

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

IN THE MATTER OF:)	
)	
THE APPLICATION OF KENTUCKY-AMERICAN)	CASE NO. 2014-00258
WATER COMPANY FOR A CERTIFICATE OF)	
CONVENIENCE AND NECESSITY AUTHORIZING)	
THE CONSTRUCTION OF RICHMOND ROAD)	
STATION FILTER BUILDING IMPROVEMENTS)	

DIRECT TESTIMONY OF LINDA C. BRIDWELL, P.E.
July 31, 2014

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

2 A. My name is Linda C. Bridwell 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 as Manager of Rates and
6 Regulation for Kentucky and Tennessee.

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

9 A. Yes. I have provided both written and oral testimony in at least fifteen different
10 proceedings before the Kentucky Public Service Commission (“PSC”) including rate
11 cases, special investigations, and applications for a Certificate of Public Convenience and
12 Necessity. I have also provided written testimony before the Tennessee Regulatory
13 Authority.

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

16 A. I received a B.S. degree in Civil Engineering from the University of Kentucky in 1988
17 and I received a M.S. degree in Civil Engineering from the University of Kentucky in
18 1992 with an emphasis in water resources. I completed a Masters of Business
19 Administration from Xavier University in Cincinnati, Ohio in 2000. I am a registered
20 Professional Engineer in the Commonwealth of Kentucky.

21 I have been employed by AWW since 1989. I began as a distribution supervisor
22 for Kentucky American Water (“KAW” or “Company”) until 1990 when I was promoted
23 to Planning Engineer, then Engineering Manager, and later Director of Engineering in

1 1998. In July 2004, I accepted the position of Project Delivery and Developer Services
2 Manager for the Southeast Region of AWW, responsible for Kentucky, Tennessee, and
3 West Virginia. In 2008, I became the KAW Project Delivery Manager for the
4 construction of a new water treatment plant, booster station, and transmission main in
5 Kentucky. This project was the largest project completed by American Water, in any of
6 its regulated businesses, at \$164 million. Upon completion of the project in October
7 2010, I became the Director of Environmental Compliance and Water Quality for KAW
8 and in February of 2012 I accepted my current position. I am an active member of the
9 American Water Works Association (“AWWA”), served as president of the local chapter
10 and state section of the American Society of Civil Engineering (“ASCE”), and served as
11 an officer in the local chapter of the National Society of Professional Engineers
12 (“NSPE”) and as a State officer. I have served periodically as an Adjunct Professor at the
13 University of Kentucky in the Civil Engineering Department, teaching “Water Quality
14 and Pollution Control” and the “Introduction to Environmental Engineering.” I served as
15 a member of the Civil Engineering Industrial Advisory Committee at the University of
16 Kentucky from 2005 until 2012. I served as a Commissioner on the Kentucky Water
17 Resources Development Commission established by Governor Patton and currently serve
18 on the Board of Directors for the Kentucky Infrastructure Authority.

19 **Q. WHAT ARE YOUR DUTIES AS MANAGER OF RATES AND REGULATION?**

20 A. My primary responsibilities encompass the coordination of regulatory issues in Kentucky
21 and Tennessee. This includes coordinating all reports and filings, working with
22 regulatory staff to make sure that all information produced addresses the requirements or
23 requests, and overseeing the preparation and filing of rate cases and tariff changes. I

1 work with the senior management in both states on planning. I am also responsible for
2 keeping abreast of changes in regulation, or trends in regulatory oversight across the
3 United States that may impact our local operations. I report to the Director of Rates for
4 the Central Division of American Water and am accountable to the Presidents of KAW
5 and Tennessee American Water. I am located in Kentucky, but work closely with the
6 staff in Tennessee as well.

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

8 A. The purpose of my testimony is to describe how KAW plans to finance its Richmond
9 Road Station (“RRS”) filter building replacement project and the estimated operating
10 costs of the new facilities.

11 **Q. WHAT ARE THE TOTAL ESTIMATED CAPITAL COSTS AND THE
12 TIMELINE FOR COMPLETING THE PROJECT?**

13 A. The total estimated capital cost of the project is \$15,600,000. This estimated cost has
14 been developed by our engineering staff in collaboration with the project team, and the
15 process is described in Mr. Brent O’Neill’s testimony. The project is expected to begin
16 construction, subject to approval of a Certificate of Convenience and Necessity
17 application from the PSC and all permits, in April 2015 and be completed in April 2016.

