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July 12, 2023

VIA ELECTRONIC FILING

Electronically Filed in TPUC Docket
Room on July 12, 2023 at 12:11 p.m.

Hon. Herbert H. Hilliard, Chairman
c/o Ectory Lawless, Docket Room Manager
Tennessee Public Utility Commission
502 Deaderick Street, 4th Floor
Nashville, TN 37243
TPUC.DocketRoom@tn.gov

RE: *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*
TPUC Docket No. 23-00016


Dear Chairman Hilliard:

Attached for filing please find *DSH & Associates, LLC's Responses to Second Set of Discovery Requests of the Consumer Advocate* in the above-captioned matter.

As required, the original plus four (4) hard copies will be mailed to your office. Should you have any questions concerning this filing, or require additional information, please do not hesitate to contact me.

Very truly yours,

BUTLER SNOW LLP



Melvin J. Malone

clw

Attachments

cc: Doug Hodge, DSH & Associates
Russ Mitten, Limestone Water Utility Operating Company
Karen H. Stachowski, Consumer Advocate Division
Mason C. Rush, Consumer Advocate Division

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**BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION
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)	

**DSH & ASSOCIATES, LLC’S RESPONSES TO
SECOND SET OF DISCOVERY REQUESTS OF THE CONSUMER ADVOCATE**

DSH & Associates, LLC (“DSH”), by and through counsel, hereby submits its Responses to Second Set of Discovery Requests propounded by the Consumer Advocate Division of the Attorney General’s Office (“Consumer Advocate”).

GENERAL OBJECTIONS

1. DSH objects to all requests that seek information protected by the attorney-client privilege, the work-product doctrine and/or any other applicable privilege or restriction on disclosure.

2. DSH objects to the definitions and instructions accompanying the requests to the extent the definitions and instructions contradict, are inconsistent with, or impose any obligations beyond those required by applicable provisions of the Tennessee Rules of Civil Procedure or the rules, regulations, or orders of the Tennessee Public Utility Commission (“TPUC” or “Authority”).

3. The specific responses set forth below are based on information now available to DSH, and DSH reserves the right at any time to revise, correct, add to or clarify the objections or responses and supplement the information produced.

4. DSH objects to each request to the extent that it is unreasonably cumulative or duplicative, speculative, unduly burdensome, irrelevant or seeks information obtainable from some other source that is more convenient, less burdensome or less expensive.

5. DSH objects to each request to the extent it seeks information outside DSH's custody or control.

6. DSH's decision, now or in the future, to provide information or documents notwithstanding the objectionable nature of any of the definitions or instructions, or the requests themselves, should not be construed as: (a) a stipulation that the material is relevant or admissible, (b) a waiver of DSH's General Objections or the objections asserted in response to specific discovery requests, or (c) an agreement that requests for similar information will be treated in a similar manner.

7. DSH objects to those requests that seek the identification of "any" or "all" documents or witnesses (or similar language) related to a particular subject matter on the grounds that they are overbroad and unduly burdensome and exceed the scope of permissible discovery.

8. DSH objects to those requests that constitute a "fishing expedition," seeking information that is not relevant or reasonably calculated to lead to the discovery of admissible evidence and is not limited to this matter.

9. DSH does not waive any previously submitted objections to the Consumer Advocate's discovery requests.

RESPONSES

- 2-1.** Refer to the Company’s response to Consumer Advocate DR No. 1-1. Specifically, refer to the “Income Statement” (on pdf page 120 of 183) included in the “DSH 2022 Annual Report” and provide answers to the following:
- a. Provide a narrative response detailing the source and reasoning for booking \$4,857,968 in nonutility income; and
 - b. Provide a narrative response detailing the source and reasoning for booking \$4,614,141 in misc. nonutility expenses.

RESPONSE: The Lakeside Estates Treatment System, which is proposed as the asset transfer, only represents approximately \$50K of revenue for DSH & Associates, LLC annually. DSH conducts other non-utility business representing the majority of the \$4.857M Revenue. The difference in the \$4,857,968 and the \$4,614,141 represents DSH Net Income.

- 2-2.** Refer to the Company’s response to Consumer Advocate DR No. 1-3. Specifically, refer to “Attachment 1.3.” The “Lakeside Expansion Escrow” account went from a balance of \$110,528 (pdf page 149 of 183) to \$22,764 (pdf page 152 of 183). Provide a listing of the expenditures funded by Escrow during the year ending 2022. Additionally, provide a listing of any expenditures funded by Escrow during the years ending 2020 and 2021.

