

**IN THE TENNESSEE PUBLIC UTILITY COMMISSION
AT NASHVILLE, TENNESSEE**

IN RE:)	
)	
APPLICATION OF LIMESTONE)	
WATER UTILITY OPERATING)	
COMPANY, LLC FOR AUTHORITY TO)	
SELL OR TRANSFER TITLE TO THE)	DOCKET NO. 21-00055
ASSETS, PROPERTY AND REAL)	
ESTATE OF A PUBLIC UTILITY AND)	
FOR A CERTIFICATE OF)	
CONVENIENCE AND NECESSITY)	
)	

**CONSUMER ADVOCATE’S FIRST SET OF DISCOVERY REQUESTS
TO SHILOH FALLS UTILITIES, INC**

Pursuant to Rules 26, 33, 34, and 36 of the Tennessee Rules of Civil Procedure and Tenn. Comp. R. & Reg. 1220-01-02-.11, the Consumer Advocate Unit in the Financial Division of the Office of the Tennessee Attorney (the “Consumer Advocate”), by and through counsel, propounds the following discovery requests to Shiloh Falls Utilities, Inc. (“Shiloh Falls” or the “Company”). and pursuant to Rules 26, 33, 34 and 36 of the Tennessee Rules of Civil Procedure and Tenn. Comp. R. & Reg. 1220-1-2-.11.

The Company shall serve full and complete responses in accordance with the Tennessee Rules of Civil Procedure. The responses are to be produced at the Office of the Tennessee Attorney General and Reporter, Financial Division, Consumer Advocate Unit, John Sevier Building, 500 Dr. Martin L. King Jr. Blvd., Nashville, Tennessee 37243, c/o James P. Urban, on or before 2:00 p.m. (CDT), June 8, 2022.

PRELIMINARY MATTERS AND DEFINITIONS

1. **Continuing Request.** These discovery requests are to be considered continuing in nature and are to be supplemented from time to time as information is received by the Company and any of its affiliates which would make a prior response inaccurate, incomplete, or incorrect.

2. **Clear References.** To the extent that the data or information requested is incorporated or contained in a document, identify the document including page/line number if applicable.

3. **Format of Responses.** Provide all responses in the format in which they were created or maintained, for example, Microsoft Word or Microsoft Excel format with all cells and formulas intact and in working order. If a document (including without limitation a financial or other spreadsheet or work paper) is not created or maintained in Microsoft Excel format, convert the document to Microsoft Excel format or provide the document in a format that enables or permits functionality like or similar to Microsoft Excel (including without limitation the functionality of working cells and formulas), or provide the software program(s) that will enable the Consumer Advocate to audit and analyze the data and information in the same manner as would be enabled or permitted if the document were provided in Microsoft Excel format.

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

5. **Singular/Plural.** The singular shall include the plural, and vice-versa, where appropriate.

6. **Definitions.** As used in this Request:

(a) "You," "Your," "Company," "Seller," or "Shiloh Falls," shall mean Shiloh Falls Utilities, Inc and all employees, agents, attorneys, representatives or any other person acting or purporting to act on its behalf.

(b) "CSWR" shall mean Central States Water Resources, Inc. and all employees, agents, attorneys, representatives or any other person acting or purporting to act on its behalf.

(c) "Limestone" or "Buyer" shall mean Limestone Water Utility Operating Company, LLC and all employees, agents, attorneys, representatives or any other person acting or purporting to act on its behalf.

(d) "Affiliate" shall mean any entity who, directly or indirectly, is in control of, is controlled by, or is under common control with the Company. For greater clarification, "control" is the ownership of 20% or more of the shares of stock entitled to vote for the election of directors in the case of a corporation, or 20% or more of the equity interest in the case of any other type of entity, or status as a director or officer of a corporation or limited liability company, or status as a partner of a partnership, or status as an owner of a sole proprietorship, or any other arrangement whereby a person has the power to choose, direct, or manage the board of directors or equivalent governing body, officers, managers, employees, proxies, or agents of another person. In addition, the term "Affiliate" shall mean any entity that directly or indirectly provides management or operational services to the Company or any affiliate (as defined in the preceding sentence) of the Company, or to which the Company provides management or operational services. Further, the payment of money to the Company or receipt by the Company of money from an entity with which the Company has any relationship, other than such payment or receipt, shall include the payor or recipient of such money as an "Affiliate."

