

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

**IN RE:**

**PETITION OF LIMESTONE WATER  
UTILITY OPERATING COMPANY,  
LLC TO INCREASE CHARGES, FEES  
AND RATES, AND FOR APPROVAL OF  
A GENERAL RATE INCREASE AND  
CONSOLIDATED RATES**

**DOCKET NO. 24-00044**

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

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Pursuant to Rules 26, 33, 34, and 36 of the Tennessee Rules of Civil Procedure and Tenn. Comp. R. & Reg. 1220-01-02-.11, the Consumer Advocate Division of the Office of the Tennessee Attorney General (“Consumer Advocate”), by and through counsel, propounds the following discovery requests to Limestone Water Utility Operating Company, LLC (“Limestone” 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 Victoria Glover, on or before 2:00pm (Central Time), November 26, 2024. The Preliminary Matters and Definitions set forth in the Consumer Advocate’s First Set of Discovery Requests are hereby incorporated by reference as if fully restated herein.

## SECOND SET OF DISCOVERY REQUESTS

- 2-1. Revenues. Refer generally to the Company's responses to Consumer Advocate DR Nos. 1-2, 1-3-1-4, 1-5, 1-7, 1-9, 1-11, 1-13 and 1-15 regarding historical billing determinants.

The Company's responses to these requests state in part, as follows:

*Please note that the Company converted Billing Software in June 2022 so historical data beyond that does not appear at the level of granularity requested. All information prior to July 2022 is shown as "TN-Conversion Service" and does not distinguish between water, sewer, miscellaneous charges, etc.*

Next, refer to Paragraph 15 of Stipulation & Settlement Agreement in TPUC Docket No. 21-00053 regarding the Company's acquisition of Cartwright Creek, LLC which reads as follows:

*The Parties agree that, at closing, Cartwright Creek shall transfer to Limestone complete copies of Cartwright Creek's accounting records for the two calendar years immediately preceding the date of acquisition as well as the complete year-to-date accounting records for the calendar year in which closing occurs. Limestone shall maintain these records intact at least through completion of its first rate proceeding before the Commission.<sup>1</sup>*

Next respond to the following:

- a. Explain clearly why the monthly billing determinant data prior to July 2022 is no longer available given that this information existed and was readily available for use in other dockets from the previous utility owners prior to the acquisition by Limestone.
- b. Has the Company discarded or destroyed the monthly billing determinant data prior to July 2022?
- c. If the billing determinant data is available only in the previous billing system, then provide the information in that format from January 2020 through July 2022.
- d. Given the Company's assertion that monthly billing determinant data is unavailable prior to July 2022, explain how the Company has not violated the terms of its previous CCN Orders requiring accounting records to be retained

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<sup>1</sup> Note that this exact requirement was also included in Limestone's acquisition of Aqua Utilities in TPUC Docket No. 19-00062, Shiloh Falls in TPUC Docket No. 21-00055, Chapel Woods in TPUC Docket No. 21-00060, Candlewood Lakes in TPUC Docket No. 21-00059, and DSH & Associates in TPUC Docket No. 23-00016.

for two calendar years preceding the date of the acquisition through the completion of the first rate proceeding before the Commission.

**RESPONSE:**

**2-2. Revenues.** Refer generally to the Company's tariff for Cartwright Creek that was provided in response to Consumer Advocate DR No. 1-1. Specifically, refer to the Commercial tariff rates for all properties and note that the current rate is \$8.75 per 1,000 gallons per month with a minimum monthly charge of \$37.00.

Next, refer to the <Transaction Detail Report – All Data -CONFIDENTIAL> spreadsheet, "Transaction Detail Report" tab included with the Company's response to Consumer Advocate DR No. 1-2. Specifically, query "Batch Type" to Bill and "Service" to TN-CC Comm Sewer. Note that almost all charges for all months for all accounts equal \$37.00. This results in revenue of approximately \$1,900 per month or \$22,438 for the 12-month test period ending April 2024.

