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July 22, 2020

**VIA ELECTRONIC FILING**

Hon. Kenneth C. Hill, Chairman  
c/o Ectory Lawless, Docket Room Manager  
Tennessee Public Utility Commission  
502 Deaderick Street, 4<sup>th</sup> Floor  
Nashville, TN 37243  
[TPUC.DocketRoom@tn.gov](mailto:TPUC.DocketRoom@tn.gov)

**RE: *Emergency Petition to Suspend Service filed by the Consumer Advocate Unit of the Financial Division of the Office of the Tennessee Attorney General***  
**Docket No. 20-00047**

Dear Chairman Hill:

Attached for filing please find *Tennessee-American Water Company's Responses to TPUC's Data Requests*, which were issued on June 30, 2020, 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: Elaine Chambers, TAWC

**TENNESSEE AMERICAN WATER COMPANY  
DOCKET NO. 20-00047  
FIRST DISCOVERY REQUEST OF THE  
TENNESSEE PUBLIC UTILITY COMMISSION**

**Responsible Witness: Elaine Chambers**

**Question:**

1-1.

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? Please explain your answer.

**Response:**

Although the Commission has the discretion to continue the mandatory moratorium, Tennessee-American submits that it would be in the public interest to resume normal collection activities with the expiration of the Governor's COVID-19 Executive Order on August 29, 2020.

Tennessee-American is aware that access to essential utility services was necessary to slow the spread of the disease, and the importance of maintaining essential services that permit frequent hand washing and sanitation in residences and elsewhere is strongly recommended to protect public health. Consequently, as the Company continues to evaluate these activities, it will continue to follow the Commission's requirements and guidance and consider the actions and guidance from federal, state and local officials and organizations, including but not limited to the Centers for Disease Control and Prevention and Tennessee Department of Health.

While recognizing the hardships faced by many Tennesseans as a result of the COVID-19 emergency, a moratorium on all service disconnections due to unpaid bills is not sustainable on an unlimited basis and risks encouraging further non-payment and unfairly shifting unpaid bills to other customers. TAWC believes that the proper course of action is one that allows discretion for utilities to implement specific programs designed to assist customers in need and to encourage payment by customers, helping mitigate cost shifting to other customers. For example, Tennessee-American currently offers the following targeted customer assistance programs to help its most vulnerable customers:

- TAWC does not require customer deposits as a condition of water service.
- Installment Payment Plans (IPPs). TAWC often offers customers the opportunity to enter into an IPP whereby they can pay a past due amount over time to make the repayment of that outstanding amount more manageable for the customer. IPPs can vary in length, but some may be as long as 12 months.
- Budget Billing. TAWC also currently offers budget billing, which allows customers to enter into a budget billing plan that provides predictable, leveled payments over a 12-month period.

- Extension of bill payment due date. If a payment is not made when due, TAWC's notice and disconnect process begins. Currently, outside the current moratorium on disconnects, TAWC may provide customers an extension of the payment date in certain circumstances, with the result that the notice/disconnect process is delayed for a period of up to 15 days – for instance, if a customer whose bill is due September 10 calls and states that they are short on funds but will receive their paycheck on September 15, TAWC will not start the notice/disconnect process until September 25, if the bill is not paid by that later date.
- Project Water Help. TAWC also created an emergency assistance program to help provide supplemental funding to Tennessee American Water customers who would otherwise have trouble paying their bills. Customers that are unable to pay their water bill can contact United Way's Help Line by dialing 211 and United Way will direct them to the proper third-party agency for assistance. Agency caseworkers determine the needs of families and individuals, who must be Tennessee American Water customers.

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**Question:**

1-2.

Did you continue to accrue late charges for delinquent accounts during the moratorium period?

**Response:**

Yes, however the Company has not billed customers for late charges nor collected such charges during the moratorium.

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**Question:**

1-3.

Should late charges accrued during the moratorium period be billed to delinquent customers once the moratorium is lifted?

**Response:**

Please see the Company's response to TAW\_R\_TNPUCDR1\_NUM004\_071520.

