

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

IN RE:)
)
JOINT PETITION OF TENNESSEE-)
AMERICAN WATER COMPANY,)
AMERICAN WATER WORKS)
COMPANY, INC., NEXUS REGULATED)
UTILITIES, LLC, AND TENNESSEE)
WATER SERVICE, INC. FOR)
AUTHORIZATION OF CHANGE OF)
CONTROL, APPROVAL OF THE)
AGREEMENT AND PLAN OF MERGER)
AND FOR THE ISSUANCE OF A)
CERTIFICATE OF CONVENIENCE)
AND NECESSITY)

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DOCKET NO. 25-00040

DIRECT TESTIMONY

OF

DAVID N. DITTEMORE

September 19, 2025

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1 **I. BACKGROUND**

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

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

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

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

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

1 I have been a Board Member of the Financial Research Institute (University of Missouri),
2 a member of the NARUC Subcommittee on Accounting, the Vice-Chair of the Accounting
3 Committee of the National Association of State of Utility Consumer Advocates
4 (“NASUCA”), and an active participant in NASUCAs’ Natural Gas and Water Committees.

5 Overall, I have thirty-five years of experience in public utility regulation and have
6 presented testimony as an expert witness on many occasions. A detailed overview of my
7 background is attached to my testimony as Appendix 1.

8 **Q3. ON WHOSE BEHALF ARE YOU TESTIFYING?**

9 A3. I am testifying on behalf of the Consumer Advocate Division of the Tennessee Attorney
10 General’s Office (the “Consumer Advocate”).

11 **Q4. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

12 A4. The purpose of my testimony is to address the taxable nature of the transaction underlying
13 the Joint Petition of Tennessee American Water Company (“TAWC”), American Water
14 Works Company, Inc. (“AWWC”), Nexus Regulated Utilities, LLC, (“Nexus”) and
15 Tennessee Water Service, Inc. (“TWS”) (together referred to as “Petitioners”), and the
16 resulting implication it has on Rate Base. I will also respond to assertions and assumptions
17 made both in testimony in this proceeding and within responses to discovery requests.

18 **Q5. WHAT DOCUMENTS HAVE YOU REVIEWED IN PREPARATION OF YOUR**
19 **TESTIMONY?**

20 A5. I have reviewed the Petitioners’ Pre-Filed Testimony, the exhibits and workpapers filed
21 with the Petition, as well as the Petitioners’ responses to discovery.

II. EXECUTIVE SUMMARY

Q6. PLEASE PROVIDE AN EXECUTIVE SUMMARY OF YOUR TESTIMONY.

A6. The transaction reflects the sale of assets owned by Nexus.¹ Therefore, the transaction is taxable, and as a result, there are negative implications for ratepayers that must be addressed in this proceeding.² I recommend that the Commission require TAWC to establish a regulatory liability to replicate the balance of Accumulated Deferred Income Taxes (“ADIT”) that will be eliminated as a result of this transaction. The regulatory liability I am supporting would be a component of the TWC rate base and would be amortized over the remaining life of TWS assets. As I will explain later in my testimony, establishing this regulatory liability is necessary to ensure that this transaction does not negatively impact ratepayers.

I am recommending a one-year rate moratorium for TWS customers to ensure they receive at least a short-term cost benefit from this transaction. The moratorium I am recommending would ensure TWS rates would not increase any earlier than October 1, 2027, one year beyond the time such rates could have increased under the former TWS ARM mechanism.

I will correct certain statements made by TAWC witness Grady Stout and respond to specific claims made by TAWC in discovery responses.

Finally, the Commission should reject TAWC’s request to increase the TWS depreciation rates to match those of TAWC.

¹ TWS Response to Consumer Advocate DR No. 1-1(a) – (b).

