

**IN THE TENNESSEE REGULATORY AUTHORITY
AT NASHVILLE, TENNESSEE**

IN RE:

**PETITION OF TENNESSEE
WASTEWATER SYSTEMS, INC., FOR
APPROVAL OF CAPITAL
IMPROVEMENT SURCHARGES AND
FINANCING ARRANGEMENTS**

DOCKET NO. 14-00136

**REQUEST OF THE CONSUMER ADVOCATE AND PROTECTION DIVISION
OF THE ATTORNEY GENERAL'S OFFICE
FOR INTERROGATORIES AND PRODUCTION OF DOCUMENTS**

To: Tennessee Wastewater Systems, Inc.
c/o Henry Walker, Esq.
Bradley Arant Boult Cummings, LLP
1600 Division Street, Suite 700
Nashville, TN 37203

This Request for Interrogatories and Production of Documents is hereby served upon Tennessee Wastewater Systems, Inc. ("TWSI" or "Company"), pursuant to Rules 26, 33, 34 and 36 of the Tennessee Rules of Civil Procedure and Tenn. Comp. R. & 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 the Tennessee Attorney General and Reporter, Consumer Advocate and Protection Division, 425 Fifth Avenue North, Nashville, Tennessee 37243, c/o Rachel Newton, on or before 4:00 p.m. (CDT), March 27, 2015.

PRELIMINARY MATTERS AND DEFINITIONS

These interrogatories and requests for production of documents are to be considered continuing in nature, and are to be supplemented from time to time as information is received by TWSI which would make a prior response inaccurate, incomplete, or incorrect.

The terms “you” and “your” as used herein means TWSI and all employees, agents, and representatives thereof.

The term “person” as used herein refers to any natural person, corporation, firm, company, sole proprietorship, partnership, business, unincorporated association, or other entity of any sort whatsoever.

The term “communication” means any transmission of information by oral, graphic, pictorial or otherwise perceptible means, including but not limited to personal conversations, telephone conversations, letters, memoranda, telegrams, electronic mail, newsletters, recorded or handwritten messages, or otherwise.

The term “document” as used herein shall have the broadest possible meaning under applicable law. “Document” as used herein means any medium upon which intelligence or information can be recorded or retrieved, such as any written, printed, typed, drawn, filmed, taped, or recorded medium in any manner, however produced or reproduced, including but not limited to any writing, drawing, graph, chart, form, letter, note, report, electronic mail, memorandum (including memoranda, electronic mail, report, or note of a meeting or communication), work paper, spreadsheet, photograph, videotape, audio tape, computer disk or record, or any other data compilation in any form without limitation, which is in your possession, custody or control. If any such document was, but no longer is, in your possession, custody or control, please state what disposition was made of the document and when it was made. For all documents produced in

response to these requests for production of documents, produce the original of each document or, in the alternative, produce a copy of each document and identify the location of the original document. If the “original” document is itself a copy, that copy should be produced as the original.

The term “affiliate” as used herein shall mean any person or company who, directly or indirectly, is in control of TWSI, is controlled by TWSI, or is under common control with TWSI, where “control” means any ownership percentage of equity interest, or status as a director or officer of a corporation or limited liability company, or status as a partner of a partnership, status as an owner of a sole proprietorship.

The term “compensation” as used herein means an economic benefit received in the form of wages, salaries, bonuses, commissions, health care insurance, disability insurance, retirement plans, 401(k) plans or any other type of remuneration.

If you contend that you are entitled to refuse to answer any of the interrogatories, state the exact legal basis upon which you contend that you are entitled not to answer the interrogatory.

If you are unable to answer an interrogatory fully, submit as much information as is available and explain why your answer is incomplete. If precise information cannot be supplied, submit:

- (1) Your best estimate or judgment, so identified, and state the source or basis of the estimate or judgment; or
- (2) Such information available to you as comes closest to providing the information requested.

