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BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION
NASHVILLE, TENNESSEE

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. 26-00080

OBJECTION TO LIMESTONE WATER UTILITY OPERATING COMPANY, LLC'S PETITION FOR AN ANNUAL RATE REVIEW MECHANISM AND REQUEST FOR DENIAL OR, ALTERNATIVELY, DEFERRAL OF APPROVAL PENDING FULL REVIEW OF THE COMPANY'S COMMERCIAL ERU METHODOLOGY

COMES NOW the undersigned customer and interested party and respectfully submits this Objection to the Petition of Limestone Water Utility Operating Company, LLC ("Limestone" or the "Company") requesting authority to elect and opt into an Annual Rate Review Mechanism ("ARRM") pursuant to Tenn. Code Ann. § 65-5-103(d)(6).

The undersigned respectfully requests that the Tennessee Public Utility Commission ("TPUC" or "Commission") **deny Limestone's Petition** because the Company's proposed ARRM would permit Limestone to continue relying upon a disputed commercial wastewater Equivalent Residential Unit ("ERU") methodology that has not been demonstrated to be sufficiently transparent, reproducible, usage-based, or reasonably related to the actual wastewater service provided to individual commercial customers.

Alternatively, the undersigned requests that the Commission **defer consideration and approval of the ARRM until the Company's commercial ERU methodology and its assignment to commercial customers is fully reviewed, corrected, documented, and subjected to a meaningful customer challenge process.**

This objection is particularly important because Limestone's Petition expressly proposes that its annual ARRM filings will use the ratemaking methodology established in the Company's most recent general rate case which has inherent issues for Limestone’s adopted methodology and its assignment practice specifically for commercial customers.

Granting the ARRM without resolving the underlying ERU methodology and assignment issues would risk transforming a disputed methodology into a recurring annual mechanism and would substantially and exponentially increase the burden on customers who must challenge erroneous or unsupported ERU assignments.

I. EXECUTIVE SUMMARY

Limestone's Petition presents the ARRM as a streamlined and transparent mechanism that will allow the Commission to review the Company's revenues, expenses, investments, and earnings annually. Limestone proposes that annual filings be based upon historical financial information and previously approved ratemaking methodologies.

But the central problem is this:

An annual review of Limestone's financial results is not the same thing as an annual review of whether Limestone is correctly billing each individual customer.

The Company's proposed ARRM would do little to protect a commercial customer who is assigned an excessive or unsupported number of ERUs if the underlying ERU methodology is simply carried forward from year to year.

The Commission should not allow Limestone to convert a disputed rate-design methodology into a permanent billing framework merely by incorporating that methodology into an ARRM.

The record in **Docket No. 24-00044** contains substantial evidence supporting this concern.

The Consumer Advocate's testimony specifically identified deficiencies in Limestone's commercial ERU methodology, including:

- insufficient transparency;
- lack of formulas necessary to reproduce ERU calculations;
- lack of clear procedures for changing or challenging ERU assignments;
- reliance on theoretical design criteria rather than actual customer usage;
- lack of a usage-based component;
- insufficient information to determine whether rates are equitable;
- subjective elements in determining individual ERU values; and
- Limestone's failure to provide the actual calculations producing the ERU values.

These are not merely policy disagreements raised by a single customer. They were identified in testimony submitted on behalf of the Consumer Advocate Division of the Tennessee Attorney General's Office.

Accordingly, the Commission should not grant Limestone the additional regulatory authority requested in this Petition until these fundamental problems have been resolved.

II. LIMESTONE IS ATTEMPTING TO BUILD AN ANNUAL RATE MECHANISM ON TOP OF A DISPUTED ERU METHODOLOGY

Limestone states that its proposed ARRM will be based upon the ratemaking methodology approved in its 2025 general rate case.

Limestone further claims that the 2025 Rate Case Order contains sufficient findings to establish the methodology necessary for the ARRM.

That assertion should not be accepted without examining precisely what the Commission actually approved.

There is an important distinction between:

(1) approving a revenue requirement;

(2) approving a general rate design;

(3) accepting evidence concerning a proposed ERU methodology; and

(4) approving a permanent, <u>customer-specific</u> methodology for <u>calculating and assigning</u> ERUs.

Those are not necessarily the same thing.

The Commission should not allow Limestone to treat every implementation decision made by the Company as though it were expressly approved by the Commission.

