

# BUTLER | SNOW

June 7, 2024

Electronically Filed in TPUC Docket  
Room on June 7, 2024 at 1:34 p.m.

**VIA ELECTRONIC FILING**

Hon. Herbert H. Hilliard, Chairman  
c/o Ectory Lawless, Docket Room Manager  
Tennessee Public Utility Commission  
502 Deaderick Street, 4<sup>th</sup> Floor  
Nashville, TN 37243  
[TPUC.DocketRoom@tn.gov](mailto:TPUC.DocketRoom@tn.gov)

**RE: *Joint Application of Limestone Water Utility Operating Company, LLC, and Cumberland Basin Wastewater Systems, LLC, for Approval of the Acquisition of and to Operate the Wastewater System of Cumberland Basin Wastewater Systems, LLC, and to Issue a Certificate of Public Convenience and Necessity, TPUC Docket No. 23-00077***

Dear Chairman Hilliard:

Attached for filing please find *Limestone Water Utility Operating Company, LLC's Responses to the Consumer Advocate's Second Set of Discovery Requests* in the above-referenced docket.

Please note that Attachment DR 2-6 is being submitted **UNDER SEAL** as **CONFIDENTIAL and PROPRIETARY**.

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.

Sincerely,

BUTLER SNOW LLP



Katherine Barnes

Attachments

cc: Russ Mitten, Limestone Water Utility Operating Company, LLC  
Tim Huddleston, Cumberland Basin Wastewater Systems, LLC  
David Woodsmall, Central States Water Resources  
Shilina B. Brown, Consumer Advocate Division  
Victoria B. Glover, Consumer Advocate Division

*The Pinnacle at Symphony Place  
150 3<sup>rd</sup> Avenue South, Suite 1600  
Nashville, TN 37201*

**KATHERINE B. BARNES**  
615.651.6797  
[katherine.barnes@butlersnow.com](mailto:katherine.barnes@butlersnow.com)

*T 615.651.6700  
F 615.651.6701  
[www.butlersnow.com](http://www.butlersnow.com)*

BUTLER SNOW LLP

**BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION  
NASHVILLE, TENNESSEE**

<b>IN RE:</b>	)	
	)	
<b>JOINT APPLICATION OF LIMESTONE</b>	)	
<b>WATER UTILITY OPERATING</b>	)	
<b>COMPANY, LLC, AND CUMBERLAND</b>	)	
<b>BASIN WASTEWATER SYSTEMS, LLC,</b>	)	
<b>FOR APPROVAL OF THE</b>	)	<b>DOCKET NO. 23-00077</b>
<b>ACQUISITION OF AND TO OPERATE</b>	)	
<b>THE WASTEWATER SYSTEM OF</b>	)	
<b>CUMBERLAND BASIN WASTEWATER</b>	)	
<b>SYSTEMS, LLC, AND TO ISSUE A</b>	)	
<b>CERTIFICATE OF PUBLIC</b>	)	
<b>CONVENIENCE AND NECESSITY</b>	)	

---

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

---

Limestone Water Utility Operating Company, LLC (“Limestone”), by and through counsel, hereby submits its Responses to the Second Set of Discovery Requests propounded by the Consumer Advocate Division of the Attorney General’s Office (“Consumer Advocate”).

**GENERAL OBJECTIONS**

1. Limestone 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. Limestone 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 “Commission”).

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

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

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

## **RESPONSES TO SECOND SET OF DISCOVERY REQUESTS**

**2-1.** Are the assets of Limestone or CSWR secured within any debt agreement? If so, provide a copy of the applicable debt agreement in which the assets of Limestone/CSWR are secured.

**RESPONSE: No.**

**2-2.** Will the assets of Cumberland Basin Water System be secured within any debt agreement automatically as of the date of the acquisition?

**RESPONSE: No.**

**2-3.** Provide a comprehensive explanation identifying the means used by Limestone/CSWR to obtain the information necessary to respond to this request.

**RESPONSE: The Company assumes DR No. 2-3 refers to the requests of DR Nos. 2-1 and 2-2. Neither Limestone nor CSWR has any debt agreement and therefore no additional information is available to provide.**

**2-4.** Identify the individuals and employment titles of those people contacted for purposes of responding to this request.