If incomplete answers, estimates or judgments are submitted and you have reason to believe that other sources of more complete and accurate information exist, identify those other sources of information.

If you contend that you are entitled to withhold from production any or all documents requested herein on the basis of the attorney/client privilege, work product doctrine, or other grounds, identify the nature of the document(s) (e.g., letter or memorandum), the date for same, the author, and the person to whom the document was addressed; identify each individual who has seen the document, each individual who has received a copy of the document and from whom the document was received; and state the basis upon which you contend that you are entitled to withhold the document from production.

Index each response to a document request to the specific document request(s) to which it is responsive. If any information requested is not furnished as requested, state where and how the information may be obtained or extracted, the person or persons having knowledge of the procedure and the person instructing that the information be excluded.

INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS

1. The Petition states that the requested surcharge of \$3.27 is based on the amount of the loan to finance the Cedar Hill, Maple Green, and Smoky Village projects. If the entire amount of the loan (\$725,000) is approved by the Tennessee Regulatory Authority ("TRA") and all funds are not used to complete these projects, will the customers receive a refund? If the customers will not receive a refund, how will the excess funds be used?

RESPONSE:

2. Have TWSI's customers been notified of the proposed rate increases as of the date of this discovery request? Provide copies of any and all notifications to TWSI's customers regarding the proposed rate increase and/or assessments requested in the Petition.

RESPONSE:

3. Provide all documentation submitted to First Bank in support of the loan application to finance the projects for Cedar Hill, Maple Green, and Smoky Village.

RESPONSE:

4. Provide a complete copy of the loan agreement between First Bank and TWSI to finance the projects for Cedar Hill, Maple Green, and Smoky Village.

RESPONSE:

5. Refer to the Direct Testimony of Charles Hyatt in this Docket No. 14-00136. Provide the names of all lending institutions with which TWSI or any affiliates of TWSI have discussed financing these capital projects. Provide all supporting documentation for these discussions.

RESPONSE:

6. Refer to the Direct Testimony of Charles Hyatt in this Docket No. 14-00136. Explain why TWSI's customers should be charged for litigation costs comparable to a rate case when TWSI has not filed for a general rate case. Does TWSI plan to file a general rate case during the calendar year 2015?

RESPONSE:

7. Provide a list of list of affiliates of TWSI. The term "affiliate" is defined in the Preliminary Matters and Definitions section above.

RESPONSE:

8. For the calendar year 2014 to the present day, provide a list of all compensation provided by TWSI or any of its affiliates to Charles Hyatt, Charles Pickney, Jr., Robert Pickney, William Pickney, and Thomas Pickney. The term “compensation” is defined in the Preliminary Matters and Definition section above. Note whether the compensation was provided by TWSI or an affiliate of TWSI. If compensation is provided by an affiliate, note which affiliate provided the compensation. Provide all documents used in determining your response.

RESPONSE:

9. For TWSI and all its affiliates, provide a current list of all employees, officers, managers, or anyone receiving any form of compensation in exchange for work performed. Provide information for the calendar year 2014 to the present day. Provide the first and last name of the employee, officer, manager, or other person. State whether the person is employed by TWSI or an affiliate of TWSI, and provide the person’s annual compensation. If the person receives compensation from an affiliate of TWSI, please note which affiliate. Provide all documents used in determining your response.

RESPONSE:

10. With respect to the expansion of the Summit View wastewater system, the Petition states that the one-time assessment is needed as a direct result of customer usage. Explain the process for arriving at this conclusion. Provide estimates and other supporting documentation that support your statement that the one-time estimate will cover the cost of providing the additional capacity. What are TWSI’s plans if the amount is under or over-estimated?

RESPONSE:

11. With respect to the Cedar Hill project, the Petition states that the estimated cost is \$300,000. Explain the process for arriving at this estimate. Provide the first name, last name, and business address of the person or persons who made the estimate. Provide all documents used to determine the estimated cost.

