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Sharla Dillon, Clerk

Tennessee Regulatory Authority

460 James Robertson Parkway

Nashville, Tennessee 37243

In Re: Petition of Laurel Hills Condominiums Property Owners Association for  
a Certificate of Public Conveyance and Necessity  
Docket No. 12-00030

Dear Ms. Dillon:

Please find attached hereto for filing the Second Discovery of the Customer Interveners to Haurel Hills Condominiums Property Owners Association which I would appreciate you filing in the above matter. I will be forwarding to you today by first class mail the original and four copies of this document.

Should you have any questions, please give me a call at the direct dial number above.

With kindest regards, I am

Very truly yours,

  
Melanie E. Davis

MED:ps  
Enclosures

cc: Shiva Bozarth, General Counsel  
John Baroni, Attorney  
Donald Scholes, Attorney  
Benjamin Gastel, Attorney  
John Moore, et al

BEFORE THE  
TENNESSEE REGULATORY AUTHORITY  
NASHVILLE, TENNESSEE

In Re:

PETITION OF LAUREL HILLS  
CONDOMINIUMS PROPERTY  
OWNERS ASSOCIATION  
FOR A CERTIFICATE OF PUBLIC  
CONVEYANCE AND NECESSITY.

Docket No. 12-00030

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SECOND DISCOVERY REQUEST OF GARY HAISER; JOHN MOORE; GERALD NUGENT; ROY PERRY; JOHN PETERS; JOEL MATCHAK; ROBERT ADKINS; JOE GARNER; TERRY COPE; ROBERT SCHWARTZ; ONUS WILLIAMS; GENE MANERS; MICHAEL KRABOUSANOS; WENDELL BLAIR; LUKE DUNN; DAVID BREG; KENT LATHAM; CORTEZ INVESTMENT GROUP, INC.; JIMMY DOUGLAS; THOMAS BAUER; DONALD SANDLIN; JUDY SCALES PATTERSON; ISAAC GAMBLE; RENEE TODD; RICHARD KNAPP; JOHN CHAMBERS; JOHN P. PETERS REVOCABLE TRUST; AND CUMBERLAND POINT CONDOMINIUM OWNERS ASSOCIATION TO LAUREL HILLS CONDOMINIUMS PROPERTY OWNERS ASSOCIATION

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To: Laurel Hills Condominiums Property Owners Association  
c/o Donald L. Scholes, Esq  
Branstetter, Stranch & Jennings, PLLC  
227 Second Avenue North  
Fourth Floor  
Nashville, TN 37201-1631

This discovery request is hereby served on Laurel Hills Condominiums Property Owners Association, ("Laurel Hills"), pursuant to Rules 26, 33, 34 and 36 of the Tennessee Rules of Civil Procedure and Tenn. Comp. R. and Reg. 1220-1-2-11. We request that full and complete responses be provided pursuant to the Tennessee Rules of Civil Procedure. The responses are to be produced at the office of Melanie

Davis, Kizer and Black Attorneys, PLLC, 329 Cates Street, Maryville, Tennessee 37801, on or before 4:00 p.m.(EDT). September 15, 2012.

### **PRELIMINARY MATTERS AND DEFINITIONS**

See Consumer Advocate Discovery Request.

### **SECOND DISCOVERY REQUEST**

1. Gary Haiser, et al ("Customers") specifically incorporates each and every Data Request filed by the TRA on August 28, 2012 in this Docket as if fully stated herein. The Customers expressly reserve the right to seek supplemental responses and/or file a motion to compel if the Customers determine that any responses to the Data Request are inadequate or incomplete.

**RESPONSE:**

2. The Customers specifically incorporates each and every Discovery Request filed by the Consumer Advocate on September 14, 2012 in this Docket as if fully stated herein. The Customers expressly reserve the right to seek supplemental responses and/or file a motion to compel if the Customers determine that any responses to the Discovery Request are inadequate or incomplete.

**RESPONSE:**

3. The Customers specifically incorporates each and every Discovery Request filed by the TRA Staff on September 18, 2012 in this Docket as if fully stated herein. The Customers expressly reserve the right to seek supplemental responses and/or file a motion to compel if the Customers determine that any responses to the Discovery Request are inadequate or incomplete.

4. Reference Laurel Hills response to the TRA Staff Data Request dated September 26, 2012, Response #1; explain the statement that every customer of Laurel Hills is a member of the RMCC, specifically with respect to “Pre-1972” property owners who may also be Laurel Hills customers.

