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TENNESSEE PUBLIC UTILITY COMMISSION

Andrew Jackson State Office Bldg.
502 Deaderick Street, 4th Floor
Nashville, TN 37243-0001

June 2, 2026

Docket No. 24-00044
In re: Petition Limestone Water Utility Operating Company, LLC, to Increase Charges, Fees, and Rates and for Approval of a General Rate Increase and Consolidated Rates

Panel: Chairman David F. Jones, Vice Chairman John A. Hie,
Commissioners Herbert H. Hilliard, David Crowell, and Clay R. Good

During the regularly scheduled Commission Conference held on June 1, 2026, the panel in the above docket deliberated on the Phase II implementation of the rates approved for Tennessee American Water Company on April 14, 2025, reflected in its final order issued July 10, 2025. The recitation below of the successful motion, passed by the unanimous vote of the panel members present, is provided only as a courtesy to the parties, affected consumers, and the public. It is not intended to and does not supplement or replace the official action of the Commission as will be memorialized in its issued written order.

Section8	**COMMISSIONERS: CGood, DCrowell, DJones, Hilliard, JHie**		
Item No.	Case Name	Docket	Subject Summary
1	**24-00044** **Limestone Utility Operating Company, LLC**	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.	*Deliberations

Motion

In its *Order Setting Utility Rates* issued on July 10, 2025, the Commission authorized Limestone to collect its approved revenue deficiency through rate increases implemented in two phases. Phase One took effect on May 1, 2025, and was designed to collect $722,032 of the total deficiency. The remaining $640,292, plus carrying charges, was scheduled to be collected in Phase Two beginning May 1, 2026.

A hearing on the Phase Two rate design to collect the previously authorized Phase Two revenue deficiency and carrying costs was held on April 28, 2026 and deliberations scheduled for a later date. This matter is before the panel today for deliberations, and I have a motion.

Based on the evidentiary record, I find that Limestone's recovery of the Phase Two revenue deficiency of $640,292, plus 13- months of carrying charges of $58,877, through the implementation of rates and charges effective June 1, 2026, is reasonable and should be approved. The carrying charges were calculated by applying the Commission-approved overall rate of return of 8.488% to the unrecovered Phase Two deficiency. I further find that recovering these costs through a temporary surcharge over a twelve-month period is reasonable.

Accordingly, I move approval of a residential surcharge of $1.34 per month for water service and $1.81 per month for sewer service. These surcharges shall automatically terminate and be removed from customer bills within 30 days after full recovery of the carrying costs or after twelve months, whichever occurs first. Limestone shall report the cumulative amount of carrying costs collected through the surcharges in its quarterly surveillance reports filed with the Commission.

I further find that the updated monthly billing determinants by system, filed by Limestone in this phase of the proceeding, are reasonable, and that the use of the updated billing information to establish Phase Two rates is reasonable and consistent with the Commission's *Order Setting Utility Rates*.

Using the same allocation of the Phase Two revenue deficiency between water and wastewater operations as applied in Phase One, I find that average Phase Two rate increases will be approximately 40% for water service and approximately 32% for wastewater service, and that these percentage increases are reasonable. I, therefore, move approval of the individual service rates reflecting these increases, as set forth in the Phase Two Rate Design Exhibit attached to this motion. The Exhibit establishes water and wastewater service rates for all systems and customer classifications addressed in the rate case hearing and is designed to recover the remaining Phase Two revenue deficiency. I direct Commission Staff to provide the parties with an Excel file containing the Phase Two Rate Design Exhibit and to offer clarification, as needed.

Because reliable water usage or sewer flow data are unavailable for most commercial sewer customers, Limestone's use of the Equivalent Residential Unit ("ERU") methodology for commercial sewer billing, as used in Phase One rate design, is reasonable and should continue to be used to determine Phase Two commercial sewer billing.

It should be noted that Limestone proposed the ERU methodology for commercial wastewater billing in its originally proposed rate design and testified to this approach during the rate case. While the ERU methodology provides a reasonable basis for establishing commercial wastewater rates in this proceeding, the record shows that consumers have difficulty understanding how the methodology is applied to calculate their individual bills.
To address this concern, I propose the following:

(1) The Company shall file a comprehensive ERU Appendix to its tariff that explains in detail how ERUs are calculated, identifies all reference sources, and defines all customer classifications in simple, easy-to-understand terms, so that each classification clearly describes the basis for its assignment;

(2) The Company shall notify each customer, through a bill insert or other direct communication, of the classification assigned to the customer. Alternatively, the Company may prominently display the assigned classification on each customer's monthly billing materials.

(3) The Company shall include in its tariff a formal process allowing customers to challenge their ERU assignment. This process shall include:

(a) the form and content of information required from the customer;

(b) a description of the process the Company will use to review and resolve assignment challenges;

(c) a requirement that the Company resolve challenges within 45 days of receiving a complete request;

(d) language stating that any changes to assigned ERUs will be applied prospectively; and

(e) beginning July 1, 2027, the filing of an Annual ERU Transparency Report covering the prior 12-month period ending May 31st, identifying all commercial ERU challenges, listing each customer's ERU assignment before and after review, explaining the data and methodology applied, and documenting any credits or refunds issued.

Throughout this proceeding, the Commission has held several public comment meetings. During these meetings, as well as in written comments filed in the docket, several commenters raised concerns about Limestone's service quality, including assertions that it has failed to follow through on certain representations and has been unresponsive to customer concerns. Accordingly, I direct Limestone to maintain accurate written records of all complaints received for both its water and wastewater customers. Those records should include the nature of each complaint, the time and date the complaint was received, the action taken and the final resolution. This information is to be made available upon the Commission's request.

