

**IN THE TENNESSEE PUBLIC UTILITY COMMISSION  
AT NASHVILLE, TENNESSEE**

|                                       |   |                            |
|---------------------------------------|---|----------------------------|
| <b>IN RE:</b>                         | ) |                            |
|                                       | ) |                            |
| <b>PETITION OF BERRY'S CHAPEL</b>     | ) | <b>DOCKET NO. 26-00039</b> |
| <b>UTILITY FOR AN INCREASE IN ITS</b> | ) |                            |
| <b>RATES AND CHARGES</b>              | ) |                            |

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**DIRECT TESTIMONY**

**OF**

**CLARK D. KAML**

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**August 14, 2026**

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1 the Cost Study.”<sup>1</sup>

2 **Q3. HAVE YOU PREVIOUSLY PROVIDED TESTIMONY BEFORE THE**  
3 **TENNESSEE PUBLIC UTILITY COMMISSION (“TPUC” OR THE**  
4 **“COMMISSION”)?**

5 A3. Yes. I filed testimony in the Tennessee-American Water Company’s (“TAWC” or  
6 “the Company”) recent rate case, TPUC Docket No. 24-00032, the Limestone  
7 Water Utility Operating Company’s recent rate case, TPUC Docket No. 24-00044,  
8 Chattanooga Gas Company’s Annual Rate Review, TPUC Docket No. 25-00028,  
9 the Kingsport Power Company’s Alternative Rate Mechanisms, TPUC Docket No.  
10 25-00022, Piedmont’s Annual Rate Review Filing, TPUC Docket No. 25-00036,  
11 TAWC’s Approval of Merger, TPUC Docket No. 25-00040, Limestone’s Petition  
12 for Approval of Loan Agreement, TPUC Docket No. 25-00066, Integrated  
13 Resources Management’s Petition for an Alternative Rate Mechanism, TPUC  
14 Docket No. 25-00072, Spire’s Petition to purchase Piedmont’s Tennessee  
15 operations, TPUC Docket No. 25-00074, Two Rivers Utility, LLC Application for  
16 a Certificate of Public Convenience and Necessity, TPUC Docket No. 25-00073,  
17 TAWC’s PFAS Settlement Fund Investigation, TPUC Docket No. 25-00086,  
18 TAWC Petition to adopt an Annual Review Mechanism, TPUC Docket No. 25-  
19 00089, Limestone Water Utility Operating Company’s Phase 2 of its Rate Case,  
20 TPUC Docket No. 24-00044, Atmos’ 2026 Annual Rate Review, TPUC Docket  
21 No. 26-00009, and Spire’s 2026 Annual Rate Review Petition, Docket No. 26-  
22 00042.

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1 Clark Kaml, Don’t Fear the Cost Study (2022).

1                   **II.     PURPOSE OF TESTIMONY AND RECOMMENDATION**

2   **Q4.    ON WHOSE BEHALF ARE YOU TESTIFYING?**

3   A4.    I am testifying on behalf of the Consumer Advocate.

4   **Q5.    WHAT IS THE SCOPE OF YOUR REVIEW IN THIS PROCEEDING?**

5   A5.    My testimony addresses the Consumer Advocate's analysis of the revenue  
6           requirement and rate design.

7   **Q6.    WHAT DOCUMENTS HAVE YOU REVIEWED IN PREPARATION OF**  
8           **YOUR TESTIMONY?**

9   A6.    I have reviewed the *Application*, the *Pre-Filed Testimony*, the exhibits and  
10          workpapers filed with the *Application*, and the Applicants' *Responses to Discovery*  
11          *Requests*.

12   **Q7.    WHAT ISSUES ARE YOU ADDRESSING?**

13   A7.    My testimony addresses the following topics:

- 14          a.     Corporate structure;  
15          b.     Purpose of the review;  
16          c.     Financing and the cost of debt;  
17          d.     Regulatory costs;  
18          e.     Rate design; and  
19          f.     Future revenue requirements.

20   **Q8.    WHAT ARE YOUR RECOMMENDATIONS?**

21   A8.    The Consumer Advocate does not have concerns regarding the requested revenue  
22          requirement; however, it does have other concerns regarding cost review. I  
23          recommend the Commission:

- 24          a.     Approve the Petition.  
25          b.     Direct the Company to provide a clear explanation of how its calculation of  
26                 the cost of debt reflects the Chancery Court decision in Case No.: 43835,

- 1 and how the perpetual application is in the best interest of customers.<sup>2</sup>  
2 c. Consider a multi-step rate increase to provide rate increases while  
3 addressing rate shock.  
4 d. Make a finding that if Berry’s Chapel petitions for an alternative regulatory  
5 mechanism, the methodologies adopted in this Order “should be reviewed  
6 for appropriateness in the determination of service rates pursuant to such  
7 annual rate-setting mechanism.”<sup>3</sup>

### 8 III. CORPORATE STRUCTURE

#### 9 Q9. WHAT IS BERRY’S CHAPEL UTILITY, INC.?

10 A9. Various terms have been used to describe Berry’s Chapel. The *Petition* identifies  
11 Berry’s Chapel as a nonprofit by its residents.<sup>4</sup> James Savage calls the utility a  
12 “member-owned wastewater treatment facility”, a “customer-owned organization”,  
13 and a “customer-owned utilit[y].”<sup>5</sup> Berry’s Chapel is registered as a Nonprofit  
14 Corporation and a public benefit corporation.<sup>6</sup>

#### 15 Q10. WHY IS THIS REGISTRATION DISTINCTION RELEVANT?

16 A10. Corporate structure is important because it has implications for ownership,  
17 financing, regulatory jurisdiction, and regulation. A nonprofit corporation is not  
18 owned by anyone.<sup>7</sup> It does not issue shares or have owners’ equity.<sup>8</sup> The regulatory

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<sup>2</sup> *Plaintiff’s Motion to Extend Judgement for an Additional Ten Years*, Chancery Court Case No.: 43835 (May 14, 2015). A copy of the motion is included as Exhibit CDK-1.

<sup>3</sup> *Amended Order, In re: Petition of Chattanooga Gas Company for Approval of an Adjustment in Rates and Tariff; the Termination of the AUA Mechanism and the Related Tariff Changes and Revenue Deficiency Recovery; and an Annual Rate Review Mechanism*, p. 89, ¶ 22, TPUC Docket No. 18-00017 (January 15, 2019). This recommendation is based in part on the fact that Berry’s Chapel’s rate request is less than 50% of the identified revenue deficiency and the methods were not reviewed for use in an ARM.

