

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

<b>IN RE:</b>	)	
	)	
<b>APPLICATION LIMESTONE WATER</b>	)	
<b>UTILITY OPERAITNG COMPANY,</b>	)	
<b>LLC FOR AUTHORITY TO PURCHASE</b>	)	
<b>TITLE TO THE ASSETS, PROPERTY</b>	)	<b>DOCKET NO. 21-00059</b>
<b>AND REAL ESTATE OF A WATER</b>	)	
<b>SYSTEM, AND FOR A CERTIFICATE</b>	)	
<b>OF PUBLIC CONVENIENCE AND</b>	)	
<b>NECESSITY</b>	)	
	)	

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**CANDLEWOOD LAKES POA RESPONSE TO CONSUMER ADVOCATE'S  
INFORMAL DISCOVERY REQUESTS**

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**RESPONSE TO INFORMAL DISCOVERY REQUESTS**

1. In response to DR 1-3, Candlewood Lakes indicated that “going forward Candlewood Lakes will continue to collect the water availability fee and the purchaser is not expected to collect this fee.” Why will Candlewood Lakes continue to collect a water availability fee when Limestone would be operating the system and charging residents for service? In other words, what purpose would a water availability fee serve if the Candlewood Lakes would no longer be the entity making water available.

**Response: Water availability is essentially a contractual obligation between the lot owners and the POA that is set in the Restrictive Covenants and Reservations for the POA in Section 10. Under the terms of that contract, water availability is paid on all customer owned lots up until that lot actually becomes a water company customer. Once the lot installs a tap and becomes a water customer, no water availability is paid to the POA, they pay the water company for their monthly water. Limestone is not a party to the contract between the lot owners and the POA and therefore has no ability to waive or terminate the contractual obligation.**

2. In response to DR 1-2, Candlewood Lakes stated that beginning in 2010, new residents paid a non-refundable \$320 service charge and that the current tap fee for homeowners is

\$500. How many residents paid each of these fees? What costs these tap fees was intended to cover?

**Response:** Prior to 2016, Candlewood Lakes did not maintain records regarding the \$320 service charge. It is believed that all residents with water, approximately 106, were billed the \$320 fee prior to 2016. Since 2016, approximately 30 residents have paid the fee. The \$500 tap fee is to cover expenses associated to installation of a water tap, which include backhoe and operator, water box, cut-off and saddle. There has been one water tap installed since 2016.

3. In reference to DR 1-5 to Limestone. Is page 1 intended to be the pro-forma balance sheet for Limestone post-acquisition? Is page 2 intended to be the pro-forma balance sheet for the Candlewood Lakes system post-acquisition? Finally, if page 1 was intended to be pro-forma balance sheet for Limestone post-acquisition, why does it differ from Confidential Exhibit 11 as filed with the Company's Petition.

**Response:** Page 1 is intended to be the pro-forma balance sheet for Limestone post-acquisition and page 2 is intended to be the pro-forma balance sheet for the Candlewood Lakes system post-acquisition. Page 1 differs from Confidential Exhibit 11 filed with the Petition because since filing, Limestone has received further information from Candlewood Lakes, which changes the projected financials.

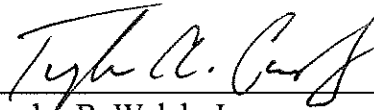
4. In response to DR 1-8, Candlewood Lakes stated that it has not made any capital expenditures since 2010, but in response to DR 4, Candlewood Lakes identified an electrical installation that occurred in 2013 and a 20-horsepower pump and electrical line installed in November 2019. Please supplement Candlewood Lakes' response to DR 1-8 to explain this discrepancy.

**Response:** In 2013, Candlewood Lakes had the entire outside 3 phase electrical panel rebuilt and in 2019 a defective line caused the water pump to burn out and both were replaced.

5. We still need a response to DR 1-11. Please provide.

**Response: Section 11 of the Candlewood Lakes sale agreement – entitled “Indemnification” – obligates the seller to indemnify the buyer against all liabilities and claims described in that section, which generally relate to operation of the business pre-closing. Since it is highly unlikely the seller would face similar potential liability relating to ownership and operation of the assets post-closing, there is no need for a “Buyer Indemnification” clause.**

**RESPECTFULLY SUBMITTED,**

A handwritten signature in cursive script, appearing to read "Tyler A. Cosby", is written over a horizontal line.

Charles B. Welch, Jr.

Tyler A. Cosby

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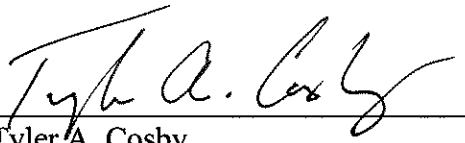
[tcosby@farris-law.com](mailto:tcosby@farris-law.com)

**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:

JAMES P. URBAN (BPR No. 033599)  
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On this the 8th day of July 2022.

  
Tyler A. Cosby