

**IN THE TENNESSEE REGULATORY AUTHORITY
AT NASHVILLE, TENNESSEE**

IN RE:)
)
BERRY'S CHAPEL UTILITY, INC.'s) **DOCKET NO. 11-00198**
PETITION FOR ADJUSTMENT OF)
RATES)

**DISCOVERY REQUEST OF THE CONSUMER ADVOCATE AND PROTECTION
DIVISION TO BERRY'S CHAPEL UTILITY, INC.**

To: Berry's Chapel Utility Inc.
c/o Henry Walker, Esq.
Bradley Arant Boult Cummings LLP
1600 Division Street, Suite 700
PO Box 340025
Nashville, Tennessee 37203

This Discovery Request is hereby served upon Berry's Chapel Utility, Inc., ("Berry's Chapel", "Lynwood," or "Company"), pursuant to Rules 26, 33, 34 and 36 of the Tennessee Rules of Civil Procedure and Tenn. Comp. R. & Reg. 1220-1-2-.11. We request that full and complete responses be provided pursuant to the Tennessee Rules of Civil Procedure. The responses are to be produced at the Office of the Tennessee Attorney General and Reporter, Consumer Advocate and Protection Division, 425 Fifth Avenue North, Nashville, Tennessee 37243, c/o C. Scott Jackson, on or before February 9, 2012 unless otherwise directed by the Hearing Officer in this Docket.

PRELIMINARY MATTERS AND DEFINITIONS

Each discovery request calls for all knowledge, information and material available to Company, as a party, whether it be the Company's, in particular, or knowledge, information or material possessed or available to Company's attorney or other representative.

These discovery requests are to be considered continuing in nature, and are to be supplemented from time to time as information is received by Company which would make a prior response inaccurate, incomplete, or incorrect. In addition, the Attorney General requests that Company supplement responses hereto with respect to any question directly addressed to the identity and location of persons having knowledge of discoverable matters, and the identity of each person expected to be called as an expert at hearing, the subject matter on which the expert is expected to testify, and the substance of the expert's testimony.

These discovery requests are to be interpreted broadly to fulfill the benefit of full discovery. The singular of any discovery request includes the plural and the plural includes the singular. To assist you in providing full and complete discovery, the Attorney General provides the following definitional guidelines.

The terms "and" and "or" shall be construed conjunctively or disjunctively as necessary to include any information that might otherwise be construed outside the scope of these requests.

The term "communication" means any transmission of information by oral, graphic, pictorial or otherwise perceptible means, including but not limited to personal conversations, telephone conversations, letters, memoranda, telegrams, electronic mail, newsletters, recorded or handwritten messages, or otherwise.

For purposes of these discovery requests, the term "you" shall mean and include: Lynwood Utility Corporation or Berry's Chapel Utility, Inc. and all employees, agents and representatives thereof.

The term "person" or "persons" as used herein refers to any natural person, corporation, firm, company, sole proprietorship, partnership, business, unincorporated association, or other entity of any sort whatsoever. Where a company or organization is the party being served, all responses must include the company's response. Moreover, the company's designated person for responding must assure that the company provides complete answers. *A complete answer must provide a response which includes all matters known or reasonably available to the company.*

The term "identity" and "identify" as used herein, with respect to any person, means to provide their name, date of birth, current residence address, current residence telephone number, current business address, current business telephone number, and the occupation or job title of that person; with respect to an entity, those terms mean to provide the name by which said entity is commonly known, the current address of its principal place of business, and the nature of business currently conducted by that entity; with respect to any document, those terms mean to provide the date of the document, the nature of the document, the title of the document, the reference number (if any) of the document, and the current location of the document, including the identity of the person or entity in possession of the document.

The term "document" as used herein, means 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, workpaper, spreadsheet, e-mail, note, photograph, tape recording, computer disk or record, or other data compilation in any form without limitation. Produce the original and each copy, regardless of origin or location, of any book, pamphlet, periodical, letter, note, report, memorandum (including memoranda, note or report of a meeting or conversation), spreadsheet, photograph, videotape, audio tape, computer disk, e-mail, or any other written, typed, reported, transcribed, punched, taped, filmed, or graphic

matter, however produced or reproduced, which is in your possession, custody or control or which was, but is no longer, in your possession, custody, or control. If any such document was, but no longer is, in your possession or control, state what disposition was made of it and when. If a document exists in different versions, including any dissimilar copies (such as a duplicate with handwritten notes on one copy), each version shall be treated as a different document and each must be identified and produced.

In producing documents in response to these discovery requests, produce the original of each document or, in the alternative, produce a copy of each document and identify the location of the original document. If the "original" document is itself a copy, that copy should be produced as the original.

