

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

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

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

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

This Discovery Request is hereby served upon Berry's Chapel Utility, Inc., ("Berry's Chapel", "BCUI", 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 Vance Broemel, on or before 4:00 p.m. (CDT), March 5, 2014, or such time as ordered by the Hearing Officer.

## **PRELIMINARY MATTERS AND DEFINITIONS**

Each discovery request calls for all knowledge, information and material available to Berry's Chapel as a party, including any of Berry's Chapel's parent companies, affiliates, agents, or assigns, whether it be Berry's Chapel's, in particular, or in the form of knowledge, information or material possessed or available to Berry's Chapel, it'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 Berry's Chapel which would make a prior response inaccurate, incomplete, or incorrect. In addition, the Attorney General requests that Berry's Chapel 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: Berry’s Chapel and all employees, agents and representatives thereof, as well as any subsidiary, affiliate or parent companies associated with Berry’s Chapel.

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, work paper, spreadsheet, 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.

If you produce 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 this discovery, 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.

In the event Berry's Chapel has a technical objection to a discovery request or cannot provide the specific information requested, the Consumer Advocate will make available the consultants it has employed for this docket to have discussions with the responding witnesses of Berry's Chapel in order to resolve any technical matter pertaining to the discovery requests.

Provide all responses in the format which they are maintained such as Microsoft Excel or Microsoft Word format with all formulas intact.

## **FIRST DISCOVERY REQUESTS**

### **GENERAL**

1. Provide a copy of the Company's current tariff on file with the TRA.

#### **RESPONSE:**

2. Refer to Page 5 of the direct testimony of Terry Buckner regarding the Company's proposal for using an operating margin for the purpose of setting rates in this docket. Also refer to the Revenue Requirement Summary Schedule (Rev. Req. Summary) included with the Company's workpapers that include \$131,847.75 in attrition period depreciation expense. Typically, the use of an operating ratio approach to setting rates would only include Operation & Maintenance Expenses of the Company and therefore would exclude depreciation expense. Is it the Company's contention that depreciation expenses should be included as an Operation & Maintenance Expense when the offsetting balance to accumulated depreciation is ignored? Please fully explain the Company's rationale.

#### **RESPONSE:**

3. Refer to the Change in Accounting Estimate Schedule (O-ACC CHG) included with the Company's workpapers. Provide a narrative discussion of the calculation and the reasons for the entries in this account.

#### **RESPONSE:**

## ENVIRONMENTAL

4. In the testimony of Robert T. Buckner at page 12:21-13:4, he states:

Q. Describe the kinds of exogenous expenses that Berry's Chapel may seek to recover under this statute.

A. Berry's Chapel has recently received notice of a potential lawsuit by the Harpeth River Watershed Association. See Appendix. This litigation will likely result in increased expenses to comply with state and federal environmental requirements. Without the ability to recover those charges through a surcharge, as provided in the statute, Berry's Chapel would likely require emergency rate relief.

- a. Please provide a copy of all communications: from the Harpeth River Watershed Association and/or Southern Environmental Law Center to Berry's Chapel; all communications from Berry's Chapel to the Harpeth River Watershed Association and/or Southern Environmental Law Center; and any communications regarding a potential lawsuit by the Harpeth River Watershed Association and/or Southern Environmental Law Center.
- b. Does Berry's Chapel intend to attempt to recover from ratepayers the cost of any fines or penalties resulting from violations of a state or federal environmental rules, regulations or laws?
- c. Does Berry's Chapel intend to attempt to recover from ratepayers the cost of defending a lawsuit by Harpeth River Watershed Associations and/or Southern Environmental Law Center for alleged violations of state or federal environmental rules, regulations or laws?

## **RESPONSE:**

**FINANCIAL**

5. Provide a Chart of Accounts at December 31, 2013.

**RESPONSE:**

6. Provide a copy of the General Ledger from January 2012 through December 2013 in Excel format.

**RESPONSE:**

7. Provide a copy of the monthly trial balance from January 2012 through December 2013 in Excel format.

**RESPONSE:**

8. Provide a copy of the Company's monthly billing register from January 2012 through December 2013 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:**

9. Refer to pages 5 and 6 of Mr. Buckner's direct testimony. Provide all communication from and to Sabal Financial Group related to the Company's outstanding debt and line of credit.

**RESPONSE:**



10. Provide a copy of the Company's bank statements from January 2012 through December 2013.

**RESPONSE:**

### **REVENUES**

11. Provide the monthly billing determinants (customers, flow, etc.) for each customer class from January 2012 through December 2013.

**RESPONSE:**

12. Provide the number of residential and non-residential customers that were billed per month January 2012 through December 2013 in Excel format.

