

Henry Walker
hwalker@bradley.com
615.252.2363 direct
615.252.6363 fax



August 11, 2021

VIA ELECTRONIC FILING

Electronically Filed in TPUC Docket Room on
August 11, 2021 at 2:10 p.m.

Tennessee Public Utility Commission
c/o Ectory Lawless
502 Deaderick Street, 4th Floor
Nashville, TN 37243


Docket 21-00053

Dear Ms. Lawless,

Please accept for filing the attached responses of Cartwright Creek to the second round of discovery requests from the Consumer Advocate.

Sincerely,

BRADLEY ARANT BOULT CUMMINGS, LLP

By: 
Henry Walker

HW/mf
Enclosures

cc: Karen Stachowski
Chuck Welch

CARTWRIGHT CREEK, LLC
DOCKET NO. 21-00053 – LIMESTONE PURCHASE OF CARTWRIGHT CREEK, LLC
SECOND DISCOVERY REQUEST OF THE CONSUMER ADVOCATE

Question:

2-1 Refer to the Petition, Exhibit 7 (CONFIDENTIAL) AND Cartwright Creek's Response to Consumer Advocate DR No. 1-2 and provide the following:

- a. Clearly state whether the Agreement for Sale of Utility System submitted as part of this Petition requires the transfer of escrow funds from Cartwright Creek to Central States/Limestone.**

Response:

Cartwright Creek, LLC has orally informed Central States/Limestone that the treatment of escrow funds should be consistent with Cartwright Creek, LLC's current treatment of these funds as ordered by the Tennessee Public Utility Commission.

- b. Confirm that the position of Cartwright Creek is that the Petition does not contain a proposal on the appropriate treatment of escrowed funds for ratemaking purposes.**

Response:

The Petition does not contain a specific proposal on the appropriate treatment of escrowed funds for ratemaking purposes. However, it is the position of Cartwright Creek, LLC that escrowed funds should be treated in accordance with the Commission's Orders on this topic.

- c. Confirm that Cartwright Creek's position that whether escrowed funds transferred from Cartwright Creek to Limestone, including any regulatory limitations as to their use as part of this transaction, is exclusively subject to the discretion of the Commission.**

Response:

Cartwright Creek, LLC takes no position on this issue.

- d. If the Commission determines that such funds and/or regulatory restrictions and liabilities are to be assumed by Limestone, does Cartwright Creek envision a modification to the purchase price negotiated between the parties.**

Response:

Cartwright Creek, LLC does not envision a modification to the negotiated purchase price if the Commission determines that such [escrow] funds and/or regulatory restrictions are to be assumed by Limestone.

CARTWRIGHT CREEK, LLC
DOCKET NO. 21-00053 – LIMESTONE PURCHASE OF CARTWRIGHT CREEK, LLC
SECOND DISCOVERY REQUEST OF THE CONSUMER ADVOCATE

Question:

2-2 Refer to TRA/TPUC Docket Nos. 16-00127 and 19-00097. In TRA Docket No. 61-00127, the Commission authorized a \$7.50 capital surcharge for a period of 36 months to address “essential funding needed [for] facility improvements and upgrades. The Commission extended the “Capital Improvements Surcharge of \$7.50 per month for an additional 36 months subject to terms and conditions set by the Commission in its order.

- a. Did Cartwright Creek inform Central States/CSWR/Limestone of the Commission’s directive about the necessary accounting entries for the Capital Improvements Surcharge of \$7.50/month? Provide support for your response.

Response:

Cartwright Creek, LLC informed Central States/CSWR/Limestone of our accounting treatment for the Capital Improvement Surcharge. In addition, as a component of our due diligence, Cartwright Creek, LLC also provided Central States/CSWR/Limestone with copies of our financial statements which included the account balances resulting from the Capital Improvement Surcharge.

- b. Will Cartwright Creek’s transfer the balance of the separate escrow account (i.e., Capital Account) [from the] Capital Improvements Surcharge to Central States/CSWR/Limestone at the execution of the sale?

Response:

It is the intention of Cartwright Creek, LLC to transfer the balance of the escrow account resulting from the Capital Improvement Surcharge to Central States/CSWR/Limestone at the execution of the sale.

