yes. While the methodologies contained in Exhibit CO-1 establish the framework that Limestone Water proposes to use in future ARRM filings, circumstances may arise that warrant additional adjustments. Examples include changes resulting from newly issued accounting pronouncements, subsequent Commission orders, unusual or one-time events, corrections necessary to accurately reflect the Company's operations, or other non-recurring items that materially affect revenues, expenses, taxes, or rate base. In such circumstances, the Company would identify the proposed adjustment, explain the basis for its inclusion, and provide supporting documentation sufficient to permit Commission review. The Company is not proposing that such adjustments be made automatically, but rather that the ARRM provide a transparent mechanism through which they may be presented and evaluated when appropriate.

Q. HOW WILL THE COMPANY ADDRESS FUTURE ACQUISITIONS OR OTHER CHANGES IN BUSINESS OPERATIONS?

A. Limestone Water's business model includes the acquisition of distressed water and wastewater systems and the investment necessary to bring those systems into compliance with applicable regulatory requirements and service standards. As a result, future acquisitions, capital investment programs, and operational changes may affect the Company's revenues, expenses, customer base, and rate base between ARRM filings. Consistent with the methodologies described in this testimony, the Company will incorporate acquired assets, plant additions, customer growth, and other operational changes into the ARRM filing to the extent those items have been recorded on the Company's books, are providing utility service during the Historic Base Period, and are otherwise eligible for recovery under applicable Commission authority. By doing so, the ARRM will continue to reflect the Company's actual utility operations and investment profile while providing the Commission with transparency regarding changes in the Company's business. The Company believes this approach is particularly important given its ongoing commitment to acquiring, rehabilitating, and operating distressed utility systems throughout Tennessee.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

Exhibit CO-1: Limestone Water ARRM Methodologies

I. Limestone Wate[1]r Utility Operating Company, LLC's Request for an Annual Rate Review Mechanism

Limestone Water UOC ("Limestone" or "Company") seeks to opt into an annual review of rates mechanism it is referring to as its "Annual Rate Review Mechanism" or "ARRM" under the alternative regulatory methods statute, pursuant to Tennessee Code Annotated Section 65-5-103(d).

As noted in the statute, "A public utility may opt to file for an annual review of its rates based upon the methodology adopted in its most recent rate case pursuant to§ 65-5-101 and subsection(a), if applicable." The statute continues, "In order for a public utility to be eligible to make an election to opt into an annual rate review, the public utility must have engaged in a general rate case pursuant to § 65-5-101 and subsection (a) within the last five (5) years; .. ."

The Company has met the rate filing criteria and is proposing to opt into its ARRM using the methodologies presented in this Exhibit.

II. Overview of Annual Rate Review

Provided in Section III. Methodologies, below, Limestone has identified and listed the proposed methodologies for each rate-making category, i.e., revenues, expenses, rate base components, and rate of return components. A reference has also been provided to the page in the Rate Case Order in which each item was discussed.

The Company has indicated, where applicable, the differences in methodologies between how the item will be treated in the current historic base period deficiency calculation and how it may be treated for rate setting purposes ("rate reset"). This distinction is necessary due to the proposed methodologies for Limestone's proposed ARRM.

The Company's proposed ARRM will incorporate an historical base year review of its revenues, expenses, investments (rate base), and rate of return components to determine if the Company

[1] *Order Setting Utility Rates*, TPUC Docket No. 24-00044 (July 10, 2025)

earned the authorized return on equity adopted in the most recent rate case. If the Company earned more than the authorized return on equity, the excess revenues (also referred to as earnings excess) will be deferred in a regulatory liability and rates will be reduced for this amount prospectively. If the Company earned less than its authorized return on equity, the Company will defer expenses to a regulatory asset and rates will be increased for this amount prospectively. Under both scenarios, the Company is proposing that carry charges be computed and accrued for on the simple average of the deferred balance. The simple average will be determined based on the final year end deferred balance, assuming the balance accrued evenly throughout the year. The average balance will then be multiplied by the base year rate of return.

In addition to the review of the annual earnings deficiency or excess, rates will be adjusted prospectively based on the historic base period so that the Company may earn its authorized return in the future and include the recovery or refund of the deferred earnings deficiency or excess balance.

The annual earnings deficiency or excess review and rate reset will occur in one filing, made on or before March 20 of each year. The historic base period for the ARRM filing will align with the Company's fiscal year end, December 31. In summary, there will be one annual filing that will include the determination of the earning deficiency or excess and the rate reset.

III. Methodologies

A. Test Period

The Test Period shall be Limestone's most recently completed fiscal year end, prior to the filing.

B. Revenues (Pg. 12)

In determining the historic base year earnings deficiency or excess, actual usage and recorded revenues shall be used.

a. Other Revenues (Pg. 18-22) include revenues from:

i. Late Payment Fees

ii. Tap Fees

iii. Misc Revenues

C. Expenses (Pg. 22)

Exhibit CO-1: Limestone Water ARRM Methodologies

In determining the historic base year earnings deficiency or excess, actual expenses shall be used as defined below:

a. General & Administrative (Pg. 23 – 24, 34-35)
    i. The uncollectible ratio to service revenues shall be 1%
    ii. Annualization of expenses where needed using actual expenses incurred
    iii. Transferred administrative expenses shall be expenses incurred removing costs relating to investment income, sponsorships, association memberships, subscriptions, and duplicative depreciation
b. Operations & Maintenance (Pg. 25-27, 34-35)
    i. O&M Expenses shall be the costs incurred with adjustments for:
        1. 96.55% recoverability of water operations expense due to water loss percentages of 18.45%
        2. 100% exclusion of investment income, sponsorships, memberships, and duplicative depreciation expenses
        3. Annualization of expenses where needed using actual expenses incurred
        4. Removal of known & measurable one-time expenses related to source of supply and meter maintenance
        5. Known & measurable contract rate changes if applicable
c. Depreciation (Pg. 27-28)
    i. Limestone shall continue to use currently approved depreciation rates (Pg. 28)
d. CIAC Amortization (Pg. 28-29)
    i. To be calculated as a credit expense
e. Income Tax Expense (Pg. 33)
    i. The Company's ARRM filing shall include Tennessee Excise tax and Federal Income tax, as outlined below, for both the rate reset and in determining the historic base year earnings deficiency or excess.

       Tennessee Excise Tax shall be computed in accordance with the applicable statute and tax regulations and revenues and expenses reflecting adjustments adopted by the Commission in Docket No. 24-00044. Interest used for computing Tennessee Excise Tax shall be the synchronized interest computed by multiply the average rate base by the weighted cost of debt. Federal Income Tax shall be computed in accordance with the applicable statute and tax regulations and revenues and expenses reflecting adjustments adopted by the Commission in Docket No. 24-00044. Interest used for computing Federal Income Tax shall be the synchronized interest computed by multiply the average rate base by the weighted cost of debt. The calculated income tax expense shall be offset by the excess deferred income tax amortization, consistent with the amounts, methods and timing approved by the Commission in Docket No. 24-00044.

D. Net Operating Income

Net Operating Income ("NOI") represents the earnings of the Company under present rates that are available after all items of the cost of providing utility service have been considered. The summation of operating revenues results in total operating revenue. Thereafter, the operation and maintenance expenses are subtracted. In addition, depreciation expense, taxes other than income taxes, state excise taxes and federal income taxes are also subtracted. These subtractions result in the removal of a total operating expense. Calculation of NOI by subtracting total operating expense from total operating revenue arrives at the net operating income.

E. Rate Base

Rate Base is the total of the investor funded or supplied plant, facilities, and other investments used by the utility in provisioning service to its customers. The rate base is the investment base to which a fair rate of return is applied to arrive at the net operating income requirement.

a. Utility Plant in Service (Pg. 43-46)

The UPIS shall include the acquisition asset values and construction costs associated with improvements completed through the end of the test year.

The Company's ARRM filing shall include its actual Plant in Service and Accumulated Reserve balances, as well as the depreciation expense, based on the depreciation rates approved in Docket No. 24-00044, for the historic base period.

i. In the case of applicable transaction costs, 67.02% of total evaluated costs to be recovered through a regulatory asset amortized over 20 yrs through straight line amortization.

b. Acquisition Adjustments (Pg.52-64)

   Limestone to include Acquisition Adjustments adopted by the Commission in Docket No. 24-00044, any subsequent case, or as otherwise approved by the Commission.

c. Cash Working Capital (Pg. 64-65)

   Computed by dividing O&M expenses by 365 days then multiplying the daily amount by 45 lag days

d. Prepaid Expenses (Pg. 65)

   Includes subscription services, insurance, and certain regulatory Fees

F. Rate Of Return

a. Capital Structure (Pg. 97)

   The Company's ARRM filing shall include a capital structure composed of 45% debt and 55% equity as adopted by the Commission. This capital structure shall be used for both the rate reset and in determining the historic base year earnings deficiency or excess.

b. Cost of Debt

   Limestone shall use a cost of debt of 6.64% as adopted by the Commission in Docket 24-00044.

c. Return on Equity

   The Company's ARRM filing shall include a 10.0% equity return as adopted by the Commission in Docket 24-00044.

d. Overall Rate of Return

   The Company's ARRM filing shall include an overall rate of return of 8.49% and shall be used where applicable, including the calculation of carrying charges and other related calculations.

G. New Matters

a. New Matters refers to any issue, adjustment, accounting treatment, ratemaking treatment, regulatory requirement, acquisition-related item, or other matter that would directly or indirectly affect an Annual ARRM Filing for which there is no explicit prior determination by the Commission regarding Limestone Water.

