

PETITIONER'S EXHIBIT GS-1

TENNESSEE-AMERICAN WATER COMPANY, INC.

DOCKET NO. 20-00011

DIRECT TESTIMONY

OF

GRADY STOUT

ON

**JOINT PETITION OF TENNESSEE-AMERICAN WATER COMPANY AND
THUNDER AIR, INC. D/B/A/JASPER HIGHLANDS DEVELOPMENT, INC. FOR
THE APPROVAL OF AN ASSET PURCHASE AGREEMENT AND FOR THE
ISSUANCE OF A CERTIFICATE OF CONVENIENCE AND NECESSITY**

SPONSORING PETITIONER'S EXHIBITS:

PETITIONER'S EXHIBIT – GS-1

1 **Q. PLEASE STATE YOUR NAME AND PLACE OF EMPLOYMENT.**

2 A. My name is Grady Stout. I am the Interim Vice President of Operations for Tennessee
3 American Water Company ("TAWC").

4 **Q. HAVE YOU PREVIOUSLY FILED TESTIMONY BEFORE THIS OR ANY**
5 **OTHER COMMISSION?**

6 A. No. This is my first submitted Pre-filed Testimony before the Tennessee Public Utility
7 Commission ("Commission" or "TPUC").

8 **Q. PLEASE STATE YOUR EDUCATIONAL AND PROFESSIONAL**
9 **BACKGROUND.**

10 A. I received a B.S. degree in Civil Engineering from Tennessee Technological University in
11 2011. I am a licensed Professional Engineer in the State of Tennessee. Upon graduation
12 from Tennessee Technological University, I began working with Tysinger, Hampton, &
13 Partners, an engineering consultant firm in Johnson City, Tennessee. While with this firm,
14 I served as the inspector over the Little Milligan Water System project that included the
15 installation of wells, a chemical building, a storage tank, and distribution system. In 2012,
16 after the project was complete, I became a Construction Project Manager for Bob Stout
17 Construction Company, Inc. In this role I was the project manager of a 16" water main
18 replacement project. I began working with TAWC in 2013 as an Engineer in the
19 Engineering Department. My primary role was to design and manage water main
20 replacements and other production projects in the Chattanooga, Whitwell, and Suck Creek
21 districts of TAWC. In 2016, I was promoted to Project Manager. In this role I had both
22 engineering and managerial responsibilities, along with managing relationships of key
23 stakeholders, elected officials, and regulators. In 2019, I was again promoted to

Engineering Manager of TAWC. In January 2020, I was promoted to Interim Vice President of Operations. I am an active member of American Water Works Association (AWWA), American Society of Civil Engineers (ASCE), and serve as the 2020 President of the Chattanooga Engineer's Club.

Q. WHAT ARE YOUR DUTIES AS INTERIM VICE PRESIDENT OF OPERATIONS?

A. My primary responsibilities are managing and supporting water quality, field operations, production, and maintenance operations within the state. In this role I have eleven direct reports that manage the different areas of the operation. I provide strategic and tactical responsibility for all operations and financials.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY TODAY?

A. The purpose of my testimony is to provide information to support the Joint Petition filed by TAWC and Thunder Air, Inc. d/b/a Jasper Highlands Development, Inc. ("Thunder Air Inc."), in Kimball Tennessee, for the approval of the purchase of the assets that make up Thunder Air Inc.'s water system (the "System") and the grant of a Certificate of Public Convenience and Necessity to TAWC. I have been involved in and am familiar with TAWC's proposed purchase of the System. The Asset Purchase Agreement between TAWC and Thunder Air Inc. (the "Purchase Agreement") is attached to the Joint Petition as **Exhibit A**.

Q. CAN YOU SUMMARIZE THUNDER AIR INC.'S CURRENT SERVICE AREA?

A. Yes. The Thunder Air Inc. development, an upscale mountain community, encompasses nearly 9,000 acres on the Cumberland Plateau half an hour west of Chattanooga and twenty

miles from our Whitwell operation. The location of the system is generally shown on the map attached to the Joint Petition as **Exhibit B** (collectively the "System").

Q. CAN YOU PROVIDE A BRIEF OVERVIEW OF TAWC'S SERVICE AREA?

A. TAWC has owned and operated the water system in our current footprint since 1887 and represents approximately 78,319 customer connections in Chattanooga, Tennessee including surrounding areas of Hamilton County and North Georgia. Moreover, in 2007, Suck Creek's water system was purchased by TAWC. Of the total number of customer connections, approximately 228 are located in Suck Creek. In 2014, the City of Whitwell's water system was acquired by TAWC. Of the total number of customer connections, there are currently about 2,775 customer connections in the City of Whitwell.

