

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

IN RE:)	
)	
PETITION OF TENNESSEE-AMERICAN)	
WATER COMPANY REGARDING)	
CHANGES TO THE QUALIFIED)	
INFRASTRUCTURE INVESTMENT)	Docket No. 21-00030
PROGRAM RIDER, THE ECONOMIC)	
DEVELOPMENT INVESTMENT RIDER,)	
AND THE SAFETY AND)	
ENVIRONMENTAL COMPLIANCE RIDER)	
AND IN SUPPORT OF THE CALCULATION)	
OF THE 2021 CAPITAL RECOVERY)	
RIDERS RECONCILIATION)	

DIRECT TESTIMONY OF

DAVID N. DITTEMORE

JUNE 10, 2021

1 **Q1. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND OCCUPATION FOR**
2 **THE RECORD.**

3 **A1.** My name is David N. Dittmore. My business address is Office of the Tennessee Attorney
4 General, War Memorial Building, 500 Dr. Martin L. King Jr. Blvd., Nashville, TN 37243.
5 I am a Financial Analyst employed by the Consumer Advocate Unit of the Tennessee
6 Attorney General's Office (Consumer Advocate).

7 **Q2. PLEASE PROVIDE A SUMMARY OF YOUR BACKGROUND AND**
8 **PROFESSIONAL EXPERIENCE.**

9 **A2.** I received a Bachelor of Science Degree in Business Administration from the University
10 of Central Missouri in 1982. I am a Certified Public Accountant licensed in the state of
11 Oklahoma (#7562). I was previously employed by the Kansas Corporation Commission
12 (KCC) in various capacities, including Managing Auditor, Chief Auditor, and Director of
13 the Utilities Division. For approximately four years, I was self-employed as a Utility
14 Regulatory Consultant representing primarily the KCC Staff in regulatory issues. I also
15 participated in proceedings in Georgia and Vermont, evaluating issues involving electricity
16 and telecommunications regulatory matters. Additionally, I performed a consulting
17 engagement for Kansas Gas Service (KGS), my subsequent employer during this time
18 frame. For eleven years I served as Manager and subsequently Director of Regulatory
19 Affairs for KGS, the largest natural gas utility in Kansas, serving approximately 625,000
20 customers. KGS is a division of One Gas, a natural gas utility serving approximately two
21 million customers in Kansas, Oklahoma, and Texas. I joined the Tennessee Attorney
22 General's Office in September of 2017 as a Financial Analyst. Overall, I have thirty years'
23 experience in the field of public utility regulation. I have presented testimony as an expert

witness on many occasions. Attached as Exhibit DND-1 is a detailed overview of my background.

Q3. HAVE YOU PREVIOUSLY PROVIDED TESTIMONY BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION (TPUC OR THE “COMMISSION”)?

A3. Yes. I have submitted testimony in many TPUC Dockets since joining the Attorney General’s Office.

Q4. WERE YOU RESPONSIBLE FOR REVIEWING THE COMPANY’S APPLICATION IN THIS DOCKET ON BEHALF OF THE ATTORNEY GENERAL’S OFFICE?

A4. Yes.

Q5. PROVIDE THE SCOPE OF YOUR REVIEW IN THIS CASE.

A5. I reviewed the underlying calculations supported by Ms. Chambers within her Exhibits and conducted discovery in this matter. I subsequently reviewed the supplemental testimony and calculations supported by Mr. Wright.

Q6. CAN YOU IDENTIFY THE PURPOSE OF THE COMPANY’S RECONCILIATION DOCKET?

A6. Yes. The purpose of this docket is to true up the company’s capital rider calculations, considering the various actual costs compared with budgeted costs. These cost true-ups include Depreciation Expense, Property and Franchise Taxes, and Revenue Taxes. Further, the difference between actual and forecasted Revenue is also trued-up.

1 **Q7. WHAT WAS THE BASIS FOR THE COMPANY'S SUPPLEMENTAL**
2 **TESTIMONY?**

3 **A7.** The Company acknowledged a billing error in response to Consumer Advocate DR No. 2-
4 2, related to the over-crediting of certain private fire customers. I raised the discovery
5 question because of unusual activity noted in account 40145200.