If any objections are raised on the basis of privilege or immunity, include in your response a complete explanation concerning the privilege asserted.

If you contend that you are entitled to refuse to fully answer any of these discovery requests, state the exact legal basis for each such refusal.

If any of the interrogatories are not answered on the basis of privilege or immunity, include in your response to each such interrogatory a written statement evidencing:

- (a) the nature of the communication;
- (b) the date of the communication;
- (c) the identity of the persons present at such communication; and
- (d) a brief description of the communication sufficient to allow the Authority to rule on a motion to compel.

If, for any reason, you are unable to answer a discovery request fully, submit as much information as is available and explain why your answer is incomplete. If precise information cannot be supplied, submit 1) your best estimate, so identified, and your basis for the estimate and 2) such information available to you as comes closest to providing the information

requested. If you have reason to believe that other sources of more complete and accurate information exist, identify those sources.

If any information requested is not furnished as requested, state where and how the information may be obtained or extracted, the person or persons having knowledge of the procedure and the person instructing that the information be excluded.

DISCOVERY REQUESTS

1. The Consumer Advocate incorporates the Data Request filed by the TRA Staff on January 10, 2012, in this Docket No. 11-00198 as if fully stated herein, and expressly reserves the right to seek supplemental responses and/or file a motion to compel if the Consumer Advocate determines that any responses to the Data Request are inadequate or incomplete.

RESPONSE:

2. Please provide electronic copies (preferably in Microsoft Excel format) of any and all exhibits filed with, or in relation to, Lynwood's Petition to Change and Increase Rates and Charges, as well as the testimony of Tyler Ring and James B. Ford.

RESPONSE:

3. Identify any and all expert witnesses the Company intends to call in support of the petition in this docket, and for each expert witness:

- (a) Identify the field in which the witness is to be offered as an expert;
- (b) Provide complete background information, including the witness's current employer, as well as his or her educational, professional

and employment history, and qualifications within the field in which the witness is expected to testify;

- (c) Identify all publications written or presentations presented in whole or in part by the witness, including either a copy of all such publications and presentations or a reference to where such publications and presentations may be publicly obtained;
- (d) Provide the grounds (including without limitation any factual bases) for the opinions to which the witness is expected to testify, and provide a summary of the grounds for each such opinion;
- (e) Identify any matter in which the expert has testified (through deposition or otherwise) by specifying the name, docket number and forum of each case, the dates of the prior testimony and the subject of the prior testimony, and identify the transcripts of any such testimony;
- (f) Identify the terms of the retention or engagement of each expert including but not limited to the terms of any retention or engagement letters or agreements relating to his/her engagement, testimony, and opinions as well as the compensation to be paid for the testimony and opinions;
- (g) Identify any exhibits to be used as a summary of or support for the testimony or opinions provided by the expert; and
- (h) Please produce copies of all documents, summaries, charts, trade articles, journals, treatises, publications, workpapers, and file notes produced by any proposed expert witness in evaluating, reaching

conclusions or formulating an opinion in this matter.

RESPONSE:

4. Identify any and all non-expert witnesses the Company intends to call in support of the petition in this docket and any position(s) their testimony is intended to support.

RESPONSE:

5. Provide a narrative description of the Company's processes for computing, recording and crediting customer monthly bills that includes the following.

- a. What software does the Company use for customer billing?
- b. What accounting software does the Company use to record customer charges and credits?
- c. The process and lag dates that the Company uses to collect the customer meter readings from the local water utility.
- d. The name of the individual or individuals that carry out the monthly bill calculation and revenue accounting for the Company. Are these individuals employees of Lynwood? At what offices are these functions carried out?
- e. Make the Company's accounting and billing software available for on-site inspection by the CAPD.

RESPONSE:

6. Provide a copy of the Company's monthly billing register from January 2008 through December 2011 in Excel format. This response should include the customer account number, billing date, payment receipt date, sales volume, bill amount, payment amount, late fees, taxes, and any other charges or fees added to the customer's bill.

RESPONSE:

7. Provide the number of monthly bad check charges that the Company has assessed since October 1, 2009.

RESPONSE:

8. Provide a copy of the Company's chart of accounts.

RESPONSE:

9. Provide a detail level monthly income statement from January 2008 through December 2011.

RESPONSE:

10. Provide a detail level monthly balance sheet from January 31, 2008 through December 31, 2011.

RESPONSE:

11. Provide a calculation of the tap fees charged to any non-residential customer since January 2008 that were based upon peak daily usage.

RESPONSE:

12. Provide a summary narrative of all amounts charged to and received from the Company's customers for the odorization surcharge of \$0.38/1,000 gallons that was approved in Docket 08-00060. This narrative should include the customer accounts surcharged, the time period that the surcharge remained in effect for each customer and the income statement and balance sheet accounts and amounts that were debited and credited.