² *Id.*

1 **III. ADIT**

2 **Q7. WHAT IS ADIT?**

3 A7. ADIT is the cumulative amount of income taxes that have been charged to expense on the
4 books of a Company, but whose eventual payment is uncertain.³

5 **Q8. HOW IS ADIT INCORPORATED INTO THE CALCULATION OF UTILITY**
6 **REVENUE REQUIREMENTS?**

7 A8. The balance of ADIT is recognized as a reduction in Rate Base within the revenue
8 requirement calculation.

9 **Q9. DOES THE BALANCE OF ADIT REPRESENT COST-FREE CAPITAL?**

10 A9. Yes. As such, it reflects that portion of Rate Base that utility shareholders do not finance.

11 **Q10. IS THE PROPOSED TRANSACTION A TAXABLE EVENT?**

12 A10. Yes, it is. TWS's parent, Nexus, will generate a significant taxable event because of
13 monetizing its respective government-issued franchises in the states in which it operates.
14 The deferred taxes provided by TWS customers for the utility's operation will then become
15 due and payable, not because of the utility's operating results, but rather because Nexus
16 has decided it no longer wishes to be a monopoly provider of essential services within its
17 current service territory. Nexus's decision should not financially burden TWS customers.

18 **Q11. WILL THE EXISTING ADIT BALANCE OF TWS BE TRANSFERRED TO THE**
19 **BOOKS OF TAWC?**

³ Regulated utilities grow earnings through the growth in Rate Base, thus there is a strong incentive to continue to make ever-increasing levels of capital investment each year.

1 A11. No. The existing TWS balance of ADIT will not be transferred to TAWC's books on the
2 date the transaction closes.⁴

3 **Q12. WHAT WILL BE THE IMPACT ON RATE BASE AS A RESULT OF THE**
4 **TRANSACTION UNLESS THE COMMISSION ADDRESSES THIS ISSUE?**

5 A12. The TWS balance of ADIT as of December 31, 2024, was \$126,961.⁵ I would expect this
6 balance to grow by the time this transaction closes.

7 The elimination of the TWS ADIT balance will increase the TAWC Rate Base. The precise
8 amount will not be known until TWS closes its 2025 accounting records. Therefore, the
9 ADIT balance is likely to exceed the 2024 amount of \$126,961.

10 **Q13. DO YOU BELIEVE THE TRANSACTION AS PROPOSED IS IN THE PUBLIC**
11 **INTEREST?**

12 A13. No, I do not. The increase in Rate Base resulting from this transaction will increase rates
13 of TWS customers and is not in the public interest. The interests of TWS customers should
14 not be secondary to Nexus' corporate objectives. In situations such as this, where there are
15 obvious negative cost implications for TWS customers, regulators must step in to ensure
16 that customer interests are protected.

17 **Q14. IS THE ADIT BALANCE MATERIAL TO TWS CUSTOMERS?**

18 **A14.** Yes. The 2024 rate base reduction of \$126,691⁶ is significant, given that TWS serves 464
19 customers.⁷ This amount translates to a rate base reduction of \$253 per customer. TWS

⁴ TWS Response to Consumer Advocate DR No. 1-1(b).

⁵ Petition, *In re: Tennessee Water Service, Inc. Petition for Approval of its 2025 Annual Rate Review Filing Pursuant to Tenn. Code Ann. § 65-5-103(d)(6)*, File <TWS Arm Filing Template 2025>; Tab "Rate Base", Line 7, Column C, TPUC Docket No. 25-00031 (April 25, 2025).

⁶ *Id.*

⁷ TWS Response to Consumer Advocate DR No. 1-8.

estimates its ADIT liability at the time of the sale to be \$176,492, equating to \$353 per customer.⁸

Q15. HAS THE JOINT APPLICANT’S RESPONDED TO YOUR CONCERN IN DISCOVERY IN THIS PROCEEDING?

A15. Yes. TAWC states that since there will be no rate change associated with the transaction, TWS customers will continue to benefit from the legacy ADIT balance in effect.⁹ TAWC also argues that the new tax basis will increase with the transaction and estimates that its ADIT balance is estimated to surpass TWS’s current ADIT balance.¹⁰ Accordingly, the Commission need not take any action.¹¹

Q16. HOW DO YOU RESPOND TO THESE CLAIMS?

A16. Before responding to TAWC’s claims, it is important to provide more of TAWC’s explanation:

The tax basis for the acquired TWS assets will increase after the closing of this transaction. The new tax basis will be depreciated over 15 years for tax purposes. The ADIT balance on TAWC’s books, related to the acquired assets, will be reset when the transaction closes but is estimated to surpass TWS’s current ADIT balance. Hence, Commission action is not required.