(e) "Communication" shall mean any transmission of information by oral, graphic, written, pictorial or otherwise perceptible means, including but not limited to personal conversations, telephone conversations, letters, memoranda, telegrams, electronic mail, newsletters, recorded or handwritten messages, meetings and personal conversations, or otherwise.

(f) "Document" shall have the broadest possible meaning under applicable law. "Document" shall mean 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, state what disposition was made of the document and when it was made.

(g) "Person" shall mean any natural person, corporation, firm, company, proprietorship, partnership, business, unincorporated association, or other business or legal entity of any sort whatsoever.

(h) "Identify" with respect to:

- i. Any natural person, means to state the full name, telephone number, email address and the current or last known business address of the person (if no business address or email address is available provide any address known to you) and that person's relationship, whether business, commercial, professional, or personal with you;
 - ii. Any legal person, business entity or association, means to state the full name, the name of your contact person with the entity, all trade name(s), doing business as name(s), telephone number(s), email address(es), and current or last known business address of such person or entity (if no business address is available provide any address known to you);
 - iii. Any document, means to state the type of document (e.g., letter), the title, identify the author, the subject matter, the date the document bears and the date it was written; and
 - iv. Any oral communication, means to state the date when and the place where it was made, identify the person who made it, identify the person or persons who were present or who heard it, and the substance of it.
- (i) "And" and "or" shall be construed conjunctively or disjunctively as necessary to make the discovery request inclusive rather than exclusive.
- (j) "Including" shall be construed to mean including but not limited to.

FIRST SET OF DISCOVERY REQUESTS

- 1-1.** Refer to the Company's Filing on January 27, 2022; specifically, refer to the response to Rule 1220-04-13-.08 (2)(c) which included the Company's Tariff. Provide the Commission order authorizing such rates.

RESPONSE:

- 1-2.** Provide the revenue requirement schedules supporting the current Shiloh Falls rates approved by the Commission.

RESPONSE:

- 1-3.** Refer to and compare Exhibit C of the Sales Agreement (Exhibit 7 to the Company's Petition) to Exhibit 19 to the Company's Petition. Confirm whether Exhibit C to the Sales Agreement is accurate, and reconcile Exhibit C with the assets listed in Exhibit 19 to the Petition.

RESPONSE:

- 1-4.** List Shiloh Falls' assets to be transferred to Limestone. Additionally, state whether any of these assets were contributed to the Company by a third party.

RESPONSE:

- 1-5.** Provide the 2021 income statement for Shiloh Falls, and indicate whether the financial statement was reviewed or audited by an independent third party.

RESPONSE:

- 1-6.** Provide the 2021 balance sheet for Shiloh Falls, and indicate whether the financial statement was reviewed or audited by an independent third party.

RESPONSE:

1-7. Provide the Shiloh Falls general ledger detail for the period January–April 2022.

RESPONSE:

1-8. Provide a copy of all appraisals relied upon by Shiloh Falls to evaluate an appropriate Purchase/Sale price. To the extent such appraisals differ from the proposed purchase price of the system, provide all analysis reconciling the two amounts.

RESPONSE:

1-9. Identify the amount and date of any capital expenditures by Shiloh Falls owner(s) by year since 2010.

RESPONSE:

1-10. Confirm that the Company does not hold any security deposits from its customers.

RESPONSE:

1-11. Counsel associated with Farris Bobango PLC represented to the Consumer Advocate that the firm will represent both parties—the Buyer and the Seller—in this Docket. Will attorneys' fees and costs be billed separately for each party?

RESPONSE:

1-12. Provide a statement detailing how attorneys' fees and costs are recorded for each party and provide the total attorneys' fees and costs incurred to date for each party. This is an ongoing request and should be updated by the 15th of every month covering the prior month's regulatory expenses.

RESPONSE:

1-13. Refer to Page 5 of Exhibit 7 to the Petition (the Sales Agreement). Provide the following:

- a. A listing of the real property owned by the Shackelford Company that will be conveyed to Limestone;
- b. A narrative response detailing why the Shackelford Company was in possession of some of the assets necessary to provide wastewater service to this community; and
- c. A statement on whether either party is providing compensation to the Shackelford Company for the transfer of these assets, beyond the stated purchase price.

