

# BUTLER | SNOW

November 8, 2024

**VIA ELECTRONIC FILING**

Hon. David Jones, 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)

Electronically Filed in TPUC Docket  
Room November 8, 2024 at 2:33 p.m.

**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 Jones:

Attached for filing please find the *Pre-Filed Direct Testimony of Aaron Silas Adopting the Pre-Filed Direct Testimony of Josiah Cox* in the above-captioned matter.

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

clw

Attachment

cc: Russ Mitten, Limestone Water Utility Operating Company, LLC  
Tim Huddleston, Cumberland Basin Wastewater Systems, LLC  
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**

**IN 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**

**DOCKET NO. 23-00077**

---

**PRE-FILED DIRECT TESTIMONY OF AARON SILAS  
ADOPTING PRE-FILED DIRECT TESTIMONY OF JOSIAH COX**

---

**Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

A. My name is Aaron Silas. My business address is 1630 Des Peres Road, Suite 140, St. Louis Missouri, 63131.

**Q. PLEASE DESCRIBE CSWR, LLC, AND LIMESTONE WATER UTILITY OPERATING COMPANY.**

A. CSWR, LLC (“CSWR”) is a holding company that currently indirectly owns utility operating companies in 11 states. Limestone Water Utility Operating Company, LLC (“Limestone Water” or “Company”) is the CSWR-affiliated utility operating company in Tennessee.

**Q. WHAT IS YOUR POSITION WITH CSWR?**

A. I am the Director of Regulatory Operations of CSWR, the affiliated company that has operational oversight over CSWR’s utility operating companies including Limestone

13 Water. I have been employed with CSWR since October 2019 in various roles with  
14 increasing responsibility. My current responsibilities include the oversight of all regulatory  
15 filings including acquisition cases, rate cases, CCN expansions, etc. Additionally, I oversee  
16 the external communications team enabling the company to communicate with  
17 stakeholders regarding operational activities. At the present time, I oversee such activities  
18 for affiliated operating companies providing water or wastewater utility services to  
19 approximately 150,000 connections in Kentucky, Missouri, Arkansas, Tennessee,  
20 Louisiana, Texas, Mississippi, North Carolina, South Carolina, Arizona, and Florida.  
21 CSWR has additional applications pending in most of these states as well as in California  
22 seeking authorization to acquire even more systems and customers. If those applications  
23 are approved, my oversight responsibilities will extend to those additional systems and  
24 customers.

25 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL**  
26 **EXPERIENCE.**

27 A. My education includes a Bachelor of Science in Business Administration as well as a  
28 Master of Business Administration from Southern Illinois University in Edwardsville.  
29 Before joining CSWR, I was engaged in various roles in the finance industry including  
30 roles at U.S. Bank and Stifel Financial.

31 **Q. HAVE YOU BEEN INVOLVED OR ENGAGED IN LIMESTONE DOCKET**  
32 **NO. 23-00077 FROM THE BEGINNING?**

33 A. Yes.

34 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY IN THIS CASE?**

35 A. The purpose of my testimony is to adopt the pre-filed direct testimony previously submitted  
36 in this matter by Josiah Cox supporting the Joint Application filed by Limestone Water  
37 Utility Operating Company, LLC, which seeks Commission approval for Limestone  
38 Water's acquisition of the title to all interests, assets, property, and real estate currently  
39 owned by Cumberland Basin Wastewater Systems, LLC. A copy of Josiah Cox's Pre-Filed  
40 Direct Testimony is attached as **Exhibit 1**.

41 **Q. WHY ARE YOU ADOPTING MR. COX'S PRE-FILED DIRECT TESTIMONY?**

42 A. Although Josiah Cox initially intended to be able to present his pre-filed direct testimony,  
43 a conflict arose, and he is unable to attend the hearing. Therefore, I am adopting his pre-  
44 filed testimony.

45 **Q. ARE YOU FAMILIAR WITH THE PRE-FILED TESTIMONY OF JOSIAH COX?**

46 A. Yes, I have reviewed the testimony of Josiah Cox, including the exhibits, and I am familiar  
47 with its contents.

48 **Q. IF ASKED THE SAME QUESTIONS AS ARE IN THE DIRECT PRE-FILED**  
49 **TESTIMONY OF JOSIAH COX, WOULD YOU ANSWER EACH QUESTION**  
50 **THE SAME?**

51 A. Yes, excepting that our professional and educational backgrounds are different.

52 **Q. DO YOU WISH TO ADOPT THE PRE-FILED TESTIMONY OF JOSIAH COX**  
53 **WITHOUT CHANGES?**

54 A. Yes.

55 No further questions.

# EXHIBIT 1

## DIRECT TESTIMONY

### OF JOSIAH COX

#### LIMESTONE WATER UTILITY OPERATING COMPANY, LLC

#### WITNESS INTRODUCTION

**Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

A. My name is Josiah Cox. My business address is 1630 Des Peres Road, Suite 140, St. Louis Missouri, 63131.

**Q. WHAT IS YOUR POSITION WITH LIMESTONE WATER UTILITY OPERATING COMPANY, LLC (“LIMESTONE” OR “COMPANY”)?**

A. I am President of Limestone. I also am President of CSWR, LLC (“CSWR”), a Limestone affiliate. Later in my testimony I will describe CSWR's relationship to Limestone and discuss the role CSWR would play in Limestone's future operations if the Tennessee Public Utility Commission (the “Commission” or “TPUC”) approves the application at issue in this case.

**Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL EXPERIENCE.**

A. I received a Bachelor of Science with a major in Environmental Science from the University of Kansas. Professionally I have worked at the Kansas state biological survey, where I performed a wildlife habitat study. I then worked at a civil engineering firm where I was involved in various facets of the land development process including permitting, entitlement, civil design, project management, and construction management. I focused mainly on the water and wastewater side of the civil engineering business and participated in every part of that business from waste-load allocation studies (now known as the anti-

1 degradation processes), design, permitting, project management, and construction  
2 management. I also ran the firm's environmental consulting division and was the second  
3 private consultant to submit a water quality impact study in the state of Missouri in 2003.  
4 I joined the engineering firm's executive leadership team and helped run all the firm's  
5 operations.

6 Beginning in 2005, I raised money from a group of investors and formed a full-  
7 service civil engineering, environmental consulting, general contracting, and construction  
8 management firm. I served as the Chief Operating Officer, and finally Chief Executive  
9 Officer. I obtained extensive experience with rural communities in every facet of the water  
10 and wastewater compliance process, including environmental assessment, permitting,  
11 design, construction, operation, and community administration of the actual water and  
12 wastewater (sewerage) systems. The firm performed stream sampling and built waste-load  
13 allocation models to determine receiving water-body protective permit-able effluent  
14 pollutant loads. The firm did full engineering designs of multiple whole community  
15 wastewater and water infrastructure systems, including wells, water distribution, water  
16 treatment, water storage, wastewater conveyance, and wastewater treatment plants, and  
17 taken these designs through federal and state administered permitting processes in  
18 Missouri. The firm also administered the construction of these water and wastewater  
19 systems from green field site selection all the way through system startup and final  
20 engineering sign-off.

21 During this time, I began the Master of Business Administration (MBA) program  
22 at Washington University in St. Louis, from which I graduated in 2007. In addition, starting  
23 in 2008, I took over the operations of an existing rural sewer district, and I was the

1 administrator of this system, where I managed the functioning, testing, and maintenance of  
2 the system; performed the billing, emergency response, accounts payable/accounts  
3 receivable, collections, budgeting, customer service, and public town meetings required to  
4 service the community.

5 In late 2010, after working on several small, failing water and wastewater systems,  
6 I created a business plan to acquire failing systems and to recapitalize and operate those  
7 systems as investor-owned regulated water and wastewater utility companies. In early  
8 2011, I went to the capital markets to raise money to implement my plan. Over a period of  
9 approximately three years, I met with over fifty-two infrastructure investment groups  
10 trying to raise necessary financing. In February 2014, I achieved my goal, and I used the  
11 debt and equity capital I was able to raise to start CSWR. In 2018, I was able to attract an  
12 additional large institutional private equity investor, which allowed me to expand the scope  
13 of my business plan. This new investor is allowing CSWR to form companies for the  
14 purpose of acquiring water and wastewater systems in additional states. Since its formation,  
15 CSWR's affiliates have acquired, and currently are operating, approximately 850 water or  
16 wastewater systems in Missouri, Kentucky, Louisiana, Texas, Tennessee, Mississippi,  
17 North Carolina, South Carolina, Florida, Arizona, and Arkansas.

18 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY IN THIS CASE?**

19 A. The purpose of my testimony is to support the application ("Joint Application") submitted  
20 in this matter by Limestone and Cumberland Basin Wastewater Systems, LLC  
21 ("Cumberland Basin" or "Seller") (collectively, "Joint Applicants"), which seeks  
22 Commission authority for Limestone to acquire all assets currently used by Cumberland  
23 Basin to provide regulated wastewater utility service to customers in Cumberland and

1 Putnam Counties, Tennessee. My testimony describes the proposed transaction and  
2 explains why the Joint Applicants believe that authorizing the consummation of the  
3 transaction is in the public interest. I also describe, in greater detail to that already provided,  
4 Limestone's relationship to CSWR, the role CSWR would play in Limestone's operation  
5 of the wastewater system at issue in this case, and the benefits Limestone's relationship  
6 with CSWR would bring to customers served by this system. Finally, I provide the  
7 Commission with information required by Commission rules applicable to the Joint  
8 Application. In this testimony, I also verify that all information included in the Joint  
9 Application is true and correct to the best of my information and belief.

10 **BACKGROUND INFORMATION REGARDING**  
11 **LIMESTONE AND ITS AFFILIATES**

12 **Q. PLEASE PROVIDE SOME BACKGROUND INFORMATION ABOUT**  
13 **LIMESTONE AND CSWR.**

14 A. Limestone is a Tennessee limited liability company formed to acquire water and  
15 wastewater assets in Tennessee and to operate those assets as a regulated public utility. In  
16 its Docket No. 19-00062, the Commission authorized Limestone to acquire and operate  
17 water and wastewater systems previously owned by Aqua Utilities Company, Inc.<sup>1</sup>  
18 Likewise, the Commission granted Limestone the authority to acquire and operate other  
19 systems, as well, including those of Cartwright Creek, LLC, Shiloh Falls Utilities, Inc.,  
20 Chapel Woods Home Owners Association and Candlewood Lakes.<sup>2</sup> Currently, Limestone

---

<sup>1</sup> See *Order Approving Sale of Assets, Property, and Real Estate and Certificate of Public Convenience of Aqua Utilities Company, LLC Subject to Conditions and Requirements of the Tennessee Public Utility Commission*, TPUC Docket No. 19-00062 (Dec. 7, 2020).

