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March 9, 2022

Chairman Kenneth Hill
c/o Ectory Lawless
Tennessee Public Utilities Commission
502 Deadrick Street, 4th Floor
Nashville, TN 37243

RE: *Docket 21-00060, Application of Limestone Water Utility Operating Company, LLC, for Authority to Purchase Title to The Assets, Property, and Real Estate of a Wastewater System and for a Certificate of Public Convenience and Necessity*

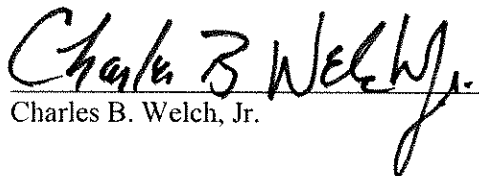
Dear Chairman Hill:

On May 21, 2021, Limestone Water Utility filed the application in the referenced Docket. On August 15, 2021, the Hearing Officer granted the Consumer Advocate's Petition to Intervene. Subsequently, our office received a letter from Assistant Attorney General Karen H. Stachowski dated March 4, 2022, notifying Limestone of alleged deficiencies in the application. Specifically, Ms. Stachowski references Commission Rule 1220-04-14-.08. This specific rule was filed on August 10, 2021 and became effective November 8, 2021.

Accordingly, I have enclosed supplemental documents to address the Consumer Advocate's request regarding the newly adopted filing requirements. Each document is marked to indicate the corresponding rule. The enclosed documents are the only documents currently available. Please file the enclosed documents in the referenced Docket. Please let me know if you have any questions.

Sincerely,

FARRIS BOBANGO PLC


Charles B. Welch, Jr.

cc:

Rachel C. Bowen
Karen H. Stachowski

Rule 1220-04-14-.08(2) Acquisitions

1. *Rule 1220-04-14-.08(2)(b)*. Per the rule, please file the financial statements, including a balance sheet and income statement, of the selling utility's **three** most recently completed fiscal years or reporting periods at the time the application for acquisition is filed. The filing provides only two years of information.

RESPONSE: Please see the Company's filing on 2/7/2022. The filing includes financial statements for 2018, 2019, and 2020, which are the most recently completed financial statements.

2. *Rule 1220-04-14-.08(2)(c)*. Per the rule, please file all tariffs, schedules or lists detailing the rates, charges, and terms of service in effect for the **selling utility** at the time the application for acquisition is filed. The document filed appears to pertain to Limestone, not the selling utility (Chapel Woods).

RESPONSE: Due to Chapel Woods currently being unregulated, there are no official tariffs or rate schedules in effect. The Company's response to Rule 1220-04-14-.08(2)(c) and (2)(n) reflect the rates and charges currently in effect for the selling utility.

3. *Rule 1220-04-14-.08(2)(f)*. The rule requires "a forecasted income statement detailing the projected operating revenues, expenses, taxes and net income attributable to the **selling utility's** operations for the twelve-month period following the estimated closing date of the acquisition transaction."

Per the rule, the selling utility's (Chapel Woods) forecasted income statement for the twelve-month period following the estimated closing date of the acquisition transaction should be filed.

RESPONSE: Please see the attached document labeled "Chapel Woods Income Statement".

4. *Rule 1220-04-14-.08(2)(g)*. Provide the anticipated capital budgets for the various construction projects as discussed by Witness Cox on page 13 of his testimony for the three-year period following the estimated closing date of the acquisition transaction.

RESPONSE: Please see the attached document labeled "Chapel Woods Construction Budgets".

5. *Rule 1220-04-14-.08(2)(n)(ii)*. Witness Cox testifies on page 14 of his testimony that “if the revenue requirement for that [Chapel Woods] system increases in the future – as likely would be the case given the additional capital investment needed for system upgrades and improvements – Limestone may petition the Commission to increase rates or change certain operating regulations. Limestone may also seek authority to consolidate rates of the system it proposes to acquire in this case with those of other systems it operates in Tennessee.” Witness Cox does not, however, discuss the proposed methodology and rate design for recovery. Likewise, Limestone’s February 7, 2022 filing also did not provide the proposed methodology and rate design for recovery.

Per the rule, provide a statement discussing the proposed methodology and rate design for recovery from customers of any requested costs of post-acquisition capital investments.

RESPONSE: Please see the Company’s response to Rule 1220-04-14-.08(2)(k) for the Company’s proposed methodology for recovery and rate design.