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**Responsible Witness: Elaine Chambers**

**Question:**

1-4.

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.

**Response:**

Tennessee American believes that it is both appropriate and prudent that the unique and unanticipated financial impacts of this pandemic be tracked and recovered. As such, TAWC proposes that the Commission authorize deferred accounting treatment for COVID-19 incremental costs, as well as any lost revenues inclusive of discontinued late fees. Allowing for a deferral of such costs, subject to audit, is the appropriate way for Tennessee American and other utilities to track these costs and ensure that the costs are appropriately deferred and recovered.

Tennessee American also believes that the Commission should authorize a cost recovery mechanism that will permit TAWC and other utilities to timely recover these deferred costs. Specifically, the Commission should authorize a special purpose rider that would allow the costs to be recovered over a certain period and reconciled with actual expenses that the Commission approves, subject to audit.

Tennessee American welcomes the opportunity to work with all interested stakeholders including the Tennessee Public Utility Commission Staff and other utilities to develop an appropriate mechanism that would be acceptable to the Commission.

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**Question:**

1-5.

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.

**Response:**

(i) Please see the below table which contains the total number of customers by class:

<b>Customer Class</b>	<b>Customer Count</b>
Residential	71,029
Commercial	8,454
Industrial	109
Sale for Resale	4
Other Public Authority	682
Fire	1,732
Company Account	10
<b>Total</b>	<b>82,020</b>

(ii) For item (ii) we do not track aggregate amounts excluding late charges.

(iii) Please see below table which represents the amount of foregone late fees from March through June 2020.

<b>State</b>	<b>March (13-31)</b>	<b>April</b>	<b>May</b>	<b>June</b>	<b>Total</b>
TN (Foregone Late Fees)	\$28,580	\$67,405	\$41,421	\$41,071	\$178,478

(iv) For item (iv) we do not track the average days overdue for delinquent accounts.

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**Question:**

1-6.

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.

**Response:**

Please refer to the below table for the net charge-offs from January 2020 – June 2020.

<b>Date</b>	<b>Residential</b>	<b>Commercial</b>	<b>Industrial</b>	<b>OPA</b>	<b>Private Fire</b>	<b>Sales for Resale</b>	<b>Total</b>
January-20	\$57,873	\$3,647	\$0	\$0	\$0	\$0	\$61,520
February-20	23,308	6,803	2	60	(2,210)	0	27,962
March-20	45,107	15,575	418	0	0	0	61,100
April-20	18,180	15,115	0	0	2,206	0	35,501
May-20	31,946	2,847	0	(60)	0	0	34,732
June-20	41,419	14,161	0	755	0	0	56,336
	\$217,833	\$58,148	\$419	\$755	(\$5)	\$0	\$277,150

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**Question:**

1-7.

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.

**Response:**

In the event the moratorium on customer disconnections is lifted TAWC will follow its standard practice for disconnections for nonpayment that was in place prior to the moratorium. Customer invoice payments are due 21 days after the invoice date for Tennessee American Water. Once a customer becomes delinquent, the standard dunning process commences as follows:

- 1) Disconnect Notice is sent to Customer – Day 27 (Due Date + 6 Days)
- 2) 1<sup>st</sup> Party Agency Placement – Day 31 (Due Date + 10 Days)
- 3) Disconnection Order is generated – Day 37
- 4) Final Bill is generated 7 days after the customer account has been disconnected.

TAWC intends to provide customers a written communication outlining the dunning process starting in July.

As stated in TAW\_R\_TNPUCDR\_NUM001 TAW recognizes the hardships faced by many Tennesseans as a result of the COVID-19 emergency as such offers various customer assistance programs.

This communication regarding the dunning process will also include instructions for enrolling in budget billing, starting a new payment arrangement plan or renegotiating a current plan as well as help agency information. Our Customer Service agents are available 7am-7pm to assist customers and are trained to guide and help the customer with setting up these programs. Customers will also be able to find the same information on our website.

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**Question:**

1-8.

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.

**Response:**

Please see the Company's response to Question: TAW\_R\_TNPUCDR\_NUM001\_071520.