Q. WHAT PORTION OF THUNDER AIR INC.'S CURRENT SERVICE AREA DOES TAWC PROPOSE TO SERVE POST-ACQUISITION?

A. As set forth in the Joint Petition, TAWC proposes to serve the entire Thunder Air Inc. development.

Q. CAN YOU PROVIDE A COPY OF THE CONTRACT OR APPLICATION FOR WATER SERVICE THAT CUSTOMERS MUST SIGN IN ORDER TO RECEIVE OR CONTINUE TO RECEIVE WATER SERVICE FROM TAWC?

A. There is not a contract or application for water service that customers sign that would be required by TAWC for water service at an existing service location. Current Thunder Air Inc. customers will have data transferred from their current billing information. For representative purposes, however, a sample of the application for customers requesting new service is attached as **Exhibit GS-2**.

Q. CAN YOU PROVIDE A BRIEF DESCRIPTION OF THE SYSTEM?

69 A. Yes, the Thunder Air Inc. development, located in Kimball, Tennessee, has two fully
70 equipped pump houses, one well, one underground tank, 139 water meters, a 262,000
71 gallon above ground water tank, 41 fire hydrants and approximately 22 miles of water
72 main. There are approximately 139 water customers located within the System with several
73 new homes under construction. As set forth in the Joint Petition, the System purchases all
74 of its water from South Pittsburg Board of Water Works and Sewers.¹

75 **Q. ARE ALL THUNDER AIR INC. CUSTOMER LOCATIONS EQUIPPED WITH**
76 **WATER METERS? IF SO, PLEASE INDICATE THE METER SIZE BY**
77 **RESIDENTIAL, COMMERCIAL OR OTHER.**

78 A. Yes. All existing water customers of Thunder Air Inc. are metered with 5/8" meters and
79 classified as residential customers. Thunder Air Inc. serves water to a couple common
80 areas, swimming pool and picnic pavilion, within the development with a 2" meter and a
81 1" water meter, and it is the understanding of the Parties that these accounts will be
82 classified as commercial accounts after the closing.

83 **Q. CAN YOU PROVIDE THE NUMBER OF RESIDENTIAL, COMMERCIAL OR**
84 **OTHER TYPES OF CUSTOMERS CURRENTLY RECEIVING WATER**
85 **SERVICE WITHIN THE THUNDER AIR INC. DEVELOPMENT? WILL ALL**
86 **CUSTOMERS BE TRANSFERRED TO TAWC?**

87 A. Certainly. There are approximately 139 customers within the Thunder Air Inc.
88 development. All customers will be transferred to TAWC consistent with the Joint Petition
89 stating that TAWC will be the exclusive water provider within the development. Currently,

¹ Attached as **Confidential Exhibit GS-3, submitted UNDER SEAL as CONFIDENTIAL AND PROPRIETARY**, are copies of water bills from South Pittsburgh Water Board of Water Works to Thunder Air Inc. for each of the past twelve months.

only one rate exists for customers within the development, and they are all billed the same rates. Upon transfer of the System, TAWC will specify the customer classifications to include, but not limited to, Other Public Authority (OPA), Commercial, and Residential. Based upon data provided to TAWC in November 2019, one account would be specified as OPA, seven accounts would be specified as commercial, and 131 accounts would be specified as residential accounts.

Q. PLEASE IDENTIFY A BRIEF HISTORY OF THE STEPS THAT LED UP TO THE PURCHASE AGREEMENT THAT IS PENDING FOR APPROVAL BEFORE THE COMMISSION.

A. My team and I have fairly regular interactions with most of the neighboring water providers around the Chattanooga area to discuss common issues and opportunities. However, we were unfamiliar with Thunder Air Inc.'s water system. So, when an opportunity presented itself to visit the System and to meet with their water manager, I took the opportunity. TAWC initially met with the owner and operator of Thunder Air Inc. back in 2017. After several meetings between the Parties, it was determined that an acquisition of Thunder Air Inc.'s water assets could be mutually beneficial to both Parties. Because of Thunder Air Inc.'s close geographic proximity to current TAWC operations, we believe there is an opportunity to incrementally provide economies of scale and efficiencies for Thunder Air Inc. over the long-term operations, while developing a larger customer base for fixed costs and help mitigate future rate increases.

Q. HOW CAN ACQUISITIONS PROVIDE OVERALL BENEFITS?

A. Strategic, quality acquisitions can provide immediate revenue benefits for both utilities (the buyer and the seller) and therefore for both customer bases as well (existing customers and

the newly acquired customers). Consolidating systems provides a larger customer base on which to distribute fixed costs, provides opportunities for operating efficiencies and utilization of economies of scale, and serves to mitigate future rate increase impacts. TAWC is in a unique position within the State of Tennessee as a part of American Water. American Water, with its solid financial performance, has affordable access to capital necessary for infrastructure investments. American Water, through its economies of scale and nationally recognized expertise in water treatment and distribution, provides that same level of service and expertise to all of its customers no matter how large or small the individual system.