The Company shall identify any New Matter separately within its Annual ARRM Filing and provide supporting documentation, workpapers, and explanations sufficient to permit Commission review.

Nothing contained within this ARRM shall be construed as providing automatic approval, recovery, or ratemaking treatment for any New Matter. Any New Matter shall remain subject to review and determination by the Commission consistent with Tennessee law and the Commission's ratemaking authority.

Examples of New Matters may include, but are not limited to:

i. Changes in accounting standards or regulatory accounting requirements;
ii. Newly enacted federal or state laws or regulations affecting utility operations or ratemaking
iii. Unusual, extraordinary, non-recurring, or catastrophic events;
iv. Acquisition-related issues for which no explicit Commission-approved ratemaking treatment exists;
v. Regulatory assets or liabilities not previously approved by the Commission;
vi. Novel cost allocation, revenue recognition, or rate base treatment issues;

Any other matter which the Company reasonably believes presents a material ratemaking issue not addressed by the methodologies approved in Docket No. 24-00044 or subsequent Commission orders.

Any proposed adjustment associated with a New Matter shall be separately identified and quantified within the Annual ARRM Filing. The Commission shall retain full authority to approve, modify, reject, defer, or otherwise prescribe the ratemaking treatment applicable to such New Matter.

BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION
NASHVILLE, TENNESSEE

PETITION OF LIMESTONE WATER UTILITY OPERATING COMPANY, LLC TO ELECT AND OPT INTO AN ANNUAL RATE REVIEW MECHANISM AND ARRM TARIFF PURSUANT TO TENN. CODE ANN. § 65-5-103(d)(6)	)))))))	**DOCKET NO. 26-__________**

VERIFICATION

STATE OF Missouri)
)
COUNTY OF St. Louis)

I, CAITLIN O'REILLY, being duly sworn, state that I am authorized to testify on behalf of Limestone Water Utility Operating Company, LLC in the above-referenced docket, that if present before the Commission and duly sworn, my testimony would be as set forth in my pre-filed testimony in this matter, and that my testimony herein is true and correct to the best of my knowledge, information, and belief.

Caitlin O'Reilly
CAITLIN O'REILLY

Sworn to and subscribed before me
this 3rd day of August, 2026.

Daniel Ryan Janowiak
Notary Public

My Commission Expires: 5/4/28

DANIEL RYAN JANOWIAK
Notary Public, Notary Seal
State of Missouri
St. Louis County
Commission # 20374795
My Commission Expires 05-04-2028

101942377.v1

Appendix C: Proposed ARRM Tariff

Limestone Water Utility Operating Company

Annual Rate Review Mechanism (ARRM)

Applicable

To all water/sewer services provided under tariff services, excluding special contract

Purpose

This Annual Rate Review Mechanism ("ARRM") is implemented under the provisions of Tennessee Code Annotated Section 65-5-103(d)(6), which authorizes the Company to opt for an annual review of the Company's rates. Pursuant to this ARRM and the annual filings described herein, the Company's tariff rates (excluding approved special contract rates) shall be adjusted to provide that the Company earns the Authorized Return on Equity. The rate adjustments implemented under this mechanism will reflect changes in the Company's jurisdictional revenues, cost of service, and rate base. The ARRM may be terminated or modified as provided under Tennessee Code Annotated Section 65-5-103(d)(6)(D).

Definitions

A. **Annual ARRM Rate Effective Date** shall be the date the rate and rate adjustments established in the Annual ARRM proceeding are effective. The Annual ARRM Rate Effective Date shall be August 1 each year.
B. **Annual Filing Date** shall be the date the Company will make its annual ARRM filing with the Tennessee Public Utility Commission. The Annual Filing Date shall be no later than March 20 of each year.
C. **Annual Reconciliation Balance** is the sum of the Historic Base Period Earning Deficiency or (Excess) and the carrying charges from the mid-point to the end of the Historic Base Period multiplied by the Income Tax Gross-Up factor.
D. **Annual True-Up Revenue Requirement Rate Adjustment (True-Up Rate Adjustments)** is the rate adjustment necessary to allow the Company to recover or credit to the customers the Historic Base Period earning deficiency or excess respectively and earn its Authorized Return on Equity on a going forward basis. The Annual True-Up Revenue Requirement Rate

Adjustment shall be based on the Historic Base Period revenues, expenses, and rate base with the following adjustments:

a. Tap & Inspection Fees shall be classified as Revenues
b. Bad Debt Expense shall be calculated using a 1% allowance
c. The Historic Base Period rate making Operating Expenses shall be increased to include the recovery of a positive Historic Base Period Annual Reconciliation Balance or reduced to credit a negative Historic Base Period Reconciliation Balance.
d. State Excise Tax and Federal Income Tax shall be computed based on the adjusted revenues and expenses, and synchronized interest computed by multiplying the Rate Base by the weighted cost of debt.
e. The rate base shall be adjusted to include:
   i. The average unamortized balance of the Annual Reconciliation Balance (positive or negative) and the related deferred income tax assuming amortization over twelve (12) months
f. The Annual True Up Rate Adjustment Rate Increase or Reduction shall be allocated proportionately to the Revenue Requirements allocated to individual Rate Schedules in Docket No. 24-00044 or any subsequent general rate case to determine the total adjustment applicable to each Rate Schedule.

E. **Approved Methodology** is defined as the methodology adopted by the Commission in Docket No. 24-00044 or in any subsequent general rate case, whichever is more recent, or as otherwise approved by the Commission.

F. **ARRM Regulatory Asset or Regulatory Liability** shall be the Annual Reconciliation Balance and the related deferred income tax, with the Annual Reconciliation Balance multiplied by the composite Tennessee Excise and Federal Income Tax rate.
   a. The average unamortized balance of the ARRM Regulatory Asset or Regulatory Liability and the related Deferred Income Tax for the current Historic Base Period shall be components of the Annual True-Up Rate Adjustment Rate Base assuming amortization uniformly over twelve (12) months.

G. **Authorized Overall Rate of Return** is defined as the overall rate of return as computed in accordance with the procedure adopted by the TPUC in Docket No. 24-00044 or any subsequent general rate case. The capital structure (% short-term debt, % long-term debt, and % equity) shall be as adopted by the Commission in Docket No. 24-00044 or subsequent general rate case. The return or equity shall be 10.00% as adopted in Docket No. 24-00044 or the equity return adopted in a subsequent general rate case. The long-term debt cost rate shall be 6.64% as adopted in Docket No. 24-00044 or the debt cost adopted in a subsequent general rate case.

H. Authorized Return on Equity is defined as the return on equity established in TPUC Docket No. 24-00044, or in any subsequent general rate case, whichever is more recent.

I. **Earning Deficiency or Excess** shall be the net operating income for the Historic Base Period less the net operating income required to produce the authorized return on equity. The revenues shall be actual revenues for the Historic Base Period, and the expenses shall be adjusted consistent with Docket No. 24-00044:

   a. 96.55% recoverability of water operations expense due to water loss percentages of 18.45%
   b. 100% exclusion of investment income, sponsorships, memberships, and duplicative depreciation expenses
   c. Removal of known & measurable one-time expenses related to source of supply and meter maintenance
   d. Annualization of expenses where needed using actual expenses incurred
   e. Known & measurable contract rate changes if applicable

J. **Historic Base Period** is defined as the twelve-month period ending December 31 of each year prior to each Annual Filing Date.

K. **New Matters** refers to any issue, adjustment, and/or ambiguity in or for any account, method of accounting or estimation, or ratemaking topic that would directly or indirectly affect the Annual ARRM Filing for which there is no explicit prior determination by the Commission regarding the Company.

   a. With respect to plant, revenues, expenses, and customers associated with systems acquired by the Company, such items shall be treated consistent with applicable

Commission orders, accepted accounting principles, and prior Commission-approved ratemaking methodologies. Newly acquired systems, facilities, and customers may be included in the Historic Base Period results reflected in an Annual ARRM Filing only to the extent such assets and related costs have been placed in service, recorded on the Company's books and records during the Historic Base Period, and are otherwise eligible for rate recovery under existing Commission authority. In such cases, both revenues and expenses related to the newly acquired system shall be annualized.

b. To the extent the inclusion or treatment of any acquisition-related item presents a New Matter for which there is no explicit prior Commission determination, the Company shall identify and disclose such item in its Annual ARRM Filing for Commission review and approval. Nothing in this Section shall be construed to authorize the automatic inclusion of new plant, expenses, or revenues outside the scope of previously approved ratemaking treatment, or to limit the Commission's authority to review, modify, or disallow any such items.

L. **Operating Income Deficiency or (Excess)** shall be the amount resulting from subtracting the Historic Base Period operating income for the authorized operating income computed by multiplying the Historic Base Period rate base by the authorized weighted return on Equity adopted in TPUC Docket No. 24-00044 or subsequent general rate case. The result is an Operating Income Deficiency if the authorized operating income is greater than the Historic Base Period net operating income, and an Operating Income Excess if the authorized operating income is less than the Historic Base Period net operating income.

M. **Revenue Conversion Factor** is the adjustment factor necessary to translate any excess or deficiency in Net Operating Income NOI into a Revenue Deficiency or Surplus as adopted by the Commission in Docket No. 24-00044 or subsequent general rate case.

N. **Revenue Deficiency or Excess** shall be the Earning Deficiency for the Historic Base Period multiplied by the Revenue Conversion Factor adopted in TPUC Docket No. 24-00044 or subsequent general rate case.

