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VIA ELECTRONIC FILING

Hon. David Jones, Chairman
c/o Ectory Lawless, Docket Room Manager
Tennessee Public Utility Commission
502 Deaderick Street, 4th Floor
Nashville, TN 37243
TPUC.DocketRoom@tn.gov

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, TPUC Docket No. 24-00044*

Dear Chairman Jones:

Attached for filing please find *Limestone Water Utility Operating Company, LLC's Discovery Requests to the Consumer Advocate* in the above-captioned matter.

Please note that **Request No. 31** contains **CONFIDENTIAL INFORMATION** and is being submitted **UNDER SEAL** as **CONFIDENTIAL and PROPRIETARY**. Both a public version and a nonpublic, **CONFIDENTIAL** version of this response is attached.

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

clw

Attachments

cc: Russ Mitten, Limestone Water Utility Operating Company, LLC
Karen H. Stachowski, Consumer Advocate Division
Victoria B. Glover, Consumer Advocate Division
Shilina B. Brown, Consumer Advocate Division

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

**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

**LIMESTONE WATER UTILITY OPERATING COMPANY, LLC’S
DISCOVERY REQUESTS TO THE CONSUMER ADVOCATE DIVISION**

Limestone Water Utility Operating Company, LLC (“Limestone”) respectfully submits the following discovery requests to the Consumer Advocate Division of the Tennessee Attorney General’s Office (“CAD”). Pursuant to the Order Establishing Procedural Schedule, the responses are to be produced at the office of the undersigned counsel, Katherine Barnes, at Butler Snow LLP, 150 3rd Avenue South, Suite 1600, Nashville, Tennessee 37201, on January 6, 2025.

Instructions

As used herein, “Documents” include all correspondence, memoranda, notes, e-mail, maps, drawings, surveys or other written or recorded materials, whether external or internal, of every kind or description in the possession of or accessible to the CAD, its witnesses or counsel.

A. Please identify by name, title, position and responsibility the person or persons answering each of these discovery requests for information.

B. These requests shall be deemed continuing so as to require further and supplemental responses if the CAD receives or generates additional information within the scope of these requests between the time of the response and the time of any hearing conducted herein.

C. To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper or information.

D. To the extent that any request may be answered by way of a computer printout, spreadsheet or other form of electronic media, please identify each variable contained in the document or file which would not be self-evident to a person not familiar with the document or file.

E. If the CAD has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, please notify the undersigned counsel for Limestone as soon as possible.

F. For any document withheld on the ground of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown or explained; and the nature and legal basis for the privilege asserted.

G. In the event any document requested has been destroyed or transferred beyond the control of the CAD or any of its witnesses, state: the identity of the person by whom it was destroyed or transferred and the person authorizing the destruction or transfer; the time, place and method of destruction or transfer; and the reason(s) for its destruction or transfer. If destroyed or transferred by reason of a document retention policy, describe in detail the document retention policy.

H. If a document responsive to a request is a matter of public record, please produce a copy of the document rather than refer Limestone to the record where the document is located.

DISCOVERY REQUEST NO. 1:

To the extent not previously provided, please provide electronic copies (on USB) of all tables, charts, diagrams, schedules, and exhibits (collectively, “Exhibits”) contained in the testimony of all witnesses for the CAD. Please include all workpapers, schedules, underlying computations and supporting documentation used and relied upon by each witness in the preparation of his testimony, including the preparation of all Exhibits. Please provide all electronic spreadsheets with cell formulas, cell references, macros and VBA code intact.

RESPONSE:

DISCOVERY REQUEST NO. 2:

To the extent not previously provided, please provide copies of all schedules and underlying computations and workpapers developed in the analysis by the CAD and/or its witnesses of Limestone’s requested rate increase in electronic spreadsheet format with all formulas intact. This request includes, but is not limited to, the analyses of the revenue requirement components and computations, including all ratemaking adjustments to the historic and forecasted data, and the cost of service model.

RESPONSE:

DISCOVERY REQUEST NO. 3:

Directed to Kaml: Acquisition Adjustments: For each of the four criteria set forth by Mr. Kaml at page 9 (lines 19-22), please provide citations to all Tennessee Public Utility Commission decisions, of which Mr. Kaml is aware, that adopted that specific criterion.