Rule 1220-04-13-.17(2)(d) Sufficient Technical Ability

1. *Rule 1220-04-13-.17(2)(d)4*. Limestone submitted a public records request to the Tennessee Department of Environment and Conservation for maps and engineering plans. Limestone filed these documents as Exhibit B on October 20, 2021. The current utility owner confirmed the only correspondence that it has regarding the Compliance Evaluation Inspection (“CEI”) was Exhibit D. The Consumer Advocate requests confirmation that the Joint Petitioners also submitted a records request for TDEC’s inspection files for Chapel Woods, which may contain copies of the correspondence requested by the Consumer Advocate.

Response: Please see the attachment labeled “TDEC Information Request”.

Rule 1220-04-13-.17(2)(e) Sufficient Financial Ability

1. *Rule 1220-04-13-.17(2)(e)8*. Limestone provided an amended Sheet No. 2 “Schedule of Rates” identifying the proposed rate to customers as Appendix I in its filings on October 20, 2021. Limestone explained to the Consumer Advocate, separately, that this amended Tariff Sheet No. 2 is intended to replace the existing Tariff Sheet No. 2 within its Exhibit 20 of the Petition. However, Tariff Sheet No. 4, first paragraph, identifies subdivisions that are not a part of this Docket. The Consumer Advocate requests clarification on these identified subdivisions and/or an amended Tariff Sheet No. 4 identifying the subdivision at issue is Chapel Woods.

Response: Please see the amended Tariff Sheet No. 4.

PRELIMINARY OPINION OF PROBABLE COST
Central States Water Resources, Inc.
Chapel Woods Home Owners Association Wastewater System
Marshall County, TN
April 2021

ITEM	DESCRIPTION	QUAN.	UNIT	UNIT PRICE	TOTAL
1	Install Standby Generator	1	LS	\$33,800	\$33,800
2	Replace Grating at Effluent Pump Station	1	LS	\$1,500	\$1,500
3	Repair and Recoat Existing Effluent Pump Station Wet Well Steel	1	LS	\$10,000	\$10,000
4	Purchase and Install Backup Recirculation Pump	1	LS	\$3,000	\$3,000
5	Install Permanent Access to Recirculation Pump	1	LS	\$2,000	\$2,000
6	Repairs to Filtration Tower Building Exterior	1	LS	\$50,000	\$50,000
7	Concrete Repairs to Filtration Tower Base	1	LS	\$2,000	\$2,000
8	Recoating Interior of Anaerobic Reactor	1	LS	\$75,000	\$75,000
9	New Maintenance Shed	1	LS	\$15,000	\$15,000
10	Mission Remote Monitoring	1	LS	\$10,000	\$10,000
CONSTRUCTION SUBTOTAL					\$202,300

INCOME STATEMENT - CHAPEL WOODS

Year 1	
OPERATING REVENUE	
Metered service revenue	\$ 3,578
Flat rate service revenue	\$ 30,416
EPA testing surcharge	\$ -
Re-connect fees	\$ 716
Returned check charge	\$ 358
Late payment charge	\$ 716
Other operating revenue	\$ -
Total Operating Revenue	\$ 35,784
OPERATING EXPENSES	
Total salaries and wages (employees only)	\$ -
Outside labor expenses (non-employees)	\$ 132,000
Administrative and office expense	\$ 7,881
Maintenance and repair expense	\$ -
Purchased water	\$ -
Purchased sewage treatment	\$ -
Electric power expense (exclude office)	\$ 6,000
Chemicals expense	\$ 3,000
Testing fees	\$ -
Transportation expense	\$ -
Other operating expense	\$ 3,408
Total Operating Expenses	\$ 152,289
Annual Depreciation Expense	\$ 3,763
Interest Expense	\$ 2,419
Total Expenses	\$ 158,470
INCOME TAXES	
Total Income Taxes	\$ -
Net income (Loss)	\$ (122,686)

Rules and Regulations Governing Rendering of Sewer Service

SCHEDULE OF SERVICE CHARGES (cont.)

Schedule of Service Charges for Chapel Woods Subdivision.