<sup>2</sup> See *Order Approving Settlement Agreement and Transfer of Systems and Granting Certificate of Convenience and Necessity*, TPUC Docket No. 21-00053 (Jan. 24, 2022) (acquisition of wastewater system previously owned by Cartwright Creek, LLC); *Order Approving Settlement Agreement and Transfer of Systems and Granting Certificate*



1 serves approximately 570 water customers and 1,900 wastewater customers in Tennessee.  
2 If the Commission grants the requests the Joint Applicants have made in this case,  
3 Limestone would acquire, own, and operate the wastewater systems currently owned by  
4 Cumberland Basin, both The Bluffs at Cumberland Cove system and the Genesis Village  
5 Estates system, (the “System”).

6 Limestone is an indirect subsidiary of CSWR, a Missouri limited liability company  
7 formed to provide managerial, technical, and financial support to Limestone and its utility  
8 operating affiliates. A corporate organization chart illustrating that relationship is attached  
9 as **Exhibit 5** to the Joint Application.

10 To date, CSWR-affiliated utility operating companies, such as Limestone in  
11 Tennessee, have acquired and are operating water or wastewater systems in Missouri,  
12 Kentucky, Louisiana, Texas, Tennessee, Mississippi, North Carolina, South Carolina,  
13 Florida, Arizona, and Arkansas. Our affiliated group has additional applications pending  
14 in many of those states and California, to acquire even more such systems.

15 **Q. WHAT IS CSWR'S BUSINESS PLAN WITH REGARD TO THE ACQUISITION**  
16 **AND OPERATION OF SMALL AND DISTRESSED WATER AND**  
17 **WASTEWATER SYSTEMS?**

18 A. CSWR's business plan is to pursue the purchase and recapitalization of small water and  
19 wastewater systems and to operate those systems as investor-owned regulated utilities.

---

*of Convenience and Necessity*, TPUC Docket No. 21-00055 (Dec. 2, 2022) (acquisition of water and wastewater system previously owned by Shiloh Falls Utilities, Inc.); *Order Approving Settlement Agreement and Transfer of System and Granting Certificate of Convenience and Necessity*, TPUC Docket No. 21-00060 (Dec. 2, 2022) (acquisition of wastewater system previously owned by Chapel Woods); and *Order Approving Petition for Reconsideration of Commission Order Approving Settlement Agreement and Transfer of Systems, Granting Certificate of Public Convenience and Necessity, and Disallowing Continuation of Candlewood Lakes POA's Water Availability Fee*, TPUC Docket No. 21-00059 (Commission approving acquisition of Candlewood Lakes and granting CCN to Limestone) (May 1, 2023).

1 Many of those systems are not currently regulated. Of those that are regulated, many, if not  
2 most, are out of compliance with utility commission rules and with federal or state pollution  
3 and safety laws and regulations. Indeed, many systems we acquire do not even have federal  
4 or state permits required to lawfully operate those systems. CSWR has also found that  
5 many regulated systems it acquires have not increased their rates for a decade or more and,  
6 as a result, lack the financial resources necessary to operate, build, maintain, and replace  
7 assets used to provide safe and reliable service or bring their operations into compliance  
8 with rapidly changing environmental and water quality regulations. Some systems CSWR  
9 acquires are in receivership and, therefore, lack the ability to raise capital necessary to  
10 improve their systems. Because it has found investors willing to make investments and take  
11 risks necessary to bring small water and wastewater systems into compliance with current  
12 statutes, rules, and regulations, CSWR, through its affiliates, has been able to acquire such  
13 distressed systems, invest capital necessary to upgrade or repair physical facilities, and  
14 operate those systems in a way that serves the public interest and satisfies customers,  
15 regulators, and investors alike.

16 CSWR's business plan and the expertise its personnel provide to affiliates have  
17 convinced regulators in Tennessee, Missouri, Arkansas, Kentucky, Louisiana, Texas,  
18 Mississippi, North Carolina, South Carolina, Florida, and Arizona to permit CSWR  
19 affiliates to acquire and operate numerous small water and wastewater systems in those  
20 states, and CSWR expects to be authorized to acquire additional systems in those and other  
21 states in the future. If the Commission authorizes Limestone to acquire the assets used to  
22 operate the System, it would be added to the portfolio of systems the Company currently  
23 operates in Tennessee. CSWR hopes the Commission will give it the same opportunity in

1 this case it gave CSWR in the previous Aqua Utilities, Cartwright Creek, Shiloh Falls  
2 Utilities, Chapel Woods and Candlewood Lakes acquisition cases, so it can continue in  
3 Tennessee the record of success our affiliated group has achieved elsewhere.

4 **Q. PLEASE DESCRIBE YOUR AFFILIATES' EXPERIENCE WITH WATER AND**  
5 **WASTEWATER SYSTEMS.**

6 A. Limestone and its affiliates have the financial, technical, and managerial ability to acquire,  
7 own, and operate Cumberland Basin's wastewater system in a manner that fully complies  
8 with applicable health, safety, and environmental protection laws and regulations and  
9 provide reliable, safe, and adequate service to customers. Limestone demonstrated this to  
10 the Commission in TPUC Docket Nos. 19-00062, 21-00053, 21-00055, 21-00059 and 21-  
11 00060. Limestone is part of an affiliated group that currently owns and operates wastewater  
12 systems serving more than 221,000 customers and drinking water systems serving more  
13 than 147,000 customers in Missouri, Arkansas, Kentucky, Louisiana, Texas, Mississippi,  
14 North Carolina, South Carolina, Florida, Arizona, and Tennessee.

