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June 3, 2021

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 for Approval of the Establishment of a Regulatory Asset; Docket No. 20-00126*

Dear Chairman Hill:

Attached for filing please find the *Pre-Filed Direct Testimony of J. Cas Swiz Adopting Pre-Filed Direct Testimony of Elaine K. Chambers* in the above-captioned matter.

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

Attachment

cc: Todd Wright, TAWC
J. Cas Swiz, TAWC
Karen H. Stachowski, Consumer Advocate Unit

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BUTLER SNOW LLP

**BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION
NASHVILLE, TENNESSEE**

IN RE:)	
)	
PETITION OF TENNESSEE-AMERICAN WATER COMPANY FOR APPROVAL OF THE ESTABLISHMENT OF A REGULATORY ASSET)	DOCKET NO. 20-00126
)	
)	

**PRE-FILED DIRECT TESTIMONY OF J. CAS SWIZ
ADOPTING PRE-FILED DIRECT TESTIMONY OF ELAINE K. CHAMBERS**

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is J. Cas Swiz. My business address is 727 Craig Road, St. Louis, Missouri 63141.

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

A. I am Director of Regulatory Services for American Water Works Service Company, Inc. ("Service Company"). Service Company is a wholly owned subsidiary of American Water Works Company, Inc. ("American Water") that provides services to Tennessee-American Water Company ("TAWC," "Tennessee-American," or the "Company") and its affiliates.

Q. WHAT ARE YOUR DUTIES AS DIRECTOR, REGULATORY SERVICES?

A. My primary responsibilities consist of the review and preparation of regulatory filings, proceedings, and related activities for the regulated subsidiaries of American Water. This includes the preparation of written testimony, exhibits, and workpapers in support of regulatory proceedings, as well as responding to various discovery requests. In addition, I also review regulatory developments and evaluate alternative strategies that may affect the operations of the American Water utility entities.

Q. PLEASE STATE YOUR PROFESSIONAL AND EDUCATIONAL BACKGROUND.

A. I am a 2001 graduate of the University of Evansville with a Bachelor of Science degree in Accounting, and a 2005 graduate of the University of South Indiana with a Master of Business Administration. From 2001 to 2003, I was employed by ExxonMobil Chemical as a Product and Inventory accountant. From 2003 through 2020, I was employed by Vectren Corporation and CenterPoint Energy in various accounting and regulatory roles. Most recently, I was Director, Regulatory and Rates with responsibility for leading and executing the regulatory strategy of CenterPoint's Indiana and Ohio electric and gas jurisdictions. In November 2020, I was hired by Service Company as Director of Regulatory Services.

Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION?

A. No, I have not.

Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY BEFORE OTHER REGULATED JURISDICTIONS?

A. Yes. I have submitted testimony on behalf of Vectren Corporation, a CenterPoint Energy Company, in Indiana before the Indiana Utility Regulatory Commission in various docketed proceedings supporting accounting and rate design requests, most recently in Cause Nos. 45378, 44429, and 44430. In addition, I have submitted testimony on behalf of Vectren Corporation in Ohio before the Public Utility Commission of Ohio in various docketed proceedings, more recently in Case No. 20-0099-GA-RDR, 20-0101-GA-RDR, and 18-0298-GA-AIR.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY TODAY?

A. The purpose of my testimony is to adopt the pre-filed direct testimony previously submitted in this matter by Elaine K. Chambers supporting the Petition filed by Tennessee-American for approval of the establishment of a regulatory asset. A copy of Elaine K. Chamber's Pre-filed Testimony is attached as Exhibit 1.

Q. WHY ARE YOU ADOPTING MS. CHAMBER'S PRE-FILED DIRECT TESTIMONY?

A. Ms. Chambers is no longer employed by the Service Company, as she voluntarily left the Service Company effective May 7, 2021. Therefore, I am adopting her pre-filed testimony.

Q. ARE YOU FAMILIAR WITH THE PRE-FILED DIRECT TESTIMONY OF ELAINE K. CHAMBERS?

A. Yes, I have reviewed the testimony of Elaine K. Chambers, including the exhibits, and I am familiar with its contents.

Q. IF ASKED THE SAME QUESTIONS AS ARE IN THE DIRECT PRE-FILED TESTIMONY OF ELAINE K. CHAMBERS, WOULD YOU ANSWER EACH QUESTION THE SAME?

A. Yes, excepting that our professional and educational backgrounds are different.

Q. DO YOU WISH TO ADOPT THE TESTIMONY OF ELAINE K. CHAMBERS WITHOUT CHANGES?

A. Yes.

No further questions.