In particular, Limestone <u>should be required</u> to identify the exact Commission order, finding, tariff provision, and evidentiary basis that authorizes:

- the methodology used to determine each commercial customer's ERUs;
- the assumptions used in determining the number of units;
- the selection of the applicable facility category;
- the conversion of those assumptions into ERUs;
- the <u>decision to disregard actual water consumption</u>;
- the process for changing an ERU assignment; and
- the <u>process available</u> to a customer <u>challenging an ERU assignment</u>.

Until those matters are established, the Commission should not authorize Limestone to carry the methodology forward through an annual rate mechanism.

III. LIMESTONE'S ERU METHODOLOGY RELIES ON ESTIMATED DESIGN CAPACITY RATHER THAN ACTUAL CUSTOMER USAGE

This is one of the most serious problems with Limestone's commercial rate design.

The Consumer Advocate's testimony explains that Limestone's ERU process involves identifying a facility type, determining a unit of measurement, estimating the number of units using publicly available information, applying TDEC design-flow assumptions, and dividing the resulting estimate by 300 gallons to derive ERUs.

The testimony further states that these estimates are based on theoretical capacity designs rather than actual flow or water-use information for individual customers.

That creates a fundamental disconnect:

Limestone is charging customers for estimated or assumed wastewater demand rather than measuring or reasonably estimating the customer's actual wastewater contribution.

For a commercial customer with reliable historical water-consumption records, there is a readily available factual source that can be used to evaluate actual usage as it was being used to bill prior to Jun 2025.

The Consumer Advocate specifically recognized this issue and testified that actual measurements are preferred where possible and that water-use data can provide a reasonable means of estimating wastewater flows.

The Commission should therefore require Limestone to demonstrate, customer by customer, why actual historical water-use information cannot reasonably be used before Limestone assigns a purely theoretical ERU value.

IV. THE SWITCH FROM USAGE-BASED BILLING TO FIXED ERU ASSIGNMENTS IS A MATERIAL CHANGE IN HOW COMMERCIAL CUSTOMERS ARE CHARGED

The ERU methodology does not merely change the amount of a customer's bill.

It changes the fundamental relationship between **service consumed and charges imposed.**

Under a usage-based methodology, the customer's charge changes as usage changes.

Under Limestone's ERU system, a commercial customer may have a predetermined number of ERUs assigned to the account, causing the customer's charge to remain substantially disconnected from actual monthly water consumption.

The Consumer Advocate described this problem directly, explaining that Limestone's commercial rate design effectively changes a nominally volumetric ERU rate into a fixed monthly charge because the ERU quantity is predetermined rather than based on actual consumption.

The result is a system in which:

Actual usage → is replaced by estimated usage → which is replaced by standardized design assumptions → which is converted into a fixed ERU assignment → which becomes the customer's recurring bill.

That is a substantial departure from a genuinely usage-sensitive rate structure.

The Commission should require Limestone to prove that this change produces rates that are just, reasonable, nondiscriminatory, and appropriately related to the cost of providing wastewater service.

V. TDEC DESIGN CRITERIA SHOULD NOT AUTOMATICALLY BECOME A CUSTOMER BILLING FORMULA

Limestone relies upon TDEC wastewater design criteria in its ERU methodology.

But design criteria used for planning and evaluating wastewater infrastructure are not automatically equivalent to a methodology for allocating utility revenue requirements among individual customers.

The Consumer Advocate specifically questioned Limestone's use of TDEC design criteria for customer billing and noted that those criteria are intended for sewage-works construction review rather than precise customer rate calculation.

This distinction is critical.

A design engineer may reasonably use conservative assumptions when determining whether a wastewater facility has sufficient capacity to serve a category of development.

That does not necessarily establish that the same assumptions accurately determine how much an individual customer should pay every month for wastewater service.

Capacity planning and customer rate allocation are different regulatory functions.

Limestone should therefore be required to demonstrate the evidentiary and ratemaking basis for converting TDEC design assumptions into customer-specific recurring charges.

VI. LIMESTONE HAS NOT PROVIDED A REPRODUCIBLE FORMULA FOR INDIVIDUAL ERU ASSIGNMENTS

The most troubling issue is not simply that Limestone uses estimates.

It is that customers have not been given sufficient information to independently reproduce the Company's calculations.

The Consumer Advocate testified that the tariff did not fully explain ERU calculations, did not provide the necessary formulas, and did not explain adequately how ERUs could be challenged.

The Consumer Advocate further testified that Limestone had not provided the actual calculations that produced the ERU values and that the ERU values remained effectively "hard coded" values rather than reproducible calculations.

This creates a serious due-process and transparency problem for commercial customers.