15 The overall business plan of our affiliate group is to purchase and recapitalize small  
16 water and wastewater systems and operate those systems as public utilities. As of the end  
17 of 2022, the CSWR-affiliated group of utilities became the single largest owner/operator  
18 of individual wastewater treatment plants in the United States.

19 Because it is one of the largest individual water and wastewater systems owners in  
20 the United States and given its commitment to providing safe and reliable service that  
21 complies with all applicable regulations, CSWR has on staff, or can efficiently engage,  
22 skilled professionals who have the most recent, up-to-date knowledge and experience  
23 necessary to operate its water and wastewater systems. CSWR's in-house workforce also

1 has the most relevant recent experience refurbishing small, distressed utilities in the  
2 country, and CSWR routinely supplements those in-house resources with qualified, third-  
3 party contractors with whom it works on a regular basis. Having sufficient qualified  
4 personnel to operate the System it proposes to acquire will not be a problem for Limestone  
5 or CSWR.

6 On the wastewater side of the business, CSWR's affiliate group has purchased  
7 wastewater treatment plants with associated sewer pumping stations, gravity force mains,  
8 and gravity conveyance lines. With the approval of state wastewater regulatory authorities,  
9 since March 2015, CSWR-affiliated companies have designed, permitted, and completed  
10 construction of numerous sanitary sewer system improvements. These improvements  
11 include wastewater line repairs to remove infiltration and inflow, building sewer main  
12 extensions, the repair of multiple lift stations, the construction of lift stations, the closure  
13 of an existing regulatory impaired wastewater system, building two fully activated sludge  
14 plants, constructing moving bed biofilm reactor plants ("MBBR"), converting multiple  
15 failing wastewater tanks into sludge storage/flow equalization and treatment basins,  
16 converting failed mechanical systems to IFAS systems, and constructing various other  
17 wastewater supporting improvements.

18 **Q. DOES CSWR HAVE PERSONNEL QUALIFIED TO PERFORM THE SERVICES**  
19 **YOU IDENTIFIED IN YOUR PRECEDING ANSWER?**

20 A. Yes, it does, as evidenced by the fact CSWR already is providing those and other similar  
21 services for water and wastewater systems in Missouri, Arkansas, Kentucky, Louisiana,  
22 Texas, Mississippi, North Carolina, South Carolina, Florida, Arizona, and Tennessee. I  
23 already described my background and experience in the water and wastewater utility

1 industry. Additionally, as outlined in the Joint Application, the resumes of the other key  
2 members of CSWR's senior team who would be involved in Limestone's operations show  
3 that CSWR is all well-qualified to meet the demands of Limestone and its customers and  
4 to satisfy the rules, regulations, and requirements of this Commission and other regulators  
5 charged with overseeing Limestone's operations. The types and quality of services CSWR  
6 provides Limestone are not usually available to small wastewater systems like the System  
7 operated by Cumberland Basin. However, CSWR's business model was developed to  
8 provide that expertise and experience to affiliates and to do so while achieving economies  
9 of scale attributable to CSWR's centralized management structure. Not only would CSWR  
10 and Limestone provide current Cumberland Basin customers expertise and professional  
11 depth not generally available to small wastewater systems, the size of its affiliate group can  
12 create economies of scale that would not be possible if Limestone had to acquire or provide  
13 such expertise and support on a company- or system-specific basis. The unique availability  
14 of these efficiencies and resources will result in the customers served by the System  
15 obtaining the benefit of the very best in technological advances, national experience and  
16 industry exposure.

17 **Q. HAS CSWR'S GROUP OF AFFILIATED COMPANIES TAKEN STEPS TO**  
18 **IMPROVE CUSTOMER SERVICES AT THE SYSTEMS IT NOW OPERATES?**

19 **A.** Yes. In addition to the capital improvements made on systems CSWR's affiliate group has  
20 acquired, CSWR has built from scratch customer service systems that are designed to meet  
21 or exceed regulatory commission rules and provide numerous benefits to the customers.

22 If the Joint Application is approved, Limestone would implement operational  
23 changes to improve and enhance customer service to Cumberland Basin's current

1 customers. For example, those customers would have access to live employees through a  
2 24-hour phone line to report any utility service issues. Those service-related calls would  
3 then be transferred into the computerized maintenance management system (“CMMS”)  
4 and converted into work orders, creating a historical record of all reported service issues.  
5 The work order will also ensure contracted customer service personnel can immediately  
6 commence work required to deal quickly and efficiently with any customer service issues.  
7 Second, Limestone would ensure Cumberland Basin customers have access to customer  
8 service representatives during normal business hours to talk about any customer concerns,  
9 as well as utility-specific webpage and dedicated email address, in order to keep customers  
10 informed about their rates and terms of utility service. Information available on the website  
11 would include dissemination of state-mandated information, up-to-date website bulletins  
12 about service issues, commission-approved tariffs, and procedures for service initiation or  
13 discontinuance. Mirroring relevant utility homepage information, Limestone would  
14 provide Cumberland Basin customers with a dedicated social media page to offer another  
15 avenue of communication with customers about utility matters. The social media account  
16 is manned by customer service representatives that can answer customer questions. Finally,  
17 Limestone offers online bill paying options to customers, including e-checks, debit cards,  
18 credit cards and a multitude of other payment options.

