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December 6, 2016

VIA ELECTRONIC FILING

Hon. David Jones, Chairman
c/o Sharla Dillon
Tennessee Regulatory Authority
502 Deaderick Street, 4th Floor
Nashville, TN 37243

RE: Petition of Tennessee-American Water Company Regarding The 2016 Investment and Related Expenses Under The Qualified Infrastructure Investment Program Rider, The Economic Development Investment Rider, and The Safety and Environmental Compliance Rider, TRA Docket No. 16-00126


Dear Chairman Jones:

Attached for filing please find *Tennessee-American Water Company's Supplemental Testimony of Linda C. Bridwell* in the above-captioned matter.

As required, an original of this filing, along with four (4) hard copies, will follow. Should you have any questions concerning this filing, or require additional information, please do not hesitate to contact me.

Very truly yours,

BUTLER SNOW LLP



Melvin J. Malone

Enclosure

cc: Valoria Armstrong, President, Tennessee-American Water Company
Wayne Irvin, Assistant Attorney General, Consumer Protection and Advocate Division
Vance Broemel, Assistant Attorney General, Consumer Protection and Advocate Division

TENNESSEE-AMERICAN WATER COMPANY, INC.

DOCKET NO. 16-00126

SUPPLEMENTAL TESTIMONY

OF

LINDA C. BRIDWELL

ON

**CHANGES TO THE QUALIFIED INFRASTRUCTURE INVESTMENT PROGRAM
RIDER, THE ECONOMIC DEVELOPMENT INVESTMENT RIDER, AND THE
SAFETY AND ENVIRONMENTAL COMPLIANCE RIDER**

1 **Q. Please state your name.**

2 A. My name is Linda C. Bridwell.

3 **Q. By whom are you employed and in what capacity?**

4 A. I am employed by American Water Works Service Company (“AWW”) as manager of
5 Rates and Regulation for Tennessee and Kentucky.

6 **Q. Did you file direct testimony in this case?**

7 A. Yes. Along with the Petition, I submitted Pre-filed Direct Testimony in this case on
8 November 4, 2016, on behalf Tennessee-American Water Company (“Tennessee
9 American,” “TAWC” or “Company”).

10 **Q. What is the purpose of your Supplemental testimony?**

11 A. The purpose of my Supplemental Testimony is to highlight a change that Tennessee
12 American made in its calculations for the adjustment from the way the calculations were
13 previously done. Tennessee American committed in Docket No. 15-00111 that it would
14 identify all changes contained in going forward filings. In my Pre-filed Direct Testimony
15 in this case, I identified a series of changes that were made from the previous dockets.
16 The change that I will outline below, however, was inadvertently not included in my Pre-
17 filed Direct Testimony in this case.

18 **Q. Can you identify the change?**

19 A. Yes. In Tennessee American’s petition for the adjustment in Docket No. 15-00111,
20 Tennessee American identified a number of projects forecasted for completion in 2016.
21 In the Petition for this case, Tennessee American brought forward the entire projected
22 2016 capital expenditure plan (all projects forecasted for completion in 2016) exactly as
23 filed in Docket No. 15-00111, except one single project, which was delayed.

1 **Q. Why is this considered a change in the calculations?**

2 A. Tennessee American considers this a change because it is a slightly different way of
3 addressing the current year capital expenditures - here 2016 - than what has been done in
4 the previous two dockets (TRA Docket Nos. 15-00111 and 14-00121) that addressed
5 adjustments to the Capital Recovery Riders surcharges. The purpose of identifying these
6 changes is to streamline and increase the efficiency of the review process by all parties in
7 the proceeding. In both Docket No. 15-00111 and Docket No. 14-00121, Tennessee
8 American brought forward the current year capital plan exactly as it had been filed in the
9 prior year's petition for adjustment. In any given year, the petition for adjustment utilizes
10 the forecasted capital expenditures for the current year that was originally forecasted in
11 the previous year's docket for the adjustment to the Capital Recovery Riders. The
12 current year is not complete (it is not complete because the new petition is prepared and
13 filed before the completion of the current rider period, here January 1 through December
14 31, 2016). The "new "petition -- here the November 4, 2016, Petition -- then adds the
15 forecasted capital additions for the upcoming review period -- here January 1 through
16 December 31, 2017 -- to calculate the cumulative Capital Recovery Riders surcharges.

