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July 21, 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: *Petition of Tennessee-American Water Company in Support of the Calculation of the 2020 Capital Recovery Riders Reconciliation, Docket No. 20-00028*

Dear Chairman Hill:

Please find attached for filing the *Verifications for Rebuttal Testimonies of TAWC Witnesses Elaine K. Chambers and Kurt A. Stafford* with respect to the testimony filed on July 14, 2020, in the above-captioned docket.

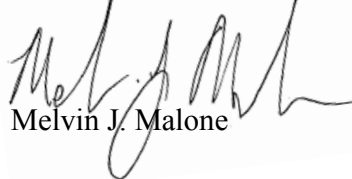
Also attached for filing are substitute pages to the *Rebuttal Testimony of TAWC Witness Elaine K. Chambers*, which was filed on July 14, 2020.

For ease of reference, the corrections to the Pre-filed Rebuttal Testimony of TAWC Witness Elaine K. Chambers are as follows: (1) on substitute page 6, l 15, the period (.) after the quotation is replaced with a comma in brackets([,]); and (2) on page 8, l 20, the word “any” is replaced with the words “fully distributed” and the word “costs” is added after the word “labor.” With these corrections on substitute page 8, the corrected sentence now reads: “Mr. Dittmore is pushing for the removal of fully distributed internal labor costs associated with lobbying efforts.”

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

clw

Attachments

cc: Elaine Chambers, TAWC

Daniel P. Whitaker III, Assistant Attorney General, Financial Division, Consumer Advocate Unit

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STATE OF Kentucky)
COUNTY OF Fayette)

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

She 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, her testimony would be as set forth in her pre-filed testimony in this matter.

Elaine K. Chambers
Elaine K. Chambers

Sworn to and subscribed before me
this 16th day of July, 2020.

Sharon Miller
Notary Public

My Commission Expires: 7/25/2020
Notary ID# 561630

STATE OF Kentucky)
COUNTY OF Fayette)

BEFORE ME, the undersigned authority, duly commissioned and qualified in and for the State and County aforesaid, personally came and appeared Kurt A. Stafford, 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.

Kurt Stafford

Kurt A. Stafford

Sworn to and subscribed before me
this 16th day of July, 2020.

Sharon Miller
Notary Public

My Commission Expires: 7/25/2020
Notary ID # 561630

1 position. Rather, the employee registered as a lobbyist in the abundance of caution, as
2 helping out temporarily might still fall within the registration requirements. Under no
3 circumstances did she spend 20% of her time helping with the Governmental Affairs
4 position, as that was not her primary role. And, under no circumstances should 20% of her
5 time be removed from the earnings test. In fact, in the absence of a full-time Government
6 Affairs employee during this period, TAWC relied even more on its outside lobbyist. In
7 2020, the position is filled and we will be properly removing a portion of the person's time
8 in that role, consistent with the Commission's guidance in Docket No. 10-00189.¹
9 Furthermore, that same referenced order did not remove the supervisor's time, as Mr.
10 Dittemore recommends in this docket, and we believe that his recommendation is
11 inappropriate. Mr. Dittemore merely assumes that some arbitrary or speculative allocation
12 should be attributed to the supervisor absent an actual analysis of whether any such time
13 was lobbying as outlined by the Commission rather than lobbying as proposed to be defined
14 by the Consumer Advocate. Mr. Dittemore maintains on page 9, 13 of his testimony how
15 "[l]obbying costs should be defined[.]" rather than how lobbying costs are defined. The
16 Commission previously resolved in Docket No. 10-00189 the proper and appropriate
17 method for TAWC to account for the Government Affairs position. While Mr. Dittemore
18 desires a much more expansive definition to comport with his "situational" argument
19 focused solely on the earnings test, he has not cited a single source that either expresses or
20 adopts his expansive view. The remainder of Mr. Dittemore's testimony on lobbying
21 contains speculation, which is unsupported and inappropriate. He cites the USoA to imply
22 how to allocate indirect expenses for lobbying, but the section he refers to is how to allocate

¹ *Final Order*, p. 62, TPUC Docket No. 10-00189.

1 **Q. REFERRING TO PAGES 14-15 OF HIS TESTIMONY, MR. DITTEMORE**
2 **HIGHLIGHTS TAWC’S LEGISLATIVE ASPIRATIONS? DO YOU AGREE**
3 **WITH HIS CONCLUSIONS?**

4 A. No, I do not. Mr. Dittemore attached an investor presentation. It is quite a leap from an
5 investor presentation to an acceptance of the Consumer Advocate’s unsupported
6 reconstitution, or better said outright reversal or rejection, of the agency’s approach set
7 forth in the *Final Order*. Again, Mr. Dittemore’s newly proffered concepts, definitions,
8 attributions and methodologies come with no direct support. Contrary to Mr. Dittemore’s
9 opinion (*See Pre-filed Testimony of Consumer Advocate Witness Dittemore*, p. 15, ll 9-10),
10 “goals” and “strategies” are not in and of themselves lobbying. Finally, when the
11 Commission established the 20% allocation with respect to the Government Affairs
12 position, it did so on the basis of an estimate. It is very likely from time to time that less
13 than 20% of the Government Affairs position is actually tied to the function of political
14 lobbying or legislative/governmental actions advocacy. This further undermines Mr.
15 Dittemore’s attempts to re-write the Commission’s approach.

16 **Q. REFERRING TO PAGE 12, ll 7-11, DO YOU AGREE WITH DR. DITTEMORE**
17 **THAT THERE IS A LACK OF COMPLIANCE BY TAWC WITH RESPECT TO**
18 **LOBBYING EXPENSE?**

19 A. No, I do not. As I understand his testimony, Mr. Dittemore is pushing for the removal of
20 fully distributed internal labor costs associated with lobbying efforts. When the
21 Commission rendered its ruling in Docket No. 10-00189, the Commission chose not to
22 adopt the approach pushed here by Mr. Dittemore. Here, Mr. Dittemore has not cited any
23 specific USoA that requires this. Rather, Mr. Dittemore is advocating for the Commission
24 to establish a new definition