

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

IN RE:)	
)	
PETITION OF SUPERIOR)	
WASTEWATER SYSTEMS, LLC TO)	
ADOPT AN ALTERNATIVE)	DOCKET NO. 23-00069
REGULATORY MECHANISM)	
PURSUANT TO TENN. CODE ANN. §)	
65-5-103(d)(7))	

DIRECT TESTIMONY

OF

DAVID N. DITTEMORE

November 1, 2023

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1
2 **I. WORK EXPERIENCE**

3 **Q1. PLEASE STATE YOUR NAME AND OCCUPATION FOR THE RECORD.**

4 **A1.** My name is David N. Dittmore. I am a self-employed consultant working in the utility
5 regulatory sector.

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

8 **A2.** I received a Bachelor of Science Degree in Business Administration from the University
9 of Central Missouri in 1982. I am a Certified Public Accountant licensed in Oklahoma
10 (#7562). I was previously employed by the Kansas Corporation Commission ("KCC") in
11 various capacities, including Managing Auditor, Chief Auditor, and Director of the
12 Utilities Division. I was self-employed as a Utility Regulatory Consultant for
13 approximately four years, representing primarily the KCC Staff in regulatory issues. I also
14 participated in proceedings in Georgia and Vermont, evaluating issues involving electricity
15 and telecommunications regulatory matters.

16 Additionally, during this time frame, I performed a consulting engagement for Kansas Gas
17 Service ("KGS"), my subsequent employer. For eleven years, I served as Manager and
18 subsequently Director of Regulatory Affairs for KGS, the largest natural gas utility in
19 Kansas, serving approximately 625,000 customers. KGS is a division of One gas, a natural
20 gas utility serving about two million customers in Kansas, Oklahoma, and Texas. I joined
21 the Tennessee Attorney General's Office in September 2017 as a Financial Analyst. In
22 July 2021, I began my consulting practice.

23 I have been a Board Member of the Financial Research Institute (University of Missouri).

I have also been a member of the NARUC Subcommittee on Accounting, the Vice-Chair

1 of the Accounting Committee of the National Association of State of Utility Consumer
2 Advocates (“NASUCA”), and an active participant in NASUCAs’ Natural Gas and Water
3 Committees.

4 Overall, I have thirty years of experience in public utility regulation. I have presented
5 testimony as an expert witness on many occasions. Attached as Exhibit DND-1 is a detailed
6 overview of my background.

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

10 **A3.** Yes. I have submitted testimony in many TPUC dockets.

11 **II. PURPOSE OF TESTIMONY**

12 **Q4. ON WHOSE BEHALF ARE YOU APPEARING?**

13 **A4.** I am appearing on behalf of the Consumer Advocate Division of the Tennessee Attorney
14 General’s Office (“Consumer Advocate”).

15 **Q5. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

16 **A5.** The purpose of my testimony is to represent the position of the Consumer Advocate
17 Division of the Tennessee Attorney General’s Office in this docket.

18 **III. COMPANY’S PROPOSAL**

19 **Q6. PLEASE SUMMARIZE THE COMPANY’S PROPOSAL**

20 **A6.** The Company seeks the adoption of an Annual Ratemaking Mechanism (“ARM”) under
21 Tennessee Code Annotated Section 65-5-103(d)(7). The Company proposes to base its
22 ARM calculation on the annual Gross Domestic Product Implicit Price Deflator (“IPD”)

1 change. The Company would identify the IPD measurement as of September 30 of a given
2 year and develop a ratio based upon the IPD from the previous September 30—one year
3 prior. The ratio is the percentage change in the annual IPD measurement that would then
4 be applied to the Company's base rates.

5 The Company's filing will be made on or before November 30 of each year, with rates
6 proposed to be effective January 1 of the following year. The Company would then
7 develop a ratio by comparing the end of the period IPD to the beginning of the year IPD.

