

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

<b>IN RE:</b>	)	
	)	
<b>PETITION OF LIMESTONE WATER</b>	)	
<b>UTILITY OPERATING COMPANY,</b>	)	
<b>LLC TO INCREASE CHARGES, FEES</b>	)	<b>DOCKET NO. 24-00044</b>
<b>AND RATES, AND FOR APPROVAL OF</b>	)	
<b>A GENERAL RATE INCREASE AND</b>	)	
<b>CONSOLIDATED RATES</b>	)	
	)	

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**CONSUMER ADVOCATE’S FIRST 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 (the “Consumer Advocate”), by and through counsel, propounds the following First Set of Discovery Requests to Limestone Water Utility Operating Company, LLC (“Limestone” or the “Company”) and its parent company, Central States Water Resources, Inc. (“CSWR”).

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 2:00 p.m. (CDT), October 31, 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,” “Buyer,” or “Limestone,” 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.

(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) “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.”

(d) “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.

(e) “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.

(f) “Person” shall mean any natural person, corporation, firm, company, proprietorship, partnership, business, unincorporated association, or other business or legal entity of any sort whatsoever.

(g) “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.

(h) "And" and "or" shall be construed conjunctively or disjunctively as necessary to make the discovery request inclusive rather than exclusive.

(i) "Including" shall be construed to mean including but not limited to.

### **FIRST SET OF DISCOVERY REQUESTS**

**1-1.** Revenues. Provide a copy of the Company's current tariff for the Cartwright Creek Service Territory.

#### **RESPONSE:**

**1-2.** Revenues. Provide the following information related to the Grassland Area of the Company's Cartwright Creek Service Territory:

- a. Provide the monthly number of residential bills by bedrooms from January 2020 through June 2024;
- b. Provide the monthly number of commercial bills and commercial monthly usage (actual or assumed flow) from January 2020 through June 2024;

- c. Provide the monthly number of Returned Check Charges, Disconnection Charges, and Reconnection Charges from January 2020 through June 2024;
- d. Provide the Monthly Late Payment Revenues from January 2020 through June 2024;
- e. Provide the monthly number of residential tap fees, and the associated amount of revenue collected from January 2020 through June 2024;
- f. Provide the monthly number of commercial tap fees, and the associated amount of revenue collected from January 2020 through June 2024;
- g. Provide the monthly number of Construction Inspection Fees, and the associated amount of revenue collected from January 2020 through June 2024;
- h. Provide the monthly number of Construction Reinspection Fees, and the associated amount of revenue collected from January 2020 through June 2024; and
- i. Provide the monthly number of Capital Recovery Surcharges (along with any other Commission approved surcharges) and the associated amount of revenue collected from January 2020 through June 2024.

**RESPONSE:**

**1-3. Revenues.** Provide the following information related to the Arrington Retreat Area of the Company's Cartwright Creek Service Territory:

- a. Provide the monthly number of residential bills from January 2020 through June 2024;
- b. Provide the monthly number of commercial bills and commercial monthly usage (actual or assumed flow) from January 2020 through June 2024;
- c. Provide the monthly number of Returned Check Charges, Disconnection Charges, and Reconnection Charges from January 2020 through June 2024;
- d. Provide the Monthly Late Payment Revenues from January 2020 through June 2024;
- e. Provide the monthly number of residential tap fees and the associated amount of revenue collected from January 2020 through June 2024;
- f. Provide the monthly number of commercial tap fees and the associated amount of revenue collected from January 2020 through June 2024;
- g. Provide the monthly number of Construction Inspection Fees and the associated amount of revenue collected from January 2020 through June 2024;
- h. Provide the monthly number of Construction Reinspection Fees and the associated amount of revenue collected from January 2020 through June 2024; and

- i. Provide the monthly number of Capital Recovery Surcharges (along with any other Commission approved surcharges) and the associated amount of revenue collected from January 2020 through June 2024.

**RESPONSE:**

**1-4. Revenues.** Provide the following information related to the Hideaway Area of the Company's Cartwright Creek Service Territory:

- a. Provide the monthly number of residential bills from January 2020 through June 2024;
- b. Provide the monthly number of commercial bills and commercial monthly usage (actual or assumed flow) from January 2020 through June 2024;
- c. Provide the monthly number of Returned Check Charges, Disconnection Charges, and Reconnection Charges from January 2020 through June 2024;
- d. Provide the Monthly Late Payment Revenues from January 2020 through June 2024;
- e. Provide the monthly number of residential tap fees and the associated amount of revenue collected from January 2020 through June 2024;
- f. Provide the monthly number of commercial tap fees and the associated amount of revenue collected from January 2020 through June 2024;
- g. Provide the monthly number of Construction Inspection Fees and the associated amount of revenue collected from January 2020 through June 2024;
- h. Provide the monthly number of Construction Reinspection Fees and the associated amount of revenue collected from January 2020 through June 2024; and
- i. Provide the monthly number of Capital Recovery Surcharges (along with any other Commission approved surcharges) and the associated amount of revenue collected from January 2020 through June 2024.