19 **Q. WHAT EVIDENCE CAN YOU PROVIDE TO SUPPORT YOUR CLAIMS ABOUT**  
20 **THE ABILITY OF LIMESTONE’S AFFILIATES TO PROVIDE THESE**  
21 **SERVICES OUTSIDE TENNESSEE?**

22 **A.** In each acquisition case filed by one of Limestone’s utility operating affiliates, the  
23 regulatory commission considering the application expressly found that the relevant

1 CSWR-affiliate and the CSWR-affiliated group had the financial, technical, and  
2 managerial ability necessary to provide reasonable service to the public. And in several  
3 states where our affiliate group currently operates, regulatory agencies – both public utility  
4 and environmental – have specifically encouraged CSWR to acquire troubled systems,  
5 which sometimes includes a request to serve as the temporary operator while acquisitions  
6 were pending.<sup>3</sup>

7 **Q. DO LIMESTONE AND CSWR HAVE THE FINANCIAL CAPACITY TO**  
8 **ACQUIRE, OWN, AND OPERATE THE SYSTEM CSWR PROPOSES TO**  
9 **PURCHASE FROM CUMBERLAND BASIN?**

10 A. Yes, as was demonstrated to the Commission by Limestone in TPUC Docket Nos. 19-  
11 00062, 21-00053, 21-00055, 21-00059 and 21-00060. Limestone and CSWR have the  
12 financial capacity to finance, own, and operate the System CSWR proposes to acquire from  
13 Cumberland Basin. The affiliated group of which Limestone is a member has been able to  
14 secure an ongoing commitment from a Wall Street private equity firm to provide capital  
15 necessary to purchase small, oftentimes distressed, water and wastewater systems and then  
16 make investments necessary to bring those systems into compliance with applicable health,  
17 safety, and environmental protection laws and regulations. This investment commitment  
18 also includes working capital necessary to operate these systems until an application for  
19 compensatory rates, where and when appropriate, can be formally requested and approved.  
20 To date, CSWR, through its affiliates, has invested almost \$400 million to purchase,  
21 upgrade, and operate water and wastewater systems. Although those investments have been

---

<sup>3</sup> See Attached to Cox Direct Testimony, Letter from Mississippi State Department of Health (Mar. 14, 2023); Letter from Missouri Department of Resources (June 22, 2023); and Letter from Mississippi Department of Environmental Quality (Feb. 27, 2023).

1 almost exclusively in the form of equity, Limestone plans to pursue debt financing, as cash  
2 flows allow, from non-affiliated commercial sources that would allow the Company to  
3 balance its capital structure.

4 **Q. IF THE AUTHORIZATIONS REQUESTED IN THE JOINT APPLICATION ARE**  
5 **GRANTED, WOULD LIMESTONE HIRE CURRENT EMPLOYEES TO**  
6 **PROVIDE SERVICE IN THE AREAS SERVED BY CUMBERLAND BASIN?**

7 A. No, Limestone does not plan to hire Cumberland Basin's current employees to perform  
8 any services after closing.

9 **Q. AFTER CLOSING THE PENDING ACQUISITION TRANSITION, HOW DOES**  
10 **LIMESTONE PROPOSE TO PROVIDE SERVICE TO CUSTOMERS OF THE**  
11 **SYSTEM?**

12 A. If the Joint Application is approved, Limestone intends to hire a local, non-affiliated third-  
13 party Operations and Maintenance ("O&M") firm that has knowledgeable and experienced  
14 personnel, carries required state licenses, and has insurance coverage necessary to manage  
15 daily wastewater operations at the System at issue in this case. This is what Limestone has  
16 efficiently and successfully done at the former Aqua Utilities, Cartwright Creek, Chapel  
17 Woods, Candlewood, and Shiloh Falls systems. It also is the approach that Limestone's  
18 affiliated utility operating companies have successfully employed at all the water and  
19 wastewater systems they operate outside Tennessee.

20 In addition to its service obligations during normal business hours, the O&M firm  
21 would be required to have a 24-hour emergency service line to address customers  
22 experiencing service disruptions. CSWR has developed a centralized computerized CMMS  
23 that monitors the performance of its drinking water and wastewater systems and allows it



1 to track the ongoing maintenance and testing work performed by the O&M contractors it  
2 employs at each of its facilities. In addition, CSWR uses geographic information system  
3 (“GIS”) survey information to accurately map all infrastructure assets, which allows the  
4 Company to specifically target ongoing infrastructure re-investment as part of the overall  
5 managerial and technical support CSWR provides each of its utility operating affiliates.

6 While day-to-day operational and customer service functions would be provided by  
7 non-employee contractors, all management, legal, capital acquisition, financial reporting,  
8 billing, Commission regulatory reporting, environmental regulatory reporting and  
9 management, operations oversight, utility asset planning, engineering planning, utility  
10 record keeping, and final customer dispute management would be performed by personnel  
11 at CSWR's corporate office, with a proportional share of costs for those services passed  
12 down to Limestone. CSWR personnel also would monitor and manage the activities of the  
13 non-employee contractors to make sure the System is being operated and maintained  
14 properly and customers’ needs are being met. The resumes of CSWR personnel who, in  
15 addition to myself, would be responsible for providing services or oversight to Limestone’s  
16 operation, are attached to the Joint Application as **Exhibit 12**.

#### 17 **DESCRIPTION OF THE PROPOSED TRANSACTION**

18 **Q. WHO ARE THE SELLERS OF THE SYSTEM?**

19 A. As set forth in the February 14, 2023, Agreement for the Sale of Utility System (the  
20 “Agreement”), which is attached to the Joint Application as **Exhibit 7**, the Seller is  
21 Cumberland Basin.

22 **Q. PLEASE DESCRIBE CUMBERLAND BASIN?**

23 A. Cumberland Basin is a regulated wastewater provider to customers in Cumberland and  
24 Putnam counties. Relevant to this transaction, CSWR is acquiring the assets associated

1 with Genesis Village Estates system in Cumberland County and The Bluffs at Cumberland  
2 Cove system in Putnam County.

