

**IN THE TENNESSEE PUBLIC UTILITY COMMISSION
AT NASHVILLE, TENNESSEE**

IN RE:

**JOINT PETITION OF AQUA GREEN
UTILITY, INC., AND TPUC STAFF
(AS A PARTY) TO INCREASE RATES
AND CHARGES**

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DOCKET NO. 21-00128

PRE-FILED DIRECT TESTIMONY

OF

DART KENDALL

1 **Q. Please state your name, position and business address.**

2 A. My name is Dart Kendall. I am the President of Aqua Green Utility, Inc. My business
3 address is 3350 Galts Road, Acworth, GA 30102.

4 **Q. What is the purpose of your testimony in this proceeding?**

5 A. As the President of Aqua Green Utility, Inc., I am providing a general overview of Aqua
6 Green Utility's operations and a summary of the rate relief that the Company is requesting
7 in coordination with Commission staff. Michelle Mairs and Joe Shirley of the Commission
8 staff will provide testimony on the ratemaking methodologies and calculations used to
9 forecast the Company's cost of service and rate design for the attrition period in this case.

10 **Q. Mr. Kendall, could you please briefly describe the Company's utility operations?**

11 A. Yes. Aqua Green Utility is a public utility as defined in Tenn. Code Ann. § 65-4-101 and
12 is engaged in providing environmentally friendly and affordable wastewater services to
13 fifteen residential customers and two commercial customers located in the counties of
14 Jefferson, Greene, and McNairy. The two commercial customers are Loves Truck Stops.
15 The treatment systems are typically a fixed film type system with dispersal of treated
16 effluent water to a drip field. Aqua Green Utility's wastewater treatment service includes
17 maintenance of the sewer treatment tanks, pressure lines and drip field. All systems are
18 approved by the Tennessee Department of Environment and Conservation and all operation
19 and maintenance are done in a manner as to meet all requirements of the state operating
20 permits.

21 **Q. When did Aqua Green Utility begin operating in Tennessee?**

22 A. The Commission granted Aqua Green Utility's first Certificate of Public Convenience and
23 Necessity (CCN) by an order entered on July 31, 2009 in Docket No. 09-00045. Since that

1 time Aqua Green Utility has obtained eight total CCNs to serve six residential subdivisions
2 and two Loves Truck Stops.

3 **Q. Has Aqua Green Utility ever increased service rates?**

4 A. No. Aqua Green Utility has never filed a rate case petition since it began operations in
5 Tennessee over twelve years ago in 2009. The currently tariffed rates and charges were
6 approved by the Commission as part of its granting Aqua Green Utility's first CCN.

7 **Q. Mr. Kendall, why is Aqua Green Utility requesting rate relief at this time?**

8 A. Due to increases in the expenses of operating Aqua Green Utility's wastewater systems
9 over the last several years that are largely beyond the Company's control, the Company
10 has experienced significant revenue shortfalls in recent years and cannot continue operating
11 and providing wastewater services without experiencing financial losses. The Company
12 has seen cost increases across the board, not only in our operating expenses for items such
13 as electricity to run the wastewater plant, but Aqua Green Utility's property tax
14 assessments and rates have increased substantially as well. Additionally, the Company has
15 seen a need for increases in sludge pumping, and there has been increased pump damage
16 for commercial customers caused by trash and clothing in the waste stream. Under the
17 current rates and charges, the Company's existing level of revenues is simply not sufficient
18 to allow the Company a fair opportunity to recover its reasonable operating costs and to
19 provide a fair net operating income. It has become apparent that Aqua Green Utility will
20 continue to experience unsustainable financial losses going forward without rate relief.

21 **Q. Are there any particular items the Company is requesting reimbursement for in this**
22 **docket?**

1 A. Yes. As part of this docket, Aqua Green Utility is also requesting the Commission to
2 approve a disbursement of \$9,163 from its escrow account. Due to the Company's poor
3 financial condition and lack of sufficient cash flow, testing invoices in the amount of
4 \$4,800 were held and not booked to or paid by Aqua Green Utility. These invoices relate
5 to the Company's required environmental testing and reporting to the Tennessee
6 Department of Environment and Conservation during the test period. Additionally, costs
7 totaling \$2,211 related to repair work completed at two customer locations that was
8 necessary to restore and maintain wastewater service have not been charged to or paid by
9 the Company. Finally, the necessary replacement of a grinder pump costing \$2,152 was
10 completed for which no cost recovery or reimbursement has been made. These items,
11 totaling \$9,163, were not paid from Aqua Green Utility's operating account due to lack of
12 available funds to pay them. The Company is therefore requesting that the cost of these
13 items be recovered through a one-time disbursement from the Company's escrow account.
14 If the requested rate relief is granted in this docket, the Company's revenues and cash flows
15 should be sufficient to pay for the costs of testing services and certain routine maintenance
16 and repairs from the utility operating account in the attrition period. I also understand that
17 any future disbursements from the Company's escrow account must first be preapproved
18 by the Commission in accordance with its financial security rules for wastewater utilities.