RESPONSE:

1-14. Refer to the publicly available document posted on the TPUC website,

<https://www.tn.gov/content/dam/tn/publicutility/documents/utilitydivdocs/ListofWaterWasteWaterUtilities.pdf>. Provide answers to the following:

- a. When and in what docket did Shiloh Falls obtain a CCN to provide water service?
- b. Is Shiloh Falls currently providing water service to any customers? If not, is it the intention of Shiloh Falls to provide water service and if so, to whom and at what point in time?
- c. Have there been any capital expenditures or contributions to the construction of a water system?
- d. Is it the intention of Shiloh Falls to transfer a water CCN to Limestone in this Docket?

RESPONSE:

1-15. Refer to Section 6.B. on Page 5 of Exhibit 7 to the Petition (the Sales Agreement). Section 6.B. contains general language regarding the assumption of liabilities associated with the proposed transaction, further indicating liabilities/obligations of the Seller incurred prior to the date of the transaction shall remain with the Seller. On May 28, 2021, and on September 27, 2021, the Tennessee Department of Environment and Conservation ("TDEC") issued Notice of Violations ("NOVs") identifying multiple deficiencies in the

wastewater treatment process. The NOV's are attached to this request as Exhibits 1 and 2, respectively. Provide answers to the following:

- a. Explain and provide support regarding Shiloh Fall's activities to correct the deficiencies documented in the NOV's. Provide separate responses detailing Shiloh Fall's corrective actions for each finding within the NOV's.
- b. In light of the NOV's involving Shiloh Falls, provide a comprehensive explanation to the extent in which Limestone will assume such liabilities in light of Section 6.B. of the Sales Agreement
- c. If the deficiencies noted in the NOV's were disclosed to Limestone/CSWR.

RESPONSE:

1-16. Refer to the Petition, Exhibit 7, Sales Agreement at Page 3, § 4. The Agreement is dated October 31, 2018, approximately three and a half years ago. Have there been any material changes to the terms of that agreement, including the purchase price? If yes, list the change(s) and explain the justification for the change(s). If no, admit that all of the terms of the parties' agreement remain as set forth in the Sales Agreement (Exhibit 7 to the Petition).

RESPONSE:

[Intentionally Blank – Signature Page Follows]

In re: Limestone / Shiloh Falls

TPUC Docket No. 21-00055

Consumer Advocate's First Discovery Requests to Shiloh Falls

RESPECTFULLY SUBMITTED,

/s/ James P. Urban

JAMES P. URBAN (BPR No. 033599)

Deputy Attorney General

KAREN H. STACHOWSKI (BPR No. 019607)

Senior Assistant Attorney General

Office of the Tennessee Attorney General

Financial Division, Consumer Advocate Unit

P.O. Box 20207

Nashville, Tennessee 37202-0207

Phone: (615) 741-3739

Fax: (615) 741-8151

Email: james.urban@ag.tn.gov

Email: karen.stachowski@ag.tn.gov

TPUC Docket No. 22-00055

Consumer Advocate's 1st DR to Shiloh Falls

In re: Limestone / Shiloh Falls

TPUC Docket No. 21-00055

Consumer Advocate's First Discovery Requests to Shiloh Falls

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served via U.S. Mail, with
a courtesy copy by electronic mail, upon:

Limestone Water Utility Operating Company, LLC

C/O Charles B. Welch, JR., Esq.

Tyler A. Cosby, Esq.

Farris Bobango PLC

414 Union Street, Suite 1105

Nashville, TN 37219

Email: cwelch@farris-law.com

Email: tcosby@farris-law.com

On this the 25th day of May 2022.

/s/ James P. Urban
JAMES P. URBAN
Deputy Attorney General



**STATE OF TENNESSEE
DEPARTMENT OF ENVIRONMENT AND CONSERVATION
JACKSON ENVIRONMENTAL FIELD OFFICE
1625 HOLLYWOOD DRIVE
JACKSON, TENNESSEE 38305-4316
PHONE (731) 512-1300 STATEWIDE 1-888-891-8332 FAX (431) 661-6283**

Certified Mail Receipt # 7018 0040 0000 6354 9481

May 28, 2021

Ms. Lisa S. Thomas
Owner Shiloh Falls Utilities, Inc.
e-copy: lisa.thomas@sfdcares.com
450 Church Street
Savannah, TN 38372

RE: Notice of Violation/Compliance Review Meeting Request
State Operating Permit No. SOP-94011
Shiloh Falls Utilities, Inc.
Pickwick Dam/Counce, Hardin County, Tennessee

Dear Ms. Thomas:

On May 12th, 2021, Bradley Smith, a representative of the Tennessee Department of Environment and Conservation, Division of Water Resources (The Division), performed a routine compliance evaluation inspection (CEI) at the above referenced facility in order to evaluate compliance with your State Operating Permit (SOP). The Division thanks contract operator Virgil Morris for his time and assistance. Please see the sections below for details regarding the inspection.

