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KING'S CHAPEL CAPACITY
Providing Superior Wastewater Service to Tennessee

T.R.A. DOCKET ROOM

August 25, 2015

VIA US MAIL DELIVERY

Mr. David Foster, Chief
Utilities Division
Tennessee Regulatory Authority
502 Deaderick Street, 4th Floor
Nashville, Tennessee 37219

Re: Docket No. 14-00158 / Expert Testimony

Dear Mr. Foster:

Enclosed is the expert testimony of William H. Novak on behalf of King's Chapel Capacity.

Thank you for your assistance in this matter.

Sincerely,



Jeremy R. Durham
Counsel for King's Chapel Capacity
245 Noah Dr.
Franklin, TN 37064
615.891.0803

TARIFF FILING OF KING’S CHAPEL
CAPACITY TO TRUE-UP BONDING
COSTS (TARIFF NO. 20140176)

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Docket No. 14-00158

ON BEHALF OF
KING'S CHAPEL CAPACITY, LLC

August 25, 2015

1 ***Q1. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND***
2 ***OCCUPATION FOR THE RECORD.***

3 ***A1.*** My name is William H. Novak. My business address is 19 Morning Arbor Place,
4 The Woodlands, TX, 77381. I am the President of WHN Consulting, a utility
5 consulting and expert witness services company.¹
6

7 ***Q2. PLEASE PROVIDE A SUMMARY OF YOUR BACKGROUND AND***
8 ***PROFESSIONAL EXPERIENCE.***

9 ***A2.*** A detailed description of my educational and professional background is provided
10 in Attachment WHN-1 to my testimony. Briefly, I have both a Bachelor's degree
11 in Business Administration with a major in Accounting, and a Master's degree in
12 Business Administration from Middle Tennessee State University. I am a
13 Certified Management Accountant, and am also licensed to practice as a Certified
14 Public Accountant.
15

16 My work experience has centered on regulated utilities for over 30 years. Before
17 establishing WHN Consulting, I was Chief of the Energy & Water Division of the
18 Tennessee Regulatory Authority where I had either presented testimony or
19 advised the Authority on a host of regulatory issues for over 19 years. In
20 addition, I was previously the Director of Rates & Regulatory Analysis for two
21 years with Atlanta Gas Light Company, a natural gas distribution utility with
22 operations in Georgia and Tennessee. I also served for two years as the Vice

¹ State of Tennessee, Registered Accounting Firm ID 3682.

1 President of Regulatory Compliance for Sequent Energy Management, a natural
2 gas trading and optimization entity in Texas, where I was responsible for ensuring
3 the firm's compliance with state and federal regulatory requirements.
4

5 In 2004, I established WHN Consulting as a utility consulting and expert witness
6 services company. Since 2004 WHN Consulting has provided testimony or
7 consulting services to state public utility commissions and state consumer
8 advocates in at least ten state jurisdictions as shown in Attachment WHN-1.
9

10 ***Q3. ON WHOSE BEHALF ARE YOU TESTIFYING?***

11 ***A3.*** I am testifying on behalf of King's Chapel Capacity, LLC ("KCC" or "the
12 Company").
13

14 ***Q4. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS***
15 ***PROCEEDING?***

16 ***A4.*** The purpose of my testimony is to present to the TRA the underlying
17 methodology used by KCC to true-up its bonding surcharge as shown on
18 Attachment WHN-2.²
19

20 ***Q5. WHEN DID KCC FIRST IMPLEMENT THE BONDING SURCHARGE***
21 ***AND OVER WHAT PERIOD OF TIME IS IT NOW BEING TRUED-UP?***

² Attachment WHN-2 contains only the summary schedules that were included with the Company's true-up filing in this docket. Please refer to the Company's filing for the detailed supporting schedules.

1 A5. On December 19, 2008, the TRA issued an Order in Docket 08-00069 approving
2 the tariff of KCC to implement a pass-through charge effective February 2009 for
3 bonding costs. However, the TRA Order in Docket 08-00069 never provided any
4 specific direction on truing-up the actual bonding cost charges to the bond
5 surcharge recoveries. On December 12, 2014, KCC made the current tariff filing
6 in response to the TRA Party Staff's Data Request in Docket 14-00007 to true-up
7 this bonding cost from its implementation in February 2009 through September
8 2014. Subsequently, KCC's tariff filing was moved to this docket 14-00158 for
9 consideration.