A customer cannot meaningfully challenge an ERU assignment if the customer is not given:

1. The exact classification assigned;
2. The applicable unit of measurement;

3. The number of units attributed to the facility;
4. The source of the underlying data;
5. The TDEC flow factor applied;
6. The mathematical formula;
7. The resulting estimated flow;
8. The conversion from estimated flow to ERUs;
9. The date the calculation was performed;
10. The assumptions used; and
11. The process for correcting an erroneous assumption.

Without those items, a customer is effectively asked to accept Limestone's conclusion without being given the means to independently verify it.

That is not meaningful transparency.

VII. COMMERCIAL CUSTOMERS SHOULD NOT BE REQUIRED TO ACCEPT AN ERU ASSIGNMENT THAT CANNOT BE INDEPENDENTLY REPRODUCED

A utility should not be permitted to impose a <u>recurring charge</u> based upon a calculation that the affected customer cannot independently reproduce.

This is especially important for commercial customers because the underlying "unit" can vary dramatically depending on the facility classification.

The Consumer Advocate identified units such as passengers, people, seats, employees, customers, bowling lanes, guests, meals served, visitors, beds, inmates, users, and students.

Each of those assumptions can materially affect the number of ERUs assigned.

For example, if a hotel is classified based upon guest capacity, the result can differ substantially from an assignment based upon actual occupancy or actual water consumption.

Likewise, a restaurant's ERU assignment can depend upon assumptions concerning meals, seats, or customers rather than actual water consumption.

A gas station, motel, hotel, restaurant, retail establishment, or other commercial facility may <u>have significantly different actual wastewater characteristics</u> from the generalized design assumptions used to assign its ERUs.

Therefore, **the customer must be given the ability to see and challenge the factual assumptions underlying the ERU assignment.**

VIII. THE RECORD ALREADY DEMONSTRATES THAT ERU ASSIGNMENTS CAN CHANGE SIGNIFICANTLY

The Consumer Advocate's testimony identified substantial changes in Limestone's commercial ERU determinants between the Company's 2025 actual determinants and Phase II attrition determinants.

For commercial customers, the testimony identified an increase from approximately 381 ERUs per month to approximately 514 ERUs per month—an increase of approximately 133 ERUs per month, or approximately 1,602 ERUs annually.

The testimony also identified significant changes for individual systems.

Those changes demonstrate why the Commission should not simply assume that Limestone's ERU assignments are fixed, objective, and self-validating.

If the Company's own ERU determinants can change materially, customers must be given:

- advance notice;
- the calculation supporting the change;
- the factual reason for the change;
- the source data;
- the formula;
- an opportunity to challenge the change; and
- Commission review where appropriate.

IX. THE ARRM COULD TURN AN UNRESOLVED ERU PROBLEM INTO A RECURRING ANNUAL PROBLEM

This is perhaps the most important reason to reject Limestone's Petition at this time.

Limestone proposes to make its ARRM an annual process. It proposes to file annually and calculate revenue, expenses, investment, and rate-of-return components using the Company's established methodology.

If the underlying ERU methodology is wrong, incomplete, unsupported, or improperly applied, an ARRM could allow that problem to be repeated every year.

Instead of requiring Limestone to establish the validity of its commercial rate design through a full review, the ARRM could effectively create a system where:

an initial disputed ERU assignment becomes a recurring annual revenue determinant.

That is precisely the type of regulatory consequence that warrants heightened scrutiny.

The Commission should not approve an annual mechanism until it is satisfied that the underlying commercial rate design is valid, transparent, reproducible, and subject to meaningful customer challenge.

X. LIMESTONE'S CLAIM OF “TRANSPARENCY” IS NOT SUPPORTED BY THE ERU RECORD

Limestone states that its ARRM will provide a transparent process through which the Commission, intervenors, and the Company can review revenues, expenses, and investment.

But financial transparency is not the same as billing transparency.

The Company's proposed ARRM includes numerous financial schedules, including revenue requirements, rate base, income statements, rate design, known and measurable adjustments, allocated costs, and other financial information.

Yet the critical question for an individual commercial customer is much simpler:

Why am I being charged this number of ERUs?

The answer must be capable of being independently verified.

A customer should not need access to confidential spreadsheets or proprietary information merely to understand the basis of a recurring wastewater bill.

XI. THE COMMISSION SHOULD REQUIRE ACTUAL WATER-USAGE DATA TO BE CONSIDERED BEFORE A DESIGN-BASED ERU ASSIGNMENT IS USED

The undersigned respectfully requests that the Commission establish the following minimum requirement:

Where reliable historical water-consumption data exists for a commercial customer, Limestone must evaluate that data before assigning or maintaining a design-based ERU value.