Q. CAN THIS ACQUISITION BE EFFICIENTLY INTEGRATED INTO THE COMPANY?

A. Yes. Thunder Air Inc.'s geographical location allows for easy access from the Whitwell water system operations. Shared resources through management and operations of the system creates efficiencies that are passed along to customers through expense saving. Thunder Air Inc. will benefit from TAWC economies of scale.

Q. CAN YOU FURTHER ELABORATE ON THE BENEFITS TO TAWC'S CUSTOMERS FOR THE COMPLETION OF THIS TRANSACTION?

A. Yes. TAWC continuously seeks opportunities for efficiencies through reduced costs, increased revenues, or otherwise enhance its business to keep ratepayer costs low and minimize rate increases. Strategically expanding TAWC's customer base, particularly by providing service in areas within close geographic proximity to current TAWC operations, supports the interests of both TAWC and its existing customers.

Q. CAN YOU FURTHER EXPLAIN THE BENEFITS TO THUNDER AIR INC. CUSTOMERS FOR THE COMPLETION OF THIS TRANSACTION?

A. Yes. Customers of Thunder Air Inc. will benefit through the professional management, long-term planning, and sustained investment by TAWC. TAWC has the ability to immediately respond to customer and System needs due to Thunder Air Inc.'s close proximity to the Whitwell and Chattanooga water systems. TAWC will bring necessary expertise of managing and operating water systems, which is essential to the continued and full development of Thunder Air Inc.

Q. WHAT DUE DILIGENCE HAS TAWC UNDERTAKEN AS PART OF THE DECISION TO ENTER INTO THE ASSET PURCHASE AGREEMENT?

A. Among other things, TAWC inspected the System assets to confirm their condition and to ensure alignment with their assets list. We reviewed their environmental regulatory information as reported to TDEC. TAWC also reviewed all financial information associated with the System. Finally, TAWC evaluated its ability to operate the System efficiently, particularly given its close proximity to TAWC's Whitwell operations.

Q. PLEASE EXPLAIN WHAT TYPE OF UPGRADES ARE NEEDED TO ADDRESS ANY DEFICIENCIES THAT THE SYSTEM CURRENTLY HAS.

A. The System was constructed within the last five years, and the assets are in good operating condition. The manual read meters will be replaced with an automated meter reading style such that TAWC can efficiently read the meters without immediately needing to hire any additional staffing. The supervisory control and data acquisition ("SCADA") system will also be upgraded consistent with Whitwell's system. This will allow remote operation from TAWC's nearby Whitwell operation and eliminate the need to maintain duplicate systems.

158 **Q. PROVIDE THE TOTAL ESTIMATED INVESTMENT AND RELATED**
159 **EXPENSES RELATING TO NECESSARY UPGRADES FOR NEW METERS AND**
160 **THE SCADA SYSTEM.**

161 A. It is estimated that total SCADA investment will not exceed \$45,000 based upon TAWC's
162 due diligence evaluation of the water system. The SCADA investment will have an
163 additional monthly expense based upon whether we can retrieve the computer signals via
164 cellular connection or fiber connection. Both expenses are anticipated to be relatively
165 minor, but TAWC will proceed with the most cost effective and reliable connection
166 required to operate the System.

167 It is estimated that meter replacements will not exceed \$20,000 based upon the number of
168 existing meters in the Thunder Air Inc. development. Both of these investments will be
169 considered capital investments. Beyond the expense of retrieving meter readings, we do
170 not anticipate additional expenses regarding the meter replacement.

171 **Q. HOW DOES TAWC INTEND TO OPERATE THE SYSTEM?**

172 A. All of the System's water is purchased from the South Pittsburg Board of Water Works
173 and Sewer under a purchase water contract. TAWC will continue this arrangement.
174 TAWC will provide field services support from its Whitwell operations, including meter
175 reading, maintenance of distribution system assets, and water quality compliance.
176 Management oversight will be provided from both the Chattanooga and Whitwell offices.

177 **Q. WILL TAWC HIRE ANY NEW EMPLOYEES TO OPERATE THE SYSTEM?**

178 A. No. Thunder Air Inc. does not currently have any employees dedicated to the operation
179 and management of the water system. The current employees of Thunder Air Inc. that, in
180 addition to their other respective duties, support the operations and management of the

System will be retained by Thunder Air Inc. and continue performing their other regular responsibilities for Thunder Air Inc. TAWC will provide operations and management of the System with existing TAWC employees as an expansion of their current duties.