CARTWRIGHT CREEK, LLC
DOCKET NO. 21-00053 – LIMESTONE PURCHASE OF CARTWRIGHT CREEK, LLC
SECOND DISCOVERY REQUEST OF THE CONSUMER ADVOCATE

Question:

2-3 Refer to the Commission’s Order in TPUC Docket No. 19-00097. The Commission requires Cartwright Creek to file with the TPUC on the 10th business day of the month after the end of each calendar quarter a report on the balance in the Capital Account, including copies of bank statements.

- a. Did Cartwright Creek inform Central States/CSWR/Limestone of the Commission’s requirement of the quarterly reporting about the balance of the Capital Account? Provide support for your response.**

Response:

Cartwright Creek, LLC informed Central States/CSWR/Limestone of our accounting requirement for quarterly reporting on the balance of the Capital Account. In addition, as a component of our due diligence, Cartwright Creek, LLC also provided Central States/CSWR/Limestone with copies of our financial statements which included the account balances resulting from the Capital Improvement Surcharge.

- b. Is it Cartwright Creek’s understanding that Central States/CSWR/Limestone will continue with the periodic filings set forth in TPUC Docket No. 19-00097 after the execution of the sale?**

Response:

Cartwright Creek, LLC feels that this question is better directed to Central States/CSWR/Limestone.

CARTWRIGHT CREEK, LLC
DOCKET NO. 21-00053 – LIMESTONE PURCHASE OF CARTWRIGHT CREEK, LLC
SECOND DISCOVERY REQUEST OF THE CONSUMER ADVOCATE

Question:

- 2-4 Refer to the Pre-filed Direct Testimony of Daniel Ray in TRA Docket No. 16-00127. Ray explained that the “Developer’s Operating Subsidy,” or Maintenance Fee, “is a negotiated fee between the company and the developer to cover the maintenance of the plant until enough customers connect to make the utility plant [self-sustainable].” Since the Order was issued in TRA Docket No. 16-00127, state whether the “Developer’s Operating Subsidy,” or Maintenance fee, is charged pursuant to Cartwright Creek’s Commission approved tariff or through private contract. If it is charged pursuant to its tariff, please identify the provision under which the subsidy is charged. If it is charged pursuant to a contract, provide a copy of such contracts.

Response:

Please see Cartwright Creek, LLC’s response to Item 1-19 of the Consumer Advocate’s First Discovery Request in this Docket.

CARTWRIGHT CREEK, LLC
DOCKET NO. 21-00053 – LIMESTONE PURCHASE OF CARTWRIGHT CREEK, LLC
SECOND DISCOVERY REQUEST OF THE CONSUMER ADVOCATE

Question:

2-5 Refer to the Commission's Order in TPUC Docket No. 19-00034. In this Order the Commission approved the Company's request to increase tap fees. In addition, the Commission required certain accounting entries be made within the ordering clause of that docket.

- a. Provide the accounting entries made by Cartwright Creek as a result of the Commission's Order.

Response:

Please see Cartwright Creek, LLC's response to Item 1-6 of the Consumer Advocate's First Discovery Request in this Docket.

- b. Did Cartwright Creek inform Central States/CSWR/Limestone of the Commission's directive about the necessary accounting entries for the increased tap fees? Provide support for your response.

Response:

Cartwright Creek, LLC informed Central States/CSWR/Limestone of our accounting requirement for tap fees. In addition, as a component of our due diligence, Cartwright Creek, LLC also provided Central States/CSWR/Limestone with copies of our financial statements which included the account balances resulting from tap fees.

CARTWRIGHT CREEK, LLC
DOCKET NO. 21-00053 – LIMESTONE PURCHASE OF CARTWRIGHT CREEK, LLC
SECOND DISCOVERY REQUEST OF THE CONSUMER ADVOCATE

Question:

2-6 Refer to the Commission's Order in TPUC Docket No. 19-00034 and refer to the Petition's Exhibit 7, p. 2, §1E (CONFIDENTIAL). The Commission required that Cartwright Creek "record and maintain all existing and future-collected tap fees in a separate escrow account to be dedicated to wastewater system repairs, rehabilitations, and upgrades, or for such other purposes as the Commission may authorize pursuant to Tenn. Comp. R & Regs.1220-04-13-.07." Exhibit 7, p. 2 §1E, states that Cartwright Creek will "sell, transfer, assign and deliver to the Buyer the existing assets such as ...tap fee accounts.