6 **Q8. WHAT IS THE IMPACT OF THE BILLING ERROR ON THE COMPANY'S**
7 **CAPITAL RIDERS?**

8 **A8.** The total excess credits provided to the Company's private fire customers related to the
9 capital riders totals \$181,185.

10 **Q9. WHAT IS THE AMOUNT OF REDUCTION THE COMPANY IS SUPPORTING**
11 **IN ITS SUPPLEMENTAL TESTIMONY?**

12 **A9.** The Company is proposing to reduce its reconciliation balance by \$156,185.

13 **Q10. WHAT ACCOUNTS FOR THE \$25,000 DIFFERENCE BETWEEN THE TWO**
14 **AMOUNTS?**

15 **A10.** The \$25,000 difference is due to the amount of overbilling of the Production Costs and
16 other Pass-Through Items (PCOP) surcharge. The net of the PCOP overbilling and the
17 capital rider surcharge net underbilling nets to an underbilling of the \$156,185.

18 **Q11. WHAT IS YOUR POSITION REGARDING THE PROPOSAL TO NET THE PCOP**
19 **OVERBILLING AGAINST THE CAPITAL RIDER UNDERBILLING IN THIS**
20 **SITUATION?**

21 **A11.** While I do not advocate mixing recoverable costs between recovery mechanisms as a
22 general proposition, I do not object to the Company's approach to netting the two issues

1 and including the balance within the capital rider calculation in this situation. I agree with
2 the Company's point made in response to Consumer Advocate DR No. 3-1 that both
3 mechanisms use similar billing methodologies. Further, the amount of the PCOP issue is
4 relatively small at \$25,000. For these reasons, I do not object to the netting approach
5 advocated by the Company.

6 **Q12. WHAT IS THE REVISED RECONCILIATION PERCENTAGE CONTAINED IN**
7 **MR. WRIGHTS' SUPPLEMENTAL TESTIMONY?**

8 **A12.** The revised reconciliation factor is 2.50%.

9 **Q13. DO YOU AGREE WITH MR. WRIGHTS' CALCULATION?**

10 **A13.** Yes.

11 **Q14. UPON LEARNING OF THE BILLING ISSUE DID YOU HAVE OTHER INITIAL**
12 **CONCERNS?**

13 **A14.** Yes. I inquired in Consumer Advocate DR No. 3-2 about whether the Company intended
14 to issue corrected bills to affected (former) customers and if so, over what period would
15 the correction be calculated. The Company responded by indicating it was foregoing the
16 rebilling of customers. I support the Company's decision to not rebill customers for this
17 error in this situation.

18 **Q15. DO YOU HAVE ANY OTHER COMMENTS CONCERNING THE COMPANY'S**
19 **CAPITAL RIDERS?**

20 **A15.** Yes. While I agree with the Company's reconciliation proposal contained in its
21 Supplemental testimony, I remain concerned with the capital rider calculation.¹ However,

¹ See *Direct Testimony of David Dittemore* at 14: 11 – 15:23, TPUC Docket No. 18-00022 (July 6, 2018).

1 in TPUC Docket No. 19-00103, the Commission established where such issues may be
2 raised. Accordingly, there is no need to identify those issues at this time.

3 **Q16. DOES THIS CONCLUDE YOUR TESTIMONY?**

4 **A16.** Yes; however, I reserve the right to update my testimony should new information arise.

David Dittmore

Experience

Areas of Specialization

Approximately thirty-years' experience in evaluating and preparing regulatory analysis, including revenue requirements, mergers and acquisitions, utility accounting and finance issues and public policy aspects of utility regulation. Presented testimony on behalf of my employers and clients in natural gas, electric, telecommunication and transportation matters covering a variety of issues.

Tennessee Attorney General's Office; Financial Analyst September 2017 — Current

Responsible for evaluation of utility proposals on behalf of the Attorney General's office including water, wastewater, and natural gas utility filings. Prepare analysis and expert witness testimony documenting findings and recommendations.