Q. PLEASE DISCUSS HOW TAWC WILL ALLOCATE EXPENSES TO THE SYSTEM.

A. The System will be kept separate and apart from TAWC's existing system for purposes of accounting and ratemaking. Further, the System will be operated by TAWC as a separate business unit in the TAWC accounting system. All labor utilized to operate and maintain the System will be charged accordingly, as will all maintenance and other operational expenses. This is consistent with the Pre-filed Direct Testimony of Elaine Chambers regarding the impact of the acquisition on existing TAWC's ratepayers. TAWC is proposing to create a separate cost center for Thunder Air Inc.

Q. WHAT IS THE PURCHASE PRICE OF THE THUNDER AIR INC. WATER SYSTEM?

A. The purchase price is Two Million Three Hundred and Ninety-Eight Thousand Two Hundred Dollars (\$2,398,200.00).

Q. HOW DID THE PARTIES ARRIVE AT THE PURCHASE PRICE?

A. After the Parties recognized the mutual benefits of an acquisition, we began discussing the details of an asset purchase, which involved back and forth discussions about priorities, the importance of managing customer rates, and the long-term development of the service area. After several discussions and meetings representing arms-length negotiations, we arrived at a purchase price of \$2,398,200.00. The purchase price is supported by the current water rates and is less than the depreciated book value of the System.

204 **Q. CAN YOU ELABORATE ON THE PURCHASE PRICE?**

205 A. Yes. As discussed by TAWC witness Elaine Chambers, \$1.5 million will be paid on the
206 Closing Date, with an additional \$898,200 remitted in Post-Closing Payments. The Post-
207 Closing Payments of \$898,200 will be paid to the developer on a per connection basis of
208 \$1,800, over a ten-year period. The per connection payments are consistent with our
209 developer model, which will be discussed more fully below. The Purchase Price is
210 reasonably supported by both the book value of the System and by Thunder Air Inc.'s
211 history of accurately projecting the development community's growth and it provides
212 Thunder Air Inc. the ability to further and reasonably benefit from its investment in the
213 System.

214 **Q. IS THE DEVELOPER MODEL A NOVEL APPROACH?**

215 A. No. It is commonplace for TAWC, and other utilities, to have a process or model in place
216 under which TAWC reimburses (or refunds) a developer for the costs of building-out and
217 deploying infrastructure by which new water customers in a new development are
218 connected to TAWC's mains and become customers of TAWC. In most such cases, the
219 refund does not occur until the new customer(s) is actually added to TAWC's water system.

220 **Q. CAN YOU ELABORATE ON THIS DEVELOPER MODEL FOR REFUNDS?**

221 A. Per the TAWC tariff, there is an approved reimbursement model which provides guidelines
222 for developers to be reimbursed for infrastructure contributions as bona fide customers
223 connect to the system.

224 **Q. UNDER THIS MODEL, IS IT COMMON FOR A COMPONENT OF IT TO BE PER**
225 **LOCATION OR PER CUSTOMER BASED?**

226 A. Yes. Under the developer model, TAWC often reimburses developers on a per customer
227 basis. In fact, this model is set forth in TAWC's tariffs attached to the Joint Petition as
228 Exhibit D.

229 **Q. UNDER THIS DEVELOPER MODEL, UPON COMPLETION AND IF THE**
230 **INFRASTRUCTURE MEETS TAWC SPECIFICATIONS, DOES TITLE AND**
231 **OWNERSHIP OF SUCH FACILITIES TRANSFER TO TAWC?**

232 A. Yes.

233 **Q. HOW LONG HAS TAWC EMPLOYED THIS DEVELOPER MODEL**
234 **APPROACH?**

235 A. This approach has been contained in TAWC's tariffs for many years.

236 **Q. DOES THE PURCHASE PRICE BENEFIT THE CURRENT CUSTOMERS OF**
237 **THUNDER AIR INC.? IF SO, CAN YOU EXPLAIN HOW IN DETAIL?**

238 A. The Purchase Price may be beneficial to the current customers because of the developer
239 model structure of the Post-Closing Payments. In the unlikely event that unforeseen
240 circumstances arise that cause Thunder Air Inc.'s usually reliable projections to miss the
241 mark, the Purchase Agreement works to protect current customers, as the only part of the
242 Purchase Price to go into rate base would be the Closing Payment of \$1,500,000.00 plus
243 any Post-Closing Payments for new customers actually added to the System. On the other
244 hand, if Thunder Air Inc.'s growth projections prove as reliable as its past projections, the
245 customer base served by the System will increase, which growth will benefit existing
246 System customers.