**RESPONSE:**

5. Reference Laurel Hills response to the TRA Staff Data Request dated September 26, 2012, Response #2; identify what three properties for which John Peters is currently responsible for water service and why he is currently being billed for only two properties.

**RESPONSE:**

6. Reference Laurel Hills response to the TRA Staff Data Request dated September 26, 2012, Response #2; define the term “abandonment”. Define the 15 customers who have “abandoned” water service and the effective date the “abandonment” was noted. For each identify if and when (date) that a disconnection request was received. Explain why the 15 customers continue to be billed for water service.

**RESPONSE:**

6. Reference Laurel Hills response to the TRA Staff Data Request dated September 26, 2012, Response #2. Provide copies of all rebuffed requests sent to customers requesting updated addresses and/or other customer information and

provide copies of all letters received from customers requesting that their account information be updated or changed.

**RESPONSE:**

8. Reference Laurel Hills response to the TRA Staff Data Request dated September 26, 2012, Response #5; identify any approval by any authority (state, federal or other) approving Laurel Hills rate increase from \$25.00 to the \$86.40 for all customers prior to the rate increase being implemented in June 2011 and, if no approval was received, explain why this rate increase should be legally recognized.

**RESPONSE:**

9. Reference Laurel Hills response to the TRA Staff Data Request dated September 26, 2012, Response #5; explain why Laurel Hills continued to invoice customers at the \$86.40 monthly rate from June 2011 to July 2012 for those customers who are Plaintiffs in Cumberland County Chancery Court Case 2012-CH-513 and thus are not required to pay that rate for monthly water service.

**RESPONSE:**

10. Reference Laurel Hills response to the TRA Staff Data Request dated September 26, 2012, Response #6; noting that Robert Adkins is a full time resident in close proximity to the referenced office, identify who occupied this location on what dates and hours from the time period September 15-30, 2012. Provide documentation such as pay stubs for time worked at this office.

**RESPONSE:**

11.     **Reference** the Laurel Hills Response to the Consumer Advocate Division's Data Request dated September 18, 2012, Response #4; provide data originally requested with respect to prior period tax returns of Laurel Hills Condominiums Property Owners Association for years prior to 2011 (with permission, Landsford and Stephens Accountants access this information instantaneously, at no charge from the IRS website).

**RESPONSE:**

12.     **Reference** the Laurel Hills Response to the Consumer Advocate Division's Data Request dated September 18, 2012, Response #12, is Moy Toy, LLC's "developer" status currently being challenged in any ongoing legal proceedings?

**RESPONSE:**

13.     **Reference** the Laurel Hills Response to the Consumer Advocate Division's Data Request dated September 18, 2012, Response #12; provide the date and any verifying documentation of when Renegade Florida, LTD and Renegade Florida Management, LLC acquired their interest in Moy Toy, LLC.

**RESPONSE:**

14.     **Reference** the Laurel Hills Response to the Consumer Advocate Division's Data Request dated September 18, 2012, Response #12; provide the date and any verifying documentation of when Renegade Florida, LTD became the managing member of Moy Toy, LLC.

**RESPONSE:**

15.     **Reference** the Laurel Hills Response to the Consumer Advocate Division's Data Request dated September 18, 2012, Response #12; provide a description of the discussions and negotiations surrounding the purchase of the water system (including, but not limited to determination of price, negotiation of the terms of sale, negotiation of the revocable lease and terms of the promissory note); for each provide the date or approximate date, a synopsis of the discussion or negotiation and the person (not entity) representing Laurel Hills and Moy Toy, LLC respectively.

**RESPONSE:**

16.     **Reference** the Laurel Hills Petition for a CCN, dated April 10, 2012, paragraph #3; if Laurel Hills did not operate the water system until its purchase on May 1, 2011 and Moy Toy, LLC decided not to operate the water system after their purchase on September 28, 2010, who was responsible for the water system and its continuous operation between September 28, 2010 and May 1, 2011? Provide documents.

**RESPONSE:**

17.     **Reference** the Laurel Hills Petition for a CCN, dated April 10, 2012, paragraph #3; who authorized and executed payments for water, electric and repairs of the system between September 28, 2010 and May 1, 2011?

**RESPONSE:**

18.     **Reference** the Laurel Hills Response to the Consumer Advocate Division's Data Request dated September 18, 2012, Response #15; what

individual(s), representing Moy Toy, LLC, approved the valuation method of the water system described in Response #15. What individual representing Laurel Hills approved the valuation method?