Finally, refer to the attached quarterly report of Cartwright Creek for September 2021<sup>2</sup> which was filed just prior to the acquisition by Limestone. Specifically, notice the 12 month-to-date Commercial Sales revenues on this report of \$78,747, which is significantly greater than the Limestone recorded amounts for the test period of \$22,438.

Provide the following information related to the referenced data:

- a. Has Limestone charged the Commercial customers of Cartwright Creek based on usage as required by the tariff?
- b. If Limestone has charged the Commercial customers of Cartwright Creek based on usage then provide a reconciliation between the "Transaction Detail Report" and the amount billed to each customer from January 2022 through the most recent month available.

- c. If Limestone has not charged the Commercial customers of Cartwright Creek based on usage, then provide an explanation as to why Limestone has deviated from its tariff.
- d. If Limestone has not charged the Commercial customers of Cartwright Creek based on usage, then provide a pro forma rate case adjustment that takes this omission into account.

**RESPONSE:**

- 2-3.** Revenues. Refer to the <Transaction Detail Report – All Data -CONFIDENTIAL> spreadsheet, the “Transaction Detail Report” tab included with the Company’s response to Consumer Advocate DR No. 1-2. Specifically, query “Batch Type” to Pay and “Service” to TN-Inspection Fee which shows \$6,250 in Inspection Fees from August 2022 through May 2024. Provide the anticipated number of monthly Inspection Fees that the Company expects to receive by Service Area from January 2025 through December 2026.

**RESPONSE:**

- 2-4.** Revenues. Refer to the <Transaction Detail Report – All Data -CONFIDENTIAL> spreadsheet, the “Transaction Detail Report” tab included with the Company’s response to Consumer Advocate DR No. 1-2. Specifically, query “Batch Type” to Pay and “Service” to TN-Connect Fee which shows \$326,600 in Connection Fees from August 2022 through May 2024. Provide the anticipated number of monthly Connection Fees that the Company expects to receive by Service Area from January 2025 through December 2026.

**RESPONSE:**

- 2-5.** Revenues. Refer to the <Transaction Detail Report – All Data -CONFIDENTIAL> spreadsheet, the “Transaction Detail Report” tab included with the Company’s response to Consumer Advocate DR No. 1-2. Specifically, query “Batch Type” to Pay and “Service”

to TN-Tap Fee which shows \$13,225 in Tap Fees from August 2022 through May 2024.

Provide the anticipated number of monthly Tap Fees that the Company expects to receive by Service Area from January 2025 through December 2026.

**RESPONSE:**

- 2-6. Provide the individual CIAC for each operating system and provide the original amount on the books at the time of the acquisition and the current balances.

**RESPONSE:**

- 2-7. For each operating system:
- a. Provide the original booked values for land and land rights on the selling company's books;
  - b. Identify any increases in those values after the system was acquired;
  - c. Provide all appraisals used for values in the rate base; and
  - d. Identity all regulatory proceedings in which appraisals were accepted as the appropriate land values in Tennessee.

**RESPONSE:**

- 2-8. Provide a list of all contractors providing services for the service areas in Tennessee.

**RESPONSE:**

- 2-9. Provide a list of all individuals who are working for those contractors and providing services for the service areas in Tennessee.

**RESPONSE:**

- 2-10. Provide the names of the individuals that provide services for each system in Tennessee.

**RESPONSE:**

**2-11.** How are chemicals and supplies purchased for each system? Are the purchases made by one individual? Are purchases made locally? Are there bulk purchases that enable economies of scale? If so, please provide estimates of the savings.

**RESPONSE:**

**2-12.** Explain the process used to complete capital projects. Are the capital projects subject to bid?

**RESPONSE:**

**2-13.** Explain how the time is allocated and recovered for company executives.

**RESPONSE:**

**2-14.** How much executive time is spent on acquiring new service areas?

**RESPONSE:**

**2-15.** Who is monitoring the remote monitoring feedback? If a contactor is providing these services, provide documentation of the cost savings from not having an employee perform these services.

