

**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. 21-00060</b>
<b>AND REAL ESTATE OF A</b>	)	
<b>WASTEWATER SYSTEM AND FOR A</b>	)	
<b>CERTIFICATE OF PUBLIC</b>	)	
<b>CONVENIENCE AND NECESSITY</b>	)	
	)	

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**CHAPEL WOODS HOMEOWNERS ASSOCIATION  
RESPONSE TO CONSUMER ADVOCATE'S FIRST SET OF DISCOVERY REQUESTS**

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**RESPONSE TO FIRST SET OF DISCOVERY REQUESTS**

1-1. Provide a copy of all federal, state, county, and other audits (financial, environmental, etc.) of the Chapel Woods wastewater system dated within the period January 1, 2017 – May 31, 2022.

**RESPONSE:** Chapel Woods will provide the responsive documentation when/if it becomes available.

1-2. Refer to Exhibits 7 & 8 as filed with the Company's Petition. Provide a listing of Chapel Woods assets to be transferred to Limestone. Additionally, state whether any of these assets were contributed to the Company by a third party.

**RESPONSE:** Please see the attachment "1-2 Asset List" for a list of the Chapel Woods assets that will be transferred to Limestone. None of these assets were contributed by a third party.

**1-3.** Refer to the Company's filing on February 7, 2022. Provide the detailed balance sheet and income statement for the year ended 2020. Additionally, provide the financial statements, including a balance sheet and income statement, for the year ending 2021.

**RESPONSE:** Please see the attachment "1-3 Balance Sheet & Income Statement."

**1-4.** Provide the quantity of "Tap Fees" received and amount(s) received, by year from customers, for Chapel Woods since inception.

**RESPONSE:** Please see the attachment "1-4 Tap Fees" for the tap fees received from 2018 to present.

**1-5.** Respond to the following requests regarding the Tap Fees paid by customers/residents:

- a. What was the intended purpose of the Tap Fee?
- b. How was the Tap Fee amount determined?
- c. Did the Tap Fee amount differ by customer?
- d. What criteria is used for determining if a customer has to pay a Tap Fee?

**RESPONSE:**

**a.** The intended purpose of Tap Fees is to be put in reserve and used for maintenance and repairs at the plant. Chapel Woods keeps a savings account for Reserve funds and the Tap Fees were deposited there. Chapel Woods moved money to the Checking when we had large expenditures for upgrades or repairs that could not be covered with the normal dues income.

**b, c.** Tap Fees were the same for all lots at \$1,250 except for the 13 - 5 acre lots in the south side of Evelyn Avenue which were charged at a rate of \$2,000.

**d.** The Tap Fees were only charged to the builder on the lot at the time they connect a new home to the system.

1-6. Confirm that the Company does not hold any “Security Deposits” from its customers.

**RESPONSE: No security deposits are held by the HOA.**

1-7. Identify the amount and date of any capital expenditures by Chapel Woods by year since 2010.

**RESPONSE: Please see the attachment “1-7 Capital Expenditures” from 2018 to present. There is an expense of \$12,000 for the replacement of the UV system in approximately 2015, which is not included on the attachment. Chapel Woods did not begin tracking capital expenditures until 2018; therefore, Chapel Woods does not have information prior to that year.**

1-8. Provide a copy of all appraisals relied upon by Chapel Woods to evaluate an appropriate purchase/sale price, if such appraisals exist. To the extent such appraisals differ from the proposed purchase price of the system, provide all analysis reconciling the two amounts.

**RESPONSE: Chapel Woods HOA is not aware of any appraisals being used in establishing the purchase/sale price of the treatment facility to Limestone.**

1-9. With Farris Bobango representing both parties in this matter, will costs be billed separately for each party? Provide a statement detailing how costs are recorded for each party and costs incurred to date for each party. This is an ongoing request and should be seasonably updated.

**RESPONSE: No. All costs related to the current regulatory proceeding will be billed to Limestone.**

**1-10.** The Consumer Advocate notes that the Sales Agreement does not contain a “Buyer Indemnification” clause. Provide a comprehensive discussion of the risks assumed by the Seller due to the absence of such a provision.