10

11 **Q6. PRIOR TO RECEIVING THE DATA REQUEST FROM THE PARTY**
12 **STAFF IN DOCKET 14-00007, HAD THE TRA EVER REQUESTED**
13 **THAT THE COMPANY TRUE-UP THE BONDING SURCHARGE?**

14 A6. No, not to KCC's knowledge.

15

16 **Q7 PLEASE DESCRIBE YOUR PROPOSED METHODOLOGY FOR**
17 **TRUING-UP THE BONDING COST FOR KCC.**

18 A7. As shown in columns 2 – 9 on Attachment WHN-2, Schedule 2, KCC had 8
19 different bonds in effect at various times from February 2009 through September
20 2014. The total amount of bonds in force for each month is shown in column 10.
21 As shown in column 10, the total amount of bond varied during the true-up period
22 from a low of \$77,000 to a high of \$276,355.

23

1 In Docket 08-00069, the TRA approved an interest rate of 7.95%. Therefore, the
2 total bond cost in column 10 is multiplied by 7.95% to get the annual interest cost
3 in column 11 and the monthly interest cost in column 12.

4
5 Next, the monthly interest cost in column 12 is divided by the actual monthly
6 number of customers served in column 13 to get the actual monthly bonding cost
7 per customer as shown in column 14. During the true-up period, KCC's customer
8 base grew from 54 customers in February 2009 to 103 customers in September
9 2014 as shown in column 13.

10
11 Next the actual monthly bonding cost per customer in column 14 is subtracted
12 from the approved bonding surcharge of \$18.60 in column 15 to get the net
13 charge per customer that was either over- or under-recovered in column 16.
14 During the true-up period, KCC's net bond surcharge per customer ranged from a
15 monthly under-recovery of \$-7.56 to a monthly over-recovery of \$12.74 as shown
16 in column 16.

17
18 Finally, the over- or under-recovered monthly customer charge in column 16 is
19 then multiplied by the total number of customers in column 13 to get the total
20 monthly over- or under-recovered bond surcharge in column 17. These monthly
21 amounts are then accumulated in column 18. As shown at the bottom of column
22 18, KCC had over-recovered its actual bonding costs by \$9,667 during the true-up
23 period from February 2009 through September 2014.

1

2 **Q8. MR. NOVAK, ARE THERE ANY OTHER PRO FORMA ADJUSTMENTS**
3 **THAT NEED TO BE CONSIDERED IN THE TRUE-UP FILING?**

4 A8. Yes. As shown on Attachment WHN-2, Schedule 1, and presented below in
5 Table 1, in addition to the \$116,500 total bond requirement already in place at
6 September 2014, there is a new \$82,500 bond that took effect in December 2014
7 as well as a second \$157,720 bond that took effect in the first quarter of 2015.
8 Therefore, the total pro forma bond requirement for 2015 is \$356,720 as shown
9 on Line 4. Applying the 7.95% interest rate to this total pro forma bond
10 requirement balance produces the current bond pass-through cost of \$28,359 as
11 shown on Line 6.

TABLE 1 – KCC PRO FORMA BOND TRUE-UP CALCULATION		
Line	Item	Amount
1	Existing Bond Requirement at September 30, 2014	\$116,500
2	New Bond Tendered in December 2014 (LOC 9054480)	82,500
3	New Bond Required in 1 st Quarter 2015	157,720
4	Total Pro Forma Bond Requirement	\$356,720
5	Interest Rate	7.95%
6	Current Pro Forma Bond Pass-Through Costs	\$28,359
7	Previous Period Bond True-Up (Feb. 2009 – Sep 2014)	-9,667
8	Net Pro Forma Bond Pass-Through Costs	\$18,692
9	Projected Bills (110 Customers * 12 Months)	1,320
10	Pro Forma Monthly Bond Surcharge	\$14.16
11	Current Monthly Bond Surcharge	18.60
12	Monthly Bond Surcharge Reduction	\$4.44

12 Deducting the over-recovered bond costs of \$9,667 described above from the
13 current pro forma bond pass-through cost of \$28,359 leaves a net pro forma bond
14 surcharge of \$18, 692 as shown on Line 8. KCC expects to render 1,320 bills
15 during 2015 (110 customers * 12 months) which produces a pro forma bond

1 surcharge of \$14.16 as shown on Line 10. The \$14.16 pro forma bond surcharge
2 represents a \$4.44 reduction from the current bond surcharge of \$18.60.