3 **Q. PLEASE DESCRIBE THE WASTEWATER SYSTEM AND ASSETS LIMESTONE**  
4 **PROPOSES TO ACQUIRE FROM CUMBERLAND BASIN.**

5 A. The Genesis Village Estates wastewater system receives wastewater from a townhome  
6 community consisting of 31 customers. The flow is collected into three 5,000-gallon flow  
7 equalization tanks with two equalization tank pumps. The facility treats with filtration and  
8 two Bioclères trickling filters. The wastewater is then treated in two 5,000 gallon dosing  
9 tanks and discharged to a 2.8-acre drip irrigation field. The system was constructed in 2016  
10 and is in generally good condition. The collection system consists of gravity mains flowing  
11 to a lift station which then pumps to the wastewater treatment facility.

12 The Bluffs at Cumberland Cove wastewater system receives flow from a growing  
13 development which will have 175 built out lots when complete. The treatment plant  
14 consists of a receiving tank, dosing tanks, recirculating media filter system with 9 filter  
15 pods, recirculation tanks, pumps, and an ultraviolet disinfection system. The system  
16 discharges to a 6-acre drip irrigation system. The facility was built in 2010 and is in  
17 generally good condition. The collection system is a low-pressure system with STEP  
18 (septic tank effluent pumping) tanks at each home.

19 Limestone proposes to acquire from the Seller all of assets it currently owns and  
20 uses to provide service to customers located in Cumberland and Putnam Counties,  
21 Tennessee. Maps and aerial photographs showing the location of the System are attached  
22 as **Exhibit 1** to the Joint Application. The System currently serves approximately 95  
23 customers. Terms of the proposed asset sale are governed by the Agreement.

1           No closing date for the transaction has been set, but the Agreement identifies  
2           various conditions precedent, including obtaining all required regulatory approvals, that  
3           must be satisfied before the transaction can close. Section 18 of the Agreement also  
4           authorizes Central States to assign all its rights to the acquired assets to an affiliated entity.  
5           In accordance with that section, at closing Central States will transfer to Limestone all  
6           sewer system assets acquired from Cumberland Basin. A copy of the document that will  
7           be used to assign Central States' interests in Cumberland Basin's assets to Limestone is  
8           attached as **Exhibit 8** to the Joint Application.

9   **Q.   YOU MENTION THAT THE GENESIS VILLAGE ESTATES SYSTEM AND THE**  
10   **BLUFFS SYSTEM ARE IN “GENERALLY GOOD CONDITION?” WHAT**  
11   **IMPROVEMENTS WOULD NEED TO BE MADE TO THESE SYSTEMS?**

12   **A.**   Based upon its preliminary inspection, CSWR has already identified certain improvements  
13           that are needed at both the Genesis Village and The Bluffs at Cumberland systems. For  
14           instance, CSWR anticipates that it will install High Tide remote monitoring at both the  
15           Genesis Village lift station and wastewater treatment plant. Additionally, CSWR will need  
16           to upgrade site security including fencing, site signage, and locks. Finally, CSWR must  
17           undertake significant upgrades to address excessive vegetation at the system.

18           A similar preliminary inspection at The Bluffs at Cumberland system indicates that  
19           CSWR will need to install approximately 2,500 feet of fencing around the 6 acre drip field  
20           as well as High Tide remote monitoring equipment. Additionally, CSWR will need to bring  
21           the ultraviolet disinfection system back into service.

22   **Q.   IF THE COMMISSION APPROVES THE JOINT APPLICATION, IS**  
23   **LIMESTONE WILLING AND ABLE TO MAKE ANY IMPROVEMENTS**

1       **NECESSARY TO BRING CUMBERLAND BASIN'S WASTEWATER SYSTEM**  
2       **UP TO STANDARD AND INTO COMPLIANCE WITH APPLICABLE**  
3       **REGULATIONS, INCLUDING TDEC REGULATIONS?**

4    A.    Yes. If the Commission grants Limestone the authority it seeks in the Joint Application,  
5       Limestone and CSWR are willing and able to invest capital necessary to bring the System  
6       up to standard and into compliance with applicable law. As I described previously, the  
7       affiliate group of which Limestone and CSWR are a part has access to capital adequate to  
8       make necessary upgrades and improvements to the System and to continue to operate that  
9       system in a manner that is in the public interest and complies with applicable statutes, rules,  
10      and regulations.

11   **Q.    WHAT RATES, RULES, AND REGULATIONS WOULD BE IN EFFECT FOR**  
12   **THE SYSTEM AT ISSUE IN THIS CASE?**

13   A.    Initially, Limestone proposes to adopt the base rates currently in effect for the System. As  
14       reflected in the currently effective tariffs, these rates went into effect on or about  
15       November 1, 2016. Therefore, the rates likely do not reflect the current cost of properly  
16       operating these systems. Therefore, if the revenue requirement for the System exceeds that  
17       which is recovered in rates, Limestone may petition the Commission to increase rates or  
18       change certain operating regulations. Limestone may also seek authority to consolidate  
19       rates of the systems it proposes to acquire in this case with those of other wastewater  
20       systems it operates in Tennessee. Limestone's proposed tariff is **Exhibit 21** to the Joint  
21       Application.

