

IN THE TENNESSEE PUBLIC UTILITY COMMISSION
AT NASHVILLE, TENNESSEE

IN RE:)	
)	
PETITION OF KING'S CHAPEL)	
CAPACITY, LLC TO AMMEND)	DOCKET NO. 19-00043
SERVICE TERRITORY TO INCLUDE)	
THE HILL PARCEL AND ROBERTS)	
PARCEL FOR THE KINGS CHAPEL)	
DEVELOPMENT IN WILLIAMSON)	
COUNTY)	

DIRECT TESTIMONY

OF

Alex Bradley

December 2, 2019

IN THE TENNESSEE PUBLIC UTILITY COMMISSION
AT NASHVILLE, TENNESSEE

IN RE:

PETITION OF KING'S CHAPEL
CAPACITY, LLC TO AMMEND
SERVICE TERRITORY TO INCLUDE
THE HILL PARCEL AND ROBERTS
PARCEL FOR THE KINGS CHAPEL
DEVELOPMENT IN WILLIAMSON
COUNTY

DOCKET NO. 19-00043

AFFIDAVIT

I, Alex Bradley, Accounting & Tariff Specialist, 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
Alex Bradley

Sworn to and subscribed before me
this 2nd day of December 2019.

Tiffany H. Blackman
NOTARY PUBLIC



My commission expires: March 22, 2023

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 6th 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
10 Accountancy along with a Bachelor of Arts with a major in Political Science from
11 Auburn University in 2012. I have been employed by the Consumer Advocate Unit of
12 the Financial Division of the Tennessee Attorney General's Office since 2013. My
13 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, 19-00034, and 19-00042.

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 (Consumer Advocate).

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

5 **A5.** My Testimony will discuss the reasons for the Consumer Advocate's Intervention in
6 this 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 due to concerns regarding certain
9 facts contained within the Company's¹ Petition to Amend Service Territory (Petition).
10 As outlined in the Consumer Advocate's Petition to Intervene, the Consumer
11 Advocate was specifically interested in ensuring the Docket's record is fully
12 developed as required by the Commission Rule 1220-04-13.17, also called the
13 "Minimum Filing Requirements" (MFRs). This is important because the MFRs are a
14 starting point for a utility to provide documentation of its technical, managerial, and
15 financial capabilities to provide wastewater service to a proposed service area.

16 **Q7. BRIEFLY DESCRIBE RULE 1220-04-13-.17 AND EXPLAIN WHAT TYPE OF**
17 **INFORMATION IS PROVIDED UNDER IT.**

18 **A7.** In reference to wastewater utilities, the rule requires the Company to provide a variety
19 of documents giving general information, proof of property rights, descriptions of

¹ The Consumer Advocate notes that in Docket 19-00015 the Commission approved the name change of the Company from King's Chapel Capacity to Super Wastewater Systems.

1 managerial capabilities, proof of technical abilities, proof of financial capability, and
2 accompanying sworn testimony.

3 **Q8. DID THE COMPANY'S PETITION CONTAIN THE INFORMATION**
4 **REQUIRED UNDER TPUC RULE 1220-04-13-.17?**

5 **A8.** No, it did not. As the Consumer Advocate noted in its September 10th letter to the
6 Company's counsel, it was unable to find or needed clarification on a number of the
7 filing requirements found in Rule 1220-04-13-.17.²

8 **Q09. DID THE COMPANY SUPPLEMENT IT'S FILING TO ADDRESS THE**
9 **MISSING MATERIALS DISCUSSED IN THE CONSUMER ADVOCATE**
10 **SEPTEMBER 10TH LETTER?**

11 **A09.** Yes, on October 15, 2019, the Company filed supplemental supporting
12 documentation for their request to amend their Certificate of Convenience and
13 Necessity("CCN") to include the Hill and Roberts Parcels in Williamson County,
14 Tennessee.³

15 **Q10. PROVIDE A BRIEF DESCRIPTION OF THE DOCUMENTS PROVIDED ON**
16 **OCTOBER 15TH.**

17 **A10.** As outlined below, the Company provided the supplemental documentation
18 referenced in the Consumer Advocate's letter.

² Consumer Advocate Minimum Filing Requirement Compliance Letter to Kings Chapel, Docket 19-00043 (September 10, 2019).

³ Supplemental Supporting Documentation Requested for King Chapel Capacity LLC's Petition for A Certificate Of Convenience And Necessity, Docket 19-00043 (October 15, 2019).