3
4 The remainder of KCC's tariff filing in Attachment WHN-2 includes the new
5 tariff sheets that are designed to implement the pro forma bond surcharge of
6 \$14.16 calculated above.

7
8 ***Q9. MR. NOVAK, DO YOU HAVE ANY FURTHER THOUGHTS ON THE***
9 ***TRUE-UP CALCULATION THAT YOU JUST PRESENTED?***

10 A9. Yes. As I mentioned before, the TRA Order in Docket 08-00069 did not provide
11 any guidance as to how often a true-up calculation should be undertaken. Going
12 forward, I would recommend that the TRA adopt a 3 year interval for the true-up
13 calculation. Therefore, the next true-up calculation would cover the period from
14 October 1, 2014 through September 30, 2017 and would need to be filed with the
15 TRA by December 31, 2017. Adopting a three year cycle for the bond surcharge
16 true-up will allow KCC to avoid the regulatory costs of an annual filing for
17 relatively immaterial true-up reconciliations.

18
19 ***Q10. DO YOU HAVE ANY OTHER REQUESTS FOR THE TRA TO***
20 ***CONSIDER IN THIS FILING?***

21 A10. Yes. As mentioned earlier, this true-up reconciliation originated from a show
22 cause filing by the TRA Party Staff in Docket 14-00007. Therefore, in addition to

1 approving the bond surcharge tariff filing and true-up methodology in this docket,
2 KCC would also request that the TRA now dismiss Docket 14-00007.

3
4 ***Q11. DOES THIS COMPLETE YOUR TESTIMONY?***

5 A11. Yes it does. However I reserve the right to incorporate any new information that
6 may subsequently become available.

ATTACHMENT WHN-1

William H. Novak Vitae

William H. Novak

19 Morning Arbor Place
The Woodlands, TX 77381

Phone: 713-298-1760

Email: halnovak@whnconsulting.com

Areas of Specialization

Over twenty-five years of experience in regulatory affairs and forecasting of financial information in the rate setting process for electric, gas, water and wastewater utilities. Presented testimony and analysis for state commissions on regulatory issues in four states and has presented testimony before the FERC on electric issues.

Relevant Experience**WHN Consulting – September 2004 to Present**

In 2004, established WHN Consulting to provide utility consulting and expert testimony for energy and water utilities. Complete needs consultant to provide the regulatory and financial expertise that enabled a number of small gas and water utilities to obtain their Certificate of Public Convenience and Necessity (CCN) that included forecasting the utility investment and income. Also provided the complete analysis and testimony for utility rate cases including revenues, operating expenses, taxes, rate base, rate of return and rate design for utilities in Tennessee. Assisted American Water Works Company in preparing rate cases in Ohio and Iowa. Provided commercial and industrial tariff analysis and testimony for an industrial intervenor group in a large gas utility rate case. Industry spokesman for water utilities dealing with utility commission rulemaking. Consultant for the North Carolina and Illinois Public Utility Commissions in carrying out their oversight functions of Duke Energy and Peoples Gas Light and Coke Company through focused management audits. Also provide continual utility accounting services and preparation of utility commission annual reports for water and gas utilities.

Sequent Energy Management – February 2001 to July 2003

Vice-President of Regulatory Compliance for approximately two years with Sequent Energy Management, a gas trading and optimization affiliate of AGL Resources. In that capacity, directed the duties of the regulatory compliance department, and reviewed and analyzed all regulatory filings and controls to ensure compliance with federal and state regulatory guidelines. Engaged and oversaw the work of a number of regulatory consultants and attorneys in various states where Sequent has operations. Identified asset management opportunities and regulatory issues for Sequent in various states. Presented regulatory proposals and testimony to eliminate wholesale gas rate fluctuations through hedging of all wholesale gas purchases for utilities. Also prepared testimony to allow gas marketers to compete with utilities for the transportation of wholesale gas to industrial users.

Atlanta Gas Light Company – April 1999 to February 2001

Director of Rates and Regulatory Analysis for approximately two years with AGL Resources, a public utility holding company serving approximately 1.9 million customers in Georgia, Tennessee, and Virginia. In that capacity, was instrumental in leading Atlanta Gas Light Company through the most complete and comprehensive gas deregulation process in the country that involved terminating the utility's traditional gas recovery mechanism and instead allowing all 1.5 million AGL Resources customers in Georgia to choose their own gas marketer. Also responsible for all gas deregulation filings, as well as preparing and defending gas cost recovery and rate filings. Initiated a weather normalization adjustment in Virginia to track adjustments to company's revenues based on departures from normal weather. Analyzed the regulatory impacts of potential acquisition targets.