**RESPONSE:**

19.     **Reference** the Laurel Hills Response to the Consumer Advocate Division's Data Request dated September 18, 2012, Response #15; state the names, addresses and contact information for the individuals at the Tennessee Association of Utility Districts (TAUD) with whom Laurel Hills consulted to determine the valuation method described in Response #15.

**RESPONSE:**

20.     **Reference** the Laurel Hills Response to the Consumer Advocate Division's Data Request dated September 18, 2012, Response #15; what individual(s) from Laurel Hills or Moy Toy, LLC contacted TAUD and at the time were they representing Laurel Hills, Moy Toy, LLC or both entities?

**RESPONSE:**

21.     **Reference** the Laurel Hills Response to the Consumer Advocate Division's Data Request dated September 18, 2012, Response #16; provide all records discussed in Response #16.

**RESPONSE:**

22.     **Reference** the Laurel Hills Response to the Consumer Advocate Division's Data Request dated September 18, 2012, Response #18; given that the

Renegade Mountain Community Club (RMCC) efficiently operated the water system prior to 2001, detail what discussions involving which individuals took place between Moy Toy, LLC and the RMCC and/or Laurel Hills and the RMCC in 2010/2011 regarding potential operation of the water system. If none, state why none were held.

**RESPONSE:**

23. Reference Article V and Article VI of the 1972 Renegade Resort Covenants and Restrictions (and later versions), explain where said document gives the “developer” the authority or ability to sell (transfer legal control) of the water system to any other person or entity other than the RMCC? Under what authority did any party convey the water system at issue to any other party except the RMCC since the conveyance from the water system’s original developer?

**RESPONSE:**

24. Reference the Laurel Hills Response to the Consumer Advocate Division’s Data Request dated September 18, 2012, Response #20; as requested, describe the steps taken by Laurel Hills to ensure that the work performed by Renegade Resources, LLC is fair, prudent and reasonable for this geographic area and also as requested, state all members of Renegade Resources, LLC. Was the work bid out? If no, why not?

**RESPONSE:**

25. Given the definitions and requirements of the Tennessee Non profit Corporation Act (TCA 48-58-302), explain how the decision to purchase the water

system for \$400,000.00 between Laurel Hills and Moy Toy, LLC was not a violation of this statute with respect to a conflict of interest. Provide any documentation related to your response.

**RESPONSE:**

26. **Reference** the Laurel Hills Response to the Consumer Advocate Division's Data Request dated September 18, 2012, Response #22; provide a copy of the declarations page for each Laurel Hills' policy showing the starting date, effective date and annualized cost of each policy.

**RESPONSE:**

27. **Reference** the Laurel Hills Response to the Consumer Advocate Division's Data Request dated September 18, 2012, Response #24; identify when (date) the verbal contract between Laurel Hills and Darrell McQueen was made for his services, when (date) the invoice of Darrell McQueen was initially submitted to Laurel Hills for payment and when and who approved this invoice.

**RESPONSE:**

28. **Reference** the Laurel Hills Response to the Consumer Advocate Division's Data Request dated September 18, 2012, Response #24; provide a listing of the specific professional consulting and supervision tasks performed by Darrell McQueen during the performance period including a detailed description of the work, hours and dates.

**RESPONSE:**

29.     **Reference** the Laurel Hills Response to the Consumer Advocate Division's Data Request dated September 18, 2012, Response #25; to add specificity to the original question, explain why Laurel Hills is entitled to potential reimbursement from customers of any legal expenses not directly attributable to the organization of the water system, or TRA application process, more specifically those legal expenses spent on promoting and/or defending its efforts to admittedly operate an unauthorized and unregulated water system.

**RESPONSE:**

30.     **Reference** the Laurel Hills Response to the Consumer Advocate Division's Data Request dated September 18, 2012, Response #26; if 15 customers were lost for "various reasons" explain why they are all still being invoiced as of August 20, 2012 (see Laurel Hills General Ledger and Accounts Receivable Aging Report submitted as exhibits to Laurel Hills Response to the TRA Staff Data Request).

**RESPONSE:**

31.     **Reference** the Laurel Hills Response to the Consumer Advocate Division's Data Request dated September 18, 2012, Response #26; provide any and all proof in the form of documentation that Cumberland Point Condominiums, any other entity or any individual is in the process of planning to drill a well.

**RESPONSE:**

32.     **Reference** the Laurel Hills Response to the Consumer Advocate Division's Data Request dated September 18, 2012, Response #26; confirm that one

of the two existing wells (Baker) was required because no water lines are currently available to provide a connection.

