

**BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION
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)	DOCKET NO. 23-00037
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)	

**IRM UTILITY, INC.'S RESPONSES
TO FIRST DISCOVERY REQUESTS OF THE CONSUMER ADVOCATE**

IRM Utility, Inc. ("IRM"), by and through counsel, hereby submits its Responses to the First Discovery Requests propounded by the Consumer Advocate Division of the Attorney General's Office ("Consumer Advocate").

GENERAL OBJECTIONS

1. IRM 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. IRM 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 IRM, and IRM reserves the right at any time to revise, correct, add to or clarify the objections or responses and supplement the information produced.

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

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

RESPONSES 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: The information required to complete the response to this request is held by the Company's accountant. The information currently available to the Company is attached as Confidential Exhibit number 1. This response will be supplemented as additional information becomes available.

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

RESPONSE: See Response to request 1-1.

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

RESPONSE: See Response to request 1-1.

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

RESPONSE: For the purpose of the response to this request, the Company assumes the request is directed at capital expenditures for the faculties subject to the acquisition. Based upon this assumption, there have been no such expenditures.

- 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: The company has not used any escrow funds for capital expenditures or operational expenses.

- 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: Company assets subject to transfer have been previously identified by Limestone, such identification is adopted by IRM.

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

RESPONSE: Confirmed as to the initial acquisition costs.

- 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: There are no customers providing food service. Approximately 90% of Riverstone customers are Residential. There are a few short-term rental properties, however, the identity of these properties is not readily available to the Company. The Company will research this information and provide a supplemental 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: Confirmed.

- 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: IRM Utility utilizes flat fee billing for Residential, while commercial "rental cabins/homes" are billed based on bedroom counts at a higher rate than the standard residential rate of \$58.11.

- 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: This is not accurate. Riverstone is not a campground, rather a subdivision with mostly Residential customers. The few "commercial rentals" are mostly small 2-3 bedroom homes with monthly rates of approximately \$114.64 and monthly escrow payments of approximately \$20.00.

- 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: See answer to request 1-8.

- 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: IRM customer's monthly utility billing is based solely on bedroom counts.

- 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: A response to this request will require further research. A supplemental response will be provided upon completion of said research.

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

RESPONSE: See response to request 1-14.

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

RESPONSE: None

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

RESPONSE: Confirmed as to customers for which the deposit has not been waived.

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

RESPONSE: See response to request 1-14.

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: See response to request 1-14. The total of security deposits held by the company is miniscule.

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:

- (a) Yes, please refer to documents previously filed in this Docket.
- (b) This was a minor infraction and there is no correspondence available to the Company.
- (c) There have been no other non-compliance issues.

- 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: The provisions of the Sale Agreement speaks for itself. The calculation of the amount of escrowed funds subject to transfer has not been completed. A supplemental response will be provided upon completion.

- 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: See response to request 1-21.


- 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: The Company does not have readily available access to the documents requested and would defer to Limestone to confirm the existence and authenticity of same.

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: To the best of the Company's information and belief there have been no such appraisals.

Respectfully Submitted,

A handwritten signature in black ink, reading "Charles B. Welch, Jr.", with a horizontal line underneath.

Charles B. Welch, Jr.
Farris Bobango PLC
414 Union St., Suite, 1105
Nashville, TN 37219
cwelch@farris-law.com
Attorney for IRM Utility

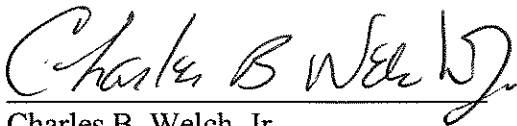
CERTIFICATE OF SERVICE

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:

Karen H. Stachowski
Deputy Attorney General
Vance I. Broemel
Senior Assistant Attorney
General Office of the Tennessee Attorney General
Consumer Advocate Division
P.O. Box 20207
Nashville, Tennessee 37202-0207
Phone: (615) 741-2370
Fax: (615) 741-8151
Email: Karen.Stachowski@ag.tn.gov
Email: Vance.Broemel@ag.tn.gov

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 29th day of September 2023.


Charles B. Welch, Jr.