**RESPONSE:**

13. Provide a pro forma customer at both present and proposed rates based on the following monthly usage:

- A. 500 Gallons.
- B. 1,000 Gallons.
- C. 2,000 Gallons.
- D. 5,000 Gallons.
- E. 10,000 Gallons.

**RESPONSE:**

14. Provide the number and amount of residential and non-residential tap fees collected by month from January 2012 through December 2013 in Excel format.

**RESPONSE:**

15. Provide the amount of late charges collected each month from January 2012 through December 2013 in Excel format.

**RESPONSE:**

16. Provide the amount of inspection fee revenue each month January 2012 through December 2013 in Excel format.

**RESPONSE:**

17. Provide a narrative explanation of the current method used by the Company and third party billing agents to bill the Company's customers.

**RESPONSE:**

18. 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:**

19. 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:**

20. In the Company's last rate case (TRA Docket 11-00198), the CAPD calculated the Company liability to customers because of overcharges to be \$160,521. Has the Company reflected any liability on its books to reflect prior period overcharges to its customers? If so, provide the source and support for the amounts recorded.

**RESPONSE:**

21. Refer to the Residential Revenue Schedule (R-RES) included with the Company's workpapers. Provide a narrative explanation for each of the normalizing adjustments that total to \$13,521 on this schedule. Also provide a copy of all journal entries for accounts 501.01, 501.02, and 501.03 regarding this schedule from January 2012 through December 2013.

**RESPONSE:**

22. Refer to page 10 of Mr. Buckner's direct testimony regarding Refunds Due Customers. Also refer to the Residential Revenue Schedule (R-RES) and the Refunds Due Customers Schedule (R-REF) included with the Company's workpapers. Please provide a

complete explanation of the reclassification of Refunds Due Customers that includes the original amounts recorded in 2012 as well as the subsequent changes of \$35,260.02 in 2013. Also provide a copy of all journal entries for accounts 501.90, 501.91, and 501.92 regarding this schedule from January 2012 through December 2013.

**RESPONSE:**

23. Refer to the Facility Charge Revenue Schedule (R-FAC) included with the Company's workpapers. Provide a narrative explanation for each of the normalizing adjustments that total to \$147,831.67 on this schedule. Also provide a copy of all journal entries for accounts 501.21, 501.22, and 501.23 regarding this schedule from January 2012 through December 2013.

**RESPONSE:**

24. Refer to the Penalty Charge Revenue Schedule (R-PENALTY) included with the Company's workpapers. Explain how the Company is able to currently charge penalties to its COF customers (account 501.32) but not its HB&TS or MVUD customers (accounts 501.31 and 501.33). Show how these current penalties are in conformance with the Company's tariff. Also, provide the source and support for the annual customer counts used in the attrition year adjustments for the HB&TS and MVUD calculations as well as the monthly customer counts used in the COF calculation.

**RESPONSE:**

25. Refer to the Application Fee Revenue Schedule (R-APPLIC) included with the Company's workpapers. Provide the source and support for the 74 forecasted customers included on this schedule.

**RESPONSE:**

26. Refer to the Disconnection Fee Revenue Schedule (R-DISCONN) included with the Company's workpapers. Provide the source and support for the 2 forecasted customers included on this schedule.

**RESPONSE:**

27. Refer to the Non-Residential Revenue Schedule (R-NON-RES) included with the Company's workpapers. Explain the cause for the difference between the attrition year amounts and the actual billing amounts on this schedule.

**RESPONSE:**

28. Refer to page 7 of Mr. Buckner's direct testimony regarding tap fees. Also refer to the Tap Fee Revenue Schedule (R-TAP) included with the Company's workpapers. Provide a narrative describing the reason for the "abnormally high number of tap fees" occurring in 2013 and why the Company believes that this level of activity is abnormal. In addition, provide the names, addresses/lot numbers, and tap fee charge for each individual paying a tap fee in 2012 and 2013. Finally, provide the source and support for the Company's forecast of two tap fees during the attrition year.

**RESPONSE:**

29. Refer to the Other Miscellaneous Revenue Schedule (R-MISC) included with the Company's workpapers. Explain the source of this revenue stream and where it is provided for in the Company's tariff. In addition, provide the source and support for the Company's normalizing and attrition year adjustments on this schedule.

**RESPONSE:**

### **EXPENSES**

30. Provide the number of monthly bad check charges that the Company has assessed since January 2012.

**RESPONSE:**

31. Refer to page 8 of Mr. Buckner's direct testimony regarding the Company's management contract with Utility Consultants of TN. Is it the Company's contention that the January 23<sup>rd</sup> letter from the TRA Party Staff in Docket 12-00046 actually "approved" the management contract with Utility Consultants of TN, Inc. and Mr. Tyler Ring?

