

BUTLER | SNOW

September 22, 2020

**VIA ELECTRONIC FILING**

Hon. Kenneth C. Hill, Chairman  
c/o Ectory Lawless, Docket Room Manager  
Tennessee Public Utility Commission  
502 Deaderick Street, 4<sup>th</sup> Floor  
Nashville, TN 37243  
[TPUC.DocketRoom@tn.gov](mailto:TPUC.DocketRoom@tn.gov)

**RE: *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; Docket No. 20-00011***

Dear Chairman Hill:

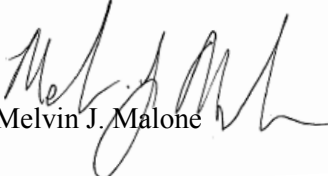
Please find attached for filing the *Rebuttal Testimony of TAWC Witnesses Elaine K. Chambers, Grady Stout, and Brian Queen, and the Rebuttal Testimony of Thunder Air, Inc. Witnesses Dane Bradshaw and John Thornton* in the above-captioned docket. As the Rebuttal Testimony of Witnesses Elaine Chambers, Brian Queen, Grady Stout, John Thornton and Dane Bradshaw contain **CONFIDENTIAL INFORMATION**, Public and Confidential versions of their respective testimony are enclosed.

Also, attached as an exhibit to TAWC Witness Brian Queen's Rebuttal Testimony is **CONFIDENTIAL EXHIBIT BQ – Rebuttal - 1**, which contains **CONFIDENTIAL INFORMATION** and is being submitted **UNDER SEAL** as **CONFIDENTIAL AND PROPRIETARY**. We have attached a CONFIDENTIAL version of this exhibit to Mr. Queen's CONFIDENTIAL Testimony, as well as a Public version of this exhibit to the Public version of Mr. Queen's Testimony.

As required, one (1) hard copy will be mailed to your office. Should you have any questions concerning this filing, or require additional information, please do not hesitate to contact me.

Very truly yours,

BUTLER SNOW LLP

  
Melvin J. Malone

Attachments

cc: Elaine Chambers, TAWC  
William H. Horton, Thunder Air, Inc.  
Daniel P. Whitaker III, Consumer Advocate Unit

*The Pinnacle at Symphony Place  
150 3<sup>rd</sup> Avenue South, Suite 1600  
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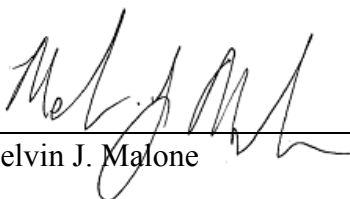
BUTLER SNOW LLP

## **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  
Assistant Attorney General  
Economic and Regulatory Section  
Financial Division, Consumer Advocate Unit  
Office of the Tennessee Attorney General  
War Memorial Building, 2nd Floor  
301 6th Avenue North  
Nashville, TN 37243  
[Daniel.Whitaker@ag.tn.gov](mailto:Daniel.Whitaker@ag.tn.gov)

This the 22<sup>nd</sup> day of September, 2020.

  
\_\_\_\_\_  
Melvin J. Malone

# **PUBLIC VERSION**

**TENNESSEE-AMERICAN WATER COMPANY, INC.**

**DOCKET NO. 20-00011**

**REBUTTAL 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**

# **PUBLIC VERSION**

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

2   A.   My name is Grady Stout. My business address is 109 Wiehl Street, Chattanooga,  
3       Tennessee 37403.

4

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

6   A.   I am the Manager of Engineering for Tennessee-American Water Company (“Tennessee  
7       American, TAWC” or “Company”).

8

9   **Q.   DID YOU PREVIOUSLY SUBMIT TESTIMONY IN THIS PROCEEDING ON**  
10       **BEHALF OF TAWC?**

11   A.   Yes. I have submitted Pre-filed Direct Testimony in this proceeding.

12

13   **Q.   WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

14   A.   The purpose of my Rebuttal Testimony is to respond to the Pre-filed Testimony of  
15       William H. Novak on behalf of the Consumer Advocate Unit of the Financial Division of  
16       the Office of the Tennessee Attorney General (the “Consumer Advocate” or the “CA”).

17

18   **Q.   WHICH ISSUES RAISED BY MR. NOVAK ARE YOU REBUTTING?**

19   A.   In his Pre-filed Testimony, including on pages 7-8, Mr. Novak discusses the difference in  
20       purchase price between this case and TPUC Docket No. 18-00099. This is what I will  
21       address in my Rebuttal Testimony. When addressing any other issues raised by Mr.  
22       Novak in his Pre-filed Testimony, I will note what issues I am addressing.