**RESPONSE:**

**1-5. Revenues.** Provide the following information related to the Hardeman Springs Area of the Company's Cartwright Creek Service Territory:

- a. Provide the monthly number of residential bills from January 2020 through June 2024;
- b. Provide the monthly number of commercial bills and commercial monthly usage (actual or assumed flow) from January 2020 through June 2024;

- c. Provide the monthly number of Returned Check Charges, Disconnection Charges, and Reconnection Charges from January 2020 through June 2024;
- d. Provide the Monthly Late Payment Revenues from January 2020 through June 2024;
- e. Provide the monthly number of residential tap fees and the associated amount of revenue collected from January 2020 through June 2024;
- f. Provide the monthly number of commercial tap fees and the associated amount of revenue collected from January 2020 through June 2024;
- g. Provide the monthly number of Construction Inspection Fees and the associated amount of revenue collected from January 2020 through June 2024;
- h. Provide the monthly number of Construction Reinspection Fees and the associated amount of revenue collected from January 2020 through June 2024; and
- i. Provide the monthly number of Capital Recovery Surcharges (along with any other Commission approved surcharges) and the associated amount of revenue collected from January 2020 through June 2024.

**RESPONSE:**

- 1-6. Revenues.** Provide a copy of the Company's current tariff for the Aqua Utilities Service Territory.

**RESPONSE:**

- 1-7. Revenues.** Provide the following information related to the Company's Aqua Utilities Service Territory:

- a. Provide the monthly number of water bills from January 2020 through June 2024;
- b. Provide the monthly water usage split between the first 1,000 gallons/month and usage in excess of 1,000 gallons/month from January 2020 through June 2024;
- c. Provide the monthly number of wastewater bills from January 2020 through June 2024;
- d. Provide the monthly wastewater usage split between the first 1,000 gallons/month and usage in excess of 1,000 gallons/month from January 2020 through June 2024;
- e. Provide the monthly number of Service Connections and the associated revenue split between water and wastewater from January 2020 through June 2024;

- f. Provide the monthly number of Seasonal Disconnections and the associated revenue split between water and wastewater from January 2020 through June 2024;
- g. Provide the monthly number of Reconnections due to Non-Payment and the associated revenue split between water and wastewater from January 2020 through June 2024;
- h. Provide the monthly number of Returned Check Charges and the associated revenue from January 2020 through June 2024; and
- i. Provide the monthly Late Payment Revenues from January 2020 through June 2024.

**RESPONSE:**

- 1-8. Revenues.** Provide a copy of the Company's current tariff for the Shiloh Falls Service Territory.

**RESPONSE:**

- 1-9. Revenues.** Provide the following information related to the Company's Shiloh Falls Service Territory:

- a. Provide the monthly number of residential wastewater bills from January 2020 through June 2024;
- b. Provide the monthly residential wastewater usage split into 1,000 gallons blocks per month from January 2020 through June 2024;
- c. Provide the monthly number of nonresidential wastewater bills from January 2020 through June 2024;
- d. Provide the monthly nonresidential wastewater usage split into 1,000 gallons blocks per month from January 2020 through June 2024;
- e. Provide the monthly number of residential sewer connection fees and the associated revenue from January 2020 through June 2024;
- f. Provide the monthly number of nonresidential sewer connection fees and the associated revenue from January 2020 through June 2024; and
- g. Provide the monthly number of returned check charges and the associated revenue from January 2020 through June 2024.

**RESPONSE:**



**1-10. Revenues.** Provide a copy of the Company's current tariff for the Chapel Woods Service Territory.

**RESPONSE:**

**1-11. Revenues.** Provide the following information related to the Company's Chapel Woods Service Territory:

- a. Provide the monthly number of residential wastewater bills from January 2020 through June 2024;
- b. Provide the monthly number of tap fees and the associated amount of revenue collected from January 2020 through June 2024;
- c. Provide the monthly number of Service Connections and the associated revenue split between water and wastewater from January 2020 through June 2024; and
- d. Provide the monthly number of Construction Inspection Fees and the associated amount of revenue collected from January 2020 through June 2024.