**RESPONSE:**

33.     **Reference** the Laurel Hills Response to the Consumer Advocate Division's Data Request dated September 18, 2012, Data Response #7 (Meeting Minutes); both the 2011 and 2012 referenced minutes list the address of Laurel Hills as 3277 Renegade Mountain Parkway and the Laurel Hills TRA Petition lists Laurel Hills' address as 17 Mountain Laurel Drive. Which address is correct? Which address is staffed 5 hours per day? During what time frame was it being staffed 5 hours per day?

**RESPONSE:**

34.     **Reference** the Laurel Hills Response to the Consumer Advocate Division's Data Request dated September 18, 2012, Data Response #7 (Meeting Minutes) lists that 143 weeks were present and recognized; given that a member in good standing must be current in maintenance fees to vote and that the general ledger data provided in Laurel Hills Response to the TRA Staff Data Request lists approximately five members maintenance fees were received, explain how 143 weeks were recognized and that a quorum was present to conduct business regarding the water system.

**RESPONSE:**

35.     **Reference** the Laurel Hills Response to the Consumer Advocate Division's Data Request dated September 18, 2012, Data Response #7 (Meeting

Minutes); the 2011 minutes indicate that Landsford and Stephens were approved to continue as the accounting firm for Laurel Hills indicating that copies of these records are backed up and available. Provide tax returns general ledgers and balance sheets for Laurel Hills for 2009 and 2010.

**RESPONSE:**

36.     **Reference** (1) the Laurel Hills Response to the Consumer Advocate Division's Data Request dated September 18, 2012, Data Response #7 (2012 Meeting Minutes), dated January 17, 2012 stating that Michael McClung will approach VEC (electric company) to discuss cutting off electricity for water operations and (2) the fact that the Customers in Cumberland County Chancery Court Case 2012-CH-513 aver that Michael McClung abandoned the water system at issue on January 19, 2012 by placing a work order for VEC to cut electric power to the Mullinix Pump Station; explain Michael McClung's actions during the period 17-20 January, 2012 with respect to attempting to stop electric power to the water system's pumps. Specifically did Michael McClung authorize a VEC work order on January 19, 2012 to stop electric service to the Mullinix Pump Station?

**RESPONSE:**

37.     **Reference** the Laurel Hills Response to the Consumer Advocate Division's Data Request dated September 18, 2012, Data Response 20 (Renegade Resources, LLC); noting that this Data Response fails to list the duties performed by each employee and those specific hours attributable to water operations (example, why would any charges from January 1, 2011 to April 30, 2011 be valid), provide a

detailed listing of dates, hours and tasks performed by Laurel Hills employees directly attributable to water operations.

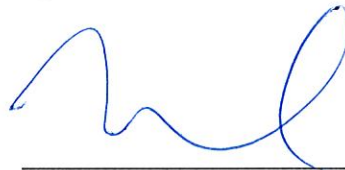
**RESPONSE:**

38. Given the approval of the new Laurel Hills BOD to purchase the water system in May 2011 and their decision to increase the maintenance fees on each timeshare week from approximately \$300 in 2010 to \$1300 in 2011 to \$1650 in 2012, confirm that the \$400,000.00 cost of the water system was or was not a factor in the BOD decision to raise the maintenance fees for Laurel Hills by 450% over a two year period.

**RESPONSE:**

Gary Haiser, John Moore, Gerald Nugent  
and others as listed above.

By Counsel:



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MELANIE E. DAVIS,  
Tennessee Bar No. 017947  
Kizer & Black Attorneys, PLLC  
329 Cates Street  
Maryville, Tennessee 37801  
Telephone: (865) 980-1625

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and exact copy of the foregoing of **SECOND REQUEST FOR DISCOVERY BY GARY HAISER; JOHN MOORE; GERALD NUGENT, ET AL TO LAUREL HILLS** has been served upon the following:

Shiva Bozarth, General Counsel  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, TN 37243-0505

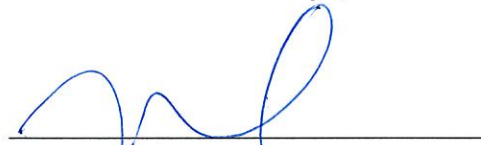
John J. Baroni, Esq  
Consumer Advocate Division  
Office of the Attorney General  
P.O. Box 20207  
425 5<sup>th</sup> Avenue North, 2<sup>nd</sup> Floor  
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Nashville, TN 37201-1631

by mailing a true and accurate copy via U.S. Mail, postage prepaid, this the 5th day of October, 2012

Kizer & Black Attorneys, PLLC



Melanie E. Davis