**RESPONSE:**

**2-16.** For each acquisition, provide the legal fees for the acquisition and regulatory process. What adjustments have been made in rates for these costs?

**RESPONSE:**

- 2-17. Provide supporting documentation or evidence that single tariff pricing helps to encourage the acquisition of small, troubled water and wastewater systems.

**RESPONSE:**

- 2-18. Provide a copy of the Equivalent Residential Units derived from the Tennessee Department of Environment and Conversation "Plans Review and Approval of Sewage Works Construction Plans and Documents." Refer to sheet 4 of the proposed tariffs.

**RESPONSE:**

- 2-19. Refer to the response to Consumer Advocate DR No. 1-27 < DR 27 - CSWR Allocated Costs – CONFIDENTIAL> spreadsheet, tab "CSWR Expense Detail" and provide answers to the following:

- a. Provide the insurance policy for Crane Insurance, Zurich American Insurance, Missouri American Mutual, Willis Towers Watson; and
- b. Identify all expenses relating to charitable contributions, association memberships, sponsorships, fundraisers along with the rationale for inclusion of these costs within the allocable expenses to Limestone from CSWR.

**RESPONSE:**

- 2-20. Refer to the Company's confidential responses to Consumer Advocate DR Nos. 34 and 60 and respond to the following:

- a. Clarify if Brad Thibault is Limestone Regional Manager or Director of Asset Management;
- b. Provide the job descriptions and responsibilities for both of those positions;
- c. When was this employee reclassified and to which position was they reclassified to;
- d. Did the employee's duties change due to this reclassification; and
- e. Provide a breakdown of the hours by project/system during the Test Year.

**RESPONSE:**

**2-21.** Refer to the Company's confidential response to Consumer Advocate DR No. 60.

Specifically, refer to line 13 "Director of Asset Management" and provide the following:

- a. The job description including responsibilities for this position;
- b. A breakdown of the hours by project/system during the Test Year; and
- c. Why this position drastically differs in % of base salary allocated than the other positions listed.

**RESPONSE:**

**2-22.** Refer to the Company's confidential response to Consumer Advocate DR No. 60.

Specifically, refer to line 8 "Regional Manager Missouri" and provide the following:

- a. The job description including responsibilities for this position; and
- b. A breakdown of hours by project/system during the Test Year.

**RESPONSE:**

**2-23.** Refer to the Company's General Ledger Filed as MFG 8. Specifically, refer to the column

labeled Service Area (no hierarchy) and answer the following:

- a. Confirm that there are three (3) Aqua systems shown under this column referencing Aqua (Aqua, Aqua W, and Aqua WW);
- b. The operations are contained under each system ID; and
- c. How the Company split the charges contained under Aqua between water and wastewater operations.

**RESPONSE:**

**2-24.** The response to Consumer Advocate DR No. 1-38(b) is non-responsive. Provide a comprehensive explanation documenting how Limestone ratepayers benefit from each life insurance policy coverage given the existing deductible limits established for each policy. This discussion should include an explanation of the potential that an event could result in costs in excess of the insurance deductible limits provided in <DR 38 Deductibles – CONFIDENTIAL>.



**RESPONSE:**

**2-25.** The response to Consumer Advocate DR No. 1-38(c) is non-responsive. Are any of the insurance coverages obtained by CSWR and charged to Limestone duplicative of insurance coverages identified in the O&M Contractor agreement provided in response to Consumer Advocate DR No. 1-36? If such coverages are not duplicative, provide a comprehensive explanation differentiating the two types of insurance costs being requested for recovery in this proceeding; once through the contractor O&M payments and the other allocated to Limestone from CSWR.