**RESPONSE:**

**1-12. Revenues.** Provide a copy of the Company's current tariff for the Candlewood Lakes Service Territory.

**RESPONSE:**

**1-13. Revenues.** Provide the following information related to the Company's Candlewood Lakes Service Territory:

- a. Provide the monthly number of residential water bills from January 2020 through June 2024;
- b. Provide the monthly number of New Service Connections and the associated revenue from January 2020 through June 2024;
- c. Provide the monthly number of Service Connection Inspections and the associated revenue from January 2020 through June 2024;
- d. Provide the monthly number of Water Service Line Inspections and the associated revenue from January 2020 through June 2024;

- e. Provide the monthly number of regular hour Turn-On/Turn-Offs that are requested by the customer and the associated revenues from January 2020 through June 2024;
- f. Provide the monthly number of after hour Turn-On/Turn-Offs that are requested by the customer and the associated revenues from January 2020 through June 2024;
- g. Provide the monthly number of regular hour Turn-On/Turn-Offs associated with Non-Payment and the associated revenues from January 2020 through June 2024;
- h. Provide the monthly number of On-Site Collection Charges and the associated revenues from January 2020 through June 2024;
- i. Provide the monthly number of Meter Test Fees and the associated revenues from January 2020 through June 2024;
- j. Provide the monthly number of returned check charges and the associated revenue from January 2020 through June 2024; and
- k. Provide the monthly Late Payment Revenues from January 2020 through June 2024.

**RESPONSE:**

**1-14. Revenues.** Provide a copy of the Company's current tariff for the Lakeside Estates Service Territory.

**RESPONSE:**

**1-15. Revenues.** Provide the following information related to the Company's Lakeside Estates Service Territory:

- a. Provide the monthly number of residential water bills from January 2020 through June 2024;
- b. Provide the monthly number of residential tap fees by bedroom/flow rates and the associated amount of revenue collected from January 2020 through June 2024;
- c. Provide the monthly Late Payment Revenues from January 2020 through June 2024;
- d. Provide the monthly number of STEP System Installations and the associated revenue from January 2020 through June 2024;
- e. Provide the monthly number of disconnections and the associated revenue from January 2020 through June 2024;

- f. Provide the monthly number of reconnections and the associated revenue from January 2020 through June 2024;
- g. Provide the monthly number of returned check charges and the associated revenue from January 2020 through June 2024;
- h. Provide the monthly number of Access Fees and the associated revenue from January 2020 through June 2024;
- i. Provide the monthly number of commercial water bills by Tier/Flowrate from January 2020 through June 2024; and
- j. Provide the monthly number of commercial tap fees by bedroom/flow rates and the associated amount of revenue collected from January 2020 through June 2024.

**RESPONSE:**

**1-16. Revenues.** Refer to the File <Revenue K&M Adjustment.xlsx> included with the Company’s Response to Consumer Advocate Informal Request No. 4 on August 27, 2024.

Provide the following information:

- a. Refer to the Tab “System Flat Rates” included on this spreadsheet. Provide the source and support for the individual “Current Customer Count” amounts in Column D;
- b. Refer to the Tab “System Flat Rates” included on this spreadsheet. Provide the source and support for the individual “Flat Rate” amounts in Column E; and
- c. Refer to the Tab “Revenue Adjustment” included on this spreadsheet. Specifically refer to Rows 30 to 52 of this spreadsheet which supposedly contain the actual monthly test period revenues for each of the Company’s wastewater systems. Provide the source and support for these monthly amounts which appear as unreferenced hard-coded numbers.

**RESPONSE:**

**1-17. Revenues.** Refer to the File <Confidential Transaction Detail Report 24.04.30.xlsx> included with the Company’s Response to Consumer Advocate Informal Request No. 1-2-11 on August 27, 2024. Provide this same information (transactions and usage) for each month of calendar years 2020, 2021, 2022 and 2023.

**RESPONSE:**

**1-18.** Revenues. Refer to the File <Confidential Transaction Detail Report 24.04.30.xlsx>, Tab “Transactions”, included with the Company’s Response to Consumer Advocate Informal Request No. 1-2-11 on August 27, 2024. Define the contents for the fields labeled “Adjustments”, “Penalties”, “Adjusted Receipts”, and “Receipts” listed in Columns I through L of this spreadsheet.

**RESPONSE:**

**1-19.** Revenues. Refer to the File <Confidential Transaction Detail Report 24.04.30.xlsx>, Tab “Transactions”, included with the Company’s response to Consumer Advocate Informal Request No. 1-2-11 on August 27, 2024. Specifically refer to the “TN-Connect Fee” charges within the “Service” field of this spreadsheet that appear to total to \$214,425 during the test period and provide the following information:

- a. Identify the tariff charge that produces this amount; and
- b. State and justify how the Company records the receipts from these charges in its books – as revenues or an offset to plant in service.