**RESPONSE: Brent Thies, Vice President & Corporate Controller.**

**2-5.** Refer to the Company's response to Consumer Advocate DR Nos. 1-16, 1-17, and 1-18, is the Company using the same definition of "customer" in response to DR Nos. 1-17 and 1-18 as used in response to DR No. 1-16.

**RESPONSE: Yes, the Company is using the same definition of "customer" in responses to the aforementioned requests. As stated in DR No. 1-16 and in the Direct Testimony of Josiah Cox, Limestone estimates serving an average of 2.5 customers per residential connection. Based on data from the United States Census Bureau, the Company believes that one residential connection services approximately 2.5 customers.**

2-6. Provide the most recent financial statements for the entity providing financing to Limestone/Central States Water.

**RESPONSE:** Please see the attached CONFIDENTIAL “DR 2-6 - 2023 Audited Financials” for CSWR, LLC, which provides financing for Limestone in the form of equity transfers. Central States Water Resources, Inc., is a wholly owned subsidiary of US Water Systems, LLC, and neither Limestone nor CSWR has access to those financial statements.

2-7. Describe in detail the due diligence performed in reviewing the seller’s accounting records.

**RESPONSE:** As stated in Limestone’s response to DR No. 1-4, Limestone requests accounting records, such as annual reports, invoices, and any other supporting documents from the selling utility prior to closing. It is Limestone’s current understanding that Cumberland Basin’s records are not being maintained according to NARUC or GAAP accounting principles. Furthermore, Limestone has reviewed and assessed the annual reports and an escrow banking statement, provided by Cumberland Basin.

2-8. Refer to the response to Consumer Advocate DR No. 1–17, where the Company indicates that the incremental O&M associated with the acquisition to be \$8,000 for customers located in the Bluffs at Cumberland Cove. Regarding this response, provide the following:

- a. Provide the underlying calculations supporting this estimated level of incremental O&M costs associated with this transaction; and
- b. Explain how such an increase in O&M costs could result in affordable rates when applied to the 10 customers currently served by Cumberland Basin in this community.

**RESPONSE:**

- a. The \$8,000 incremental O&M cost is the estimated annual O&M contract cost to add a system of this size and in this geographic location. Limestone has projected that the annual cost of adding Cumberland Basin, both the Bluffs at Cumberland Cove and Genesis Village, to its current O&M contract is approximately \$45,582. From there, Limestone applied an allocation factor, based on the connection count of the Bluffs at Cumberland Cove, of 18.42%. Thus, coming to the conclusion that the incremental O&M associated with the acquisition would be approximately \$8,000.
- b. As reflected in Exhibit 21, the wastewater rates for Cumberland Basin have not changed since November 2016. As such, current rates do not reflect current cost of service, including O&M costs. The Company expects that O&M costs will increase

as Limestone brings professional operations and maintenance to the Bluffs at Cumberland Cove system. Therefore, customers and the environment in which the Bluffs at Cumberland Cove system operates will see benefits associated with the professional O&M services as well as this incremental O&M cost increase. That said, however, the Company intends to seek statewide consolidation of rates at such time as it seeks a rate increase. If approved, statewide consolidated rates would mitigate the impact on Cumberland Basin customers of the increase in O&M costs. In addition, Limestone's acquisition of Cumberland Basin provides customers with the benefit of economies of scale associated with consolidating the system with the other systems owned and operated by Limestone. The benefit of this expertise encourages enhanced operational capability, reliability, and a mitigation of the risks posed by historically substandard operational practices of prior operators or significant and unexpected maintenance issues that could easily overwhelm small, independent systems like those the Company has acquired. In addition, Limestone's access to capital would enable it to finance upgrades and improvements to these systems that ensure they are able to provide safe and reliable service to customers and comply with all health, safety, and environmental laws.

- 2-9. Refer to the response to Consumer Advocate DR No. 1–18, where the Company indicates that the incremental O&M associated with the acquisition to be \$37,000 for customers located Genesis Village. 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 31 customers currently served by Cumberland Basin in this community.

