

# BUTLER | SNOW

July 10, 2024

**VIA ELECTRONIC FILING**

Electronically Filed in TPUC Docket  
Room on July 10, 2024 at 10:43 a.m.

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)

**RE: *Joint Application of Limestone Water Utility Operating Company, LLC, and  
Bridget J. Willhite, as Administrator CTA of the Estate of Glenna Newport, for  
Approval of the Acquisition of and to Operate the Newport Resort Water  
System, and to Transfer or Issue a Certificate of Public Convenience and  
Necessity, TPUC Docket No. 24-00034***

Dear Chairman Jones:

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

As required, the original plus four (4) hard copies will follow. 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  
David Woodsmall, Central States Water Resources  
Bridget J. Willhite, Esq.  
Shilina B. Brown, Consumer Advocate Division  
Victoria B. Glover, Consumer Advocate Division

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BUTLER SNOW LLP

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

**IN RE:**

**JOINT APPLICATION OF  
LIMESTONE WATER UTILITY  
OPERATING COMPANY, LLC, AND  
BRIDGET J. WILLHITE, AS  
ADMINISTRATOR CTA OF THE  
ESTATE OF GLENNA NEWPORT,  
FOR APPROVAL OF THE  
ACQUISITION OF AND TO OPERATE  
THE NEWPORT RESORT WATER  
SYSTEM, AND TO TRANSFER OR  
ISSUE A CERTIFICATE OF PUBLIC  
CONVENIENCE AND NECESSITY**

**DOCKET NO. 24-00034**

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

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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”).

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. Source & Support.** Refer to Exhibit 14, provide both the basis and the supporting detail behind the Company's proposed \$92,100 in Plant, Property, and Equipment balance as shown in Year 1 on the Pro Forma Balance Sheet.

**RESPONSE:** Please see the attached "DR 2-1 – Exhibit 14 – Newport Financials.xlsx." The Year 1 Property, Plant, and Equipment balance is Limestone's projected acquisition price of the plant plus one third of the total estimated improvement costs. This does not include projected legal and engineering costs associated with the plant.

**2-2. Source & Support.** Refer to Exhibits 14 and 16. The Consumer Advocate notes that Exhibit 16 only shows a \$5,000 addition to account 353 – Land & Land Rights as a result of this acquisition; however, Exhibit 14 shows the Company projects a plant in service value of \$92,100 in the year following acquisition. Reconcile these amounts.

**RESPONSE:** Limestone estimates \$5,000 in closing cost for Newport Resort, which would be recorded to account 353 - Land & Land Rights upon acquisition. The \$92,100 is the amount of Property, Plant, and Equipment ("PPE") Limestone estimates to place into service within the first year of owning the system.

**2-3. Source & Support.** Provide the amount of Accumulated Depreciation that the Company proposes to book as a result of this transaction.

**RESPONSE: Limestone does not foresee booking accumulated depreciation at the time of acquisition as shown in Exhibit 23, filed with the Application.**

**2-4. Source & Support.** Refer to Exhibit 9, the Direct Testimony of Josiah Cox. Specifically refer to page 14, lines 10-11. Refer also to Newport Resorts' Response to Consumer Advocate DR No. 1-1, Exhibit D, Tennessee Department of Environment and Conservation Sanitary Survey. Reconcile the number of connections and the estimated population within Mr. Cox's testimony with the number of connections and estimated population contained within the Sanitary Survey.

**RESPONSE: At the time of filing the Application, customer information from Newport Resort provided to the Company had the connection count at fifty-five (55). The Company has since been informed that a newly developed subdivision is now being served by Newport Resort, which resulted in the discrepancy referenced in this request. Currently, Newport Resort is providing services to sixty-five (65) connections, based on the updated information provided by Newport Resort.**

Respectfully submitted,



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

**DR 2-1 – Exhibit 14**  
**Newport Financials**

# INCOME STATEMENT

Months at Initial Rate	12	12	12
Months at Step Rate	0	0	0
Months at Final Rate	0	0	0
	Year 1	Year 2	Year 3
<b>OPERATING REVENUE</b>			
Metered service revenue	\$ -	\$ -	\$ -
Flat rate service revenue	\$ 7,524	\$ 7,524	\$ 7,524
EPA testing surcharge	\$ -	\$ -	\$ -
Re-connect fees	\$ 158	\$ 158	\$ 158
Returned check charge	\$ 79	\$ 79	\$ 79
Late payment charge	\$ 158	\$ 158	\$ 158
Other operating revenue	\$ -	\$ -	\$ -
<b>Total Operating Revenue</b>	<b>\$ 7,920</b>	<b>\$ 7,920</b>	<b>\$ 7,920</b>
<b>OPERATING EXPENSES</b>			
Total salaries and wages (employees only)	\$ -	\$ -	\$ -
Outside labor expenses (non-employees)	\$ 50,000	\$ 50,000	\$ 50,000
Administrative and office expense	\$ 3,053	\$ 3,053	\$ 3,053
Maintenance and repair expense	\$ 5,000	\$ 5,000	\$ 5,000
Purchased water	\$ -	\$ -	\$ -
Purchased sewage treatment	\$ -	\$ -	\$ -
Electric power expense (exclude office)	\$ -	\$ -	\$ -
Chemicals expense	\$ -	\$ -	\$ -
Testing fees	\$ -	\$ -	\$ -
Transportation expense	\$ -	\$ -	\$ -
Other operating expense	\$ 1,320	\$ 1,320	\$ 1,320
<b>Total Operating Expenses</b>	<b>\$ 59,373</b>	<b>\$ 59,373</b>	<b>\$ 59,373</b>
Annual Depreciation Expense	\$ 3,224	\$ 10,493	\$ 10,493
Interest Expense	\$ 2,763	\$ 8,994	\$ 8,994
<b>Total Expenses</b>	<b>\$ 65,359</b>	<b>\$ 78,860</b>	<b>\$ 78,860</b>
<b>INCOME TAXES</b>			
Total Income Taxes	\$ -	\$ -	\$ -
<b>Net income (Loss)</b>	<b>\$ (57,439)</b>	<b>\$ (70,940)</b>	<b>\$ (70,940)</b>