EXHIBIT 1

TENNESSEE-AMERICAN WATER COMPANY, INC.

DOCKET NO. 20-00126

DIRECT TESTIMONY

OF

ELAINE K. CHAMBERS

ON

**PETITION FOR APPROVAL OF THE ESTABLISHMENT OF A REGULATORY
ASSET**

SPONSORING PETITIONER'S EXHIBIT:

PETITIONER'S EXHIBIT - 1

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

2 A. My name is Elaine K. Chambers and my business address is 2300 Richmond Road,
3 Lexington, Kentucky 40502.

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

5 A. I am employed by American Water Works Service Company (“AWW”) as Director, Rates
6 and Regulatory for Tennessee-American Water and Kentucky-American Water.

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

9 A. Yes. I submitted an affidavit in support of Federal Energy Regulatory Commission
10 proceeding EL05-55-001, while employed by the Midcontinent Independent System
11 Operator (“MISO”). I also submitted testimony for Indianapolis Power and Light
12 Company’s case in chief in the following Cause Nos.: 44576, 44893, and 45029. I have
13 also submitted testimony for various Tennessee Public Utility Commission (“TPUC” or
14 “Commission”) dockets.

15 **Q. PLEASE STATE YOUR EDUCATIONAL AND PROFESSIONAL**
16 **BACKGROUND.**

17 A. I have a Bachelor of Science degree from the University of Indianapolis in Accounting. I
18 also have a Master of Business Administration from the University of Indianapolis, and I
19 am a Certified Public Accountant in the State of Indiana. I have twenty-one years of
20 experience at Indianapolis Power and Light Company, twelve of which have been in the
21 Rates area. I also have experience in energy consulting with Andersen and Black & Veatch.
22 While employed by MISO, I managed the transmission and market settlement functions,

1 along with dispute resolution. At Exelon, I managed various Information Technology
2 initiatives, which included merger and acquisition responsibilities.

3 **Q. WHAT ARE YOUR DUTIES AS DIRECTOR, RATES AND REGULATORY?**

4 A. My primary responsibilities encompass the coordination of regulatory issues in Tennessee
5 and Kentucky. This includes coordinating all reports and filings, working with regulatory
6 staff to make sure that all information produced addresses the requirements or requests,
7 and overseeing the preparation and filing of rate cases and tariff changes. I work with the
8 senior management in both states on planning. I am also responsible for keeping abreast of
9 changes in regulation, or trends in regulatory oversight across the United States that may
10 impact our local operations. I report to the Presidents of Kentucky American Water and
11 Tennessee American Water (“Tennessee American,” “TAWC,” or “Company”). I am
12 located in Kentucky but work closely with the TAWC staff in Tennessee as well.

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

14 A. The purpose of my testimony is to support the Company’s Petition for Approval of the
15 Establishment of a Regulatory Asset as a result of the COVID-19 pandemic.

16 **Q. ARE YOU SPONSORING ANY EXHIBITS?**

17 A. Yes, I am. I am sponsoring the following exhibit:

18 **Petitioner’s Exhibit – 1**
19
20

21 I will discuss this exhibit in further detail in my testimony below.

22 **Q. WAS THE PETITIONER'S EXHIBIT LISTED ABOVE PREPARED BY YOU OR**
23 **UNDER YOUR DIRECTION AND SUPERVISION?**

24 A. Yes.

1 **Q. WHAT WERE THE SOURCES OF THE DATA USED TO PREPARE THE**
2 **PETITIONER'S EXHIBIT LISTED ABOVE?**

3 A. The data used to prepare the exhibit was acquired from the books of account and business
4 records of Tennessee American and other internal sources which I examined in the course
5 of my investigation of the matters addressed in this testimony.

6 **Q. DO YOU CONSIDER THIS DATA TO BE RELIABLE AND OF A TYPE THAT IS**
7 **NORMALLY USED AND RELIED ON IN YOUR BUSINESS FOR SUCH**
8 **PURPOSES?**

9 A. Yes.

10 **Q. DOES THE PETITIONER'S EXHIBIT LISTED ABOVE ACCURATELY**
11 **SUMMARIZE SUCH DATA AND THE RESULTS OF ANALYSIS USING SUCH**
12 **DATA?**

13 A. Yes, it does.

14 **Q. CAN YOU SUMMARIZE THE UNDERLYING BASIS OF THIS PETITION?**

15 A. Yes. The Secretary of Health and Human Services declared a public health emergency on
16 January 31, 2020, as a result of the novel coronavirus known as COVID-19, and the
17 President declared a national emergency on March 1, 2020. On March 11, 2020, the World
18 Health Organization classified the COVID-19 outbreak as a pandemic. On March 12, 2020,
19 Tennessee Governor Bill Lee declared a state of public health emergency due to the
20 COVID-19 pandemic. This Petition is a result of the COVID-19 public health emergency.