I. Permit

This permit covers the collection system, lagoons, UV disinfection and fenced spray irrigation system located at latitude 35.030556 and longitude -88.229167 in Hardin County, Tennessee to serve approximately 259 homes in the Shiloh Falls Utilities, Inc, in the Pickwick Dam/Counce area. The design capacity of the system is .055 MGD.

II. Records/Reports

A review of the facility's self-monitoring was performed. Monitoring records were available upon request, complete and current. Laboratory data from 2020 were traced through the process from generation to final reporting and found to be complete and without error.

III. Facility Site Review, Self-Compliance Program, Operations & Maintenance, and Sanitary Sewer Overflows

The wastewater treatment process is described as a 2-celled lagoon, pressure filtration, UV disinfection and a holding pond. Disposal of treated wastewater is by spray irrigation to a fenced area located adjacent

Notice of Violation/Compliance Review Meeting Request
Shiloh Falls Utilities, Inc.
05/28/21
Page 2

to the wastewater treatment plant (WWTP) at latitude 35.030556 and longitude -88.229167 in Hardin County, Tennessee. No wastewater discharge is allowed.

Four deficiencies were documented during the inspection:

1. The UV/Filter Building at the WWTP is dilapidated. Its condition is such that the structure appears to be very unsafe and is likely inadequate for providing protection from the elements for valuable treatment infrastructure.
2. There were no signs posted for the wastewater disposal field as required by Part III, Section B of your permit.
3. Although the collection system itself was not evaluated as part of this inspection, the Division was notified via a complaint of an overflow at the Roberts Lane pump station during the time of site visit. Please be advised that sewer system overflows are prohibited. Details are available in Part II, Section C. 3 of your permit.
4. There was a broken lateral line in the spray field area. (This item was promptly corrected by Mr. Lynn Baker of D and K Construction upon notification.)

One violation was documented during the inspection:

1. There is clear evidence to indicate that the existing spray field is not sufficiently sized to allow for the disposal of the volume of water being applied. In addition to the site observations showing evidence of ponding, runoff and dead or dying vegetation there are historical records showing that the spray field, which is currently being used as the sole disposal area, was originally proposed for secondary use only. The engineering report from F & M Consulting Inc. (February 2003) proposed this site for a maximum of 25,000 gallons per day (gpd). Flow values reported over the past 12 months and the estimate given on your application for permit renewal, dated April 14th, 2021, greatly exceed the disposal area's capacity for hydrologic absorption and very likely exceed its nutrient uptake ability as well.

Ponding resulting in the discharge of treated wastewater into Waters of the State or to locations where it is likely to move to Waters of the State are considered a violation of your SOP.

IV. Flow Measurement

The flow to the disposal field is measured by a "water-type" meter.

V. Laboratory

All monitoring parameters required by the SOP are being subcontracted to Waypoint Analytical in Jackson, TN. The subcontract laboratory was not evaluated as part of this inspection.

VI. Sludge Handling/Disposal (or Biosolids Handling/Disposal)

No sludge removal has been necessary to date.

Notice of Violation/Compliance Review Meeting Request
Shiloh Falls Utilities, Inc.
05/28/21
Page 3

VII. Required Actions

Please implement measures to correct the deficiencies listed in Section III as soon as practicable. **As a result of the overloaded spray field a Compliance Review Meeting (CRM) has been scheduled for June 22, 2021 at 9:00am in the Jackson Environmental Field located at 1625 Hollywood Drive, Jackson TN to discuss the violation and corrective actions.** Please bring any documents, records or representatives with you that would be beneficial to this meeting. Until such time as corrective actions are discussed and approved by the Division and successfully implemented any and all practical means should be used to eliminate the unpermitted discharge of treated wastewater to Waters of the State.

VIII. Conclusion

Compliance with your SOP requirements helps ensure the protection of downstream fish and aquatic life and water quality. Your efforts will help ensure permit compliance and protect state water quality. If I may be of assistance in matters concerning this report, please contact me via telephone at (731) 571-7790 or via email at Conner.Franklin@tn.gov or Brad Smith at (731)-234-1408 or at Bradley.E.Smith@tn.gov.

Sincerely,

A handwritten signature in cursive script that reads "Conner Franklin".