17 To use specifics, Docket No. 15-00111 was a petition to adjust the Capital
18 Recovery Riders in 2016 for the period of January 1 through December 31, 2016, but the
19 projected capital expenditure plan for January 1 through December 31, 2015 was the
20 same forecasted 2015 plan as in Docket No. 14-00121. Because the surcharges are
21 cumulative, the total plant additions in Docket 15-00111 included the actual plant
22 additions in 2014, the 2015 capital expenditure plan, and the forecasted 2016 capital
23 expenditures to calculate the Capital Recovery Riders in 2016. Similarly, Docket No. 14-

00121 was a petition to adjust the Capital Recovery Riders for January 1 through December 31, 2015, but the projected capital expenditure plan for 2014 (which was used to add the 2015 forecasted capital additions and therefore calculate the cumulative capital plant additions through December 31, 2015 in the Capital Recovery Riders surcharges) was the same forecasted plan as was presented in Docket No. 13-00130. In this Petition, Tennessee American made a change to the capital expenditure plan for 2016 that was included in Docket No. 15-00111 and carried forward in this Petition. As explained above, the use of the 2016 capital expenditure plan in this docket is necessary to calculate the cumulative capital plant additions through 2017 in the Capital Recovery Riders surcharges for the period January 1 through December 31, 2017.

Q. Why does Tennessee American not update the current year capital expenditures in the calculation of the forecast for the upcoming year?

A. Under the Capital Recovery Riders tariffs, when TAWC prepares and submits its Capital Recovery Riders adjustments for the upcoming year – here 2017 – the prior Capital Recovery Riders period for the current year – here January 1 through December 31, 2016 -- is not yet completed. Any deviations of the current year from the forecast in the previous petition will be addressed in the upcoming reconciliation proceeding.

Q. Can you identify which project has been removed?

A. Certainly. The project is identified as Investment Project I26-020038, Retire Basin 1 for \$300,000. The project was originally given an in-service date of 11/30/2016. This is demonstrated on the workpaper in the excel file under tab “WKP 2016 SCEP.” However, on the workpaper in the excel file “WKP 2016 In-Service SCEP.” the in-service date has been changed to 12/31/2020.

1 **Q. Why has Tennessee American deviated from that process in the Petition?**

2 A. TAWC made a decision during 2016 to delay the project until 2020. Tennessee
3 American was faced with an emergency project for a capitalized repair to the Tennessee
4 River Crossing in early 2016 that was not included in Docket No. 15-00111. In order to
5 manage the capital budget, it was necessary to delay another project – the Retire Basin
6 No. 1 project. Tennessee American did not include the emergency project in this filing
7 for the Capital Recovery Riders period of January 1 through December 31, 2017, because
8 it was not in the previous capital expenditure plan. The actual addition of the Emergency
9 Tennessee River Crossing project will be included in the reconciliation of Capital
10 Recovery Riders that will be filed March 1, 2017. However, because the decision was
11 made to delay the project until 2020, Tennessee American removed the project to Retire
12 Basin 1 from the 2016 In-Serviced Strategic Capital Expenditures Plan in this Petition.
13 After a strategic planning decision was made to delay the project that is the subject of my
14 supplemental testimony, it did not seem to be appropriate to continue to carry project
15 expenditures in 2016 forward into the 2017 capital expenditure plan for the Capital
16 Recovery Riders period of January 1 through December 31, 2017. Tennessee American
17 has previously committed to the Authority to highlight any proposed, changes going
18 forward to the calculations or methodologies related to the Capital Riders from the
19 calculations and methodologies set forth in the original filing and approved by the
20 Authority, even when, as here, such change is to the benefit of TAWC's customers.
21 Tennessee American does not intend for this to be an ongoing change to the process.
22 But, given the extended nature of the delay of the highlighted project, a one-time change
23 and explanation seemed appropriate in this Petition.

1 **Q. Why would Tennessee American elect to make this change knowing its revenues**
2 **may be reduced?**

3 A. Again, Tennessee American has committed to being transparent in the process, and
4 keeping the process mutually beneficial to the customers as well as the Company.
5 Tennessee American understands that it has the burden of developing accurate capital
6 expenditure forecasts. The emergency Tennessee River Crossing project could not have
7 been forecasted, and will be included in the reconciliation. Tennessee American intended
8 to identify this change when it originally filed the petition, but inadvertently left the
9 discussion out of the originally filed testimony when it filed the petition on November 4,
10 2016.

11 **Q. Does this change require any changes to be made to the exhibits or workpapers?**

12 A. No. The change is already reflected in the exhibits and workpapers that were submitted
13 to support the Petition. As I stated earlier, Tennessee American committed to
14 highlighting changes in the Petition, and realized after it was filed that the Company had
15 inadvertently not highlighted this change.


16 **Q. Does this conclude your Supplemental Testimony?**

17 A. Yes.

STATE OF Kentucky)
)
COUNTY OF Fayette)

BEFORE ME, the undersigned authority, duly commissioned and qualified in and for the State and County aforesaid, personally came and appeared Linda C. Bridwell, being by me first duly sworn deposed and said that:

She is appearing as a witness on behalf of Tennessee-American Water Company before the Tennessee Regulatory Authority, and if present before the Authority and duly sworn, her testimony would be as set forth in her pre-filed testimony in this matter.


Linda C. Bridwell

Sworn to and subscribed before me
this 5th day of December, 2016.


Notary Public

My Commission Expires: 7/25/2020

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:

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This the 6th day of December, 2016.



Marvin J. Malone