<sup>4</sup> *Petition* at p. 1.

<sup>5</sup> *Direct Testimony of James Savage on Behalf of Berry’s Chapel Utility* at 2:15-20 and 4:5-7 (May 14, 2026).

<sup>6</sup> Business Details for Berry’s Chapel Utility Inc., Tennessee Secretary of State, Division of Business Services (Last visited August 4, 2026), <https://tncab.tnsos.gov/business-entity-search>. A copy of the business details is attached as Exhibit CDK-2.

<sup>7</sup> Greg McRay, *Who Really Owns a Nonprofit?* CEO’s Blog, Foundation Group (June 5, 2026) <https://www.501c3.org/who-really-owns-a-nonprofit/>.

<sup>8</sup> *Petition*, BCU Responses to TPUC Minimum Filing Requirement, MFR 81, PDF p. 417.

jurisdiction of Berry's Chapel has been the subject of discussion in the past, including in letters and Commission decisions. Addressing the issues of corporate structure and regulations, the Commission has found:

1. The Petition for a Declaratory Order that Berry's Chapel Utility, Inc. is a Public Utility Under Tennessee Law and Should be Regulated by the TRA is granted.<sup>9</sup>
2. Berry's Chapel Utility, Inc is a public utility subject to the regulatory jurisdiction and authority of the Tennessee Regulatory Authority.<sup>10</sup>

**Q11. HOW DOES NONPROFIT CORPORATION DIFFER FROM A FOR-PROFIT CORPORATION?**

A11. A primary distinction between a for-profit corporation and a nonprofit corporation is how earnings are treated. A traditional corporation is created to generate value or profit for its owners.<sup>11</sup> Corporate management has a fiduciary obligation to act in the interest of the owners/shareholders. A nonprofit corporation is structured to advance or promote a specific objective or public benefit other than increasing value.<sup>12</sup> It cannot distribute profits to owners or shareholders, and any surplus must be reinvested.

**Q12. WHO MANAGES A NONPROFIT CORPORATION?**

A12. Because a nonprofit corporation does not have private owners or shareholders, it is

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<sup>9</sup> The Tennessee Regulatory Authority, or TRA, is the predecessor agency to the TPUC, just as the Tennessee Public Service Commission Predated the TRA. While the nomenclature has changed, the scope and functions of these entities has remained essentially the same.

<sup>10</sup> *Order Declaring Berry's Chapel Utility, Inc, to be a Public Utility*, pp. 20, TRA Docket No. 11-00005 (August 5, 2011). See also *Letter to Lt. Governor Ramsey from Director Hill*, TRA Docket No. 11-00198 (January 7, 2013).

<sup>11</sup> Nonprofits vs. Not-for-Profit v. For-Profit: What's the Difference, Section 1. Purpose, U.S. Chambers of Commerce (Last visited August 4, 2026), <https://www.uschamber.com/co/start/strategy/nonprofit-vs-not-for-profit-vs-for-profit>.

<sup>12</sup> *Id.*

1 governed by a board of directors that ensures the corporation operates in accordance  
2 with its mission and obligations.<sup>13</sup>

3 **Q13. HOW DOES THE NONPROFIT STRUCTURE AFFECT THE UTILITY'S**  
4 **DECISION MAKING?**

5 A13. The board makes decisions based on the best interest of the utility and the members  
6 it serves. The focus should be on providing reliable service, maintaining financial  
7 stability, and achieving other mission goals, rather than maximizing shareholder  
8 value.

9 **Q14. WHY IS THIS DECISION-MAKING STRUCTURE AND THE**  
10 **RESULTING GOALS RELEVANT TO UTILITY REGULATION?**

11 A14. The goal of maximizing shareholder value is often in conflict with consumer  
12 objectives. Profit, or value maximization generally seeks the highest margin by  
13 maximizing prices and minimizing production costs. This is contrary to the goal  
14 of obtaining the greatest quality at the lowest price. Rate regulation of public  
15 utilities is intended to address this conflict by protecting consumers from the  
16 monopoly power associated with necessary utility services.

17 As a nonprofit corporation, Berry's Chapel's priorities are directed toward  
18 providing reliable service, maintaining infrastructure, ensuring financial stability,  
19 and serving its customers, rather than pursuing a profit motive.

20 **Q15. HOW DOES THIS DIFFERENCE AFFECT REVIEW OF THE PETITION?**

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<sup>13</sup> 7 Key Differences Between Nonprofit and For-profit Organizations, Section 5. Organizational Culture, Norwich University, Resource Library (Last visited August 4, 2026), <https://online.norwich.edu/online/about/resource-library/7-key-differences-between-nonprofit-and-profit-organizations>.

1 A15. The corporate structure of Berry’s Chapel generally removes cost of equity, capital  
2 structure, and rate of return (“ROR”) issues from the proceeding. The ROR is often  
3 the most contentious issue in a rate case because it dictates the profit margin that a  
4 utility is authorized to earn. The absence of a profit motive further reduces concern  
5 regarding overinvestment in capital projects.

6 **Q16. DOES A NONPROFIT BUSINESS STRUCTURE ELIMINATE THE NEED**  
7 **FOR REVIEW?**

8 A16. No. Berry’s Chapel provides a necessary service as a natural monopoly to captive  
9 customers. Oversight is maintained to protect vulnerable customers, ensure that  
10 service is provided in a nondiscriminatory manner, and encourage financial  
11 discipline.

12 The Consumer Advocate has previously expressed concerns about boards  
13 and board decisions, stating, “BCU has consistently proven over and over again  
14 that they cannot be trusted with repair funds.”<sup>14</sup>

15 **Q17. DOES THE CONSUMER ADVOCATE HAVE CONCERNS WITH THE**  
16 **BOARD AT THIS TIME?**

17 A17. No. The Consumer Advocate’s review has not identified any concerns with the  
18 board. It has identified issues regarding the cost of debt, regulatory costs, rate  
19 design, and the need for future rate increases.

20 **IV. COMPANY’S PETITION**

21 **Q18. SUMMARIZE THE COMPANY’S RATE CASE FILING.**

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<sup>14</sup> Direct Testimony of William H. Novak on Behalf of the Consumer Advocate at 7:16-17, TRA Docket No. 14-00004 (May 30, 2014).

