STATE OF TENNESSEE

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June 9, 2014

Sharla Dillion
Docket Manager
Tennessee Regulatory Agency
600 Deaderick Street, 4th Floor
Nashville, Tennessee 37242-0001

VIA ELECTRONIC FILING

RE: Docket No. 14-00004 – Petition of Berry's Chapel Utility, Inc. to Increase Rates and Charges; Tariff to Recover the Cost of Financial Security; Implementation of Pass Throughs for Sludge Removal, Electricity, Chemicals and Purchased Water

Dear Ms. Dillon:

Please find attached for filing an amendment to the Direct Testimony of William H. Novak filed in the above referenced docket on May 30, 2014.

Sincerely,

Vance L. Broemel

Vance L. Broemel
Senior Counsel

IN THE TENNESSEE REGULATORY AUTHORITY
AT NASHVILLE, TENNESSEE

IN RE:	)	
	)	
PETITION OF BERRY'S CHAPEL UTILITY, INC. TO INCREASE RATES AND CHARGES; TARIFF TO RECOVER THE COST OF FINANCIAL SECURITY; IMPLEMENTATION OF PASS THROUGHS FOR SLUDGE REMOVAL, ELECTRICITY, CHEMICALS AND PURCHASED WATER	)	**DOCKET NO. 14-00004**

MOTION TO AMEND TESTIMONY OF WILLIAM H. NOVAK

Comes the Consumer Advocate and Protection Division of the Office of the Attorney General ("Consumer Advocate"), and hereby moves to amend the Direct Testimony of William H. Novak.

The Direct Testimony is amended by substituting the attached page 9 for page 9 currently in the Direct Testimony, and adding Attachment WHN-5 referenced in the amended page.

The difference between the amended testimony and the Direct Testimony filed on May 30, 2014 is the reference to Attachment WHN-5.

RESPECTFULLY SUBMITTED,

Vance L. Broemel

VANCE L. BROEMEL (BPR #11421)
Senior Counsel
Office of the Attorney General
Consumer Advocate and Protection Division
P.O. Box 20207
Nashville, Tennessee 37202-0207
(615) 741-8733

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:

Henry Walker
Bradley Arant Boult Cummings, LLP
1600 Division Street, Suite 700
Nashville, TN 37203

This the 9th day of June, 2014.

Vance L. Broemel
VANCE L. BROEMEL

debt of BCU and make a determination of the correct amount for recovery of the cost of debt from the Utility's customers and further establish an appropriate means for assuring debt repayment.

Q17. DOES THE CONSUMER ADVOCATE HAVE ANY CONCERNS WITH THE CALCULATION OF THE COMPANY'S OTHER OPERATING EXPENSES?

A17. Yes. Many of the Company's other expenses have grown significantly since the last rate case, as shown in Attachment WHN-5, and the Consumer Advocate is concerned with how some of these other expenses are calculated. However, as noted above, the elimination of depreciation expense completely wipes out the Company's proposed rate increase. Therefore, there is little reason to expand on the Consumer Advocate's concerns regarding the Company's calculation of these other expenses at this time.

Q18. DOES THE CONSUMER ADVOCATE HAVE ANY COMMENTS OR CONCERNS FOR THE NEW BOARD OF DIRECTORS?

A18. Yes. It is my understanding that the new Board of Directors is conducting a review of the financial condition of the utility. In conducting this review, the Board of Directors should pay particular attention to costs which have increased since the last rate case, as shown in Attachment WHN-5.

In addition, the new Board of Directors should review the management contract currently in place. The Consumer Advocate opposed the adoption of the management contract, and I recommend the Board of Directors also consider not continuing the contract.

ATTACHMENT WHN-5

Operating Expense Comparison

Consumer Advocate & Protection Division
Berry's Chapel Utility
Analysis of Expense Changes Since the Last Rate Case

	Authorized In Docket 11-00198 A/	Requested In Docket 14-00004	Increase or (Decrease)	Percentage Change	Source
Expenses Requested for Surcharge Recovery:					
Purchased Water Expense	$7,462	$7,617	$155	2.07%	Accts 701.1, 701.2
Sludge Removal Expense	39,691	45,277	5,586	14.07%	Acct 711.1
Purchased Power Expense	62,171	58,879	-3,292	-5.30%	Accts 715.1, 715.2, 715.3
Chemicals Expense	44,093	42,564	-1,529	-3.47%	Accts 718, 718.1, 718.2
Total Surcharge Recovery Expenses	**$153,417**	**$154,336**	**$919**	**0.60%**	
Expenses Requested for Rate Recovery:					
Bad Debt Expense **B/**	$6,868	$27,785	$20,917	304.56%	Acct 732.4
Legal Expense	12,695	40,491	27,796	218.95%	Acct 731.2
Transportation Expense **C/**	4,010	10,691	6,681	166.61%	Acct 736.4
Repair and Maintenance Expense	49,404	112,566	63,162	127.85%	Acct 736.2
Other Miscellaneous Expense **C/**	18,675	32,357	13,682	73.26%	Accts 720.1, 720.2, 720.3, 720.4, 720.5
Testing Expense	14,326	23,387	9,061	63.25%	Acct 731.6
Billing & Collection Expense	35,559	55,649	20,090	56.50%	Accts 732.1, 732.11, 732.12
Operations Management Expense	56,001	76,419	20,418	36.46%	Accts 731.4, 731.7, 731.9, 736.1
Other Accounting Expense	9,527	12,800	3,273	34.35%	Acct 731.3
Insurance Expense	27,380	30,904	3,524	12.87%	Accts 750.1, 750.2, 750.3, 750.4, 750.5
Rate Case Expense **D/**	32,000	34,660	2,660	8.31%	Acct 745.2
Accounting & Bookkeeping Expense	16,274	15,022	-1,252	-7.69%	Acct 732.2
Materials and Supplies Expense	23,412	21,603	-1,809	-7.73%	Acct 736.3
Taxes Other Than Income Expense	41,040	37,562	-3,478	-8.47%	Accts 790.1, 790.2, 795.4
Depreciation Expense	145,116	131,848	-13,268	-9.14%	Acct 760.1
Rent Expense	12,000	10,200	-1,800	-15.00%	Acct 740.1
Engineering Inspection Expense	4,027	2,272	-1,755	-43.58%	Acct 731.1
Regulatory Expense	19,937	11,236	-8,701	-43.64%	Acct 745.1
Total Rate Recovery Expenses	**$528,251**	**$687,452**	**$159,201**	**30.14%**	
Total Expenses	**$681,668**	**$841,788**	**$160,120**	**23.49%**	

A/ These amounts were approved by the TRA in the Final Order in Docket No. 11-00198.

B/ The Bad Debt Expense requested in Docket 14-00004 has not been adjusted to reflect reductions from tariff changes for proposed late payment, non-payment, disconnect and reconnect charges.

C/ Miscellaneous Expense includes Customer Accounting, Telephone, Office Supplies, Injuries & Damages, Other Miscellaneous and Fuel as indicated on pages 10 and 11 of the Final Order in Docket No. 11-00198. The cost of fuel of $4,010 was added to Other Miscellaneous Expense on Page 11 of the Final Order in Docket No. 11-00198. It has been separated here to show the comparison between Fuel Expense already allowed in current rates and the Company's proposed rate request.

D/ Rate Case Expense represents the annual amortization of Rate Case Costs. The full amount of Rate Case Cost from Docket No. 11-00198 is $64,000. The full amount of Rate Case Cost proposed by the Company in Docket 14-00004 is $69,321.