247 **Q. IS THE PURCHASE PRICE SUPPORTED BY THE VALUE OF THE SYSTEM?**
248 **IF SO, CAN YOU EXPLAIN HOW IN DETAIL?**

249 A. Yes. The System is relatively new and has a book value over \$5.2 million dollars,
250 excluding depreciation.

251 Q. **DID RECENT AND PROJECTED GROWTH IN THE THUNDER AIR INC.**
252 **DEVELOPMENT COMMUNITY IMPACT THE PURCHASE PRICE?**

253 A. Yes. The purchase price is based on the current number of connections which has grown
254 over time, and the post-closing payments are based on future projections.

255 Q. **ARE THESE PROJECTIONS RELIABLE?**

256 A. Yes.

257 Q. **PLEASE PROVIDE AN ITEMIZED LIST OF THE TOTAL AMOUNT OF PLANT**
258 **INVESTMENT BEING ACQUIRED.**

259 A. A System Valuation as provided by Thunder Air to TAWC is attached hereto as
260 **Confidential Exhibit GS-4, submitted UNDER SEAL as CONFIDENTIAL AND**
261 **PROPRIETARY.** The data within System Valuation illustrates the installed value of the
262 System assets, as provided by Thunder Air Inc. Using this information, TAWC developed
263 a schedule identifying each asset by utility plant account, and corresponding depreciation
264 rate based on TAWC currently authorized depreciation rates and estimated accumulated
265 depreciation since plant construction. This schedule is attached as **Confidential Exhibit**
266 **GS-5, submitted UNDER SEAL as CONFIDENTIAL AND PROPRIETARY.**

267 Q. **DOES TAWC PROPOSE TO RECOVER ANY ACQUISITION EXPENSES?**

268 A. Yes. This is addressed in the Pre-Filed Direct Testimony of TAWC Witness Elaine K.
269 Chambers.

270 **Q. IF THE ACQUISITION IS APPROVED, WILL IT RESULT IN TAWC'S**
271 **EXISTING CUSTOMERS SUBSIDIZING THE RATES OF THUNDER AIR INC.'S**
272 **CUSTOMERS?**

273 A. No. It is not the intent of TAWC to have its existing customers subsidize the rates of
274 Thunder Air, Inc.

275 **Q. IF TAWC'S EXISTING CUSTOMERS WILL NOT SUBSIDIZE THE RATES OF**
276 **THUNDER AIR INC.'S CUSTOMERS, PROVIDE A COMPREHENSIVE**
277 **ANALYSIS OF HOW THUNDER AIR INC. WILL BENEFIT FROM TAWC'S**
278 **ECONOMIES OF SCALE.**

279 A. The existing customers of Thunder Air Inc. will benefit from TAWC's economies of scale
280 in a number of ways. Thunder Air Inc. customers will benefit from both Tennessee
281 American and American Water's expertise and existing support systems for management
282 and administration of billing, collections, customer service and emergency response with
283 24/7 access to the American Water call center and additional operational support during
284 emergencies including severe weather events. As Tennessee American customers, the
285 System currently operated by Thunder Air, Inc. will benefit from corporate American
286 Water's purchasing strength to buy chemicals, materials and supplies at a reduced amount.
287 Thunder Air Inc. customers will benefit from Tennessee American's professional
288 engineering and operations staff of technicians, mechanics, environmental experts and
289 regulatory personnel, which will be able to develop economical solutions to issues and help
290 offset inflationary pressure over time. As capital improvements and upgrades are required,
291 Joint Petitioners believe Tennessee American and affiliated companies have the
292 engineering and operational knowledge to make those improvements and upgrades in a

cost effective, efficient manner. Thunder Air Inc. customers will also benefit from improved access to capital through American Water.

Q. DOES TAWC HAVE THE FINANCIAL, MANAGERIAL, AND TECHNICAL EXPERTISE TO OPERATE THE THUNDER AIR INC. SYSTEM?

A. Yes. As the Interim Vice President of Operations, I am responsible for the day-to-day operations of all of our production and field services employees in TAWC. As reflected in the agency's official records, TAWC has the financial, managerial and technical expertise to operate the System. TAWC proudly employs over 100 water professionals with experience in the areas of operations, finance and engineering. Our professionals bring the necessary knowledge to manage and operate the System. TAWC has averaged around \$20 million in capital investments on a yearly basis. The capital plan is developed and managed by a group of high level and skilled engineering professionals. I have complete confidence in all employees at TAWC to provide excellent customer service, while delivering high quality affordable water to our customers.