Tennessee Regulatory Authority – Aug. 1982 to Apr 1999; Jul 2003 to Sep 2004

Employed by the Tennessee Regulatory Authority (formerly the Tennessee Public Service Commission) for approximately 19 years, culminating as Chief of the Energy and Water Division. Responsible for directing the division's compliance and rate setting process for all gas, electric, and water utilities. Either presented analysis and testimony or advised the Commissioners/Directors on policy setting issues, including utility rate cases, electric and gas deregulation, gas cost recovery, weather normalization recovery, and various accounting related issues. Responsible for leading and supervising the purchased gas adjustment (PGA) and gas cost recovery calculation for all gas utilities. Responsible for overseeing the work of all energy and water consultants hired by the TRA for management audits of gas, electric and water utilities. Implemented a weather normalization process for water utilities that was adopted by the Commission and adopted by American Water Works Company in regulatory proceedings outside of Tennessee.

Education

B.A., Accounting, Middle Tennessee State University, 1981
MBA, Middle Tennessee State University, 1997

Professional

Certified Public Accountant (CPA), Tennessee Certificate # 7388
Certified Management Accountant (CMA), Certificate # 7880
Former Vice-Chairman of National Association of Regulatory Utility Commission's Subcommittee on Natural Gas

WIN CONSULTING

Witness & Advisory History for William H. Novak, CPA
Selected Cases

State	Company/Sponsor	Year	Assignment	Docket
Louisiana	CenterPoint Energy/Louisiana PSC	2011	Audit of PGA Filings from 2002 - 2008 of CenterPoint Arkla	S-32534
	CenterPoint Energy/Louisiana PSC	2011	Audit of PGA Filings from 2002 - 2008 of CenterPoint Entex	S-32537
	Louisiana Electric Utilities/Louisiana PSC	2012	Technical Consultant for Impact of Net Meter Subsidy on other Electric Customers	R-31417
Tennessee	Aqua Utilities	2006	Rate Case Audit - Revenue, Expenses, Rate Base and Rate Design	06-00187
	Atmos Energy Corporation/Atmos Intervention Group	2006	Rate design for Industrial Intervenor Group	05-00258
	Atmos Energy Corporation/Atmos Intervention Group	2007	Rate design for Industrial Intervenor Group	07-00105
	Bristol TN Essential Services	2009	Audit of Cost Allocation Manual	05-00251
	Chattanooga Manufacturers Association	2009	Spokesperson for Industrial Natural Gas Users before the Tennessee State Legislature	HB-1349
	Tennessee-American Water Company/Tennessee AG	2011	Rate Case Audit - Weather Normalization Adjustments	10-00189
	Piedmont Natural Gas Company/Tennessee AG	2011	Rate Case Audit - Revenue, Class Cost of Service Study & Rate Design	11-00144
	Lynwood Wastewater Utility/Tennessee AG	2012	Rate Case Audit - Revenue, Class Cost of Service Study & Rate Design	11-00198
	Tennessee-American Water Company/Tennessee AG	2012	Rate Case Audit - Revenues, Rate Base, Class Cost of Service Study and Rate Design	12-00049
	Atmos Energy Corporation/Tennessee AG	2012	Rate Case Audit - Revenues, Rate Base and Rate Design	12-00064
Alabama	Jefferson County (Birmingham) Wastewater/Alabama AG	In Process	Bankruptcy Filing - Allowable Costs and Rate Design	2009-2318
Illinois	Peoples & North Shore Gas Cos./Illinois Commerce Comm.	2007	Management Audit of Gas Purchasing Practices	06-0556
New Mexico	Southwestern Public Service Co./New Mexico PRC	2010	Financial Audit of Fuel Costs for 2009 and 2010	09-00351-UT
New York	National Grid/New York PSC	2011	Audit of Affiliate Relationships and Transactions	10-M-0451
Ohio	Ohio-American Water Company/Ohio Consumers' Counsel	2010	Rate Case Audit - Class Cost of Service and Rate Design	09-0391-WS-AIR
	Vectren Energy Delivery of Ohio/Ohio Consumers' Counsel	2008	Rate Case Audit - Class Cost of Service and Rate Design	07-1080-GA-AIR
	Duke Energy-Ohio/Public Utilities Commission of Ohio	2009	Focused Management Audit of Fuel & Purchased Power (FPP Riders)	07-0723-EL-UNC
Texas	Center Point Energy/Texas AG	2009	Rate Case Audit - Class Cost of Service and Rate Design	GUD 9902
Virginia	Aqua Utilities/PSS Legal Fund	2011	Rate Case Audit - Class Cost of Service and Rate Design	W-218, Sub-319
Washington DC	Washington Gas Light Co./Public Service Comm of DC	2011	Audit of Tariff Rider for Infrastructure Replacement Costs	1027