**RESPONSE:** Section 10 of the Chapel Woods 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.

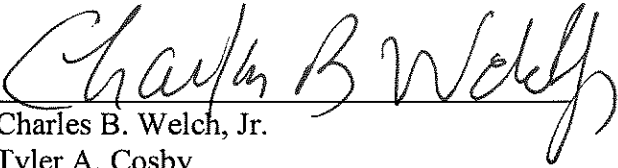
**1-11.** Refer to the Company’s filing on October 20, 2021. Specifically, refer to Appendix D as filed with the Company’s response. Has the Company completed the work outlined in this document? If not, provide a listing of the work not completed to date.

**RESPONSE:** Chapel Woods will provide the responsive documentation when it becomes available.

**1-12.** Provide the underlying support for the Exhibit 19 as filed with the Company’s Petition. Additionally, reconcile Exhibit 19 with the 2019 Chapel Woods Balance Sheet filed on February 7, 2022.

**RESPONSE:** Chapel Woods will provide the responsive documentation when it becomes available.

**RESPECTFULLY SUBMITTED,**



Charles B. Welch, Jr.

Tyler A. Cosby

Farris Bobango PLC

414 Union Street, Suite 1105

Nashville, TN 37219

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

Email: [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)

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

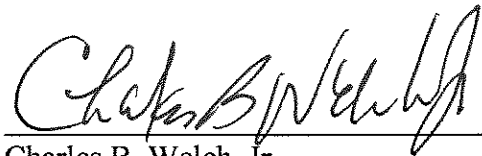
Phone: (615) 741-3739

Fax: (615) 741-8151

Email: [james.urban@ag.tn.gov](mailto:james.urban@ag.tn.gov)

Email: [karen.stachowski@ag.tn.gov](mailto:karen.stachowski@ag.tn.gov)

On this the 7<sup>th</sup> day of June 2022.



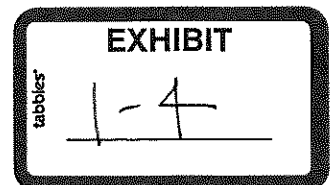
Charles B. Welch, Jr.

# Chapel Woods HOA

## Account QuickReport

All Dates

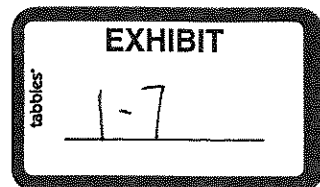
DATE	TRANSACTION TYPE	NUM	NAME	MEMO/DESCRIPTION	ACCOUNT	CLR	AMOUNT	BALANCE
<b>48000 Tap Fees</b>								
01/13/2018	Deposit		Zimmerle Construction	Lot #3 1505 Evelyn Avenue	48000 Tap Fees		1,250.00	1,250.00
01/13/2018	Deposit		Zimmerle Construction	Lot #11 1705 Evelyn Avenue	48000 Tap Fees		1,250.00	2,500.00
02/10/2018	Deposit			1505 Walnut Hills Drive	48000 Tap Fees		1,250.00	3,750.00
02/10/2018	Deposit			114, 8 Molly CW	48000 Tap Fees		2,500.00	6,250.00
02/17/2018	Deposit		Zimmerle Construction	Lot 51	48000 Tap Fees		1,250.00	7,500.00
02/17/2018	Deposit		Zimmerle Construction	Lot 12	48000 Tap Fees		1,250.00	8,750.00
02/17/2018	Deposit		Zimmerle Construction	Lot 146	48000 Tap Fees		2,000.00	10,750.00
02/17/2018	Deposit		Zimmerle Construction	Lot 145	48000 Tap Fees		2,000.00	12,750.00
02/17/2018	Deposit		Zimmerle Construction	Lot 148	48000 Tap Fees		2,000.00	14,750.00
02/17/2018	Deposit		Zimmerle Construction	Lot 150	48000 Tap Fees		2,000.00	16,750.00
02/17/2018	Deposit		Zimmerle Construction	Lot 151	48000 Tap Fees		2,000.00	18,750.00
02/17/2018	Deposit		Zimmerle Construction	Lot 147	48000 Tap Fees		2,000.00	20,750.00
02/17/2018	Deposit		Zimmerle Construction	Lot 149	48000 Tap Fees		2,000.00	22,750.00
03/17/2018	Deposit			Lot 77	48000 Tap Fees		1,250.00	24,000.00
03/17/2018	Deposit			Lot 142	48000 Tap Fees		2,000.00	26,000.00
06/02/2018	Deposit		Zimmerle Construction	Lot 141	48000 Tap Fees		2,000.00	28,000.00
06/27/2019	Sales Receipt	2793	Connelly Group Inc.	Map 024 Parcel 083.01 - Evelyn Avenue	48000 Tap Fees		2,000.00	30,000.00
04/16/2021	Sales Receipt	4039	Tommy Lawwell	Initial Tap Fee charged to builder upon connecting to the Septic Tank	48000 Tap Fees		1,250.00	31,250.00
<b>Total for 48000 Tap Fees</b>							<b>\$31,250.00</b>	
<b>TOTAL</b>							<b>\$31,250.00</b>	