RESPONSE: The difference in the Lakeside Expansion Escrow accounts from 2021 and 2022 is due to expanding the treatment system in 2022 by adding 4 large drip fields. The cost of this expansion was approximately \$90K. In addition, DSH collected tap fees in 2022 which were placed into the Lakeside Expansion Escrow account. DSH jointly operates this account with the Developer of Lakeside Estates. Any expenditures from this account are

jointly approved. Attachment 2-2 has all transactions in and out of the Lakeside Escrow Account from 2020 – 2023 (current balance of approximately \$31K). It is DSH’s intent to transfer all funds as part of this sale to Limestone. DSH has also collected \$12.5K in tap fees in 2023. The updated account balance is noted in Attachment 2-2.

- 2-3.** Refer to the Company’s response to Consumer Advocate DR No. 1-3. Provide a narrative response detailing the difference between the two Escrow accounts shown on the “Balance Sheet” pages of “Attachment 1.3” (pdf pages 149 and 152 of 183). The response should describe the intended use for each account along with the source of such funds.

RESPONSE: The response provided in 2-2 provides the intent and use of the account. The basic intent of this account was to collect funds via tap fees to handle future expansion of the wastewater treatment system.

- 2-4.** Refer to the Company’s response to Consumer Advocate DR No. 1-5. Specifically, refer to “Attachment 1.5” and “Lakeside Estates Capital Expenditures” (pdf page 177 of 183). The Consumer Advocate notes that the entry entitled “WWTP Expansion” contains a future date of “8/14/23”. Provide the actual date of this expenditure.

RESPONSE: The 8/14/23 was an error. The correct date is 8/14/22. The work was completed in 2022. The corrected sheet outlining the Capital Expenditures is included as Attachment 2-4.

- 2-5.** Refer to the Company’s response to Consumer Advocate DR No. 1-5. Specifically, refer to “Attachment 1.5” and “Lakeside Estates Capital Expenditures” (pdf page 177 of 183). Provide the source of capital for these expenditures. Additionally, confirm that no Escrow funds were used for any of the shown capital expenditures.

RESPONSE: All the capital expenditures provided on page 177 and Attachment 2-4 came from the Lakeside Estates Expansion Escrow. No equipment escrow funds were used to fund the expansion work.

2-6. Refer to the Company's responses to Consumer Advocate DR Nos. 1-3 and 1-9 (referred to by the Company as DR No. 1-7). Reconcile the difference in the Escrow balances presented in both files (presented below):

Source:	Escrow Balances, 2022
Attachment 1-3	\$59,148
Attachment 1-7	\$10,629
Difference:	\$48,519

RESPONSE: The \$59,148 is the value of Lakeside Checking Account in 2021. The \$10,629 is the account balance in Lakeside Equipment Escrow Account.

2-7. Refer to the Company's responses to Consumer Advocate DR Nos. 1-9 and 1-13 (referred to by the Company as DR Nos. 1-7 and 1-11, respectively). Provide the Company's rationale for retaining the funds currently held in escrow.

RESPONSE: After submitting our DR response, DSH has modified its original position in regards to retaining escrow funds. DSH now proposes to transfer funds from both the Lakeside Equipment Escrow (\$10,629) and Lakeside Expansion Escrow to Limestone. However, DSH has scheduled a pump replacement in one of the booster stations for the end of July with an anticipated cost of approximately \$7K. We are in the process of submitting to TPUC an approval request for those expenditures and will provide the parties in this matter with copies of the TPUC's approval. DSH will also update the account balances.

2-8. Refer to the Company's responses to Consumer Advocate DR Nos. 1-9 and 1-13 (referred to by the Company as DR Nos. 1-7 and 1-11, respectively). Confirm that the use of escrow

“is a means by which ratepayers can prepay the costs of non-routine system maintenance[.]”¹ If not confirmed, provide the Company’s understanding of escrow.

RESPONSE: Please see our response 2-7, in which DSH has modified its earlier position.

2-9. Refer to TPUC Rule 1220-04-13-.07(7) (effective December 4, 2018), which states in part that a “utility must first receive authorization from the Commission via approved petition or, in emergency situations, authorization in writing from the Chairman of the Commission upon written request by a representative of the utility to use [escrow] funds.” Provide the following:

- a. Documentation of every request by the Company to the Commission for authorization to use escrow funds since December 4, 2018; and
- b. Documentation of every instance of Commission approval of the Company’s use of escrow funds since December 4, 2018.

