

TENNESSEE-AMERICAN WATER COMPANY, INC

CASE NO. 19-00031

REBUTTAL TESTIMONY

OF

KURT A STAFFORD, P.E.

ON

**CHANGES TO THE QUALIFIED INFRASTRUCTURE INVESTMENT PROGRAM
RIDER, THE ECONOMIC DEVELOPMENT INVESTMENT RIDER, AND THE
SAFETY AND ENVIRONMENTAL COMPLIANCE RIDER AND IN SUPPORT OF
THE CALCULATION OF THE 2019 CAPITAL RECOVERY RIDERS
RECONCILIATION (RECONCILIATION FOR CALENDAR YEAR 2018)**

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Kurt A Stafford and my business address is 2300 Richmond Road, Lexington, Kentucky 40502.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am employed by American Water Works Service Company ("AWW") as Director of Engineering for Tennessee and Kentucky.

Q. DID YOU PREVIOUSLY SUBMIT TESTIMONY IN THIS PROCEEDING ON BEHALF OF TENNESSEE-AMERICAN WATER COMPANY ("TENNESSEE-AMERICAN", "TAWC" OR THE "COMPANY")?

A. No.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of this testimony is to support revisions to the calculation of the 2019 Capital Recovery Riders Reconciliation for the calendar year 2018, by responding to the testimony of Consumer Advocate Witness David N. Dittmore.

Q. ON PAGE 14, LINES 8-16 OF HIS TESTIMONY, MR. DITTEMORE STATES THAT IN LIGHT OF THE SEPTEMBER 12, 2019 WATER OUTAGE THE COMPANY'S RATEPAYERS MAY NOT BE REALIZING AN APPROPRIATE LEVEL OF SERVICE FOR THE ANNUAL SURCHARGE, PARTICULARLY IN REGARD TO THE QIIP MECHANISM. WOULD YOU AGREE WITH THIS STATEMENT?

A. Absolutely not. The QIIP mechanism allows TAWC to recover costs associated with the replacement of critical infrastructure. The need to replace service lines, meters, hydrants, treatment structures, pumps and equipment is imperative to maintaining public safety and vital to maintaining a reliable system. QIIP eligible work results in a stronger and more reliable water distribution and production system for both current and future Customers.

Q. WHAT ARE SOME OF THE BENEFITS TAWC CUSTOMERS HAVE EXPERIENCED AS A RESULT OF THE QIIP MECHANISM?

A. The Budget Line B – Mains Replaced allows for the replacement of miles of smaller diameter cast iron and galvanized mains each year. These mains have been identified as the cause of a disproportionate amount of main breaks. Among other benefits, by replacing infrastructure that is leaking or has a high potential for failure, we are able to reduce the amount of water that is produced and reduce the amount of electricity that we use. The strides gained from pipe replacement under Budget Line B have also reduced the number of water mains breaks. For example, in 2018, TAWC saw a 22% reduction in the number of main breaks as compared with the ten-year average (2008-2017), if an exceptionally cold January that resulted in an abnormally high 75 main breaks is removed from the data. TAWC contributes this reduction, in part, due to the focus on replacing main with a chronic history of main breaks rather than the previous initiative of repairing mains. This reduction contributes to increased service and reliability for TAWC Customers. Budget Line F – Valves, Hydrants and Manholes - Replaced allows for the replacement of hydrants and valves identified as defective or damaged through routine field assessments. These assets are critical to system reliability, public safety and fire protection. Budget Line J – Meters

Replaced will allow all TAWC water meters to be converted to Automatic Meter Reading (AMR) meters by the end of 2021. This will allow the meter reading process to be more efficient. TAWC Customers will have increased confidence they are being billed for the correct amount of water that they have used during the billing period. The transition will also reduce estimated reads. Additionally, with a reduction in the number of meter readings and the efficiencies gained by this transition, TAWC personnel can be shifted to maintaining AMR equipment and better address and resolve Customer inquiries.

Q. ARE THERE ANY OTHER CUSTOMER BENEFITS FROM QIIP PROJECTS?

A. Yes. There have been QIIP Projects at the Citico Water Treatment Plant which have increased the reliability and efficiency of the treatment processes. For example, Basin 3 was replaced in 2016, which allowed for four times more water treatment capacity by utilizing plate settling technology within the same footprint as the existing basin. Additionally, Basin 1, a century old sediment basin, is in the process of being replaced with similar technology. The water treatment efficiencies gained in that project will allow another aging sediment basin, Basin 2, to be abandoned in place. Both of those projects result in more efficient power usage, less chemical costs and greater reliability for TAWC Customers.

The testimony and supporting documentation in TAWC's Capital Recovery Rider filings before the Commission since the approval of the Capital Recovery Rider tariffs evidenced the many substantial benefits that flow from the QIIP mechanism.

Q. IS THE COMPANY'S SYSTEM IN A MORE IMPROVED CONDITION TODAY WITH THE QIIP THAN WOULD BE LIKELY WITHOUT THE QIIP?

A. Yes. The QIIP allows TAWC to replace aging infrastructure and ensure our Customers receive safe and reliable drinking water. Reduced main breaks, increase reliability, efficiency and operability all result from QIIP projects.

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes it does.

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 Kurt A. Stafford, being by me first duly sworn deposed and said that:

He is appearing as a witness on behalf of Tennessee-American Water Company before the Tennessee Public Utility Commission, and if present before the Commission and duly sworn, his testimony would be as set forth in his pre-filed testimony in this matter.


Kurt A. Stafford

Sworn to and subscribed before me
this 14th day of October, 2019.


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:

Daniel Whitaker III, Esq.
Assistant Attorney General
Office of the Tennessee Attorney General
Financial Division, Consumer Advocate Unit
P.O. Box 20207
Nashville, TN 37202-0207

This the 15th day of October, 2019.



Melvin J. Malone