Q. CAN YOU EXPLAIN HOW THE ACQUISITION AGREEMENT THAT IS AN EXHIBIT TO THE ASSET PURCHASE AGREEMENT WILL WORK?

A. Yes. The Joint Petition references the acquisition agreement, which is Exhibit B to the Purchase Agreement. The acquisition agreement outlines how the Parties will handle additional expansion of the Thunder Air Inc. development with the construction and installation of new facilities for the provision of water services beyond Phases 1, 2 and 3. Pursuant to the acquisition agreement, TAWC will pay refunds to Thunder Air Inc. for deploying new infrastructure to serve new customers of the System.

315 **Q. DO THE REFUNDS CONTEMPLATED UNDER THE ACQUISITION**
316 **AGREEMENT VARY FROM THE REFUNDS PERMITTED IN TAWC'S**
317 **EXISTING TARIFFS?**

318 A. Yes. As set forth in Exhibit D to the Joint Petition, TAWC's tariffs contemplate a refund
319 tied to a calculation including a forty-five (45) feet delineation, while the acquisition
320 agreement includes the calculation with a one hundred (100) feet delineation.

321 **Q: CAN YOU EXPLAIN THE JUSTIFICATION FOR THIS VARIANCE**
322 **REQUEST?**

323 A. Yes. The variance is driven by the layout and topography of the Thunder Air Inc.
324 development. The forty-five (45) feet delineation is driven by average lot lengths
325 historically seen in the more urban and densely populated Chattanooga area. The lot lengths
326 in the Thunder Air Inc. development are wider than normal due to the nature of the
327 development. The One Hundred (100) feet delineation provides a fair approach for this
328 development which helps to promote continued economic development in the communities
329 TAWC serves.

330 **Q. ARE YOU AWARE OF ANY OPPOSITION OR OBJECTIONS TO TAWC'S**
331 **REQUEST FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY FROM**
332 **THOSE CURRENTLY SERVED BY THE SYSTEM.**

333 A. No, I am not.

334 **Q. WILL THE APPROVAL OF THIS PETITION SERVE THE PUBLIC INTEREST?**

335 A. Yes. Water utilities are one of the most capital intensive utilities in the industry. In
336 properly maintaining and supporting a water system, the owner and operator thereof is
337 confronted with a host of pressures, primary of which are increasing costs, enhanced water

338 quality regulations and the ever-recurring need for capital investments. Aging
339 infrastructure and technological advances must be consistently studied and appropriately
340 addressed. TAWC has a proud 130+ year history of providing safe, reliable drinking water
341 to its customers. This transaction will benefit the customers of the System through the
342 professional management, long-term planning, and sustained investment by TAWC. The
343 approval of the petition is necessary and proper for the public convenience and to properly
344 conserve and protect the public interest.

345 **Q. WHAT DO YOU RECOMMEND WITH REGARD TO THIS PETITION?**

346 A. I recommend that the Joint Petition be approved.

347 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

348 A. Yes.

EXHIBIT GS - 2

Application for New Residential/Commercial Service

DATE→	BUSINESS PTNR #		NOTIFICATION #→	
Full Name:			M.I.↑	
	Last ↑	First ↑	M.I. ↑	Spouse ↑
Company Name:				
Service Address:				
	Street Address ↑		Lot # ↑	Zip ↑
Mailing Address (if different):				
			Zip→	
Home/Business Phone:→			Alternate Phone:→	
Plumber:→			Phone No.→	
Garden Meter Costs→			Date Payment Received	
New service fee?	<input type="checkbox"/> Yes, please bill		<input type="checkbox"/> No	<input type="checkbox"/> GPM
Instructions:	Set Meter <input type="checkbox"/>	Turn On <input type="checkbox"/>	Left On <input type="checkbox"/>	Or Off <input type="checkbox"/>
Size→		Meter No.→	Reading→	
Revenue Class	Remarks:			
PLEASE STAKE YOUR INSTALLATION LOCATION USING THE ADDRESS & LOT # OR SUITE #				
Date→		Time→	By→	
Customer Service Representative→				

TO APPLY FOR A FIRE SERVICE PLEASE DIAL (423)771-4727

DATE

If fees are required to initiate a request (ex: irrigation meter or relocation) please do not send payment to the lockbox with your bill payment. That will delay the process. Please mail the fee to 109 Wiehl St., Chattanooga, TN 37403

I hereby make application for water service with Tennessee American Water, and agree to use the water according to company rules and regulations. I further agree to abide and comply with all rules, regulations and rates of TAW as approved by the Tennessee Regulatory Authority.

Please stake your property (with the address & lot #) where you'd like the new service to be installed.

I understand failure to receive bill does not release me from obligation to pay for water service.