22   **Q.    ARE LIMESTONE AND CSWR FAMILIAR WITH THE COMMISSION'S RULES**  
23   **AND REGULATIONS GOVERNING WASTEWATER UTILITIES AND DO**

1       **THOSE COMPANIES PLEDGE TO OPERATE THE SYSTEM AT ISSUE IN THIS**  
2       **CASE IN A MANNER THAT COMPLIES WITH THOSE RULES AND**  
3       **REGULATIONS?**

4    A     Yes, CSWR and Limestone are familiar with the Commission's rules and regulations and  
5       pledges to operate all its Tennessee systems in a manner that complies with all Commission  
6       requirements and all applicable state statutes and regulations.

7    **Q.   HOW DOES LIMESTONE PROPOSE TO SATISFY THE FINANCIAL**  
8       **SECURITY REQUIREMENTS IMPOSED BY TPUC RULES 1220-04-13-.07 AND**  
9       **1220-04-13-.08?**

10   A.    To demonstrate financial security as required by the Commission's rules, Limestone has  
11       secured a corporate surety bond in the amount of \$300,000 in a form that complies with  
12       TPUC Rule 1220-04-13-.08. A copy of that surety bond is attached to the Joint Application  
13       as **Exhibit 14**.

14   **Q.   DO YOU BELIEVE THE PROPOSED TRANSACTION IS IN THE PUBLIC**  
15       **INTEREST?**

16   A.    Yes. While that support need not be repeated here, I have outlined above the many reasons  
17       that this acquisition will best serve Cumberland Basin's current customers and the public  
18       interest. Consistent with my testimony and the Joint Application, I believe Limestone's  
19       proposed acquisition of the wastewater system currently owned and operated by  
20       Cumberland Basin would be consistent with and would promote the public interest.  
21       Limestone and CSWR are fully qualified, in all respects, to own and operate that system  
22       and to otherwise provide safe, reliable, and adequate service. CSWR's industry experience,  
23       professionalism and successful track record across the country evidences its unique

1 capability to ensure that efficiencies benefiting the customers are captured and that the  
2 resources required to upgrade infrastructure and satisfy regulatory and environmental  
3 requirements are available and invested.

4 **Q. DO YOU HAVE ANYTHING TO ADD WITH RESPECT TO THE JOINT**  
5 **APPLICATION?**

6 A. Yes. I verify that the Joint Application and the supporting documentation submitted with  
7 it are true and correct to the best of my information and belief. Furthermore, Limestone is  
8 aware of and will abide by all applicable Tennessee statutes, rules and regulations,  
9 including TPUC Rules.

10 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

11 A. Yes, it does.



March 14, 2023

Commissioner Brent Bailey  
MPSC-Central District  
Woolfolk Building  
501 North West Street  
Suite 201A  
Jackson, MS 39201

Dear Commissioner Bailey:

The Mississippi State Department of Health's mission is to protect and advance the health, well-being, and safety of everyone in Mississippi. As you are aware, the Bureau of Public Water Supply (Bureau) exists within the Office of Environmental Health to carry out the Department's mission for the safety of the state's drinking water supplies through the implementation and oversight of the federal and state Safe Drinking Water Acts. The Bureau believes, much like the Mississippi Public Service Commission, that citizens of the state should have access to reliable, affordable, and safe drinking water from the state's utilities.

We recognize the PSC's goals in many ways mirror those of the Bureau. We acknowledge the recent coordinated efforts our agencies have taken to improve the service and water quality of a few of the more troubled water systems in the state. We anticipate future opportunities of continued collaboration to assist customers in need with their water systems.

The Bureau sees many emerging opportunities where our agencies could encourage utilities to merge and consolidate management, services and/or physical connection. Through our continued cooperation and funding the Legislature is considering, we hope our partnership can expedite consolidation and regionalization opportunities. These situations would give opportunities for citizens without safe drinking water the ability to get it or may allow citizens with safe drinking water to obtain higher quality drinking water. These consolidation efforts could include utilities/private investors buying poorly performing utilities.

As you may be aware, Great River Utility Company has recently acquired several drinking water systems across the state. Great River Utility has worked closely with the Bureau's compliance and field staff to maintain compliance with the various rules and regulations of the Safe Drinking Water Act. A viable entity such as Great River Utility desiring to help problematic drinking water systems by investing in them for improved services to citizens is very appreciated and supported by the Bureau.

We believe the Bureau's coordination with the PSC to identify problematic drinking water systems and to identify long-term solutions, such as those offered by entities like Great River, is very beneficial to our shared goals and objectives.

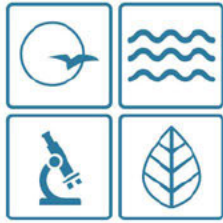
The Bureau appreciates Great River Utilities' commitment to improved regulatory compliance, and the Bureau remains committed to our partnership with PSC to find sensible and feasible solutions to shared problems. If we may be of additional service to the PSC, please do not hesitate to contact us.

Sincerely,

A handwritten signature in black ink, appearing to read 'W. F. Moody', is positioned above the printed name.

William F. Moody, P.E., BCEE  
Director, Bureau of Public Water Supply





**MISSOURI**  
DEPARTMENT OF  
NATURAL RESOURCES

**Michael L. Parson**  
Governor

**Dru Buntin**  
Director

June 22, 2023

**OFFICIAL COPY VIA EMAIL**

Josiah Cox  
Confluence Rivers Utility Operating Company, Inc.  
1650 Des Peres Road, Suite 303  
Des Peres, MO 63131

RE: Confluence Rivers Utility Operating Company

Dear Josiah Cox:

The Missouri Department of Natural Resources regulates approximately 5,000 domestic wastewater treatment systems and approximately 2,700 public water systems in the State that are subject to the Missouri Clean Water Law and the Missouri Safe Drinking Water Law, respectively. The Department's primary goal as the regulatory authority in administering these state laws is to ensure environmental protection and human health and safety against pollution and health risks that may be caused by failing or improperly operating wastewater treatment systems and public water systems. The Department promotes compliance through compliance assistance, education, and, when necessary, enforcement actions. When systems end up in enforcement, it is often a result of limited resources and available solutions, which can sometimes draw cases out over a period of years.

