

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

IN RE:)
)
PETITION OF TENNESSEE)
WASTEWATER SYSTEMS, INC.,) **DOCKET NO. 15-00071**
FOR APPROVAL OF LOANS)
)

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

To: Tennessee Wastewater Systems, Inc.
c/o Jeff Riden, Esq.
Adenus Group, LLC
849 Aviation Parkway
Smyrna, TN 37167
615-220-7171

This Discovery Request 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 Protection and Advocate Division, P.O. Box 20207, Nashville, Tennessee 37202, c/o Erin Merrick, on or before 4:00 p.m. (CDT), November 13, 2015.

PRELIMINARY MATTERS AND DEFINITIONS

These discovery requests 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 mean 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), workpaper, 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. Please provide spreadsheets in Excel format with working formulas. 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. If you produce documents in response to these discovery requests, 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.

If any objections to this discovery are raised on the basis of privilege or immunity, please include in your response a complete explanation concerning the privilege or immunity asserted. If you contend that you are entitled to refuse to fully answer any of this discovery, please state the exact legal basis for each such refusal.

If any of the interrogatories are not answered on the basis of privilege or immunity, include in your response to each such interrogatory a written statement evidencing:

- (a) the nature of the communication;
- (b) the date of the communication;
- (c) the identity of the persons present at such communication; and
- (d) a brief description of the communication sufficient to allow the Authority to rule on a motion to compel.

If, for any reason, you are unable to answer a discovery request 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, so identified, and your basis for the estimate, and (2) such information available to you as comes closest to providing the information requested. If you have reason to believe that other sources of more complete and accurate information exist, identify those sources.

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 or persons instructing that the information be excluded.

FIRST DISCOVERY REQUESTS

In your Data Response filed September 3, 2015, you state at Answer 8 that the newly purchased trucks (i.e., two 2014 Ford F250 pickup trucks and two 2015 Chevrolet Silverado 2500 pickup trucks) “are replacing older trucks.” The following questions pertain to that replacement.

1. Please state the number of trucks in the TWSI fleet prior to purchasing the new trucks and the total number of trucks in the TWSI fleet following this purchase.

RESPONSE:

2. What is the year, make, and model of each replaced truck?

RESPONSE:

3. Did TWSI attempt to negotiate the price of the newly purchased trucks downwards from the dealers’ sticker prices? If yes, please state the savings that resulted from these negotiations.

RESPONSE:

4. What was the expected life of the replaced trucks and what is the expected life of the newly purchased trucks?

RESPONSE:

5. Please state what has happened to the replaced trucks, including the estimated resale values (with a supporting source) of each replaced truck and the resale value obtained for each truck, if any. If TWSI did receive any benefit, monetary or otherwise, for the trade or resale of the replaced trucks, please describe that benefit and how it was recorded on TWSI’s books.

RESPONSE:

6. Will the newly purchased trucks be used, are they currently being used, or have they been used to serve any of TWSI's affiliate companies? If yes, please explain the nature and extent of such use. For example, please state the estimated percentage of use that is attributable to regulated activities of TWSI.

RESPONSE:

7. What is TWSI's policy about personal use of its trucks by employees? If any TWSI employees or affiliated employees use the trucks for personal use, please explain the nature and extent of such use. For example, this may include an employee commuting to and from work in a TWSI truck.

RESPONSE:

8. Please provide the payment schedule for the loans secured by the newly purchased trucks.

RESPONSE:

9. Do any entities or individuals serve as guarantors or sureties for loan from Wilson Bank and Trust for \$75,796.47 (i.e., the loan for the two 2014 Ford F250 pickup trucks)? If yes, please identify these entities and/or individuals and provide the respective guaranty and/or surety agreements.

RESPONSE:

10. Please provide the respective guaranty agreements for the loan from First Bank for \$37,556.48, which is the loan for one 2015 Chevrolet Silverado referenced in your *Amended Petition*.

RESPONSE:

In your Data Response filed September 3, 2015, you state at Answer 8 that purchased excavators “are new equipment.” The following questions pertain to this new equipment.