1 Referencing general information, the Company provided a variety of information on
2 their corporate structure and affiliates; a narrative description and multiple maps of
3 the area the Company intends to serve; a description of system the Company intends
4 to put in service; and information identifying the developer and the timeline of the
5 buildout of the intended service territory.⁴

6 Regarding property rights, the Company provided letters from nearby existing service
7 providers (both private and public) declining to provide service to the Hill and
8 Roberts Parcels along with the contracts between the utility, developer, and the
9 construction firm of the proposed utility system.⁵

10 In reference to its managerial capabilities, the Company provided biographies of key
11 Company personnel and officers and proof of a licensed contractor for the firm
12 contracted to install the system.⁶

13 Regarding its technical capabilities, the Company provided a copy of the TDEC
14 application for a permit at the proposed site; provided a copy of the state license for
15 the certified operator of the system; identified the technical contact for the Company;
16 and provided a summary of complaints or administrative actions by a regulatory
17 agency.⁷

18 In reference to the Company's financial capabilities, the Company provided multiple
19 files. Regarding their finances, the Company provided financial statements a 10-year

⁴ *Id.* at Exhibits 1.1, 1.2, 1.3, 1.4, 1.5, 1.6, 1.7, 1.8, 1.9, 1.10, and 1.11.

⁵ *Id.* at Exhibits 2.1 and 2.3.

⁶ *Id.* at Exhibit 3.1 and 3.4.

⁷ *Id.* at Exhibit 4.1, 4.2, 4.3, and 4.4.

1 pro forma income statement and the Company's chart of accounts.⁸ Regarding the
2 accounting for the proposal, the Company provided an estimate of the journal entries
3 to record the transaction (with accompanying cost estimates and funding sources to
4 construct the system) and the applicable depreciation rates for the new plant in
5 service.⁹ Finally, the Company provided a proposed tariff sheet for the customers of
6 the proposed system along with information on bonding and financial security
7 requirements.¹⁰

8 **Q11. DID THE INFORMATION PROVIDED PROMPT THE CONSUMER**
9 **ADVOCATE TO ISSUE A DISCOVERY REQUEST IN THIS DOCKET?**

10 **A11.** Yes, shortly after the filing of the supplemental supporting documentation the
11 Consumer Advocate issued thirteen discovery requests to the Company.¹¹

12 **Q12. WHAT WAS THE PURPOSE OF THE CONSUMER ADVOCATE'S**
13 **DISCOVERY REQUEST?**

14 **A12.** The purpose of the Discovery Request was to seek clarification on a variety of
15 statements or exhibits included in the Company's Supplemental Filing. Specifically,
16 the Consumer Advocate sought information or clarification regarding system
17 buildout, affiliates/affiliate transactions of the Company, the proposed service
18 territory, bonding requirements of the county government, a recent equity transaction
19 undertaken by the Company, and for a copy of the Company's insurance policies.

⁸ *Id.* at Exhibits 5.1, 5.2, and 5.3.

⁹ *Id.* at Exhibits 5.4, 5.6, 5.7 5.9, and 5.12.

¹⁰ *Id.* at Exhibits 5.8, 5.10, 5.11, and 5.13.

¹¹ Consumer Advocate's First Discovery Request to King's Chapel Capacity, LLC, Docket 19-00043 (November 7, 2019).

1 **Q13. DO YOU BELIEVE THE COMPANY'S RESPONSES ARE SUPPORTIVE OF**
2 **IT'S APPLICATION?**

3 **A13.** The responses appear supportive of application.

4 **Q14. BRIEFLY DISCUSS THE RESULTS OF THE CONSUMER ADVOCATE'S**
5 **REVIEW OF THE DOCUMENTS PROVIDED ON OCTOBER 15TH AND THE**
6 **RESPONSES TO DISCOVERY.**

7 **A14.** In its review, the Consumer Advocate sought to confirm that the proposed tariff
8 sheets provided in the October 15th production were consistent with prior
9 Commission approvals. The Consumer Advocate was able to confirm that the
10 amounts shown in Exhibit 5.8 are consistent with the ordered rates in Commission
11 Dockets 04-00335¹² and 07-00062¹³, which were the cases to determine the
12 Company's current tariff and escrow rates.

13 The only outstanding concern of the Consumer Advocate is regarding a piece of land
14 that will be transferred by the developer to the utility within the proposed contribution
15 in aid of construction transaction. Per the Consumer Advocate's understanding, this
16 piece of land will not be used for any utility purpose and is currently within the flood
17 plain. The Consumer Advocate would note that the land is being recorded on the
18 books of the utility at a value of \$10 even though it will not be encumbered by drip
19 fields or other utility assets. The Consumer Advocate summarized this transaction to
20 say this, that if at any point the utility were to dispose of this piece of property, the

¹² TPUC Docket 04-00335, *Petition of King's Chapel Capacity, LLC for a Certificate of Convenience and Necessity to Serve an Area In Williamson County, Tennessee Known as Ashby Community* (January 3, 2006).

¹³ TPUC Docket 07-00062, *Docket to Determine the Reserve/Escrow Requirement for Kings Chapel Capacity, LLC Pursuant to TRA Rule 1220-4-12-.07(8)* (January 17, 2008).

1 Commission should be informed so that it may consider the appropriate disposition of
2 any gain on the sale of the property.

3 **Q15. WHAT IS THE CONSUMER ADVOCATE'S RECOMMENDATION REGARDING**
4 **THE PROPOSED CCN AMENDMENT?**

5 **A15.** The Consumer Advocate agrees with the Company that the Commission should amend the
6 Company's CCN to include the Hill and Roberts parcel.

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

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