I further agree the premises is now ready for water to be turned on.

I further agree I will claim no damages caused by the stoppage of the flow of water, resulting from accident, necessary alterations, repairs or improvements to water company facilities.

I further agree to pay for water service subscribed for by me until terminated at my request.

I agree to pay reasonable costs of collection and attorney fees in event of non-payment.

PLEASE ALLOW 6 TO 8 WEEKS FOR A NEW SERVICE

SIGN AND RETURN

SIGNATURE

TITLE:

Tennessee American Water
Shipping Address: 109 Wiehl Street, Chattanooga, TN 37403
TAWC.NSI@AMWATER.COM
FAX# 423.266.8631

EXHIBIT GS - 3

PUBLIC VERSION

ACCOUNT NO.		SERVICE LOCATION		
0006 05950				
PREVIOUS READING DATE	CURRENT READING DATE	PAYMENTS POSTED THRU	DUE DATE	
10/03/18	11/06/18	11/13/18	12/04/18	
PREVIOUS READING	CURRENT READING	CONSUMED	SERVICE DESCRIPTION	CHARGE AMOUNT
23939	25041	110200	WATER	.00
184702	198779	407700	WATER	5835.63
NOV 16 2018				
SEE REVERSE SIDE FOR IMPORTANT INFORMATION			AMOUNT DUE	5835.63
			PENALTY IF LATE	583.56
			AMOUNT DUE IF LATE	6419.19

ACCOUNT NO.		SERVICE LOCATION		
0006 05950				
PREVIOUS READING DATE	CURRENT READING DATE	PAYMENTS POSTED THRU	DUE DATE	
1/08/19	2/07/19	2/12/19	3/04/19	
PREVIOUS READING	CURRENT READING	CONSUMED	SERVICE DESCRIPTION	CHARGE AMOUNT
25610	25849	23900	WATER	.00
206025	209045	302000	WATER	1282.19
SEE REVERSE SIDE FOR IMPORTANT INFORMATION				
				AMOUNT DUE
				1282.19
SEE REVERSE SIDE FOR IMPORTANT INFORMATION				PENALTY IF LATE
				128.22
				AMOUNT DUE IF LATE

ACCOUNT NO.		SERVICE LOCATION		
0006 05950				
PREVIOUS READING DATE	CURRENT READING DATE	PAYMENTS POSTED THRU	DUE DATE	
11/06/18	12/05/18	12/13/18	1/04/19	
PREVIOUS READING	CURRENT READING	CONSUMED	SERVICE DESCRIPTION	CHARGE AMOUNT
25041	25367	32600	WATER	.00
198779	202391	361200	WATER	1541.57
DEC 20 2018				
SEE REVERSE SIDE FOR IMPORTANT INFORMATION			AMOUNT DUE	1541.57
			PENALTY IF LATE	154.16
			AMOUNT DUE IF LATE	1695.73

ACCOUNT NO.		SERVICE LOCATION		
0006 05950				
PREVIOUS READING DATE	CURRENT READING DATE	PAYMENTS POSTED THRU	DUE DATE	
3/06/19	4/03/19	4/12/19	5/04/19	
PREVIOUS READING	CURRENT READING	CONSUMED	SERVICE DESCRIPTION	CHARGE AMOUNT
26035	26269	23400	WATER	.00
211367	214321	295400	WATER	1255.07
SEE REVERSE SIDE FOR IMPORTANT INFORMATION				AMOUNT DUE
				1255.07
				PENALTY IF LATE
				125.51
				AMOUNT DUE IF LATE
				1380.58

APR 22 2019

ACCOUNT NO.		SERVICE LOCATION		
0006 05950				
PREVIOUS READING DATE	CURRENT READING DATE	PAYMENTS POSTED THRU	DUE DATE	
12/05/18	1/08/19	1/11/19	2/04/19	
PREVIOUS READING	CURRENT READING	CONSUMED	SERVICE DESCRIPTION	CHARGE AMOUNT
25367	25610	24300	WATER	.00
202391	206025	363400	WATER	1518.26
SEE REVERSE SIDE FOR IMPORTANT INFORMATION				AMOUNT DUE
				1518.26
				PENALTY IF LATE
				151.83
				AMOUNT DUE IF LATE
				1670.09

JAN 17 2019

ACCOUNT NO.		SERVICE LOCATION		
0006 05950				
PREVIOUS READING DATE	CURRENT READING DATE	PAYMENTS POSTED THRU	DUE DATE	
4/03/19	5/07/19	5/10/19	6/04/19	
PREVIOUS READING	CURRENT READING	CONSUMED	SERVICE DESCRIPTION	CHARGE AMOUNT
26269	26902	63300	WATER	.00
214321	222353	803200	WATER	3347.28
MAY 16 2019				
SEE REVERSE SIDE FOR IMPORTANT INFORMATION				AMOUNT DUE
				3347.28
				PENALTY IF LATE
				334.73
				AMOUNT DUE IF LATE
				3682.01