**RESPONSE:**

**2-26.** Indicate whether Clearwater Solutions has elected to self-insure pursuant to the terms of its contract.

**RESPONSE:**

**2-27.** Refer to the Company's CONFIDENTIAL response (and supplemental response) to Consumer Advocate DR No. 1-42, Subfolder "FA16760", Invoice "Clearwater Solutions 28233 240301":

- a. [REDACTED];
- b. As marked on Tool Slingers Invoice No. 757, did Central States Water pay the 4% convenience fee when making its payment to the subcontractor?
- c. [REDACTED].
- d. [REDACTED].

**RESPONSE:**

2-28. Refer to the Company's CONFIDENTIAL response (and supplemental response) to Consumer Advocate DR No. 1-42, Subfolder "FA16760", Invoice "Clearwater Solutions 28233 240301". Differentiate and explain the work completed by ClearWater Solutions employees and subcontractor [REDACTED] on locating and repairing water leaks.

**RESPONSE:**

2-29. Refer to the Company's CONFIDENTIAL response (and supplemental response) to Consumer Advocate DR No. 1-42, Subfolder "FA16760", Invoice "Clearwater Solutions 28233 240301". Explain the charge of [REDACTED] for an hour for administrative labor by Lynn Starrett to [REDACTED] on WO 273495472. Explain if Lynn Starrett [REDACTED]

**RESPONSE:**

2-30. Refer to the Company's CONFIDENTIAL response (and supplemental response) to Consumer Advocate DR No. 1-42, Subfolder "FA16760", Invoice "Clearwater Solutions 28233 240301". Provide position title and certifications for the following employees:

- a. Joshua Hester;
- b. Chad Keeton;
- c. Mark Rodgers; and
- d. Lynn Starrett.

**RESPONSE:**

2-31. Refer to the Company's CONFIDENTIAL response (and supplemental response) to Consumer Advocate DR No. 1-42 and respond to the following:

- a. Explain the naming convention of the subfolders in "DR 42 - Capital Improvements" folder;
- b. Explain the duplicate invoices located in several different subfolders. For example: Invoice "Clearwater Solutions CMS\_Capital\_October Final\_6of6 inv 25158 231101"

- is found in these 6 subfolders - FA16804, FA16814, FA16817, FA16819, FA16821, FA16822)
- c. Provide the missing document in the empty subfolder named "SF.396.000.14"; and
  - d. Regarding multiple invoices from [REDACTED], located within the "DR 42 – Capital Improvements" folder:
    - i. Define "markup" charge.
    - ii. Provide an explanation of the differing markup charges on separate invoices of [REDACTED] which varies [REDACTED]
    - iii. Provide the contract(s) with [REDACTED] for work on each of the systems.

**RESPONSE:**

**2-32.** Refer to the Company's confidential response (and supplemental response) to Consumer Advocate DR No. 1-42. Specifically, subfolder "FA16804" and respond to the following:

- a. Provide the contract(s) with [REDACTED] for work on each of the systems;
- b. Is [REDACTED] contracted by ClearWater Solutions or [REDACTED]? Provide the contract with [REDACTED].

**RESPONSE:**

**2-33.** Refer to the Company's CONFIDENTIAL response (and supplemental response) to Consumer Advocate DR No. 1-42, Subfolder "TN.HW.371.000.02". Respond to the following:

- a. Mowing for the month totals [REDACTED]. Explain the charge of [REDACTED] for nontechnical work, like mowing.
- b. There is an invoice/receipt from a Company named [REDACTED] for August 1 & 2.
  - [REDACTED] Did Midwest/ClearWater Solutions contract with [REDACTED]? If yes, provide the contract. If no, who contracted with [REDACTED]
  - ii. Describe the service [REDACTED] provided.