- a. Will Cartwright Creek transfer to Limestone the tap fees which are set aside in an escrow account?

Response:

Yes. Cartwright Creek intends to transfer to Limestone the accrued tap fees which are set aside in as escrow account.

- b. What is the current balance of the escrow account for the tap fees?

Response:

Please see Cartwright Creek, LLC's response to Item 1-1 of the Consumer Advocate's First Discovery Request in this Docket.

- c. Did Cartwright Creek inform Central States/CSWR/Limestone of the Commission's limitation on the use of tap fees?

Response:

Cartwright Creek, LLC informed Central States/CSWR/Limestone of our limitation on the use of tap fees. In addition, as a component of our due diligence, Cartwright Creek, LLC also provided Central States/CSWR/Limestone with copies of our financial statements which included the account balances resulting from tap fees.

CARTWRIGHT CREEK, LLC
DOCKET NO. 21-00053 – LIMESTONE PURCHASE OF CARTWRIGHT CREEK, LLC
SECOND DISCOVERY REQUEST OF THE CONSUMER ADVOCATE

Question:

2-7 Refer to the Commission's Order in TPUC Docket No. 09-00173. The Commission directed Cartwright Creek to file a petition for approval of a \$205.86 undeveloped lot fee." The Consumer Advocate could not locate a petition regarding the "undeveloped lot fee." Respond to the following:

- a. Confirm that Cartwright Creek did not petition or gain authorization from the Commission for the \$205.86 undeveloped lot fee.**

Response:

The \$205.86 rate for the undeveloped lot fee was included in a private contract that was approved by the Commission. However, this contract has expired, and the \$205.86 rate is no longer applied to any customer.

- b. Explain if this undeveloped lot fee is being covered as part of a different fee by Cartwright Creek. If so, please explain.**

Response:

The \$205.86 undeveloped lot fee has expired and is no longer applied to any customer.

CARTWRIGHT CREEK, LLC
DOCKET NO. 21-00053 – LIMESTONE PURCHASE OF CARTWRIGHT CREEK, LLC
SECOND DISCOVERY REQUEST OF THE CONSUMER ADVOCATE

Question:

- 2-8 Refer to the Commission's Order in TPUC Docket No. 09-00056. In this docket, Cartwright Creek proposed a "Sewer Access Fee" which is a fee affecting "only customers who have been granted access to tap onto Cartwright Creek's system but have not made a 'Service Connection.'" The Commission approved the \$120 Sewer Access fee and Cartwright Creek had a paragraph about this fee in its Tariff at the time. However, in the most current Tariff, there is no language or similar paragraph regarding Sewer Access Fees. In the current Sewer Service Contract, a customer agrees to pay "access, tap and service fees." Is the access fee, referenced in the existing Sewer Service Contract, the previously described \$120 Sewer Access fee? If not, explain in detail the access fee referenced in the existing Sewer Service Fee.

Response:

The access fee referenced in the existing Sewer Service Contract does not represent the previously approved access fee rate of \$120 approved by the Commission in Docket No. 09-00056.

The full language on this item in Cartwright Creek, LLC's Sewer Service Contract reads as follows:

"I hereby make application to Cartwright Creek, LLC for connection with the mains of the sewer system and agree to pay for access, tap and service fees according to prevailing rates as identified in the Company's Tariff."

At the present time, Cartwright Creek no longer has a Sewer Access Fee included in its regular tariff. As a result, the tariff language relating to access fees does not apply to typical customers.

However, there may be situations where a special contract with either a customer or developer calls for the implementation of an access fee. In those situations, the Sewer Service Contract provides a separate written consent from the customer to pay any Commission approved access fee.