**RESPONSE:**

**1-20.** Revenues. Refer to the File <Confidential Transaction Detail Report 24.04.30.xlsx>, Tab “Transactions”, included with the Company’s Response to Consumer Advocate Informal Request No. 1-2-11 on August 27, 2024. Specifically refer to the “TN-Local Tax” charges within the “Service” field of this spreadsheet that appear to total to \$3,137 during the test period and provide the following information:

- a. Identify the tariff charge that produces this amount; and
- b. State and justify how the Company records the receipts from these charges in its books – as revenues or a liability.

**RESPONSE:**

- 1-21. Revenues.** Refer to the File <Confidential Transaction Detail Report 24.04.30.xlsx>, Tab “Transactions”, included with the Company’s Response to Consumer Advocate Informal Request No. 1-2-11 on August 27, 2024. Specifically refer to the “TN-Unapplied Credit” charges within the “Service” field of this spreadsheet that appear to total to \$4,686 during the test period and provide the following information:
- a. Identify the tariff charge that produces this amount; and
  - b. State and justify how the Company records the receipts from these charges in its books – as revenues or a liability.

**RESPONSE:**

- 1-22. Revenues.** Refer to the File <Confidential Transaction Detail Report 24.04.30.xlsx>, Tab “Transactions”, included with the Company’s Response to Consumer Advocate Informal Request No. 1-2-11 on August 27, 2024. Specifically refer to the “TN-State Tax” charges within the “Service” field of this spreadsheet that appear to total to \$19 during the test period and provide the following information:
- a. Identify the tariff charge that produces this amount; and
  - b. State and justify how the Company records the receipts from these charges in its books – as revenues or a liability.

**RESPONSE:**

- 1-23. Revenues.** Provide a copy of an actual residential and commercial bill rendered during the test period for each of the Company’s operating areas and for each service provided.

**RESPONSE:**

- 1-24. Revenues.** Provide a copy of all revenue workpapers not included in the Company’s filing or the Minimum Filing Guidelines.

**RESPONSE:**

**1-25.** Refer to the Company's MFG 41. Confirm that all costs assigned to Limestone from CSWR are done in compliance with the CSWR Cost Allocation Manual ("CAM") provided in response to MFG 41. If this is not confirmed, identify all costs allocated or assigned to CSWR that do not comply with the CAM, by month, by account accompanied by an explanation supporting how such costs were assigned to Limestone.

**RESPONSE:**

**1-26.** Regarding the balance of CIAC, provide the following:

- a. The level of CIAC amortization for the twelve-month period ending April 2024 by system, that ties to the test year amortization credit of \$189,623 as reflected on Schedule BT-3.1;
- b. Identify the amortization rate used for each systems' CIAC and provide the authority relied upon in the application of the CIAC amortization rate; and
- c. The CIAC balance of Aqua as of 2018 was \$295,490 per its annual report submitted to the Commission. Supporting information provided to BT 12.1 and 12.2 indicates a total accumulated amortization of the Aqua CIAC balance of \$130,978. Provide an explanation and a reconciliation of the Aqua CIAC balance from the date of acquisition to the net CIAC balance as of April 30, 2024.

**RESPONSE:**

**1-27.** Refer to the Company's MFG 41, CAM. Respond to the following:

- a. Provide the monthly CSWR charges assigned to Limestone by account, further split into the six service categories listed on page 4; and
- b. For each service category, provide the monthly amounts split between: (i) Direct Charges; (ii) Jointly Billed Charges; and (iii) Indirect Charges.

**RESPONSE:**

**1-28.** Refer to the Company's MFG 41, CAM. Provide the source data used to develop the Three Factor Method for Cost Allocations for the quarterly periods impacting charges from

January 2023 through December 2024. This response should include the totals for CSWR and Limestone.

**RESPONSE:**

**1-29.** Refer to the Company's MFG 41, CAM. For each type of jointly billed cost, provide the following:

- a. Identify the total CSWR costs subject to joint allocation by month, by account for the period January 2022 – the most recent data available;
- b. Identify the monthly joint costs assigned or allocated to Limestone, by account for the period January 2022 – the most recent data available; and
- c. Provide the underlying documentation and an explanation for the allocation ratios used to assign jointly billed costs to Limestone for the period January 2022 – the most recent data available.

**RESPONSE:**

**1-30.** Refer to the Company's MFG 45, which contains 2021 state Franchise and Excise tax returns. Provide a copy of the 2022 Franchise, Excise, and Ad Valorem tax returns. Provide a copy of the 2023 returns when they become available.