8 **Q7. WHAT IS IPD?**

9 **A7.** The federal Bureau of Economic Analysis ("BEA") defines the IPD as:

10 *"A measure of inflation in the prices of goods and services produced in the*
11 *United States, including exports. The gross domestic price deflator closely*
12 *mirrors the GDP price index, although they are calculated differently. The*
13 *GDP deflator is used by some firms to adjust payments in contracts."*¹

14 **Q8. DO YOU BELIEVE THE COMPANY'S PROPOSAL TO USE THE IPD TO BE**
15 **REASONABLE?**

16 **A8.** Yes. Attached as <Exhibit DND-2> is a comparison of the various measures of inflation
17 quantified and published by the federal government. The Company's proposed IPD
18 measure is listed as "GDP Price Deflator", the last item on the list. I believe this general
19 measure of inflation, while not a precise measurement of the costs to operate a wastewater
20 system, is reasonable to apply to a small entity such as Superior Wastewater.

21 **Q9. ARE THERE ALTERNATIVE PRICE INDICES THAT MAY BE EXPLORED IN**
22 **THE FUTURE IN PLACE OF THE IPD?**

¹ Bureau of Economic Analysis, *GDP Price Deflator* (October 26, 2023), www.bea.gov/data/prices-inflation/gdp-price-deflator.

1 **A9.** Yes. I am not necessarily endorsing the application of the IPD to establish utility rates
2 beyond what is proposed in this proceeding. The Handy Whitman index measures inflation
3 impacts for various FERC accounts of electric, gas, and water utilities and may provide a
4 more accurate proxy for the operating costs of a typical wastewater utility than the IPD;
5 however, more research would be required to evaluate this alternative.² Based upon my
6 research for this case, it appears the Handy Whitman index is generally used and applied
7 to larger, more sophisticated utilities, and its level of sophistication may not be appropriate
8 for a small entity such as Superior Wastewater. In summary, I believe the adoption of the
9 IPD as an inflation index and applied to Superior Wastewater is appropriate.

10 **IV. EXECUTIVE SUMMARY**

11 **Q10. ARE YOU GENERALLY SUPPORTIVE OF THE COMPANY'S PROPOSAL?**

12 **A10.** Yes. I generally support the Company's proposal, conditioned upon the adoption of the
13 additional requirements identified later in my testimony.

14 **V. BENEFITS FROM THE PROPOSAL**

15 **Q11. DO YOU BELIEVE THERE IS A BENEFIT TO THE COMPANY'S CUSTOMERS**
16 **FROM THIS PROPOSAL?**

17 **A11.** Yes.

18 **Q12. PLEASE IDENTIFY AND EXPLAIN THE BENEFITS ACCRUING TO**
19 **CUSTOMERS FROM THIS PROPOSAL.**

² Law Insider, *Handy-Whitman Index definition* (last visited October 30, 2023), www.lawinsider.com/dictionary/handy-whitman-index.

1 **A12.** I believe this streamlined approach to ratemaking will minimize regulatory costs— a very
2 important consideration for a utility of this size.³ Regulatory costs, while necessary to
3 protect the public interest and ensure just and reasonable rates, can also pose a cost burden
4 for customers of extremely small systems. The mechanism will allow Superior Wastewater
5 to obtain rate increases tied to a general inflation rate, which represents a proxy for actual
6 cost increases incurred by the Company in operating its system without incurring any
7 meaningful regulatory costs.

8 The mechanism provides an incentive to the Company to hold down costs during the period
9 the ARM mechanism is in effect. This characteristic is not present in the ARM mechanism
10 of the larger investor-owned utilities in the state.

11 **Q13. ARE THERE ANY DETRIMENTS TO CUSTOMERS FROM THIS PROPOSAL?**

12 **A13.** Yes. The detriment to customers is that they will likely incur modest annual rate increases
13 under this mechanism. Secondly, the adoption of this proposed ARM mechanism delinks
14 the Company's base rates from the Company's actual costs of operation. The rates of the
15 Company will no longer be tied to its costs under the duration of the mechanism. This
16 delinking of rates from costs represents both a benefit and a detriment to customers. The
17 Company's earnings can be monitored by the Commission and the Attorney General's
18 Office through the prompt submission of the Company's annual report along with its
19 annual ARM filing to evaluate the reasonableness of the Company's earnings during the
20 duration of the ARM mechanism. I will discuss this later in my testimony.

³ Superior Wastewater has 350 customers as of December 31, 2022. *See* Testimony of John Powell at 7: 5, TPUC Docket No. 23-00069 (September 11, 2023).