Conner Franklin
Environmental Field Office Manager
Division of Water Resources
Jackson Environmental Field Office

cc: Bradley Smith, Environmental Consultant I, JEFO (via email)



TENNESSEE DEPARTMENT OF ENVIRONMENT AND CONSERVATION
JACKSON ENVIRONMENTAL FIELD OFFICE
1625 HOLLYWOOD DRIVE JACKSON, TENNESSEE 38305-4316
PHONE (731) 512-1300 STATEWIDE 1-888-891-8332 FAX (731) 661-6283

Image Log

DATE: 05/13/21

Site: Shiloh Falls Utilities – SOP-94011

Personnel Present: Bradley Smith

Subject: Compliance Evaluation Inspection



Image 1 – Property Aerial



Image 2 - WebSoil Aerial (See Figure 1 below for High Intensity Soils Map)



Image 3 - Primary Lagoon



Image 4 - Secondary Lagoon



Image 5 - Filter Backwash Basin



Image 6 - Holding Lagoon



Image 7 - Sand Filter and UV System Building



Image 8 - UV System (Lower Left)



Image 9 - Channel indicating runoff on SE side of spray field.



Image 10 - Same channel as above with different aspect.



Image 11 - Broken spray field lateral. (Promptly repaired upon notification.)



Image 12 - Evidence of wastewater migration pathway at head of exclusion zone on South side of fenced area.



Image 13 - Area where wastewater has clearly been ponding.



Image 14 - Braided migration pathway on SW side of spray field at perimeter fence.



Image 15 - More evidence of offsite migration at perimeter fence.

