

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

<b>IN RE:</b>	)	
	)	
<b>JOINT APPLICATION OF LIMESTONE</b>	)	
<b>WATER UTILITY OPERATING</b>	)	
<b>COMPANY, LLC, SUNSET COVE</b>	)	
<b>CONDOMINIUM HOA OF NORRIS</b>	)	
<b>LAKE, INC. AND COMMERCIAL</b>	)	<b>DOCKET NO. 23-00070</b>
<b>BANK FOR APPROVAL OF THE</b>	)	
<b>ACQUISITION OF AND TO OPERATE</b>	)	
<b>THE WASTEWATER SYSTEM OF</b>	)	
<b>SUNSET COVE CONDOMINIUM HOA</b>	)	
<b>OF NORRIS LAKE, INC. AND</b>	)	
<b>COMMERCIAL BANK AND TO ISSUE</b>	)	
<b>A CERTIFICATE OF PUBLIC</b>	)	
<b>CONVENIENCE AND NECESSITY</b>	)	

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

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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 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 Shilina B. Brown, on or before 2:00 p.m. (CDT), November 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," "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) "Sunset Cove," "Commercial Bank" or "Seller" shall mean Sunset Cove Condominium HOA of Norris Lake, Inc. and Commercial Bank 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.** Refer to the Joint Application at page 11. Provide a comprehensive discussion on why the Company proposes to use the tariff rates established for DSH?

**RESPONSE:**

- 1-2. Refer to the Joint Application at page 10. Provide any documentation concerning the current recorded value of the system in the Company's possession.

**RESPONSE:**

- 1-3. Refer to Exhibit 30 – Pro forma Accounting Entries. Provide answers to the following:
- a) Since there are no account balances shown within the proposed entries, does the Company intend to restate the account balances regarding this system at a later date?

**RESPONSE:**

- 1-4. Refer to Appendix A, part 2, (e)(4). Why does the Company propose to use the depreciation rates of IRM?

**RESPONSE:**

- 1-5. Refer to Appendix A, part 3, (d). How did the Company determine that none of the assets were contributed?

**RESPONSE:**

- 1-6. Refer the Direct Testimony of Josiah Cox, pages 13-14. How does the Company handle individual customers? How will individual customers be billed if the HOA will be issued a flat rate for service to individual customers?

**RESPONSE:**

- 1-7. Refer the Direct Testimony of Josiah Cox, pages 16-17. Provide a detailed cost estimate of the anticipated capital expenditures discussed by Mr. Cox.

**RESPONSE:**

**1-8.** Refer the Direct Testimony of Josiah Cox, pages 18-19 and provide answers to the following:

- a) Is the Company proposing to charge the escrow rate of \$10.24 included within the DSH rate?
- b) If the Company is proposing to charge an escrow rate in this proceeding, explain the intended purpose the fund and the ultimate use of the funds.
- c) Does the Company intend to charge this proposed rate by a multiplier based on the number of condominium units?
- d) Does the Company intend to charge the other fees contained within the DSH tariff?

**RESPONSE:**

**1-9.** Confirm that Limestone intends to maintain separate accounting records for the Sunset Cove system such that the assets, liabilities, revenues, and expenses incurred in operating the system will be separately identifiable from the financial results of other Limestone operating systems.

**RESPONSE:**

**1-10.** Refer to the Joint Application, Direct Testimony of Josiah Cox at 13:12-22. Specifically, refer to his discussion of the use of third-party contractors to provide Operating and Maintenance services on behalf of Limestone and provide the following:

- a) Identify the entity(ies) providing third-party Operating and Maintenance services to Limestone's existing systems;
- b) Provide the annualized cost of such services based upon the current contract in effect; and
- c) Provide the estimated annual incremental Operating and Maintenance cost accruing to Limestone from this acquisition.
- d) Provide copies of all third-party contracts for Operating and Maintenance services.

**RESPONSE:**

- 1-11.** Explain and describe the extent to which Limestone (including all affiliates) reviewed the accounting practices and records regarding the Sunset Cove system as part of the due diligence performed before entering into the purchase agreement with the Sellers and explain if Limestone agrees with those accounting practices.

**RESPONSE:**

- 1-12.** Confirm that Limestone affiliates support rate consolidation among its individual operating systems when proposing rate changes at state regulatory agencies. If this is not confirmed, identify all requests for changing rates in which a Limestone affiliate has supported maintaining separate rate structures among systems within a given state.

**RESPONSE:**

- 1-13.** The Application stated several times that the proposed transaction is in the public interest, including Mr. Cox's testimony at 19:19-21. Does the Company believe that the public interest includes the impact of this transaction on existing Limestone customers?
- a) If so, assume the Company seeks a rate increase incorporating a proposal to consolidate rates among its various operating systems and that Capital Expenditures assumed on Exhibit 21 are placed in service. Explain in this scenario how this transaction is in the public interest from the perspective of existing Limestone customers.
  - b) If the Company does not believe the public interest includes consideration of existing Limestone customers, provide a full explanation supporting this conclusion.

**RESPONSE:**

- 1-14.** Please refer to Exhibit 12 and, specifically, the resume of Jo Anna McMahon wherein her prior experience with CSWR is discussed, including a reference to her work in maintaining

*In re: Limestone / Sunset Cove*

TPUC Docket No. 23-00070

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

regulatory compliance in the states of Louisiana, Kansas and Arkansas. Please identify the scope of CSWR operations in the state of Kansas.

**RESPONSE:**

**RESPECTFULLY SUBMITTED,**



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*In re: Limestone / Sunset Cove*

TPUC Docket No. 23-00070

Consumer Advocate's First 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 7<sup>th</sup> day of November 2023.



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SHILINA B. BROWN  
Assistant Attorney General