## Capital Budget

	Year 1	Year 2	Year 3
Acquisition	\$ 25,000		
Improvements	\$ 140,600	\$ 134,200	
Reinvestment of Depreciation	\$ 3,224	\$ 10,493	\$ 10,493

## ASSUMPTIONS

Acq Date	
Step Rate Date	\$ -
Final Rate Date	\$ -
Water Connections	55
Water Initial Rate	\$ 12.00
Water Step Rate	\$ -
Water Final Rate	\$ -
Wastewater Connections	-
Wastewater Initial Rate	\$ -
Wastewater Step Rate	\$ -
Wastewater Final Rate	\$ -
Debt Percent	50.0%
Delinquent Account Percent	0.8%
State Tax Rate	6.5%
Federal Tax Rate	21.0%
Depreciation Rate	3.5%
Interest Rate	6.0%
Loan Term Length	240
Loan Origination	1.0%
Insurance Premium	0.0%
Acquisition Cost	\$ 25,000
L&E Cost	\$ 73,500
CAPEX Cost	\$ 201,300
Outside Labor Expense	\$ 4,167
Customer Service	\$ 110
Repairs	\$ 417
Power	\$ -
Chemicals	\$ -
Purchased Water	\$ -
Purchased Wastewater	\$ -
Testing Fees	\$ -
Administrative Expense	\$ 254

### BALANCE SHEET

	Year 1	Year 2	Year 3
<b>ASSETS</b>			
Cash	\$ -	\$ -	\$ -
Accounts Recievable	\$ 976	\$ 976	\$ 976
Total Current Assets	\$ 976	\$ 976	\$ 976
Property, Plant, and Equipment	\$ 92,100	\$ 299,800	\$ 299,800
Preliminary Survey	\$ 73,500	\$ -	\$ -
Total Long-Term Assets	\$ 165,600	\$ 299,800	\$ 299,800
<b>Total Assets</b>	<b>\$ 166,576</b>	<b>\$ 300,776</b>	<b>\$ 300,776</b>
<b>LIABILITIES</b>			
Accounts Payable	\$ 4,880	\$ 4,880	\$ 4,880
Accrued Interest	\$ 2,763	\$ 11,757	\$ 20,751
Total Current Liabilities	\$ 7,643	\$ 16,637	\$ 25,631
Notes Payable	\$ 46,050	\$ 149,900	\$ 149,900
Working Capital Transfer from Parent	\$ 50,773	\$ 112,718	\$ 174,664
Total Long-Term Liabilities	\$ 96,823	\$ 262,618	\$ 324,564
Total Liabilities	\$ 104,465	\$ 279,255	\$ 350,194
<b>EQUITY</b>			
Equity Capital Contributed	\$ 119,550	\$ 149,900	\$ 149,900
Retained Earnings	\$ (57,439)	\$ (128,379)	\$ (199,318)
Total Equity	\$ 62,111	\$ 21,522	\$ (49,418)
<b>Total Liabilities and Equity</b>	<b>\$ 166,576</b>	<b>\$ 300,776</b>	<b>\$ 300,776</b>

<b><u>Proof of Retained Earnings</u></b>			
Beg. Retained Earnings	\$ -	\$ (57,439)	\$ (128,379)
Net Income (Loss)	\$ (57,439)	\$ (70,940)	\$ (70,940)
End Retained Earnings	\$ (57,439)	\$ (128,379)	\$ (199,318)

<b>ASSUMPTIONS</b>	
DPO	30.00
DSO	45.00
Debt Percent	50.0%
Interest Rate	6.0%
Loan Term Length	240



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

**IN RE:**

**JOINT APPLICATION OF  
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**DOCKET NO. 24-00034**

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**VERIFICATION**

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**STATE OF MISSOURI**        )

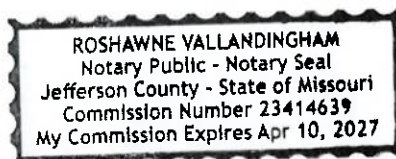
**COUNTY OF ST. LOUIS**    )

I, Aaron Silas, being duly sworn, state that I am authorized to testify on behalf of Limestone Water Utility Operating Company, LLC, in the above-referenced docket, that if present before the Commission and duly sworn, verifies that the data requests and discovery responses are accurate to the best of my knowledge.

  
\_\_\_\_\_  
Aaron Silas

Sworn to and subscribed before me  
this 10<sup>th</sup> day of July, 2024.

  
\_\_\_\_\_  
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  
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This the 10<sup>th</sup> day of July 2024.

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