1 A18. The Company proposed an increase of \$98,000, approximately a 10% increase,  
2 based on a revenue deficiency of approximately \$216,161.<sup>15</sup> The test period was  
3 the twelve-months ending June 30, 2025, with an attrition period two years later,  
4 the twelve months ending June 30, 2027. The Company's proposal leaves it with  
5 an estimated net operating loss of \$24,044 for the 12 months ending June 30,  
6 2027.<sup>16</sup>

7 The *Petition* did not include rate case expense estimates. The Company  
8 stated that it intends to seek recovery of rate case expenses through a surcharge in  
9 a separate proceeding.<sup>17</sup> This is addressed in greater detail below.

10 **Q19. WHY IS THE RATE CASE COST RELEVANT?**

11 A19. Rate case costs have the potential to be large in proportion to the requested increase,  
12 particularly because Berry's Chapel is requesting a rate increase of less than 50%  
13 of its calculated need to "ease the impact on our customers."<sup>18</sup>

14 **Q20. DID THE CONSUMER ADVOCATE REQUEST AN ESTIMATE OF THE**  
15 **COST OF THE RATE CASE?**

16 A20. Yes. An estimate was requested in CA DR 2-2. Berry's Chapel simply stated that  
17 it "has no current estimate for the final costs of this rate case."<sup>19</sup> As a point of  
18 reference, in the 2011 Rate Case, the Consumer Advocate recommended "only the

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15 *Direct Testimony of William H. Novak on Behalf of Berry's Chapel* at 8:16-18, TPUC Docket No. 26-00039 (May 14, 2026).

16 *Id.*, Company Exhibit A, Schedule 3.

17 *Id.* at 5:13-15.

18 *Direct Testimony of James Savage* at 4:19, TPUC Docket No. 26-00039 (May 14, 2026).

19 *Berry's Chapel Utility Response to Consumer Advocate's Second Set of Discovery Requests*, pp. 4, CA No. DR 2-2(a), TPUC Docket 26-00039 (July 9, 2026). A copy of this response is attached as Exhibit CDK-3.

current rate case expense of \$43,000,” and the Commission adopted an amount that included “a total of \$64,000 in rate case expense amortized over two years.”<sup>20</sup>

**Q21. WHEN WAS BERRY’S CHAPEL’S LAST RATE CASE?**

A21. The Company states that it has not had a rate increase since 2012.<sup>21</sup> However, in a proceeding filed by the Company in 2014, the Commission approved the implementation a Capital Improvement Tariff Rider of \$4.50 per month per customer for 24 months to establish a capital improvements account.<sup>22</sup> The fund was intended to provide sufficient financing to address debt and borrowing capabilities. Withdrawal from the Capital Improvement Fund requires Commission approval of a specific amount for specific purposes. The utility was required to provide quarterly reports detailing the balance in the Tariff Rider account.<sup>23</sup>

**Q22. HAS BERRY’S CHAPEL COMPLIED WITH THE TERMS OF THE ORDER FROM OCTOBER 19, 2015?**

A22. Yes. The surcharge was discontinued after September 2016.<sup>24</sup> The quarterly reports have been filed. The April 9, 2026, quarterly report indicated that the current balance was \$106,707.58.

**Q23. DO YOU HAVE ANY CONCERNS ABOUT THE COMPANY’S CALCULATION OF THE REVENUE REQUIREMENT?**

A23. I have no concerns that support recommending modifications to the proposal.

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<sup>20</sup> *Final Order*, p. 12, TRA Docket 11-00198 (August 21, 2012).

<sup>21</sup> *Petition* at 2, ¶ 1.

<sup>22</sup> *Order Approving Settlement Agreement and Grant, in Part, and Denying, in Part, Amended Motion for Clarification*, TRA Docket No. 14-00004 (October 19, 2015).

<sup>23</sup> *Id.* at p. 6.

<sup>24</sup> *Notification – Capital Improvement Tariff Rider Has Been Discontinued*, TRA Docket 14-00004 (November 3, 2016).

1 However, several topics warrant additional comment or clarification. These  
2 include:

- 3 • Rate case costs;
- 4 • A potential alternative ratemaking mechanism request;
- 5 • The inclusion of an ROR calculation;
- 6 • Revenue sufficiency;
- 7 • Revenue projections; and
- 8 • The interest rate.

9 The Company has not provided an estimate of the regulatory costs  
10 associated with its proposed filing strategy. This *Petition* requests approximately  
11 half of its revenue deficiency without consideration of the rate case expenses. Due  
12 to ongoing revenue shortfall, Berry's Chapel will likely need to file another rate  
13 case in the near future, and it also plans to pursue an annual rate adjustment  
14 mechanism. However, the Company cannot identify the expected legal, consulting,  
15 or administrative costs associated with this proceeding or future proceedings.  
16 Absent this information, a cost analysis of its decision options cannot be conducted,  
17 and it cannot demonstrate the proposed course is cost-effective or in its customer's  
18 best interest.

19 **Q24. WHY IS AN ANNUAL RATE MECHANISM A TOPIC IN THIS**  
20 **PROCEEDING?**

21 A24. In its *Petition*, the Company states its intention to request an annual rate adjustment  
22 plan to adjust its charges based on inflation.<sup>25</sup> Annual rate mechanisms ("ARMs")  
23 generally apply ratemaking methods and adjustments established in the most recent  
24 rate case. Common ARMs adjust rates to meet a new revenue requirement

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25 *Petition* at p. 2, ¶ 2.

1 calculated using the methods from the most recent rate case. These adjustments  
2 often include carrying costs for any under-recovery. Since the revenue  
3 requirement-based ARM applied to Berry's Chapel next year, rates would  
4 potentially increase to account for the difference between the currently proposed  
5 rates and the revenue requirement in one year, plus carrying charges. Essentially,  
6 recovering 100% of the current revenue deficiency through a two-step process. An  
7 ARM based on the inflation rate, as suggested by Berry's Chapel, would not use  
8 the same process or produce the same results.

9 In addition, an ARM petition will involve costs associated with the proposal  
10 and its implementation.

11 **Q25. HOW DOES A POTENTIAL ARM PROPOSAL IMPACT THIS**  
12 **PROCEEDING?**

13 A25. If the methods and adjustments made in this proceeding were to be adopted for an  
14 ARM, the Consumer Advocate's review and recommendations would be more  
15 detailed and extensive and would likely recommend modifications. Examples  
16 include the use of an ROR calculation, the revenue projected from customer bills,  
17 and the rate increase that could occur in the first year of implementing a common  
18 ARM. Instead, the focus has been on revenue and costs, rather than specific  
19 methods or calculations for use in an ARM. A method-focused review would  
20 lengthen the process and increase costs.

21 Furthermore, the Consumer Advocate is concerned with regulatory costs  
22 associated with additional filings when Berry's Chapel has revenue requirement  
23 higher than is currently being requested.