SERVICE CONNECTION CONSTRUCTION

For STEP, STEG or gravity service - includes installation of new saddle, or new wye or tee, as appropriate, installed on the collecting sewer, construction and connection of the Company-owned service connection pipeline to the saddle, wye, or stub, as applicable, any miscellaneous materials, and all labor and equipment required to complete the connection. This charge does not apply if a pre-existing existing service connection is used, or if a service connection was constructed as a stub-out along with a collecting sewer extension **\$690.00**

INSPECTION CHARGES

STEP system installation customer service line installation, connection inspection, and startup/operation inspection pursuant to Rule 5B and/or Rule 6H includes inspection of - collection tank; repairable parts; electrical connections and wiring from the house to the pump controls at the tank including circuit breaker box; service sewer from the house plumbing to the collection tank as applicable; and service sewer from the collection tank to the service connection or to service sewer stub from the collecting sewer if one exists. STEG system installation and connection inspection – includes inspection of – collection tank, service sewer from the house plumbing to the collection tank, and service sewer from the collection tank to the service connection or to service sewer stub. **\$125.00**
Gravity service sewer inspection – includes inspection of – service sewer from the house plumbing to the service connection or to service sewer stub from the collecting sewer if one exists. **\$125.00**

- * Indicates new rate or text
- + Indicates change

DATE OF ISSUE _____
Month Day Year

DATE EFFECTIVE _____
Month Day Year

ISSUED BY _____
name of officer title address

FW: Public Records Request

Jonathan Meany <jmeany@cswrgroup.com>

Mon 3/7/2022 9:37 AM

To: Aaron Silas <asilas@cswrgroup.com>

From: TDEC.Public.Records.Request@tn.gov <noreply+a04c014575bbb6de@formstack.com>

Sent: Thursday, September 23, 2021 2:51 PM

To: Jonathan Meany <jmeany@cswrgroup.com>

Subject: Public Records Request



Formstack Submission For: [Public Records Request \(RDA SW35\)](#)

Submitted at 09/23/21 3:50 PM

Requestor's Name: Jonathan Meany

Phone: (314) 482-0342

Requestor's E-mail: jmeany@cswrgroup.com


Is this request for information related to anticipated or existing litigation?: No

Is the requestor a Tennessee citizen?: No

Request::

If costs for copies are assessed, the requestor has a right to receive an estimate. Do you wish to waive your right to an estimate and agree to pay copying and production costs in an amount not to exceed the amount entered by the requestor below?: Yes

If yes, then initial below:



[Direct Link to Image](#)

Dollar
amount to
not exceed:

Delivery
Preference::

Electronic

Provide a
detailed
description of
the record(s)
requested,
including: (1)
type of
record; (2)
timeframe or
dates for the
records
sought; and
(3) subject
matter or key
words related
to the
records.
Under the
TPRA, record
requests
must be
sufficiently
detailed to
enable a
governmental
entity to
identify the
specific
records
sought. As
such, your
record
request must
provide
enough detail
to enable the
records
custodian
responding to
the request
to identify
the specific
records you
are seeking.:

Limestone Utility Operating Company (a division of CSWR) is in the process of applying for acquisition approval to purchase the Chapel Woods (NPDES TN0062073).

The consumer advocate involved in reviewing the acquisition approval application noted that they were unable to locate "any engineering and/or submitted to TDEC, such as the Design Development Report and the Detailed Soils Investigation Report" in the Water Resources Permit Database. The system and has requested that Limestone submit a Public Records Request to TDEC to seek digital copies of said documents as the existing documents several years ago.

Additionally, the consumer advocate noted they were unable to locate the utility's response to two prior CEI (Compliance Evaluation Inspection) concerning a need document I&I flows to the facility and a second concerning failure to complete MORs (Monthly Operating Reports) related to effluent blocking the effectiveness of disinfection. We would also, therefore, like to request any CEI responses submitted by the Utility in the past.

Please let me know if it is possible to obtain copies of any engineering and/or design documentation related to this system and any CEI responses in pdf format.

Thanks,
Jon Meany
Central States Water Resources
1650 Des Peres Rd, Suite 303,
St. Louis, MO 63131
Mobile: 314-482-0342
Office: 314-380-8537
Fax: 314-736-4743
www.centralstateswaterresources.com

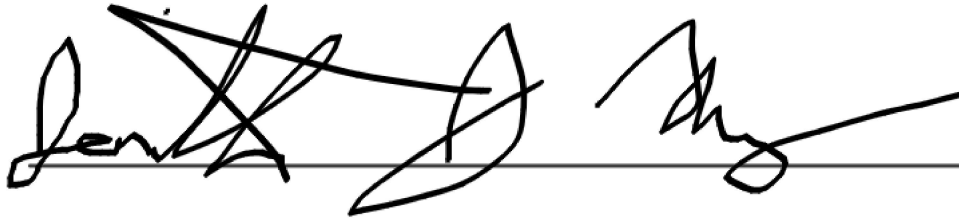
If site
specific,
choose the
county:

Marshall County

If needed,
upload any

supporting
documents or
maps. :

Signature of
Requestor:

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke, positioned above a thin horizontal line.

[Direct Link to Image](#)

Date/Time: Sep 23, 2021 02:51 PM

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