The Consumer Advocate expressly recommended that Limestone be required to demonstrate reasonable efforts to obtain actual water-use data before relying upon design data for estimates.

That recommendation should be adopted.

Where actual water-use data demonstrates that the Company's assigned ERUs materially exceed the customer's historical usage, Limestone <u>should be required to explain the discrepancy and demonstrate why the higher ERU assignment is nevertheless justified</u>.

XII. STONE BROOK INN PRESENTS A CLEAR EXAMPLE OF WHY CUSTOMER-SPECIFIC REVIEW IS NECESSARY

The undersigned specifically objects to Limestone's ERU methodology and its ERU assignment practice as applied to the commercial wastewater account for **Stone Brook Inn**.

The concern is not simply the amount of the bill.

The concern is the methodology and its ERU assignment practice used to arrive at the bill.

If Limestone can assign a fixed number of ERUs to Stone Brook Inn based upon generalized assumptions while disregarding the property's historical water consumption, the resulting charge may bear little relationship to the actual wastewater service generated by the property.

The Commission should therefore require Limestone to produce the complete calculation supporting Stone Brook Inn's ERU assignment, including every underlying assumption and data point.

At a minimum, Limestone should be required to provide:

A. The exact ERU number assigned to Stone Brook Inn;

B. The commercial facility classification used;

C. The unit of measurement used;

D. The number of units attributed to Stone Brook Inn;

E. The source of that number;

F. The TDEC design-flow factor applied;

G. The formula used to calculate the ERUs;

H. The resulting estimated wastewater flow;

I. The actual historical water consumption used or considered;

J. The reason actual usage was rejected or disregarded, if it was;

K. The date the ERU assignment was established;

L. Every subsequent change to the ERU assignment;

M. The individual responsible for approving the assignment;

N. The Commission order or tariff provision authorizing the methodology; and

O. The procedure by which Stone Brook Inn can challenge and obtain correction of the assignment.

Without this information, Stone Brook Inn cannot meaningfully determine whether its wastewater charges are based upon a reasonable and supportable methodology.

XIII. LIMESTONE SHOULD NOT BE PERMITTED TO SHIFT THE BURDEN OF PROOF TO THE CUSTOMER

The burden should not effectively be placed on a commercial customer to prove that Limestone's ERU assignment is wrong when Limestone controls the methodology, assumptions, records, calculations, and customer classifications used to create the assignment.

The utility possesses the information necessary to explain its calculation.

The customer should not be required to reverse-engineer an opaque utility methodology.

Accordingly, the Commission should require Limestone to affirmatively demonstrate the factual and mathematical basis for each disputed commercial ERU assignment.

XIV. A FORMAL ERU CHALLENGE PROCESS IS ESSENTIAL

The Commission should require Limestone to establish a formal written ERU challenge procedure before approving any ARRM.

The procedure should provide:

1. Written notice of the customer's current ERU assignment;
2. A complete calculation supporting the assignment;
3. Identification of all assumptions used;
4. Disclosure of the source data;
5. A reasonable period to challenge the assignment;
6. An opportunity to submit actual water-use records;
7. A written decision explaining the Company's response;
8. An opportunity for Commission review if the dispute remains unresolved; and
9. Protection against continued billing based upon an erroneous assignment while a timely challenge is pending, where appropriate.

The absence of such a process is particularly concerning because the Consumer Advocate previously identified the lack of clear procedures for reviewing and adjusting ERU values as a deficiency and recommended that the Commission require such procedures.

XV. THE PROPOSED PROTECTIVE ORDER MUST NOT SHIELD THE ERU METHODOLOGY FROM CUSTOMER REVIEW

Limestone also asks the Commission to approve a protective order in connection with the ARRM Petition.

The undersigned does not object to legitimate protection of genuinely confidential information.

However, Limestone should not be permitted to classify as confidential the basic information necessary for a customer to understand how that customer's ERU assignment was calculated.

A customer should be able to obtain the methodology, formulas, classifications, assumptions, and customer-specific calculations necessary to challenge a wastewater charge.

Confidentiality cannot be permitted to defeat meaningful customer participation.

XVI. THE ARRM SHOULD NOT BE USED TO AVOID A FULL REVIEW OF THE COMMERCIAL RATE DESIGN

Limestone's Petition seeks a streamlined annual mechanism in lieu of the cost and time associated with general rate cases.

That may be appropriate where the underlying rate design is established and undisputed.

But it is not appropriate where significant questions remain concerning how individual commercial customers are classified and charged.

The Commission should not sacrifice substantive review for administrative efficiency.

Efficiency cannot take precedence over accuracy, fairness, transparency, and customer protection.