Kansas Gas Service; Director Regulatory Affairs 2014 — 2017; Manager Regulatory Affairs, 2007 - 2014

Responsible for directing the regulatory activity of Kansas Gas Service (KGS), a division of ONE Gas, serving approximately 625,000 customers throughout central and eastern Kansas. In this capacity I have formulated strategic regulatory objectives for KGS, formulated strategic legislative options for KGS and led a Kansas inter-utility task force to discuss those options, participated in ONE Gas financial planning meetings, hired and trained new employees and provided recommendations on operational procedures designed to reduce regulatory risk. Responsible for the overall management and processing of base rate cases (2012 and 2016). I also played an active role, including leading negotiations on behalf of ONE Gas in its Separation application from its former parent, ONEOK, before the Kansas Corporation Commission. I have monitored regulatory earnings, and continually determine potential ratemaking outcomes in the event of a rate case filing, I ensure that all required regulatory filings, including surcharges are submitted on a timely and accurate basis. I also am responsible for monitoring all electric utility rate filings to evaluate competitive impacts from rate design proposals.

Strategic Regulatory Solutions; 2003 -2007

Principal; Serving clients regarding revenue requirement and regulatory policy issues in the natural gas, electric and telecommunication sectors.

Williams Energy Marketing and Trading', 2000-2003 Manager Regulatory Affairs

Monitored and researched a variety of state and federal electric regulatory issues. Participated in due diligence efforts in targeting investor-owned electric utilities for full requirement power contracts. Researched key state and federal rules to identify potential advantages/disadvantages of entering a given market.

MCI WorldCom; 1999 – 2000 Manager Wholesale Billing Resolution

Manage a group of professionals responsible for resolving Wholesale Billing Disputes greater than \$50K. During my tenure, completed disputes increased by over 100%, rising to \$150M per year.

Kansas Corporation Commission; 1984 - 1999

Utilities Division Director - 1997 - 1999; Responsible for managing employees with the goal of providing timely, quality recommendations to the Commission covering all aspects of natural gas, telecommunications and electric utility regulation; respond to legislative inquiries as requested; sponsor expert witness testimony before the Commission on selected key regulatory issues; provide testimony before the Kansas legislature on behalf of the KCC regarding proposed utility legislation; manage a budget in excess of \$2 Million; recruit professional staff; monitor trends, current issues and new legislation in all three major industries; address personnel issues as necessary to ensure that the goals of the agency are being met; negotiate and reach agreement where possible with utility personnel on major issues pending before the Commission including mergers and acquisitions; consult with attorneys on a daily basis to ensure that Utilities Division objectives are being met.

Asst. Division Director - 1996 - 1997; Perform duties as assigned by Division Director.

Chief of Accounting 1990 - 1995; Responsible for the direct supervision of 9 employees within the accounting section; areas of responsibility included providing expert witness testimony on a variety of revenue requirement topics; hired and provided hands-on training for new employees; coordinated and managed consulting contracts on major staff projects such as merger requests and rate increase proposals.

Managing Regulatory Auditor, Senior Auditor, Regulatory Auditor 1984 - 1990; Performed audits and analysis as directed; provided expert witness testimony on numerous occasions before the KCC; trained and directed less experienced auditors onsite during regulatory reviews,

Amoco Production Company 1982 - 1984

Accountant Responsible for revenue reporting and royalty payments for natural gas liquids at several large processing plants,

Education

- B.S.B.A. (Accounting) Central Missouri State University
- Passed CPA exam; (Oklahoma certificate # 7562) — Not a license to practice

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Docket No. 21-00030

AFFIDVAIT OF DAVID N. DITTEMORE

I, David Dittmore, on behalf of the Consumer Advocate Unit of the Attorney General's Office hereby certify that the attached Direct Testimony represents my opinion in the above-referenced case and the opinion of the Consumer Advocate Unit.

David D. Dittmore

DAVID N. DITTEMORE

Sworn to and subscribed before me

This 10 day of June, 2021.

Terra Allen

NOTARY PUBLIC

My Commission Expires: September 28, 2022

