

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

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

**CONSUMER ADVOCATE’S FIRST SET OF DISCOVERY REQUESTS
TO CUMBERLAND BASIN WASTEWATER SYSTEMS, 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 (the “Consumer Advocate”), by and through counsel, propounds the following First Set of Discovery Requests to Cumberland Basin Wastewater Systems, LLC (“Cumberland Basin” 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 2:00 p.m. (CDT), February 29, 2024.

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," "Seller," or "Cumberland Basin," shall mean Cumberland Basin Wastewater Systems, 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) "Limestone" or "Buyer" 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.

(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. Provide a copy of all federal, state, county, and any other audits (financial, environmental, etc.) for both wastewater systems since 2017.

RESPONSE:

1-2. Provide answers to the following questions:

- (a) Provide a full and comprehensive explanation of how the wastewater systems were originally funded;
- (b) Whether the residents of these systems paid any fee or assessment when joining the system and what was the purpose of the fee or assessment; and
- (c) Whether owners were charged a tap fee to join the systems.

RESPONSE:

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

RESPONSE:

1-4. Provide a copy of the Company's Income Statement at December 31, 2022, 2021, 2020, and 2019.

RESPONSE:

1-5. Provide a copy of the Company's General Ledger at December 31, 2022, 2021, 2020, and 2019.

RESPONSE:

1-6. Identify the amount and date of any capital expenditures funded by Cumberland Basin owner(s) since 2012.

RESPONSE:

1-7. Has Cumberland Basin used any escrow funds to either fund capital expenditures or operate the system being sold to Limestone?

- (a) If yes, provide the amounts and dates of the escrow fund expenditures;
- (b) Provide an explanation as to the use of the escrow funds; and

- (c) Provide documents supporting your explanation, such as invoices.

RESPONSE:

- 1-8.** Provide the current balance of Cumberland Basin's Escrow account(s).

RESPONSE:

- 1-9.** Provide the account activity of Cumberland Basin's Escrow account for the last 3 years.

RESPONSE:

- 1-10.** Does Cumberland Basin intend to transfer the balance of the Escrow account(s) at closing?

If not, provide an explanation for the Company's rationale for retaining the balance of the Escrow account(s).

RESPONSE:

- 1-11.** Refer to the Company's 2022 Annual Report. Specifically, refer to page SU-2. Provide the general ledger detail supporting the escrow balance shown. Additionally, provide a narrative response describing why the assets recorded to the escrow account do not equal the liabilities recorded to escrow.

RESPONSE:

- 1-12.** Provide the number of customers paying the sewer system access fee, by month and system, from January 2018 to date.

RESPONSE:

- 1-13.** Confirm whether or not Cumberland Basin holds Security Deposits from its customers.

RESPONSE:

RESPONSE:

1-14. Identify the amount, number and type (if any) of Security Deposits held by the Company.

RESPONSE:

1-15. Confirm that the Security Deposits currently held by Cumberland Basin for customers will be transferred as part of the sale. If not confirmed, provide an explanation for the Company's rationale for not transferring the held Security Deposits.

RESPONSE:

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

RESPONSE:

1-17. Is it the Company's understanding that its State Operating Permit from the Tennessee Department of Environment and Conservation ("TDEC") requires fencing around the drip field? If so, please explain why and provide a full explanation.

RESPONSE:

1-18. Refer to Petition, Exhibit 7, Sales Agreement. Has the Company finalized Exhibits A-D of the agreement? If so, provide those finalized Exhibits.

RESPONSE:

1-19. Provide a copy of all appraisals relied upon by Cumberland Basin 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:

1-20. Refer to the Direct Testimony of Josiah Cox. Specifically, refer to p. 14, lines 12-

18. On November 28, 2007, the Commission approved the Certificate of Convenience and Necessity ("CCN") for the Cumberland Basin Wastewater System to provide service to a proposed "175 single family home and one commercial establishment" in a development called the Bluffs at Cumberland Cove.¹ To date, this development provides service to only 7 customers.² In discovery responses in 2016, Cumberland Basin explained that the original developer of the Bluffs at Cumberland Cove defaulted resulting in a sale "on the Court House Steps."³ Provide support for the Company's assertion that the Bluffs is a "growing" community. Provide the growth that has occurred at the Bluffs at Cumberland Cove since the granting of a CCN in 2007.

RESPONSE:

¹ *Order Approving Application for a Certificate of Public Convenience and Necessity and Tariff*, pp. 2-4, TRA Docket No. 07-00079 (November 28, 2007).

² *Petition*, Exhibit 22.

³ Cumberland Basin Wastewater Systems, LLC Response to Staff's Data Request, DR #1, TRA Docket No. 16-00069 (September 16, 2016).

In re: Limestone / Cumberland Basin

TPUC Docket No. 23-00077

Consumer Advocate's First Set of Discovery Requests to Cumberland Basin

RESPECTFULLY SUBMITTED,



SHILINA B. BROWN (BPR No. 020689)

Assistant Attorney General

VICTORIA B. GLOVER (BPR No. 037954)

Assistant Attorney General

Office of the Tennessee Attorney General

Consumer Advocate Division

P.O. Box 20207

Nashville, Tennessee 37202-0207

Telephone: (615) 741-2357

Email: shilina.brown@ag.tn.gov

Email: victoria.glover@ag.tn.gov

In re: Limestone / Cumberland Basin

TPUC Docket No. 23-00077

Consumer Advocate's First Set of Discovery Requests to Cumberland Basin

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:

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

Cumberland Basin Wastewater Systems, LLC
c/o Tim Huddleston
150 Construction Drive
Livingston, TN 38570
Phone: (931) 403-1000
Email: thuddleston@wocc.com

On this the 8th day of February 2024.



SHILINA B. BROWN
Assistant Attorney General