

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TN

June 23, 2017

IN RE:)	
)	
PETITION OF TENNESSEE)	
WASTEWATER SYSTEMS, INC., FOR)	DOCKET NO. 16-00139
APPROVAL TO AMEND ITS RATES)	
AND CHARGES)	

REBUTTAL TESTIMONY OF MATT PICKNEY

Q. What is your name and business address?

A. My name is Matt Pickney. My business address is 851 Aviation Parkway, Smyrna TN, 37167

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

A. I am employed by Adenus Operations, LLC. I serve as the development lead for the HAWK Monitoring System SCADA platform and am also responsible for oversight of office billing operations for the Utilities division.

Q: What are your responsibilities in that position?

A: My development lead role encompasses the operation and buildout of our third-generation remote plant monitoring and controls platform, known as the HAWK Monitoring System. My operations manager role encompasses high level oversight of our billing and customer information systems.

Q. Please describe your educational background and business experience?

A. I earned a Bachelor's degree in Computer Engineering from Mississippi State University. I have been employed by Adenus in some capacity since 1995. In 2006, I was the lead on our conversion to UMS.net, which is the billing system Tennessee Wastewater uses for its customer

base. I have a unique perspective on utility billing matters due to the fact that I have over a decade of experience working in this system.

Q. What is the purpose of your testimony?

A. I am providing rebuttal testimony to address the opinions stated by Mr. Hal Novak in his pre-filed testimony with regard to the convenience fee charged by Tennessee Wastewater Service.

Q: What is a convenience fee?

A: A convenience fee is a customer charge applied to their bill when they wish to pay by credit card as opposed to one of the other payment options TWSI makes available to its customers. The fee is a pass through and covers the cost of the processing company in processing the credit card transaction. In TWSI's case, there is a 3% convenience fee charged to the customer when paying by credit card. This is the what the credit card processing company charges TWSI for processing the credit card payment. Within that fee are several costs including what the credit card companies (Visa, MasterCard, Discover, etc...) charge as well as the fee the processing company charges for providing the service. This is a pass-through charge to TWSI customers. TWSI does not receive any amount of the convenience fee charged to the customers. In fact when customers pay with their credit cards, the payment goes directly to the processing company where they deduct the fee before remitting the balance to TWSI for payment of the wastewater bill.

Q: What does Mr. Novak say about the fee?

A: Mr. Novak claims the convenience fee is an unlawful charge as it has not been included in the Company's tariff nor was it approved by the Commission¹. He further recommends that the Company refund the amount collected of the convenience fee to the customers with interest and penalties.

Q: Do you agree with Mr. Novak?

A: No. I personally discussed the 3% convenience fee with the TPUC staff before we began offering that option to customers. The Commission Staff raised no objection to our proposal nor did they suggest that it had to be included in our tariff because this was not a compulsory charge, just another payment option. After that conversation, TWSI began accepting credit cards as an option for payment with the 3% convenience or processing fee. Had the staff said that the Company should have included this payment option in the tariff, we would have done so at the

¹ Direct Testimony of William H. Novak; pg. 10, line 12-13

time. In fact, that is why the credit card payment option is in our proposed tariff in this case , because the Staff has said it should be in there.

Q. Were you involved with establishing TWSI's ability to accept credit card payments?

A. Yes. I was the lead on establishing credit card payment as an option for TWSI customers. This was something that our customers had repeatedly asked for in the years leading up to us offering it to them.

Q. When did TWSI start to accept credit card payments?

A. TWSI began accepting credit card payments in 2009. Initially, the credit card payment option was only offered to customers who needed to make payment to have service restored or for some other extraordinary reason. The credit card payment system at that time worked independently of our billing software, UMS.net, and required that customers call in and give their card number over the phone. The payments were processed manually through the Authorize.net payment gateway and then manually recorded within UMS. The inefficiency of the process prevented us from offering it on a wide basis.

Q. When did TWSI make credit card payments available to the entire customer base?

A. In 2012 we purchased a software module that CUSI (our billing provider) developed for UMS.net known as the Customer Web Portal, or CWP. The CWP enabled our customers to log in to a secure website to view payment history, check their balance, view their statement, sign up for e-billing, and make online payments. The convenience that the CWP provided made offering credit card payments to all customers feasible. CUSI encouraged us to change payment gateway providers from Authorize.net over to Bluefin/USAePay at that time based on the CWP being optimized for compatibility with those carriers' systems.

Q. Are customers made aware of the convenience fee prior to making a payment with their credit card?

A. Yes. The fee is displayed on the webpage where customer make payment. They see the 3% fee as well as the total cost of their bill payment including the fee prior to submitting payment. (Exhibit A).

Q. Did you have any discussions with anyone at the Tennessee Public Utility Commission regarding the company accepting credit cards for payment and the convenience fee?

A. Yes. I spoke with Patsy Fulton specifically about the convenience fee prior to the company finalizing plans to accept credit cards in 2011. At that time, she told me that as long as we were calling it a convenience fee and that all customers were being treated the same with regards to the fee that we would not need to include it in our tariff as it was not a compulsory fee. (Exhibit B).

Q. And how did you believe it to not be a compulsory fee?

A. The fee only applies if a customer pays with a credit card. We have several other options available for customers to pay their bills including payment by check via U.S. Mail, in person at the office, or ACH which is paying by auto draft check which can be set up online or through the mail. None of these payment options require a convenience or any other processing fee. We have never required any customer to make payment by credit card and in fact only 8-10% of our customers use the credit card option on a monthly basis.

