

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

IN RE:)
)
JOINT APPLICATION OF LIMESTONE)
WATER UTILITY OPERATING)
COMPANY, LLC, AND INTEGRATED)
RESOURCE MANAGEMENT, INC.)
D/B/A IRM UTILITY, INC., FOR)
APPROVAL OF THE ACQUISITION OF)
AND TO OPERATE THE)
WASTEWATER SYSTEM OF)
INTEGRATED RESOURCE)
MANAGEMENT, INC. D/B/A IRM)
UTILITY, INC., AND TO TRANSFER)
OR ISSUE A CERTIFICATE OF
PUBLIC CONVENIENCE AND
NECESSITY

DOCKET NO. 23-00037

**CONSUMER ADVOCATE’S FIRST SET OF
DISCOVERY REQUESTS TO IRM UTILITY, INC.**

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 IRM Utility, Inc. (“IRM” or the “Company”).

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 Karen H. Stachowski, on or before 2:00 p.m. (CDT), September 21, 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," "Seller," or "IRM," shall mean Integrated Resource Management, Inc. d/b/a IRM Utility, Inc. 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) "Limestone" or "Buyer" 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.

(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.

FIRST SET OF DISCOVERY REQUESTS

1-1. Provide a copy of the Company's Balance Sheet at December 31, 2022, 2021, 2020, and 2019.

RESPONSE:

1-2. Provide a copy of the Company's Income Statement at December 31, 2022, 2021, 2020, and 2019.

RESPONSE:

1-3. Provide a copy of the Company's General Ledger at December 31, 2022, 2021, 2020, and 2019.

RESPONSE:

1-4. Identify the amount and date of any capital expenditures funded by IRM owner(s) since 2012.

RESPONSE:

1-5. Have any escrow funds been used to either fund capital expenditures or operate the system being sold to Limestone? If yes, provide the amounts and dates of the escrow fund expenditures and provide an explanation as to the use of the escrow funds.

RESPONSE:

1-6. List all IRM's assets to be transferred to Limestone. Additionally, state which of these assets were contributed to the Company by a third party.

RESPONSE:

1-7. Confirm that IRM paid \$0 for the assets of the Riverstone Estates system.

RESPONSE:

- 1-8.** Refer to the Petition, CONFIDENTIAL Exhibit 22, IRM Customers by Class. Is the [REDACTED] identified as a commercial customer without food service; a commercial customer with campgrounds; or a commercial customer with food service? Are there any other commercial customers for the River Estates wastewater system? Identify these customers and customer types (i.e., food service, non-food service, etc.).

RESPONSE:

- 1-9.** Refer to the Petition, Exhibit 21, IRM Tariff, TRA Tariff No.1, § 4, Section Revised Page 1. Confirm that the current residential rate of \$58.11 for Riverstone Estates includes an amount of \$10.13 which is placed in the Company's escrow account.

RESPONSE:

- 1-10.** Refer to the Petition, Exhibit 21, IRM Tariff, TRA Tariff No.1, § 6, Second Revised Page 1. Confirm that IRM, under its Commercial Rate (without food service), assesses a monthly escrow charge which is set by "expected design flow."

RESPONSE:

- 1-11.** Refer to the Petition, Exhibit 21, IRM Tariff, TRA Tariff No.1, § 6, Original Page 1.2. Confirm that IRM, under its Commercial Rate (campgrounds), assesses a monthly escrow charge of \$199.64, which is placed in the Company's escrow account.

RESPONSE:

- 1-12.** Refer to the Petition, Exhibit 21, IRM Tariff, TRA Tariff No.1, § 6, Second Revised Page 2, and Exhibit 31. Confirm that IRM, under its Commercial Rate (with food service), assesses a monthly escrow charge which is set by “expected design flow.”

RESPONSE:

- 1-13.** Refer to the Petition, Exhibit 21, IRM Tariff, TRA Tariff No.1, § 4, First Revised Page 2 (Residential); IRM Tariff, TRA Tariff No.1, § 6, Original Page 1 (Commercial without food); IRM Tariff, TRA Tariff No.1, § 6, Original Page 1.2 (Campground); IRM Tariff, TRA Tariff No.1, § 6, First Revised Page 2.1 (Commercial with food); and Exhibit 31, Confirm that IRM assesses an excess water surcharge for both its residential and commercial customers. Provide the dates and the customer name for which IRM has assessed an excess water surcharge in the past three years.

RESPONSE:

- 1-14.** Refer to the Petition, Exhibit 21, IRM Tariff, TRA Tariff No.1, § 4, First Revised Page 2 (Residential); IRM Tariff, TRA Tariff No.1, § 6, Original Page 1 (Commercial without food); IRM Tariff, TRA Tariff No.1, § 6, Original Page 1.2 (Campground); and IRM Tariff, TRA Tariff No.1, § 6, First Revised Page 2.1 (Commercial with food). Confirm that IRM assesses a “financial security surcharge” of \$2.87 for residential and commercial customers.

RESPONSE:

- 1-15.** Provide the number of customers paying the sewer system an access fee, by month, for the period January 2018-current.

RESPONSE:

1-16. Identify any Paid-in-Capital provided by ownership to the Company by year for the period 2018 – 2023.

RESPONSE:

1-17. Confirm that IRM holds Security Deposits from its customers.

RESPONSE:

1-18. Provide the amount of Security Deposits currently held by IRM.

RESPONSE:

1-19. Confirm that the Security Deposits currently held by IRM for customers residing at Riverstone Estates will be transferred as part of the sale. If not confirmed, provide the Company's rationale for not transferring the held Security Deposits.

RESPONSE:

1-20. Refer to the Petition, Exhibit 9, Direct Testimony of Josiah Cox at 16:16 – 17:2. Respond to the following:

- (a) Has the Company taken any action to address the Notice of Violation ("NOV") dated January 4, 2022 and issued by the Tennessee Department of Environment and Conservation ("TDEC")? If so, provide a listing of all actions taken along with their respective costs and funding sources.
- (b) Provide copies of correspondence (including emails) with the TDEC related to the January 4, 2022 NOV.
- (c) Provide copies of any additional informal enforcement such as NOV, notices of non-compliance or issues of concern regarding IRM's Riverstone Estates' wastewater system.

RESPONSE:

- 1-21.** Refer to Petition, Exhibit 7, Sales Agreement. Confirm that the escrow account associated with Riverstone Estates' will be transferred as part of the sale. Additionally, provide the Company's calculation determining the amount of escrowed funds that will be transferred.

RESPONSE:

- 1-22.** Provide the amount currently held in the escrow account that will be transferred as part of the transaction and explain how this amount was determined.

RESPONSE:

- 1-23.** Refer to Petition, Exhibit 7, Sales Agreement. Does the Company have Exhibits A-D of the Sales Agreement? If so, provide them.

RESPONSE:

- 1-24.** Provide a copy of all appraisals relied upon by IRM 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:

[Intentionally Blank – Signature Page Follows]

In re: Limestone / IRM Utility, Inc.

TPUC Docket No. 23-00037

Consumer Advocate's First Set of Discovery Requests to IRM

RESPECTFULLY SUBMITTED,



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Deputy Attorney General

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In re: Limestone / IRM Utility, Inc.

TPUC Docket No. 23-00037

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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
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Charles B. Welch, Jr.
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414 Union St., Suite 1105
Nashville, TN 37219
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On this the 7th day of September 2023.



KAREN H. STACHOWSKI
Deputy Attorney General