**RESPONSE:**

32. Refer to page 9 of Mr. Buckner's direct testimony regarding payroll expense. Also refer to the Payroll Worksheet (E-PAY1) included with the Company's workpapers. Provide an explanation of the specific duties for the utility performed by each of the four employees. If these employees also perform duties for an affiliate of Berry's Chapel, then also provide a description of those job functions. Also, provide a copy of the pay stubs support for the hourly wage rates and hours worked for these four employees from January 1, 2012 through

December 31, 2013. Finally, provide the source and support for the Company's proposed changes to the attrition year distribution of payroll to the different operating expenses.

**RESPONSE:**

33. Refer to the Purchased Water Expense Schedule (E-PURCH) included with the Company's workpapers. Provide a copy of the individual monthly bills supporting the charges from the Company's water supplier from January 1, 2012 through December 31, 2013.

**RESPONSE:**

34. Refer to the Sludge Removal Expense Schedule (E-SLUDGE) included with the Company's workpapers. Provide a copy of the individual monthly bills supporting the charges from the Company's sludge removal contractors from January 1, 2012 through December 31, 2013.

**RESPONSE:**

35. Refer to the Electricity Expense Schedule (E-ELECT) included with the Company's workpapers. Explain the abnormally high charge of \$4,668.00 to account 715.2 that was recorded on November 1, 2013. In addition, provide a copy of the individual monthly bills supporting the charges from the Company's electric providers from January 1, 2012 through December 31, 2013.

**RESPONSE:**

36. Refer to the Chemical Expense Schedule (E-CHEM) included with the Company's workpapers. Provide a copy of the individual monthly bills supporting the charges from the Company's chemical suppliers from January 1, 2012 through December 31, 2013.

**RESPONSE:**

37. Refer to the Office Supplies Expense Schedule (E-OFFICE) included with the Company's workpapers and provide the following information:

- A. The source and support for the \$2,286.00 attrition year adjustment to account 720.1 for Kubra printing;
- B. The source and support for the \$4,800.00 attrition year adjustment to account 720.4 for Logics software expense; and
- C. A copy of the individual monthly bills supporting the charges from the Company's office supply providers from January 1, 2012 through December 31, 2013.

**RESPONSE:**

38. Refer to the Professional Fees Expense Schedule (E-PROF) included with the Company's workpapers and provide the following information:

- A. The source and support for each of the normalizing adjustments for legal expense in account 731.2 totaling \$13,420.50;
- B. The source and support for the \$20,000 in attrition year adjustments for legal expense in account 731.2;
- C. The source and support for each of the normalizing adjustments for accounting expense in account 731.3 totaling \$-13,740.00;
- D. The source and support for the attrition period adjustments for operations expense in account 731.4 totaling \$2,188.80;



- E. The source and support for the normalizing adjustments for taxes in account 731.5 totaling \$3,290.00;
- F. The source and support for the attrition period adjustments for testing expense in account 731.6 totaling \$445.64;
- G. The source and support for the normalizing adjustments for administration in account 731.7 totaling \$6,100.00;
- H. The source and support for the attrition year adjustments for administration in account 731.7 totaling \$1,094.40; and
- I. A copy of the individual monthly bills supporting the charges from each of the Company's professional vendors from January 1, 2012 through December 31, 2013.

**RESPONSE:**

39. Refer to the Customer Accounting Expense Schedule (E-CUST) included with the Company's workpapers and provide the following information:

- A. The source and support for each of the attrition year adjustments for Billing & Collecting Fees in account 732.1 totaling \$29,184.25;
- B. The source and support for the normalizing adjustments for Accounting & Bookkeeping in account 732.2 totaling \$1,120.00;
- C. The source and support for each of the attrition year adjustments for Accounting & Bookkeeping in account 732.2 totaling \$21,298.93;
- D. A detail calculation of the test period bad debt expense included in account 732.4 totaling \$27,785.31 including which customer accounts were specifically written off and for what amounts; and
- E. A copy of the individual monthly bills supporting the charges from each of the Company's customer accounting vendors from January 1, 2012 through December 31, 2013.

**RESPONSE:**

40. Refer to the Billing & Collections Expense Schedule (E-B&C) included with the Company's workpapers. Provide a copy of the individual monthly bills supporting the charges from the Company's billing providers from January 1, 2012 through December 31, 2013.