ACCOUNT NO.		SERVICE LOCATION		
0006 05950				
PREVIOUS READING DATE	CURRENT READING DATE	PAYMENTS POSTED THRU	DUE DATE	
6/05/19	7/08/19	7/10/19	8/04/19	
PREVIOUS READING	CURRENT READING	CONSUMED	SERVICE DESCRIPTION	CHARGE AMOUNT
28187	29518	133100	WATER	.00
236443	253455	701200	WATER	7044.28
JUL 16 2019				
SEE REVERSE SIDE FOR IMPORTANT INFORMATION				AMOUNT DUE
				7044.28
				PENALTY IF LATE
				704.43
				AMOUNT DUE IF LATE
				7748.71

ACCOUNT NO.		SERVICE LOCATION		
0006 05950				
PREVIOUS READING DATE	CURRENT READING DATE	PAYMENTS POSTED THRU	DUE DATE	
8/06/19	9/04/19	9/12/19	10/04/19	
PREVIOUS READING	CURRENT READING	CONSUMED	SERVICE DESCRIPTION	CHARGE AMOUNT
31262	33044	178200	WATER	.00
272447	295087	264000	WATER	9366.45
SEP 24 2019				
SEE REVERSE SIDE FOR IMPORTANT INFORMATION				AMOUNT DUE
				9366.45
				PENALTY IF LATE
				936.65
				AMOUNT DUE IF LATE
				10303.10

ACCOUNT NO.		SERVICE LOCATION		
0006 05950				
PREVIOUS READING DATE	CURRENT READING DATE	PAYMENTS POSTED THRU	DUE DATE	
5/07/19	6/05/19	6/11/19	7/04/19	
PREVIOUS READING	CURRENT READING	CONSUMED	SERVICE DESCRIPTION	CHARGE AMOUNT
26902	28187	128500	WATER	.00
222353	236443	409000	WATER	5910.50
JUN 17 2019				
SEE REVERSE SIDE FOR IMPORTANT INFORMATION				AMOUNT DUE
				5910.50
				PENALTY IF LATE
				591.05
				AMOUNT DUE IF LATE
				6501.55

ACCOUNT NO.		SERVICE LOCATION		
0006 05950				
PREVIOUS READING DATE	CURRENT READING DATE	PAYMENTS POSTED THRU	DUE DATE	
7/08/19	8/06/19	8/09/19	9/04/19	
PREVIOUS READING	CURRENT READING	CONSUMED	SERVICE DESCRIPTION	CHARGE AMOUNT
29518	31262	174400	WATER	.00
253455	272447	899200	WATER	7958.40
AUG 20 2019				
SEE REVERSE SIDE FOR IMPORTANT INFORMATION				AMOUNT DUE
				7958.40
				PENALTY IF LATE
				795.84
				AMOUNT DUE IF LATE
				8754.24

ACCOUNT NO.		SERVICE LOCATION		
0006 05950				
PREVIOUS READING DATE	CURRENT READING DATE	PAYMENTS POSTED THRU	DUE DATE	
9/04/19	10/08/19	10/10/19	11/04/19	
PREVIOUS READING	CURRENT READING	CONSUMED	SERVICE DESCRIPTION	CHARGE AMOUNT
33044	35150	210600	WATER	.00
295087	319974	488700	WATER	10348.58
SEE REVERSE SIDE FOR IMPORTANT INFORMATION				AMOUNT DUE
				10348.58
				PENALTY IF LATE
				1034.86
				AMOUNT DUE IF LATE
				11383.44

EXHIBIT GS - 4

PUBLIC VERSION

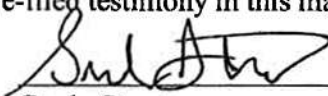
EXHIBIT GS - 5

PUBLIC VERSION

STATE OF TENNESSEE)
)
COUNTY OF Hamilton)

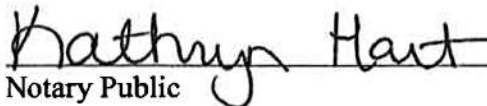
BEFORE ME, the undersigned authority, duly commissioned and qualified in and for the State and County aforesaid, personally came and appeared Grady Stout, being by me first duly sworn deposed and said that:

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.



Grady Stout

Sworn to and subscribed before me
this 31 day of Jan, 2020.



Notary Public

My Commission Expires: 9-27-2020



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