# Chapel Woods HOA

## Transaction Report All Dates

DATE	TRANSACTION TYPE	NUM	ADJ	NAME	MEMO/DESCRIPTION	ACCOUNT	SPLIT	AMOUNT	BALANCE
<b>Wastewater Treatment Plant</b>									
<b>2018 Additions</b>									
02/20/2018	Check	1384	No	Nunely's Excavating	Electrical - new power pole	15100 Wastewater Treatment Plant:2018 Additions	10000 First Commerce Bank - Checking	1,200.00	1,200.00
05/31/2018	Check	1398	No	Nunely's Excavating	Electrical - trenching	15100 Wastewater Treatment Plant:2018 Additions	10000 First Commerce Bank - Checking	3,150.00	4,350.00
09/14/2018	Check	1423	No	Arrow Construction	Electrical work	15100 Wastewater Treatment Plant:2018 Additions	10000 First Commerce Bank - Checking	4,755.00	9,105.00
11/01/2018	Check	1428	No	Tencarva Machinery Co.	Control System for UV and Discharge	15100 Wastewater Treatment Plant:2018 Additions	10000 First Commerce Bank - Checking	16,540.36	25,645.36
<b>Total for 2018 Additions</b>								<b>\$25,645.36</b>	
<b>2020 Additions</b>									
11/04/2019	Check	2069	No	USA Bluebook	Customer No. 1006126, Invoice No. 052632	15300 Wastewater Treatment Plant:2020 Additions	10000 First Commerce Bank - Checking	7,763.28	7,763.28
01/10/2020	Bill	111761	No	USA Bluebook	Materials	15300 Wastewater Treatment Plant:2020 Additions	20000 Accounts Payable (A/P)	1,405.50	9,168.78
01/10/2020	Bill	111249	No	USA Bluebook	Materials	15300 Wastewater Treatment Plant:2020 Additions	20000 Accounts Payable (A/P)	2,115.07	11,283.85
01/10/2020	Bill	111762	No	USA Bluebook	Materials	15300 Wastewater Treatment Plant:2020 Additions	20000 Accounts Payable (A/P)	693.84	11,977.69
01/13/2020	Bill	113006	No	USA Bluebook	2 butterfly valves	15300 Wastewater Treatment Plant:2020 Additions	20000 Accounts Payable (A/P)	1,591.06	13,568.75
01/14/2020	Bill	114358	No	USA Bluebook	Materials	15300 Wastewater Treatment Plant:2020 Additions	20000 Accounts Payable (A/P)	373.83	13,942.58
01/24/2020	Bill	124912	No	USA Bluebook	Materials	15300 Wastewater Treatment Plant:2020 Additions	20000 Accounts Payable (A/P)	60.56	14,003.14
01/27/2020	Bill	00025626	No	Arrow Construction	Plumbing	15300 Wastewater Treatment Plant:2020 Additions	20000 Accounts Payable (A/P)	3,897.75	17,700.89
01/30/2020	Check	2090	No	Town & Country Paving	Replace sewer plant entrance paving	15300 Wastewater Treatment Plant:2020 Additions	10000 First Commerce Bank - Checking	3,400.00	21,100.89
02/04/2020	Check	2097	No	William Pegram	Materials - Kenny Pipe & Supply	15300 Wastewater Treatment Plant:2020 Additions	10000 First Commerce Bank - Checking	51.45	21,152.34
02/04/2020	Check	2097	No	William Pegram	Mileage - 1/20 111 miles; 1/24 117 miles	15300 Wastewater Treatment Plant:2020 Additions	10000 First Commerce Bank - Checking	132.24	21,284.58
02/04/2020	Check	2097	No	William Pegram	Materials - Kenny Pipe & Supply	15300 Wastewater Treatment Plant:2020 Additions	10000 First Commerce Bank - Checking	242.46	21,527.04
02/04/2020	Check	2097	No	William Pegram	Materials - Ace Hardware	15300 Wastewater Treatment Plant:2020 Additions	10000 First Commerce Bank - Checking	5.99	21,533.03
02/04/2020	Check	2097	No	William Pegram	Materials - Kenny Pipe & Supply	15300 Wastewater Treatment Plant:2020 Additions	10000 First Commerce Bank - Checking	458.10	21,991.13
02/04/2020	Check	2097	No	William Pegram	Materials - Fastenal	15300 Wastewater Treatment Plant:2020 Additions	10000 First Commerce Bank - Checking	172.54	22,163.67
02/04/2020	Check	2097	No	William Pegram	Materials - Hayes Pipe Supply	15300 Wastewater Treatment Plant:2020 Additions	10000 First Commerce Bank - Checking	360.35	22,524.02
