

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, 4th Floor
Nashville, TN 37243
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:

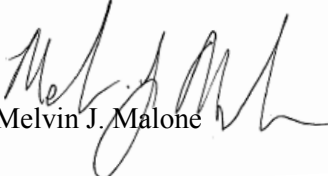
Please find attached for filing the *Rebuttal Testimony of TAWC Witnesses Elaine K. Chambers, Grady Stout, and Brian Queen, and the Rebuttal Testimony of Thunder Air, Inc. Witnesses Dane Bradshaw and John Thornton* in the above-captioned docket. As the Rebuttal Testimony of Witnesses Elaine Chambers, 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

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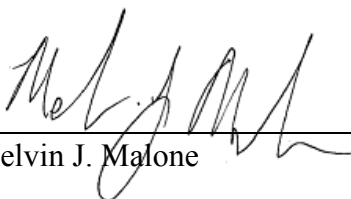
BUTLER SNOW LLP

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

This the 22nd day of September, 2020.



Melvin J. Malone

PUBLIC VERSION

TENNESSEE-AMERICAN WATER COMPANY, INC.

DOCKET NO. 20-00011

REBUTTAL TESTIMONY

OF

JOHN THORNTON

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 **Q1. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is John Thornton. My business address is 104 Battlecreek Road, South
3 Pittsburg, TN 37380.

4

5 **Q2. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

6 A. I am owner and Chief Executive Officer of Thunder Air, Inc.

7

8 **Q3. DID YOU PREVIOUSLY SUBMIT TESTIMONY IN THIS PROCEEDING ON**
9 **BEHALF OF THUNDER AIR, INC?**

10 A. No.

11

12 **Q4. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS COMMISSION OR ANY**
13 **OTHER STATE UTILITY COMMISSION?**

14 A. No.

15

16 **Q5. PLEASE STATE YOUR EDUCATIONAL AND PROFESSIONAL**
17 **BACKGROUND.**

18 A. I am a college graduate, owned and operated businesses and have been a real estate
19 developer for many years, primarily residential.

20

21 **Q6. WHAT ARE YOUR DUTIES AND RESPONSIBILITIES AS CHIEF EXECUTIVE**
22 **OFFICER FOR THUNDER AIR, INC.?**

PUBLIC VERSION

1 A. My responsibilities are to make decisions on all material matters relating to the
2 development after consultation with management, including the President, Dane
3 Bradshaw.

4
5 **Q7. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

6 A. In support of the Joint Petition, the purpose of my Rebuttal Testimony is to respond to
7 some of the Pre-filed Testimony of William H. Novak on behalf of the Consumer
8 Advocate Unit of the Financial Division of the Office of the Tennessee Attorney General
9 (the “Consumer Advocate” or the “CA”).

10
11 **Q8. IS ANYONE ELSE SUBMITTING REBUTTAL TESTIMONY ON BEHALF OF**
12 **THUNDER AIR, INC.?**

13 A. Yes. Dane Bradshaw will be addressing other issues raised by Mr. Novak on behalf of
14 Thunder Air, Inc.

15
16 **Q9. HAVE YOU READ MR. NOVAK’S PRE-FILED TESTIMONY ON PAGES 11-13**
17 **WHERE HE RECOMMENDS A NEGATIVE ACQUISITION ADJUSTMENT?**

18 A. Yes, I have.

19
20 **Q10. DO YOU HAVE A RESPONSE AS TO HOW THIS NEGATIVE ACQUISITION**
21 **ADJUSTMENT MIGHT IMPACT THE PENDING ACQUISITION?**

22 A. Yes. As outlined on page 3 of the Joint Petition, Thunder Air, Inc. believes it is in the
23 best interest of Thunder Air, Inc. to sell the System to Tennessee-American Water

PUBLIC VERSION

1 Company ("TAWC"). Thunder Air, Inc. is in the business of real estate development.
2 We, along with the Jasper Highlands Property Owners' Association ("JHPOA"),
3 established the System because we didn't have a provider serving the Jasper Highlands
4 community, and an adequate supply of clean and safe water was necessary for the
5 development. As a real estate development company, we never intended to be in the
6 water utility business for the long-term. TAWC's core business, on the other hand, is
7 water, and it has been providing clean and safe water in Tennessee for a long, long time.
8 As I understand Mr. Novak's negative acquisition adjustment of [REDACTED], it could
9 place a cloud over the acquisition. With a Purchase Price of \$2,398,200, this proposed
10 negative adjustment is not insignificant. So, if this recommendation puts the acquisition
11 in jeopardy, it certainly would not serve the public interest or the interest of the present
12 customers of the System. The Purchase Price was negotiated voluntarily and at arms-
13 length. TAWC has an excellent track record as a water utility. Thunder Air, Inc. and
14 JHPOA do not wish to continue to provide and manage water in the development
15 community, especially as the community continues to grow with attendant
16 responsibilities. TAWC has the ability, experience and capital to provide for the long-
17 term success of the System. With the circumstances outlined in the Joint Petition, the
18 public policy of the State of Tennessee should support, not impede, the sale of the
19 System. Therefore, Mr. Novak's Pre-filed Testimony is discouraging.

20
21 **Q11. IN HIS PRE-FILED TESTIMONY ON PAGE 13, MR. NOVAK DESCRIBES THE**
22 **FORECAST OF CUSTOMER GROWTH IN THE THUNDER AIR, INC.**

PUBLIC VERSION

1 **DEVELOPMENT COMMUNITY AS “HIGHLY SPECULATIVE.” DO YOU**
2 **AGREE?**

3 A. No, I do not agree. First, I should explain that while Mr. Novak is attacking TAWC’s
4 forecast, the customer growth projections contained within TAWC’s forecast were
5 provided by Thunder Air, Inc. So, he is thus criticizing Thunder Air, Inc.’s customer
6 growth projections.

7 As set forth in the Pre-filed Direct Testimony of Thunder Air, Inc. Witness Dane
8 Bradshaw, we have always met or exceeded our projections and estimates with respect to
9 the growth of this community. While this may be surprising to the Consumer Advocate’s
10 Office, our records bear this out. I believe Mr. Bradshaw will be providing more specifics
11 in his Pre-filed Rebuttal Testimony. So, standing on both the performance and records of
12 Thunder Air, Inc., I certainly do wholeheartedly disagree with any attempt to characterize
13 our projections as “highly speculative.” In our business, we work hard to establish sound
14 and responsible growth estimates, and then we work hard to meet our projections. This is
15 a requirement for the success of our business. I have been involved in significant
16 development, and our projects are consistent with our track record.

17
18 **Q12. DOES THIS CONCLUDE YOUR TESTIMONY?**

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

STATE OF TENNESSEE)
COUNTY OF Marion)

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

He is appearing as a witness on behalf of Thunder Air, Inc. d/b/a Jasper Highlands Development 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.

John Thornton

Sworn to and subscribed before me
this 29th day of September, 2020.

Notary Public

My Commission Expires: 08/06/2023