**RESPONSE:**

**2-34.** Refer to the Company's CONFIDENTIAL response (and supplemental response) to Consumer Advocate DR No. 1-42, Subfolder "FA16804", Invoice "Clearwater Solutions CMS\_Capital\_October Final\_6of6 inv 25158 231101". Respond to the following:

- a. Provide legible receipts for the following PDF pages 13-14 of 32.
- b. As marked on ClearWater Solutions billing backup, page 4, explain the following:
  - i. There are two lines of charges for Houston Black (Joey Crew) on 10/19/2023 it appears this is a duplication with a \$2 difference. Provide an explanation for these two lines of charges for lodging for the same day.
  - ii. Also on the Hampton receipt for Houston Black (Joey Crew) included in the PDF for 10/15-10/19/2023 there is a no show charge on 10/15/2023. Is Limestone seeking recovery of the no show cost?
  - iii. There are two lines of charges for William Pierce on 10/19/2023 it appears this is a duplication with a \$10 difference. Provide an explanation for these two lines of charges for lodging for the same day.
- c. As marked on ClearWater Solutions billing backup, page 7, explain the following:
  - i. For the [REDACTED] for Joseph Murphree on 10/26/2023 in the amount of [REDACTED], provide the number of employees that stayed with Mr. Murphree.
  - ii. Provide an itemized receipt for what this [REDACTED] charge covers.
  - iii. Page 22 of the pdf is an Airbnb receipt for 4 nights for a total of [REDACTED] for (Oct 23-27). Provide the number of employees that stayed with Mr. Murphree at this Airbnb.
- d. As marked on ClearWater Solutions billing backup, page 8, explain the following:
  - i. There are three lines of charges for Joseph Murphree on 10/13/2023, it appears this is a duplication with a \$2 difference. Provide an explanation for these three lines of charges for lodging for the same day.
- e. As marked on ClearWater Solutions billing backup, page 10, explain the following:
  - i. There are two lines of charges for Joseph Murphree on 10/17/2023, it appears this is a duplication. Provide an explanation for these two lines of charges for lodging for the same day.

**RESPONSE:**

**2-35.** Refer to the Company's CONFIDENTIAL response (and supplemental response) to Consumer Advocate DR No. 1-42 and respond to the following:

- a. Subfolder "FA16935", Invoice "ClearWater Solutions inv 21630 230601" for a total of [REDACTED] is for [REDACTED]. Explain why the [REDACTED] is included with Tennessee invoices.
- b. Subfolder "FA16926" Invoice "ClearWater Solutions inv 21628 230601" for a total of [REDACTED] is for [REDACTED]. Explain why the [REDACTED] was submitted with Tennessee invoices.

**RESPONSE:**

**2-36.** Refer to the Company's CONFIDENTIAL response (and supplemental response) to Consumer Advocate DR No. 1-42. In reviewing the documentation, it appears ClearWater Solutions uses invoice numbers that are recorded in more than one state for the same time period. For example, in Subfolders "FA16935", "FA16930" and "FA16931", there is an invoice for May 2023 from Clearwater Solutions numbered 21630 for two states – Louisiana and Tennessee. Explain the process of distinguishing the use of one invoice number for work in different states.

**RESPONSE:**

**2-37.** Refer to the Company's CONFIDENTIAL response (and supplemental response) to Consumer Advocate DR No. 1-42, Subfolder "FA16766", Invoice "Clearwater Solutions21627". As marked on ClearWater Solutions billing backup, page 2, provide the following:

- a. An explanation of the use of an operator at [REDACTED];
- b. [REDACTED]; and
- c. Explain the project name of the invoice "CSWR TN-NC-Aqua Water" and if any applies to North Carolina.

**RESPECTFULLY SUBMITTED,**

*Vance L. Broemel*

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**TPUC Docket No. 24-00044**

CA's 2<sup>nd</sup> DR to Limestone

**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing was served via U.S. Mail, with  
a courtesy copy by electronic mail, upon:

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This the 14<sup>th</sup> day of November, 2024

  
**VANCE L. BROEMEL**  
Senior Assistant Attorney General

# CA Attachment 2-2

TRA FORM (PSC - 3.19)

## QUARTERLY REPORT OF REVENUES, EXPENSES AND INVESTMENTS - WASTEWATER COMPANIES

Company Name:  
Quarter Ending:

Cartwright Creek, LLC  
September 30, 2021

Income Statement Item (a)	Amount For This Quarter		Year-To-Date		12 Months-To-Date	
	This Year (b)	Last Year (c)	This Year (d)	Last Year (e)	This Year (f)	Last Year (g)
<b>Operating Revenue</b>						
1 Residential Sales	\$130,719	\$123,111	\$384,211	\$398,331	\$508,451	\$523,311
2 Commercial Sales	17,979	22,233	56,514	66,369	78,747	87,996
3 Other Revenues	148,619	39,302	259,752	109,571	306,763	148,755
4 <b>Total Operating Revenues (Lines 1 through 3)</b>	<b>\$297,317</b>	<b>\$184,646</b>	<b>\$700,477</b>	<b>\$574,271</b>	<b>\$893,961</b>	<b>\$760,062</b>
<b>Operating Expenses</b>						
5 Salaries & Wages Expense	\$0	\$0	\$0	\$0	\$0	\$0
6 Purchased Wastewater Treatment	0	0	0	0	0	0
7 Sludge Removal Expense	26,875	22,650	51,625	29,400	74,125	29,400
8 Purchased Power	18,002	13,223	43,995	39,897	56,738	52,772
9 Fuel for Power Production	0	0	0	0	0	0
10 Chemicals	2,500	442	4,619	11,402	5,026	16,341
11 Materials and Supplies	6,420	10,633	11,351	19,657	16,946	21,551
12 Contractual Services	243,554	133,974	472,282	424,822	574,749	572,785
13 Rents	0	0	0	0	0	0
14 Transportation Expense	4,133	3,726	11,432	8,822	14,090	14,868
15 Insurance Expense	12,410	20,649	31,992	39,761	40,309	49,572
16 Regulatory Commission Expense	0	0	3,428	3,429	4,114	3,429
17 Bad Debt Expense	0	0	188	9,461	188	9,461
18 Miscellaneous Expense	19,902	20,112	101,087	56,176	116,909	131,740
19 Depreciation & Amortization Expense	0	0	0	0	0	0
20 Taxes Other Than Income Taxes	0	0	14,609	14,718	18,419	18,941
21 Income Taxes	0	0	0	0	0	0
22 <b>Total Operating Expenses (Lines 5 through 21)</b>	<b>\$333,796</b>	<b>\$225,409</b>	<b>\$746,609</b>	<b>\$657,545</b>	<b>\$921,613</b>	<b>\$920,860</b>
23 <b>Net Operating Income (Line 4 less Line 22)</b>	<b>-\$36,479</b>	<b>-\$40,763</b>	<b>-\$46,132</b>	<b>-\$83,274</b>	<b>-\$27,652</b>	<b>-\$160,798</b>

Selected Balance Sheet Items (a)	Balance End of Quarter		Average 12 MTD	
	This Year (h)	Last Year (i)	This Year (j)	Last Year (k)
24 Utility Plant in Service	\$5,424,441	\$5,419,969	\$5,423,654	\$5,129,254
25 Construction Work in Process	0	0	0	0
26 Utility Plant Acquisition Adjustment	0	0	0	0
27 Property Held For Future Use	0	0	0	0
28 Accumulated Depreciation & Amortization	968,952	968,952	968,952	968,952
29 Materials & Supplies	0	0	0	0
30 Unamortized Investment Tax Credit	0	0	0	0
31 Deferred Income Tax	0	0	0	0
32 Contributions in Aid of Construction	5,294,097	4,738,992	5,087,263	4,407,939
33 Customer Advances for Construction	0	0	0	0
34 Preferred Stock	0	0	0	0
35 Common Stock	200	200	200	200
36 Premium on Capital Stock or Other Stock	0	0	0	0
37 Retained Earnings	-1,351,751	-1,297,119	-1,311,804	-1,285,449
38 Long Term Debt	1,251,894	1,251,894	1,251,894	1,222,325