The write-up of the asset values aspect of their response is correct; however, the reference to a fifteen-year amortization period relates to the portion of the purchase related to goodwill.¹²

First, for their ADIT claim to play out as TAWC has suggested, it would require the regulatory recognition of ADIT associated with goodwill to be included as a rate base

⁸ TWS Response to Consumer Advocate DR No. 2-2.

⁹ TAWC Response to Consumer Advocate DR No. 2-2.

¹⁰ *Id.*

¹¹ *Id.*

¹² 26 U.S. Code § 197, “Amortization of Goodwill and Certain Other Intangibles” (2023).

1 offset. Thus, for TAWC's claim here to be accurate, the Commission would be required,
2 on one hand, to reject recognition of the Acquisition Premium in rate base but recognize
3 the ADIT balance associated with that same premium as a reduction to rate base. I suspect
4 in future proceedings TAWC would recognize this as an inconsistent measurement of rate
5 base and oppose the implied regulatory treatment that it is now apparently supporting.
6 Further, I'm not sure that the mismatch in the determination of rate base implied in this
7 response would be consistent with IRS normalization requirements. TAWC fails to address
8 any of these points in its response to the Consumer Advocate's request.

9 Secondly, putting aside these problematic issues, it would take quite some time for the
10 future TAWC ADIT associated with the TWS system to surpass TWS' current ADIT
11 balance. I expect TWS' ADIT balance to grow significantly in the future absent this
12 transaction. It is a false equivalent for TAWC to imply that the estimates of its ADIT
13 surpassing the existing TWS' ADIT balance at some point in the future, as evidence of no
14 harm to ratepayers.

15 **Q17. WHAT IS YOUR RECOMMENDATION IN THIS REGARD TO ENSURE**
16 **RATEPAYERS ARE PROTECTED FROM THE ELIMINATION OF TWS ADIT IN**
17 **THIS PROCEEDING?**

18 A17. The Commission should require that TAWC establish a regulatory liability equal to the
19 December 31, 2025, ADIT balance of TWS. This regulatory liability is necessary to
20 replicate the benefits the eliminated ADIT balance would have provided to TWS customers
21 had this acquisition transaction not occurred.

1 **Q18. HOW WOULD THIS LIABILITY BE AMORTIZED FOR RATEMAKING**
2 **PURPOSES?**

3 A18. The regulatory liability should be amortized over a period of 48 years based upon the
4 remaining book lives of TWS assets as of December 31, 2024. The remaining book lives
5 are determined by dividing the net book value of TWS assets as of December 31, 2024, by
6 the annual depreciation expense on those same assets. Using data from its 2024 ARM
7 filing¹³ produces the following calculation:

8	Gross Plant in Service (Historic Period as Adjusted):	\$3,293,979
9	Less: Accumulated Depreciation:	<u>(\$471,574)</u>
10	Net Plant in Service:	\$2,822,405
11	Divided By: Depreciation Expense:	<u>\$58,770</u>
12	Remaining Book Lives of TWS Assets:	48 years

13 **Q19. WOULD A COMMISSION DECISION REQUIRING TAWC TO ESTABLISH A**
14 **REGULATORY ASSET BE CONSISTENT WITH GENERALLY ACCEPTED**
15 **ACCOUNTING PRINCIPLES (“GAAP”)?**

16 A19. Yes. Accounting Standards Codification (“ASC”) 980 (Formerly and initially Financial
17 Accounting Standards Board No. 71), permits a utility to depart from GAAP when a
18 regulator requires a different accounting treatment if the following three criteria are met:

- 19 a. An independent regulator establishes rates;
20 b. Rates are designed to recover the utility costs; and
21 c. It can be reasonably assumed that rates can be collected from
22 customers.

¹³ *In re: Tennessee Water Service, Inc. Petition for Approval of its 2025 Annual Rate Review Filing Pursuant to Tenn. Code Ann. 65-5-103(d)(6), TPUC Docket No. 25-00031 (May 30, 2025).*

1 These three conditions are met with a Commission order requiring the establishment of a
2 regulatory liability to replicate the ADIT balance written off because of the proposed
3 transaction.