RESPONSE:

DISCOVERY REQUEST NO. 4:

Directed to Kaml: Acquisition Adjustments: Please provide a list of all Tennessee Public Utility Commission cases, of which Mr. Kaml is aware, in which CAD or another party has proposed any of the four criteria set forth by Mr. Kaml at page 9 (lines 19-22).

RESPONSE:

DISCOVERY REQUEST NO. 5:

Directed to CAD: Acquisition Adjustments: Please provide a list of all Tennessee Public Utility Commission cases, since the promulgation of 1220-04-14-.04 in November 2021, in which CAD filed testimony on the issue of recovery of acquisition adjustments. For each case, please provide a copy of the relevant piece of CAD testimony.

RESPONSE:

DISCOVERY REQUEST NO. 6:

Directed to CAD: Acquisition Adjustments: Please provide a copy of CAD's comments in any rulemaking docket in which 1220-04-14-.04 was considered by the Tennessee Public Utility Commission.

RESPONSE:

DISCOVERY REQUEST NO. 7:

Directed to CAD: Acquisition Adjustments: Please provide a copy of CAD's comments in any rulemaking docket in which 1220-04-14-.04 was considered by the Tennessee Public Utility Commission.

RESPONSE:

DISCOVERY REQUEST NO. 8:

Directed to Kaml: Acquisition Adjustments: At page 11, lines 4-5, Mr. Kaml asserts that "there are other methods [other than acquisition premium recovery] that can be utilized to encourage the sale if it is necessary or in the public interest." Please identify the "other methods" that Mr. Kaml believes can be utilized to encourage the sale of a distressed utility. For each of the "other methods", please identify all Tennessee Public Utility Commission cases, of which Mr. Kaml is aware, in which the Commission has utilized such a method.

RESPONSE:

DISCOVERY REQUEST NO. 9:

Directed to Kaml: Acquisition Adjustments: Please provide a copy of the A+ Communications, Inc. and Kingsport Power Company orders referenced on page 11, lines 8-11. Please provide Mr. Kaml's understanding as to whether the sale of utility assets in each of those cases constituted a sale of all utility assets or a sale of a portion of the utility assets.

RESPONSE:

DISCOVERY REQUEST NO. 10:

Directed to CAD: Acquisition Adjustments: Please confirm that nowhere in CAD's testimony does it address the six criteria contained in Commission Rule 1220-04-14-.04. If CAD did address any of the specific criteria, please provide a citation to the testimony where CAD addressed such criteria.

RESPONSE:

DISCOVERY REQUEST NO. 11:

Directed to CAD: Acquisition Adjustments: At page 10 of Mr. Kaml's testimony, he indicates in part that "[s]etting rates on the purchase price encourages transactions that may increase rates without benefits to ratepayers". (a) Does Mr. Kaml believe that, for each of the five acquisitions for which Limestone Water seeks recovery of an acquisition adjustment (Aqua Utilities, Cartwright Creek, Shiloh Falls, Candlewood Lakes, and DSH-Lakeside Estates), ratepayers have received no benefits from the acquisition of those systems by Limestone Water? (b) Please provide the process undertaken by Mr. Kaml to determine whether ratepayers received any benefits associated with the acquisition by Limestone Water. (c) If Mr. Kaml believes that ratepayers have received benefits from the acquisition, please identify all of the benefits, of which Mr. Kaml is aware, that ratepayers received for each specified acquisition.

RESPONSE:

DISCOVERY REQUEST NO. 12:

Directed to Kaml: Transaction Costs: At page 15, Mr. Kaml indicates that transaction costs are "expenses that would not have existed but for the acquisition." (a) Has Mr. Kaml reviewed all

of the specific transaction costs sought by Limestone to determine whether they would have existed but for the acquisition? (b) If yes, please provide all documentation that reflects Mr. Kaml's determination for each cost. (c) If no, how did Mr. Kaml determinate whether a specific transaction cost met his criteria for disallowance?

RESPONSE:

DISCOVERY REQUEST NO. 13:

Directed to Kaml: Transaction Costs: See, page 21, lines 5-6 of his testimony. (a) Does Mr. Kaml agree that a transaction cost, for instance obtaining legal easements and clearing title defects, could result in benefits for ratepayers? (b) If yes, should transaction costs that provide a benefit to ratepayers be recoverable by the utility? (c) Please provide all documentation by which Mr. Kaml attempted to determine whether each specific transaction cost provides a benefit to ratepayers.