02/10/2020	Check	2100	No	A-Team Machine	1/2" plates with holes punched	15300 Wastewater Treatment Plant:2020 Additions	10000 First Commerce Bank - Checking	300.44	22,824.46
02/17/2020	Check	2101	No	USA Bluebook	Invoice No. 144162	15300 Wastewater Treatment Plant:2020 Additions	10000 First Commerce Bank - Checking	1,688.60	24,713.06
02/17/2020	Check	2103	No	William Pegram	Reimbursement - Marvin's	15300 Wastewater Treatment Plant:2020 Additions	10000 First Commerce Bank - Checking	173.25	24,886.31
02/17/2020	Check	2103	No	William Pegram	Reimbursement - Kenny Pipe & Supply	15300 Wastewater Treatment Plant:2020 Additions	10000 First Commerce Bank - Checking	690.65	25,576.96
03/01/2020	Check	2106	No	Labtronx	Portable Ph & DO Meter Field Kit	15300 Wastewater Treatment Plant:2020 Additions	10000 First Commerce Bank - Checking	3,499.28	29,076.24
04/01/2020	Bill	0025627	No	Arrow Construction	Replace pumps and electrical	15300 Wastewater Treatment Plant:2020 Additions	20000 Accounts Payable (A/P)	1,250.00	30,326.24
04/20/2020	Check	2133	No	Kenny Pipe & Supply Inc.	Email per Bill - Order Number 7171735-00	15300 Wastewater Treatment Plant:2020 Additions	10000 First Commerce Bank - Checking	498.96	30,825.20
04/22/2020	Bill		No	USA Bluebook	Invoice 200832 Warranty Repair - Motor replaced	15300 Wastewater Treatment Plant:2020 Additions	20000 Accounts Payable (A/P)	0.00	30,825.20
05/06/2020	Check	2140	No	William Pegram	Mileage - 111 miles to Kenny Pipe & Supply 4/20/2020	15300 Wastewater Treatment Plant:2020 Additions	10000 First Commerce Bank - Checking	63.82	30,889.02
06/11/2020	Bill	0025628	No	Arrow Construction	Plumbing and Electrical	15300 Wastewater Treatment Plant:2020 Additions	20000 Accounts Payable (A/P)	930.00	31,819.02
06/19/2020	Check	2152	No	William Pegram	Reimbursement - Patco, Inc.	15300 Wastewater Treatment Plant:2020 Additions	10000 First Commerce Bank - Checking	50.56	31,869.58
06/19/2020	Check	2152	No	William Pegram	Reimbursement - Mileage 6/10/2020 Patco & Kenny Pipe & Supply, Inc. (68 miles @ 57.5/mile)	15300 Wastewater Treatment Plant:2020 Additions	10000 First Commerce Bank - Checking	39.10	31,908.68
06/19/2020	Check	2152	No	William Pegram	Reimbursement - Kenny Pipe & Supply, Inc.	15300 Wastewater Treatment Plant:2020 Additions	10000 First Commerce Bank - Checking	101.41	32,010.09
<b>Total for 2020 Additions</b>								<b>\$32,010.09</b>	
<b>Accumulated Depreciation</b>									
12/31/2018	Journal Entry		No			15400 Wastewater Treatment Plant:Accumulated Depreciation	-Split-	-2,564.54	-2,564.54
12/31/2019	Journal Entry	2019-01	Yes		To record depreciation expense (2018 Additions)	15400 Wastewater Treatment Plant:Accumulated Depreciation	-Split-	-2,564.54	-5,129.08
12/31/2020	Journal Entry	2020-01	Yes		To record depreciation expense - 2020 additions	15400 Wastewater Treatment Plant:Accumulated Depreciation	-Split-	-3,201.01	-8,330.09
12/31/2020	Journal Entry	2020-01	Yes		To record depreciation expense - 2018 additions	15400 Wastewater Treatment Plant:Accumulated Depreciation	-Split-	-2,564.54	-
12/31/2021	Journal Entry	2021-01	Yes		To record depreciation expense - 2020 additions	15400 Wastewater Treatment Plant:Accumulated Depreciation	-Split-	-3,201.01	10,894.63
12/31/2021	Journal Entry	2021-01	Yes		To record depreciation expense - 2018 additions	15400 Wastewater Treatment Plant:Accumulated Depreciation	-Split-	-2,564.54	14,095.54
<b>Total for Accumulated Depreciation</b>								<b>\$ -</b>	<b>16,660.18</b>
<b>Total for Wastewater Treatment Plant</b>								<b>\$40,995.27</b>	
<b>TOTAL</b>								<b>\$40,995.27</b>	