4 **Q20. DOES THE COMMISSION ROUTINELY ADOPT PROVISIONS IN ORDERS**
5 **THAT DEVIATE FROM GAAP ABSENT ASC 980?**

6 A20. Yes. An example of this can be found in the Atmos tariff, which acknowledges the ability
7 to defer Interest Expense, Depreciation Expense, and Ad Valorem Expense.¹⁴ Under
8 traditional GAAP, these items are not deferred and are instead recorded as an Expense.
9 Other examples include a utility's ability to defer over- or under-recovered purchased gas
10 costs, as permitted by Commission orders.

11 **IV. RATE MORATORIUM RECOMMENDATION**

12 **Q21. DID THE JOINT APPLICANT'S PRESENT ANY EVIDENCE AS TO THE**
13 **IMPACT OF THE TRANSACTION ON FUTURE OPERATING COSTS OF THE**
14 **TWS SYSTEM?**

15 A21. No. TAWC has indicated it plans to operate the system in a similar manner as TWS has,
16 using an outside contractor. However, that is but one aspect of the overall operating costs
17 of the system. TAWC has avoided any discussion of this essential topic is telling. The
18 Joint Applicants have assumed the Commission will approve the transaction without the
19 need to consider the implication of the transaction on customer bills. The implication of
20 an acquisition transaction such as this on customer bills is a key component in the overall
21 assessment of whether a transaction is in the public interest. The absence of any analysis

¹⁴ *Order Approving Stipulation and Settlement Agreement*, Exhibit 1, Attachment, Atmos Tariff 1st Revised Sheet No. 34.5, TPUC Docket No. 18-00112 (December 16, 2019).

1 of overall operating costs of the TWS system resulting from the transaction means that
2 TAWC has not in fact demonstrated that the transaction is in the public interest as they have
3 not addressed a critical component of the public interest test.

4 **Q22. ARE THE IMPOSITION OF BASE RATE MORATORIUMS COMMONLY USED**
5 **BY STATE REGULATORY AGENCIES TO ENSURE CUSTOMERS BENEFIT**
6 **FROM ACQUISITION TRANSACTIONS?**

7 A22. Yes. The Missouri Public Service Commission adopted a two-year base rate moratorium
8 provision within a Stipulation and Agreement involving the acquisition of Missouri Gas
9 Energy by the Laclede Gas Company, the predecessor Company to Spire.¹⁵ The Kansas
10 Corporation Commission adopted a two-year base rate moratorium provision within a
11 Stipulation and Agreement in response to a request by ONEOK to reorganize and spin off
12 its natural gas distribution business.¹⁶ In my experience rate moratoriums are a common
13 feature of acquisition transactions adopted by state regulatory commissions.

14 **Q23. WHY DO YOU BELIEVE STATE REGULATORY COMMISSIONS ADOPT RATE**
15 **MORATORIUMS?**

16 A23. In many transactions, including this one, the cost implications from the transaction on
17 customers are uncertain; thus, there is a risk that costs incurred by utility customers after
18 an acquisition may increase. The present application does not contain an analysis of the
19 cost implications of the transaction on customers. The imposition of a rate moratorium
20 will ensure that some measure of customer cost benefits will accrue to TWS customers

¹⁵ *Order Approving Unanimous Stipulation and Agreement*, at 2, MPSC Case No. GM-2023-0254 (July 17, 2013) (accessible at <https://efis.psc.mo.gov/Case/FilingDisplay/133087>).

¹⁶ *Order Approving Unanimous Settlement Agreement*, at 9, ¶ 19, KCC Case No. 14-KGSG-100-MIS (December 19, 2013) (accessible at <https://estar.kcc.ks.gov/estar/ViewFile.aspx/20131219153139.pdf?Id=513a70e9-cea3-46a4-9310-117ffbee12d4>).

1 from this transaction. The owner of the TWS system has decided to monetize its
2 government-authorized franchise agreements in various states and has undoubtedly made
3 its decision based on the entity willing to pay the highest price. Customers do not have a
4 seat at the table during these negotiations. After the financial aspects of acquisitions are
5 determined between the seller and prospective acquirer, narratives are then developed for
6 regulatory presentations to explain why the transaction meets the public interest test. It is
7 only through regulatory proceedings, such as this one, that customer interests are
8 considered in a meaningful way.