1 **Q. WHAT ACTIONS DID TENNESSEE AMERICAN AND TPUC TAKE IN**
2 **RESPONSE TO THE COVID-19 PUBLIC HEALTH EMERGENCY?**

3 A. Recognizing that access to water and wastewater services is essential to combating the
4 spread of COVID-19 and protecting public health, on March 13, 2020, TAWC proactively
5 and voluntarily activated its business continuity plan and implemented several essential
6 measures for the health and safety of its customers, employees, and the public on March
7 13, 2020. Among those measures, which applied to both residential and commercial
8 customers, were a moratorium on any billing related disconnections of service, the timely
9 re-connection of any previous disconnections of service and the suspension of late fees
10 until further notice. Moreover, Tennessee American instituted additional communications
11 to its customers, such as courtesy letters and courtesy phone calls, with past due balances
12 to inform them of the amount of their past due balances. In these communications,
13 however, the Company made no mention of disconnection or late fees and interest
14 penalties. Tennessee American notified the Commission that these measures had been
15 undertaken by letter dated March 16, 2020.¹

16 On March 19, 2020, the Commission issued an *Ongoing Request for Information Related*
17 *to Measures Taken During Coronavirus COVID-19 Public Health Emergency* (“March 19,
18 2020 Order”) to its gas, electric, water, and wastewater jurisdictional utilities. On March
19 22, 2020, the Commission issued a *Public Notice of Voluntary Suspension of Service*
20 *Disconnections for Non-Payment by TPUC-Regulated Utilities During the Coronavirus*
21 *COVID-19 Public Health Emergency*, both acknowledging that many utilities had already
22 implemented voluntary suspensions of service disconnections for nonpayment during the

¹ See *Informational Filing of Tennessee-American Water Company Related to Measures Taken During the Coronavirus COVID-19 Public Health Emergency*, TPUC Docket No. 20-00047 (Oct. 14, 2020).

1 declared emergency and urging all jurisdictional utilities to commit to voluntarily
2 suspending disconnections for nonpayment. On March 31, 2020, the Commission issued
3 its *Order Requiring All Jurisdictional Utilities to Suspend Actions to Disconnect Service*
4 *for Lack of Payment During the State of Public Health Emergency* (“March 31, 2020
5 Order”) in Docket No. 20-00047. On August 10, 2020, the Commission lifted the
6 suspension of disconnections of service for lack of payment, with conditions, effective
7 August 29, 2020. TAWC has complied with the conditions set forth in the Commission’s
8 *Order Lifting Suspension of Disconnections of Service for Lack of Payment with*
9 *Conditions, Effective on August 29, 2020.*

10 **Q. HAVE THE MEASURES UNDERTAKEN BY TENNESSEE AMERICAN AS A**
11 **RESULT OF THE COVID-19 PUBLIC HEALTH EMERGENCY HAD A**
12 **FINANCIAL IMPACT ON THE COMPANY?**

13 A. Yes. The moratorium on any billing related disconnections of service for residential and
14 commercial customers, the re-connections of any previous disconnections of service and
15 the suspension of late fees had a substantial impact. These measures resulted in the
16 Company providing water services to many customers without payment.

17 Tennessee American implemented additional communications to customers as a result of
18 the pandemic to ensure that customers were aware of the emergency measures
19 implemented by the Company and to advise customers of balances and related options and
20 avenues that might be available to help them. Further, there were other incremental
21 operating expenses incurred by Tennessee American as a result of the pandemic, including
22 increased facility preparedness expenses, increased PPE and supplies expenses, and

1 signage expenses. Additionally, uncollectible expenses increased and term loan interest
2 expense was incurred.

3 **Q. ARE ANY OF THE COVID-19 RELATED FINANCIAL IMPACTS INCURRED**
4 **BY TENNESSEE AMERICAN ONGOING?**

5 A. Yes. Even though the moratorium on any billing related disconnections of service for
6 residential and commercial customers, the re-connections of any previous disconnections
7 of service and the suspension of late fees has been lifted, some financial impacts related to
8 the pandemic are ongoing, such as uncollectible accounts expense by way of example. The
9 Company will continue to track and identify the COVID-19 related financial impacts that
10 the Company incurs to continue to provide safe, reliable and adequate water and
11 wastewater service to its customers during this time. The Company believes that the full
12 scope of incremental COVID-19 costs cannot be known with complete certainty at this
13 time and will continue to update its deferral as more data and information becomes
14 available.

