

# TENNESSEE REGULATORY AUTHORITY



460 James Robertson Parkway  
Nashville, Tennessee 37243-0505

January 10, 2012

Mr. Henry Walker  
Bradley Arant Boult Cummings  
Roundabout Plaza  
1600 Division St., Suite 700  
Nashville TN 37203

RE: Docket No. 11-00198 – PETITION OF BERRY'S CHAPEL UTILITY, INC. TO CHANGE  
AND INCREASE RATES AND CHARGES

Dear Mr. Walker:

To further the Staff's investigation of the reasonableness of the rates filed with this Authority on November 15, 2011 by Berry's Chapel Utility, Inc, you will need to furnish additional information as requested on the attached data request. If you have questions regarding any item in the attached request, please contact Paul Greene (extension 156) for clarification before responding.

Historical information requested must be provided for Berry's Chapel Utility, Inc.'s predecessor Lynwood Utility Corporation, Inc.

It is requested that this information be provided no later than January 25, 2012, and that you reference Docket 11-00198 on the response. In accordance with TRA rules submit either: (1) thirteen written copies of your response; or (2) four written copies and an electronic version. Please provide the electronic files for the Docket Room in pdf format. The Word and Excel files requested in the attached questions should be provided to Paul Greene via a separate CD and should be clearly marked as "Excel and Word files for Staff Use".

Thank you for your attention to this matter.

Sincerely,

David Foster  
Chief  
Utilities Division

Enclosure

C: Tyler Ring  
Jim Ford  
Ryan McGehee

1. When does the Company plan to file a petition with the TRA for a name change from Lynwood Utility Corporation to Berry's Chapel Utility, Inc. and/or transfer of CCN from Lynwood Utility Corporation to Berry's Chapel Utility, Inc.?
2. Provide all information previously filed in this docket (including the Petition and all testimony) in Word format, and all exhibits, schedules and workpapers in Excel files, complete with working formulas. Also, all future filings should be provided to Staff in Excel and/or Word files on a CD. Files must be named in a manner which clearly identifies the contents of the files (i.e., Ford-Direct Testimony-Schedule A, Ring-Direct Testimony, etc.)
3. What attrition period did the Company use in its forecast?
4. Provide general ledgers showing monthly activity and balances for January 2008 through the most current month available.
5. Provide a chart of accounts for the Company and its predecessor (if different) for 2008 through the present.
6. Provide financial statements in the format of the Quarterly Report of Revenues and Expenses (income statement - lines 1 - 26) and Supplemental Financial Data (rate base and rate of return - lines 1 -25) as filed for the 1st quarter 2011 with the TRA on form (PSC-3.19) for the actual 10 months to date June 30, 2011 included in the test period results, the actual 12 months to date August 31, 2011 (the test period) and the actual 12 months to date November 30, 2011. Provide the information in Excel spreadsheets with working formulas and provide the account numbers associated with each line item.
7. The proposed tariff attached to the testimony of Mr. Ford contains residential rates of \$9.29 per 1,000 gallons and non-residential rates \$11.28 per 1,000 gallons. The proposed tariff attached to the Petition contains residential rates of \$9.90 per 1,000 gallons and non-residential rates of \$11.98 per 1,000 gallons. Which proposed tariff is correct?
8. Explain why it is necessary for BCUI to have an audit performed by an independent CPA firm (testimony of Mr. Ford, lines 46-51) every year.
9. Provide a copy of the current NPDES permit.
10. Identify the number of customers that have signed up to become BCUI home owners association members. What percentage of total BCUI customers does this represent?
11. The testimony of James B. Ford (line 128) states that a required rate of return of 8.8% is needed while Schedule A uses 8.9%. Which is correct?