XVII. REQUEST FOR SPECIFIC COMMISSION FINDINGS

Before approving any ARRM, the undersigned respectfully requests that the Commission make specific findings addressing:

1. Whether Limestone's commercial ERU methodology has been expressly approved by the Commission;
2. Whether Limestone's ERU methodology requires the use of actual water-consumption data when such data is available;

3. Whether TDEC wastewater design criteria are sufficient, standing alone, to establish customer-specific recurring wastewater charges;
4. Whether customers have sufficient information to independently reproduce their ERU calculations;
5. Whether Limestone has provided formulas and calculations for each commercial customer's ERU assignment;
6. Whether the Company's ERU methodology is sufficiently transparent and reproducible;
7. Whether the Company's methodology provides a meaningful customer challenge process;
8. Whether Limestone's ERU assignments are reasonably related to actual wastewater service;
9. Whether the methodology produces undue discrimination among commercial customers with materially different actual usage patterns; and
10. Whether approval of the ARRM before resolving these issues would improperly perpetuate disputed rate-design assumptions.

XVIII. REQUEST FOR RELIEF

For all of the foregoing reasons, the undersigned respectfully requests that the Tennessee Public Utility Commission:

PRIMARY REQUEST

1. DENY AND REJECT Limestone Water Utility Operating Company, LLC's Petition to elect and opt into an Annual Rate Review Mechanism and ARRM Tariff.

ALTERNATIVE REQUEST

If the Commission is not prepared to deny the Petition outright, the undersigned respectfully requests that the Commission:

2. DEFER approval of the ARRM until Limestone's commercial ERU methodology has been fully reviewed;

3. Require Limestone to establish the precise Commission authority for its ERU methodology;

4. Require Limestone to provide complete, reproducible formulas and calculations for commercial ERU assignments;

5. Require Limestone to use actual water-consumption data where reasonably available before relying upon theoretical design assumptions;

6. Require Limestone to explain and justify any material difference between actual historical water usage and the ERU assignment imposed upon a commercial customer;

7. Require Limestone to establish a formal and meaningful ERU challenge process;

8. Require Limestone to provide customers with sufficient information to independently reproduce and challenge their ERU assignments;

9. Prohibit Limestone from automatically carrying forward disputed or unsupported ERU assignments into future ARRM filings;

10. Require Commission review of any material change to an individual commercial customer's ERU assignment;

11. Require Limestone to identify the specific Commission order and evidentiary basis authorizing each component of its ERU methodology;

12. Require that information necessary to understand and challenge an individual customer's ERU assignment not be withheld under a protective order merely because it appears in a confidential workbook;

13. Specifically review the ERU assignment applicable to Stone Brook Inn and require Limestone to provide the complete underlying calculation and supporting documentation;

14. Require Limestone to demonstrate that its commercial wastewater rates are just, reasonable, nondiscriminatory, transparent, and reasonably related to the cost of providing service;

15. Provide customers and intervenors with a meaningful opportunity to review and challenge each annual ARRM filing before any resulting rate adjustment becomes effective; and

16. Grant such other and further relief as the Commission determines to be justified, reasonable, transparent, necessary, and in the public interest.

XIX. CONCLUSION

Limestone's Petition should not be viewed simply as a request for an administrative mechanism to update rates annually.

It is a request for authority to use an annual process built upon the Company's existing ratemaking methodologies.

That distinction matters.

If the underlying commercial ERU methodology is inaccurate, unsupported, opaque, or improperly applied, an ARRM could transform those deficiencies into a recurring annual billing mechanism.

The Commission should not allow that to occur.

The record already contains substantial evidence questioning the transparency, reproducibility, usage basis, and customer challenge procedures associated with Limestone's commercial ERU methodology.

The Consumer Advocate specifically recommended detailed ERU formulas, clear procedures for reviewing and adjusting ERU values, use of actual usage data where feasible, and transparency and reproducibility in all calculations.

Those safeguards should be established **before**, not after, Limestone receives authority to conduct annual rate reviews.

For these reasons, the undersigned respectfully requests that the Tennessee Public Utility Commission **DENY AND REJECT Limestone's Petition**.

At a minimum, the Commission should **DEFER approval until Limestone has fully disclosed, justified, and demonstrated the validity of its commercial ERU methodology and established a meaningful process through which affected customers can challenge their individual ERU assignments.**

Respectfully submitted,

JPatel
____
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Customer/Interested Party: Stone Brook Inn
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Date: 08/31/2026

EXHIBIT A

STONE BROOK INN

HISTORICAL METERED WATER USAGE VERSUS LIMESTONE WATER'S FIXED 8-ERU WASTEWATER BILLING

TPUC Docket No. 26-00080

A. PURPOSE OF THIS EXHIBIT

This Exhibit presents the actual billing and water-consumption history for Stone Brook Inn and demonstrates the significant change in Limestone Water Utility Operating Company's ("Limestone") wastewater billing methodology beginning in **May 2025**.