1 **Q14. ARE THERE BENEFITS ACCRUING TO THE COMPANY FROM THIS**
2 **PROPOSAL?**

3 **A14.** Yes. The proposal will allow the Company to increase revenues in a very streamlined
4 manner without the attendant scrutiny and time lag associated with traditional regulatory
5 reviews and proceedings.

6 **VI. COMMENTS ON TESTIMONY OF SUPERIOR WASTEWATER**

7 **Q15. DO YOU HAVE ANY COMMENTS ON THE TESTIMONY OF MR. POWELL?**

8 **A15.** Yes. I wish to address two points made by Mr. Powell. First, Mr. Powell indicates that
9 due to its small size and the challenges it faced in processing a rate case proceeding, it was
10 required to utilize escrow collections just to pay its bills. The use of escrow funds without
11 Commission authorization is a violation of TPUC rules.⁴

12 **Q16. HAS THE COMMISSION OPENED AN INVESTIGATION INTO SUPERIOR**
13 **WASTEWATER'S USE OF ESCROW FUNDS?**

14 **A16.** Yes. The Commission opened TPUC Docket No. 21-00086 on July 30, 2021,
15 approximately 27 months ago.

16 **Q17. AS A MATTER OF PUBLIC POLICY, DO YOU HAVE CONCERNS WITH THE**
17 **COMMISSION GRANTING A UTILITY AN ARM MECHANISM WITH SUCH**
18 **AN INVESTIGATION PENDING?**

19 **A17.** Yes, I do. As a matter of public policy, I believe the Company's ratepayers deserve a
20 resolution of that docket, involving the unauthorized use of customer-provided escrow
21 funds, prior to the implementation of a second base rate increase since the investigation

⁴ See Tenn. Comp. R. & Regs. 1220-04-13-.07.

1 was initiated.⁵ My recommendation supporting this ARM proposal assumes the
2 Commission will conclude its investigation into this matter in the near term.

3 **Q18. WHAT IS THE SECOND ISSUE YOU WISH TO ADDRESS RELATED TO MR.**
4 **POWELL’S TESTIMONY?**

5 **A18.** Mr. Powell indicates the “...proposed ARM in no way limits the Commission’s authority
6 over ratemaking.” He further indicates that either the Commission or the Company could
7 initiate a traditional rate case proceeding.

8 **Q19. DO YOU AGREE WITH MR. POWELL’S STATEMENTS THAT THE ARM**
9 **DOES NOT CHANGE OR ALTER THE COMMISSIONS’ AUTHORITY OVER**
10 **RATES, NOR DOES IT LIMIT IN ANY WAY THE COMPANY’S ABILITY TO**
11 **SEEK ENHANCED RATE INCREASES THROUGH A TRADITIONAL RATE**
12 **CASE FILING?**

13 **A19.** I generally agree with Mr. Powell’s statements. However, I believe the Company should
14 bear the burden of demonstrating that extraordinary circumstances have arisen which make
15 the request for a base rate increase a necessity. Extraordinary circumstances would include
16 a material change in macro-economic factors that could not have been foreseen at the
17 implementation date of the ARM, or a material system failure that requires a significant
18 outlay of capital that was not anticipated and reflects a material impact on the revenue
19 requirement of the utility. Likewise, any intervenor seeking to terminate the ARM
20 mechanism would need to demonstrate that material harm would flow to ratepayers if the
21 ARM continued. Our office supports the unique ARM methodology with the expectation

⁵ The Commission adopted a base rate increase in May of 2023. *See Order Approving Joint Petition*, at 6-8, TPUC Docket No. 22-00087 (May 1, 2023).

1 that it will eliminate the need for more costly base rate filings. If this objective of avoiding
2 base rate cases is not met, it would raise questions in my mind whether such a mechanism
3 is in the public interest.

4 VII. RECOMMENDED CONDITIONS

5 Q20. PLEASE IDENTIFY THE CONDITIONS YOU ARE RECOMMENDING IN 6 CONJUNCTION WITH THE ADOPTION OF THE COMPANY'S ARM 7 PROPOSAL.

