

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

**IN RE:**

**PETITION OF CARTWRIGHT CREEK,  
LLC TO AMEND SERVICE  
TERRITORY TO INCLUDE THE  
WILSON PARCEL AND GARETT  
PARCEL FOR THE TROUBADOUR  
DEVELOPMENT IN WILLIAMSON  
COUNTY**

**DOCKET NO. 19-00042**

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**DIRECT TESTIMONY**

**OF**

**ALEX BRADLEY**

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**July 3, 2019**

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AFFIDAVIT

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I, Alex Bradley, on behalf of the Consumer Advocate Unit of the Attorney General's Office, hereby certify that the attached Direct Testimony represents my opinion in the above-referenced case and the opinion of the Consumer Advocate Unit.

  
\_\_\_\_\_  
ALEX BRADLEY

Sworn to and subscribed before me  
this 3<sup>rd</sup> day of July, 2019.

  
\_\_\_\_\_  
NOTARY PUBLIC



My commission expires: September 26, 2022

1       **Q1. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND OCCUPATION**  
2       **FOR THE RECORD.**

3       **A1.** My name is Alex Bradley. My business address is Office of the Tennessee Attorney  
4       General, War Memorial Building, 301 6<sup>th</sup> Ave. North, Nashville, TN 37243. I am an  
5       Accounting & Tariff Specialist employed by the Consumer Advocate Unit in the  
6       Financial Division of the Tennessee Attorney General's Office.

7       **Q2. PLEASE PROVIDE A SUMMARY OF YOUR BACKGROUND AND**  
8       **PROFESSIONAL EXPERIENCE.**

9       **A2.** I received a Bachelor of Science in Business Administration with a major in Accounting  
10      along with a Bachelor of Arts with a major in Political Science from Auburn University  
11      in 2012. I have been employed by the Consumer Advocate Unit in the Financial  
12      Division of the Tennessee Attorney General's Office (Consumer Advocate) since 2013.  
13      My duties include reviewing utility regulatory filings and preparing analysis used to  
14      support Consumer Advocate testimony and exhibits. I have completed multiple  
15      regulatory trainings sponsored by both the National Association of Regulatory Utility  
16      Commissions (NARUC) and Michigan State University.

17      **Q3. HAVE YOU PREVIOUSLY PROVIDED TESTIMONY BEFORE THE**  
18      **TENNESSEE PUBLIC UTILITY COMMISSION (TPUC)?**

19      **A3.** Yes. I have previously testified in TPUC Docket Nos. 17-00108, 18-00009, 18-00107,  
20      19-00010, and 19-00034.

1       **Q4.    ON WHOSE BEHALF ARE YOU TESTIFYING?**

2       **A4.**    I am testifying on behalf of the Consumer Advocate Unit in the Financial Division  
3               of the Tennessee Attorney General's Office.

4       **Q5.    WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

5       **A5.**    My testimony will discuss the reason for the Consumer Advocate's Intervention in this  
6               Docket along with the findings of the Consumer Advocate.

7       **Q6.    WHY DID THE CONSUMER ADVOCATE INTERVENE IN THIS DOCKET?**

8       **A6.**    The Consumer Advocate intervened in this Docket in order to confirm certain details  
9               contained within the Company's filing. Specifically, the Consumer Advocate was  
10              interested in the possibility of excess capacity of the Phase II expansion of the  
11              Troubadour<sup>1</sup> water system<sup>2</sup> and any changes in capital investments being contributed  
12              to the Company since the original approval of the Certificate of Convenience and  
13              Necessity in TPUC Docket No. 07-00180.<sup>3</sup>

14      **Q7.    WHAT PROMPTED THE CONSUMER ADVOCATE'S CONCERN OF THE**  
15               **POSSIBILITY OF EXCESS CAPACITY OF THE PROPOSED SYSTEM?**

16      **A7.**    In the Design Report prepared by Inflo Design Group, it is stated that the proposed  
17               design capacity of "117,500 gpd is much higher than the expected flows from the

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<sup>1</sup> The development at issue in this Docket has been renamed over time: "Stillwater" "Hideaway" and now "Troubadour." *Supplemental Information In Support of the Petition and Request for Waiver of Some Filing Requirements*, p. TPUC Docket No. 19-00042 (May 10, 2019). As such, all three names are referenced in this testimony.

<sup>2</sup> *Hideaway Wastewater Treatment Plant, Phase II Expansion, Preliminary Design Report* (Design Report) (December 19, 2018). The Design Report can be accessed on the Permit Dataviewer of the Tennessee Department of Environment and Conservation (TDEC) at [http://environment-online.tn.gov:8080/pls/enf\\_reports/f?p=9034:34051::NO:34051:P34051\\_PERMIT\\_NUMBER:SOP-07090](http://environment-online.tn.gov:8080/pls/enf_reports/f?p=9034:34051::NO:34051:P34051_PERMIT_NUMBER:SOP-07090).

<sup>3</sup> Cartwright Creek responded to Staff on contributed capital for this system in Data Requests No. 1-7b (Aug. 24, 2007) and No. 2-3d (Oct. 5, 2007).

ultimate buildout of the Troubadour Club development, which is estimated at 61,250.”<sup>4</sup>  
Therefore, it appears that the system has excess capacity.

