

IN THE TENNESSEE PUBLIC UTILITY COMMISSION
AT NASHVILLE, TENNESSEE

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

CONSUMER ADVOCATE’S MOTION TO DISMISS LIMESTONE’S PETITION FOR
AN ARRM AS PREMATURE

Comes the Consumer Advocate Division of the Office of the Attorney General (“Consumer Advocate”), pursuant to TPUC Rule 1220-01-02-.06, and moves the Tennessee Public Utility Commission (“TPUC”) to dismiss the *Petition* of Limestone Water Utility Operating Company, LLC (“Limestone”) for an Annual Rate Review Mechanism (“ARRM”) because the *Petition* fails to meet a statutory requirement and is therefore premature.

As grounds for the *Motion*, the Consumer Advocate would show that:

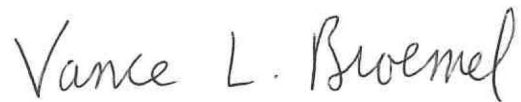
1. Limestone filed its *Petition* for an Annual Rate Review Mechanism pursuant to Tenn. Code Ann. §65-5-103(d)(6)(A) which provides that “[a] public utility may opt to file for an annual review of its rates based upon the methodology adopted in its most recent rate case pursuant to §65-5-101 and subsection (a), if applicable.”
2. The *Petition*, however, does not meet the statutory requirement that an annual review must be “based upon methodology adopted in its most recent rate case” since the methodology necessary to determine rate design is still incomplete. The remaining methodology was part of Phase 2 of the rate case and a final order has not been issued for Phase 2 to date.

3. Since this docket is subject to the 120-day statutory deadline, the Consumer Advocate would request an expedited hearing for this Motion.

Accordingly, the *Petition* should be dismissed.

Pursuant to TPUC Rule 1220-01-02-.06(4), the Consumer Advocate requests oral argument.

RESPECTFULLY SUBMITTED,



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TPUC Docket No. 26-00070

CA's Motion to Dismiss Limestone's Petition for an ARRM

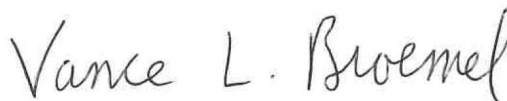
CERTIFICATE OF SERVICE

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

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This the 11th day of August, 2026.



VANCE L. BROEMEL (BPR No. 011421)
Managing Attorney

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**CONSUMER ADVOCATE’S MEMORANDUM IN SUPPORT OF ITS MOTION TO
DISMISS LIMESTONE’S PETITION FOR AN ARRM AS PREMATURE**

On August 4, 2026, Limestone filed a *Petition* in which it requested to be allowed to opt into an Annual Rate Review Mechanism (“ARRM”).¹ In its *Petition*, Limestone asserted that “[t]he 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 ARM.”²

The Commission’s “2025 Rate Case Order” (i.e., the *Order Setting Utility Rates*, issued July 10, 2025), however, explicitly acknowledged that it did not contain a final rate design and was in fact looking to Limestone to provide one by March 2, 2026:

Before implementing phase two of the rate increase, the Commission will need updated information from Limestone, including, but not limited to, the amount of revenues collected by month by system and the latest available billing determinants by system. Accordingly, Limestone shall file this information by March 2, 2026, including a proposed rate design to collect the remaining revenue deficiency and supporting testimony. This should provide ample time for the Consumer Advocate to review filing and gather the necessary

¹ *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)*, TPUC Docket 26-00070 (August 4, 2026).

² *Id.* at p. 3.

information to file any proposed alternative rate design and testimony if needed.³

Therefore, since the Commission’s “2025 Rate Case Order” cited by Limestone did not contain a final rate design, it cannot provide the “methodology” required under Tennessee law for the ARRM requested by Limestone:

(6)(A) A public utility may opt to file 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.⁴

In addition, since the final order in Phase 2 of the Limestone rate case has not yet been issued, the findings from Phase 2 portion of the rate case does not provide the required methodology regarding rate design which Limestone must have before it receives an ARRM. Moreover, the only decision in Phase 2 is an oral motion that the General Counsel for the Commission declared is not the equivalent to the final written order:

NOTE: The above recitation of the successful motion is provided only as a courtesy and does not supplement or replace the official action of the Commission as will be memorialized in its issued written order.⁵

It should also be noted that the final written order is, of course, subject to a motion for reconsideration pursuant to TPUC Rule 1220-01-02-.21.