8 A20. I support the adoption of the proposed ARM for Superior Wastewater under the following
9 conditions:

- 10 1. The Company shall attach its most recent annual report to its annual ARM
11 filing.
- 12 2. The Company shall identify the amount of Mr. Powell's payroll charged to
13 (a) Capital projects and (b) Operating and Maintenance Expenses.
- 14 3. The Company should provide supporting documentation confirming the
15 IPD rate, inclusive of any updates to the prior years' IPD.
- 16 4. Adjustments to the September 30th IPD data issued after the Company's
17 annual ARM filing shall be identified, and any over/under
18 reporting/recovery shall be incorporated into the subsequent ARM filing.
- 19 5. The term of the ARM shall be for five years. At the time of the fifth ARM
20 filing, Superior Wastewater shall submit a re-evaluation of its proposal,
21 recommending either continuation, modification, or termination. The
22 Commission shall rule on such re-evaluation proposals within that fifth
23 ARM filing.
- 24 6. If Superior Wastewater elects to submit a base rate case filing or petition
25 the Commission for a staff-assisted rate case within the five-year period, it
26 should be required to demonstrate it is facing extraordinary circumstances
27 necessary to justify the termination of the ARM mechanism, as discussed
28 earlier in my testimony.
- 29 7. The Consumer Advocate Division should not be limited to making
30 recommendations regarding the Company's base rates or escrow rates based
31 upon findings submitted by Party Staff in TPUC Docket No. 21-00086.
- 32 8. In the unlikely event that the IPD reflects a reduction in inflation, rates
33 should be reduced accordingly. The calculation adopted by the

Commission should produce symmetrical results in the unlikely event deflation occurs.

9. The ARM mechanism should not be transferrable should Superior Wastewater be acquired by another entity.

Q21. PLEASE ADDRESS EACH OF THESE NINE RECOMMENDED CONDITIONS, BEGINNING WITH YOUR RECOMMENDATION THAT AN ANNUAL REPORT BE SUBMITTED ALONG WITH THE ANNUAL ARM FILING.

A21. The Company submits its annual report, as required, to the Commission. However, I believe the Consumer Advocate should also have ready access to this information at the time the filing is made. Submitting its annual report at the time of its annual filing avoids the necessity of the Consumer Advocate initiating a records request to the Commission. The submission of the annual report with the filing also avoids the duplication of effort on the part of the Commission Staff, who otherwise must respond to the records request. Among other things, the annual report would provide an indication of the earnings level of Superior Wastewater and identify any capital expenditures made by the Company.

Q22. NEXT, EXPLAIN WHY YOU BELIEVE OBTAINING THE PAYROLL CHARGES OF MR. POWELL CHARGED TO THE COMPANY'S CAPITAL EXPENDITURES AND OPERATING EXPENSES IS NECESSARY.

A22. Identifying the payroll distribution charges of Mr. Powell, inclusive of any such costs charged from affiliates of Superior Wastewater, will permit the reader of the financial information to assess the overall reasonableness of the Company's financial results. Mr. Powell is the owner of Superior Wastewater and, as such, has some measure of control over his personal costs charged to the business, whether such costs are directly charged or charged to the Company through an affiliate company providing services to Superior

1 Wastewater.⁶ This simple reporting requirement will allow the Commission and Consumer
2 Advocate to confirm that Plant in Service and Operating Expenses are not skewed due to
3 unreasonable compensation levels, enhancing the reliability of the Company's reported
4 financial results.

5 **Q23. PLEASE DISCUSS THE THIRD CONDITION REGARDING SUPPORT THAT**
6 **SHOULD BE INCLUDED IN EACH ARM FILING.**

7 **A23.** The Company should provide source documentation from the United States Bureau of
8 Economic Analysis supporting its IPD. My research of the BEA website indicates the IPD
9 has an initial release for a given quarter, and then two subsequent updates are issued,
10 potentially superseding the initial IPD data. By way of an example, on September 23,
11 2023, the BEA revised its second-quarter 2023 GDP-related data, which included
12 significant modifications to the data contained in its first release.⁷ This release was issued
13 nearly three months after the end of the second quarter of 2023. The Company proposes
14 to file its ARM by the end of November, covering the twelve-month period ended
15 September 30. Based upon the timeline for the release of the final second quarter data, the
16 IPD data for the third quarter would not be finalized at the data of the Company's ARM
17 filing. The Company should identify whether the IPD data contained in its filing represents
18 the initial release of GDP data, the BEA's first update, or the BEA's second update.