**RESPONSE:**

**1-31.** Provide the two most recent Limestone Form 1120's submitted to the IRS and all attachments associated with this filing.

**RESPONSE:**

**1-32.** Refer to the Direct Testimony of Brent Theis at 29:3-17. Provide a comprehensive explanation describing the Company's accounting for Cartwright Creeks' CIAC balance since the date of the system acquisition. Has the Company amortized the Cartwright Creek CIAC balance since that date? If so, provide the annual amortization credit recorded since the date of the acquisition.

**RESPONSE:**

- 1-33.** Provide the underlying support for the 5% CIAC amortization rate proposal for Cartwright Creek CIAC balance.

**RESPONSE:**

- 1-34.** Refer to the Direct Testimony of Clare Donovan at p. 8. Regarding the Regional Manager responsible for oversight over the third-party contractor providing service to Limestone provide the following:
- a. The total costs of this employee for the twelve-month period ended April 30, 2024, including compensation, employee taxes, and benefits;
  - b. The state operations over which the Regional Manager is responsible; and
  - c. If the regional manager is responsible for operations in multiple states, identify how the Regional Managers' costs are allocated among differing state operations.

**RESPONSE:**

- 1-35.** Provide a copy of all supporting documentation relied upon and/or developed that supports the adjustments to Operating Expenses.

**RESPONSE:**

- 1-36.** Provide a copy of the current and prior third-party contract entered into for operation of the Limestone systems. Provide an overview of how the terms of the new agreement differed from the prior agreement.

**RESPONSE:**

- 1-37.** Refer to the Direct Testimony of Clare Donovan at p.11. Provide a copy of the property, general liability and environmental insurance coverage provided by the single policy held by CSWR as discussed in Ms. Donovan's testimony.



**RESPONSE:**

**1-38.** Refer to the Direct Testimony of Clare Donovan at p. 11. Regarding corporate insurance discussed by Ms. Donovan, respond to the following:

- a. Identify the deductibles applicable to the corporate insurance policies;
- b. Provide a comprehensive explanation of how Limestone customers benefit from the corporate insurance coverage allocated to Limestone given the existing deductibles identified in part (a) above; and
- c. Differentiate the general liability coverage required of third-party contractors operating the Limestone system with the general liability coverage acquired by CSWR whose costs are allocated to Limestone as described by Ms. Donovan.

**RESPONSE:**

**1-39.** Identify currently pending acquisition dockets of Limestone affiliates, by state, as of September 30, 2024.

**RESPONSE:**

**1-40.** Provide a comprehensive explanation of how the rate designs vary by location in each of the ten areas?

**RESPONSE:**

**1-41.** Refer to the Direct Testimony of Clare Donovan at p. 7 and to the Company's CAM provided in MFG 41. The methodologies used to assign direct charges, jointly billed charges and indirect charges to Limestone Water are the same as those used to assign charges to all other CSWR affiliates and are part of CSWR's written accounting policy as outlined in the CAM and discussed by Ms. Donovan's. Respond to the following:

- a. In relation to total volumes and number of customers, how have each of these costs changed over the last 5 years; and
- b. How have they changed as a percent of total revenues?

**RESPONSE:**

**1-42.** What record(s) does Limestone keep regarding the costs associated with the addition of new customers and capital improvement projects?

- a. Does such record(s) include soil information and line length; and
- b. Provide all copies of these records containing such information.

**RESPONSE:**

**1-43.** Refer to the Direct Testimony of Clare Donovan at p. 10. Respond to the following:

- a. Have the stated contract negotiations with the third-party representatives been completed;
- b. Provide a list of all third-party contractors; and
- c. If so, what were the outcomes of those negotiations?

**RESPONSE:**

**1-44.** Refer to the Direct Testimony of Clare Donovan at pp. 10-11. Respond to the following:

- a. Provide a list of the agreement's that CSWR has resulting in economies of scale and administrative efficiencies that are passed on to subsidiaries; and
- b. Provide an estimate of the savings passed on to Limestone.

**RESPONSE:**

**1-45.** Refer to the Direct Testimony of Clare Donovan at p. 13 and to the Company's CAM provided in MFG 41. What is the total amount of indirect charges that CSWR does not allocate to its subsidiaries?

**RESPONSE:**

**1-46.** Provide a comprehensive explanation of how consolidating rates is consistent with, inconsistent with, or otherwise relates to the following rate setting principles:<sup>1</sup>

- a. Practical attributes of simplicity, understandability, public acceptability, and feasibility of application;

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<sup>1</sup> See James Bonbright, *Principles of Public Utility Rates* at 291 (Columbia University Press, 1961).