NOTE: Click on Docket Number to view testimony/report for each case where available.

ATTACHMENT WHN-2

King's Chapel Bond True-Up Calculation

Summary Schedules and Tariff Sheets

WHN Consulting**Kings Chapel Capacity****True-Up of Bonding Cost - February 2009 Through September 2014**

Attachment WHN-2

Schedule 1

Item	Amount
Williamson County Bond Requirement at September 2014	\$116,500
New Bond Required by Williamson County in December 2014	82,500
New Bond Required by Williamson County in January 2015	157,720
Total Pro Forma Williamson County Bond Requirement	\$356,720
Interest Rate adopted by TRA for KCC Bonding	7.95%
Current Bond Pass-Through Costs	\$28,359
Over-Recovered Bond Costs (February 2009 - September 2014)	9.667
Net Pro Forma Bond Surcharge	\$18,692
Projected Bills (110 Customers * 12)	1,320
Pro Forma Monthly Bonding Surcharge Rate	\$14.16
Current KCC Monthly Bonding Surcharge Rate	\$18.60
Monthly Bonding Surcharge Reduction	\$4.44

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
Month	Bond #1	Bond #2	Bond #3	Bond #4	Bond #5	Bond #6	Bond #7	Bond #8	Bond Total	7.95% Interest Rate	Monthly Cost	Customers Billed	Cost Per Customer	Base Rate	Rate Difference	(Under)/Over Recovery	Cumulative Recovery
February 2009	\$151,642	\$11,500	\$6,533		\$8,213				\$177,888	14,142	1,179	54	21.62	\$18.60	-\$3.22	-\$174.11	-\$174.11
March	151,642	11,500	6,533		8,213				177,888	14,142	1,179	54	21.82	18.60	-3.22	-174.11	-348.22
April	151,642	11,500	6,533		8,213				177,888	14,142	1,179	54	21.82	18.60	-3.22	-174.11	-522.33
May	151,642	11,500	6,533		8,213				177,888	14,142	1,179	55	21.43	18.60	-2.83	-155.51	-677.84
June	151,642	11,500	6,533		8,213				177,888	14,142	1,179	55	21.43	18.60	-2.83	-155.51	-833.35
July	151,642	11,500	6,533		8,213				177,888	14,142	1,179	55	21.43	18.60	-2.83	-155.51	-988.86
August	151,642	11,500	6,533		8,213				177,888	14,142	1,179	56	21.04	18.60	-2.44	-136.91	-1,125.77
September	151,642	11,500	6,533		8,213				177,888	14,142	1,179	56	21.04	18.60	-2.44	-136.91	-1,262.68
October	151,642	11,500	6,533		8,213				177,888	14,142	1,179	57	20.68	18.60	-2.08	-118.31	-1,380.99
November	151,642	11,500	6,533		8,213				177,888	14,142	1,179	58	20.32	18.60	-1.72	-99.71	-1,480.70
December	151,642	11,500	6,533		8,213				177,888	14,142	1,179	58	20.32	18.60	-1.72	-99.71	-1,580.41
January 2010	151,642	11,500	6,533		8,213				177,888	14,142	1,179	59	19.97	18.60	-1.37	-81.11	-1,661.52
February	151,642	11,500	6,533		8,213				177,888	14,142	1,179	60	19.64	18.60	-1.04	-62.51	-1,724.03
March	151,642	11,500	6,533		8,213				177,888	14,142	1,179	61	19.32	18.60	-0.72	-43.91	-1,767.94
April	151,642	11,500	6,533		8,213				177,888	14,142	1,179	61	19.32	18.60	-0.72	-43.91	-1,811.85
May	151,642	11,500	6,533		8,213				177,888	14,142	1,179	61	19.32	18.60	-0.72	-43.91	-1,855.76
June	151,642	11,500	6,533		8,213				177,888	14,142	1,179	62	19.01	18.60	-0.41	-25.31	-1,881.07
July	151,642	11,500	6,533		8,213				177,888	14,142	1,179	64	18.41	18.60	0.19	11.89	-1,869.18
August	151,642	11,500	6,533		8,213				177,888	14,142	1,179	65	18.13	18.60	0.47	30.49	-1,838.69
September	151,642	11,500	6,533		8,213				177,888	14,142	1,179	66	17.88	18.60	0.74	49.09	-1,789.60
October	151,642	11,500			8,213				171,355	13,623	1,135	66	17.20	18.60	1.40	92.37	-1,697.23
November	151,642	11,500			8,213				171,355	13,623	1,135	67	16.94	18.60	1.66	110.97	-1,586.26
December	151,642	11,500			8,213				171,355	13,623	1,135	68	16.69	18.60	1.91	129.57	-1,456.69
January 2011	151,642	11,500			8,213				171,355	13,623	1,135	69	16.45	18.60	2.15	148.17	-1,308.52
February	151,642	11,500			8,213				171,355	13,623	1,135	65	17.47	18.60	1.13	73.77	-1,234.75
March	151,642	11,500			8,213				171,355	13,623	1,135	66	17.20	18.60	1.40	92.37	-1,142.38
April	151,642	11,500			8,213				171,355	13,623	1,135	67	16.94	18.60	1.66	110.97	-1,031.41