RESPONSE:

DISCOVERY REQUEST NO. 14:

Directed to Kaml: Transaction Costs: At page 11, lines 4-5, Mr. Kaml asserts that "there are other methods [other than acquisition premium recovery] that can be utilized to encourage the sale if it is necessary or in the public interest." (a) While not seeking a legal opinion, is it Mr. Kaml's belief that the sale of a regulated utility in such circumstances would still require Commission approval? (b) In the event that the Commission was encouraging the sale of a utility for public interest reasons, does Mr. Kaml believe that any regulatory legal costs should be recoverable in such a situation?

RESPONSE:

DISCOVERY REQUEST NO. 15:

Directed to Kaml: Transaction Costs: Would Mr. Kaml agree that, for each of the acquisitions made by Limestone Water, the Commission has found that the acquisition furthers the public interest?

RESPONSE:

DISCOVERY REQUEST NO. 16:

Directed to CAD: Transaction Costs: At page 20 of his testimony, Mr. Kaml discusses pre-approval of cost recovery prior to a transaction. Please identify all cases for the last five years in which CAD is aware of a utility seeking pre-approval of cost recovery of transaction costs. For each case, please identify CAD's position on pre-approval of such costs.

RESPONSE:

DISCOVERY REQUEST NO. 17:

Directed to CAD: Consolidation: Please confirm that Navitas TN natural gas rates in Tennessee are consolidated across all service areas.

RESPONSE:

DISCOVERY REQUEST NO. 18:

Directed to CAD: Consolidation: Please confirm that, while served by the same local distribution company (Navitas TN), the Byrdstown and Jellico service areas are served by different natural gas pipelines.

RESPONSE:

DISCOVERY REQUEST NO. 19:

Directed to CAD: Has CAD conducted a cost of service study for each separate Limestone service area to determine the revenue requirement for each service area?

RESPONSE:

DISCOVERY REQUEST NO. 20:

Directed to Kaml: Vegetation Management: Has Mr. Kaml visited any of the Limestone systems to determine whether vegetation management activities are being conducted regardless of whether they are handles as an “out-of-scope, non-routine task”? If yes, please identify all of the systems visited by Mr. Kaml and the date of his visit. If yes, please provide Mr. Kaml’s opinion of vegetation management efforts at each individual site including any photos and notes taken by Mr. Kaml.

RESPONSE:

DISCOVERY REQUEST NO. 21:

Directed to CAD: Please confirm that nowhere in CAD’s testimony does it address attrition period rate base or attrition period expenses. If CAD did address either of these topics, please

identify the witness and page number where attrition period rate base or attrition period expenses are addressed.

RESPONSE:

DISCOVERY REQUEST NO. 22:

Directed to Novak: Cartwright Creek Commercial Revenues: Please provide a copy of all of the documents identified in footnote 4 on page 6, footnote 9 on page 11, footnote 10 on page 11, footnote 11 on page 11, and footnote 19 on page 15.

RESPONSE:

DISCOVERY REQUEST NO. 23:

Directed to Novak: Please provide all instances known to Mr. Novak where a Commission has refused to consider a change in rates based upon a perceived deficiency.

RESPONSE:

DISCOVERY REQUEST NO. 24:

Directed to Novak: Tap Fees and Inspection Fees: Please provide a copy of all source documents used to determine the “anticipated growth rate for properties with an inspection fee” as identified on page 12, lines 4-8.

RESPONSE:

DISCOVERY REQUEST NO. 25:

Directed to Novak: Tap Fees and Inspection Fees: Does the “anticipated customer growth” discussed on page 12, line 11 equate to the “anticipated growth rate” discussed on page 12, line 6? If no, please discuss the differences. If no, please provide the source documents for his “anticipated customer growth” discussed on page 12, line 11.

RESPONSE:

DISCOVERY REQUEST NO. 26:

Directed to Novak: Outside Third-Party Contractors: Is Mr. Novak aware of any analysis conducted in the last TWSI rate case to determine whether it would be more cost efficient for TWSI to utilize outside contracts instead of utilizing internal employees and paying wages and benefits and incurring all costs for trucks, tools, and maintenance supplies? If yes, please provide a copy of that entire analysis.