9 **Q24. WHAT IS THE RATE MORATORIUM TERM YOU ARE PROPOSING?**

10 A24. I am proposing a one-year base rate moratorium. The ARM mechanism of TWS would
11 otherwise allow a potential rate increase to take effect in October 2026. Thus, the
12 moratorium I am proposing would permit a base rate increase to be effective beginning
13 October 1, 2027, a one-year extension from the existing base rate increase cycle permitted
14 under the TWS ARM.

15 **Q25. IS A ONE-YEAR MORATORIUM STANDARD AS MORATORIUMS GO?**

16 A25. No. Most base rate moratoriums are for periods of two – three years, thus my one-year
17 moratorium is very conservative. I’ve supported a one-year moratorium, recognizing that
18 TWS is currently in a revenue-deficiency position and that is likely to be the case
19 throughout the moratorium period.

1 **V. TAWC TESTIMONY AND DISCOVERY RESPONSES**

2 **Q26. DO YOU WISH TO RESPOND TO CERTAIN STATEMENTS MADE IN THE**
3 **JOINT APPLICANTS' TESTIMONY AND WITHIN DISCOVERY RESPONSES?**

4 A26. Yes.

5 **Q27. PLEASE CONTINUE BY FIRST ADDRESSING CONCERNS WITH**
6 **STATEMENTS MADE IN TAWC SWORN TESTIMONY.**

7 A27. TAWC claims it will be adopting the rate base of TWS.¹⁷ This is simply not correct, and
8 the Commission needs to understand that TWS customers will experience an increase in
9 rate base under the transaction as proposed by the Joint Applicants. The next related
10 misstatement is that TAWC is not asking for a change to the rate base in this proceeding.¹⁸
11 The next misstatement within testimony is the statement that “going forward, customers’
12 rates will be based on the current regulated rate base of TWS.”¹⁹

13 I agree with the expressed sentiment that rate base should not change because of this
14 transaction. Ironically, for this to occur, the Commission must accept the recommendation
15 I am supporting, which requires the establishment of a regulatory liability on the books of
16 TAWC to replace the elimination of the TWS ADIT. The Commission should hold TAWC
17 to its word that it does not intend to increase its rate base because of this transaction.

18 **Q28. DO YOU HAVE ANY COMMENTS ON RESPONSES PROVIDED BY TAWC IN**
19 **DISCOVERY?**

¹⁷ *Direct Testimony of Grady Stout* at 5:16-18. This statement is contradicted by TWS Response to Consumer Advocate DR No. 1-1(b).

¹⁸ *Direct Testimony of Grady Stout* at 9:9-12.

¹⁹ *Id.* at 10:1-2.

1 A28. Yes. TAWC states that statewide common costs will not be allocated to individual profit
2 centers or rate areas.²⁰ “Rather, consistent with TAWC’s most recent rate case, TPUC
3 Docket No. 24-00032, the net revenue deficiency is recovered from the customers of each
4 rate area based upon an equal percentage increase in base rates.”²¹ This response makes a
5 couple of assumptions that must be addressed. First, it assumes that despite any differences
6 in the characteristics of the acquired TWS system from the remaining portions of the
7 TAWC system, its rates will increase in the future proportionately from those of TAWC.
8 The Commission should not make any determination in this proceeding that in any way
9 limits its authority to proscribe a different rate design than what is presumed by TAWC in
10 this response. The Commission should consider the impacts of the acquisition on TWS
11 customers, assuming its rates shall be self-contained and not merged into the rates of
12 TAWC.

13 VI. DEPRECIATION REQUEST

14 **Q29. WHAT IS TAWC REQUESTING REGARDING THE DEPRECIATION RATES** 15 **APPLICATION TO THE NEWLY ACQUIRED TWS SYSTEM?**

16 A29. TAWC is requesting that it be permitted to adopt its depreciation rates and Contribution in
17 Aid of Construction Amortization rates for the TWS system.²²

18 **Q30. HAVE YOU ANALYZED THE IMPACT THIS REQUEST WOULD HAVE ON THE** 19 **TWS REVENUE REQUIREMENT IN THE SHORT RUN?**

²⁰ TAWC Response to Consumer Advocate DR No. 1-4(a).

²¹ *Id.*

²² *Direct Testimony of Grady Stout* at 11:7-11.

