

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

<b>IN RE:</b>	)	
	)	
<b>APPLICATION OF LIMESTONE</b>	)	
<b>WATER UTILITY OPERAITNG</b>	)	
<b>COMPANY, LLC FOR AUTHORITY TO</b>	)	
<b>SELL OR TRANSFER TITLE TO THE</b>	)	<b>DOCKET NO. 21-00060</b>
<b>ASSETS, PROPERTY AND REAL</b>	)	
<b>ESTATE OF A PUBLIC UTILITY AND</b>	)	
<b>FOR A CERTIFICATE OF</b>	)	
<b>CONVENIENCE AND NECESSITY</b>	)	
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**CONSUMER ADVOCATE’S FIRST SET OF DISCOVERY REQUESTS  
TO LIMESTONE WATER UTILITY OPERATING COMPANY, LLC**

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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 Limestone Water Utility Operating Company, LLC (“Limestone” or the “Company”) and Central States Water, Inc. (“CSWR”).

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 2:00pm (Central Time), June 17, 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," "Buyer," or "Limestone," 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.

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

(d) "Chapel Woods HOA" or "Seller" shall mean Chapel Woods Homeowners Association and all employees, agents, attorneys, representatives or any other person acting or purporting to act on its behalf.

(e) "Sales Agreement" means the July 30, 2019, Agreement for Sale of Utility System entered into between Central States Water and Chapel Woods Homeowner's Association. The Sales Agreement was included as Exhibit 7 to the Petition.

(f) "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."

(g) "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.

(h) "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.

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

(j) "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.

(k) "And" and "or" shall be construed conjunctively or disjunctively as necessary to make the discovery request inclusive rather than exclusive.

- (l) "Including" shall be construed to mean including but not limited to.

**FIRST SET OF DISCOVERY REQUESTS**

**1-1.** Refer to the Company's March 9, 2022, response to the Consumer Advocate's letter regarding Minimum Filing Requirements ("MFR's"). Specifically, refer to the Company's response to Rule 1220-04-14-.08(2)(f). Provide a detailed summary of the Company's estimate of \$132,000 in outside labor expenses for this system in the twelve-month period following the anticipated closure of the sale. Additionally, reconcile this response against the Company's Confidential Appendix E1 filed on October 20, 2021.

**RESPONSE:**

**1-2.** Refer to the Sales Agreement. Provide a comprehensive explanation indicating how the purchase price was determined. Include within the response all analytical support/workpapers for the purchase price.

**RESPONSE:**

**1-3.** Provide the projected accounting entries to be recorded on the books of Limestone to record the Chapel Woods acquisition based upon applicable Chapel Woods balances as of December 31, 2021, reconciled with the purchase price.

**RESPONSE:**

**1-4.** Provide a comprehensive explanation of the extent to which Limestone (including all affiliates) has reviewed the accounting practices and records of Chapel Woods and whether it agrees with such historic accounting practices as part of the due diligence performed prior to entering into the purchase agreement.

**RESPONSE:**

**1-5.** Is Limestone reserving the opportunity to modify any historical account balances of Chapel Woods as a result of any prospective review of its accounting practices?

**RESPONSE:**

**1-6.** Please confirm that Limestone intends to maintain separate accounting records for the Chapel Woods system such that the assets, liabilities, revenues, and expenses incurred in operating the system shall be separately identifiable from the financial results of other Limestone operating systems.

**RESPONSE:**

**1-7.** Refer to Exhibit 9 as filed with the Company's Petition. Specifically, refer to marked page 13 and respond to the following:

- a. Is it the Company's position that the septic tanks and grinder pumps located on customer property are the assets of the utility?
- b. Provide the approximate age of the system.

**RESPONSE:**

**1-8.** Refer to Confidential Exhibit 11 to the Petition. Provide a Pro-Forma Income Statement separating balances by system.

**RESPONSE:**

**1-9.** Refer to Confidential Exhibit 11 to the Petition. Provide a Pro-Forma Balance Sheet separating balances by system.

**RESPONSE:**

**1-10.** 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:**

**1-11.** 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:**

**1-12.** Refer to the Company's response to Rule 1220-04-13-.08(2)(h) on February 7, 2022, and Exhibit 19 as filed with the Company's Petition. Reconcile the plant balance as shown in response to the rule to the plant balance provided in Exhibit 19.

**RESPONSE:**

**1-13.** 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:**

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

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



*In re: Limestone / Chapel Woods*

TPUC Docket No. 21-00060

Consumer Advocate's First Set of Discovery Requests to Limestone

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

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

On this the 3<sup>rd</sup> day of June 2022.

/s/ James P. Urban

JAMES P. URBAN

Deputy Attorney General