CARTWRIGHT CREEK, LLC
DOCKET NO. 21-00053 – LIMESTONE PURCHASE OF CARTWRIGHT CREEK, LLC
SECOND DISCOVERY REQUEST OF THE CONSUMER ADVOCATE

Question:

2-9 Refer to the Petition, Exhibit 7 (CONFIDENTIAL). The Agreement for Sale of Utility System states this transaction is a “Sale of Assets.” Provide the following:

- a. In §1A, identify the property assets to be transferred to Central States/CSWR/Limestone and to be listed in Exhibits A&B of the Agreement of Sale as Cartwright understand the assets to be at this time. If you cannot identify, explain in detail why Cartwright Creek cannot identify the property assets referenced in this section of the Agreement.

Response:

At this time, Cartwright Creek, LLC has not developed an individual listing of its real property assets. However, it is the intent of Cartwright Creek, LLC to transfer all of its property assets to Central States/CSWR/Limestone upon approval by the Commission.

- b. In §1C, identify the machinery, equipment, etc. to be transferred to Central States/CSWR/Limestone and to be listed in Exhibit C of the Agreement of Sale as Cartwright understand the machinery, etc. to be at this time. If you cannot identify, explain in detail why Cartwright Creek cannot identify the machinery, equipment, etc. referenced in this section of the Agreement.

Response:

At this time, Cartwright Creek, LLC has not developed an individual listing of its machinery, equipment, etc. However, it is the intent of Cartwright Creek, LLC to transfer all of its machinery, equipment, etc. to Central States/CSWR/Limestone upon approval by the Commission.

- c. In §1D, identify the rights, titles, and interest in franchise agreements, contracts, etc. to be transferred to Central States/CSWR/Limestone and to be listed in Exhibit C of the Agreement of Sale. Provide copies of any such written agreements as Cartwright understands the rights, titles and interests to be at this time. If you cannot identify, explain in detail why Cartwright Creek cannot identify the rights, titles and interests referenced in this section of the Agreement.

Response:

At this time, Cartwright Creek, LLC has not developed an individual listing of the rights, titles and interest in franchise agreements, contracts, etc. However, it is the intent of Cartwright Creek, LLC to transfer all of its rights, titles and interest in franchise agreements, contracts, etc. to Central States/CSWR/Limestone upon approval by the Commission.

CARTWRIGHT CREEK, LLC
DOCKET NO. 21-00053 – LIMESTONE PURCHASE OF CARTWRIGHT CREEK, LLC
SECOND DISCOVERY REQUEST OF THE CONSUMER ADVOCATE

- d. In §1E, identify the inventory, merchandise, tap fees to be transferred to Central States/CSWR/Limestone as Cartwright understand the inventory to be at this time. If you cannot identify, explain in detail why Cartwright Creek [cannot] identify the inventory referenced in this section of the Agreement.

Response:

At this time, Cartwright Creek, LLC has not developed an individual listing of the inventory, merchandise, tap fees. However, it is the intent of Cartwright Creek, LLC to transfer all of its inventory, merchandise and tap fees to Central States/CSWR/Limestone upon approval by the Commission.

- e. In §1E, provide the exceptions of accounts receivable accrued prior to the closing of the sale as Cartwright understand the exception of accounts receivable to be at this time. If you cannot identify, explain in detail why Cartwright Creek cannot identify the exception of accounts receivable referenced in this section of the Agreement.

Response:

At this time, Cartwright Creek, LLC has not developed an individual exception of accounts receivable that are accrued prior to the closing of the sale since this will be dependent upon the exact closing date. For example, the accounts receivable for those customers receiving utility service prior to the closing date transfer will be remitting their payments to Cartwright Creek, LLC and not Central States/CSWR/Limestone.

- f. In §6B, Liabilities, provide a list of the “liabilities or obligations of the seller, whether accrued, absolute, contingent or otherwise pertaining to or arising out from the Assets are liabilities and obligations of the Seller and shall remain the obligations of the Seller after the date of closing” as Cartwright understand the liabilities to be at this time. If you cannot identify, explain in detail why Cartwright Creek cannot identify the liabilities referenced in this section of the Agreement.

Response:

At this time, Cartwright Creek, LLC has no liabilities.

CONFIDENTIAL MATERIAL FILED UNDER SEAL

CARTWRIGHT CREEK, LLC
DOCKET NO. 21-00053 – LIMESTONE PURCHASE OF CARTWRIGHT CREEK, LLC
SECOND DISCOVERY REQUEST OF THE CONSUMER ADVOCATE

Question:

- 2-11 Refer to Cartwright Creek's Response and Attachment to Consumer Advocate DR No. 1-18.
Is this Agreement currently in effect?**

Response:

The Agreement referenced in Consumer Advocate DR No. 1-18 is currently in effect.