⁶ Mr. Craig Cox, on behalf of Commission Staff, provided testimony in TPUC Docket No. 22-00087 as follows: "John Powell, the owner of SWC, also wholly owns Premier. Premier provides various services to SWS, such as office administration, in-house bookkeeping, labor, and supervision for checking the plants, changing filters, and other general maintenance, mailing services, and other miscellaneous services. For these general services, Premier allocates charges to the Company with no markup over Premier's cost." *Pre-Filed Direct Testimony of Craig Cox (With Exhibits)*, at 6:3-7, TPUC Docket No. 22-00087 (September 9, 2022).

⁷ Bureau of Economic Analysis, *Gross Domestic Product (Third Estate), Corporate Profits (Revised Estimate), Second Quarter 2023 and Comprehensive Update* (Page last modified on 10/16/23), www.bea.gov/news/2023/gross-domestic-product-third-estimate-corporate-profits-revised-estimate-second-quarter.

1 **Q24. PLEASE DISCUSS THE FOURTH CONDITION REGARDING ADJUSTMENTS**
2 **TO THE IPD FACTOR.**

3 **A24.** The Company proposes to submit its annual filing around November 30, using the
4 September 30 quarterly IPD data. However, my research suggests that only the initial IPD
5 release data will be available at the date the ARM filing is submitted to the Commission.
6 The Company should provide final IPD data for the previous year in the subsequent year's
7 filing. Any revisions to the IPD data used in the prior years' ARM filing should be
8 calculated and applied in the subsequent year's' ARM filing.

9 **Q25. CAN YOU PROVIDE AN EXAMPLE OF HOW THIS CALCULATION MAY BE**
10 **MADE IN THE SUBSEQUENT YEARS' ARM FILING?**

11 **A25.** Yes. Assume the IPD on September 30, 2022, was 100, and the initial IPD release for
12 September 30, 2023, is 108, producing an eight percent (8%) increase in the IPD. The
13 Company would submit the necessary documentation, and presumably, the Commission
14 would adopt an eight percent (8%) rate increase. Further, if on January 31, 2024, the BEA
15 identifies the September 30, 2023, IPD in its third and final release to be 108.2. In this
16 hypothetical example, the corrected IPD ratio would have been 1.082 rather than the
17 applied ratio of 1.08. In this example, the Company would calculate what its revenue
18 would have been if the final IPD ratio of 1.082 had been applied in the previous ARM
19 filing. This under-recovery in nominal dollars would be added to the subsequent ARM
20 calculation and applied to base rates on a pro-rata basis. Any over-recovery would be
21 applied in this same manner.

22 **Q26. NOW, TURN TO YOUR RECOMMENDATION REGARDING THE TERM OF**
23 **THE ARM MECHANISM.**

1 **A26.** The proposed ARM is unique among the ARM’s previously adopted by the Commission.
2 I am recommending a re-evaluation of the reasonableness of the ARM during the fifth such
3 annual filing. At the time of the fifth ARM filing, Superior Wastewater shall submit a re-
4 evaluation proposal, recommending either continuation, modification, or termination. The
5 Commission shall rule on such re-evaluation proposals within that fifth ARM filing. This
6 proposal is identical to the term contained in the Stipulation and Agreement between
7 Tennessee Water Services and the Consumer Advocate Division, dated September 27,
8 2023, ultimately approved by the Commission at its conference on October 6, 2023.

9 **Q27. ADDRESS YOUR NEXT CONDITION REGARDING THE CONDITIONS BY**
10 **WHICH THE COMPANY COULD SEEK TRADITIONAL RATE RELIEF PRIOR**
11 **TO THE EXPIRATION OF THE INITIAL FIVE-YEAR TERM.**

12 **A27.** The primary benefit of this annual ARM mechanism from the customer perspective is the
13 avoidance of regulatory costs that likely would be significant when spread over the
14 Company’s small customer base. I am recommending approval of this proposal,
15 anticipated to increase rates annually, in exchange for the expectation that customers will
16 not incur regulatory costs associated with a more traditional regulatory review. If the
17 Company seeks to terminate the ARM during this five-year period, it should bear the
18 burden of demonstrating it is facing extraordinary circumstances requiring it to terminate
19 the ARM. The Commission should not permit the Company to simply elect which
20 regulatory mechanism produces the greatest revenue stream between the ARM mechanism
21 and a traditional cost-based regulatory calculation during the five-year term of the ARM.