1 **Q26. DO YOU HAVE ANY RECOMMENDATIONS REGARDING AN ARM?**

2 A26. Yes. The Consumer Advocate recommends a multi-year rate adjustment. For  
3 clarity, the Consumer Advocate's recommendations are dependent on the specific  
4 facts in this proceeding, including:

- 5 • The Company's representation that it intends to propose an inflation-based  
6 ARM;
- 7 • That the Company is a nonprofit corporation;
- 8 • The size of the Company;
- 9 • The number of customers served;
- 10 • The corporate structure;
- 11 • The revenue requirement and requested rate increase; and
- 12 • Historic rate case expenses relative to the Company's size.

13 In addition to the concerns in the disparity of rate case expenses for this  
14 Docket and the requested rate increase, the Consumer Advocate has concerns over  
15 regulatory costs associated with a separate ARM petition, and another rate case in  
16 the near future, may be disproportionate to the benefits of the process. The  
17 Company acknowledged that the ARM will not eliminate the revenue deficiency  
18 and will only adjust rates for inflation.<sup>26</sup> Berry's Chapel does not expect the  
19 deficiency to be a permanent deficiency and stated that "[a]fter this rate case  
20 concludes, Berry's Chapel will reevaluate its earnings and decide when to file its  
21 next rate case. At this time, no decision has been made about this timeline."<sup>27</sup>

22 **Q27. DOES THE RECORD CONTAIN AN ESTIMATE OF THE REGULATORY**  
23 **COSTS THAT WOULD BE ASSOCIATED WITH AN ARM PETITION**  
24 **AND ITS ANNUAL FILINGS?**

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<sup>26</sup> *Berry's Chapel Utility Response to Consumer Advocate's First Set of Discovery Requests*, CA DR 1-10(b), TPUC Docket 26-00039 (June 26, 2026). A copy of the response is attached as CA Exhibit CDK-4.

<sup>27</sup> *Id.* at CAD DR No. 1-9 and 1-10(c).

1 A27. No. In response to a request for an estimate of the costs associated with a rate  
2 adjustment plan filing, Berry's Chapel simply stated that it "has no current estimate  
3 for the costs for a future adjustment plan filing."<sup>28</sup>

4 **Q28. WHAT OTHER OPTIONS EXIST?**

5 Q28. One approach is to adopt a multi-year rate increase that phases in the identified  
6 revenue requirement.

7 **Q29. COMMENT ON THE ROR CALCULATION.**

8 A29. The ROR computation does not serve the same purpose for a nonprofit entity as it  
9 does for a for-profit entity. The ROR calculation is unnecessary for an entity  
10 without equity financing. The calculation is generally used to demonstrate a rate  
11 of return surplus or deficiency that includes equity. The ROR surplus or deficiency  
12 is then converted to a revenue deficiency. For a nonprofit corporation, no such  
13 calculation is necessary as Mr. Novak states in two parts of his testimony:

14 For a nonprofit entity such as Berry's Chapel, rate base is not an  
15 integral part of the rate case as it is for other for-profit utilities under  
16 the Commission's jurisdiction since there is no return on equity.  
17 Instead of rate base, the focus needs to be placed on the Company's  
18 debt cost recovery.<sup>29</sup>

19 and

20 The inclusion of a rate base schedule in this case has only been made  
21 to conform the Company's exhibits to the format traditionally  
22 presented to the Commission.<sup>30</sup>

23 The Consumer Advocate previously explained that, given the unusual nature of a

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<sup>28</sup> *Berry's Chapel Utility Response to Consumer Advocate's Second Set of Discovery Requests*, pp. 4, CA DR No. 2-2(b), TPUC Docket No. 26-00039 (July 9, 2026). A copy of the response is attached as CA Exhibit CDK-3.

<sup>29</sup> *Direct Testimony of William H. Novak* at 3:14-17.

<sup>30</sup> *Id.* at 4:1-3.

1 nonprofit corporation, much of the conventional procedure can be avoided. The  
2 only use for the return on rate base is to make payments on debt. Consequently,  
3 the required rate of return can be calculated directly from the annual interest rates  
4 on debt.<sup>31</sup>

5 **Q30. WHAT IS YOUR CONCERN WITH THE COST OF DEBT.**

6 A30. The Company's cost of debt is 9.89%.<sup>32</sup> This is a high cost of debt for a utility  
7 company, whether for-profit or nonprofit, and warrants further review. The larger  
8 of the loans had a maturity date of April 12, 2014 and a lower interest rate.<sup>33</sup> The  
9 Company explained that the debt costs include court-ordered accrued interest  
10 resulting from the previous ownership of Berry's Chapel.<sup>34</sup> Berry's Chapel  
11 explained that the original loans have been converted to judgments by the  
12 Williamson County Chancery Court with no maturity date."<sup>35</sup>

13 Based on the responses to discovery requests, it is not clear how the  
14 judgment cited by Berry's Chapel converts to a 9.98% return on the original loans.  
15 The Summary Judgment is "in the amount of \$1,742,692.92 plus \$387.71 per day  
16 from March 31, 2015 through the date this judgment is entered, plus \$14,433.20 in  
17 attorney's fees and costs."<sup>36</sup> The judgment specifies amounts to be paid. It does

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31 *Direct Testimony of Christopher C. Klein* at 9:8-12, TRA Docket 11-00198 (April 23, 2012).

32 *Id.* at 4:21.

33 *Berry's Chapel Utility Response to Consumer Advocate's First Set of Discovery Requests*, CA DR No. 1-1(b), TPUC Docket No. 26-00039 (June 26, 2026). A copy of the response is attached as CA Exhibit CDK-4.

34 *Direct Testimony of William H. Novak* at 3:21-4:3.

35 *Berry's Chapel Utility Response to Consumer Advocate's First Set of Discovery Requests*, CA DR No. 1-1(c) TPUC Docket No. 26-00039 (June 26, 2026). A copy of the response is attached as CA Exhibit CDK-4.

36 *Id.* at CA DR 1-1(b). In its discovery response, the Company provided a copy of the court's decision granting an extension of the judgement until May 22, 2035. *Gabert v. Berry's Chapel Util., Inc.*,

1 not contain any language regarding the continuation of the original loan or the  
2 conversion of payments into interest rates.

3 In response to discovery, the Company stated:<sup>37</sup>

- 4 a. It has no plans to retire the debt.  
5 b. The only prudent course of action available is for Berry's Chapel to  
6 continue accruing the interest expense on the outstanding judgment  
7 as required by the Williamson County Chancery Court, which is  
8 done in the best interest of the customers.