**RESPONSE:**

- a. The \$37,000 incremental O&M cost is the estimated annual O&M contract cost to add a system of this size and in this geographic location. Limestone has projected that the annual cost of adding Cumberland Basin, both the Bluffs at Cumberland Cove and Gennesis Village, to its current O&M contract is approximately \$45,582. From there, Limestone applied an allocation factor, based on the connection count of the Genesis Village, of 81.58%. Thus, coming to the conclusion that the incremental O&M associated with the acquisition would be approximately \$37,000.
- b. As reflected in Exhibit 21, the wastewater rates for Cumberland Basin have not changed since November 2016. As such, current rates do not reflect current cost of service including O&M costs. The Company expects that O&M costs will increase as Limestone brings professional operations and maintenance to the Genesis Village system. Therefore, customers and the environment in which the Genesis Village

system operates will see benefits associated with the professional O&M services as well as this incremental O&M cost increase. That said, however, the Company intends to seek statewide consolidation of rates at such time as it seeks a rate increase. If approved, statewide consolidated rates would mitigate the impact on Cumberland Basin customers of the increase in O&M costs. In addition, Limestone's acquisition of Cumberland Basin provides customers with the benefit of economies of scale associated with consolidating the system with the other systems owned and operated by Limestone. The benefit of this expertise encourages enhanced operational capability, reliability, and a mitigation of the risks posed by historically substandard operational practices of prior operators or significant and unexpected maintenance issues that could easily overwhelm small, independent systems like those the Company has acquired. In addition, Limestone's access to capital would enable it to finance upgrades and improvements to these systems that ensure they are able to provide safe and reliable service to customers and comply with all health, safety, and environmental laws.

Respectfully submitted,



---

Melvin Malone  
Katherine Barnes  
Butler Snow LLP  
The Pinnacle at Symphony Place  
150 Third Avenue South, Suite 1600  
Nashville, TN 37201  
Office: (615) 651-6700  
[Melvin.Malone@butlersnow.com](mailto:Melvin.Malone@butlersnow.com)  
[Katherine.Barnes@butlersnow.com](mailto:Katherine.Barnes@butlersnow.com)

David L. Woodsmall  
MBE #40747  
Central States Water Resources, Inc.  
1630 Des Peres Road, Suite 140  
Des Peres, MO 63131  
[dwoodsmall@cswrgroup.com](mailto:dwoodsmall@cswrgroup.com)


*Attorneys for Applicant Limestone Water Utility  
Operating Company, LLC*

STATE OF MISSOURI )

COUNTY OF ST. LOUIS )

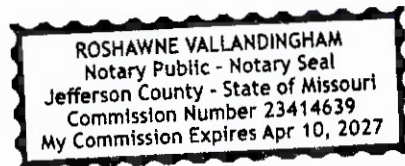
BEFORE ME, the undersigned, duly commissioned and qualified in and for the State and County aforesaid, personally came and appeared Brent Thies, being by me first duly sworn deposed and said that:

He is appearing as a witness on behalf of Limestone Water Utility Operating Company, 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.

  
Brent Thies

Sworn to and subscribed before me  
this 6<sup>th</sup> day of June, 2024.

  
Notary Public



My Commission expires: 04-10-2027

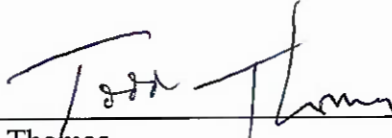


STATE OF MISSOURI        )


COUNTY OF ST. LOUIS     )

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

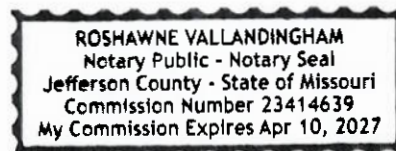
He is appearing as a witness on behalf of Limestone Water Utility Operating Company, LLC before the Tennessee Public Utility Commission, and duly sworn, verifies that the data requests and discovery responses are accurate to the best of his knowledge.

  
\_\_\_\_\_  
Todd Thomas

Sworn to and subscribed before me  
this 6<sup>th</sup> day of JUNE, 2024.

  
\_\_\_\_\_  
Notary Public

My Commission expires: 04-10-2024



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:

Shilina B. Brown, Esq.  
Assistant Attorney General  
Office of the Tennessee Attorney General  
Consumer Advocate Division  
P.O. Box 20207  
Nashville, TN 37202-0207  
[Shilina.Brown@ag.tn.gov](mailto:Shilina.Brown@ag.tn.gov)

Victoria B. Glover, Esq.  
Assistant Attorney General  
Office of the Tennessee Attorney General  
Consumer Advocate Division  
P.O. Box 20207  
Nashville, TN 37202-0207  
[Victoria.Glover@ag.tn.gov](mailto:Victoria.Glover@ag.tn.gov)

This the 7<sup>th</sup> day of June, 2024.

  
\_\_\_\_\_  
Katherine Barnes