- b. Freedom from controversies as to proper interpretation;
- c. Effectiveness of yielding total revenue requirements under the fair return standard;
- d. Revenue stability from year to year;
- e. Stability of rates themselves, minimal unexpected changes seriously adverse to existing customers;
- f. Fairness of the specific rates in the apportionment of total costs of service among different consumers;
- g. Avoidance of “undue discrimination” in rate relations; and
- h. Efficiency in discouraging wasteful use while promoting justified types and amounts of use:
  - i. In control of total amounts of service; and
  - ii. In the control of relative uses of alternative types of service.

**RESPONSE:**

**1-47.** Provide a comprehensive explanation of how an acquisition adjustment is consistent with the basic principle of original cost recovery.

**RESPONSE:**

**1-48.** Refer to the Direct Testimony of Mike Duncan at pp. 27-39 regarding Acquisition Recovery Adjustments. What incentives (other than an acquisition premium adjustments) has Limestone offered owners to sell their water or wastewater systems?

**RESPONSE:**

**1-49.** Refer to the Direct Testimony of Aaron Silas at pp. 10-13 regarding contracted customer service provisions. Provide the cost analysis demonstrating that the use of third parties for customer service functions is the most cost effective as opposed to CSWR having its own service center.

**RESPONSE:**

**1-50.** How do Limestone’s proposed rates compare to the statewide average?

**RESPONSE:**

**1-51.** Refer to the Direct Testimony of Aaron Silas at p. 25. Provide the tariffs from other water companies or territories that Limestone reviewed while developing its proposed tariff.

**RESPONSE:**

**1-52.** Provide a breakdown in the number of customers for each of the 10 service areas.

**RESPONSE:**

**1-53.** Provide the amount of capital investment that Limestone has made to each of the systems.

**RESPONSE:**

**1-54.** Provide evidence supporting the idea that consolidating rates, rather than consolidating service areas, provides economies of scale.

**RESPONSE:**

**1-55.** In certain cases, economies of scale or other efficiencies can be obtained by procuring costs as a group of companies in the name of CSWR, LLC. Every effort is made to identify the cost drivers and to include that. Provide the metrics that have been used to ensure that efforts have been made to identify the cost drivers that can produce economies of scale.

**RESPONSE:**

**1-56.** Provide information on vendor invoices or other vendor supplied documentation supporting CSWR's ability to reduce costs for Limestone.

**RESPONSE:**

**1-57.** Refer to the Company's MFG 14, File <Confidential Limestone UOC Exhibits Submission.xlsx> regarding outside professional services. Provide the following:

- a. The contract, invoices, and workpapers provided from Elasticity, LLC, for informational marketing;
- b. The contract for services provided along with invoices from ClearWater Solutions, LLC; and
- c. Any payment processing fees.

**RESPONSE:**

**1-58.** Refer to the Company's MFG 14, File <Confidential Limestone UOC Exhibits Submission.xlsx>. Specifically, refer to the Company's Schedules BT-3.1 and BT-3.2 and provide the underlying CSWR general ledger data for all accounts, with formulae intact, along with a narrative explanation of how these costs are direct, jointly billed, or indirect costs to Limestone.

**RESPONSE:**

**1-59.** Refer to the Direct Testimony of Clare Donovan at p. 14 regarding CSWR costs assigned to Limestone and provide answers to the following:

- a. Do the allocated overhead costs include payments related to Performance or Incentive plan compensation; and
- b. If so, provide a narrative explanation of whom these plans are available to along with the criteria used for determining payments under these plans.

**RESPONSE:**

**1-60.** For each CSWR or Limestone employee whose time is directly assigned to Limestone, provide the following information:

- a. Name and title of the employee;
- b. Percentage of hours worked direct charged to Limestone in the Test Period;
- c. Base salary for each employee identified along with percentage of base salary included within these charges; and
- d. The amount of incentive compensation included within these charges.

**RESPONSE:**

**1-61.** For the ten highest compensated CSWR employees in 2022, 2023, and 2024, respond to the following:

- a. Identify each employee within each period;
- b. Identify the level of base compensation each period;
- c. Identify the amount of bonus or incentive compensation incurred in each period;  
and
- d. Identify the amount of base compensation allocated to Limestone and the allocation methodology used.

**RESPONSE:**

**1-62.** Provide the Chart of Accounts used for assigning General & Administrative costs 9 series accounts (903100 – 930200) and provide the rationale for not utilizing the NARUC USoA for recording these costs.