19 **Q. What rate relief is the Aqua Green Utility requesting?**

20 A. As will be addressed by the Commission staff, current rates and charges are insufficient to
21 cover Aqua Green Utility's operating costs and provide for a reasonable net operating
22 income. The Company has worked with Commission staff and provided staff with all
23 requested financial and operational information. Without rate relief, the Commission staff

1 projects that Aqua Green Utility will have a revenue deficiency of approximately \$15,730
2 for the attrition year ending December 31, 2022, under the operating margin method. In
3 order to have a fair opportunity to cover its reasonable operating expenses and taxes and
4 earn a fair net operating income, Aqua Green Utility is requesting that it be allowed to
5 increase rates and charges to eliminate the forecasted revenue deficiency. To that end, the
6 Company supports and recommends the rates and rate design proposed by the staff and
7 requests that the proposed rates become effective January 1, 2022.

8 **Q. Have customer's been notified of the proposed rate increase?**

9 A. Yes. On November 3, 2021, Aqua Green Utility mailed the attached customer Notice to
10 each of the Company's customers by first-class U.S. Mail.

11 **Q. Does this conclude your testimony?**

12 A. Yes it does.

Aqua Green Utility, Inc.
3350 Galts Road
Acworth, GA 30102
(865) 908-0432

NOTICE

Dear Valued Customer:

On November 5, 2021, Aqua Green Utility, Inc., will file a Joint Petition with Staff of the Tennessee Public Utility Commission to increase rates and charges for wastewater services. Aqua Green Utility has been providing wastewater services in Tennessee since 2009 and has never increased its service rates and charges since that time. Aqua Green Utility has made efforts to control the costs of providing services over that time, but the proposed increases are necessary to cover continuing revenue shortfalls due to increases in operating expenses and taxes over the last twelve years.

A copy of the Joint Petition and related filings and notices that explain and support the need for the requested increase in rates and charges can be found in their entirety on the Active Dockets Index page of the Commission's website at <http://share.tn.gov/tra/indexes/TPUCActiveDocketIndex.htm> under the link for Docket No. 21-00128. If you wish to comment on the Joint Petition, you may do so by sending an email to tpuc.docketroom@tn.gov with a reference to **Docket No. 21-00128** in the subject line of your email. Correspondence regarding this matter may be mailed to the Commission's offices at Tennessee Public Utility Commission, ATTN Utilities Division, 502 Deaderick Street, 4TH Floor, Nashville, TN 37243.

In sum, Aqua Green Utility is requesting the following rate changes for its monthly wastewater service and escrow charges and for its annual sewer access fee:

	<u>Current Amount</u>	<u>Proposed Amount</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
RESIDENTIAL CUSTOMERS 1/	\$44.53	\$55.63	\$11.10	24.9%
COMMERCIAL CUSTOMERS 2/	\$5.75 per 1,000 gal.	\$7.67 per 1,000 gal.	\$1.92 per 1,000 gal.	33.4%
ANNUAL SEWER ACCESS 3/	\$120.00	\$150.00	\$30.00	25.0%
1/ Both the current and proposed Residential rate include a \$10.13 escrow charge.				
2/ Both the current and proposed Commercial rate include a \$1.37 per 1,000 gal. escrow charge.				
3/ The Annual Sewer Access fee does not apply to Residential or Commercial customers.				

The rates proposed above exclude currently authorized riders, surcharges and taxes.

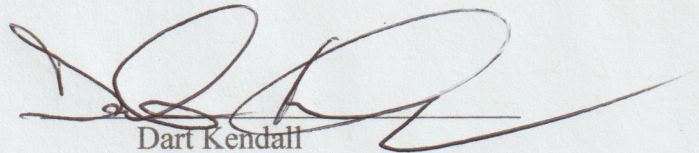
The Joint Petition requests that a rate hearing be conducted in this matter before a panel of Commissioners on December 6, 2021, and that the proposed rates and charges become effective January 1, 2022. The rate hearing is open to the public and will be held at 9:00 a.m. central time on December 6, 2021, in the Hearing Room on the Ground Floor of the Andrew Jackson State Office Building, 500 Deaderick Street, Nashville, Tennessee 37243. Additional public notice regarding the rate hearing will be posted on the Commission's website at least ten calendar days prior to the hearing.

VERIFICATION

STATE OF TN)

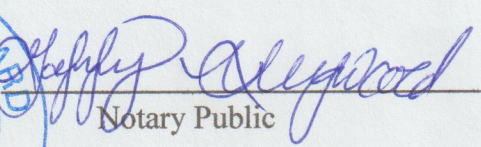
COUNTY OF Williamson)

I, Dart Kendall, being duly sworn, state that I am authorized to make this verification on behalf of Aqua Green Utility, Inc.; that I have read the foregoing Pre-filed Direct Testimony of Dart Kendall and know the content thereof; and that the same are true and correct to the best of my knowledge, information and belief.


Dart Kendall

Sworn to and subscribed before me on the 3rd day of November, 2021.




Notary Public

My Commission Expires: 2/24/24