

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

IN RE:)	
)	
EXPEDITED JOINT APPLICATION OF)	
LIMESTONE WATER UTILITY)	
OPERATING COMPANY, LLC, AND)	
DSH & ASSOCIATES, LLC, FOR)	
APPROVAL OF THE ACQUISITION OF)	DOCKET NO. 23-00016
AND TO OPERATE THE)	
WASTEWATER SYSTEM OF DSH &)	
ASSOCIATES, LLC, AND TO)	
TRANSFER OR ISSUE A)	
CERTIFICATE OF PUBLIC)	
CONVENIENCE AND NECESSITY)	

**CONSUMER ADVOCATE’S INFORMAL FIRST SET OF DISCOVERY REQUESTS
TO LIMESTONE WATER UTILITY OPERATING COMPANY, LLC**

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 Division of the Office of the Tennessee Attorney (the “Consumer Advocate”), by and through counsel, propounds the following Informal First Set of Discovery Requests to Limestone Water Utility Operating Company, LLC (“Limestone” or the “Company”) and its parent company, Central States Water Resources, 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, Consumer Advocate Division, John Sevier Building, 500 Dr. Martin L. King Jr. Blvd., Nashville, Tennessee 37243, c/o Mason C. Rush, on or before 2:00 p.m. (CDT), June 5, 2023.

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” or “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) “DSH” or “Seller” shall mean DSH & Associates, 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.

INFORMAL FIRST SET OF DISCOVERY REQUESTS

1-1. Refer to the *Expedited Joint Application of Limestone Water Utility Operating Company, LLC, and DSH & Associates, LLC for Approval of the Acquisition of and to Operate the Wastewater System of DSH & Associates, LLC, and to Transfer or Issue a Certificate of Public Convenience and Necessity* filed March 1, 2023, in this Docket (“Joint Application”). Specifically refer to Confidential Exhibit 7, “Agreement for Sale of Utility System” (the “Agreement”). Provide a comprehensive explanation indicating how the purchase price was determined. Include within the response all analytical support, workpapers, and other supporting documents used to calculate and negotiate the purchase price contained within the exhibit.

RESPONSE:

1-2. Refer to the Joint Application, Confidential Exhibit 7, “Agreement for Sale of Utility System”. Specifically refer to Exhibit C to the Agreement. Confirm that Exhibit C is accurate, and that no meters, tools, devices, furniture, fixtures, machinery, supplies or any other tangible items are being transferred as a condition of the sale. If not confirmed, provide an updated Exhibit C showing the assets to be transferred.

RESPONSE:

1-3. Affirm or deny that Limestone (including any affiliates) reviewed the records and accounting practices of DSH before entering into the Agreement. If affirmed, what steps did Limestone undertake to review such records and practices?

RESPONSE:

1-4. Refer to the Joint Application, specifically Exhibit 19, "List of Plant-in-Service Accounts."

Provide the information presented in Exhibit 19 separated by system.

RESPONSE:

1-5. Refer to the Joint Application, specifically Confidential Exhibit 23, "Pro Forma - DSH".

Provide documentation in support of the Company's anticipated \$142,500 expenditures related to the "Preliminary Survey" shown in "Year 1".

RESPONSE:

1-6. Refer to the Joint Application, specifically Confidential Exhibit 23, "Pro Forma - DSH".

Affirm or deny that the Company included land within its listing of assets. If affirmed, did the Company record any land acquired at the book value of DSH? If denied, provide the Company's rationale for re-establishing the balance. Identify the book value of Land and Land rights on the books of DSH.

RESPONSE:

1-7. Refer to the Joint Application, specifically Confidential Exhibit 23, "Pro Forma - DSH".

Provide a narrative discussion detailing the Company's anticipated balances for "Notes Payable" in Years 1 through 3.

RESPONSE:

1-8. Refer to the Joint Application, specifically Exhibit 9, the "Pre-Filed Direct Testimony of Josiah Cox", Page 12. Mr. Cox discusses the hiring of a non-affiliated, third-party O&M firm to provide services "at the former Aqua Utilities, Cartwright Creek, Chapel Woods, and Shiloh Falls systems". Provide the following:

a. A copy of the contractual agreement with the referenced third-party firm; and

- b. The monthly O&M costs incurred by each system associated with these third-party services since the date Limestone acquired each system.

RESPONSE:

- 1-9. Counsel with the law firm Butler Snow LLP represented to the Consumer Advocate that the firm will represent both parties—the Buyer and the Seller—in this Docket. State whether attorneys' fees and costs will be billed separately for each party.

RESPONSE:

- 1-10. 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. Describe how such costs will be accounted for on the books of Limestone.

RESPONSE:

- 1-11. Refer to the Joint Application, specifically Exhibit 24, "Anticipated Capital Budget". Provide any studies (engineering or otherwise) demonstrating the need for the expenditures shown in this exhibit.

RESPONSE:

- 1-12. Refer to the Joint Application, Confidential Exhibit 7, "Agreement for Sale of Utility System". Specifically, refer to marked section 6. B. Is it the Company's intention to remove the escrow balances liability from this transaction? If not, confirm that the escrow account will be transferred as part of the sale.

RESPONSE:

1-13. Refer to the Joint Application, specifically Exhibit 19, "List of Plant-in-Service Accounts". Indicate whether such balances reflect the values associated with DSH prior to the acquisition, or whether such amounts reflect the planned accounting entries to record the acquisition.

RESPONSE:

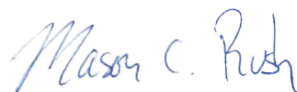
1-14. State whether, in the opinion of Limestone, the DSH system is distressed. If so, provide support for this opinion.

RESPONSE:

1-15. State whether Limestone is willing to commit to record all assets and liabilities of DSH at their net book value.

RESPONSE:

RESPECTFULLY SUBMITTED,



MASON C. RUSH (BPR No. 039471)

Assistant Attorney General

KAREN H. STACHOWSKI (BPR No. 019607)

Senior Assistant Attorney General

Office of the Tennessee Attorney General

Consumer Advocate Division

P.O. Box 20207

Nashville, Tennessee 37202-0207

Phone: (615) 741-2357

Fax: (615) 741-8151

Email: mason.rush@ag.tn.gov

Email: karen.stachowski@ag.tn.gov

In re: Limestone / DSH & Associates

TPUC Docket No. 23-00016

Consumer Advocate's Informal First Discovery Requests to Limestone/CSWR

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:

Melvin Malone
Katherine Barnes
Butler Snow LLP
The Pinnacle at Symphony Place
150 Third Avenue South, Suite 1600
Nashville, TN 37201
Phone: (615) 651-6700
Email: Melvin.Malone@butlersnow.com
Email: Katherine.Barnes@butlersnow.com

On this the 22nd day of May 2023.



MASON C. RUSH
Assistant Attorney General