

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

IN RE:)	
)	
APPLICATION OF TENNESSEE)	
WATER SERVICE, INC. FOR)	DOCKET NO. 19-00028
ADJUSTMENT OF RATES AND)	
CHARGES, APPROVAL OF A)	
QUALIFIED INFRASTRUCTURE)	
INVESTMENT MECHANISM, AND)	
MODIFICATIONS TO CERTAIN)	
TERMS AND CONDITIONS FOR THE)	
PROVISION OF WATER SERVICE.)	
)	

**DIRECT TESTIMONY
OF
J. BRYCE MENDENHALL**

**ON BEHALF OF
TENNESSEE WATER SERVICE, INC.**

February 28, 2019

1 **Q. WOULD YOU PLEASE STATE YOUR NAME AND BUSINESS ADDRESS?**

2 **A.** My name is J. Bryce Mendenhall, and my business address is 4494 Parkway Plaza
3 Boulevard, Suite 375, Charlotte NC 28217.

4 **Q. WHERE ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

5 **A.** I am Vice President of Operations for Tennessee Water Service, Inc. (“TWS”) in Tennessee
6 and for Carolina Water Service of North Carolina, both of which are subsidiaries of Utilities,
7 Inc. (“UI”).

8 **Q. WHAT IS YOUR EDUCATIONAL AND PROFESSIONAL BACKGROUND?**

9 **A.** I have been employed with UI since March of 2017. I graduated from Appalachian State
10 University in 1993 with a degree in Geographic Information Systems and Cartography. I
11 have been employed in the water and wastewater profession for twenty-six years
12 collectively. Just prior to my employment with UI, I worked for more than a decade as
13 the Utilities Director for Franklin County, North Carolina.

14 **Q. WHAT ARE YOUR DUTIES WITH TENNESSEE WATER SERVICE, INC.?**

15 **A.** I am responsible for making sure our customers in North Carolina and Tennessee receive
16 the best possible service. Accordingly, I am responsible for operating personnel,
17 facilities, maintenance, and capital projects, as well as being responsible for
18 communicating with state and federal regulators regarding operational and capital issues.

19 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

20 **A.** The purpose of my testimony is to provide the Tennessee Public Utility Commission
21 (“TPUC”) with a brief overview of the operations of TWS as it specifically relates to

capital improvements/projects initiated due to damage sustained from the wildfires that ravaged the area in and around Gatlinburg, TN on November 28, 2016 (the “Wildfire”).

Q. WOULD YOU BRIEFLY DESCRIBE THE COMPANY’S WATER OPERATIONS HERE IN TENNESSEE?

A. TWS currently serves approximately 209 water customers located in the Chalet Village North system in Sevier County. We deliver safe and reliable water service to our customers' homes through the pumping and treatment of ground water via our (2) public water supply wells as well as via an interconnect with the municipal system of the City of Gatlinburg.

Q. CAN YOU PLEASE EXPLAIN HOW THE COMPANY’S WATER SERVICE WAS IMPACTED BY THE WILDFIRE IN NOVEMBER 2016?

A. Yes. The Chalet Village water system received extensive damage to several major components and temporarily was unable to deliver potable water service or fire protection to those structures that remained. The Piney Butt ground storage tank and booster pump station received direct fire contact. The radiant heat damaged the tanks exterior integrity and allowed for internal heat contact. The booster station that resided on the roof of the tank was destroyed. The Clubhouse booster station and well structure was subjected to intense radiant heat and fire impingement compromising the integrity of internal components including all electrical panels, electrical wiring, and piping networks. The wellhead protective covering and associated electrical wiring were also destroyed. As the water distribution system was pressurized staff members discovered leaks in multiple

1 components including but not limited to the City of Gatlinburg interconnect, water
2 meters, fire hydrants, water valves, and water lines (service and mains).

3 **Q. PLEASE SUMMARIZE THE COMPANY'S CUSTOMER RELATIONS**
4 **ACTIONS SINCE THE WILDFIRE IN 2016.**

5 **A.** The Wildfire presented a unique challenge to TWS much like the rest of the Gatlinburg
6 community. However, TWS immediately and voluntarily acted on behalf of its customers
7 within Chalet Village. Specifically, TWS immediately suspended payments for ALL
8 customers until March 31, 2017. Second, and perhaps most importantly, TWS decided to
9 stop all new billing for customers directly impacted by the Wildfire.

10 TWS maintains regular communication with our customers through email, voice
11 reach phone messaging, social media, and the Tennessee Water Service website. In
12 addition to the above-mentioned communication with Chalet Village, several on-site
13 meetings with the TWS management team and the Homeowners Association Board
14 ("HOA Board") members and community manager have been held over the past year.
15 Topics shared with the Board included updates on the status of the repairs and restoration
16 activities. Staff in the field also frequently interact with customers to answer any
17 questions while on-site.