**RESPONSE:**

**1-63.** Refer to the Company's MFG 14, File <Confidential Limestone UOC Exhibits Submission.xlsx>. Specifically, refer to the Company's Schedules BT-3.1 and BT-3.2 and provide each of the policies charged to account 924.400 Property Insurance – Commercial for both Limestone and CSWR.

**RESPONSE:**

**1-64.** Provide all due diligence performed prior to entering into an operating agreement with ClearWater Solutions, LLC. This response should include any bid information from other vendors as well as internal memos outlining the various options to acquire such services from other vendors with conclusions on why ClearWater Solutions, LLC, was the preferable option.

**RESPONSE:**

**1-65.** Provide a list of all other vendors apart from ClearWater Solutions, LLC, whom solicitation for contracted services were submitted to.

**RESPONSE:**

**1-66.** Refer to the Direct Testimony of Brent Thies at 13:12 – 14:8. Provide responses to the following:

- a. Source and support, with formulas intact, for the amounts shown in the Table at 13:17;
- b. A narrative explanation of where exactly the Company has included acquisition adjustments in its revenue requirement calculation as discussed in Footnote 11; and
- c. An updated revenue requirement schedule including these adjustments.

**RESPONSE:**

**1-67.** Refer to the Direct Testimony of Brent Thies filed at 20:21 – 21:6 and provide responses to the following:

- a. Source and support, with formulas intact, for the amounts shown in the Table at 21:6;
- b. The invoice(s) supporting these charges;
- c. A narrative explanation of where exactly the company has included acquisition costs in its revenue requirement calculation as discussed in Footnote 12; and
- d. An updated revenue requirement schedule including these adjustments.

**RESPONSE:**

**1-68.** Provide an organizational chart identifying each CSWR employee, by department, whose costs are included as a component of the proposed revenue requirement. For each employee that is identified indicate whether those costs are direct charged to Limestone and if not how is the portion allocated to Limestone determined.

**RESPONSE:**

**1-69.** Refer to the Company's MFG 14, File <Confidential Limestone UOC Exhibits Submission.xlsx>. Specifically, refer to the Company's CD-1.1 and CD-1.2 and provide a comprehensive explanation with supporting schedules, with formulas intact, for each of the Known and Measurable Adjustments shown on these schedules.

**RESPONSE:**

**1-70.** Refer to the Company's MFG 8, File <Limestone MFG 008 – General Ledger.xlsx>. The Consumer Advocate notes that the purchased power expense for the Grasslands system is vastly greater than the other wastewater systems the Company operates. Provide a narrative explanation describing why the purchased power expense relating to this system is higher than others. Provide also any steps the Company has taken or is taking to mitigate the high purchased power expense for this system.

**RESPONSE:**

**1-71.** Provide the monthly water sales and system delivery, by system, for the Company's Candlewood Lakes and Aqua Service territories for the Test Period.

**RESPONSE:**

**1-72.** Refer to the Company's Response to Informal Discovery Request 1-2 a & b, the Company's Schedules BT 3.1 and 3.2, and CA Attachment DR 1-73 to this request.

Provide answers to the following:

- a. Identify the "certain expenses" that are applicable to the allocation factors; and
- b. Reconcile the difference between accounts as shown on Attachment DR-1 with the values presented on BT 3.1 and 3.2. If you are unable to reconcile the variances provide an explanation as to why the differences are not reconcilable.



**RESPONSE:**

- 1-73.** Provide the actual balance of short-term debt used by Limestone Water for each month (or most frequently available) from January 1, 2016, to the most currently available in live Excel format.

**RESPONSE:**

- 1-74.** Provide the total actual balance of CWIP broken down into CWIP earning AFUDC and CWIP not earning AFUDC for Limestone Water for each month (or most frequently available) from January 1, 2016, to the most currently available.

**RESPONSE:**

- 1-75.** Provide the monthly (or most frequently available) balance sheet and income statements for Limestone Water for each year from January 1, 2016, to the most currently available in live Excel format.

**RESPONSE:**

- 1-76.** Provide the monthly (or most frequently available) balance sheet and income statements for US Water for each year from January 1, 2016, to the most currently available in live Excel format.

**RESPONSE:**

- 1-77.** Provide the monthly (or most frequently available) balance sheet and income statements for Central States Water Resources, Inc. for each year from January 1, 2016, to the most currently available in live Excel format.

**RESPONSE:**

**1-78.** Provide Limestone Water's water sales to residential, commercial, and industrial customers for each month (or most frequently available) from January 1, 2018, to the most currently available.

**RESPONSE:**

**1-79.** Provide a copy of all the major bond rating agency reports that cover US Water, Central States Water Resources (CSWR) and Limestone Water that were issued from January 1, 2018, to the most currently available.