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# **PUBLIC VERSION**

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**Q. WHO ON BEHALF OF TAWC WILL ADDRESS OTHER ISSUES RAISED BY MR. NOVAK?**

A. Elaine K. Chambers and Brian Queen are also submitting Pre-filed Rebuttal Testimony of behalf of TAWC.

**Q. DOES THE RECORD IN THIS CASE, INCLUDING DISCOVERY RESPONSES AND THE JOINT PETITIONERS’ PRE-FILED TESTIMONY, ADDRESS THE DIFFERENCE IN PURCHASE PRICE IN THIS CASE AND TPUC DOCKET NO. 18-00099.**

A. Yes.

**Q. ON PAGE 8, LL 4-8 OF HIS PRE-FILED TESTIMONY, MR. NOVAK ASSERTS THAT TAWC PROVIDED NO SPECIFIC RESPONSE AS TO WHY THE PURCHASE PRICE IN THIS PROCEEDING IS DIFFERENT FROM THE PURCHAS PRICE IN DOCKET NO. 18-00099? DO YOU AGREE?**

A. No, I do not. The record in this case, including the Joint Petition and supporting documentation, evidence that the acquisition in this proceeding is different than the acquisition in Docket No. 18-00099. Among other support in the record, my Pre-filed Direct Testimony and the Pre-filed Direct Testimony of Thunder Air, Inc. Witness Dane Bradshaw highlight that the growth of the development community, and thus the increase in customers served by the Thunder Air, Inc./Jasper Highlands Property Owners’ Association water system (the “System”), was part of the basis of the arms-length

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negotiation between TAWC and Thunder Air, Inc. *See, e.g., Pre-filed Direct Testimony of TAWC Witness Grady Stout*, p. 12, ll 251-254; and *Pre-filed Direct Testimony of Thunder Air, Inc. Witness Dane Bradshaw*, p. 3, ll 59-66.

**Q. DID YOU PROVIDE A SYSTEM VALUATION WITH YOUR PRE-FILED DIRECT TESTIMONY IN THIS PROCEEDING?**

A. Yes. I submitted **CONFIDENTIAL Exhibit GS-4** with my Pre-filed Direct Testimony.

**Q. WERE ANY CORRECTIONS MADE TO THIS EXHIBIT DURING THE DISCOVERY PHASE OF THIS CASE (#20-00011)?**


A. Yes. I submitted a corrected **CONFIDENTIAL Supplemental Exhibit GS-4** on August 17, 2020. The original **CONFIDENTIAL Exhibit GS-4** inadvertently included Thunder Air, Inc./Jasper Highlands Phase 4 amounts that are not a part of this transaction, as only Phases 1, 2 and 3 are included in this acquisition.

**Q. IN RESPONSE TO MR. NOVAK'S PRE-FILED TESTIMONY, HAVE YOU COMPARED THE ASSETS BEING ACQUIRED IN THIS PROCEEDING WITH THE ASSETS THAT WERE BEING ACQUIRED IN DOCKET NO. 18-00099?**

A. Yes. Pursuant to **CONFIDENTIAL Supplemental Exhibit GS-4**, the assets being acquired in this case (#20-00011) are more substantial than the assets that were proposed to be acquired in Docket No. 18-00099. For instance, the underground water piping in **CONFIDENTIAL Supplemental Exhibit GS-4** is [REDACTED], while the underground water piping amount in Docket No. 18-00099 was [REDACTED].

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1   **Q.    WHAT IS THE TOTAL DIFFERENCE BETWEEN THE SYSTEM VALUATION**  
2       **IN CONFIDENTIAL SUPPLEMENTAL EXHIBIT GS-4 IN THIS PROCEEDING**  
3       **AND THE VALUATION IN DOCKET NO. 18-00099?**

4    A.    The System Valuation in **CONFIDENTIAL Supplemental Exhibit GS-4** in this  
5       proceeding is greater than the valuation in Docket No. 18-00099 by approximately  
6       .


7  
8   **Q.    DOES THIS CONCLUDE YOUR TESTIMONY?**

9    A.    Yes. I reserve the ability to submit further testimony as is appropriate.

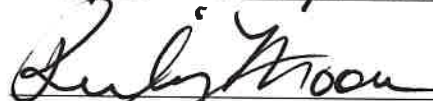
STATE OF TN )  
COUNTY OF Hamilton )

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 22 day of September, 2020.

  
Notary Public

My Commission Expires: 3/13/2022