May	151,642	11,500			8,213				171,355	13,623	1,135	66	17.20	18.60	1.40	92.37	-939.04
June	151,642	11,500			8,213				171,355	13,623	1,135	70	16.22	18.60	2.38	166.77	-772.27
July	151,642	11,500			8,213				171,355	13,623	1,135	68	16.69	18.60	1.91	129.57	-642.70
August	151,642	11,500			8,213				171,355	13,623	1,135	67	16.94	18.60	1.66	110.97	-531.73
September	151,642	11,500			8,213				171,355	13,623	1,135	69	16.45	18.60	2.15	148.17	-383.56
October	151,642	11,500			8,213				171,355	13,623	1,135	69	16.45	18.60	2.15	148.17	-235.39
November	151,642	11,500			8,213				171,355	13,623	1,135	71	15.99	18.60	2.61	185.37	-50.02
December	151,642	11,500			8,213				171,355	13,623	1,135	71	15.99	18.60	2.61	185.37	135.35
January 2012	151,642	11,500		\$65,000	8,213				236,355	18,790	1,566	72	21.75	18.60	-3.15	-226.65	-91.30
February	151,642	11,500		65,000	8,213				236,355	18,790	1,566	71	22.05	18.60	-3.45	-245.25	-336.55
March	151,642	11,500		65,000	8,213				236,355	18,790	1,566	70	22.37	18.60	-3.77	-263.85	-600.40
April	151,642	11,500		65,000	8,213				236,355	18,790	1,566	70	22.37	18.60	-3.77	-263.85	-864.25
May	151,642	11,500		65,000	8,213				236,355	18,790	1,566	70	22.37	18.60	-3.77	-263.85	-1,128.10
June	151,642	11,500		65,000	8,213				236,355	18,790	1,566	70	22.37	18.60	-3.77	-263.85	-1,391.95
July	151,642	11,500		65,000	8,213		\$40,000		278,355	21,970	1,831	72	25.43	18.60	-6.83	-491.65	-1,883.60
August	151,642	11,500		65,000	8,213		40,000		278,355	21,970	1,831	71	25.79	18.60	-7.19	-510.25	-2,393.85
September	151,642	11,500		65,000	8,213		40,000		278,355	21,970	1,831	71	25.79	18.60	-7.19	-510.25	-2,904.10
October	151,642	11,500		65,000	8,213		40,000		278,355	21,970	1,831	70	26.16	18.60	-7.56	-528.85	-3,432.95
November	151,642	11,500		65,000			40,000		268,142	21,317	1,776	71	25.02	18.60	-6.42	-455.84	-3,888.79
December	151,642	11,500		65,000			40,000		268,142	21,317	1,776	78	22.77	18.60	-4.17	-325.64	-4,214.43
January 2013	151,642	11,500		65,000			40,000		268,142	21,317	1,776	81	21.93	18.60	-3.33	-269.84	-4,484.27
February	151,642	11,500		65,000			40,000		268,142	21,317	1,776	82	21.66	18.60	-3.06	-251.24	-4,735.51
March	151,642	11,500		65,000			40,000		268,142	21,317	1,776	83	21.40	18.60	-2.80	-232.64	-4,968.15
April	151,642			65,000			40,000		256,642	20,403	1,700	85	20.00	18.60	-1.40	-119.25	-5,087.40
May	151,642			65,000			40,000		256,642	20,403	1,700	83	20.48	18.60	-1.88	-156.45	-5,243.85
June				65,000			40,000		105,000	8,348	696	84	8.28	18.60	10.32	866.78	-4,377.07
July				65,000			40,000		105,000	8,348	696	86	8.09	18.60	10.51	903.98	-3,473.09
August				65,000			40,000		105,000	8,348	696	86	8.09	18.60	10.51	903.98	-2,569.11
September				65,000			12,000		77,000	6,122	510	87	5.86	18.60	12.74	1,108.08	-1,461.03
October				65,000			12,000		77,000	6,122	510	87	5.86	18.60	12.74	1,108.08	-352.95
November				65,000			12,000	\$67,500	144,500	11,488	957	89	10.76	18.60	7.84	698.09	345.14
December				65,000			12,000	67,500	144,500	11,488	957	89	10.76	18.60	7.84	698.09	1,043.23
January 2014				65,000			12,000	67,500	144,500	11,488	957	89	10.76	18.60	7.84	698.09	1,741.32
February				65,000			12,000	67,500	144,500	11,488	957	90	10.84	18.60	7.96	716.69	2,458.01
March				65,000			12,000	67,500	144,500	11,488	957	90	10.64	18.60	7.96	716.69	3,174.70
April				19,500			\$17,500	12,000	118,500	9,262	772	92	8.39	18.60	10.21	939.39	4,114.09
May				19,500			17,500	12,000	118,500	9,262	772	99	7.80	18.60	10.80	1,069.59	5,183.68
June				19,500			17,500	12,000	118,500	9,262	772	99	7.80	18.60	10.80	1,069.59	6,253.27
July				19,500			17,500	12,000	118,500	9,262	772	102	7.57	18.60	11.03	1,125.39	7,378.66
August				19,500			17,500	12,000	116,500	9,262	772	103	7.49	18.60	11.11	1,143.99	8,522.65
September				19,500			17,500	12,000	116,500	9,262	772	103	7.49	18.60	11.11	1,143.99	9,666.64