# Chapel Woods HOA 2020 Annual Report

## 2019 - 2020 Comparative Income Statement

	For the Year Ended 12/31/2019	For the Year Ended 12/31/2020	Dollar Variance	Percent Variance
<b>Income:</b>				
HOA Dues	\$ 63,630.43	\$ 61,025.01	\$ (2,605.42)	-4.09%
Certified Mailing Fees	\$ 200.00	\$ 591.73	\$ 391.73	195.87%
Late Fees, net	\$ (123.70)	\$ (11.85)	\$ 211.85	-94.70%
Property Transfer Fees	\$ 1,400.00	\$ 1,400.00	\$ -	0.00%
Reconnect Fees	\$ 200.00	\$ 50.00	\$ (150.00)	-75.00%
Reimbursed Legal Fees	\$ 2,068.08	\$ 1,894.70	\$ (173.38)	-8.38%
Top Fees	\$ 2,000.00	\$ -	\$ (2,000.00)	-100.00%
Unapplied/Uncategorized Interest	\$ (1,794.17)	\$ (174.98)	\$ 1,619.19	-90.25%
	\$ 356.07	\$ 400.02	\$ 43.95	12.34%
	\$ 67,836.71	\$ 65,174.63	\$ (2,662.08)	-3.92%
<b>Expenses:</b>				
General & Administrative	\$ 2,706.07	\$ 2,167.37	\$ (538.70)	-19.91%
Accounting	\$ 5,167.50	\$ 5,982.50	\$ 815.00	15.77%
Grounds Maintenance	\$ 2,630.00	\$ 6,515.00	\$ 3,885.00	147.72%
Legal Fees	\$ 2,056.77	\$ 624.55	\$ (1,432.22)	-69.63%
Postage	\$ 865.80	\$ 351.00	\$ (514.80)	-59.46%
Utilities	\$ 1,328.02	\$ 1,213.92	\$ (114.10)	-8.59%
Wastewater Treatment (see below)	\$ 46,310.89	\$ 53,489.99	\$ 7,179.10	15.50%
	\$ 61,065.05	\$ (70,344.33)	\$ (131,409.38)	-215.20%
<b>Net Income</b>	\$ 6,771.66	\$ (5,169.70)	\$ (11,941.36)	-176.34%