9 Although the Company's position is to continue paying the interest expense in  
10 perpetuity, it has failed to provide evidence supporting its conclusion that it is in  
11 the best interest of its customers.

12 **Q31. WHAT ARE YOUR OBSERVATIONS REGARDING REVENUE**  
13 **SUFFICIENCY?**

14 A31. The purpose of reviewing a nonprofit corporation is to ensure that the entity has  
15 sufficient financing to provide safe and adequate service. This includes the  
16 availability of financing to make necessary investments in or upgrades to plant and  
17 equipment. The Company's proposal to increase rates by 50% of the revenue  
18 deficiency leaves a projected shortage of funds necessary to meet expenses.

19 Although a nonprofit does not need to generate profits it still requires  
20 sufficient revenue to operate and maintain the system, replace aging plant, and meet  
21 debt obligations. If rates are not set at a level sufficient to cover those expenses,  
22 there is a risk of under investment in infrastructure.

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*Order Granting Plaintiff's Motion to Extend Judgement for an Additional Ten Years*, Case No. 15CV-43835 (Tenn. Ch. Williamson County June 4, 2024).

<sup>37</sup> *Berry's Chapel Utility Response to Consumer Advocate's Second Set of Discovery Requests*, CA DR No. 2-1(b)-(c), TPUC Docket No. 26-00039 (July 7, 2026). A copy of the response is attached as CA Exhibit CDK-3.

1 **Q32. DO YOU HAVE AN IMMEDIATE CONCERN REGARDING**  
2 **MAINTENANCE AND INVESTMENT?**

3 A32. No. The projected revenue deficiency is an issue to monitor. Immediate concerns  
4 are mitigated by the existence of investment reserves and projected growth in rate  
5 base, indicating continued investment in the system. In addition, the Company has  
6 stated its intent to seek an ARM, and if the Commission approves an ARM, it will  
7 provide revenue support going forward.

8 **Q33. WILL THE USE OF AN ARM PROVIDE INCREASES SUFFICIENT TO**  
9 **COVER THE REVENUE DEFICIENCY NOT REFLECTED IN THE**  
10 **PROPOSED RATES?**

11 A33. Absent a specific ARM proposal, there is insufficient information to make an  
12 accurate assessment. Actual cost changes, the inflation factor, and the adjustment  
13 mechanism are all factors that need to be considered. From a theoretical  
14 perspective, if the percentage increase in revenue exactly matched the annual  
15 increase in expenses, the ARM would not eliminate the revenue deficiency.

16 **Q34. COMMENT ON THE REVENUE PROJECTIONS.**

17 A34. According to the Company, its customer counts in its service area are mature, with  
18 little or no annual customer growth.<sup>38</sup> For its attrition-period revenue calculations,  
19 Berry's Chapel used a normalized level based on the average total revenues for the  
20 four years, from 2022 through 2025 for its calculations.<sup>39</sup>

21 Over that period, the number of residential bills increased each year. There

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<sup>38</sup> *Direct Testimony of William H. Novak at 4:9-11.*

<sup>39</sup> *Direct Testimony of William H. Novak at 4:11-14.*

1 is no information indicating that the customer count would decrease by the attrition  
2 period. For non-residential customers, the number of bills was consistent for three  
3 years, increasing in 2025.<sup>40</sup> The Company's normalization reflects a decrease in  
4 the number of bills and revenue for both residential and non-residential customers.  
5 Nothing in the record suggests that a decrease in customer counts should be  
6 expected.

7 **Q35. DO YOU RECOMMEND AN ADJUSTMENT TO CUSTOMER COUNTS**  
8 **AND REVENUE?**

9 A35. No. For the reasons and subject to the conditions previously stated, these values  
10 are reasonable in this proceeding.

11 **Q36. ARE YOU RECOMMENDING ANY ADJUSTMENTS TO THE REVENUE**  
12 **REQUIREMENT OR EXPENSES?**

13 A36. No. The magnitude of the change, combined with the nonprofit nature of the  
14 Company and the proposal to increase rates by less than 50% of the revenue  
15 deficiency mitigates the need for adjustments in this proceeding.

16 **Q37. WHAT IS BERRY'S CHAPEL PROPOSING FOR RATE CASE EXPENSE?**

17 A37. Berry's Chapel intends to seek a separate surcharge from the Commission to  
18 recover rate case expenses when the costs are known.

19 **Q38. WHAT IS YOUR POSITION REGARDING THIS PROPOSAL FOR**  
20 **RECOVERY OF RATE CASE EXPENSE?**

21 A38. Several aspects of the Company's proposal, when considered together, are cause

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<sup>40</sup> *Petition, Direct Testimony of William H. Novak*, File <Confidential Attachment Workpapers.xlsx>, Tabs "Rate Design-2" and "Rate Design-3."

1 for concern:

- 2 • There is no estimate of the rate case cost;
- 3 • The Company is showing a revenue deficiency of \$216,939 and proposing  
4 a rate increase of approximately \$98,000, less than half of the revenue  
5 deficiency, to “ease the impact on customers”;<sup>41</sup> and
- 6 • The Company indicated an intent to seek an annual rate mechanism  
7 following this rate case.

8 While expressing concerns about the rate impact, the Company  
9 acknowledges that additional rate increases will be forthcoming but provides no  
10 estimation of such increases. However, in the last rate case in 2014, the Company  
11 was able to project a rate case cost of \$64,000.<sup>42</sup>

12 The Company has stated its intent to file a petition to opt into an ARM,  
13 which will result in legal, consulting, and other costs associated with the ARM  
14 petition that will, in turn, increase rates. In addition, the Company stated the need  
15 for another rate case to recover the remaining revenue deficiency, which will result  
16 in rate case costs. Taken together, the percentage increase in customer bills could  
17 be greater than the 10% rate increase represented in the Petition. This approach to  
18 reducing costs is not likely to be a least costs approach to meeting the financial  
19 needs of Berry’s Chapel.

20 Given the revenue deficiency, the potential costs associated with an ARM,  
21 and the resulting inflation adjustments, the Company may want to forego an ARM  
22 petition in favor of a series of stepped rate increases.

23 **Q What do you propose as a rate increase?**

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<sup>41</sup> Direct Testimony of William H. Novak at 6:13-18.

<sup>42</sup> Berry's Chapel's Response to the First Discovery Request of the CAD (Part 2, Sections 5-6), pp. 951, CAD DR No. 44, TRA Docket 14-00004 (March 4, 2014). A copy of the response is attached as CA Exhibit CDK-5.