RESPONSE:

DISCOVERY REQUEST NO. 27:

Directed to Novak: Rate Design: At page 21 of his testimony, Mr. Novak recommends that the revenue deficiency be “allocated evenly across-the-board to all service areas based upon the ratio of attrition period revenue in each area to the total attrition period revenue.” (a) Has Mr. Novak undertaken any analysis to determine whether his revenue deficiency proposal reflects cost of service for each service area? If yes, please provide a copy of such analysis. (b) Does Mr. Novak’s revenue deficiency allocation proposal consider the time since the last rate case for

each service area? If yes, please describe how his revenue deficiency allocation considers the time since the last rate case.

RESPONSE:

DISCOVERY REQUEST NO. 28:

Directed to Novak: Billing Determinants: Please provide the specific Commission orders or legal requirements that mandate the retention of historical billing determinants for four years.

RESPONSE:

DISCOVERY REQUEST NO. 29:

Please explain and clarify your position regarding land values as a write up of historic values, and please identify each previous rate case docket before the Commission where the value of real estate used to provide water or sewer service was included in the rate base used to set customer rates. For each such case, please provide documentation showing the value of real estate included in rate base.

RESPONSE:

DISCOVERY REQUEST NO. 30:

Please explain why tap and related fees currently held in escrow should not be released and booked as CIAC when newly constructed assets are placed in service, given that those funds were not used for assets currently in-service.

RESPONSE:

DISCOVERY REQUEST NO. 31:

In Bradley's Confidential AB-3 DR 27-CSWR Allocated Cost workpaper, line 49 in the "May" tab shows a removal of [REDACTED]. On the same tab, Line 2 contains an offset to the amount removed. Please clarify why this amount was removed when there was a corresponding offset in Line 2.

RESPONSE:

DISCOVERY REQUEST NO. 32:

If rate case expenses are recovered through a separate surcharge, as proposed by the Consumer Advocate, please explain if it is also the Consumer Advocate's position that expenses related to the separate proceeding to determine the amount of recoverable rate case costs would be recoverable through the same surcharge.

RESPONSE:

DISCOVERY REQUEST NO. 33:

In opposing Limestone Water's proposal to recover an acquisition adjustment, the Consumer Advocate includes factors that are not part of Rule 1220-04-14-.04. Has the Consumer Advocate previously asked the Commission to consider some or all of these additional factors when considering whether to allow an acquisition adjustment? If the answer to the preceding question is "yes," please identify each such docket in which the Consumer Advocate made such a request and identify each Consumer Advocate witness who supported that request.

RESPONSE:

DISCOVERY REQUEST NO. 34:

If the Consumer Advocate opposes utilizing the assumed flow methodology in Silas' Pre-filed Direct Testimony for commercial revenues associated with sewer only accounts, please explain your reasoning.

RESPONSE:

DISCOVERY REQUEST NO. 35:

If, as the Consumer Advocate proposes, tap and related fees were to be treated as revenue for purposes of determining the revenue requirement in this case, explain why the Consumer Advocate did not also propose a corresponding reduction in Limestone Water's CIAC balance.

RESPONSE:

DISCOVERY REQUEST NO. 36:

Please explain your reasoning for proposing to treat Tap Fees as revenues instead of CIAC, and please identify each docket where the Consumer Advocate has proposed tap and related fees for a regulated water and wastewater utility be treated as revenue instead of being capitalized.

RESPONSE:

DISCOVERY REQUEST NO. 37:

Please explain why Mr. Novak calculated and utilized attrition year revenues when Mr. Bradley approved of Limestone's historical test year proposal. Does Mr. Novak's proposal to include attrition year revenues not attrition year expenses and investment violate the "matching principle" used in utility ratemaking? Please explain your answer.

RESPONSE:

DISCOVERY REQUEST NO. 38:

Please identify each rate case docket where Mr. Bradley (or another witness for the Consumer Advocate) proposed to include attrition year revenues but excluded or failed to include attrition year expenses or investment.

RESPONSE:

DISCOVERY REQUEST NO. 39:

Please identify any proceedings before the Commission in which revenue deficiencies were evenly allocated across various tariffed rate districts, including any Commission orders.

RESPONSE:

DISCOVERY REQUEST NO. 40:

Please identify each water or sewer rate case in any jurisdiction where Mr. Kaml proposed to evenly allocate a rate increase over a utility's tariff districts. For each case identified in response to the previous question, please provide the docket number.

RESPONSE:

RESPECTFULLY SUBMITTED,

Katherine Barnes

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*Attorneys for Limestone Water Utility Operating
Company, LLC*

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:

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This the 30th day of December 2024.



Katherine Barnes