12. Identify the account(s) charged for odor control. Were any costs associated with odor control included in the test year expenses for this rate case? If so, identify the amounts for each month during the test year.
13. Provide a copy of all invoices paid to resolve the odor control problem, from the first month such costs were incurred to the present.
14. Identify the account(s) charged for costs associated with the May 2010 flood, including the cost to hire National Fire Adjusters. Were any costs associated with flood cleanup included in the test year expenses for this rate case? If so, identify the amounts for each month during the test year.
15. Identify the account(s) charged for all attorney fees and other expenses associated with the Company's attempt to change Lynwood Utility Corporation into a non-profit corporation status under the name of Berry's Chapel Utility, Inc. Were any of these legal costs included in the test year expenses for this rate case? If so, identify the amounts for each month during the test year.
16. Identify the account(s) charged for all attorney fees and other expenses associated with the implementation of the \$20 per customer rate increase in September 2010, including the legal advice and defense of this charge before the TRA. Provide a schedule of the total cost to the Company by month from the first month incurred to the present. Were any of these costs included in the test year expenses for this rate case? If so, identify the amounts by month for the test year.
17. Has the Company received its new NPDES Permit replacing the permit that expired November 30, 2011? Were there any incremental costs associated with obtaining the permit and if so, identify the amounts by month and by source?
18. Provide documentation for the increase in costs required by TDEC effective May 1, 2011 (testimony of Mr. Ford, lines 85-86).
19. Provide the number of residential and non-residential customers that were billed per month from December 2008 thru November 2011. Provide this information in a spreadsheet using Excel format.
20. Explain how the current tariff rate per 1,000 gallons (\$7.97 for residential and \$9.96 for non-residential) is billed. Are the rates applicable to any portion of 1,000 gallon usage or are they prorated?

Calculate a residential customer bill based on the following assumed usage (excluding taxes) using the Company's current rates.

- a) 500 gallons
- b) 1300 gallons
- c) 2500 gallons

d) 3879 gallons

21. On an Excel spreadsheet, complete with working formulas, provide a summary of residential customer usage. Using the following format, enter the number of residential customers whose usage fell in each 1000 gallon rate band by month, from December 2008 thru November 2011.

<u>Rate Band</u>	<u># of Res. Cust.</u>
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0-1000 gals	
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1001-2000 gals	
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2001-3000 gals	
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3001-4000 gals	
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Add additional bands if necessary

22. Provide the average residential and non-residential usage by month for the years 2008, 2009, 2010, YTD 11/2011, and forecasted attrition year.
23. On an Excel spreadsheet, complete with working formulas, provide the names of all non-residential customers, showing the monthly usage for each from December 2008 thru November 2011.
24. Does the Company still serve Walnut Grove Elementary School? If so, explain why the maximum charge of \$891 has been removed from the proposed tariff. Explain how the Company proposes to bill the school.
25. Provide the monthly usage for Walnut Grove Elementary School from December 2008 thru November 2011.
26. Explain the difference between "Minimum Monthly Charge" and "Base Service Charge," and under what circumstances these fees are charged to the customer.
27. Explain why the "Minimum Monthly Charge" is not included in the revenue price-out shown in Schedule R-1 to Mr. Ford's testimony. Provide a detailed revenue price-out in an Excel spreadsheet.
28. Explain what is meant by the 72,570 gallons and 1.32 factor labeled "Volume Increase" as shown on Schedule A to Mr. Ford's testimony.
29. For October 2011, provide a copy of 12 actual residential bills and a copy of the actual non-residential bills. Please select bills covering as many rate bands of usage as possible. Also, provide a copy of the October 2011 actual bill for Walnut Grove Elementary School.
30. Provide the number and amount of residential and non-residential tap fees collected each month from December 2008 thru November 2011 in an Excel spreadsheet.