A. There are numerous options that might address the revenue requirement while mitigating rate shock. One approach is to start with the proposed rate increase followed with years of rate increases of equal percentage increases per year. Table 1 contains rates demonstrating rate increases of 3.2526 for each of the three years following the proposed increase. The accumulated 4 rate increases would capture the current revenue deficiency of \$216,616.

| Table 1                |                                          |          |          |  |                                  |          |          |  |  |
|------------------------|------------------------------------------|----------|----------|--|----------------------------------|----------|----------|--|--|
|                        |                                          |          |          |  | Step Rates for Following 3 Years |          |          |  |  |
| Tariff                 |                                          | Current  | Proposed |  | Year 1                           | Year 2   | Year 3   |  |  |
| <b>Residential</b>     |                                          |          |          |  |                                  |          |          |  |  |
|                        | Customer Charge                          | \$ 30.00 | \$ 33.00 |  | \$ 34.17                         | \$ 35.38 | \$ 36.63 |  |  |
|                        | Usage (per 1000 Gallons)                 | \$ 6.37  | \$ 7.01  |  | \$ 7.26                          | \$ 7.52  | \$ 7.78  |  |  |
| <b>Non-Residential</b> |                                          |          |          |  |                                  |          |          |  |  |
|                        | Customer Charge                          | \$ 30.00 | \$ 33.00 |  | \$ 34.17                         | \$ 35.38 | \$ 36.63 |  |  |
|                        | Usage (per 1000 Gallons)                 | \$ 7.86  | \$ 8.68  |  | \$ 8.99                          | \$ 9.30  | \$ 9.63  |  |  |
| Assumptions            |                                          |          |          |  |                                  |          |          |  |  |
|                        | Annual Step Increase of 3.526%           |          |          |  |                                  |          |          |  |  |
|                        | No Changes in Number of Customers or Use |          |          |  |                                  |          |          |  |  |
|                        | \$216,161 In Rate Increases at Year 3    |          |          |  |                                  |          |          |  |  |

**Q39. WHAT IS THE PROPOSED RATE DESIGN?**

A39. The Company's proposed rate design includes a monthly customer charge of \$33 for both residential and non-residential customers, a usage charge of \$7.010 per 1,000 gallons for residential customers, and a usage charge of \$8.679 per 1,000 gallons for non-residential customers. This represents a 10% increase in the monthly charge and increases of 9.1298% and 9.4366% in the residential and non-residential usage rates, respectively.

**Q40. WHAT ARE THE ISSUES WITH RATE DESIGN?**

1 A40. The Company has two non-residential customers that, combined, account for 9%  
2 of the total wastewater volume. However, these customers contribute  
3 approximately 1% of the total annual revenue. There is no cost analysis supporting  
4 the difference between the percent of volume utilization and the revenue  
5 contribution. In response to the Consumer Advocate's discovery, the Company  
6 failed to provide support for its rate design. It simply stated:<sup>43</sup>

7 The current rates for Berry's Chapel Utility were set by the  
8 Commission in Docket No. 11-00198. In this current case, the  
9 Company has proposed an across-the-board increase to minimize  
10 and equalize the rate impact for all customers.

11 However, Berry's Chapel has not provided any rational for the revenue and  
12 consumption disparity where non-residential customers causing 9% of the volume are only  
13 responsible for 1% of revenue.

14 **V. CONCLUDING COMMENTS AND RECOMMENDATION**

15 **Q41. WHAT ARE OUR CONCLUDING COMMENTS AND**  
16 **RECOMMENDATIONS?**

17 A41. The Commission is faced with a utility:

- 18 • That is a non-profit organization;
- 19 • That has an ongoing revenue deficiency;
- 20 • Where the costs associated with rate cases and alternative rate mechanism
- 21 filings are likely material; and
- 22 • That is actively working to avoid rate shocks.

23 Without an estimate of the regulatory costs associated with this *Petition* and  
24 its proposed future filings strategy, a cost analysis of the decision options cannot

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<sup>43</sup> *Berry's Chapel Utility Response to Consumer Advocate's First Set of Discovery Requests*, CA No. DR 1-11, TPUC Docket No. 26-00039 (July 9, 2026). A copy of the response is attached as CA Exhibit CDK-6.

1 be conducted. Accordingly, Berry's Chapel cannot demonstrate the proposed  
2 course of action is cost-effective or in customers' best interests.

3 This is the very type of situation that can benefit from constructive rate  
4 designs.

5 I recommend the Commission:

- 6 • Approve the Petition.
- 7 • Consider including a multi-year rate adjustment to bring Berry's Chapel  
8 closer to its revenue requirement. The multi-year adjustment would avoid  
9 additional regulatory costs associated with an ARM filing and possibly  
10 another rate case.

11 **Q42. DOES THIS COMPLETE YOUR TESTIMONY?**

12 A42. Yes. However, I reserve the right to incorporate any new information that is  
13 subsequently available.

**IN THE TENNESSEE PUBLIC UTILITY COMMISSION  
AT NASHVILLE, TENNESSEE**

**IN RE:**

**PETITION OF BERRY'S CHAPEL  
UTILITY FOR AN INCREASE IN ITS  
RATES AND CHARGES**

)  
)  
)  
)  
)

**DOCKET NO. 26-00039**

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**AFFIDAVIT**

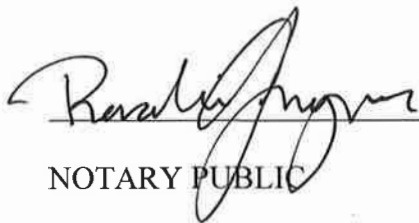
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I, Clark D. Kaml, on behalf of the Consumer Advocate Division of the Attorney General's Office hereby certify that the attached Testimony represents my opinion in the above-referenced case and the opinion of the Consumer Advocate Division.

  
CLARK D. KAML

Sworn to and subscribed before me

This 14<sup>th</sup> day of August, 2026.

  
NOTARY PUBLIC



My Commission Expires: May 12, 2030



Within ten years from the entry of a judgment, the creditor whose judgment remains unsatisfied may file a motion to extend the judgment for another ten years. A copy of the motion shall be mailed by the judgment creditor to the last known address of the judgment debtor. If the judgment debtor files no response within thirty days of the date the motion is filed with the clerk of court, the motion shall be granted without further notice or hearing, and an order extending the judgment shall be entered by the court. If a response is filed within thirty days of the filing date of the motion, the burden is on the judgment debtor to show why the judgment should not be extended for an additional ten years. The same procedure can be repeated within any additional ten-year period.