RESPONSE: Unfortunately, DSH did not become aware of the TPUC Rule 1220-04-13-.07(7) until April of 2023. At that time, DSH communicated its oversight to TPUC and reviewed the expenditures for the last couple of years with TPUC. Also, DSH notes that its annually reports, which are filed with the Commission, delineate the use of funds annually. This delineation is outlined in the cover letter that is part of our annual report submittal. In addition, all bank account balances are included with annual report. As we are now aware of this rule, we are submitting to the Commission an approval request for the booster station pump replacement in the next two weeks.

¹ *Final Order Approving Rate Petition*, at 11, TRA Docket No. 11-00162 (May 16, 2012).

ATTACHMENT 2-2

Lakeside Estates Expansion Escrow Account

received date	Expense	Description	Cost	Bank Balance
1/1/20		Beginning Account Balance		\$ 130,780.00
1/2/20	Tap Fee	679 Waterfront Trail - Lot 67 - Thorbahn's	\$ 6,250.00	\$ 137,030.00
2/12/20	WWTP Expansion	Add capacity to WWTP (AX100, pumps, etc)	\$ (42,748.79)	\$ 94,281.21
2/14/20	Tap Fee	192 Ski Lane	\$ 10,000.00	\$ 104,281.21
7/31/21	Tap Fee	659 Waterfront Trail	\$ 6,250.00	\$ 110,531.21
12/6/21	Pump Station Installation	Pump Station Installation service Phase II Development	\$ (25,907.58)	\$ 84,623.63
7/6/22	Tap Fee	728/734 Waterfront Trail	\$ 6,250.00	\$ 90,873.63
7/6/22	Tap Fee	709/685 Waterfront Trail	\$ 7,500.00	\$ 98,373.63
7/6/22	Tap Fee	216 Ski Lane Installation of 4 new drip fields/outfall sewer	\$ 11,250.00	\$ 109,623.63
8/14/22	WWTP Expansion	lines	\$ (90,606.19)	\$ 19,017.44
6/26/23	Tap Fee	113 Pool Drive	\$ 6,250.00	\$ 25,267.44
6/26/23	Tap Fee	125 Pool Drive	\$ 6,250.00	\$ 31,517.44
			\$ 31,517.44	

ATTACHMENT 2-4

Lakeside Estates Capital Expenditures

Date	Expense	Description		Cost
12/27/17	Fence	Install 597 feet of rope fence around treatment plant and drip field areas		\$ (5,970.00)
2/12/20	WWTP Expansion	Add capacity to WWTP (AX100, pumps, etc)		\$ (42,748.79)
12/6/21	Pump Station Installation	To provide service Phase II Development		\$ (25,907.58)
8/14/22	WWTP Expansion	Add 4 drip fields/outfall sewer lines		\$ (90,606.19)
				\$ (165,232.56)

STATE OF Tennessee)

COUNTY OF Knox)

BEFORE ME, the undersigned, duly commissioned and qualified in and for the State and County aforesaid, personally came and appeared Douglas S. Hodge, being by me first duly sworn deposed and said that:

He is appearing as a witness on behalf of DSH & Associates, LLC before the Tennessee Public Utility Commission, and duly sworn, verifies that the data requests and discovery responses are accurate to the best of his knowledge.

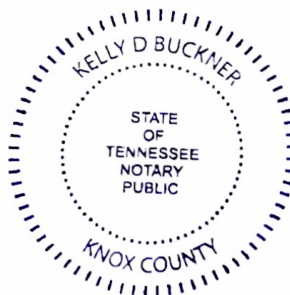
Douglas S. Hodge

Douglas S. Hodge

Sworn to and subscribed before me
this 11th day of July, 2023.

Kelly D. Buckner
Notary Public

My Commission expires: 4/7/26



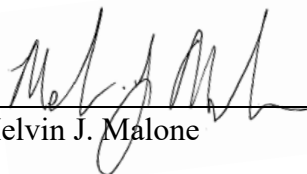
CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served via U.S. Mail or electronic mail upon:

Mason C. Rush
Assistant Attorney General
Office of the Tennessee Attorney General
Consumer Advocate Division
P.O. Box 20207
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This the 12th day of July 2023.



Melvin J. Malone