18 **Q. PLEASE DESCRIBE THE CAPITAL INVESTMENTS MADE BY TWS SINCE**
19 **THE WILDFIRE.**

20 **A.** The Wildfire caused damage to several vital pieces of TWS infrastructure that provide
21 service to Chalet Village. The Piney Butt 100,000-gallon groundwater storage tank and
22 booster station received extensive damage from direct fire contact. The tank's interior

1 and exterior surfaces were recoated, and an accompanying booster pump station was
2 replaced after being destroyed.

3 The Clubhouse booster pump station and well enclosure also received extensive
4 damage from direct fire contact. The current capital project involves replacement of the
5 previous structure enclosing the booster station and wellhead. The project also involves
6 the replacement of all electrical panels, electrical wiring, and associated piping found in
7 the structure.

8 Additional projects related to the damage include the replacement of SCADA
9 components at each site to re-establish communication between the facilities.
10 Furthermore, repair and/or replacement was required to the following: City of Gatlinburg
11 interconnect, multiple fire hydrants, meters, meter boxes, and individual water services.

12 **Q. WHAT FUTURE CAPITAL PROJECTS MAY ALSO BE UNDERTAKEN?**

13 **A.** TWS is exploring three major capital projects within Chalet Village: (1) Helium testing
14 for leak detection (2) Removal of a 10,000-gallon storage tank in the Outback section,
15 and (3) AMR meter installation.

16 A water audit and water loss control study was conducted in early 2018 on the
17 Chalet Village distribution system. A recommendation of the study was to perform a
18 leak detection study once the occupancy of the system met or exceeded 50% of its
19 occupancy. Now that we are marginally close to achieving that occupancy rate TWS will
20 seek to perform helium leak testing on the entire system. The company has utilized this
21 technology in neighboring systems with successful results. Findings from the testing will
22 be analyzed to determine capital improvements to help mitigate water losses.

1 Supply to the upper Outback section of the development is supplemented by a
2 10,000-gallon storage tank. To promote efficiency of water delivery TWS intends to
3 remove the tank and regulate demand flow via the installation of variable frequency
4 drives (VFD's) on the pump controls. In our experience, this technology has not only
5 increased water quality but also decreased electric operational cost.

6 TWS has openly discussed the installation of AMR meter technology with the
7 Chalet Village HOA Board. Most recently in December 2018, Board representatives
8 joined a presentation by the Company's AMR vendor to educate them on the value of the
9 technology. AMR meters would provide three main benefits: (1) accuracy of readings for
10 billing, (2) decreased operating expenses associated with manual meter reading
11 operations, and (3) reduction of water loss through replacement of aged meters.

12 **Q. PLEASE PROVIDE THE CURRENT OPERATIONAL STATUS OF THE TWS**
13 **WATER SYSTEM.**

14 **A.** The system currently serves nearly fifty percent of the homes that were present prior to
15 the wildfires. As such, portions of the system remained closed off pending occupancy or
16 take-down of vacant lots. Construction activities and connections have resumed over the
17 past several months with a mix of full-time and seasonal occupancy. Notwithstanding, the
18 system has continued to delivery quality water service as evidenced by the 2017 Annual
19 Water Quality Report which demonstrates TWS performed all required testing for
20 contaminants and no violations of drinking water regulations were received. Although it
21 has not been published at this date, I anticipate that the same response will accompany
22 the 2018 report as well.

1 Currently purchased water from the City of Gatlinburg is the primary supply for
2 Chalet Village customers with limited supplement from two wells as their facilities
3 undergo pump station replacement as described above. As the capital projects are
4 completed it is the intention of TWS that primary water supply will convert to the
5 production wells with the municipal source serving as a supplement as needed.

6 Additionally, TWS staff members continue to seek out sources of water loss
7 throughout the system. When individual issues are found or reported they are repaired in
8 a timely fashion to curtail the loss.

9 **Q. WHEN WAS THE LAST TIME THAT TWS REQUESTED RATE RELIEF?**

10 **A.** The last base rate case was filed on January 30, 2009, with rates effective September 15,
11 2009 [Docket No. 09-0017]. The Company filed an emergency petition for rate relief
12 related to the Wildfire on September 25, 2017, with a final order effective February 21,
13 2018.

14 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

15 **A.** Yes, it does. However, I reserve the right to update or amend my testimony as new data
16 or information becomes available.

STATE OF North Carolina)

:SS

County of MECKLENBURG)

DATED this 27th day of February, 2019.


Bryce Mendenhall

SUBSCRIBED AND SWORN TO before me this 27th day of February, 2019.


Notary Public for the State of North Carolina