**RESPONSE:**

41. Refer to the Operations Expense Schedule (E-OPERAT) included with the Company's workpapers and provide the following information:

- A. The source and support for the test period salary and wage amounts (primarily \$350.00 and \$1,800.00) included in account 736.1 and totaling \$38,106.00, the source and support for the attrition year adjustments included in account 736.1 and totaling \$2,690.15;
- B. The source and support for the attrition year adjustments included in account 736.2 and totaling \$21,636.52; and
- C. A copy of the individual monthly bills supporting the charges from each of the Company's operations expense vendors from January 1, 2012 through December 31, 2013.

**RESPONSE:**

42. Refer to the Administrative Expense Schedule (E-ADM) included with the Company's workpapers. Provide a copy of the lease agreement supporting the \$850.00 monthly charges from the Company's landlord from January 1, 2012 through December 31, 2013.

**RESPONSE:**

43. Refer to the Regulatory Expense Schedule (E-REG) included with the Company's workpapers. Provide a copy of the individual monthly bills supporting the charges from the

Company's regulatory providers from January 1, 2012 through December 31, 2013. In addition, provide the source and support for each of the Company's attrition year adjustments on this schedule.

**RESPONSE:**

44. Refer to the Rate Case Worksheet (E-RATE CASE1) included with the Company's workpapers. Provide the source and support for the Company's forecast of \$64,000 included as the estimated cost of the current case on this schedule.

**RESPONSE:**

45. Refer to the Insurance Expense Schedule (E-INS) included with the Company's workpapers. Provide a copy of each of the Company's insurance policies listed on this schedule. In addition, provide a copy of the individual monthly bills supporting the charges from each of the Company's insurance carriers from January 1, 2012 through December 31, 2013.

**RESPONSE:**

46. Refer to the Depreciation Expense Detail Worksheet included with the Company's workpapers. Provide the source and support for the Company's depreciation rates of 5%, 10% and 20%.

**RESPONSE:**

47. Refer to the Depreciation Worksheet Schedule (E-DEP1) and the Depreciation Expense Detail Worksheet included with the Company's workpapers. Provide a reconciliation

of the Plant in Service, Accumulated Depreciation and Contributions in Aid of Construction amounts between these two schedules. For example, the Plant in Service at December 31, 2013 shows \$3,420,362 on E-DEP1 and \$3,419,081 on the Detail Worksheet. Likewise, the Accumulated Depreciation at December 31, 2013 shows \$2,580,035 at December 31, 2013 on E-DEP1 and \$2,554,674 on the Detail Worksheet. Please reconcile all amounts between these two schedules.

**RESPONSE:**

48. Refer to the Miscellaneous Expense Schedule (E-MISC) included with the Company's workpapers. Provide a copy of the individual monthly bills supporting the charges for Miscellaneous Expense from January 1, 2012 through December 31, 2013.

**RESPONSE:**

**TAXES**

49. Provide a copy of the Company's latest return or invoice for property taxes, franchise taxes and other taxes.

**RESPONSE:**

50. Refer to the Property Tax Schedule (T-PROP) included with the Company's workpapers. Provide the source and support for the Company's attrition year adjustment totaling \$2,537.10. In addition, provide support for the individual monthly amounts of property tax recorded on the Company's books from January 1, 2012 through December 31, 2013.

**RESPONSE:**

51. Refer to the Franchise Tax Schedule (T-FRAN) included with the Company's workpapers. Explain the Company's calculation of rent expense on this schedule of \$122,400.

**RESPONSE:**

53. Please identify each person whom the Company expects to call as an expert witness at the hearing on the merits of this matter, and for each such person state the subject matter on which the expert is expected to testify, the substance of the facts and opinions to which the expert is expected to testify, and the grounds for each opinion. Please provide curriculum vitae for each such expert.

**RESPONSE:**

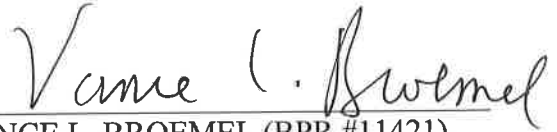
54. Please provide all workpapers, calculations, and documents that support the opinions, conclusions, proposals, and recommendations made by each person that the Company expects to call as an expert witness at the hearing on the merits of this matter. The workpapers and calculations should be in Excel working format with numbers, formulas, and linked files provided.

**RESPONSE:**

55. Please produce copies of all hearing exhibits that you plan to introduce, use, or reference at the hearing on the merits of this matter.

**RESPONSE:**

RESPECTFULLY SUBMITTED,

A handwritten signature in cursive script, reading "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


Dated: February 12, 2014.

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 12th day of February , 2014.

  
VANCE L. BROEMEL