RESPONSE:

13. Provide a summary narrative of all amounts charged to and received from the Company's customers for the unilateral rate increase of \$20 per month that was implemented by the Company as disclosed in Docket 11-00005, but not approved by the TRA. This narrative should include the customer accounts surcharged, the time period that the surcharge remained in effect for each customer and the income statement and balance sheet accounts and amounts that were debited and credited.

RESPONSE:

14. Provide a copy of the Company's bank statements from January 2008 through December 2011.

RESPONSE:

15. Please explain the rationale for using different test periods for expenses (Aug. 2011) and revenues (Mar. 2011). (Jim Ford direct testimony, page 5 lines 70, 71 & 79-80.)

RESPONSE:

16. Please provide the historical volumes for the last twelve months ending June 30, 2011 using current rates.

RESPONSE:

17. Please provide documentation that supports the \$6,620 amount for purchased sewage treatment and explain how this category has increased by 160% since the 2009 TRA final order in Docket No. 09-00034.

RESPONSE:

18. Please provide documentation that supports the \$55,269 amount for sludge removal and explain how this category has increased by 60% since the 2009 TRA final order in Docket No. 09-00034.

RESPONSE:

19. Please provide documentation that supports the \$3,260 amount for sludge removal in your 2010 annual report filed 9/29/2011 and explain why you're now requesting \$55,269 for this category.

RESPONSE:

20. Please provide documentation that supports the \$70,405 amount for purchased power and explain why this category has increased by 35% since the 2009 TRA final order in Docket No. 09-00034.

RESPONSE:

21. Please provide documentation that supports the \$30,467 amount for purchased power in your 2010 annual report filed 9/29/2011 and explain why you're now requesting \$70,405 for this category.

RESPONSE:

22. Please provide documentation that supports the \$29,847 amount for chemicals in your 2010 annual report filed 9/29/2011 and explain why you're now requesting \$45,709 for this category.

RESPONSE:

23. Please provide documentation that supports the \$58,379 amount for materials & supplies and explain why this category has increased by 185% since the 2009 TRA final order in Docket No. 09-00034.

RESPONSE:

24. Please provide documentation that supports the \$35,369 amount for materials & supplies in your 2010 annual report filed 9/29/2011 and explain why you're now requesting \$58,379 for this category.

RESPONSE:

25. Please provide documentation that supports the \$168,224 amount for contractual services in your 2010 annual report filed 9/29/2011 and explain where these expenses are found in your petition.

RESPONSE:

26. Please provide documentation that supports the \$9,979 amount for tax accounting and explain why this category has increased by 250% since the 2009 TRA final order in Docket No. 09-00034.

RESPONSE:

27. Please provide documentation that supports the \$33,235 amount for legal services and explain why this category has increased by 273% since the 2009 TRA final order in Docket No. 09-00034.

RESPONSE:

28. Please provide documentation that supports the \$12,000 amount for rent and explain why this category has increased by 16% since the 2009 TRA final order in Docket No. 09-00034.

RESPONSE:

29. Please provide documentation that supports the \$8,672 amount for rent in your 2010 annual report filed 9/29/2011 and explain why you're now requesting \$12,000 for this category.

RESPONSE:

30. Please provide documentation that supports the \$31,042 amount for insurance and explain why this category has increased by 66% since the 2009 TRA final order in Docket No. 09-00034, and provide a copy of all policies and invoices for those policies.

RESPONSE:

31. Please provide documentation that supports the \$48,613 amount for miscellaneous expenses and explain why this category has increased by 2,884% since the 2009 TRA final order in Docket No. 09-00034. The breakdown from your current petition is as follows: \$13,961 for customer accounting, \$3,926 for telephone, \$14,876 for office supplies, \$13,034 for injuries and damage, and other misc. expenses of \$2,816.

RESPONSE:

32. Please provide documentation that supports the \$29,902 amount for taxes other than income taxes and explain why this category has increased by 44% since the 2009 TRA final order in Docket No. 09-00034.

RESPONSE:

33. Please provide documentation that supports the \$145,116 amount for depreciation and explain why this category has increased by 19% since the 2009 TRA final order in Docket No. 09-00034.

RESPONSE:

34. Please provide documentation that supports the \$99,502 amount for depreciation in your 2010 annual report filed 9/29/2011 and explain why you're now requesting \$145,116 for this category.