15 **Q. WHAT IS TENNESSEE AMERICAN SEEKING IN THIS PETITION?**

16 A. The Company is asking the Commission to approve regulatory asset treatment for the
17 COVID-19 related incremental financial impacts. TAWC believes that its request is
18 appropriate due to the extraordinary circumstances that could not have been reasonably
19 foreseen or included in the Company's planning. The financial impacts incurred to date
20 primarily relate to the disconnection moratorium, suspension of fees, related customer
21 communications, and additional debt carrying costs. The Company believes, however, that
22 the full scope of incremental COVID-19 costs cannot be known with complete certainty at
23 this time and will continue to update its deferral as more data and information becomes

1 available. For example, Tennessee American expects uncollectible accounts expense to
2 increase due to the economic impacts of the COVID-19 emergency on customers. The
3 COVID-19 regulatory asset will be reduced partially by decreases to other expenses caused
4 by, or associated with, COVID-19.

5 **Q. HAVE THE COVID-19 RELATED FINANCIAL IMPACTS BEEN IDENTIFIED**
6 **BY TENNESSEE AMERICAN?**

7 A. Yes. As set forth in the Petition, TAWC has identified the primary categories of COVID-
8 19 related financial impacts, including: (1) suspended disconnects/reconnects and late fees
9 as a result of the disconnection moratorium; (2) costs of additional customer
10 communications; (3) additional debt carrying costs; (4) increased uncollectible accounts
11 expense and (5) other incremental operating expenses. The Company has also tracked
12 savings, such as reduced travel expenses, resulting from COVID-19, which should be used
13 to offset the increased expenses. In support of this Petition, TAWC submits the following
14 itemized amounts (calculations supporting the amounts are attached and also provided in
15 the attached **Petitioner's Exhibit - 1**, which are current as of October, 2020, expected to
16 grow, and for which it seeks regulatory asset treatment.

Tennessee-American Water Company
DOCKET NO. 20-00XXX
Regulatory Asset - COVID-19 Deferral
YTD October 2020

Description	Amount
Foregone Late Payment Fees	306,626
Costs	
Incremental Operating Expenses	62,391
Uncollectible Expense	154,757
Term Loan Interest Expense	112,090
Direct Offsets	
Travel/Conference Savings	(121,398)
Total	\$514,465

TAWC respectfully requests that the Commission authorizes the Company to accumulate in a regulatory asset and defer for future recovery the incremental COVID-19 related financial impacts for as long as such financial impacts are realized and the actual incremental amounts identified above. In addition to approving the incremental COVID-19 costs as a regulatory asset, allowing Tennessee American to implement a more flexible strategy for cost recovery, including in the next general rate case or other appropriate proceeding, will ensure that TAWC is well-positioned to continue to serve customers.

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

A. I recommend that the Petition be approved.

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

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

Tennessee-American Water Company
DOCKET NO. 20-00XXX
Regulatory Asset - COVID-19 Deferral
YTD October 2020

Description	Amount
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Costs	
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Term Loan Interest Expense	112,090
Direct Offsets	
Travel/Conference Savings	(121,398)
Total	<u><u>\$514,465</u></u>

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 10th day of November, 2020.

Sharon Miller
Notary Public

My Commission Expires:

7/25/24
ID# KYNP9273

STATE OF Missouri)
COUNTY OF Jefferson)

BEFORE ME, the undersigned authority, duly commissioned and qualified in and for the State and County aforesaid, personally came and appeared J. Cas Swiz, being by me first duly sworn deposited 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.

J. Cas Swiz
J. Cas Swiz

Sworn to and subscribed before me
this 2nd day of JUNE, 2021.

Samantha J. Endres
Notary Public

My Commission Expires: 10-13-23



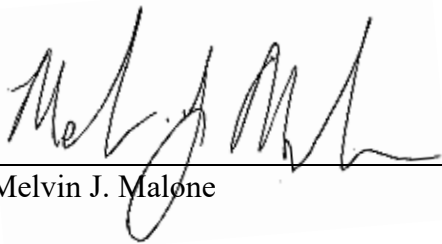
SAMANTHA J. ENDRES
My Commission Expires
October 13, 2023
Jefferson County
Commission #15440405

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:

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

This the 3rd day of June, 2021.



Melvin J. Malone