O. **Income Tax Gross-Up Factor** is 1 / (1-Composite Income Tax Rate). The Composite Income Tax Rate is (Tennessee Excise Tax Rate + (1-Tennessee Excise Tax Rate) X Federal Income Tax Rate).

Annual ARRM Filing

On the Annual Filing Date each year, the Company shall file with the Commission schedules and supporting work papers that reflect the actual annual amounts as recorded on the books and records of the Company for the Historic Base Period, the calculation of the Annual Reconciliation Revenue Deficiency/(Surplus), and the rates adjustments for the Company to recover or refund the earning deficiency (surplus) respectively for the Historic Base Period, and earn its authorized return on equity on a going forward basis.

Revenue Allocation and Rate Design

In each Annual ARRM Filing, the Company may propose such revenue allocation and rate design methodologies as it determines to be reasonable and appropriate based upon the revenue requirement developed in the filing. The Consumer Advocate and any intervening party may object to the Company's proposed revenue allocation or rate design methodology and may propose alternative methodologies. The Commission shall determine the appropriate revenue allocation and rate design methodology based upon the evidence presented, the proposals of the parties, and such other revenue allocation or rate design methodology as the Commission finds reasonable and in the public interest.

The filing shall include the following Schedules, Documents, and Information:

Limestone Utility Operating Company
Annual Rate Review Mechanism
(ARRM) Contents of the Annual Filing

	Schedule	Description
1	Revenue Requirement	For the historic base period show the calculation of the revenue deficiency or surplus computed consistently with Docket No. 24-00044
2	Rate Base	Workpaper showing the calculation of the rate base for water and wastewater.
2.1	Utility Plant in Service	Schedule showing utility plant in service for the historic base year along with the a associated depreciation expense by asset account number as done in Docket No 24-00044.
2.2	Accumulated Depreciation	This schedule shall show the accumulated depreciation amounts for the historic base year by asset account number done in Docker No 24-00044.
2.3	Contributions in Aid of Construction	This schedule will present both contributions in aid of construction (CIAC) and accumulated amortization as presented in Docket No 24-00044.
2.4	Working Capital	This schedule will calculate the working capital requirement with the same methodology used in Docket No 24-00044
3	Income Statement at Proposed Rates	Detailed income statement that includes columns for historic base period, adjustments, and the total proposed pro forma for the 12 months. This is the same methodology and format used in Docket No 24-00044

4	Taxes	This schedule shows the calculation of Federal income tax and is calculated with the same methodology as submitted in Docket 24-00044.
5	Rate of Return	Schedule to show the calculation of the return on rate base for the historical base period as well as the underearning or over earning amount (regualtory asset/liability).
6	Rate Design	This schedule shows the comparison of current rates and proposed changes to the rates including the increase/decrease and the percentage changes in rates
7	Adjustments	This schedule will show the adjustments by account and provide an explanation for the adjustment.
8	CSWR LLC Income Statement	This schedule will provide the CSWR LLC income statement for the historic base year.
9	Allocated Cost	For each month of the historic base period, this schedule will provide the total cost pool of allocated cost, less lines excluded from the allocation pool. It will then use the % of Limestone Utility Operating Company's allocation percentage to calculate the allocated cost included in this filing.
10	Excluded Expenses	Limestone Water Utility Operating Company removes all advertising, lobbying, charitable contributions, and social club memberships from the ARM Filing
11	Income Conversion Factor	This schedule shall show the total income conversion factor; the same methodology used from Doctker No 24-00044

12	Revenue Conversion Factor	This schedule shall show the calculation of the revenue conversion factor, using the same methodology from Docket No 24-00044.
13	Capital Structure	This schedule shall show the hypothetical capital structure approved from the last rate case in Docket No 24-00044
14		

Limestone Water Operating Company, LLC		
xxxxx-XXX		
Schedule 1: Revenue Requirement - Sewer		
For the Period Ending December 31, XXXX		
Line Number	**Description**	**Sewer**
(A)	**(B)**	**(C)**
1		
2	**Total Original Cost Rate Base**	
3		
4	**Net Income at Present Rates**	
5		
6	**Earned Rate of Return**	
7		
8	**Requested Rate of Return**	
9		
10	**Required Return on Rate Base**	
11		
12	**Weighted Return on Equity**	
13		
14	**Operating Income Deficiency**	
15		
16	**Net Income Required for Return on Equity**	
17		
18	**Gross Revenue Conversion Factor**	
19	**Gross Income Conversion Factor**	
20		
21	**Revenue Deficiency**	
22		
23	**Pro Forma Revenue at Present Rates**	
24		
25	**Total Revenue Requirement**	
26		
27	**ARM Regulatory AssetAsset/Liability**	
28		

Limestone Water Operating Company, LLC		
xxxxx-XXX		
Schedule 1: Revenue Requirement - Water		
For the Period Ending December 31, XXXX		
Line Number	Description	Water
(A)	(B)	(C)
1		
2	**Total Original Cost Rate Base**	
3		
4	**Net Income at Present Rates**	
5		
6	**Earned Rate of Return**	
7		
8	**Requested Rate of Return**	
9		
10	**Required Return on Rate Base**	
11		
12	**Weighted Return on Equity**	
13		
14	**Operating Income Deficiency**	
15		
16	**Net Income Required for Return on Equity**	
17		
18	**Gross Revenue Conversion Factor**	
19	**Gross Income Conversion Factor**	
20		
21	**Revenue Deficiency**	
22		
23	**Pro Forma Revenue at Present Rates**	
24		
25	**Total Revenue Requirement**	
26		
27	**ARM Regulatory AssetAsset/Liability**	
28		

Limestone Water Utility Operating Company			
YYYY-UN-XXXX			
Schedule 2: Rate Base Summary - Sewer			
As of December 31, XXXX			
Line Number (A)	**Description (B)**		**Base Year Ended: 12/31/XXXX (C)**
1			
2	Utility Plant in Service		
3			
4	Accumulated Provision for Depreciation		
5			
6	Accumulated Amortization		
7			
8	Net Utility Plant		
9			
10	**Less:**		
11	Contributions in Aid of Construction, net		
12			
13	Subtotal:		
14			
15	**Add:**		
16	Cash Working Capital		
17			
18	Subtotal:		
19			
20	**Total Original Cost Rate Base**		
21			
22			
23			

Limestone Water Utility Operating Company			
YYYY-UN-XXXX			
Schedule 2: Rate Base Summary - Water			
As of December 31, XXXX			
Line Number (A)	**Description (B)**		**Base Year Ended: 12/31/XXXX (C)**
1			
2	Utility Plant in Service		
3			
4	Accumulated Provision for Depreciation		
5			
6	Accumulated Amortization		
7			
8	Net Utility Plant		
9			
10	**Less:**		
11	Contributions in Aid of Construction, net		
12			
13	Subtotal:		
14			
15	**Add:**		
16	Cash Working Capital		
17			
18	Subtotal:		
19			
20	**Total Original Cost Rate Base**		
21			
22			
23			
24			
25			

Limestone Water Utility Operating Company						
YYYY-UN-XXXX						
Schedule 2.1: Utility Plant In Service - Sewer						
As of December 31, XXXX						
Line Number (A)	NARUC Acct. No. (B)	Account Title (C)			Balance- 12/31/XXXX Sewer (D)	Depreciation Expense (E)
1						
2	353.000	Land & Land Rights-Sewer				
3	354.000	Structures & Improvements-Sewer				
4	360.000	Collection Sewers-Force				
5	361.000	Collection Sewers-Gravity				
6	363.000	Services				
7	364.000	Flow Measuring Devices				
8	371.000	Pumping Equipment-Sewer				
9	380.000	Treatment & Disposal Equipment				
10	382.000	Outfall Sewer Lines				
11	393.000	Tools, Shop and Garage Equipment				
12	395.000	Power Operated Equipment				
13	396.000	Communication Equipment-Sewer				
14	397.000	Misc Equipment-Sewer				
15						
16						
17		**Total Utility Plant in Service**			**$0**	**$0**
18						
19						
20						

Limestone Water Utility Operating Company						
YYYY-UN-XXXX						
Schedule 2.1: Utility Plant In Service - Water						
As of December 31, XXXX						
Line Number (A)	**NARUC Acct. No. (B)**	**Account Title (C)**			**Balance- 12/31/XXXX Water (D)**	**Depreciation Expense (E)**
1						
2	303.000	Water - Land and Land Right				
3	304.000	Water - Structures and Improvements				
4	305.000	Water - Collecting & Impounding Reservoirs				
5	307.000	Water - Wells and Springs				
6	309.000	Water - Supply Mains				
7	310.000	Water - Power Generation Equipment				
8	311.000	Water - Pumping Equipment				
9	320.000	Water Treatment Equipment				
10	330.000	Distribution Reservoirs & Standpipes				
11	331.000	Transmission & Distribution Mains				
12	333.000	Water - Services				
13	334.000	Meters & Meter Installations				
14	335.000	Hydrants				
15	339.000	Water - Other Plant & Miscellaneous Equipment				
16	345.000	Water - Power Operated Equipment				
17	346.000	Water - Communication Equipment				
18	347.000	Water - Miscellaneous Equipment				
19						
20						
21		**Total Utility Plant in Service**			**$0**	**$0**
22						
23						