A30. Yes. As calculated in the table below, TWS' revenue requirements are expected to increase by over \$21,000 annually, resulting in an increase in customer bills of over \$42 per year. Therefore, TAWC's seemingly innocuous request should be rejected.

Calculation of Depreciation Rate Proposal			
		TWS	TAWC
Depreciation Expense	\$	58,770	\$ 12,555,403
Gross Utility Plant in Service	\$	3,293,979	\$517,834,869
Composite Depreciation Rate		1.78%	2.42%
Annual Increase in TWS Depreciation to Match TAWC 2.42% Depreciation Rate	\$	21,096	
Divided By: TWS Customers		464	1/
Short-Term Bill Impact per TWS Customer	\$	45.46	
Sources;		ARM Filing Template; Docket 25-00031	TPUC 2024 Annual Report
	1/	TWS Response to CA Request 1-8	

Q31. WHY DO YOU BELIEVE THE COMMISSION SHOULD REJECT THE TAWC REQUEST TO INCREASE TWS DEPRECIATION RATES?

A31. First, TAWC offers no evidence to support the need to mirror depreciation rates between TAWC and TWS. Second, the two systems are vastly different. The TAWC systems is primarily an urban system with multiple categories of customers,²³ and the system contains

²³ *Petition*, p. 3. More specifically, TAWC is described as: Provid[ing] residential, commercial, industrial, and municipal water service, including public and private fire protection service, to the City of Chattanooga, Tennessee and surrounding areas, including certain areas in Georgia. Further, Tennessee-American currently provides water services to Powell's Crossroads and Suck Creek in Marion County, the City of Whitwell, and Jasper Highlands. TAWC provides water service to approximately 88,000 customers. *Id.*

1 a significant amount of very old pipe.²⁴ Conversely, the TWS system is somewhat self-
2 contained, serving a customer base residing in the mountains of East Tennessee.²⁵ The
3 TWS system underwent a major rebuild in recent years, following a tragic wildfire that
4 destroyed much of the system and the residential structures it served.²⁶

5 In summary, the Commission should not adopt this request that lacks any supporting
6 evidence and that will have a material impact on customer rates.

7 **Q32. DOES THIS CONCLUDE YOUR TESTIMONY?**

8 **A32.** Yes. However, I reserve the right to update my testimony should new information
9 become available.

²⁴ *Direct Testimony of Grady Stout* at 12:1-2, TPUC Docket No. 24-00011. In this passage Mr. Stout indicates that a substantial portion of the TAWC distribution infrastructure is between 50 and 100 years old and is nearing the end of its service life.

²⁵ *Petition*, p. 2. More specifically, TWS is described as:
a water system North of Gatlinburg in Sevier County, Tennessee that services the Chalet Village North and approximately 440 water connections. TWS delivers safe and reliable water service to its customers through the pumping and treatment of ground water via two (2) public water supply wells, as well as via an interconnect with the municipal system of the City of Gatlinburg. The system is made up of 2 wells, 60 hydrants, 2 water treatment plants, 2 storage tanks, 2 pump stations, and 14 miles of main. . . . Forty-six percent (46%) of the System's water was purchased from the City of Gatlinburg's Water Department in 2024. *Id.*

²⁶ *Petition for Emergency Interim Rate Relief*, TRA Docket No. 17-00108 (September 9, 2017) and *Petition, In re: Application of Tennessee Water Service, Inc. for Adjustment of Rate and Charges, Approval of a Qualified Infrastructure Investment Program, and Modification to Certain Terms and Conditions for the Provision of Water Service*, TPUC Docket No. 19-00028 (February 28, 2019).

IN THE TENNESSEE PUBLIC UTILITY COMMISSION
AT NASHVILLE, TENNESSEE

IN RE:)
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JOINT PETITION OF TENNESSEE-)
AMERICAN WATER COMPANY,)
AMERICAN WATER WORKS)
COMPANY, INC., NEXUS REGULATED)
UTILITIES, LLC, AND TENNESSEE)
WATER SERVICE, INC. FOR)
AUTHORIZATION OF CHANGE OF)
CONTROL, APPROVAL OF THE)
AGREEMENT AND PLAN OF)
MERGER AND FOR THE ISSUANCE)
OF A CERTIFICATE OF)
CONVENIENCE AND NECESSITY)

DOCKET NO. 25-00040

AFFIDAVIT

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


DAVID N. DITTMORE

Sworn to and subscribed before me

This 18th day of September, 2025


NOTARY PUBLIC



My Commission Expires:

1/31/2027.

