

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

January 7, 2014

IN RE:

**PETITION OF TENNESSEE-AMERICAN WATER
COMPANY FOR APPROVAL OF A QUALIFIED
INFRASTRUCTURE INVESTMENT PROGRAM, AN
ECONOMIC DEVELOPMENT INVESTMENT RIDER, A
SAFETY AND ENVIRONMENTAL COMPLIANCE
RIDER AND PASS-THROUGHS FOR PURCHASED
POWER, CHEMICALS, PURCHASED WATER,
WHEELING WATER COSTS, WASTE DISPOSAL, AND
TRA INSPECTION FEE**

**DOCKET NO.
13-00130**

PRE-HEARING ORDER

Pursuant to Tenn. Code Ann. § 4-5-306(d) and TRA Rule 1220-1-2-.12, this matter is before the Hearing Officer to establish the orderly conduct of the hearing in this matter. On January 7, 2014, the Hearing Officer held an informal telephone conference with the parties, Petitioner, Tennessee-American Water Company ("Tennessee-American" or "TAWC") and the Consumer Advocate and Protection Division of the Office of the Attorney General ("Consumer Advocate"), an intervening party, to discuss the procedural aspects of the hearing. This Order is entered in lieu of a formal pre-hearing conference with the parties.

I. PROCEDURAL MATTERS

A. Notice of Hearing & Public Comment

The purpose of the hearing is to consider Tennessee-American's petition and proposed tariffs, filed on October 4, 2013, pursuant to Tenn. Code Ann. § 65-5-103(d) and TRA Rule 1220-4-1-.04, requesting approval to recover certain investment and compliance costs that it will

incur or has already incurred. On January 6, 2014, consistent with the Procedural Schedule entered in the docket, a *Notice of Hearing* was issued notifying the public that the hearing will be held immediately following the regularly scheduled Authority Conference at **1:00 p.m. CST on Monday, January 13, 2014**. A *Supplemental Notice of Hearing* was issued on January 7, 2014, which noted that in the event that the hearing does not conclude on January 13, 2014, then it will be reconvened at **9:00 a.m. on January 14, 2014**. As was included in the notices, members of the public are encouraged to participate by filing written comments in the docket file and/or presenting verbal comments during the hearing.

B. Opening Statements

After preliminary matters are considered, if any, each party is permitted a maximum of ten (10) minutes to present an opening statement. Tennessee-American will present its opening statement first, followed by the Consumer Advocate.

C. Witnesses

During direct examination, each witness will be permitted ten (10) minutes to summarize his pre-filed testimony. In addition, each witness should be advised that he remains subject to recall for rebuttal purposes and should remain available throughout the length of the proceedings.

- Tennessee-American has identified three witnesses that it intends to present:
 1. Deron E. Allen, President, Tennessee-American
 2. Brent E. O'Neill, Director of Engineering, American Water Works Service Company
 3. Gary M. VerDouw, Director of Rates, Central Division, American Water Company
- The Consumer Advocate will present one witness:
 1. Mr. William H. Novak, CPA, President, WHN Consulting

D. Exhibits

The parties should exchange any demonstrative exhibits related to a witness's pre-filed testimony before that witness appears on the stand. Each party should have its own copy of all exhibits, including those appended to pre-filed testimony, available for reference during the hearing, and is responsible for supplying a sufficient number of copies of any exhibits that it intends to reference or discuss with a witness. A party should use its own judgment and discretion in determining the total number of copies to have on hand, but at a minimum, copies of an exhibit should be provided to the court reporter, each Director, Legal Staff, and each Authority Division Chief. Delaying or interrupting the proceedings to make copies is disfavored and, in the discretion of the panel, may not be permitted.

Further, the parties should inform the Hearing Officer of any requests or requirements as to visual display aids and technology that might be needed during the hearing. So that the appropriate arrangements and accommodations may be made, all such requests and information should be provided via email to the Hearing Officer at kelly.grams@tn.gov no later than **12:00 noon on January 10, 2014**.

E. Examination of Witnesses and Questions by the Authority

While redirect examination of a witness is allowed, the parties are reminded that it is to be limited to matters elicited during cross-examination that require clarification. It is not appropriate to raise new issues during redirect examination. Re-cross examination is not permitted except in the event that a new issue is raised during the immediately preceding redirect examination. The Authority's Advisory Staff has the opportunity to ask questions following cross-examination, before redirect examination. The parties should be aware that the Directors might ask questions at any time during a witness's testimony and after cross-examination.