Limestone Water Utility Operating Company					
YYYY-UN-XXXX					
Schedule 2.2: Accumulated Depreciation - Sewer					
As of December 31, XXXX					
Line Number (A)	NARUC Acct. No. (B)	Account Title (C)			Balance- 12/31/xxxx Sewer (D)
1					
2	353.000	Land & Land Rights-Sewer			
3	354.000	Structures & Improvements-Sewer			
4	360.000	Collection Sewers-Force			
5	361.000	Collection Sewers-Gravity			
6	363.000	Services			
7	364.000	Flow Measuring Devices			
8	371.000	Pumping Equipment-Sewer			
9	380.000	Treatment & Disposal Equipment			
10	382.000	Outfall Sewer Lines			
11	393.000	Tools, Shop and Garage Equipment			
12	395.000	Power Operated Equipment			
13	396.000	Communication Equipment-Sewer			
14	397.000	Misc Equipment-Sewer			
15					
16					
17		**Total Accumulated Depreciation**			
18					
19					
20					

Limestone Water Utility Operating Company					
YYYY-UN-XXXX					
Schedule 2.2: Accumulated Depreciation - Water					
As of December 31, XXXX					
Line Number (A)	**NARUC Acct. No. (B)**	**Account Title (C)**			**Balance- 12/31/XXXX Sewer (D)**
1					
2	303.000	Water - Land and Land Right			
3	304.000	Water - Structures and Improvements			
4	305.000	Water - Collecting & Impounding Reservoirs			
5	307.000	Water - Wells and Springs			
6	309.000	Water - Supply Mains			
7	310.000	Water - Power Generation Equipment			
8	311.000	Water - Pumping Equipment			
9	320.000	Water Treatment Equipment			
10	330.000	Distribution Reservoirs & Standpipes			
11	331.000	Transmission & Distribution Mains			
12	333.000	Water - Services			
13	334.000	Meters & Meter Installations			
14	335.000	Hydrants			
15	339.000	Water - Other Plant & Miscellaneous Equipment			
16	345.000	Water - Power Operated Equipment			
17	346.000	Water - Communication Equipment			
18	347.000	Water - Miscellaneous Equipment			
19					
20					
21					
22		**Total Accumulated Depreciation**			
23					
24					

Limestone Water Utility Operating Company					
YYYY-UN-XXXX					
Schedule 2.3: Contributions in Aid of Construction - Sewer					
As of December 31, XXXX					
Line Number (A)	**NARUC Acct. No. (B)**	**Account Title (C)**			**Balance-12/31/XXXX Sewer (D)**
1					
2	271.000	Contributions in Aid of Construction (CIAC)			
3					
4	272.000	Accumulated Amortization of CIAC			
5					
6		**Contributions in Aid of Construction, Net**			
7					
8					
9					

Limestone Water Utility Operating Company					
YYYY-UN-XXXX					
Schedule 2.3: Contributions in Aid of Construction - Water					
As of December 31, XXXX					
Line Number (A)	**NARUC Acct. No. (B)**	**Account Title (C)**			**Balance- 12/31/XXXX Sewer (D)**
1					
2	271.00	Contributions in Aid of Construction (CIAC)			
3					
4	272.00	Accumulated Amortization of CIAC			
5					
6		**Contributions in Aid of Construction, Net**			
7					
8					
9					
10					

Limestone Water Utility Operating Company					
YYYY-UN-XXXX					
Schedule 2.4: Working Capital - Sewer					
As of December 31, XXXX					
Line Number	**Description**	**Operating Expense - Water**	**Lead Days**	**Working Capital Requirement**	
(A)	**(B)**	**(C)**	**(D)**	**(E)**	
1					
2	**Operating Expenses for Test Period**				
3					
4	**Total Working Capital**		-		
5					
6					
7					

Limestone Water Utility Operating Company					
YYYY-UN-XXXX					
Schedule 2.4: Working Capital - Water					
As of December 31, XXXX					
Line Number	**Description**	**Operating Expense - Water**	**Lead Days**	**Working Capital Requirement**	
(A)	**(B)**	**(C)**	**(D)**	**(E)**	
1					
2	**Operating Expenses for Test Period**				
3					
4	**Total Working Capital**		-		
5					
6					
7					

Limestone Water Utility Operating Company						
YYYY-UN-XXXX						
Schedule 3: Income Statement for the Test Year-Water						
As of December 31, XXXX						
Line Number (A)	**NARUC Account (B)**	**Account Description (C)**	**Test Year Ended December 31, XXXX (D)**	**Adjustments (E)**	**Present Rates Pro Forma For 12 Months Ended December 31, XXXX (F)**	**Proposed Rates Pro Forma For the 12 Months Ended December 31, XXXX (G)**
1		**Revenues**				
2	460.100	Water - Unmetered Sales to Residential Cust			$0	$0
3	460.200	Water - Unmetered Sales to Commercial Cust			$0	$0
4	461.100	Water - Metered Sales to Residential Cust			$0	$0
5	461.200	Water - Metered Sales to Commercial Cust			$0	$0
6	465.000	Water - Sales to Irrigation Cust			$0	$0
7	474.000	Other Water Revenues			$0	$0
8		*Total Revenue*	$0	$0	$0	$0
9						
10		**Expenses**				
11		G&A - General & Admin:				
12	408.100	Taxes (Other)			$0	$0
13	408.160	Property Tax			$0	$0
14	426.000	Misc. Income Deductions			$0	$0
15	670.000	Water - Bad Debt Expense			$0	$0
16	903.100	Cust Record Collect (Billing)			$0	$0
17	903.280	Cust Record Collect (Bank Fees)			$0	$0
18	904.000	Uncollectible Accounts			$0	$0
19	921.110	Office Exp - Meals and Travel			$0	$0
20	921.500	Office Communication Expense			$0	$0
21	921.800	Office Supplies Expense			$0	$0
22	922.000	Administrative Expenses Transferred			$0	$0
23	922.100	SARA Expenses Transferred			$0	$0
24	922.200	RMRA Expenses Transferred			$0	$0
25	922.300	Other Regulatory Expenses Transferred			$0	$0
26	923.100	Outside Services (Bank Fees)			$0	$0
27	923.400	Outside Service (Legal Fees)			$0	$0
28	923.500	Outside Service (Audit/Accounting)			$0	$0
29	923.600	Outside Service (Manage Consult)			$0	$0
30	923.800	Outside Services (Payroll Fees)			$0	$0
31	923.900	Outside Services (IT)			$0	$0
32	924.400	Property Insurance Commercial			$0	$0
33	928.100	Regulatory Expense DNR			$0	$0
34	928.300	Regulatory Expense Other			$0	$0
35	930.200	Miscellaneous General Expense			$0	$0
36	931.000	Rents			$0	$0
37		*Total G&A - General & Admin*	$0	$0	$0	$0
38						
39		Ops & Maint - Operations & Maintenance:				
40	601.000	Salaries			$0	$0
41	604.000	Employee Benefits			$0	$0
42	610.000	Water - O&M - Purchased Water			$0	$0
43	615.000	Water - Purchased Power			$0	$0
44	615.300	Water - Purchased Power - Treatment			$0	$0
45	616.100	Water - Purchased Fuel			$0	$0
46	618.000	Water - Chemicals			$0	$0
47	618.500	Water - Chemicals - T&D			$0	$0
48	620.000	Water - O&M - Materials & Supplies			$0	$0
49	630.000	Water - O&M - Contractual Services			$0	$0
50	630.100	Water - Source of Supply Operations			$0	$0
51	630.200	Water - Source of Supply Maintenance			$0	$0
52	630.300	Water - Treatment Operations			$0	$0
53	630.400	Water - Treatment Maintenance			$0	$0
54	635.000	Water - O&M - Contractual Services - Testing - Plant			$0	$0
55	636.000	Water - Contract Serv-Grass Cutting			$0	$0
56	650.000	Water - Transportation Expense			$0	$0
57	656.000	Water - Vehicle Insurance			$0	$0
58	675.000	Water - Miscellaneous Expense			$0	$0
59		*Total Ops & Maint - Operations & Maintenance*	$0	$0	$0	$0
60						

61		**Depr & Amort - Depreciation & Amortization:**				
62	403.000	Depreciation Expense			$0	$0
63	403.100	Depreciation Expense CIAC			$0	$0
64	403.400	Depreciation Expense Leases			$0	$0
65	405.200	Amortization of Debt Discount Exp			$0	$0
66	407.400	Amortization of Regulatory Assets			$0	$0
67		*Total Depr & Amort - Depreciation & Amortization*	$0	$0	$0	$0
68						
69						
70	427.000	Interest Expense			$0	$0
71						
72		Total Expenses	$0		$0	$0
73						
74		**Gross Operating Income**	**$0**	**$0**	**$0**	**$0**
75						

