

**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 SECOND 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 General ("Consumer Advocate"), by and through counsel, propounds the following discovery requests to Limestone Water Utility Operating Company, LLC ("Limestone" 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 Shilina B. Brown, on or before 2:00pm (Central Time), October 13, 2023. The Preliminary Matters and Definitions set forth in the Consumer Advocate's First Set of Discovery Requests are hereby incorporated by reference as if fully restated herein.

SECOND SET OF DISCOVERY REQUESTS

- 2-1.** Refer to the company's response to Consumer Advocate DR No. 1-10. Additionally, refer to <Confidential Exhibit 22>. Is it the Company's contention that [REDACTED] is not a commercial customer.

RESPONSE:

- 2-2.** Refer to Petition, Exhibit 7, Sales Agreement. Please provide Exhibits A-D of the Sales Agreement.

RESPONSE:

- 2-3.** Refer to the Company's <Exhibit 30- Pro forma accounting entries>. Additionally, refer to the Data Response Filed On Behalf Of Jeffrey Cox, President Of Integrated Resource Management, Inc in TPUC Docket No. 09-00099. Specifically, refer to the response to Attachment A, section 2. Financial Requirements. Given the information provided in <Attachment A>, is it the Company's contention that the system in question was not fully paid for by the developer?

RESPONSE:

- 2-4.** Refer to the Company's response to Consumer Advocate DR No. 1-14. Please provide Limestone's rationale for not continuing the excess water usage surcharge.

RESPONSE:

- 2-5.** The Application indicates that Limestone and CSWR are willing and able to invest capital necessary to keep the System in compliance with applicable law. Further, the Company indicates that the affiliate group, of which Limestone and CSWR are part, has access to capital adequate to make necessary upgrades and improvements to the System and to

continue to operate that System in a manner that is in the public interest and complies with applicable statutes, rules, and regulations. Please provide evidence of the financial viability of the ultimate entity providing financing to CSWR and evidence that its affiliate group has the financial capability to finance any necessary improvements to the System.

RESPONSE:

2-6. Identify all entities providing financing to CSWR.

RESPONSE:

2-7. Regarding the response to Consumer Advocate DR No. 1-7, identify specifically how the Company intends to assign Operating and Maintenance contractor costs to the IRM system.

RESPONSE:

2-8. Refer to the response to Consumer Advocate DR No. 1-9. Please confirm that the Company will not amortize the transferred escrow balances.

RESPONSE:

2-9. Refer to the Supplemental response to Consumer Advocate DR No. 1-18(c), where the Company indicates that the incremental O&M associated with the acquisition to be \$30,000. Regarding this response, provide the following:

- a. Provide the underlying calculations supporting this estimated level of incremental O&M costs associated with this transaction.
- b. Explain how such an increase in O&M costs could result in affordable rates when applied to the 33 customers of IRM.
- c. Identify the existing annualized third-party contractor costs for Limestone, both without consideration of the IRM acquisition and separately considering the IRM acquisition. Provide the underlying calculation supporting this response.

RESPONSE:

In re: Limestone/IRM

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Consumer Advocate's Second Set of Discovery Requests to Limestone/CSWR

2-10. The response to Consumer Advocate DR No. 1-19 is non-responsive. Please provide an analysis estimating the impact of CSRW overhead costs allocated to Limestone as a result of the proposed transaction.

RESPONSE:

2-11. Refer to <Exhibit 24> of the Application and respond to the following questions:

- a. Identify which tasks identified in this exhibit are required to address any outstanding Notice of Violations from TDEC.
- b. Provide a comprehensive explanation addressing the affordability of the recovery of the revenue requirement associated with capital investments of 215,000 spread across a customer base of 33 customers in addition to the ongoing operating costs necessary to operate the system.

RESPONSE:

RESPECTFULLY SUBMITTED,



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In re: Limestone/IRM

TPUC Docket No. 23-00037

Consumer Advocate's Second Set of 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:

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On this the 2nd day of October 2023.



SHILINA B. BROWN
Assistant Attorney General