The historical records demonstrate that, prior to May 2025, Stone Brook Inn's wastewater charges were associated with the property's actual metered water usage. Beginning in May 2025, Limestone instead imposed a fixed **8 Equivalent Residential Unit ("ERU") that is equivalent to 72,000 gallons per month** of wastewater charge regardless of the property's actual monthly water consumption. **We have been setup to close our business for Limestone's survival.**

The Company's records therefore provide an unusually clear factual basis for the Commission to examine whether the fixed ERU assignment reasonably reflects the wastewater service actually provided to Stone Brook Inn.

B. HISTORICAL BILLING RECORD

Billing Date	Metered Water Usage	Water Charge	Sewer Usage/ERU	Sewer Charge	Water Charge Ratio
1/26/2021	13,000 gal.	$137.15	—	—	—
2/23/2021	12,000	$127.50	—	—	—
3/29/2021	21,000	$214.42	—	—	—
4/27/2021	39,000	$388.26	—	—	—
5/26/2021	24,000	$243.39	—	—	—
6/25/2021	14,000	$146.81	—	—	—
7/28/2021	24,000	$243.39	—	—	—
8/27/2021	19,000	$195.10	—	—	—
9/28/2021	21,000	$214.42	—	—	—
10/26/2021	15,000	$177.91	—	—	—
11/23/2021	23,000	$233.73	—	—	—
12/21/2021	23,000	$233.73	—	—	—

1/26/2022	25,000	$253.05	—	—	—
2/23/2022	10,000	$108.18	—	—	—
3/22/2022	26,000	$262.71	—	—	—
4/26/2022	17,000	$175.79	—	—	—
5/25/2022	23,000	$233.73	—	—	—
6/28/2022	25,000	$253.05	—	—	—
7/26/2022	23,000	$233.73	—	—	—
8/26/2022	13,000	$137.15	—	—	—
9/27/2022	17,000	$175.79	—	—	—
10/26/2022	23,000	$233.73	—	—	—
11/22/2022	14,000	$170.18	—	—	—
12/21/2022	12,000	$127.50	—	—	—
1/26/2023	17,000	$188.54	—	—	—
2/23/2023	9,000	$98.52	—	—	—
3/28/2023	20,000	$204.76	—	—	—
4/26/2023	14,000	$180.43	—	—	—
5/25/2023	21,000	$264.94	—	—	—
6/23/2023	12,000	$156.28	—	—	—
7/25/2023	11,000	$144.21	11,000	$254.41	1:1.76
8/24/2023	18,000	$387.35	18,000	$280.38	1:0.72
9/25/2023	17,000	$216.65	17,000	$276.67	1:1.28
10/24/2023	16,000	$204.57	16,000	$272.96	1:1.33
11/20/2023	15,000	$192.50	15,000	$269.25	1:1.40
12/20/2023	13,000	$168.36	13,000	$261.83	1:1.56
1/19/2024	10,000	$132.14	10,000	$250.70	1:1.90
2/23/2024	16,000	$204.57	16,000	$272.96	1:1.33
3/21/2024	21,000	$264.94	21,000	$291.51	1:1.10
4/24/2024	19,000	$240.79	19,000	$284.09	1:1.18
5/23/2024	12,000	$156.28	12,000	$258.12	1:1.65
6/24/2024	12,000	$156.28	12,000	$258.12	1:1.65
7/23/2024	18,000	$228.72	18,000	$280.38	1:1.23
8/23/2024	17,000	$216.65	17,000	$276.67	1:1.28
9/24/2024	18,000	$228.72	18,000	$280.38	1:1.23
10/23/2024	8,000	$107.99	8,000	$243.28	1:2.25
11/20/2024	13,000	$168.36	13,000	$261.83	1:1.56
12/19/2024	14,000	$290.43	14,000	$213.60	1:0.74
1/22/2025	24,000	$301.15	24,000	$302.64	1:1.00
2/19/2025	5,000	$71.78	5,000	$232.15	1:3.23