Limestone Water Utility Operating Company						
YYYY-UN-XXXX						
Schedule 3: Income Statement for the Test Year-Sewer						
As of December 31, XXXX						
Line Number (A)	NARUC Account (B)	Account Description (C)	Test Year Ended December 31, XXX (D)	Adjustments (E)	Present Rates Pro Forma For 12 Months Ended December 31, XXX (F)	Proposed Rates Pro Forma For the 12 Months Ended December 31, XXXX (G)
1		**Revenues**				
2	521.100	Sewer - Flat Rate Revenue - Residential			$0	$0
3	521.200	Sewer - Flat Rate Revenue - Commercial			$0	$0
4	521.500	Sewer - Flat Rate Revenue - Multi Family			$0	$0
5	522.100	Sewer - Measured Revenues - Residential			$0	$0
6	522.200	Sewer - Measured Revenues - Commercial			$0	$0
7	522.500	Sewer - Measured Revenues - Multi Family			$0	$0
8	532.000	Late Fees Sewer			$0	$0
9	536.000	Other Wastewater Revenue			$0	$0
10		*Total Revenue*	$0	$0	$0	$0
11						
12		**Expenses**				
13		G&A - General & Admin:				
14	408.100	Taxes (Other)			$0	$0
15	408.160	Property Tax			$0	$0
16	426.000	Misc. Income Deductions			$0	$0
17	770.000	Sewer - Bad Debt Expense			$0	$0
18	903.100	Cust Record Collect (Billing)			$0	$0
19	903.280	Cust Record Collect (Bank Fees)			$0	$0
20	921.110	Office Exp - Meals and Travel			$0	$0
21	921.500	Office Exp - Communication			$0	$0
22	921.800	Office Supplies Expense			$0	$0
23	922.000	Administrative Expenses Transferred			$0	$0
24	922.100	SARA Expenses Transferred			$0	$0
25	922.200	RMRA Expenses Transferred			$0	$0
26	922.300	Other Regulatory Expenses Transferred			$0	$0
27	923.100	Outside Services (Bank Fees)			$0	$0
28	923.400	Outside Service (Legal Fees)			$0	$0
29	923.500	Outside Service (Audit/Accounting)			$0	$0
30	923.600	Outside Service (Manage Consult)			$0	$0
31	923.800	Outside Services (Payroll Fees)			$0	$0
32	923.900	Outside Services (IT)			$0	$0
33	924.400	Property Insurance Commercial			$0	$0
34	928.100	Regulatory Expense DNR			$0	$0
35	928.300	Regulatory Expense Other			$0	$0
36	930.200	Miscellaneous General Expense			$0	$0
37	931.000	Rents			$0	$0
38		*Total G&A - General & Admin*	$0	$0	$0	$0
39						
40		Ops & Maint - Operations & Maintenance:				
41	701.000	Salaries			$0	$0
42	704.000	Employee Benefits			$0	$0
43	710.000	Purchased Wastewater Treatment			$0	$0
44	711.000	Sewer - O&M - Sludge Removal Expense			$0	$0
45	715.000	Sewer - Purchased Power			$0	$0
46	715.300	Sewer - Purchased Power - Pumping			$0	$0
47	715.500	Sewer - Purchased Power - Treatment			$0	$0
48	716.000	Sewer - Purchased Fuel			$0	$0
49	718.000	Sewer - Chemicals			$0	$0
50	718.500	Sewer - Chemicals - Treatment Operations			$0	$0
51	720.000	Sewer - O&M - Materials & Supplies			$0	$0
52	730.000	Sewer- O&M - Contractual Services			$0	$0
53	735.000	Sewer- Contract Serv- Testing			$0	$0
54	736.000	Sewer - Contract Serv- Grasscutting			$0	$0
55	736.100	Sewer - Collection Operations			$0	$0
56	736.200	Sewer - Collection Maintenance			$0	$0
57	736.300	Sewer - Pumping Operations			$0	$0
58	736.400	Sewer - Pumping Maintenance			$0	$0
59	736.500	Sewer - Treatment & Disposal Operations			$0	$0
60	736.600	Sewer - Treatment & Disposal Maintenance			$0	$0
61	767.000	Sewer - Regulatory Expense			$0	$0
62	750.000	Sewer- Transportation Expense			$0	$0
63	756.000	Sewer - Vehicle Insurance			$0	$0
64	775.000	Sewer- Miscellaneous Expense			$0	$0
65	775.100	Sewer - Miscellaneous Expenses - Collection Ops			$0	$0
66		*Total Ops & Maint - Operations & Maintenance*	$0	$0	$0	$0
67						
68		**Depr & Amort - Depreciation & Amortization:**				
69	403.000	Depreciation Expense			$0	$0
70	403.100	Depreciation Expense CIAC			$0	$0
71	403.400	Depreciation Expense Leases			$0	$0
72	407.400	Amortization of Regulatory Assets			$0	$0
73	405.200	Amortization of Debt Discount Exp			$0	$0
74		*Total Depr & Amort - Depreciation & Amortization*	$0	$0	$0	$0
75						
76						
77	427.000	Interest Expense			$0	$0
78						
79						
80		Total Expenses	$0		$0	$0
81						
82		**Gross Operating Income**	**$0**	**$0**	**$0**	**$0**
83						

Limestone Water Operating Company, LLC			
XXXXX-XXX			
Schedule 4: Income Tax Summary - Sewer			
For the Period Ending December 31, XXXX			
Line Number	Description	Tax Rates	Sewer
(A)	(B)	(C)	(D)
1			
2	**Gross Operating Income**		
3			
4	**Interest Expense**		
5			
6	**Taxable Income**		
7			
8	**State Income Tax**		
9			
10	**Federal Taxable Income**		
11			
12	**Federal Income Tax**		
13			
14	**Total Income Tax**		
15			
16			
17			

Limestone Water Operating Company, LLC			
XXXXX-XXX			
Schedule 4: Income Tax Summary - Sewer			
For the Period Ending December 31, XXXX			
Line Number	Description	Tax Rates	Sewer
(A)	(B)	(C)	(D)
1			
2	Gross Operating Income		
3			
4	Interest Expense		
5			
6	Taxable Income		
7			
8	State Income Tax		
9			
10	Federal Taxable Income		
11			
12	Federal Income Tax		
13			
14	Total Income Tax		
15			
16			
17			

Limestone Water Utility Operating Company				
YYYY-UN-XXXX				
Schedule 5: Actual Return on Rate Base-Water				
As of December 31, XXXX				
Line Number	**Description**	**Test Year Actual**	**Adjustments**	**Test Year Total**
(A)	**(B)**	**(C)**	**(D)**	**(E)**
1				
2	**Operating Revenue**			
3				
4	**Operating Expenses**			
5	General & Administrative			
6	Operations and Maintenance			
7	Depreciation			
8	Amortization of Regulatory Asset			
9	**Total Operating Expenses**			
10				
11	**Gross Operating Income**			
12				
13	**Interest Expense**			
14				
15	**Funds Available for Income Tax and Equity**			
16				
17	**Less Income Taxes**			
18				
19	**Net Income**			
20				
21	**Income used to calculate Return on Rate Base**			
22				
23	**Rate Base**			
24				
25	**Actual Return on Rate Base**			
26				
27	**Required Return on Rate Base**			
28				
29	**Required Net Income**			
30				
31	**Underearning**			
32				
33				
34				

Limestone Water Utility Operating Company				
YYYY-UN-XXXX				
Schedule 5: Actual Return on Rate Base-Sewer				
As of December 31, XXXX				
Line Number	**Description**	**Test Year Actual**	**Adjustments**	**Test Year Total**
(A)	**(B)**	**(C)**	**(D)**	**(E)**
1				
2	**Operating Revenue**			
3				
4	**Operating Expenses**			
5	General & Administrative			
6	Operations and Maintenance			
7	Depreciation			
8	Amortization of Regulatory Asset			
9	**Total Operating Expenses**			
10				
11	**Gross Operating Income**			
12				
13	**Interest Expense**			
14				
15	**Funds Available for Income Tax and Equity**			
16				
17	**Less Income Taxes**			
18				
19	**Net Income**			
20				
21	**Income used to calculate Return on Rate Base**			
22				
23	**Rate Base**			
24				
25	**Actual Return on Rate Base**			
26				
27	**Required Return on Rate Base**			
28				
29	**Required Net Income**			
30				
31	**Underearning**			
32				
33				
34				

Limestone Water Utility Operating Company			
YYYY-UN-XXXX			
Schedule 6: Rate Design			
	Filed		
	Determinants		Current
	(Customers)	Current Rate	Calculated Revenue
Water			
Candlewood	0.00	$ -	$0
Aqua Utilities- 5/8"	0.00	$ -	$0
Aqua Utilities- 3/4"	0.00	$ -	$0
Aqua Utilities- 1"	0.00	$ -	$0
Aqua Utilities- 1 1/2"	0.00	$ -	$0
Aqua Utilities- 2"	0.00	$ -	$0
Aqua Utilities- unknown	0.00	$ -	$0
Usage:			
Candlewood - No meter - (Flat Rate)	0.00		
Aqua Utilities - usage per 1,000 gallons	0.00	$ -	$0
Total Bill Revenue	**-**		**$0**
Sewer			
Aqua Utilities-Residential	0.00	$ -	$0
Aqua Utilities-Commercial	0.00	$ -	$0
Cartwright - Grassland - Res 1-2 Bedroom	0.00	$ -	$0
Cartwright - Grassland - Res 3 Bedroom	0.00	$ -	$0
Cartwright - Grassland - Res 4 Bedroom	0.00	$ -	$0
Cartwright - Grassland - Res 5 Bedroom	0.00	$ -	$0
Cartwright - Commercial	0.00	$ -	$0
Cartwright - Arrington/Hardeman/Hideaway -Res	0.00	$ -	$0
Chapel Woods	0.00	$ -	$0
Shiloh Falls - Residential	0.00	$ -	$0
Shiloh Falls - Commercial	0.00	$ -	$0
Lakeside Estates (DSH) - Commercial	0.00	$ -	$0
Lakeside Estates (DSH) - Residential	0.00	$ -	$0
Total Bill Revenue	**-**		**$0**

Limestone Water Utility Operating Company					
Schedule 7: Known and Measurable Adjustments-Water					
As of December 31, XXXX					
Line Number (A)	**NARUC Account (B)**	**Account Type (C)**	**Account Description (D)**	**Pro Forma Adjustments (E)**	**Narrative Discussion of Pro Forma Adjustments (F)**
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					