CARTWRIGHT CREEK, LLC
DOCKET NO. 21-00053 – LIMESTONE PURCHASE OF CARTWRIGHT CREEK, LLC
SECOND DISCOVERY REQUEST OF THE CONSUMER ADVOCATE

Question:

- 2-12** Refer to Cartwright Creek's Response and Attachment to Consumer Advocate DR No. 1-18 (CONFIDENTIAL). The Agreement contemplates that Hardeman Creek continued to own the assets in question. Did Cartwright Creek acquire the assets of Hardeman Springs subsequent to this Agreement? If so, provide a copy of all documentation underlying the change in ownership.

Response:

Yes. Cartwright Creek acquired the wastewater assets of Hardeman Springs subsequent to the Agreement referenced in Consumer Advocate DR No. 1-18. See Attachment 2-12a (CONFIDENTIAL) for a copy of the Bill of Sale transferring these wastewater assets.

CONFIDENTIAL MATERIAL FILED UNDER SEAL

CONFIDENTIAL MATERIAL FILED UNDER SEAL

CONFIDENTIAL MATERIAL FILED UNDER SEAL

CONFIDENTIAL MATERIAL FILED UNDER SEAL

CONFIDENTIAL MATERIAL FILED UNDER SEAL

CONFIDENTIAL MATERIAL FILED UNDER SEAL

CONFIDENTIAL MATERIAL FILED UNDER SEAL

CONFIDENTIAL MATERIAL FILED UNDER SEAL

CONFIDENTIAL MATERIAL FILED UNDER SEAL

CONFIDENTIAL MATERIAL FILED UNDER SEAL

CONFIDENTIAL MATERIAL FILED UNDER SEAL

CONFIDENTIAL MATERIAL FILED UNDER SEAL

CONFIDENTIAL MATERIAL FILED UNDER SEAL

CONFIDENTIAL MATERIAL FILED UNDER SEAL

CONFIDENTIAL MATERIAL FILED UNDER SEAL

CONFIDENTIAL MATERIAL FILED UNDER SEAL

CONFIDENTIAL MATERIAL FILED UNDER SEAL

CONFIDENTIAL MATERIAL FILED UNDER SEAL

CONFIDENTIAL MATERIAL FILED UNDER SEAL

CONFIDENTIAL MATERIAL FILED UNDER SEAL

CARTWRIGHT CREEK, LLC
DOCKET NO. 21-00053 – LIMESTONE PURCHASE OF CARTWRIGHT CREEK, LLC
SECOND DISCOVERY REQUEST OF THE CONSUMER ADVOCATE

Question:

2-13 Refer to the Petition at p. 16, Appendix A, Part II(2)(a)(7). It states that “maps depicting the areas served by Cartwright Creek are on file with the Commission, and those maps are incorporated into the Application by reference.” Respond to the following:

- a. Have [you] provided maps to Central States/CSWR/Limestone? If yes, provide such copies.

Response:

Please see response to 2-13d.

- b. If you have not provided maps to Central States/CSWR/Limestone, provide an explanation of why such maps have not been provided.

Response:

Not applicable.

- c. Has Cartwright Creek provided Central States/CSWR/Limestone the specific location of these maps in the TPUC files (i.e., specific docket, date of filings)? If yes, provide such information.

Response:

The drawings and maps were provided directly to Limestone. Cartwright Creek, LLC does not have access to the TPUC filing system.

- d. Does Cartwright Creek possess maps that would comply with the Minimum Filing Requirement set out in TPUC Rule 1220-04-13-.17(2)(a)? If yes, provide such maps.

Response:

Cartwright Creek’s maps and drawings contain essentially all the information required in the cited TPUC rule. This information, contained on dozens of maps and drawings spanning 40 years, has been provided to Limestone. Because of the number and various sizes of the drawings it is not practical to provide them in this response. If the Consumer Advocate can be more specific on the maps and drawings it needs, Cartwright Creek, LLC can provide them.