RESPONSE:

12. With respect to the Maple Green project, the Petition states that the estimated cost is \$250,000. Explain the process for arriving at this estimate. Provide the first name, last name, and business address of the person or persons who made the estimate. Provide all documents used to determine the estimated cost.

RESPONSE:

13. With respect to the Smoky Village project, the Petition states the estimated cost is \$175,000. Explain the process for arriving at this estimate. Provide the first name, last name, and business address of the person or persons who made the estimate. Provide all documents used to determine the estimated cost.

RESPONSE:

14. With respect to the Summit View project, the Petition states that the estimated cost is \$330,000. Explain the process for arriving at this estimate. Provide the first name, last name, and business address of the person or person(s) who made the estimate. Provide all documents used to determine the estimated cost.

RESPONSE:

15. The Petition states that for the Maple Green property, “[a] subsequent investigation revealed that the opening of the sinkhole was a naturally occurring event and unrelated to any alleged maintenance issues” and refers to a letter from Geotek Engineering Company, Inc., to Adenus Operations, LLC, attached as Exhibit C to the Company’s Petition. Provide all supporting documentation for this conclusion. Also, provide all communications between TDEC and TWSI concerning this investigation.

RESPONSE:

16. With respect to the Maple Green property, did TDEC’s approval of a Corrective Action Plan take construction costs into consideration? Did TWSI consider alternative plans for repair that would be more cost-effective? If so, what alternatives were considered? Provide supporting documentation and cost estimates for alternative plans.

RESPONSE:

17. With respect to the Smoky Village property, provide a copy of the Corrective Action Plan referred to in the Direct Testimony of Charles Hyatt in this Docket No. 14-00136. Did TDEC’s approval of a Corrective Action Plan take construction costs into consideration? Did TWSI consider alternative plans for repair that would be more cost-effective? If so, what alternatives were considered? Provide supporting documentation and cost estimates for alternative plans.

RESPONSE:

18. With respect to the Cedar Hill property, explain why TWSI should charge customers for a project that has not yet been approved by TDEC and for technology that TDEC considers experimental according to its letter dated November 4, 2014, attached as Exhibit E to the Company's Petition.

RESPONSE:

19. Provide the name(s) of engineers TWSI will be using for the Summit View, Cedar Hill, Maple Green, and Smoky Village projects. Provide the first and last name of the engineer(s), along with the engineer(s)'s business address and phone number. If more than one engineer has been selected, identify each engineer(s) and which project(s) they will be working on.

RESPONSE:

20. Provide copies of all contracts or other agreements between TWSI or any of its affiliates regarding any goods or services obtained for the Summit View, Cedar Hill, Maple Green, and Smoky Village projects. If no goods or services have been obtained for these projects, provide all communications documenting any steps or discussions with respect to the procurement of goods and services for these projects.

RESPONSE:

21. Does the Company anticipate the purchase or provision of any good or service from any party professionally or personally related to TWSI, its affiliates, or its officers, managers, or employees, including the purchase of land, with funds made available by loan requested? If so,

please clearly indicate the professionally or personally related party, the amount of funds involved, and the good or service provided.

RESPONSE:

22. Provide a list of contractors that TWSI considers to be qualified to perform the work necessary to properly repair the facilities at Summit View, Smoky Village, Cedar Hill and Maple Green. Also indicate the nature of any prior dealings that these contractors have had with TWSI or any of its affiliates.

RESPONSE:

22. For the Summit View, Smoky Village, Cedar Hill and Maple Green projects, provide a list of alternative methods, and anticipated cost, for resolving the TDEC violations. For example, at Summit View TWSI has indicated that it intends to expand the drip field in order to resolve the TDEC violation. Would another method such as installing storage to later treat effluent at non-peak times also be an economically feasible alternative?

RESPONSE:

23. Provide a copy of the TDEC Waterlog that is referenced in the Company's response to TRA Data Requests 1-24, 1-25, 1-44, 1-45, 1-60, 1-61, 1-80, and 1-81.