6. The last known address of Defendant is 106 Mission Court, Suite 104A, Franklin, Tennessee 37067.

WHEREFORE, Plaintiff respectfully requests that this Court issue an Order extending the Judgment for an additional ten years.

Respectfully submitted,

s/ Alfonso Cuen

Glenn B. Rose (BPR #010598)  
Alfonso Cuen (BPR #041389)  
Bass, Berry & Sims PLC  
150 Third Avenue South, Suite 2800  
Nashville, TN 37201  
Telephone (615) 742-6200  
Facsimile (615) 742-6293  
grose@bassberry.com  
alfonso.cuen@bassberry.com

*Attorneys for Craig V. Gabbert, Jr., Trustee*

**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing has been forwarded via U.S. Mail, postage prepaid, to the following on this 13th day of March 2024.

Berry's Chapel Utility, Inc. d/b/a  
Harpeth Wastewater Cooperative  
106 Mission Court, Suite 104A  
Franklin, TN 37067

*Judgment Debtor*

William L. Norton III  
BRADLEY ARANT BOULT CUMMINGS, LLP  
1221 Broadway, Suite 2400  
Nashville, TN 37203  
bnorton@bradley.com

*Attorneys for Defendant Berry's Chapel Utility,  
Inc., d/b/a Harpeth Wastewater Cooperative*

*s/ Alfonso Cuen*

Alfonso Cuen



# EXHIBIT 1

IN THE CHANCERY COURT FOR THE STATE OF TENNESSEE  
21<sup>ST</sup> JUDICIAL DISTRICT, WILLIAMSON COUNTY

FILED  
WILLIAMSON COUNTY  
CLERK & MASTER

2015 MAY 14 AM 8:44

CRAIG V. GABBERT, JR. TRUSTEE,

Plaintiff,

v.

BERRY'S CHAPEL UTILITY, INC.,

Defendant.

Case No.: 43835

ENTERED 5-22-15

JUDGMENT

The Court finds and rules as follows:

I. The Complaint was served on defendant Berry's Chapel Utility, Inc. ("BCUI") on January 26, 2015. Plaintiff Craig V. Gabbert, Jr., Trustee ("Trustee") moved for summary judgment on March 30, 2015. The Trustee submitted with his motion evidence establishing:

A. That the Trustee is the holder of an Amended Promissory Note dated April 20, 2009 in the principal amount of \$1,200,000 and issued by the predecessor to BCUI (the "2009 Note") and of a Renewal Promissory Note dated December 12, 2011 in the principal amount of \$250,000 and issued by BCUI (the "2011 Note"), both secured by the deed of trust described in paragraph 8 of the Complaint;

B. That BCUI has defaulted under the 2009 Note and under the 2011 Note;

C. That the 2009 Note and the 2011 Note were accelerated pursuant to the terms of those Notes by written notice from the Trustee to BCUI dated December 5, 2014;

D. That, as of March 30, 2015, the unpaid principal and interest balance of the 2009 Note was \$1,443,186.07, with interest continuing to accrue at \$339.94 per day, and the unpaid

STATE OF TENNESSEE  
WILLIAMSON COUNTY  
I, THE UNDERSIGNED CLERK & MASTER, DO  
HEREBY CERTIFY THIS TO BE A TRUE COPY  
OF THE ORIGINAL OF THIS INSTRUMENT  
FILED IN THIS CAUSE.

CLERK & MASTER

principal balance of the 2011 Note was \$299,506.85, with interest continuing to accrue at \$44.77 per day; and

E. That both the 2009 Note and the 2011 Note provide that the borrower will pay the lender's collection-related attorney's fees and costs.

2. Consistent with the Notice of Hearing entered on March 31, 2015, the Court held oral argument on the Trustee's motion on May 8, 2015. As of the time of that hearing, BCUI had not filed an Answer or other form of responsive pleading to the Complaint. Nor had BCUI filed a response to the summary judgment motion as contemplated by Tennessee Rules of Civil Procedure 56.04 and 56.06; specifically, BCUI had not presented competent evidence of specific facts showing that there is a genuine issue for trial. BCUI had, however, filed a Motion to Hold the Case in Abeyance pending a ruling by the Tennessee Regulatory Authority on BCUI's January 16, 2014 request for a rate increase, as well as a Rule 56.07 Motion for Discovery and to Continue Consideration of Plaintiff's Motion for Summary Judgment.

3. The Court denies BCUI's Rule 56.07 Motion. BCUI has not made the showing required for relief under Rule 56.07. While BCUI has suggested that it believes it might have a basis to eventually make mismanagement allegations against two non-parties, namely John and Tyler Ring, such allegations would not give BCUI a legally viable defense in this lawsuit. In short, BCUI has not identified facts that would justify opposition to the summary judgment motion and explained the reason BCUI has not been able to present those identified facts by competent evidence in the 38 days since the motion was filed.

4. The Court also denies BCUI's Motion to Hold the Case in Abeyance. The rate BCUI may charge its customers, which is the issue properly before the Tennessee Regulatory Authority, has no bearing on BCUI's liability under the 2009 and 2011 Notes, which is the issue

properly before this Court. The Court therefore declines to postpone the outcome of this case while the Tennessee Regulatory Authority considers BCUI's pending request for a rate increase.

5. The Court finds, consistent with the above, and based on the record before it, that no genuine of material fact exists as to any material fact and that the Trustee is entitled to a judgment as a matter of law.

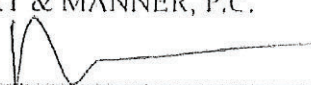
Consistent with these findings, the Court hereby GRANTS JUDGMENT in favor of the Trustee, and against BCUI, in the amount of \$1,742,692.92, *plus* \$384.71 per day from March 31, 2015 through the date this judgment is entered, *plus* \$ 14,433.20 in attorney's fees and costs. All court costs are taxed against BCUI.<sup>1</sup>

IT IS SO ORDERED this 22<sup>nd</sup> day of May, 2015.

  
JAMES G. MARTIN, III  
JUDGE

*Submitted for Entry By,*

HARWELL HOWARD HYNE  
GABBERT & MANNER, P.C.