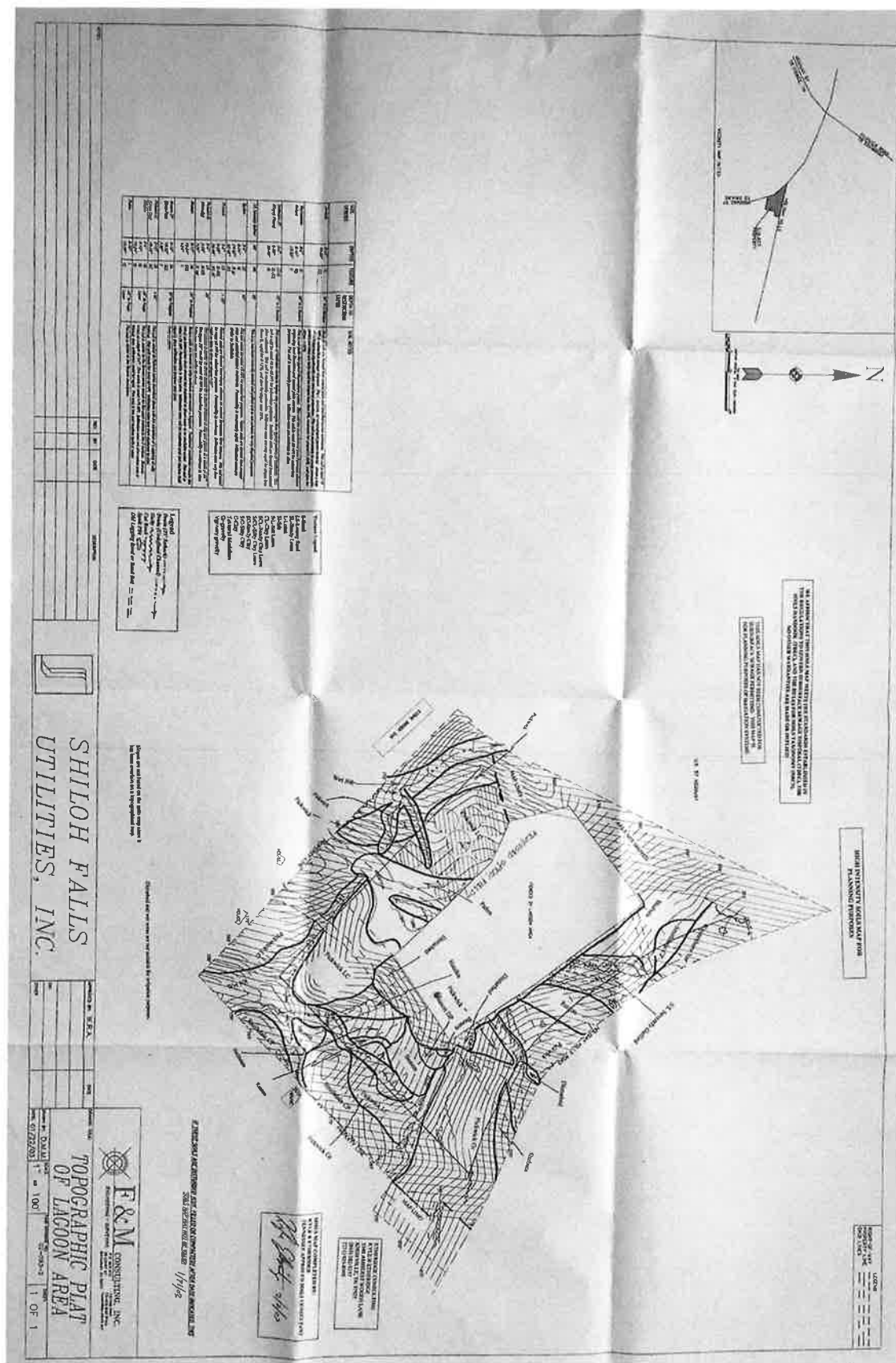


Figure 1 - High Intensity Soils Map form February 2003 Engineering Report "Proposed Secondary Spray Irrigation Field"



STATE OF TENNESSEE
DEPARTMENT OF ENVIRONMENT AND CONSERVATION
JACKSON ENVIRONMENTAL FIELD OFFICE
1625 HOLLYWOOD DRIVE
JACKSON, TENNESSEE 38305-4316
PHONE (731) 512-1300 STATEWIDE 1-888-891-8332 FAX (431) 661-6283

Certified Return Receipt #: 7020 2450 0002 2246 5418

September 27, 2021

Ms. Lisa S. Thomas
Owner Shiloh Falls Utilities, Inc.
e-copy: lisa.thomas@sfdcares.com
450 Church Street
Savannah, TN 38372

RE: Notice of Violation/Compliance Review Meeting
State Operating Permit No. SOP-94011
Shiloh Falls Utilities, Inc.
Pickwick Dam/Counce, Hardin County, Tennessee

Dear Ms. Thomas:

On September 14, 2021 Tennessee Department of Environment and Conservation, Division of Water Resources (The Division), received a complaint regarding excessive algal growth in Houston Branch downstream of Old Hwy 57 in Counce, Hardin County, Tennessee.

On September 14 and 17, 2021 a member of the Division investigated the complaint. It was determined that excessive algal growth (eutrophication) was occurring in an unnamed tributary (UNT) to Houston Branch and in Houston Branch below the confluence with the UNT. The UNT was later evaluated to identify upstream sources of potential nutrient enrichment. On Friday, September 17 an unpermitted discharge from the Shiloh Falls Utilities Spray Irrigation Disposal Field was observed. The treated wastewater was found to be flowing under Hwy 57 migrating eastward. The migration pathway was followed roughly 1250 feet downstream to a point near the confluence with the Houston Branch UNT. No other sources of potential nutrient enrichment were identified.

Please be advised that the discharge of treated wastewater into waters of the state or to locations where it is likely to move to Waters of the State is a violation of your state operating permit.

In addition, following the Notice of Violation issued May 28, 2021 and the subsequent Compliance Review Meeting on June 22, 2021 a Corrective Action Plan (CAP) was to be submitted to this office within 45 days of that meeting. To date a CAP has not been received.

As a result of this continued discharge and non-receipt of a CAP, a second Compliance Review Meeting has been scheduled for Thursday, October 14, 2021 at 10:00am at the Jackson Environmental Field Office located at 1625 Hollywood Drive, Jackson, TN 38305.

Exhibit 2

NOV/Compliance Review Meeting

Shiloh Falls Utilities, Inc.

09/27/21

Page 2

If I may be of assistance in matters concerning this notice, please contact me via telephone at (731) 571-7790 or via email at conner.franklin@tn.gov or Brad Smith at (731-234-1408 or at Bradley.E.Smith@tn.gov.

Sincerely,

A handwritten signature in blue ink that reads "Conner Franklin". The signature is written in a cursive, flowing style.

Conner Franklin
Environmental Field Office Manager
Division of Water Resources
Jackson Environmental Field Office

cc: Mr. Gil Parish, (parrishgil@gmail.com)
Mr. Lannie Hutton (lanniehutton@gmail.com)
Bradley Smith, Environmental Consultant I, JEFO (bradley.e.smith@tn.gov)