**RESPONSE:**

**1-80.** List all debt and equity raised by US Water, Central States Water Resources and Limestone Water since January 1, 2015, to the most currently available. For bonds, please provide the CUSIP number for all securities raised over this time.

**RESPONSE:**

**1-81.** Does US Water, Central States Water Resources or any other entity provide lines of credit to Limestone Water? If yes, please explain how much the amount of funds available as of the most currently available data and quarterly, or the most frequently available, since December 2022.

**RESPONSE:**

**1-82.** Refer to the Direct Testimony of Dylan D'Ascendis at 49:7-9. Respond to the following:

- a. Has Mr. D'Ascendis done an analysis to determine if any of the companies in his Proxy Groups have acquired and or are in the process of acquiring troubled utility distribution systems, including water distribution? Please explain.
- b. Are any of the companies in Mr. D'Ascendis' Proxy Groups in the process of making significant capital investments? Please explain.
- c. Have any of the companies in Mr. D'Ascendis' Proxy Groups earned less than their authorized ROE? Please explain.

**RESPONSE:**

**1-83.** Regarding Limestone Water's acquisitions of troubled water and wastewater systems:

- a. Did any of these acquisitions result in goodwill? If yes, how much?
- b. Is any goodwill included in Limestone Water's rate base?
- c. Will Limestone Water's rates be impacted by goodwill? Please explain.
- d. Did any of these transactions involve the issuance of equity or debt through a private placement?
  - i. Please provide the terms and conditions of the private placement, including pricing, restrictions, and any rights given to the new shareholders.
  - ii. Please explain how the private placement impacted the dilution of existing shareholders.

**RESPONSE:**

**1-84.** Refer to the Direct Testimony of Dylan D'Ascendis, Exhibit DWD 8, p. 7 of 9. This exhibit shows an equity risk premium based on Bloomberg, Value Line, and S&P Global.

- a. Is Mr. D'Ascendis aware that Bloomberg publishes its own equity risk premium?
- b. Would it be reasonable to use Bloomberg's published equity risk premium to calculate the cost of equity in this proceeding. Please explain.

**RESPONSE:**

**1-85.** Identify all people who have knowledge of discoverable matters in this case.

**RESPONSE:**

**1-86.** Produce copies of all documents referred to or relied upon in responding to these discovery requests.

**RESPONSE:**

**1-87.** Produce copies of all documents, not already provided in a specific discovery question, -- including, without limitation, work papers, spreadsheets, summaries, charts, notes,

exhibits, articles, journals, treatises, periodicals, publications, reports, records, statements, Internet web pages, or financial information -- relied upon by any of your witnesses in evaluating, reaching conclusions, or formulating an opinion in this matter.

**RESPONSE:**

**1-88.** Provide customer complaints that the Company has received from its Tennessee customers.

In its response, provide the following information for each complaint:

- a. The name of the customer and the system that serves the customer;
- b. The date of the complaint was made;
- c. A description of the resolution of the complaint; and
- d. The date the complaint was closed by the Company.

**RESPONSE:**

**RESPECTFULLY SUBMITTED,**



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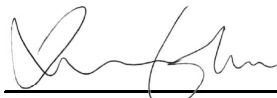
## **CERTIFICATE OF SERVICE**

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 J. Malone  
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This the 10<sup>th</sup> day of October, 2024



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**VICTORIA B. GLOVER**  
Assistant Attorney General

Expenses	A/ Before Allocation- Limestone Test Period GL Totals	B/ Limestone Sewer Test Period BT- 3.1	C/ Calculation : Limestone Sewer Test Period @ 77% split	D/ Limestone Water Test Period BT- 3.2	C/ n: Limestone Sewer Water Period @ 23% split	Difference : Water
G&A - General & Admin:						
408100 Taxes	2,692	2,072	2,073		619	1
903200 Customer Collection Expenses	307	236	237		71	0
903280 Cust Record Collect (Bank Fees	20,019	15,407	15,415		4,604	8
904000 Uncollectible Accounts	6,453	4,966	4,969		1,484	3
922000 Admin Expenses Transferred	392,895	302,373	302,529		90,366	156
923100 OSS - Bank Fees	25,378	19,531	19,541		5,837	(4,173)
923600 OSS - MGMT Consult	6,304	4,851	4,854		1,450	3

- A/ Limestone Confid. Response to MFG 8  
 B/ Limestone UOC Exhibits Submission, BT-3.1  
 C/ Informal Discovery Request a  
 D/ Limestone UOC Exhibits Submission, BT-3.2