

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

IN RE:

**PETITION OF LAUREL HILLS WATER
SYSTEM IN RECEIVERSHIP FOR
APPROVAL OF ADJUSTMENTS OF ITS
RATES AND CHARGES**

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DOCKET NO. 16-00012

**SECOND DISCOVERY REQUEST OF THE CONSUMER PROTECTION AND
ADVOCATE DIVISION TO TENNESSEE REGULATORY AUTHORITY
("PARTY STAFF")**

To: Tennessee Regulatory Authority ("Party Staff")
c/o Shiva Bozarth, Esq.
502 Deaderick Street
Nashville, TN 37243

This Discovery Request is hereby served upon Tennessee Regulatory Authority Party Staff (hereinafter "Party Staff"), 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, 315 Deaderick Street, 19th Floor, UBS Tower, Nashville, Tennessee 37243, c/o Erin Merrick, on or before 4:00 p.m. Central time, March 15, 2016.

PRELIMINARY MATTERS AND DEFINITIONS

These Additional Discovery Requests incorporate the same Preliminary Matters And Definitions as set forth in the *First Discovery Request of the Consumer Protection and Advocate Division to Tennessee Regulatory Authority ("Party Staff")* filed March 3, 2016, and are to be

considered continuing in nature, and are to be supplemented from time to time as information is received by Party Staff which would make a prior response inaccurate, incomplete, or incorrect.

SECOND DISCOVERY REQUESTS

1. Is it your position that statements you made, or may have made, to consumers and/or to the Consumer Advocate are legally binding? If yes, cite with specificity the legal authority for your position.

RESPONSE:

2. Provide all documents that support the statement in Paragraph 11 of your *Petition to Intervene* that “[c]ounsel for Party Staff has communicated on many occasions with the Consumers as well as the Advocate that the Authority could not bear the costs of the receivership and that such cost would be passed on to Consumers through rates.”

RESPONSE:

3. Admit or deny that the Tennessee Regulatory Authority (“TRA” or “Authority”) has the authority to take action that is contrary to an order of the Chancery Court. If you admit, cite with specificity the legal authority for your position.

RESPONSE:

4. At a hearing in Cumberland County Chancery Court on the TRA’s *Motion for Clarification* on March 4, 2016, the TRA represented to the Chancellor that it has begun the process of requesting a check(s) payable to the Receiver for Receivership fees and costs. With respect to that process, describe:

- a. The date you initiated each check-request or other payment process (provide documents evidencing this);

- b. The current status of the check request(s) or other payment (provide documents evidencing this);
- c. The account(s) against which you requested the check(s) be drawn or other payment be made (provide documents evidencing this); and
- d. The amount of each request for payment (provide documents evidencing the amounts).

RESPONSE:

5. In light of Party Staff's statements that the TRA does not have the money to pay for Receivership fees and costs, state the current balance of the Public Utilities Reserve Account and identify with specificity any statutory conditions or restrictions on the use of funds from the Public Utilities Reserve Account.

RESPONSE:

6. On March 1, 2016, TRA Chairman Hilliard and TRA Executive Director Taylor appeared before the Finance, Ways & Means Committee of the Tennessee House of Representatives. During that appearance, Chairman Hilliard described that the TRA is using the Public Utilities Reserve Account to fund Authority expenses related to a water company receivership totaling, to date, \$10,000 per month for the past three months. With respect to these statements:

- a. State whether Chairman Hilliard was referring to the Laurel Hills Water System in Receivership ("LHWS");
- b. If Chairman Hilliard was referring to LHWS, state how much money the TRA has expended to cover costs associated with LHWS and state the accounts from which this money was drawn;

- c. If Chairman Hilliard was not referring to LHWS, state the water system receivership to which Chairman Hilliard was referring and identify the corresponding docket number;
- d. If Chairman Hilliard was referring to another docket, explain if receivership costs associated with LHWS can be paid from this fund and if not why?

RESPONSE:


7. Admit or deny that, at any point, the TRA has used funds from the Public Utilities Reserve Account to pay for expenses related to receivership(s). If admitted, state the corresponding docket number(s).

RESPONSE:

8. State whether, prior to the filing of the *Petition for Emergency Relief*, the TRA Party Staff discussed with the Receiver whether Receivership fees and costs should be, or could be, included in customer rates. If so, provide a narrative of those discussions with the Receiver, including an account of who first proposed the inclusion of Receivership fees and costs in proposed rates and the legal and statutory basis for that inclusion.

RESPONSE:

RESPECTFULLY SUBMITTED,

 3/8/10
ERIN MERRICK (BPR #033883)
Assistant Attorney General
VANCE L. BROEMEL (BPR #011421)
Senior Counsel
Consumer Protection and Advocate Division
P.O. Box 20207
Nashville, Tennessee 37202-0207
(615) 741-8722
(615) 741-1026 – FAX

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:

Robert E. Moore, Jr., Esq.
Receivership Management, Inc.
1101 Kermit Drive, Suite 735
Nashville, TN 37217
Phone: 615-370-0051
Fax: 615-373-4336
Email: rmoore@receivermngmt.com

G. Everett Sinor, Jr.
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3504 Robin Road
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LHWS Water System in Receivership
Post Office Box 25
Crossville, Tennessee 38555

Tennessee Regulatory Authority ("Party Staff")
Shiva Bozarth, Esq.
502 Deaderick Street
Nashville, TN 37243

on this the 8th day of March, 2016.


Erin Merrick