RESPONSE:

24. How long does the Company anticipate the work at each site to take once repairs are commenced?

RESPONSE:

25. Explain how the Company plans to minimize the risk that the Maple Green system will not face the same issue once the repairs to the sink hole are made (e.g. sink hole emerging beneath the lagoon).

RESPONSE:

26. Refer to the Company's response to TRA Data Requests 1-39 and 1-62. Both of these responses indicate that the Company has filed an appeal to the TDEC Order. Explain why the Company considers it appropriate to request debt relief for repairs from the TRA at the same time it is requesting an appeal of the TDEC Order.

RESPONSE:

27. Please identify each person who you expect to call as fact witness or expert witness at the hearing on the merits in this docket.

RESPONSE:

28. Please provide a copy of the Certificate of Convenience and Necessity ("CCN") for each facility for which TWSI is seeking a capital improvement surcharge or other charge in Docket No. 14-00136, namely Summit View Resort, Maple Green, Cedar Hill, and Smoky Village.

a. For each such facility please cite the language in each particular CCN, and/or TWSI's initial CCN before it was amended to add each such facility, that provides TWSI the authority

to: (1) impose a capital surcharge; and (2) expand, construct or make future additions to any facility.

RESPONSE:

29. Refer to the Rebuttal Testimony of Charles Hyatt, President of TWSI, in Docket No. 13-00017. In his testimony, Mr. Hyatt states that according TWSI's business model the Company does not have to increase rates for other customers if a development fails. In his Direct Testimony in this Docket No. 14-00136, Mr. Hyatt affirms that TWSI's business model "protects ratepayers if a development fails." In this Docket No. 14-00136, TWSI is seeking to charge customers for the failure of a development's infrastructure, in contradiction to TWSI's stated business model, including charging customers located outside the development(s) where the infrastructure has failed. Explain why the Company is seeking to charge customers in a manner outside of its stated business model.

RESPONSE:

30. Refer to the Rebuttal Testimony of Charles Hyatt, President of TWSI, in Docket No. 13-00017. In his testimony, Mr. Hyatt states that according to TWSI's business model, customers do not have to finance a rate base. Explain why, according to TWSI's business model, customers should have to finance a loan to TWSI, as requested in this Docket No. 14-00136, if they are not required to finance a rate base.

RESPONSE:

31. Provide the first and last name of the individual responding to these interrogatories and requests for production of documents. Affirm that this individual is authorized by TWSI to respond on the Company's behalf.

RESPONSE:

32. Pursuant to Tenn. R. Civ. P. 33.01, affirm under oath that the responses contained herein are true, accurate, and complete. A verification is provided on the following page.

RESPONSE:

Respectfully submitted,



Rachel A. Newton (BPR #022960)
Assistant Attorney General
Office of the Attorney General
Consumer Advocate and Protection Division
P.O. Box 20207
Nashville, Tennessee 37202-0207
(615) 741-8727

Dated: 3/17, 2015.

VERIFICATION OF INTERROGATORY RESPONSES

I, _____ (please print or type the name of the individual who responded to the interrogatories on behalf of TWSI), being the authorized representative of TWSI for the purpose of responding to these interrogatories and requests for production of documents and the individual identified in Question 31 above, being duly sworn, affirm that the interrogatory responses set forth above are true, accurate, and complete.

Signature of individual who responded to these
interrogatories and identified in Question 31 above.

County of _____)

State of _____)

On this the ____ day of _____, 2015, personally appeared before me the above named _____ (please print or type name of person responding to these interrogatories on behalf of TWSI and identified in Question 31) known to me personally or made known to me by satisfactory proof, who was duly sworn and on oath executed the above verification.

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:

Henry Walker, Esq.
Bradley Arant Boult Cummings, LLP
1600 Division Street, Suite 700
Nashville, TN 37203

This the 17 day of March, 2015.



Rachel A. Newton