F. Closing Arguments

The parties will present closing arguments and forgo filing post-hearing briefs. Closing arguments will be presented first by Tennessee-American, and then by the Consumer Advocate. Each party will be given a maximum of *twenty (20) minutes* to present closing arguments. Tennessee-American may reserve a portion of its time for rebuttal.

G. Post-Hearing Briefs (Optional)

A post-hearing brief is not required. The parties, however, shall have the option of filing a post-hearing brief concerning any issue raised during the hearing. Should either party choose to file a post-hearing brief, such brief shall be *limited to ten (10) total pages* and filed no later than **12:00 noon on Tuesday, January 21, 2014**.

H. Preliminary Matters/Motions

The parties should make the Hearing Officer aware of any preliminary matters as soon as possible in advance of the hearing. Any motions or requests related to such matters are to be filed with the Authority and served upon the other party by close of business on **Thursday, January 9, 2014**. Such motions shall include a statement concerning efforts made to contact adverse counsel and whether there is opposition to the motion. Any responses in opposition shall be filed and served by close of business on **Friday, January 10, 2014**.

II. GENERAL OUTLINE & PRESENTATION OF PROOF DURING HEARING

Public Comment

Opening Statements:

- Tennessee-American (10 minutes)
- Consumer Advocate (10 minutes)

Witness Testimony:

TAWC witness #1

*Summary of pre-filed

Deron E. Allen, President TAWC

Limited to ten (10) minutes

Cross-examination
Questions
Re-direct examination
Re-cross examination

Consumer Advocate
TRA Advisory Staff and/or Directors¹
Tennessee-American
(if requested & determined appropriate)

TAWC witness #2

*Summary of pre-filed
Cross-examination
Questions
Re-direct examination
Re-cross examination

**Brent E. O'Neill, Director of Engineering
American Water Works Service Co.**

Limited to ten (10) minutes
Consumer Advocate
TRA Advisory Staff and/or Directors
Tennessee-American
(if requested & determined appropriate)

TAWC witness #3

*Summary of pre-filed
Cross-examination
Questions
Re-direct examination
Re-cross examination

**Gary VerDouw, Dir. Rates, Central Div.
American Water Company**

Limited to ten (10) minutes
Consumer Advocate
TRA Advisory Staff and/or Directors
Tennessee-American
(if requested & determined appropriate)

Consumer Advocate witness

*Summary of pre-filed
Cross-examination
Questions
Re-direct examination
Re-cross examination

**William H. Novak, CPA, President
WHN Consulting**

Limited to ten (10) minutes
Tennessee-American
TRA Advisory Staff and/or Directors
Consumer Advocate
(if requested & determined appropriate)

Closing Arguments:

- Tennessee-American (10 minutes)
- Consumer Advocate (10 minutes)

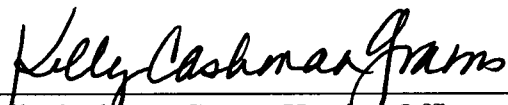
¹ The TRA Advisory Staff has an opportunity to question a witness between cross and re-direct examination. Directors may ask questions at any time, including between cross and re-direct examination.

IT IS THEREFORE ORDERED THAT:

1. Requests for visual aids or technology or information concerning the technical requirements of the parties should be provided via email to the Hearing Officer at kelly.grams@tn.gov by **12:00 noon on January 10, 2014.**

2. Any preliminary motions or requests shall be filed with the Authority and served upon the other party by close of business on **Thursday, January 9, 2014.** Such motions shall include a statement concerning efforts made to contact adverse counsel and whether there is opposition to the motion. Any responses in opposition to the motion shall be filed and served by close of business on **Friday, January 10, 2014.**

3. The hearing scheduled to begin immediately following the regularly scheduled Authority Conference at **1:00 p.m. CST on January 13, 2014, through January 14, 2014,** if necessary, shall be conducted in accordance with the requirements and deadlines set forth in this Pre-Hearing Order unless otherwise ordered by the Chairman/Presiding Director.



Kelly Cashman-Grams, Hearing Officer