

**PETITIONER'S EXHIBIT KAS-2**

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

**DOCKET NO. 20-00028**

**REBUTTAL TESTIMONY**

**OF**

**KURT A. STAFFORD**

**ON**

**CHANGES TO THE QUALIFIED INFRASTRUCTURE INVESTMENT PROGRAM  
RIDER, THE ECONOMIC DEVELOPMENT INVESTMENT RIDER, AND THE  
SAFETY AND ENVIRONMENTAL COMPLIANCE RIDER AND IN SUPPORT OF  
THE CALCULATION OF THE 2020 CAPITAL RECOVERY RIDERS  
RECONCILIATION (RECONCILIATION FOR CALENDAR YEAR 2019)**

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

2 A. My name is Kurt A. Stafford and my business address is 2300 Richmond Road, Lexington,  
3 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 of  
6 Engineering for Tennessee and Kentucky.

7 **Q. DID YOU PREVIOUSLY SUBMIT TESTIMONY IN THIS PROCEEDING ON**  
8 **BEHALF OF TENNESSEE-AMERICAN WATER COMPANY (“TENNESSEE-**  
9 **AMERICAN”, “TAWC” OR THE “COMPANY”)?**

10 A. Yes. I filed direct testimony.

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

12 A. The purpose of this testimony is to respond to Mr. Dittimore’s recommendation to defer  
13 the cost of the September 12, 2019 water main break to a later proceeding.

14 **Q. DO YOU AGREE WITH MR. DITTEMORE’S PROPOSAL TO DEFER COSTS**  
15 **ASSOCIATED WITH THE SEPTEMBER 12, 2019 MAIN BREAK TO A LATER**  
16 **PRECEDING?**

17 A. No. TAWC believes the September 12, 2019 main break should be treated in a similar  
18 manner to other main breaks. The Company has been responsive to discovery requests  
19 associated with the event and its response. As Mr. Dittimore points out, there is pending  
20 litigation related to the event.

21 **Q. ON PAGE 16, LINES 13-14 OF HIS TESTIMONY, MR. DITTEMORE QUOTES**  
22 **FROM TAWC’S PREVIOUS RESPONSES ON THE MAIN BREAK AND NOTES**  
23 **THAT THE COMPANY PREVIOUSLY STATED THAT “CONCLUDING THIS**

1           **EVALUATION IS A PRIORITY.” DOES CONCLUDING THIS EVALUATION**  
2           **REMAIN A PRIORITY FOR THE COMPANY?**

3    A.     Yes.

4    **Q.     IS THERE A TIMELINE FOR CONCLUDING THE ANALYSIS OF THE MAIN**  
5           **BREAK?**

6    A.     As the analysis is being performed by an independent third-party, TAWC has no  
7           definitive date for the completion of the analysis. Nonetheless, we anticipate the  
8           completion of the analysis within the next couple of months.

9    **Q.     HOW ARE COSTS ASSOCIATED WITH MAINS BREAKS TREATED UNDER**  
10           **THE CAPITAL RIDERS?**

11   A.     Costs associated with main break replacement projects are covered under Budget Line C –  
12           Mains Unscheduled and are included in the Capital Recovery Riders under the Qualified  
13           Infrastructure Investment Program or QIIP Rider. These projects consist of replacement  
14           work associated with all types and sizes of main breaks.

15   **Q.     SHOULD THE SEPTEMBER 12, 2019 MAIN BREAK BE TREATED**  
16           **DIFFERENTLY?**

17   A.     No. As previously mentioned, all main break replacement projects fall under Budget Line  
18           C. Historically, this includes unscheduled replacement work on other transmission mains.  
19           For example, in April 2016, a section of 30-inch transmission main located under the  
20           Tennessee River suffered a failure. The repair consisted of isolating the river crossing and  
21           a new, smaller polyethene pipe was slid through the existing 30-inch main. Additionally,  
22           in June 2017, a critical 24-inch transmission valve failed necessitating an unscheduled  
23           replacement project. These unscheduled replacement projects as well as several other

1           unscheduled transmission main repairs have been processed through Budget Line C as part  
2           of the QIIP Rider.

3   **Q.   MR. DITTEMORE IMPLIES THAT TAWC HAS NOT PROVIDED**  
4           **SUBSTANTIVE INFORMATION REGARDING THE SEPTEMBER 12, 2019**  
5           **MAIN BREAK. WOULD YOU AGREE WITH THIS ASSERTION?**

6   A.   No. The Company issued extensive details concerning the September 12, 2019 main break  
7           and its response publicly. This information was provided as an attachment to TAWC  
8           Response to Consumer Advocate Consumer Advocate Request No. 1-7. The Company  
9           also provided other information related to the event such as the estimated amount of water  
10          lost during the incident and the estimated number of Customers under boil water advisory  
11          (see TAWC's Response to Consumer Advocate Request No. 1-1 from Docket No. 20-  
12          00008). Financial information relevant to the September 12, 2019 main break has also  
13          been provided.

14   **Q.   ON PAGE 19, LINES 1-13 OF HIS TESTIMONY, MR. DITTEMORE IMPLIES**  
15           **THAT TAWC CUSTOMERS MIGHT BE SURPRISED TO LEARN OF THE**  
16           **ACCOUNTING PRACTICES USED FOR BOTTLED AND BULK DRINKING**  
17           **WATER SUPPLIED TO CUSTOMERS DURING THE SEPTEMBER 2019 MAIN**  
18           **BREAK. WOULD YOU AGREE WITH THIS IMPLICATION?**

19   A.   No. The accounting practice for alternative drinking water supplied to Customers during  
20          a main break dictate that these costs be expensed as operation and maintenance or O&M  
21          expenses. This practice is not new nor isolated to this event.

1   **Q.   GIVEN THESE CONSIDERATIONS, DO YOU BELIEVE THE COSTS**  
2       **ASSOCIATED WITH THE SEPTEMBER 2019 MAIN BREAK SHOULD REMAIN**  
3       **IN THE DOCKET NO. 20-00028?**

4   **A.   Yes.**

5   **Q.   DOES THIS CONCLUDE YOUR TESTIMONY?**

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

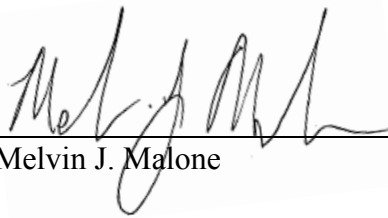
7

**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  
Office of the Tennessee Attorney General  
Consumer Advocate Unit, Financial Division  
P.O. Box 20207  
Nashville, TN 37202-0207  
[Daniel.Whitaker@ag.tn.gov](mailto:Daniel.Whitaker@ag.tn.gov)

This the 14<sup>th</sup> day of July, 2020.



---

Melvin J. Malone