Q. Why is the fee being included in the tariff now?

A. The TPUC staff has asked us to include it. It was only not included in the tariff back in 2011 because I was told it was not necessary.

Q: Did the Company explain to the Consumer Advocate and Mr. Novak that the TPUC staff was made aware of the existence of the convenience fee?

A: Yes. The convenience fee issue was also addressed in the Company's response to CAD's Third Informal Discovery Requests 3-10 through 3-14. Lastly, CAD issued a records request to TPUC staff for various communications between the staff and TWSI on the convenience fee issue and emails were provided showing discussions had in fact occurred regarding the fee, including the attached (Exhibit A) contemporaneous email memorializing the conversation I had with Ms. Patsy Fulton on the issue.

Q: How does Mr. Novak and CAD treat the revenue from the convenience fee?

A: His recommendation that the Company be required to refund the convenience fee with interest has no impact on the rate case and, in my opinion, is not an issue that should be addressed in this case. If the Commission believes that we should be required to make refunds of this fee, that should be the subject of a separate docket.

His other recommendation does impact the rate case. As I understand it, he has recommended that the money the Company collects from the 3% fee be deducted from revenue but he does not

make any adjustment in the Company's expenses. Since this fee is nothing but a pass through, his recommendation does not seem to make sense. If the Company's proposal to amend the tariff to include the convenience fee is approved, then the Company will continue to collect the fee and pass it through to the billing company. On the other hand, if the Company's proposal for this payment option is rejected, then the Company will simply discontinue offering the credit card option. There will be no revenue from the convenience fee and no payment to the billing company. What Mr. Novak seems to be saying is that the Company should be required to continue offering the credit card option even if the tariff change is rejected and simply absorb the 3% fee. I don't understand how anyone can think that's a fair proposal.

Q. Does this conclude your testimony?

A. Yes.

Ex. A

Jeff Ridsen

From: Susan Davis
Sent: Friday, June 23, 2017 10:11 AM
To: Jeff Ridsen
Subject: TN Processing Fee



Make Payment - Confirm Payment

Loc: TNWCR0321 - 3495 STAGECOACH DRIVE, FRANKLIN, Tennessee

Due Date

Bill Status

Current Due

06/15/17

Past Due

\$49.90

Review Payment Details

Payment Mode: Credit/Debit
Card
Payment Amount: \$49.90
Service Fee: \$1.50
Service Tax: \$0.00
Online Processing Fee: \$0.00
Total Payment: \$51.40

Please note: If you make a payment to the wrong location, a service fee may be charged to correct it.

Ex. B

Jeff Ridsen

From: Matt Pickney
Sent: Thursday, July 28, 2016 12:46 PM
To: Rhea Cason
Cc: Jeff Ridsen
Subject: FW: Check by Phone

Rhea, Jeff –

See the highlighted portion of the email below, which documents the original conversation I had with Patsy about the credit card convenience fees.

Thanks,

Adenus

Matt Pickney

DEVELOPMENT LEAD

HAWKMS/Adenus Group, LLC | 851 Aviation Pkwy, Smyrna, TN 37167

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From: Matt Pickney [mailto:matt.pickney@adenus.com]
Sent: Monday, November 7, 2011 9:54 AM
To: Kelsie Hargrove <Kelsie.Hargrove@adenus.com>
Subject: RE: Check by Phone

Kelsie–

Our tariff does not explicitly call out convenience fees as they pertain to credit cards, e-checks, etc. Before we first started offering credit card payments as an option I spoke with Patsy Fulton, who is the tariff expert on staff at the TRA and she said that so long as our terminology is proper in calling it a "convenience fee" and that we were treating all customers the same with regard to the rate of the fee, that we would not need to include the charge inside of the tariff as it was not compulsory.

I have a slightly different take on e-checks vs. credit cards given the difference in expense of the service. It depends on your opinion on whether someone would pass on paying through our web portal with an e-check if it weren't free, but I would be willing to bet that the time savings for the girls' processing that payment equates to a higher sum than what the bank is charging us. The way we currently do it, it's lose-lose since we are charging nothing and processing it manually. Still, as the processing burden continues to grow, we must leverage technology to automate as much of that as possible to keep our workforce lean.

Thanks,

Adenus

Utilities Group

Matt Pickney

Operations Manager

Adenus Utilities Group

615.220.7157(v)

615.220.7207(f)

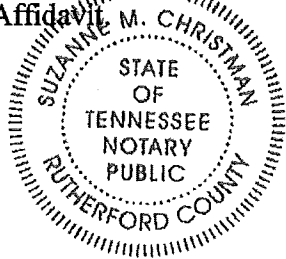
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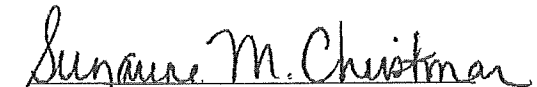
My name is Matt Pickney and the attached is direct testimony and is true and correct to the best of my knowledge.


Matt Pickney

County of Rutherford)
State of Tennessee)

On this 23rd day of June, 2017, personally appeared before me, the above-named Matt Pickney known to me personally who was duly sworn and on oath executed the above Affidavit.




Notary

My commission expires: 12/1/2020