31. Provide the total revenues billed each month from December 2008 thru November 2011 in an Excel spreadsheet.
32. Provide the amount of late charges collected each month from December 2008 thru November 2011 in an Excel spreadsheet.
33. Provide a cite to the page in the latest Lynwood tariff which allows late charges and shows what percentage will be used to calculate late charges.
34. Provide the amount of uncollectible revenue for each month from December 2008 thru November 2011 in an Excel spreadsheet.
35. Provide the amount of inspection fee revenue for each month from December 2008 thru November 2011 in an Excel spreadsheet.
36. Provide an Excel spreadsheet showing the actual monthly expense for each of the following items: purchased water, sludge removal, purchased power, chemicals, materials & supplies, engineering inspections, testing, repairs and maintenance and operations management for each month from December 2008 thru November 2011. Provide copies of the monthly invoices for these expenses for the test year.
37. Provide the account numbers that make up each of the following expenses: purchased water, sludge removal, purchased power, chemicals, materials & supplies, engineering inspections, testing, repairs and maintenance and operations management.
38. Provide supporting documentation for the April 30, 2011 CPI of 3.2% used on Mr. Ford's Schedule E-1. Also, provide the CPI for each month in 2011.
39. Provide supporting invoices, documentation and calculations used to determine all growth rates used on Mr. Ford's Schedule E-1 that are footnoted "(2)".
40. Provide a schedule showing each individual cost that makes up the total attrition period adjustments on Mr. Ford's Schedule E-1 that are footnoted "(3)", and provide supporting invoices, documentation and calculations. In addition, provide a schedule by month showing when these costs were or will be incurred.
41. Provide an Excel spreadsheet showing the account numbers and actual monthly expense for each of the following items: billing and collection fees, customer accounting, bad debt, telephone and office supplies for each month from December 2008 thru November 2011. In addition, provide copies of supporting invoices.
42. Provide documentation, assumptions and calculations to support the \$7,725 adjustment to customer accounting expense and the (\$1,588) adjustment to bad debt expense as shown on Mr. Ford's Schedule E-2. How much of the \$7,725 adjustment

was booked in September 2011, October 2011 and November 2011 and how much will be booked in December 2011?

43. Please explain why the monthly internal customer accounting expense is almost double the fee formerly charged by HB&T for billing.
44. What portion of the customer accounting expense adjustment is due to the initial cost to switch billing to an internal function, i.e. billing software?
45. Provide a copy of each invoice for the following items: accounting and bookkeeping, tax accounting + audit, accounting – other, legal, rent insurance, other misc. expense and injuries and damages for each month from December 2008 thru November 2011.
46. Provide an Excel spreadsheet showing the account numbers and the actual monthly expense for each of the following items: accounting and bookkeeping, tax accounting + audit, accounting – other, legal, rent insurance, other misc. expense and injuries and damages for each month from December 2008 thru November 2011. In addition, provide copies of supporting invoices.
47. Explain the Company's insurance coverage and provide a copy of the policy. Provide supporting invoices, documentation and calculations used to determine the growth rate for insurance on Mr. Ford's Schedule E-3.
48. Reconcile the following statement made to the U.S. Small Business Administration shown on Exhibit JBF-1 6/11, "Due to loss of customers (projected for 9 months) of 130..." to the following:
  - a) the customer count of 836 shown for "Customers First of Year" and the customer count of 836 shown for "Customers End of Year" on page S-3 of the 2010 Lynwood Utility, Inc.'s Annual Report to the TRA; and,
  - b) the customer count of 836 for "Customers End of Year" (see a) above) and the customer count of 843 shown for Quarter ending 6/30/11 (TRA (PSC) 3.19 report).
49. Provide a copy of the latest tax return or invoice for the following items: property taxes, TN franchise taxes and "taxes other".
50. Provide an Excel spreadsheet showing the actual expense, by month, for the following expenses: property taxes, TN franchise taxes and "taxes other" from December 2008 thru November 2011. Include the account number(s) for each category of expense.
51. Provide the basis underlying the forecasted 22% increase in Williamson County property taxes, including any written documentation received from the county or other general notices of such increase.