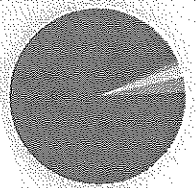
### Wastewater Treatment Detail:

	December 31, 2019	December 31, 2020	Dollar Variance	Percent Variance
Depreciation	\$ 2,564.54	\$ 5,765.55	\$ 3,201.01	124.82%
De Minimis Improvements	\$ -	\$ 400.00	\$ 400.00	100.00%
Licenses & Permits	\$ 690.00	\$ 690.00	\$ -	0.00%
Maintenance & Repairs	\$ 20,502.28	\$ 7,928.63	\$ (12,573.65)	-61.33%
Miscellaneous	\$ -	\$ 23.99	\$ 23.99	100.00%
Property Taxes	\$ 195.00	\$ 195.00	\$ -	0.00%
Sludge Removal	\$ 4,250.00	\$ 13,025.00	\$ 8,775.00	206.47%
Supplies	\$ 4,634.29	\$ 9,468.90	\$ 4,834.61	104.32%
Testing	\$ 11,263.33	\$ 13,928.50	\$ 2,665.17	23.66%
Utilities	\$ 2,211.45	\$ 2,064.42	\$ (147.03)	-6.65%
	\$ 46,310.89	\$ 53,489.99	\$ 7,179.10	15.50%

### Chapel Woods HOA Balance Sheet as of 12/31/2020

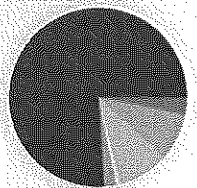
	December 31, 2019	December 31, 2020	Dollar Variance	Percent Variance
<b>Assets</b>				
<b>Current Assets:</b>				
HOA Checking	\$ 21,187.48	\$ 12,172.22	\$ (9,015.26)	-42.55%
HOA Savings	\$ 44,884.28	\$ 29,923.02	\$ (14,961.26)	-33.33%
HOA CD	\$ 20,200.00	\$ 20,553.50	\$ 353.50	1.75%
HOA Receivables	\$ 38,152.59	\$ 26,927.17	\$ (11,225.42)	-29.42%
	\$ 124,424.35	\$ 89,575.91	\$ (34,848.44)	-28.01%
<b>Fixed Assets:</b>				
Wastewater Treatment Plant	\$ 25,645.36	\$ 25,645.36	\$ -	0.00%
2018 Additions	\$ -	\$ 32,010.09	\$ 32,010.09	100.00%
Less: Accumulated Depreciation	\$ (5,129.08)	\$ (10,894.63)	\$ (5,765.55)	112.41%
	\$ 20,516.28	\$ 46,760.82	\$ 26,244.54	127.92%
<b>Total Assets</b>	\$ 144,940.63	\$ 136,336.73	\$ (8,603.90)	-5.94%

### Income



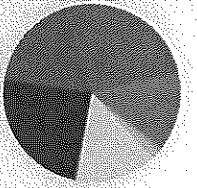
- HOA Dues
- Certified Mailing Fees
- Late Fees, net
- Property Transfer Fees
- Reconnect Fees
- Reimbursed Legal Fees
- Top Fees

### Expenses



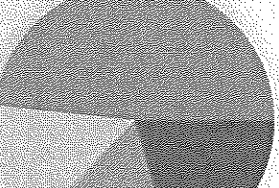
- General & Administrative
- Accounting
- Grounds Maintenance
- Legal Fees
- Postage
- Utilities
- Wastewater Treatment

### Wastewater Treatment



- Depreciation
- De Minimis Improvements
- Licenses & Permits
- Maintenance & Repairs
- Miscellaneous
- Property Taxes
- Sludge Removal
- Utilities

### Assets



- HOA Checking
- HOA Savings
- HOA CD
- HOA Receivables
- Wastewater Treatment Plant

EXHIBIT

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1-3