3/20/2025	18,000	$228.72	18,000	$280.38	1:1.23
4/22/2025	15,000	$204.57	15,000	$269.25	1:1.32
5/28/2025	**9,000**	**$132.14**	**8 ERU**	**$444.80**	**1:3.37**
6/24/2025	**6,000**	**$95.92**	**8 ERU**	**$444.80**	**1:4.64**
7/24/2025	**10,000**	**$144.21**	**8 ERU**	**$444.80**	**1:3.08**
8/21/2025	**19,000**	**$252.86**	**8 ERU**	**$444.80**	**1:1.76**
9/24/2025	**18,000**	**$240.79**	**8 ERU**	**$444.80**	**1:1.85**
10/22/2025	**18,000**	**$240.79**	**8 ERU**	**$444.80**	**1:1.85**
11/20/2025	**13,000**	**$290.43**	**8 ERU**	**$444.80**	**1:1.53**
12/17/2025	**12,000**	**$168.36**	**8 ERU**	**$444.80**	**1:2.64**
1/20/2026	**10,000**	**$144.21**	**8 ERU**	**$444.80**	**1:3.08**
2/20/2026	**9,000**	**$132.14**	**8 ERU**	**$444.80**	**1:3.37**
3/25/2026	**21,000**	**$277.01**	**8 ERU**	**$444.80**	**1:1.61**
4/21/2026	**13,000**	**$180.43**	**8 ERU**	**$444.80**	**1:2.47**
5/21/2026	**9,000**	**$132.14**	**8 ERU**	**$444.80**	**1:4.58**
6/18/2026	**9,000**	**$132.14**	**8 ERU**	**$605.27**	**1:4.58**
7/22/2026	**9,000**	**$132.14**	**8 ERU**	**$605.27**	**1:4.58**

Source: Stone Brook Inn Water and Sewer Billing History.

C. CRITICAL COMPARISON: MAY 2025–MAY 2026

The thirteen-month period immediately following Limestone's conversion to the fixed 8-ERU (=72,000 gallons) wastewater charge provides the clearest evidence.

Actual Stone Brook Inn water consumption:

- **Total annual metered water usage:** 158,000 gallons
- **Average monthly usage:** approximately **13,167 gallons**
- **Lowest monthly usage:** 6,000 gallons
- **Highest monthly usage:** 21,000 gallons
- **Monthly variation:** 15,000 gallons

Despite this substantial variation in actual water consumption, Limestone charged exactly the same **8 ERUs / $444.80 per month** throughout the entire period.

Thus:

6,000 gallons of actual water usage → 8 ERUs=72,000 gallons

while:

21,000 gallons of actual water usage → 8 ERUs=72,000 gallons

The customer therefore receives the same wastewater charge despite a **250% difference** between the lowest and highest monthly water consumption during this period.

That fact raises a fundamental question that Limestone should be required to answer:

Why should a customer using 6,000 gallons of water receive the same fixed wastewater charge as the same customer using 21,000 gallons when reliable, metered usage information exists?

D. THE FIXED 8-ERU CHARGE IS NOT CORRELATED TO STONE BROOK INN'S ACTUAL MONTHLY WATER USAGE

The billing history provides multiple examples demonstrating the disconnect.

June 2025

Stone Brook Inn used only **6,000 gallons**, yet Limestone imposed **8 ERUs and $444.80** in sewer charges.

August 2025

Stone Brook Inn used **19,000 gallons**, yet Limestone again imposed exactly **8 ERUs and $444.80**.

March 2026

Stone Brook Inn used **21,000 gallons**, the highest monthly usage in the May 2025–April 2026 period, yet the sewer charge remained exactly **$444.80**.

February 2026

Stone Brook Inn used only **9,000 gallons**, yet the sewer charge remained **$444.80**.

The billing record therefore demonstrates that the 8-ERU assignment is **insensitive to actual monthly water consumption**.

E. THE PROBLEM BECOMES EVEN MORE PRONOUNCED IN JUN 2026

Beginning in Jun 2026, Limestone increased the wastewater charge for the same **8-ERU assignment** from **$444.80 to $605.27 per month**.

Yet Stone Brook Inn's actual metered water usage remained only **9,000 gallons** in each of June, and July 2026.

Therefore:

Month	Actual Water Usage	Assigned ERUs	Sewer Charge
June 2026	9,000 gal.	8	$605.27
July 2026	9,000 gal.	8	$605.27

The same 8-ERU assignment therefore produced a **$160.47 monthly increase**, despite no increase in the property's actual water consumption during those three months.

This demonstrates why an annual rate mechanism must not simply carry forward the Company's ERU methodology without examining whether the underlying customer-specific ERU assignment is reasonable.

F. THE HISTORICAL RECORD DEMONSTRATES WHY STONE BROOK INN'S ACTUAL USAGE MUST BE CONSIDERED

The billing history contains years of actual metered water consumption for Stone Brook Inn.