The website of Limestone's parent company, Central States Water Resources, provides general information about the Commission's regulatory authority and customers' right to file an informal complaint. This information, however, is not prominently displayed and does not include a hyperlink to the Commission's website. Also, there are no instructions on how a consumer may file a complaint. As such, I direct Limestone to add a link to the Commission's Consumer Services landing page to make it easier for its customers to reach the Commission when they are unsatisfied with the utility's response to their concerns. I also direct Limestone to include language in its billing materials that complaints may be filed with the Commission, including the appropriate internet address and telephone number.

Finally, these rates and charges reasonably and equitably apportion the Phase Two rate increases among all systems and customer classes, and they authorize Limestone to collect the revenue requirements needed to continue providing safe, reliable water and wastewater services to customers in its service territories.

[MOTION ENDED]

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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

Kelly Cashman Grams, General Counsel

LIMESTONE WATER OPERATING COMPANY
Phase Two Rate Design

Commission
Exhibit 1

	Base Year	Phase 1			Revenue	Phase 2			Revenue		
	Revenue	**Determinants**	**Rate**	**Revenue**	**Increase**	**Determinants**	**Rate**	**Revenue**	**Increase**		
Water											
Candlewood	$58,080	1,452	$50.00	$72,600	$14,520	1,262	$70.00	$88,340	$15,740		40.00%
Aqua Utilities- 5/8"	128,519	5,016	31.00	155,496	26,977	4,787	43.33	207,421	51,925		39.77%
Aqua Utilities- 3/4"	3,075	120	31.00	3,720	645	234	43.33	10,139	6,419		39.77%
Aqua Utilities- 1"	307	12	31.00	372	65	88	43.33	3,813	3,441		39.77%
Aqua Utilities- 1 1/2"	307	12	31.00	372	65	12	43.33	520	148		39.77%
Aqua Utilities- 2"	922	36	31.00	1,116	194	10	43.33	433	(683)		39.77%
Aqua Utilities- unknown	5,842	228	31.00	7,068	1,226	218	43.33	9,446	2,378		39.77%
Usage:											
Candlewood - No meter - (Flat Rate)	0	0		0	0	0		0	0		
Aqua Utilities - usage per 1,000 gallons	0	21,240,360	3.05	64,783	64,783	14,033,940	5.82	81,678	16,894		90.82%
Total Bill Revenue	**$197,053**	**6,876**		**$305,527**	**$108,474**	**6,611**		**$401,790**	**$96,263**	96,194	
Sewer											
Aqua Utilities-Residential	$113,761	4,440	$35.00	$155,400	$41,639	4,507	$46.50	$209,559	$54,159		32.86%
Aqua Utilities-Commercial	2460	432	35.00	15,119	12,659	444	46.50	20,646	5,527		32.86%
Cartwright - Grassland - Comm 1-2 Bedroom	1509	0	0.00	0	(1,509)	0	0.00	0	0		#DIV/0!
Cartwright - Grassland - Res 1-2 Bedroom	17136	408	65.00	26,520	9,384	424	86.00	36,490	9,970		32.31%
Cartwright - Grassland - Res 3 Bedroom	155682	3348	70.00	234,360	78,678	3,336	92.50	308,615	74,255		32.14%
Cartwright - Grassland - Res 4 Bedroom	119808	2304	75.00	172,800	52,992	2,277	99.00	225,401	52,601		32.00%
Cartwright - Grassland - Res 5 Bedroom	5304	96	75.00	7,200	1,896	96	99.00	9,531	2,331		32.00%
Cartwright - Commercial	289259	2496	168.96	421,712	132,453	2,736	207.20	566,899	145,187		22.63%
Cartwright - Arrington/Hardeman/Hideaway -Res	293709	5316	75.00	398,700	104,991	5,144	99.00	509,282	110,582		32.00%
Chapel Woods	50460	1740	40.00	69,600	19,140	1,695	53.00	89,855	20,255		32.50%
Shiloh Falls - Residential	34094	3816	25.00	95,400	61,306	3,947	33.00	130,253	34,853		32.00%
Shiloh Falls - Commercial	55868	1644	55.60	91,406	35,539	756	73.50	55,566	(35,840)		32.19%
Lakeside Estates (DSH) - Commercial	31452	1716	55.00	94,384	62,932	2,232	73.00	162,936	68,552		32.73%
Lakeside Estates (DSH) - Residential	1844	60	55.00	3,300	1,456	67	73.00	4,916	1,616		32.73%
Total Bill Revenue	**$1,172,345**	**27,816**		**$1,785,901**	**$613,556**	**27,662**		**$2,329,949**	**$544,048**	544,098	
Imputed Cartwright - Commercial	**$91,230**										
Other Revenue	**$231,599**										
Total Base Year Revenue	**1,692,227**										
					722,030	Phase 1 Increase			640,310	Phase 2 Increase	
					722,032				640,292		

Water -Revenue Deficiency	**$432,751**
Sewer -Revenue Deficiency	**$929,573**
Overall Staff Revenue Deficiency	**$1,362,324**
Phase 1 Increase	**$722,032**
Phase 2 Increase	**$640,292**
Rate of Return	**8.488%**
Carrying Costs	**$58,877**

	Staff Deficiency	Phase 1 Increase	Phase 1 % Increase	Phase 2 Increase	Carrying Cost	**Determinants**	**Surcharge Carrying Cost**
Water	$432,751	$108,474	15.02%	$96,194	$8,845	6,611	$1.34
Sewer	$929,573	$613,558	84.98%	$544,098	$50,032	27,662	$1.81
	$1,362,324	$722,032		$640,292	$58,877		