52. Provide an Excel spreadsheet showing the actual expense, by month, for regulatory expenses and regulatory assessment fees and expenses from December 2008 thru November 2011. Include the account number(s) for each category of expense. In addition, provide a copy of each invoice, bill, assessment form, detailed Company calculation and/or other supporting documentation for expenses booked each month for the twelve months ended 8/31/11.
53. Provide the Company's basis for the calculation of the forecasted amounts shown on Schedule E-5/1.
54. Should the "expansion factor" shown on Schedule A include a factor for late payments? If not, explain in detail why the Company does not consider that any portion of a rate adjustment would have associated late payments.
55. In an Excel file, provide the end of month plant balances for the plant sub-accounts shown on Schedule B-2 for the months November 2008 through November 2011. Include the account numbers for each sub-account.
56. On a separate Excel spreadsheet, start with the actual plant balance by sub-account at November 30, 2011 and show the forecasted monthly additions and retirements through the end of the attrition period.
57. In an Excel file, provide the end of month balances for deferred debits and credits, accumulated depreciation, working capital and contributions in aid of construction for the months November 2008 through November 2011. Include the account numbers for each category.
58. On a separate Excel spreadsheet, start with the actual balances at November 30, 2011 for deferred debits and credits, accumulated depreciation, working capital and contributions in aid of construction and show forecasted monthly additions and retirements through the end of the attrition period.
59. For each item shown on Exhibit SAD-1 to Mr. Davis' testimony, provide the month performed (or placed in service) and show the amount expensed and the amount capitalized.
60. Reconcile the capital expenditures in Exhibit SAD-1 to the forecasted monthly plant additions.
61. Provide a description of each item on the 2011 required maintenance list shown on Exhibit SAD-1, similar to the "Improvement Request" descriptions provided in Exhibit SAD-2.
62. In an Excel file, provide the end of month balances for Contributions in Aid of Construction (CIAC) for the months November 2008 through November 2011. If

different rates are used to amortize individual components of CIAC you must provide the CIAC balances by each amortization rate.

63. Provide the account numbers that should be summed to total CIAC. If different rates are used to amortize individual components of CIAC you must provide the account numbers that should be summed to determine the CIAC balances by each amortization rate.
64. Provide a detailed narrative explaining how the Company calculates amortization of CIAC. In addition, provide an example of how the 2011 CIAC amortization shown on Schedule B-4 was calculated.
65. Based on our review of the Company's (Lynwood and Berry's Chapel) 3.19 reports it appears there is a material difference in Rate Base. Explain in detail the Company rationale for the material changes in each line item included in the calculation of Rate Base as reported to the Authority on the 3.19 reports for the quarters ended 6/30/10 and 9/30/10.
66. Explain how the Company calculates depreciation (i.e., on average monthly plant balances, average quarterly balances, average annual balances, etc.). Provide an example of the method the Company uses to calculate depreciation using the latest Treatment and Disposal depreciation of \$127,940.60 as shown on Schedule B-3.
67. Provide the account numbers that should be summed to total Accumulated Depreciation.
68. Explain what is included in "Unamortized Debt Discount" and "Container Deposit."
69. Provide the amount rate case expense approved by the Authority in Docket 09-00034 and show the amortization of this expense through the date this expense will be fully amortized.
70. Provide the account numbers that should be summed to total each item shown on Schedule B-1.
71. Explain the method used by third parties to bill the Company's customers, specifically the dates of service, the billing date and the due date. Will the method used by third parties to bill customers change the lag days if the Company takes over some of the billing functions? How did the Company determine the 50 day "average to receive" and the 15 day "average to pay" used on Schedule B-5?
72. Exhibit JBF-1 2/11 and JBF-1 3/11 are not legible. Provide legible copies of these documents.

73. In an Excel spreadsheet, provide the dollar amount of each loan the Company has and the associated interest rates. Also, provide a calculation showing the weighted cost of debt.