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October 2, 2019

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Hon. Robin L. Morrison, Chairman
c/o Ectory Lawless, Docket Room Manager
Tennessee Public Utilities Commission
502 Deaderick Street, 4th Floor
Nashville, TN 37243

Re: ***Expedited Petition of Sontara Old Hickory, Inc. for Approval of an Asset Purchase Agreement and for the Issuance of a Certificate of Convenience and Necessity; TPUC Docket No. 19-00071***

Dear Chairman Morrison:

Please find enclosed for filing on behalf of Sontara the *Supplemental Testimony of Jeffery A. Adams*. As required, an original of this filing, along with four (4) hard copies, will follow. Please do not hesitate to call me if you have any questions.

Sincerely,

BUTLER SNOW LLP


Melvin Malone

MJM:mcb

SONTARA OLD HICKORY, INC.

DOCKET NO. 19-00071

SUPPLEMENTAL TESTIMONY

OF

JEFFERY A. ADAMS

ON

**EXPEDITED PETITION OF SONTARA OLD HICKORY, INC. FOR APPROVAL OF
THE ACQUISITION OF THE SYSTEM AND FOR THE ISSUANCE OF A
CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY**

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Jeffery A. Adams and my business address is 326 Swinging Bridge Road,
3 Old Hickory, Tennessee 37138.

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

5 A. I am employed by Jacob Holm & Sons AG as Project Director.

6 **Q. HAVE YOU PREVIOUSLY FILED TESTIMONY BEFORE THIS OR ANY**
7 **OTHER UTILITY COMMISSION?**

8 A. Yes. I caused my Pre-Filed Direct Testimony to be submitted in this Docket.

9 **Q. WHAT IS THE PURPOSE OF YOUR SUPPLEMENTAL TESTIMONY?**

10 A. Subsequent to cooperative, good faith discussions with the Consumer Advocate Unit in
11 the Financial Division of the Attorney General's Office ("Consumer Advocate"), the
12 purpose of my supplemental testimony is to clarify certain aspects of the Expedited
13 ("*Petition*") filed by Sontara Old Hickory, Inc. ("Sontara"), to modify certain aspects of
14 the *Petition* and to address certain aspects of the *Petition* that have arisen during the
15 discovery phase of this Docket.

16 **Q. ARE YOU SPONSORING ANY EXHIBITS IN THIS SUPPLEMENTAL**
17 **TESTIMONY?**

18 A. No.

19 **Q. DURING THE DISCOVERY PHASE, DID SONTARA EXPRESS AN INTENT TO**
20 **MODIFY THE PROPOSED SERVICE AREA AS SET FORTH IN IN ITS**
21 **PETITION?**

22 A. Yes, as outlined in Sontara's Responses to the Consumer Advocate's First Set of
23 Discovery Requests, particularly 1-2. In its *Petition*, Sontara proposed a service area

1 encompassing the DuPont Campus. After discussions with the Consumer Advocate's
2 Office and upon further reflection, Sontara hereby modifies its original proposed service
3 area request set forth in the *Petition* to be limited to only Sontara itself and the companies
4 that will be served immediately post-closing, as set forth in the *Petition*. Should the
5 Commission approve such limited service area and a new potential user approaches
6 Sontara and requests service in the future, Sontara would be required to request approval
7 to serve such new user from the Commission, via an expansion of its then-existing
8 service area.

9 The current users to be serviced include three (3) industrial users currently provided
10 water and wastewater services by DuPont and who would be served post-closing by
11 Sontara which are located at the DuPont Campus at the following addresses: (1) Sontara
12 at 328 Old Swinging Bridge Road, Old Hickory, Tennessee 37138; (2) Fiberweb, LLC at
13 70 Old Hickory Boulevard, Old Hickory, TN 37138; and (3) 3M at 400 Swinging Bridge
14 Road, Old Hickory, TN 37138. Additionally, Sontara would also provide DuPont with
15 water and wastewater services post-closing during such time as DuPont and Sontara have
16 agreed. DuPont is located at 1002 Industrial Road, Old Hickory, TN 37138. The location
17 of the modified proposed service territory and the System, including any limited areas in
18 which Sontara will provide water and wastewater services to DuPont subsequent to the
19 acquisition, are generally shown on the map attached to the *Petition* as **Exhibit G**.

20 **Q. IF SONTARA AND ITS CUSTOMERS MODIFY THE AGREEMENTS**
21 **REGARDING WATER AND WASTEWATER SERVICE THAT HAVE BEEN**
22 **SUBMITTED TO THE COMMISSION, OR WILL BE SUBMITTED TO THE**

1 **COMMISSION POST-CLOSING, WILL SUCH MODIFIED AGREEMENTS**
2 **ALSO BE SUBMITTED TO THE COMMISSION?**

3 A. Yes. Notwithstanding the foregoing, Sontara would not consider a public escalator, such
4 as the Consumer Price Index calculation, or any contract renewal at identical terms as the
5 original contract, to constitute “modifications.”