For example, in 2023 and 2024, the billing record expressly identifies matching water and sewer usage amounts for individual months.

The record therefore establishes that Limestone has access to extensive historical consumption information for this customer.

There is no factual basis for treating Stone Brook Inn as though its wastewater characteristics are unknowable.

Limestone possesses:

- years of metered water consumption;
- monthly billing history;
- actual customer usage patterns; and
- historical wastewater billing information.

Accordingly, Limestone should be required to explain why this extensive historical information is not an appropriate input into the determination or verification of Stone Brook Inn's wastewater charges.

G. REQUEST FOR CUSTOMER-SPECIFIC ERU DISCLOSURE

The undersigned respectfully requests that Limestone be ordered to produce the complete documentation supporting Stone Brook Inn's 8-ERU assignment.

Specifically, Limestone should provide:

1. The date on which Stone Brook Inn was assigned 8 ERUs;
2. The exact methodology used to calculate the 8 ERUs;
3. The commercial customer classification assigned to Stone Brook Inn;
4. The specific unit of measurement used;
5. The number of units attributed to Stone Brook Inn;
6. The source of every factual assumption used;
7. The applicable TDEC design-flow factor;
8. The complete mathematical formula;
9. The calculated estimated wastewater flow;
10. The conversion from estimated wastewater flow to 8 ERUs;
11. Any occupancy or capacity information relied upon;
12. Any guest, room, employee, fixture, or other assumptions relied upon;
13. All historical ERU assignments for Stone Brook Inn;
14. Every change to the property's ERU assignment;
15. The reason for each change;
16. The actual water-consumption information considered by Limestone;

17. An explanation of why actual metered usage was rejected, disregarded, or not incorporated;
18. The identity of the Limestone employee, consultant, or representative who performed or approved the calculation;
19. The Commission order or tariff provision Limestone contends specifically authorizes the 8-ERU assignment; and
20. The formal procedure available to Stone Brook Inn to challenge the assignment.

H. PRELIMINARY CONCLUSION FROM THE STONE BROOK INN DATA

The historical record does not establish that the 8-ERU assignment is necessarily unlawful or mathematically incorrect.

It does, however, establish something equally important:

Limestone's fixed 8-ERU charge is not responsive to Stone Brook Inn's actual monthly water consumption.

The available data demonstrate that the same customer was charged the same 8-ERU wastewater amount while actual monthly water consumption ranged from **6,000 to 21,000 gallons** during the first twelve months after the ERU methodology was imposed.

The record further demonstrates that the wastewater charge subsequently increased from **$444.80 to $605.27 per month** while Stone Brook Inn continued to use only **9,000 gallons per month** in May, June, and July 2026.

This creates a substantial factual question that should be resolved before Limestone is granted an annual mechanism that relies upon the Company's existing rate-design methodologies.

The Commission should require Limestone to demonstrate—not merely assert—that eight ERUs reasonably represent Stone Brook Inn's wastewater service requirements.

Until Limestone produces that evidence, the Commission should not presume that the Company's 8-ERU assignment is reasonable, accurate, or appropriately related to actual service.

I. REQUESTED COMMISSION ACTION

Based upon the Stone Brook Inn-specific evidence presented in this Exhibit, the undersigned respectfully requests that the Commission:

1. Require Limestone to produce the complete calculation supporting Stone Brook Inn's 8-ERU assignment;

2. Require Limestone to identify and disclose every factual assumption underlying that assignment;

3. Require Limestone to provide the methodology and mathematical formula used to convert the Company's assumptions into eight ERUs;

4. Require Limestone to explain why Stone Brook Inn's extensive historical metered water-use data was not used, or was not given appropriate consideration, in determining its wastewater charge;

5. Require Limestone to compare its 8-ERU assignment against Stone Brook Inn's historical actual usage and explain the resulting discrepancy;

6. Establish a formal process through which Stone Brook Inn and similarly situated commercial customers may challenge individual ERU assignments;

7. Prohibit Limestone from automatically carrying the disputed 8-ERU assignment into future ARRM calculations without first resolving the customer-specific dispute;

8. Require that any future ARRM filing identify the ERU assignments and methodology used to establish commercial wastewater revenues; and

9. Deny or defer Limestone's ARRM Petition until these issues have been fully investigated and resolved.

CERTIFICATION

I certify that the information contained in this Exhibit is derived from the Stone Brook Inn Water and Sewer Billing History submitted with this objection.

Respectfully submitted,

____
Name: J Patel

Manager
Stone Brook Inn
Date: 08/31/2026

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