King's Chapel Capacity
TRA #3
Wastewater Tariff

Second Revised Sheet #1
Replacing First Sheet #1
Effective Date: February 1, 2015

**King's Chapel Capacity
Wastewater Service Billing Summary**

System	Monthly Charge
Ashby Communities – Sheet 2	\$49.27

**King's Chapel Capacity
 Ashby Communities Billing Rates**

	Monthly Charge	Escrowed Amount
Collection System Operation and Maintenance (Tariff Items 1 – 4)	\$8.95	\$6.35
Treatment System Cost (Tariff Items 5 – 7)	6.23	2.90
Utility Cost (Tariff Items 11 and 13)	1.30	0.00
Disposal System Cost (Tariff Items 15 – 17)	1.53	0.88
Sampling and Testing Cost (Tariff Item 18)	7.00	0.00
Billing and Collection Cost (Tariff Item 20)	1.50	0.00
Miscellaneous Cost (Tariff Items 21 – 30 excluding Bonding)	8.60	0.00
Bonding Cost (Pass Through) **	14.16	0.00
Total	\$49.27	\$10.13

Incidental Rates:

Late Payment	5% of Bill.
Disconnection	\$10.00
Reconnection	\$15.00
Returned Check	\$20.00
Access	\$84.00

**** Bonding Cost incurred is passed through to the customer with no markup by the Company.**

Total Bonding Cost

Amount of Bond	\$356,720	
Interest Rate	7.95%	(1% Letter of Credit + 6.95% Debt Funding)
Bond Pass-Thru Cost	\$28,359	
Less Prior Recovered Cost	9,667	
Total Surcharge/(Refund)	\$18,692	
Projected Bills	1,320	(110 Customers * 12 Months)
Total	\$14.16	