

**BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION
NASHVILLE, TENNESSEE**

IN RE: JOINT APPLICATION OF CARTWRIGHT CREEK, LLC., AND LIMESTONE WATER UTILITY OPERATING COMPANY, LLC, FOR AUTHORITY TO SELL OR TRANSFER TITLE TO THE ASSETS, PROPERTY, AND REAL ESTATE OF A PUBLIC UTILITY AND FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY	DOCKET NO. 21-00053
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**LIMESTONE WATER UTILITY OPERATING COMPANY, LLC'S FIRST
DISCOVERY REQUEST**

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INSTRUCTIONS

Please note, as used herein:

- (a) The word "document" shall be construed broadly to include any kind of written or graphic matter, however produced or reproduced, of any kind or description, whether sent or

received or neither, including originals, copies and drafts and both sides thereof.

(b) The word “or” means “and/or;” the word “and” means “and/or.”

(c) The word “identify” means, with respect to any statements, documents, acts, practices, occurrences, events, devices, schemes, meetings, conferences, communications, or utterances, the date thereof, the party or parties causing, issuing or communicating such statement, document, communication or utterance, the parties to whom and in whose presence such statements, documents, communication or utterance was given or transmitted, the party who participated in, caused or had knowledge of any act, practice, occurrence, event, device, scheme, meeting or conference, and whether any of the foregoing was in writing, in which event describe the terms (or attach a copy of any document to the answers to these discovery request), or oral, in which event state the substance thereof.

(d) The word “identify” or “identity” means, with respect to any person, the name, residential and business address, residential and business telephone numbers, place of employment, title or position with such employer.

(e) The term “Aqua” refers to the Joint Applicant Aqua Utilities Company, LLC herein.

(f) The terms “Limestone or Limestone Water” refer to the Joint Applicant Limestone Water Utility Operating Company.

(g) The words “you” or “your” or “CAD” mean the Consumer Advocate Division of the Tennessee Attorney General’s Office.

(h) The word “transaction” refers to any the proposed transaction in the above captioned Docket.

Discovery Request

1. Provide a copy of the final decision in the asset sale case proceeding, Tennessee Public

Service Commission Docket No. U-84-7308, where the Commission ordered Kingsport Power Company to accumulate and defer a “gain on sale.”

RESPONSE:

2. In the Tennessee case in which Kingsport Power Company was ordered to accumulate and defer a “gain on sale,” did that company sell all or only a part of its Tennessee assets? Did Kingsport Power Company continue to operate as a regulated utility in Tennessee after that asset sale referenced in the preceding question was consummated?

RESPONSE:

3. Is Mr. Dittmore aware of any case in which the Tennessee Public Service Commission approved a “gain on sale” adjustment where the seller did not continue operations as a regulated, Tennessee utility after consummating the sale transaction at issue in the case? If so, please identify each such case.

RESPONSE:

4. Is Mr. Dittmore aware of any case in which the Tennessee Public Utility Commission required a buyer to record on its books a regulatory liability for a seller’s “gain on sale” and then amortize that liability as a reduction in rate base or operating expense in the buyer’s future rate cases? If so, please identify each such case.

RESPONSE:

5. At page 26 of his testimony, Mr. Dittimore estimates a “Gain on the Sale” of Cartwright Creek’s assets of \$1,902,706. If the sale transaction at issue in this case is approved as proposed, which party would realize that “Gain on the Sale” – Cartwright Creek or Limestone? Please explain your response.

RESPONSE:

6. Regarding the 1994 study entitled *State Public Service Commission Disposition of the Gain on Sale of Utility Assets* that was attached to Mr. Dittimore’s testimony as Exhibit DND-4:

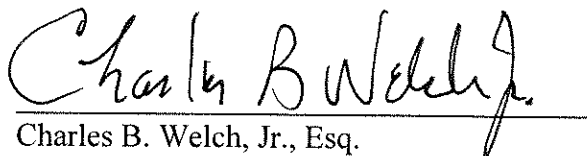
(a) Where a regulatory commission determined all or a portion of a “gain on sale” of utility assets should be returned to customers, in how many cases studied for the report was that burden imposed on the utility seller?

(b) Where a regulatory commission determined all or a portion of a “gain on sale” of utility assets should be returned to customers, in how many cases studied for the report was that burden imposed on the buyer?

RESPONSE:

Dated: September 7th, 2021

Respectfully Submitted,

A handwritten signature in dark ink, reading "Charles B. Welch, Jr." with a stylized flourish at the end.

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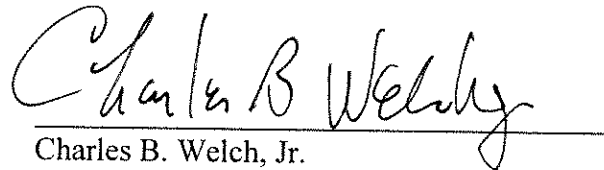
*Attorneys for Limestone Water Utility
Operating Company, LLC*

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the forgoing has been served via either U.S. Mail, postage prepaid, or electronically to the following this 7th day of September, 2021.

Vance Bromel
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