Limestone Water Utility Operating Company					
Schedule 7: Known and Measurable Adjustments-Sewer					
As of December 31, XXXX					
Line Number (A)	**NARUC Account (B)**	**Account Type (C)**	**Account Description (D)**	**Pro Forma Adjustments (E)**	**Narrative Discussion of Pro Forma Adjustments (F)**
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					

CSWR, LLC	
Schedule 8: Income Statement	
Ending December 31, XXXX	
Financial Row	**Amount**
Ordinary Income/Expense	
Gross Profit	
Expense	
403000 - Depreciation Expense	
404500 - Amort of Leasehold Improvements	
408100 - Taxes - Other	
408120 - Taxes - SS and Med	
408140 - Taxes - Unemployment	
408160 - Taxes - Property	
426000 - Misc. Income Deductions	
427000 - Interest Expense	
427001 - Interest Expense - Intercompany	
427003 - Interest Expense-Ticking	
427100 - Amortization of Deferred Financing Costs	
427200 - Amortization of Loan Advisory Fee	
903100 - Cust Record Collect (Billing)	
920000 - Salaries	
921110 - Office Exp - Meals and Travel	
921500 - Office Exp - Communication	
921800 - Office Exp - Supplies	
922000 - Admin Expenses Transferred	
922001 - Admin Expenses Transferred-Direct	
923100 - OSS - Bank Fees	
923300 - OSS - Engineering Consult	
923400 - OSS - Legal	
923500 - OSS - Audit and Accounting	
923600 - OSS - MGMT Consult	
923601 - OSS - MGMT Consult fees	
923800 - OSS - Payroll Fees	
923900 - OSS - IT	
924300 - Property Insurance - Worker's Comp	
924400 - Property Insurance - Commercial	
926000 - EE Benefits	
926100 - EE Benefits - Keyman	
926200 - EE Benefits - Healthcare	
926300 - EE Benefits - Retirement	

926400 - EE Benefits - Life/STD/LTD/ADD	
926700 - EE Benefits - Tuition and Training	
928200 - Regulatory Expense - Business License	
928300 - Regulatory Expense - Other	
930200 - Misc. General Exp	
931000 - Rents	
931500 - Amort of Lease Incentive Liab	
Total - Expense	
Net Ordinary Income	
Other Income and Expenses	
Other Income	
421100 - Interest Income	
Total - Other Income	
Net Other Income	
Net Income	

CSWR, LLC

Schdule 9: Allocated Cost to Limestone Water Utility Operating Company

For the Year Ending December 31, XXXX

	Line No.	Item	January	February	March	April	May	June	July	August	September	October	November	December	Total XXXX	
	1	CSWR GL Expenses														
	2	Line Item Exclusions														
	3															
	4															
	5															
	6															
	7	Limestone Alloc %														
	8															
	9	Limestone Allocation $														
	10															
	11															
	12	Payroll and Employee Cost Allocation														
	13															
	14															
	15															
	16															
	17															
	18															
	19													Acct 922000 Test Year Total		
	20													K&M Adjustment in Filing		
	21													Allocated Cost in Filing		
	22															

Limestone Water Utility Operating Company
YYYY-UN-XXXX
Schedule 10: Excluded Expenses
As of December 31, XXXX

Limestone Water Utility Operating Company removes all advertising, lobbying, charitable contributions, and social club memberships from the ARM Filing

Limestone Water Operating Company, LLC				
XXXXX-XXX				
Schedule 11: Income Conversion Factor				
For the Period Ending December 31, XXXX				
Line Number	**Gross Income Conversion Factor Calculation**	**Total Rate**	**Conversion Factor %**	**Total Conversion Factor**
(A)	**(B)**	**(C)**	**(D)**	**(E)**
1				
2	Gross Income from Revenue			
4	Less: Bad Debt			
5	Net Income After Bad Debt			
6				
7				
8	Less: State Income Tax @ XX%			
9	Net Income After Bad Debt and State Tax			
10				
11	Less: Federal income Tax @ XX%			
12				
13	Net Income After Bad Debt, State and Federal Income Taxes:			
15				
16	Operating Income Conversion Factor (1/Line 12)			
17				
18				
19				

Limestone Water Operating Company, LLC				
XXXXX-XXX				
Schedule 11: Revenue Conversion Factor				
For the Period Ending December 31, XXXX				
Line Number	**Gross Revenue Conversion Factor Calculation**	**Total Rate**	**Conversion Factor %**	**Total Conversion Factor**
(A)	**(B)**	**(C)**	**(D)**	**(E)**
1				
2	Gross Income from Revenue			
4	Less: Bad Debt			
5	Net Income After Bad Debt			
6				
7				
8	Gross Revenue Conversion Factor (1/Line 12)			
9				
10				
11				

Limestone Water Operating Company, LLC				
XXXXX-XXX				
Schedule 12: Capital Structure				
For the Period Ending December 31, XXXX				
	Class of Capital	% of Hypothetical Capital Structure	Cost Rate	Weighted Cost
(A)	(B)	(C)	(D)	(E)
1				
2	Long-Term Debt			
3				
4	Common Equity			
5				
6				
7	Total Capital			
8				
9				
10				

APPENDIX D

BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION
NASHVILLE, TENNESSEE

PETITION OF LIMESTONE WATER UTILITY OPERATING COMPANY, LLC TO ELECT AND OPT INTO AN ANNUAL RATE REVIEW MECHANISM AND ARRM TARIFF PURSUANT TO TENN. CODE ANN. § 65-5-103(d)(6)	**)))))))**	**DOCKET NO. 26-_________**

PROTECTIVE ORDER

To expedite the flow of filings, discovery, exhibits and other materials, and to facilitate the prompt resolution of disputes regarding confidentiality of the material, adequately protect material entitled to be kept confidential and to ensure that protection is afforded only to material so entitled, the Hearing Officer, as appointed by the Tennessee Public Utility Commission ("TPUC"), hereby orders the following:

1. For the purpose of this Protective Order (the "Order"), proprietary or confidential information, hereinafter referred to as "CONFIDENTIAL INFORMATION" shall mean documents and information in whatever form which the producing party, in good faith, deems to contain or constitute trade secrets, confidential commercial information, confidential research, development, financial statements, confidential data of third parties, or other commercially sensitive information, and which has been specifically designated by the producing party. A "Producing Party" is defined as the party creating the confidential information as well as the party having actual physical possession of information produced pursuant to this Order. All summaries, notes, extracts, compilations or other direct or indirect reproduction from or of any protected materials shall be entitled to protection under this Order. Documents containing CONFIDENTIAL

INFORMATION shall be specifically marked as "CONFIDENTIAL" on the cover and each page of the document. Any document so designated shall be handled in accordance with this Order. The provisions of any document containing CONFIDENTIAL INFORMATION may be challenged under Paragraph 12 of this Order.

2. Any individual or company subject to this Order, including producing parties or persons reviewing CONFIDENTIAL INFORMATION, shall act in good faith in discharging their obligations hereunder. Parties permitted to intervene in this matter after the date of entry of this Protective Order shall be subject to the terms and conditions of this Protective Order and will be allowed access to CONFIDENTIAL INFORMATION under the conditions prescribed herein.

3. CONFIDENTIAL INFORMATION shall be used only for the purposes of this proceeding, and shall be expressly limited and disclosed only to the following persons:

(a) Counsel of record for the parties and other legal counsel for the parties in this case and associates, secretaries and paralegals actively engaged in assisting counsel of record in this proceeding;

(b) TPUC Directors and members of the staff of the TPUC;

(c) Officers, directors, or employees of the parties, including employees of intervenors and the Office of the Tennessee Attorney General; provided, however, that CONFIDENTIAL INFORMATION shall be shown only to those persons having a need to know;

(d) Representatives of the parties who need to know because they are actively engaged in assisting counsel of record in preparing for this proceeding; and

(e) Outside consultants and expert witnesses (and their Staff) employed or retained by the parties or their counsel, who need access to CONFIDENTIAL INFORMATION solely for evaluation, testing, testimony, preparation for trial or other services related to this docket, provided that to the extent that any party seeks to disclose CONFIDENTIAL INFORMATION to any outside consultant or expert witness, the party shall give five (5) days written notice to the Producing Party of intention to disclose CONFIDENTIAL INFORMATION. During such notice period, the Producing Party may move to prevent or limit disclosure for cause, in which case no disclosure shall be made until the TPUC or the Hearing Officer rules on the motion. Any such motion shall be filed within three (3) days after service of the notice. Any response shall be filed within three (3) days after service of the Motion. A Pre-Hearing Conference may be called to confer with the parties on the Motions to Limit Disclosure. All service shall be by hand delivery, facsimile or email. All filings by email in this docket shall be followed up by delivering a hard copy of the filing to the Docket Manager of the TPUC.

4. Notwithstanding the provisions in Paragraph 3 above, under no circumstances shall any CONFIDENTIAL INFORMATION be disclosed to or discussed with anyone associated with the marketing of products, goods, or services that may be in competition with the products, goods or services of the Producing Party. Counsel for the parties are expressly prohibited from disclosing CONFIDENTIAL INFORMATION produced by another party to their respective clients, except for in-house counsel and persons who need to know in order to assist counsel of record with preparation of this case.