David Dittimore

Exhibit DND-1

Utility Regulatory Experience (Listing of Testimony provided from 2015 – current is attached)

Principal – Blue River Consulting – July 2021 – Current

Provide expert witness testimony on behalf of clients in the areas of utility revenue requirement, regulatory policy, tariff provisions, and civil litigation.

Tennessee Attorney General's Office; Financial Analyst 2017 – July 2021

Developed recommendations on behalf of the TN AG's office representing retail customers in matters before the Tennessee Public Utility Commission. Responsible for preparing expert witness testimony and pre-filed exhibit as well as responding to cross-examination questions in contested technical hearings before the Commission. In this position I also spend a significant amount of time explaining technical regulatory issues to attorneys and other AG Staff.

Kansas Gas Service, Division of One Gas (OGS); 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 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.

Principal Strategic Regulatory Solutions; 2003 -2007

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

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 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 utility 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.

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

Exhibit DND-1

Chief of Accounting 1990 - 1995; Responsible for the supervision of employees within the accounting section; areas of responsibility included providing expert witness testimony; 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.

Education

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

Other

- Board Member – Financial Research Institute 2007 – 2017
- Vice Chair – NASUCA Accounting Committee, active member NASUCA Natural Gas and Water Committees

Jurisdiction - Docket/Case Number		Employee - E Consultant - C	Client/Employer	Utility
Tennessee				
1	17-00014 Integra Water CCN	E	Tennessee Attorney General	Integra Water Utility
2	17-00108 Tennessee Water Service Emergency Rate Relief	E	Tennessee Attorney General	Tennessee Water Service
3	17-00138 Piedmont Natural Gas Integrity Management Rider	E	Tennessee Attorney General	Piedmont Natural Gas
4	17-00124 Tennessee American Water Company Capital Rider	E	Tennessee Attorney General	Tennessee American Water
5	17-00143 Kingsport Power Company Capital Rider Mechanism	E	Tennessee Attorney General	Kingsport Power Company
6	18-00022 Tennessee American Water Company Capital Rider	E	Tennessee Attorney General	Tennessee American Water
7	18-00067 Atmos Energy Corporation Annual Review Mechanism	E	Tennessee Attorney General	Atmos Energy Company
8	18-00097 Atmos Energy Corporation Annual Review Mechanism	E	Tennessee Attorney General	Atmos Energy Company
9	18-00017 Chattanooga Natural Gas Company Base Rate Case	E	Tennessee Attorney General	Chattanooga Gas Company
10	18-00034 Atmos Energy Corporation - Tax Cuts and Jobs Act	E	Tennessee Attorney General	Atmos Energy Company
11	18-00038 Kingsport Power Company Tax Cuts and Jobs Act	E	Tennessee Attorney General	Kingsport Power Company
12	18-00039 Tennessee American Water Tax Cuts and Jobs Act	E	Tennessee Attorney General	Tennessee American Water
13	18-00040 Piedmont Natural Gas - Tax Cuts and Jobs Act	E	Tennessee Attorney General	Piedmont Natural Gas
14	19-00007 Piedmont Natural Gas Integrity Management Rider	E	Tennessee Attorney General	Piedmont Natural Gas
15	19-00018 Atmos Energy Company - Annual Review Mechanism	E	Tennessee Attorney General	Atmos Energy Company
16	19-00031 Tennessee American Water Capital Rider Reconciliation	E	Tennessee Attorney General	Tennessee American Water
17	19-00057 Navitas Natural Gas Company LLC	E	Tennessee Attorney General	Navitas Natural Gas Company
18	19-00062 Aqua/Limestone Acquisition	E	Tennessee Attorney General	Aqua Utility/Limestone Water Operating Company