RESPONSE:

35. Please provide documentation that supports the \$218,000 amount for the 2010 flood damage and show check copies and all other forms of documentation from FEMA that shows what they've paid in claims and why they haven't paid any more than the \$28,000 stated in your petition. Also include check copies of the claims paid that comprise the \$28,000 and copies of all checks or other form of payment for any amount claimed for flood damage. To be clear, the Consumer Advocate wants to know what has actually been paid versus what is claimed to be owed or projected as an expense.

RESPONSE:

36. In the current petition 11-00198, Berry's Chapel shows total operating expenses of \$853,994. This number is 37% higher than the total expenses allowed in the 2009 TRA final order in Docket No. 09-00035 of \$623,681. Secondly, the \$853,995 is 95% higher than what you show for your 2010 annual report filed 9/29/2011. That statement shows total operating expenses of \$437,680. Please explain how the numbers asked for in the Company's current petition are 37% higher than in the Docket No. 09-00034 settlement and 95% higher than the 2010 annual report.

RESPONSE:

37. Which set of books for future financial reporting (i.e. Berry's Chapel audited financial statements or Lynwood's 2010 annual report submitted to the TRA) are going to be used by Berry's Chapel? Reference Lynwood's 9/29/2011 cover letter to the TRA. For example, on your audited Berry's Chapel balance sheet dated 6/30/11, the utility shows a Utility Plant In Service balance of \$5.6M and your annual report for 2010 (submitted on 9/29/2011) shows a Utility Plant In Service balance of \$1.5M.

RESPONSE:

38. Does Berry's Chapel recognize that utility plant should be recorded at original cost per pages 18 and 47 of the Uniform System of Accounts for Class B wastewater utilities?

RESPONSE:

39. Provide the depreciation rates by plant account used to calculate depreciation expense, as well as any depreciation studies underlying the current depreciation rates.

RESPONSE:

40. What is the current status of any pending loan or grant applications for Berry's Chapel? Please provide a copy of any pending application.

RESPONSE:

41. Please provide the full legal name, title, address, telephone number, and e-mail address for each person responsible for completing this set of discovery.

RESPONSE:

42. For Berry's Chapel, please produce a copy of each organizational document, including the charter, articles of incorporation, by-laws, and any other governing document, and all amendments to each governing document, including any state and Federal Notices of Determination of nonprofit status.

RESPONSE:

43. For Berry's Chapel, please identify by full legal name, title, address, telephone number, and e-mail address for each director or officer, historical and current. If any officer or director has resigned since the incorporation, please provide the reasons for such removal or resignation.

RESPONSE:

44. Please produce a copy of Berry's Chapel's mission statement.

RESPONSE:

45. For Berry's Chapel, please produce a copy of each document with respect to each meeting, whether regular, special, or otherwise, of the board of directors or any committee or sub-committee thereof, including:

- a. the announcement and the persons to whom the announcement was sent;
- b. the agenda;
- c. the minutes and / or resolutions of meeting;
- d. each written report or document provided to those in attendance, including but not limited to any committee report or expert report; and
- e. each presentation made at the meeting.

RESPONSE:

46. For Berry's Chapel and Lynwood, if separate audited financial statements or opinions have been prepared since 2010, including the October 2011 work by Lattimore Black Morgan & Cain, PC, please provide a copy of those audits or opinions and all working papers prepared by the auditors.

RESPONSE:

47. Please provide all documents evidencing the merger of Lynwood and Berry's Chapel, including all corporate documents of either entity as well as any notes, memoranda or the like evidencing the relevant discussions or deliberations leading up to or after the merger.

RESPONSE:

RESPECTFULLY SUBMITTED,



C. SCOTT JACKSON (BPR# 011005)

Senior Counsel

ALBERT L. PARTEE, III (BPR# 010278)

Senior Counsel

Office of the Attorney General

Consumer Advocate and Protection Division

P.O. Box 20207

Nashville, Tennessee 37202-0207

(615) 741-8726

Dated: January 19, 2012.

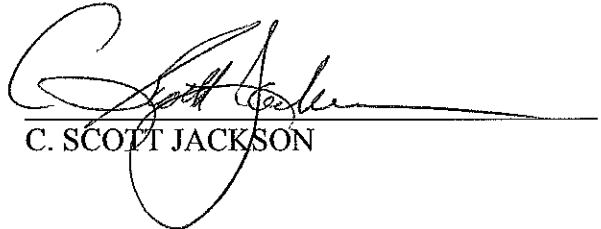
CERTIFICATE OF SERVICE

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

Tyler Ring
President
Lynwood Utility Corporation
321 Billingsly Court, Suite 4
Franklin, TN 37065

Henry Walker, Esq.
Bradley Arant Boult Cummings LLP
1600 Division Street, Suite 700
PO Box 340025
Nashville, Tennessee 37203

This the 19th day of January.


C. SCOTT JACKSON