

BAKER DONELSON

BAKER, DONELSON, BEARMAN, CALDWELL & BERKOWITZ, PC

633 CHESTNUT STREET · SUITE 1900 · CHATTANOOGA, TENNESSEE 37450
423.756.2010 · bakerdonelson.com

RYAN A. FREEMAN, ASSOCIATE

Direct Dial: 423.209.4181

E-Mail Address: rfreeman@bakerdonelson.com

July 15, 2020

TPUC Staff
Tennessee Public Utility Commission
502 Deaderick Street, 4th Floor
Nashville, TN 37243

VIA EMAIL

**Re: Docket No. 20-000477 – Tennessee Water Service, Inc. Response to
Commission Staff Request for Information**

Dear TPUC Staff:

Pursuant to the Director of Utilities' request for information sent from the Tennessee Public Utility Commission on June 30, 2020 relating to collections, Tennessee Water Service, Inc. hereby files its response with the requested information.

Please let us know if anything further is required.

Sincerely,



Ryan Freeman
For the Firm

RAF:kcw

Enclosure



July 15, 2020

Re: Response to Commission Staff Request for Information – Docket No. 20-00047

Tennessee Water Service, Inc. (“TWS” or “Company”) hereby files its response to the request for information from David Foster, Director of Utilities, Tennessee Public Utilities Commission (“Commission”), sent on June 30, 2020. In the request, Mr. Foster requested information regarding COVID-19 response processes, including:

- 1) Should the moratorium on disconnects for nonpayment be lifted? If the moratorium should not be lifted at this time, when should the moratorium be lifted?
- 2) Did you continue to accrue late charges for delinquent accounts during the moratorium period?
- 3) Should late charges accrued during the moratorium period be billed to delinquent customers once the moratorium is lifted?
- 4) If late charges accrued during the moratorium period are not collected from delinquent customers, do you plan to seek recovery of such charges from customers through other means? If so, please describe the mechanism you propose to recover late charges accrued during the moratorium period.
- 5) For each customer class, please provide the (i) total number, (ii) aggregate amount excluding late charges, (iii) aggregate amount of accrued late charges, and (iv) average days overdue of delinquent accounts for each month beginning January 2020 through the most recent month the information is available at the time of your response.
- 6) For each customer class, please provide the aggregate amount of delinquent customer accounts written off to bad debt expense for each month beginning January 2020 through the most recent month the information is available at the time of your response.
- 7) In the event the moratorium on customer disconnects for nonpayment is lifted, please describe the process you propose to use to commence disconnections for nonpayment. Notwithstanding current Commission rules and company tariffs, please include in your description the length of customer notice that should be given prior to disconnection of service, as well as availability of customer service representatives to address customer concerns or complaints regarding disconnection or potential disconnection of their service.
- 8) In the event the moratorium is lifted and the customer is unable to promptly pay overdue amounts to bring their account current within a reasonable notice period, please describe the programs, arrangements, or payment plans, if any, that you would propose to permit customers to maintain their service while paying past due balances over a reasonable time. Please state whether you would propose to apply late charges, or assess interest charges, on the unpaid balances of such arrangements provided the customer is keeping their payments current.

Please see below TWS's responses to Mr. Foster's requests.

- 1) Not at this time. The moratorium should continue so long as a state of emergency is in effect for Tennessee, which signifies that significant impacts continue to be felt in the State. On June 29th, Governor Lee extended the state of emergency for the State via Executive Order 50, effective until August 29th. It should be noted that even as the moratorium is lifted, it will take some time for utilities to adequately notify customers of the impending resumption of collection processes, which will add some delay to the effect of collections activities, and may vary on a company-by-company basis due to the unique factors and circumstances affecting each utility provider.
- 2) No. The company suspended late fee calculations as of 3/10/2020 and has not resumed late fee calculations or charges.
- 3) No. Late fees not charged in the moratorium period should be estimated or otherwise quantified by the utilities and considered for regulatory asset treatment and potential recovery at a later date, along with other identified financial impacts of COVID-19.
- 4) The Company recommends TPUC to authorize the establishment of a regulatory asset account to accumulate financial impacts of COVID-19, to be requested for recovery at a later date. Such recovery petitions may be filed at any time (e.g., not only when a state of emergency is lifted or utility activity returns to "normal"), as there is no clear timeline for the extent of COVID-19's impacts.
- 5) The Company provides service only to residential water customers. Please see below for responses to subparts (i) to (iv).

	Description	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20
i	Past Due Customers	21	7	32	24	25	27
ii	Aggregate Past Due w/o Late Fees	\$1,726.92	\$280.15	\$2,758.27	\$2,687.58	\$2,533.58	\$3,496.47
iii	Aggregate Past Due w/ Late Fees	\$1,726.92	\$603.74	\$2,758.27	\$2,687.58	\$2,533.58	\$3,496.47
iv-a	Avg. Days Past Due, Excluding Longest Account	22.55	8.14	13.68	22.36	23.18	24.25
iv-b	Avg. Days Past Due, Including Longest Account	118.03	116.79	119.63	127.17	153.81	147.69

Please note that subparts (ii) and (iii) are similar as the Company had suspended late fees on customer accounts following the Gatlinburg Wildfires, only resuming charging late fees in February 2020 after the effective date of its most recent rate case. For subpart (iv), the Company provides two sets of values, as a single customer with a large, aged past due balance otherwise skews the overall calculation.

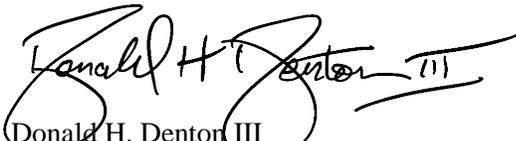
- 6) The Company provides service only to residential water customers. The Company has only identified \$45.13 of account write offs, occurring in March 2020.
- 7) The Company will prepare and issue a customer notice to all customers with past due balances that will describe 1) the timeline for resuming collection processes, 2) that if the customer has an outstanding balance that they will not be able to bring current by that time, they should call the Company's Customer Service Center to request a payment arrangement. The Company proposes at least 1 month of time between notice and resumption of collections. Any bill issued after the resumption date will follow the normal protocols for payment due, and normal collections notices and disconnect timing would be performed. Customers would be implored in disconnect notices to call

the Company and set up a payment arrangement. The Company has sufficient customer service staff to assist the current past due customer list in these areas.

- 8) The Company would resume its payment arrangement protocols as set in Docket No 09-00017, with flexibility for customers to request payment arrangements of up to 12 months. The Company does not assess late charges or penalties to accounts with active payment arrangements, so long as the customer remains current with the arrangement.

The Company appreciates the opportunity to provide the above feedback to the Commission, and will continue to provide ongoing updates in Docket No. 20-00047.

Sincerely,



Donald H. Denton III
President, Tennessee Water Service, Inc.