By:   
Glenn B. Rose (TN No. 10598)  
D. Alexander Fardon (TN No. 13787)  
R. Alex Payne (TN No. 31387)  
333 Commerce Street, Suite 1500  
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Telephone: (615) 256-0500  
Facsimile: (615) 251-1059  
Email: gbr, daf or rap@h3gm.com

*Attorneys for Craig V. Gabbert, Jr., Trustee*

**BK: 6500 PG: 306-308**  
**15027528**

|                                       |        |
|---------------------------------------|--------|
| 3 PGS:AL-JUDGMENT                     |        |
| 391111                                |        |
| <b>07/06/2015 - 08:05 AM</b>          |        |
| BATCH                                 | 391111 |
| MORTGAGE TAX                          | 0.00   |
| TRANSFER TAX                          | 0.00   |
| RECORDING FEE                         | 15.00  |
| DP FEE                                | 2.00   |
| REGISTER'S FEE                        | 0.00   |
| TOTAL AMOUNT                          | 17.00  |
| STATE OF TENNESSEE, WILLIAMSON COUNTY |        |
| <b>SADIE WADE</b>                     |        |
| REGISTER OF DEEDS                     |        |

<sup>1</sup> On April 27, 2015, the State of Tennessee filed a Motion to Intervene. The State of Tennessee had not set that motion for hearing as of the May 8, 2015 hearing on the Trustee's summary judgment motion. The Court nevertheless allowed counsel for the State of Tennessee to participate in the May 8, 2015 argument. Given the Court's other findings, the Court otherwise denies the Motion to Intervene as moot.

BERRY’S CHAPEL UTILITY, INC.

Entity Type: Nonprofit Corporation

Formed in: TENNESSEE

Term of Duration: Perpetual

Religious Type: Non-Religious

Benefit Type: Public Benefit Corporation

Status: Active

Control Number: 000635712

Initial Filing Date: 7/16/2010 4:08:00 PM

Fiscal Ending Month: June

AR Due Date: 10/01/2026

Registered Agent

JAMES SAVAGE

106 MISSION CT STE 104A

FRANKLIN, TN 37067

Principal Office Address

106 MISSION CT STE 104A

FRANKLIN, TN 37067-6442

Mailing Address

106 MISSION CT STE 104A

FRANKLIN, TN 37067-6442

|                                                                                                             |                   |                      |                       |
|-------------------------------------------------------------------------------------------------------------|-------------------|----------------------|-----------------------|
| AR Standing: Good                                                                                           | RA Standing: Good | Other Standing: Good | Revenue Standing: N/A |
| <div>History (29) </div> |                   |                      |                       |

**BERRY'S CHAPEL UTILITY  
DOCKET NO. 26-00039  
SECOND SET OF DISCOVERY REQUESTS OF THE CONSUMER ADVOCATE**

---

**Responsible Witness: William H. Novak**

**Question:**

2-2 Reference Responses to CA DRs 1-9(b) and 1-10. The responses include:

1-9b. After this rate case concludes, Berry's Chapel will reevaluate its earnings and decide when to file its next rate case. At this time, no decision has been made about this timeline.

1-10a. T.C.A. § 65-5-103(d)(6)(B) requires that a utility must have engaged in a general rate case pursuant to § 65-5-101 and subsection (a) within the last five years to be eligible to make an election to opt into an annual rate review. At this time, Berry's Chapel Utility intends to file for a rate adjustment plan shortly after this current rate case concludes.

In light of the Company's Responses to CAD DR 1-9b and 1-10a, provide the following:

- a. An estimate of the rate case costs for Berry's Chapel.
- b. An Estimate of the costs associated with a rate adjustment plan filing.

**RESPONSE:**

- a. Berry's Chapel Utility has no current estimate for the final costs of this rate case.
- b. Berry's Chapel Utility has no current estimate for the costs for a future adjustment plan filing.

**BERRY'S CHAPEL UTILITY  
DOCKET NO. 26-00039  
FIRST SET OF DISCOVERY REQUESTS OF THE CONSUMER ADVOCATE**

---

**Responsible Witness: William H. Novak**

**Question:**

- 1-10. Annual Rate Adjustment: Reference: *Petition* at 2: Following this rate case, the Company intends to request an annual rate adjustment plan that will permit the Company to adjust its charges annually based on inflation.
- a. When does Berry's Chapel anticipate filing for an annual rate adjustment plan?
  - b. Does Berry's Chapel expect the annual rate adjustment plan to increase rates to eliminate the deficiency?
  - c. Does Berry's Chapel expect that the revenue deficiency not being requested in this docket will be a permanent deficiency?

**RESPONSE:**

- a. T.C.A. § 65-5-103(d)(6)(B) requires that a utility must have engaged in a general rate case pursuant to § 65-5-101 and subsection (a) within the last five years to be eligible to make an election to opt into an annual rate review. At this time, Berry's Chapel Utility intends to file for a rate adjustment plan shortly after this current rate case concludes.
- b. No. The annual rate adjustment plan will not eliminate the remaining revenue deficiency from this current case. Instead, the annual rate adjustment plan will only adjust the Company's rates for the impacts of inflation going forward.
- c. No. Berry's Chapel Utility does not expect the revenue deficiency not being requested in this docket to be a permanent deficiency. After this rate case concludes, Berry's Chapel will reevaluate its earnings and decide when to file its next rate case. At this time, no decision has been made about this timeline.

**BERRY'S CHAPEL UTILITY INC.  
DOCKET NO. 14-00004  
FIRST DISCOVERY REQUEST OF THE  
CONSUMER ADVOCATE AND PROTECTION DIVISION**

**RESPONSIBLE WITNESS:** Terry Buckner

**Question:**

**44.** Refer to the Rate Case Worksheet (E-RATE CASE1) included with the Company's work papers. 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:**

The Company's forecast of \$64,000 in rate case cost is the same amount approved in TRA Docket #11-00198 Order dated August 21, 2012, page 12.

**BERRY'S CHAPEL UTILITY  
DOCKET NO. 26-00039  
FIRST SET OF DISCOVERY REQUESTS OF THE CONSUMER ADVOCATE**

---

**Responsible Witness: William H. Novak**

**Question:**

1-11. Rate Design: Reference: Petition at 2 paragraph 3.

- a. Provide the revenue requirement and rate design analysis and reasoning for maintaining a rate design where the non-residential customers who account for 9% of total wastewater treatment contribute approximately 1% of revenue.
- b. Explain how the rates producing the results in a above are just and reasonable.

**RESPONSE:**

- a. The current rates for Berry's Chapel Utility were set by the Commission in Docket No. 11-00198. In this current case, the Company has proposed an across-the-board increase to minimize and equalize the rate impact for all customers.
- b. The current rates for Berry's Chapel Utility were set by the Commission in Docket No. 11-00198.