18 **Q. DOES KAW HAVE THE ABILITY TO FINANCE THE CONSTRUCTION OF
19 THE RRS FILTER BUILDING REPLACEMENT?**

20 A. Yes.

1 **Q. HOW DOES KAW INTEND TO FINANCE THE CONSTRUCTION OF THE RRS**
2 **FILTER BUILDING REPLACEMENT?**

3 A. The project will initially be funded by available funds from a previous financing or short-
4 term bank borrowings, ultimately replacing the short-term bank borrowings with an
5 appropriate mix of debt and equity as KAW does with its entire annual capital
6 construction program. KAW has access to debt capital markets through borrowing
7 agreements with American Water Capital Corporation, which have been previously
8 reviewed and approved by the PSC. KAW will continue to receive common equity from
9 American Water to meet utility obligations and maintain a proper debt to equity ratio.

10 **Q. WHAT IS THE ESTIMATED ANNUAL OPERATING COST OF THE NEW**
11 **FACILITIES?**

12 A. The estimated annual operating cost is \$135,000 which is the same estimated annual
13 operating cost for the current facility.

14 **Q. IS THIS A SIGNIFICANT CHANGE TO THE ANNUAL OPERATING COST OF**
15 **THE CURRENT FACILITIES?**

16 A. No. The improvements will have little effect on the current operating costs of the facility
17 and significant changes are difficult to estimate. KAW expects a slight reduction in
18 chlorine use at the RRS with a new baffled clearwell to achieve the same Contact Time
19 for disinfection purposes, however, the overall primary use for chlorine in the finished
20 water will remain and a reduction has not been quantified. This is estimated at \$12,600
21 annually. KAW expects there will be a reduction in energy use for new lighting and de-
22 humidifiers, however, this will be offset through the installation of pumps for the
23 backwash facilities. The need for maintenance and the costs for maintenance within the

1 building should drop significantly. KAW personnel have shared anecdotally that they
2 feel they spend a significant portion of time within the filter building, but KAW does not
3 track maintenance costs by individual components at the treatment plant and cannot
4 verify this. Reducing maintenance necessary on the filter building with the construction
5 of the new building is not expected to reduce the overall amount of maintenance that is
6 performed because KAW will be able to perform preventative maintenance on other
7 facilities at the RRS that has been deferred because of the significant amount of
8 maintenance the existing filter facilities have required. Overall, KAW expects better
9 water quality and more efficient operations from the RRS facility, with no significant
10 change to the operating costs.

11 **Q. WHAT IS YOUR RECOMMENDATION TO THE PSC?**

12 A. I recommend that the PSC approve KAW's application for a Certificate of Convenience
13 and Necessity for the RRS Filter Building Replacement Project.

14 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

15 A. Yes.

LINDA C. BRIDWELL, PE
Kentucky American Water
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AMERICAN WATER – Lexington, KY

Central Division Manager Rates and Regulation, KY and TN (February 2012 to present)
Kentucky American Director Water Quality & Environmental Compliance (October 2010 - February 2012)
Kentucky American Project Delivery Manager, Water Supply (June 2008 to October 2010)
Southeast Region Project Delivery Manager (July 2004-December 2007)
Kentucky American Director of Engineering (January 1998 to July 2004, December 2007 to June 2008)
Kentucky American Director, Bluegrass Water Project (January 1999 to December 1999)
Kentucky American Engineering Manager (July 1995 to January 1998)
Kentucky American Planning Engineer (February 1990 to July 1995)
Kentucky American Distribution Supervisor (May 1989 to February 1990)

Highly experienced manager who has demonstrated the ability to lead diverse teams to plan, direct and promote infrastructure development at Kentucky American Water with full responsibility for regulatory compliance and interaction, personnel development, budgetary management, safety and environmental issues, quality control, business development, operations support, and strategic planning. Proven ability in working with teams to meet critical business objectives for over 25 years. Strong skills in developing internal and external business relationships for team success. Lead the delivery of the largest project in company history at \$163 million.