As Limestone notes in its *Petition*, annual rate review mechanisms like the one being requested allow utilities to increase rates more frequently, while avoiding a general rate case.⁶ The Legislature, however, included several safeguards or guardrails in the law establishing annual rate review mechanisms. In particular, and most relevant in this case, is the requirement that the annual rate review mechanism be “based upon the methodology adopted in its most recent rate case

3 *Order Setting Utility Rates*, p. 106, TPUC Docket 24-00044 (July 10, 2025).

4 TENN. CODE ANN. §65-5-103(d)(6)(A).

5 *Chairman David F. Jones’s Motion Re: Limestone Water Utility Operating Company, LLC Rate Case Phase 2*, p. 4, TPUC Docket 24-00044 (June 2, 2026). A copy of the Note is attached as Exhibit A.

6 *Petition* at p. 3 ¶11.

pursuant to §65-5-101 and subsection (a), if applicable.”⁷ The requirement of having a methodology from prior rate case is no mere legislative superfluity. Without clear, pre-determined ways of calculating or determining components such as depreciation, rate of return, and rate design, every ARRM would be a “free-for-all” where new ratemaking proposals could be presented every year, thus defeating the intended purpose of reducing the cost of filing a case. Thus, an ARRM without the methodology of a rate design is like a rudderless ship in a storm or a box of furniture pieces ordered off the Internet that arrives with no instructions except “some assembly required.”

Limestone may attempt to argue that a methodology regarding rate design can be divided or pieced together from random passages in the 2025 Rate Case Order or the oral motion regarding Phase 2. Such a piecemeal approach, however, was rejected by the Commission in its Order in TPUC Docket No. 14-00081, *Petition of Atmos Energy Corporation to Establish an Annual Rate Review Mechanism Pursuant to Tenn. Code Ann. §65-5-103(d)(6)*.

In Docket 14-00081, Atmos sought approval of an ARM based on a prior rate case. Atmos argued that even though the prior rate case did not contain explicit methodologies necessary to determine rates, it did contain sufficient information regarding “negotiated” rates that would allow the Commission to set rates in an ARM.⁸ The Commission, however, explicitly held that the required methodology meant required methodology:

Accordingly, Atmos Energy's tariff rates established in its most recent general rate case are not based on an adopted ratemaking methodology but instead are based on the Authority's approval of negotiated rates which the Authority found were within the “zone of reasonableness” and which promoted the public interest by balancing the interests of consumers and the Company. Without adoption of a ratemaking methodology detailing the practices, procedures, and formulas for computing the various ratemaking components required to

7 TENN. CODE ANN. §65-5-103(d)(6)(A).

8 *Order Granting Consumer Advocate's Motion to Dismiss*, TRA Docket 14-00081 (December 8, 2014).

determine tariff rates, the annual rate review mechanism contemplated by the statute cannot be implemented.⁹

Similarly, in the present case there is no required methodology because there is no final order regarding the final methodology of rate design.

CONCLUSION

For the foregoing reasons, the Commission should dismiss Limestone's *Petition* requesting an Annual Rate Review Mechanism.



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TPUC Docket No. 26-00070

*CA's Memorandum in Support of its Motion to Dismiss Limestone's
Petition for an ARRM as Premature*

9 *Id.* at p. 17.

CERTIFICATE OF SERVICE

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

Russ Mitten, Esq.
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This the 11th day of August, 2026.



VANCE L. BROEMEL (BPR No. 011421)
Managing Attorney

Exhibit A

Action Taken on Motion:

Motion made by Chairman David F. Jones
Seconded by Vice Chairman John A. Hie

Roll Call Vote:

Chairman David F. Jones - Yes
Vice Chairman John A. Hie - Yes
Commissioner David Crowell - Yes
Commissioner Clay R. Good - Yes
Commissioner Herbert H. Hilliard - Not present

Result:

The motion passed, 4-0.

NOTE: The above recitation of the successful motion is provided only as a courtesy and does not supplement or replace the official action of the Commission as will be memorialized in its issued written order.

FOR THE TENNESSEE PUBLIC UTILITY COMMISSION:



Kelly Cashman Grams, General Counsel