When systems are unable to resolve their technical, managerial, or financial problems, one reliable solution is selling the system to a higher-performing utility operating company. In Missouri, Confluence Rivers Utility Operating Company, Inc. (CRUOC) is one of the few utility operating companies who is willing to acquire some of the most difficult failing systems. CRUOC has consistently taken swift actions after taking control of these systems to bring them into compliance by employing qualified operators, effectively administering and managing the systems, and investing in repairs and upgrades.

CRUOC's willingness to acquire systems with long-standing compliance issues has proven to be beneficial to human health and the environment by bringing many of these systems into compliance with environmental laws. The Department looks forward to continuing to work with CRUOC as it continues to acquire wastewater and public water systems in Missouri, in furtherance of the Department's initiative to encourage regionalization and consolidation of the many private systems in Missouri that are struggling to achieve compliance with laws for the protection of public health and the environment.



If you have any questions regarding this correspondence, you may contact Joe Clayton at Department of Natural Resources, Water Protection Program, Compliance and Enforcement Section, P.O. Box 176, Jefferson City, MO 65102-0176; by phone at 573-522-1120; or by email at [cwenf@dnr.mo.gov](mailto:cwenf@dnr.mo.gov). Thank you for your cooperation in this matter.

Sincerely,

WATER PROTECTION PROGRAM

A handwritten signature in dark ink, appearing to read "Joe Clayton", is positioned above the printed name.

Joe Clayton  
Compliance and Enforcement Section Chief

JC/ehh

c: Lance Dorsey, Chief, PDWB, Compliance and Enforcement



**STATE OF MISSISSIPPI**

TATE REEVES

GOVERNOR

**MISSISSIPPI DEPARTMENT OF ENVIRONMENTAL QUALITY**

CHRIS WELLS, EXECUTIVE DIRECTOR

February 27, 2023

Commissioner Brent Bailey  
MPSC-Central District  
Woolfolk Building  
501 North West Street  
Suite 201A  
Jackson, MS 39201 P.O. Box

Dear Commissioner Bailey:

The Mississippi Department of Environmental Quality (MDEQ) shares a common desire with you and other members of the Mississippi Public Service Commission (PSC) to provide our citizens with reliable, affordable, and safe utilities statewide. While our role as the State's environmental regulatory agency may differ slightly from the role of the PSC, we appreciate the partnership we have with your organization in accomplishing these shared goals.

As you are aware, our two organizations have worked closely together through the years specifically on wastewater utilities as MDEQ has environmental regulatory oversight for most of these operations. Furthermore, our organizations continue to see a limited number of wastewater utilities around the state dissolve and/or systems abandoned where citizens serviced by those utilities are left with failing, non-compliant systems. Recently, MDEQ and PSC has worked even more closely to find solutions to known problematic systems that were creating imminent environmental impacts and/or potential health impacts to citizens in the vicinity of these failing systems.

A specific example of our successful partnership has been working with Great River Utility in their recent acquisition of several failing/abandoned wastewater utilities across the state. Great River Utility has worked closely with MDEQ technical staff and made binding commitments to bring these systems back into compliance. A viable entity seeking out troubled utilities/wastewater systems and returning reliable, compliant services to citizens is a welcomed concept by MDEQ. We believe our partnership with the PSC to identify problematic systems and finding long term solutions, as in the case of Great River, reflects very clearly shared goals and objectives.

We appreciate Great River Utilities' commitment to regulatory compliance, and MDEQ remains committed to our partnership with PSC to find sensible solutions to shared problems. If we may be of additional service to the PSC, please do not hesitate to contact us.

Sincerely,

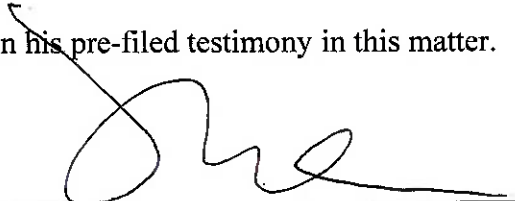
*Chris Sanders*

Chris Sanders, P.E., BCEE  
Director, Office of Pollution Control

STATE OF MISSOURI       )  
  )  
COUNTY OF ST. LOUIS    )

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

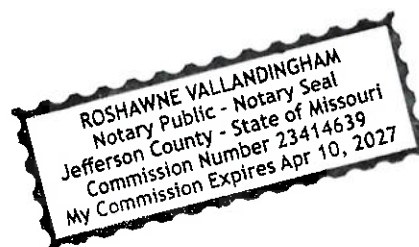
He is appearing as a witness on behalf of Limestone Water Utility Operating Company, LLC before the Tennessee Public Utility Commission, and if present before the Commission and duly sworn, his testimony would be as set forth in his pre-filed testimony in this matter.

  
\_\_\_\_\_  
Josiah Cox

Sworn to and subscribed before me  
this 19<sup>th</sup> day of OCTOBER, 2023.

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

My Commission Expires: 04-10-2027



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 8<sup>th</sup> day of November 2024.

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