5. (a) Prior to disclosure of CONFIDENTIAL INFORMATION to any employee or associate counsel for a party, the counsel representing the party who is to receive the CONFIDENTIAL INFORMATION shall provide a copy of this Order to the recipient employee or associate counsel, who shall be bound by the terms of this Order. Prior to disclosure of CONFIDENTIAL INFORMATION to any outside consultant or expert witness employed or retained by a party, counsel shall provide a copy of this Order to such outside consultant or expert witness, who shall sign the Nondisclosure Statement in the form of that attached to this Order attesting that he or she has read a copy of this Order, that he or she understands and agrees to be bound by the terms of this Order, and that he or she understands that unauthorized disclosure of documents labeled "CONFIDENTIAL" constitutes a violation of this Order. The Nondisclosure Statement shall be signed in the presence of and be notarized by a notary public. Counsel of record for each party shall provide the Producing Party a copy of each such Nondisclosure Statement and

shall keep the Nondisclosure Statements executed by the parties' experts or consultants on file in their respective offices.

(b) Disclosure of CONFIDENTIAL INFORMATION other than as provided for in this Protective Order shall not be made to any person or entity except with the express written consent of the Producing Party or upon further order of the TPUC or of any court of competent jurisdiction.

6. If any party or non-party subject to this Order inadvertently fails to designate documents as CONFIDENTIAL in accordance with the provisions of this Order when producing the documents this failure shall not constitute a waiver of confidentiality, provided the party or non-party who has produced the document shall notify the recipient of the document in writing within five (5) days of discovery of such inadvertent failure to designate the document as CONFIDENTIAL. At that time, the recipients will immediately treat the subject document as CONFIDENTIAL. In no event shall the TPUC, or any party to this Order, be liable for any claims or damages resulting from the disclosure of a document provided while not so labeled as "CONFIDENTIAL." An inadvertent failure to designate a document as CONFIDENTIAL, shall not, in any way, affect the TPUC's determination as to whether the document is entitled to CONFIDENTIAL status.

7. If any party or non-party subject to this Order inadvertently fails to designate documents as CONFIDENTIAL in accordance with the provisions of this Order when producing such documents and the failure is not discovered in time to provide a five (5) day notification to the recipient of the confidential nature of the documents referenced in the paragraph above, the failure shall not constitute a waiver of confidentiality and a party by written motion or by oral motion at a Pre-Hearing Conference or at the Hearing on the Merits may request designation of

the documents as CONFIDENTIAL, and if the motion is granted by the Hearing Officer or the Commission, the recipients shall immediately treat the subject documents as CONFIDENTIAL. The Tennessee Public Utility Commission or the Hearing Officer may also, at his or her discretion, either before or during the Pre-Hearing Conference or Hearing on the Merits of the case, allow information to be designated CONFIDENTIAL and treated as such in accordance with the terms of this Order.

8. Any papers filed in this proceeding that contain, quote, paraphrase, compile or otherwise disclose documents covered by the terms of this Order, or any information contained therein, shall be filed and maintained in the TPUC Docket Room in sealed envelopes marked CONFIDENTIAL and labeled to reflect the style of this proceeding, the docket number, the contents of the envelope sufficient to identify its subject matter and this Protective Order. The envelopes shall be maintained in a locked filing cabinet. The envelopes shall not be opened or their contents reviewed by anyone except upon order of the TPUC or the Hearing Officer after due notice to counsel of record. The filing party shall also include with the filing a public version of the papers with any CONFIDENTIAL INFORMATION redacted. The public version shall reflect the style of the proceeding, the docket number, the contents of the envelope sufficient to identify its subject matter and shall reference this Protective Order. Notwithstanding the foregoing, the Directors and the Staff of the TPUC may review any paper filed as CONFIDENTIAL without obtaining an order of the TPUC or the Hearing Officer provided the Directors and Staff maintain the confidentiality of the paper in accordance with the terms of this Order.

9. Documents, information and testimony designated as CONFIDENTIAL or PROTECTED SECURITY MATERIALS (as defined in Paragraph 20) in accordance with this Order, may be used in testimony at the Hearing of this proceeding and offered into evidence or

used in any hearing related to this action in a manner that protects the confidentiality of the information, subject to the Tennessee Rules of Evidence and to such future orders as the TPUC or the Hearing Officer may enter. Any party intending to use documents, information, or testimony designated CONFIDENTIAL or PROTECTED SECURITY MATERIALS shall inform the Producing Party and the TPUC or the Hearing Officer prior to the Hearing on the Merits of the case, of the proposed use; and shall advise the TPUC or the Hearing Officer and the Producing Party before use of the information during witness examinations so that appropriate measures can be taken by the TPUC or the Hearing Officer to protect the confidential nature of the information.

10. Except for documents filed in the TPUC Docket Room, all documents covered by the terms of this Order that are disclosed to the requesting party shall be maintained separately in files marked CONFIDENTIAL and labeled with reference to this Order at the offices of the requesting party's counsel of record, kept in a secure place and returned to the Producing Party pursuant to Paragraph 17 of this Order.

11. Nothing herein shall be construed as preventing any party from continuing to use and disclose any information (a) that is in the public domain, or (b) that subsequently becomes part of the public domain through no act of the party, or (c) that is disclosed to it by a third party, where said disclosure does not itself violate any contractual or legal obligation, or (d) that is independently developed by a party, or (e) that is known or used by it prior to this proceeding. The burden of establishing the existence of (a) through (e) shall be upon the party attempting to use or disclose the information.

12. Any party may contest the designation of any document or information as CONFIDENTIAL or PROTECTED SECURITY MATERIALS by filing a Motion with the TPUC or Hearing Officer as appropriate, for a ruling that the documents, information or testimony should

not be so treated. Upon the filing of such a motion, the designating party shall bear the burden of supporting its designation of the documents or information at issue as CONFIDENTIAL INFORMATION. All documents, information and testimony designated as CONFIDENTIAL or PROTECTED SECURITY MATERIALS, however, shall be maintained as such until the TPUC or the Hearing Officer orders otherwise. A Motion to contest must be filed not later than fifteen (15) days prior to the Hearing on the Merits. Any Reply seeking to protect the status of CONFIDENTIAL INFORMATION or PROTECTED SECURITY MATERIALS must be received not later than ten (10) days prior to the Hearing on the Merits and shall be presented to the Commission at the Hearing on the Merits for a ruling.

13. Nothing in this Order shall prevent any party from asserting any objection to discovery other than an objection based upon grounds of confidentiality.

14. Non-party witnesses shall be entitled to invoke the provisions of this Order by designating information disclosed or documents produced for use in this action as CONFIDENTIAL, in which event the provisions of this Order shall govern the disclosure of information or documents provided by the non-party witness. A designation of information as CONFIDENTIAL by a non-party witness may be challenged under Paragraph 12 of this Order.

15. No person authorized under the terms herein to receive access to documents, information, or testimony designated as CONFIDENTIAL shall be granted access until such person has complied with the requirements set forth in Paragraph 5 of this Order.

16. Any person to whom disclosure or inspection is made in violation of this Order shall be bound by the terms of this Order.

17. Upon entry of a final order in this proceeding and conclusion of any appeals resulting from such an order, except as to the Attorney General and TPUC, all the filings, exhibits

and other materials and information designated CONFIDENTIAL or PROTECTED SECURITY MATERIALS and all copies thereof shall be returned to counsel of the Producing Party within fifteen (15) days. Notwithstanding any provision herein to the contrary, the requirement of this paragraph shall become operative immediately upon any intervenor who withdraws or otherwise ceases to be a party to the case, even though the case itself may continue to be pending. Subject to the requirements of Paragraph 8 above, the TPUC shall retain copies of information designated as CONFIDENTIAL or PROTECTED SECURITY MATERIALS as may be necessary to maintain the record of this case intact. Counsel who received the filings, exhibits and other materials, designated as CONFIDENTIAL or PROTECTED SECURITY MATERIALS shall certify to counsel for the Producing Party that all the filings, exhibits and other materials, plus all copies or extracts, notes or memorandums from the filings, exhibits and other materials, and all copies of the extracts from the filings, exhibits and other materials thereof have been delivered to counsel for the Producing Party or destroyed and that with respect to any electronic copies of CONFIDENTIAL INFORMATION or PROTECTED SECURITY MATERIALS received or mentioned by the receiving party, all reasonable efforts have been undertaken to eliminate said information. If any electronic CONFIDENTIAL INFORMATION or PROTECTED SECURITY MATERIALS cannot be eliminated through the use of reasonable efforts, any such remaining materials shall be subject to the continuing restrictions contained in paragraph eighteen (18) of this Order.

18. After termination of this proceeding, the provisions of this Order relating to the confidential nature of CONFIDENTIAL INFORMATION or PROTECTED SECURITY MATERIALS, information and testimony shall continue to be binding upon parties herein and their officers, employers, employees, agents, and/or others unless this Order is vacated or modified

or is supplanted by an order of the court or courts before which is pending a challenge to any order entered in this proceeding.

19. Nothing herein shall prevent entry of a subsequent order, upon an appropriate showing, requiring that any documents, information or testimony designated as CONFIDENTIAL shall receive protection other than that provided herein.

20. In addition to the other provisions of this Order, Limestone Water Utility Operating Company, LLC ("the Company") may designate and label as "PROTECTED SECURITY MATERIALS" documents and information related to security measures undertaken to protect public health and safety. The Company shall provide access to PROTECTED SECURITY MATERIALS to TPUC Directors and members of the staff of the TPUC and further only to authorized representatives of the Intervenors in this docket.