6 **Q. IN YOUR DIRECT TESTIMONY, YOU TESTIFIED THAT SONTARA WILL**
7 **ABIDE BY COMMISSION RULES. DOES SONTARA ALSO AGREE TO**
8 **SUBMIT AN ANNUAL REPORT TO THE COMMISSION?**

9 A. Yes.

10 **Q. WILL THIS ANNUAL REPORT INCLUDE AN ALLOCATION OF COSTS**
11 **WITH RESPECT TO AFFILIATE AND NON-AFFILIATE USE?**

12 A. Yes. The annual report will identify affiliate and non-affiliate water and wastewater
13 volumes. Further, Sontara will allocate its operating expenses between affiliate and non-
14 affiliate operations and also provide an explanation for the basis of the allocation.

15 **Q. SHOULD ANYTHING IN THIS DOCKET BE CONSTRUED TO INDICATE**
16 **THAT THE CONSUMER ADVOCATE DOES NOT SUPPORT THE**
17 **REGULATORY CONCEPT OF ASSIGNING A PORTION OF THE “GAIN ON**
18 **SALE” OF UTILITY ASSETS TO RATEPAYERS?**

19 A. No. The fact that a “Gain on Sale” is not quantified and no portion flows to ratepayers is
20 singularly unique to this Docket.

21 **Q. HOW WILL SONTARA DEPRECIATE SUBSEQUENT CAPITAL**
22 **EXPENDITURES?**

1 A. Sontara will depreciate vehicles, computer software, and like expenditures on a five-year
2 straight-line basis. Sontara will depreciate piping, pumping equipment and other
3 expenditures unique to the water and wastewater utility industry on a twenty-year
4 straight-line basis.

5 Q. AS PROPOSED, DOES SONTARA UNDERSTAND THAT THERE IS NO
6 DETERMINATION IN THIS DOCKET ON THE BASIS BY WHICH SONTARA
7 RATES WILL BE DETERMINED IN FUTURE TPUC DOCKETS?

8 A. Yes.

9 Q. DOES SONTARA UNDERSTAND THAT THERE IS NO DETERMINATION IN
10 THIS DOCKET AS TO WHETHER IT IS APPROPRIATE TO RECOVER
11 ENVIRONMENTAL REMEDIATION COSTS FROM SONTARA CUSTOMERS?

12 A. Yes.

13 Q. DOES SONTARA UNDERSTAND THAT THERE IS NO DETERMINATION IN
14 THIS DOCKET AS TO THE APPROPRIATE REGULATORY TREATMENT
15 ASSOCIATED WITH THE RECOVERY OF ACQUISITION PREMIUM COSTS
16 TO SONTARA'S CUSTOMERS OTHER THAN THAT SUCH COSTS SHALL BE
17 AMORTIZED OVER A FIVE-YEAR PERIOD?

18 A. Yes.

19 Q. DOES THIS CONCLUDE YOUR SUPPLEMENTAL TESTIMONY?

20 A. Yes.

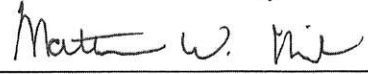
STATE OF Virginia)
)
COUNTY OF Henrico)

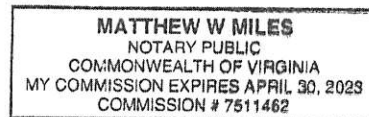
BEFORE ME, the undersigned authority, duly commissioned and qualified in and for the State and County aforesaid, personally came and appeared Jeffery A. Adams, being by me first duly sworn deposed and said that:

He is appearing as a witness on behalf of Sontara Old Hickory, Inc. 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.


Jeffery A. Adams

Sworn to and subscribed before me
this 13 day of August, 2019.


Notary Public



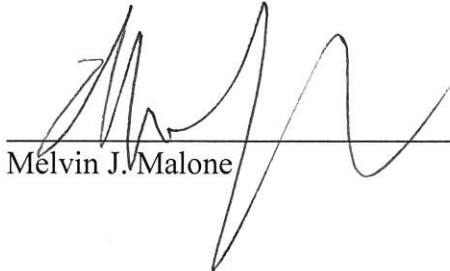
My Commission Expires: 04/30/2023

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 P. Whitaker III
Karen H. Stachowski
Assistant Attorney General
Office of the Tennessee Attorney General
Consumer Advocate Unit, Financial Division
P.O. Box 20207
Nashville, TN 37202-0207
Daniel.Whitaker@ag.tn.gov
Karen.Stachowski@ag.tn.gov

This the 2nd day of October, 2019.



Melvin J. Malone