1 **Q28. TURN TO THE SEVENTH CONDITION REGARDING THE ABILITY OF THE**
2 **CONSUMER ADVOCATE TO MAKE RECOMMENDATIONS AS A RESULT OF**
3 **THE RESOLUTION OF TPUC DOCKET NO. 21-00086.**

4 **A28.** The Commission is investigating the Company's use of customer-provided escrow funds
5 in TPUC Docket No. 21-00086. Speculating on the evidence that may be provided by the
6 Commission Staff, as well as any remedies that may be recommended, would not be
7 productive at this time. However, the Consumer Advocate should not be hindered by the
8 adoption of the proposed ARM mechanism in responding to any issues that may arise in
9 TPUC Docket No. 21-00086.

10 **Q29. ADDRESS YOUR EIGHTH CONDITION REGARDING THE IMPLICATIONS**
11 **OF DEFLATION, SHOULD IT OCCUR, ON THE COMPANY'S ARM**
12 **MECHANISM.**

13 **A29.** If the IPD rate should fall, rates should be reduced under the Company's proposed
14 methodology. There is nothing in the Company's filing suggesting that the ARM
15 calculation would be anything other than symmetrical, however, I simply wish to
16 emphasize this point. I recommend the Commission clearly state that in the unlikely event
17 that deflation occurs, resulting in declining IPD data, that rates would be reduced under the
18 mechanism.

19 **Q30. FINALLY ADDRESS YOUR LAST POINT REGARDING THE**
20 **TRANSFERABILITY OF THE ARM MECHANISM IN THE EVENT THE**
21 **COMPANY IS SOLD.**

1 **A30.** The Company's proposal is being evaluated based upon the facts unique to its current
2 situation. The Commission should make clear that adoption of this proposal is appropriate
3 for Superior Wastewater but is not transferable to an acquiring entity.

4 **Q31. DOES THIS COMPLETE YOUR TESTIMONY?**

5 **A31.** Yes, however, I reserve the right to supplement my testimony if new information becomes
6 available.

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AT NASHVILLE, TENNESSEE**

IN RE:

PETITION OF SUPERIOR
WASTEWATER SYSTEMS, LLC TO
ADOPT AN ALTERNATIVE
REGULATORY MECHANISM
PURSUANT TO TENN. CODE ANN. §
65-5-103(d)(7)

DOCKET NO. 23-00069

AFFIDAVIT

I, David N. Dittemore, on behalf of the Consumer Advocate Division 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 Division.

Sworn to and subscribed before me
this 30 day of October, 2023.

Terra Auler
NOTARY PUBLIC



My commission expires: January 31, 2027.

David N. Dittemore
DAVID N. DITTEMORE

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.

Self-Employed; **Consultant July 1 - Current**; Responsible for providing evaluation of utility ratemaking issues on behalf of clients. Prepare analysis and expert witness testimony.

Tennessee Attorney General's Office; **Financial Analyst September, 2017 – June 2021**; 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 (KOS), 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 KOS, formulated strategic legislative options for KOS 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 \$SOK. During my tenure, completed disputes increased by over 100%, rising to \$1 50M 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 on-site 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



Measures prices for final goods and services that are:

Bought by consumers	Bought by businesses & governments	Produced in U.S.	Imported to U.S.	Exported from U.S.
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PCE Price Index

Personal Consumption Expenditures Price Index



- Closely watched by the Federal Reserve
- Similar to the BLS Consumer Price Index; the formulas and uses differ
- Captures consumers' changing behavior and a wide range of expenses

Core PCE Price Index

PCE Price Index, Excluding Food and Energy



- Closely watched by the Federal Reserve
- Excludes two categories prone to volatile prices that may distort overall trends

Gross Domestic Purchases Price Index



- BEA's featured measure of inflation in the U.S. economy overall

GDP Price Index

Gross Domestic Product Price Index



- Measures only U.S.-produced goods and services

GDP Price Deflator

Gross Domestic Product Implicit Price Deflator



- Closely mirrors the GDP price index, although calculated differently
- Used by some firms to adjust payments in contracts