21. The Company shall provide access to an authorized representative to PROTECTED SECURITY MATERIALS only after such authorized representative has executed a Nondisclosure Statement in the form of that attached to this Order and provided a copy to the Company. Except, with consent of the Company: (i) access shall be at the offices of the Company or its counsel of record and under supervision of the Company; (ii) PROTECTED SECURITY MATERIALS shall not be removed from the offices of the Company or its counsel; (iii) no copies shall be provided to an authorized representative except as provided herein. Authorized representatives may make notes or memoranda from a review of the PROTECTED SECURITY MATERIALS and may remove such notes and memoranda. In all other respects such notes and memoranda shall remain PROTECTED SECURITY MATERIALS and subject to the provisions hereof. PROTECTED SECURITY MATERIALS shall be used only to assist TPUC staff or any other party to prepare

for and to try this proceeding and shall not be used for any other purpose in this or any other jurisdiction.

22. Except as provided in this Order, the contents of PROTECTED SECURITY MATERIALS to which the TPUC staff or other party is given access, and any notes, memoranda, or any form or information or opinions regarding or derived from the PROTECTED SECURITY MATERIALS shall not be disclosed to anyone other than an authorized representative in accordance with the Order, except that an authorized representative may disclose his or her conclusions or findings solely within, and for the purposes of, this proceeding and in accordance with this Order. PROTECTED SECURITY MATERIALS shall not otherwise be published, disclosed or divulged except as expressly provided herein. The TPUC Directors, TPUC staff and any other party shall treat all notes memoranda or opinions regarding or derived from the PROTECTED SECURITY MATERIALS as confidential and shall keep them in a secure location with access limited to an authorized representative, and the contents of PROTECTED SECURITY MATERIALS and any information derived from them shall be considered highly confidential, and shall not be deemed public records. The TPUC staff, any party, Hearing Officer, or the TPUC Directors may discuss any position or conclusion regarding security expenditures and testimony in briefs, orders, pleadings, or hearings in this proceeding without disclosing protected information to the public in accordance with this Order.

23. The Attorney General and his staff have authority to enter into Nondisclosure Agreements pursuant to Tenn. Code Ann. § 65-4-118 which are consistent with state and federal law, regulations and rules.

24. The Attorney General and his staff agree to keep CONFIDENTIAL INFORMATION in a secure place and will not permit them to be seen by any person who is not

an employee of the State of Tennessee, the Office of Attorney General and Reporter, or a person who has not signed a Nondisclosure Agreement.

25. The Attorney General and his staff may make copies of CONFIDENTIAL INFORMATION or any portion thereof. To the extent permitted by state and federal law, regulations and rules, all notes utilizing supporting information shall be subject to the terms of this Order to the extent factual assertions are derived from the supporting information.

26. To the extent permitted by state law, the Attorney General will provide timely notice of filing or disclosure in the discharge of the duties of the Office of the Attorney General and Reporter, pursuant to Tenn. Code Ann. § 10-7-504(a)(5)(C) or any other law, regulation or rule, so that the Company may take action relating to disclosure.

27. CONFIDENTIAL INFORMATION is subject to this Protective Order, which is entered pursuant to the Tennessee Rules of Civil Procedure. If any person or entity subject to this Protective Order receives a request or subpoena seeking the disclosure or production of information labeled as "CONFIDENTIAL INFORMATION" by a party, such person or entity shall give prompt written notice to the TPUC Hearing Officer and the party within not more than five (5) days of receiving such a request, subpoena or order and: (i) shall respond to the request, subpoena or order, in writing, stating that the CONFIDENTIAL INFORMATION is protected pursuant to this Protective Order; and (ii) shall not disclose or produce such CONFIDENTIAL INFORMATION unless and until subsequently ordered to do so by a court of competent jurisdiction. This Protective Order shall operate as an exception to the Tennessee Public Records Act, as set forth in the language of Tenn. Code Ann. § 10-7- 503(a) ". . . unless otherwise provided by state law." (See, e.g., *Ballard v. Herzke*, 924 S.W.2d 652 (Tenn. 1996); *Arnold v. City of Chattanooga*, 19 S.W.3d 779 (Tenn. Ct. App. 1999) (holding that "state law" includes the

Tennessee Rules of Civil Procedure)). Because this Protective Order is issued pursuant to the Tennessee Rules of Civil Procedure, this Order creates an exception to any obligations of the Attorney General, including attorneys and members of theirs, as to the Public Records Act and other open records statutes as to CONFIDENTIAL INFORMATION. In the event that any court of competent jurisdiction determines in the course of a lawsuit brought as a result of a person's or entity's fulfillment of the obligations contained in this paragraph that information designated as "CONFIDENTIAL INFORMATION" by a party is not CONFIDENTIAL INFORMATION as defined in paragraph 1 of this Protective Order, then the party designating the information as "CONFIDENTIAL INFORMATION" shall be responsible for all costs associated with or assessed in the lawsuit. This Protective Order acknowledges the role and responsibilities of the Attorney General and the Attorney General's staff, as set forth in Title 8, Chapter 6 of the Tennessee Statutes, beyond the duties associated with the Consumer Advocate and Protection Division, as prescribed in Tenn. Code Ann. § 65-4-118. This Protective Order is not intended to conflict with the Attorney General's role and responsibilities, especially the investigative functions, as set forth in Title 8, Chapter 6. For there to be compliance with this Protective Order, any CONFIDENTIAL INFORMATION shared outside of the Consumer Advocate and Protection Division must be provided the full and complete protection afforded other confidential or protected information in the control and custody of the Attorney General.

28. The designation of any information, documents or things in accordance with this Order as constituting or containing confidential or proprietary information the Attorney General's, or their respective staff's, treatment of such material as confidential or proprietary in compliance with this Order is not an admission or agreement by the Attorney General, or their respective staff, that the material constitutes or contains confidential commercial information or trade secret

information and shall not be deemed to be either a waiver of the right to challenge such designation or an acceptance of such designation. The Company agrees to designate information, documents or things provided to the Attorney General as confidential commercial information or trade secret if it has a good faith basis for the claim. The Company will upon request of the Attorney General, or their respective staff, provide a written explanation of the details, including statutory authority, that support its confidential commercial information or trade secret claim within five (5) days of a written request. The Company also specifically agrees that it will not designate any documents as CONFIDENTIAL INFORMATION or label such documents as "CONFIDENTIAL" if the documents:

(a) have been distributed to the public, consumers or others, provided that proprietary customer information provided by the Company to its customers or their marketers may be designated as CONFIDENTIAL INFORMATION; or

(b) are not maintained by the Company as confidential commercial information or trade secrets or are not maintained by the Company as proprietary customer information.

29. Nothing in this Order shall prevent the Attorney General from using the CONFIDENTIAL INFORMATION received for investigative purposes in the discharge of the duties of the Office of the Attorney General and Reporter. Additionally, nothing in this Order shall prevent the Attorney General from informing state officials and third parties of the fact of an investigation, as needed, to conduct the investigation. Without limiting the scope of this paragraph, nothing in this Order shall prevent the Attorney General from contacting consumers whose names were provided by the Company or from discussing with any consumer any materials that he or she

allegedly received from the Company or confirming that a consumer actually received the materials, to the extent that the Attorney General or his staff does so in a manner that complies with the provisions of this Order.

30. The terms of the foregoing paragraphs 23 through 29 do not apply to PROTECTED SECURITY MATERIALS as set forth in paragraphs 20-22 of this Order. PROTECTED SECURITY MATERIALS shall be treated in accordance with paragraphs 20-22.

31. All information, documents and things designated as CONFIDENTIAL INFORMATION or PROTECTED SECURITY MATERIALS and produced in accordance with this Order may be disclosed in testimony or offered into evidence at any TPUC or court hearing, trial, motion or proceeding of this matter, subject to the provisions of this Order, including paragraph 9, and the applicable Rules of Evidence. The party who produced the information, documents and things designated as CONFIDENTIAL INFORMATION or PROTECTED SECURITY MATERIALS agrees to stipulate to the authentication of such information, documents and things in any such proceeding.

32. Nothing in this Order is intended to restrict or alter federal or state laws, regulations or rules.

33. Any person who has signed a Nondisclosure Statement or is otherwise bound by the terms of this Order shall continue to be bound by this Order and/or Nondisclosure Statement even if no longer employed or engaged by the TPUC or Intervenors.

IT IS HEREBY ORDERED.

____

Hearing Officer

BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION
NASHVILLE, TENNESSEE

PETITION OF LIMESTONE WATER UTILITY OPERATING COMPANY, LLC TO ELECT AND OPT INTO AN ANNUAL RATE REVIEW MECHANISM AND ARRM TARIFF PURSUANT TO TENN. CODE ANN. § 65-5-103(d)(6)	**)))))))**	**DOCKET NO. 26-_________**

NONDISCLOSURE STATEMENT

I have reviewed the Protective Order entered in the above-captioned matter and agree to abide and be bound by its terms. I understand that unauthorized disclosure of information or documents labeled "CONFIDENTIAL" or "PROTECTED SECURITY MATERIALS" will be a violation of the Protective Order.

________________________________ ______________________________________
DATE NAME

STATE OF ___________________)

COUNTY OF _________________)

Personally appeared before me, ______________________________, a Notary Public, ________________________________, with whom I am personally acquainted, who acknowledged that he/she executed the within instrument for the purposes therein contained.

WITNESS my hand, at office, this ______ day of ___________________, 2026.

____
NOTARY PUBLIC

My Commission Expires:________________

CERTIFICATE OF SERVICE

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

Vance Broemel, Esq.
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Office of the Tennessee Attorney General
Consumer Advocate Division
P.O. Box 20207
Nashville, TN 37202-0207
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This the 4th day of August, 2026.

Melvin Malone