**Q8. WHAT IS EXCESS CAPACITY?**

**A8.** Excess capacity is where the system is designed to handle more effluent flow than would be necessary to serve the proposed community.

**Q9. WHY IS EXCESS CAPACITY OF INTEREST TO THE CONSUMER ADVOCATE?**

**A9.** The Consumer Advocate is concerned that the systems excess capacity could result in operations and maintenance costs, as well as repair and replacement costs, that could be in excess of those of a system that was appropriately sized for the number of planned customers; thus, resulting in rates that are not just and reasonable. As discussed by Commission Staff in TPUC Docket No. 18-00071, “(w)here regulated ratepayers bear the cost of operating, maintaining, or improving a wastewater system and any party other than [the Company<sup>5</sup>] receives or retains an economic interest in the system, including capacity rights, the Company should be required to specifically identify such parties and their interests prior to the construction, expansion, or acceptance of the system. With this information, the Commission will be in a position to appropriately weigh the interests of nonregulated parties in its consideration of such systems.”<sup>6</sup> The Consumer Advocate shares the Commission Staff’s concern regarding unidentified

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<sup>4</sup> Design Report at p. 16.

<sup>5</sup> While the quoted text is referencing Tennessee Wastewater Systems Inc. Cartwright Creek operates under a similar regulatory scheme.

<sup>6</sup> Docket No. 18-00071, Notice of Filings by the Utilities Division of the Tennessee Public Utility Commission, page 16.

1 excess capacity; if a system has excess capacity, parties owning or having an interest  
2 in that capacity should pay for it

3 **Q10. WHY IS THE POSITION OF COMMISSION STAFF IN TPUC DOCKET NO.**  
4 **18-00071 RELEVANT TO THIS DOCKET?**

5 **A10.** TPUC Docket No. 18-00071 involved Tennessee Wastewater System Inc. which,  
6 similarly to Cartwright Creek, does not fund the construction of new treatment plant.  
7 Instead, both companies rely on the developer to construct the system and then it is  
8 conveyed to the utility as a contribution in aid of construction.

9 **Q11. WHAT WAS THE RESULT OF THE CONSUMER ADVOCATE'S INQUIRY**  
10 **INTO WHETHER THERE WAS EXCESS CAPACITY?**

11 **A11.** As discussed by the Company in responses to Consumer Advocate Discovery Request  
12 Nos. 1-4 and 1-5 there will be no excess capacity regarding the designs of this system.  
13 As discussed in the Company's response to Consumer Advocate Discovery Request  
14 No. 1-4 (c) "Williamson County requires 300 gallons per day to be used as the design  
15 flow rate from homes. (Definition of "Unit", page 23-42 of the Williamson County  
16 Zoning Ordinance, effective January 1, 2013)." As shown below using the Williamson  
17 County design requirement of 300 gallons per home per day times the revised number  
18 of homes of 375 is equal to the designed capacity of 112,500 gallons per day.

A	Proposed Design Capacity	112,500
B	Williamson Capacity Requirement per home per day	300
C	Number of homes	375
D	Necessary Capacity (B x C)	112,500

1     **Q12.   WHY WAS THE CONSUMER ADOVACTE INTERESTED IN THE CAPITAL**  
2     **INVESTMENTS BEING CONTRIBUTED TO THE COMPANY?**

3     **A12.**   The Consumer Advocate sought to confirm whether, consistent with past practices of  
4     the utility, initial capital investments were being made by the developer and what those  
5     investments would be comprised of. Because of Cartwright Creek's regulatory scheme,  
6     it is generally the case that capital assets are contributed by the community's developer,  
7     not the ratepayers.

8     **Q13.   WHAT WAS THE RESULT OF THE CONSUMER ADOVCATES' INQUIRY**  
9     **INTO THE CAPITAL CONTRIBUTIONS?**

10    **A13.**   In response to Consumer Advocate Discovery Request Nos. 1-3 and 2-1 the Company  
11    provided a list of the assets that will make up the contributed capital. While the  
12    Company's list of contributed capital appears to be fairly exhaustive, the Consumer  
13    Advocate did note that the Company failed to list the grinder pumps needed at each  
14    residence<sup>7</sup> in their listing of contributed capital.

15    **Q14.   WHY DO THE GRINDER PUMPS NEED TO BE LISTED AS A**  
16    **CONTRIBUTION?**

17    **A14.**   The Company has previously stated that the Commission's policy is to include the  
18    grinder pumps in the capital contribution and maintenance reserve.<sup>8</sup>

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<sup>7</sup> TPUC Docket No. 19-00042, Direct Testimony of Bruce Meyer, page 2.

<sup>8</sup> TPUC Docket No. 07-00128, Response to Staff DR2, Response 3(d).

1     **Q15.   WHAT IS THE CONSUMER ADVOCATE'S RECOMMENDATION**  
2     **REGARDING THE CONTRIBUTED CAPITAL?**

3     **A15.**   That the Company confirm that the grinder pumps will be provided as a capital  
4     contribution to the Company and possibly update their Response to Consumer  
5     Advocate Discovery Request No. 2-1 (b).

6     **Q16.   DOES THIS COMPLETE YOUR TESTIMONY?**

7     **A16.**   Yes, it does.   However, I reserve the right to incorporate any new data that may  
8     subsequently become available to correct any issues later identified.