19	19-00071 Sontara Old Hickory CCN	E	Tennessee Attorney General	Sontara Old Hickory
20	19-00097 Cartwright Creek Capital Surcharge	E	Tennessee Attorney General	Cartwright Creek LLC
21	19-00105 Tennessee American Water Capital Rider Reconciliation	E	Tennessee Attorney General	Tennessee American Water Company
22	19-00106 Kingsport Power Company Capital Rider Mechanism	E	Tennessee Attorney General	Tennessee American Water Company
23	20-00128 Tennessee American Water Capital Rider Reconciliation	E	Tennessee Attorney General	Tennessee American Water Company
24	20-00049 Chattanooga Gas Company - Annual Review Mechanism	E	Tennessee Attorney General	Chattanooga Gas Company
25	20-00086 Piedmont Natural Gas Base Rate Case	E	Tennessee Attorney General	Chattanooga Gas Company
26	20-00126 Tennessee American Water Regulatory Asset	C	Tennessee Attorney General	Tennessee American Water
27	20-00139 CGC Performance Based Ratemaking	C	Tennessee Attorney General	Chattanooga Gas Company
28	21-00135 Piedmont Annual Review Mechanism	C	Tennessee Attorney General	Piedmont Natural Gas
29	21-00107 Kingsport Base Rate Case	C	Tennessee Attorney General	Kingsport Power Company
30	21-00048 CGC Annual Review Mechanism	C	Tennessee Attorney General	Chattanooga Gas Company
31	21-00053 Limestone and Cartwright Creek Acquisition	C	Tennessee Attorney General	Central States Water Company
32	21-00107 Kingsport Base Rate Case	C	Tennessee Attorney General	Kingsport Power Company
33	22-00004 CGC Tariff Amendments	C	Tennessee Attorney General	Chattanooga Gas Company
34	22-00072 Tennessee American Water Capital Rider Reconciliation	C	Tennessee Attorney General	Tennessee American Water
35	22-00087 Superior Base Rate Case	C	Tennessee Attorney General	Superior Wastewater Company
36	22-00010 Atmos Annual Review Mechanism	C	Tennessee Attorney General	Atmos Energy Company
37	22-00021 Tennessee American Water Capital Rider Reconciliation	C	Tennessee Attorney General	Tennessee American Water
38	23-00018 Tennessee American Water Capital Rider Reconciliation	C	Tennessee Attorney General	Tennessee American Water
39	23-00035 Piedmont Annual Review Mechanism	C	Tennessee Attorney General	Piedmont Natural Gas
40	24-00011 Tennessee American Water Capital Rider Reconciliation	C	Tennessee Attorney General	Tennessee American Water
41	24-00032 Tennessee American Water Base Rate Case	C	Tennessee Attorney General	Tennessee American Water
42	24-00036 Piedmont Annual Review Mechanism	C	Tennessee Attorney General	Piedmont Natural Gas
43	25-00016 Tennessee American Water Company - Capital Rider	C	Tennessee Attorney General	Tennessee American Water Company
Iowa				
44	24-0002 Iowa American Water Company - Base Rate Case	C	Iowa Office of Consumer Advocate	Iowa American Water Company
Kansas				
45	23-FRPG-461-RTS-CON - Contract/Base Rate Approval	C	Freedom Pipeline	Freedom Pipeline
46	16-KGSG-491-RTS KGS Base Rate Case	E	Kansas Gas Service	Kansas Gas Service, a Division of ONE Gas
47	23-KGSG-719-TAR Kansas Gas Service Tariff Proposal	C	Kansas Corporation Commission Staff	Kansas Gas Service, a Division of ONE Gas
48	14-ANGG-119-COM Contract Litigation	C	Freedom Pipeline	Freedom Pipeline/Anadarko Petroleum
Kentucky				
49	22-000432 Bluegrass Water	C	Kentucky Attorney General	Central States Water Company
50	2021-00183 Columbia Natural Gas Base Rate Case	C	Kentucky Attorney General	Columbia Natural Gas Company
51	2024-00346 Delta Natural Gas Base Rate Case	C	Kentucky Attorney General	Delta Natural Gas Company
MASSACHUSETTS				
52	25-49 Unilt Acquisition of Aquarion Water Company- Massachusetts	C	Massachusetts Attorney General	Acquarion Water Company
Ohio				
53	23-549-EL-RDR Duke Energy Distribution Capital Rider	C	Ohio Consumer's Counsel	Duke Energy
54	23-895-GA-ALT Dominion Energy Ohio - Alternative Regulatory Plan	C	Ohio Consumer's Counsel	Dominion Energy Ohio