Highlights:

Regulatory Interaction: Presented written and/or oral testimony on at least fifteen separate cases to the Kentucky Public Service Commission and the Tennessee Regulatory Authority. Completed responses to hundreds of interrogatories, assisted in development of briefs, and developed drought tariff. Have helped align business objectives to meet rate case timing and support. Responsible for six successful applications for Certificates of Convenience and Necessity with the Kentucky Public Service Commission. Successfully negotiated withdrawal permits from Division of Water and conservation program. Also presented testimony in Revenue Cabinet hearing.

Financial: Developed a procedure for capital prioritization and budget implementation, which prioritized limited funds, and maintained low rates for customers. Responsible for progressive increase in budget implementation from 85% to 103% average over five years. Assisted in acquisition of 6,600 customers in three years (7% customer growth) and involved in negotiations for water sales to five other utilities. Responsible for coordinating \$163 million budget for three-year project and assisted in the acquisition and administration of \$91 million in tax-exempt financing for the project. Oversaw the preparation of financial schedules for an application for rate increase before the Tennessee Regulatory Authority and the Kentucky Public Service Commission as well as a successful financing application for both, three Kentucky River Authority Withdrawal fee tariff changes, the implementation of a capital riders and production costs surcharge program for Tennessee American, and a tariff change for Tennessee American.

Public Relations: Made numerous public presentations on various issues. The presentations included several controversial public meetings. Have frequently served as media spokesperson for water supply issues including during periods of restrictions. Met with Kentucky congressional delegates and state representatives to address water supply issue and have served at times as liaison with elected officials.

Team Working: Served on contentious Fayette County Water Supply Council and helped bring final report required by the Division of Water to its successful filing. Served as Kentucky American representative to the Bluegrass Water Supply Consortium, which involved developing a regional water

supply solution with ten municipal water utilities. Developed focus groups within department to address specific challenges using formal team approach. Utilized team partnering approach for delivering new water treatment plant with three separate construction contractors, and multiple professional support teams. Strong interaction with regulatory agencies in developing permits and filings. Worked with operations team to develop training and heightened environmental compliance. Managed rate case requests for Tennessee American Water and Kentucky American Water working with Central Division Rates team and local personnel.

Staff Development: Improved engineers' operational knowledge through cross training program. Developed program for intra-department communications. Instigated process improvement effort within engineering team. Developed short training program for non-financial personnel on utility rate development.

Project Management: Responsible for the coordination of twenty-five professional organizations involved in design and construction of the new water treatment plant on the Kentucky River. Project was completed on time, and within 0.1% of budget. Coordination responsibilities included easement acquisition, legal challenges, contract administration, community relations, engineering and budget.

EDUCATION

Masters of Business Administration, Xavier University, Cincinnati, Ohio.

Master of Science in Civil Engineering, University of Kentucky, Lexington, Kentucky.

Bachelor of Science Degree in Civil Engineering. University of Kentucky, Lexington, Kentucky.

Registered Professional Engineer – Kentucky #17603

PROFESSIONAL MEMBERSHIPS

American Society of Civil Engineers: Kentucky Section Vice-President, Bluegrass Branch President
Kentucky Society of Professional Engineers: Bluegrass Chapter Director, Awards Committee Chairman
American Water Works Association
Have served since 2004 on the Kentucky Infrastructure Authority

HONORS

Appointed by Governor Patton to the Kentucky Water Resource Development Commission.
Appointed to the Kentucky Water Resources Research Institute Advisory Committee.
Received Daniel Meade Zone II Award for Outstanding Paper of American Society of Civil Engineers.
Co-recipient 2000 University of Kentucky Outstanding Young Civil Engineer
Received 2010 Kentucky Section ASCE Robert Gillim Award for service to the Civil Engineering profession
Received 2011 Lyle Sendlein Award from the Kentucky Water Resources Research Institute for Outstanding Contribution in Water Practice.
Named 2010 Women Leading Central Kentucky
Named 2011 Civil Engineering "Power List" for achievement in the profession

COMMUNITY AND CIVIC INVOLVEMENT

Girl Scout Troop 870 Leader
University of Kentucky Civil Engineering Industrial Advisory Committee Alumnus
Hospice of the Bluegrass – Sara Kaufman Society