11. If TWSI did not have excavators prior to this purchase, please explain how excavation work was conducted in the past and why it is now necessary for TWSI to own excavators. If TWSI did have excavators prior to this purchase, please state the size of the fleet prior to the purchase of the new equipment and explain why it is necessary for TWSI to expand its fleet at the current time.

RESPONSE:

12. Will the excavators be used, are they currently being used, or have they been used to serve any of TWSI’s affiliate companies? If yes, please explain the nature and extent of such use. For example, please state the estimated percentage of use that is attributable to regulated activities of TWSI.

RESPONSE:

13. Please provide the payment schedules for the purchased excavators.

RESPONSE:

The following questions pertain to TWSI’s purchase of land at the Dyers Hollow facility.

14. The promissory note for the land at the Dyers Hollow facility references an “attached Warranty Deed” to identify the parcel of land that is the security for this loan. *See Petition*, Exhibit D, ¶ 6. Please provide that warranty deed. If there is a deed of trust associated with this land transaction, please provide that deed of trust.

RESPONSE:

15. Not including the promissory note at *Petition*, Exhibit D, do TWSI, any of your employees, or any of your affiliates have a relationship with the Lenders James A. Lyon and Lisa Polarek? If yes, please explain.

RESPONSE:

16. In your Data Response filed September 3, 2015, you state at Answer 7 that “a contract was executed between TWSI and the landowners to give TWSI an option to purchase the adjoining property with right of first refusal.” Please provide this contract.

RESPONSE:

17. Does TWSI currently have plans to expand its drip field on the land at the Dyers Hollow facility? If yes, when will TWSI begin to expand its drip field and approximately how long will this expansion take?

RESPONSE:

18. Since TWSI purchased the land for the Dyers Hollow facility, has TWSI or another entity or individual used that land for any purpose, and do you anticipate that TWSI or another entity or individual will use that land for any purpose prior to the expansion of the drip field? If yes, please explain the nature and extent of such use.

RESPONSE:

19. How much will the total capacity at the Dyers Hollow facility increase once the new drip field is completed? How much of this capacity will TWSI customers use, and how much of this capacity will be used to fulfill Adenus Capacity’s contractual obligations to Walmart Express under the Commercial Sewer Service Agreement?

RESPONSE:

20. How much money has Walmart Express paid to date under the Commercial Sewer Service Agreement? Please state the entity to which these payments were made and state whether this income was reported to the Tennessee Regulatory Authority.

RESPONSE:

21. Aside from the Commercial Sewer Service Agreement, are there any other agreements between TWSI and any entity or individual that pertain to this land? If yes, please provide such agreements.

RESPONSE:

22. Who negotiated the purchase of the land on behalf of TWSI?

RESPONSE:

23. Have any individuals and/or entities affiliated with TWSI ever owned the purchased land? If yes, please identify the individuals and/or entities, state the dates of their respective ownerships, and explain the way in which the property was ultimately transferred to TWSI.

RESPONSE:

The following are other general questions about TWSI's *Petition*.

24. For each loan, please provide the corresponding loan applications and financial statements provided to the lenders prior to executing the loan agreements. If there is not a directly corresponding loan application or financial statement for one of these loans, please provide the loan applications and financial statements filed most recently with the lenders prior to receiving these loans.

RESPONSE:

25. In your Data Response filed September 3, 2015, you state at Answer 2 that TWSI will seek to recover these loan expenses from customers in a forthcoming rate case or other proceeding. If a rate case, do you plan to include the newly purchased trucks, excavators, and land at the Dyers Hollow facility in your rate base? Please explain.

RESPONSE:

26. Are any of TWSI's affiliate companies and/or any individuals currently making payments on the loans at issue on behalf of TWSI? If yes, please identify each affiliate company and/or individual that is making a payment on these loans and the respective, cumulative amounts of such payments.

RESPONSE:

RESPECTFULLY SUBMITTED,



ERIN MERRICK (BPR# 033883)
Assistant Attorney General
Office of the Attorney General
Consumer Advocate and Protection Division
P.O. Box 20207
Nashville, Tennessee 37202-0207
(615) 741-8722

Dated: 10/30, 2015.

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:

Jeff Risen, Esq.
Adenus Group, LLC
849 Aviation Parkway
Smyrna, TN 37167
615-220-7171

This the 30 day of Oct, 2015.


Erin Merrick