BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION )
OF TIDEWATER UTILITIES, INC. FOR A ) PSC DOCKET NO. 13-466
GENERAL RATE INCREASE IN WATER )
BASE RATES AND TARIFF REVISIONS )
(FILED NOVEMBER 25, 2013) )

DIRECT TESTIMONY OF
LISA B. DRIGGINS
ON BEHALF OF THE STAFF OF THE
DELWARE PUBLIC SERVICE COMMISSION

MAY 20, 2014
Q. Please state your name and business address.

A. My name is Lisa Driggins, and my business address is 861 Silver Lake Boulevard, Cannon Building, Suite 100, Dover, Delaware 19904.

Q. By whom are you employed and in what capacity?

A. I am employed by the Delaware Public Service Commission (the “Commission”) as a Public Utility Analyst.

Q. How long have you been employed by the Delaware Public Service Commission?

A. I have been employed since January of 2013.

Q. What is your educational background?

A. I received a Bachelor of Science Degree in Business Management and a Masters of Business Administration from Wesley College. Since my employment at the PSC, I completed the NARUC Eastern Utility Rate School.

Q. Briefly describe your duties and responsibilities with the Commission.

A. My duties include the review of filings by regulated utilities that propose changes in their rates and charges; assisting senior staff with executing the annual compliance and financial review for wastewater utilities; planning and participating in the audit of small regulated companies; assisting senior staff with the preparation of schedules and documents; and participating in the review of source documents at utility offices. Such documents include general ledger transactions and invoices to assess whether the expense claims are appropriate for ratemaking purposes. I also review and make recommendations to the Commission to grant Certificates of Public Convenience and Necessity for water and wastewater utilities.
Q. For whom are you testifying in the proceeding?
A. I am testifying on behalf of the Commission Staff.

Q: Can you describe for us a summary of this case based on Tidewater’s requests?
A: On November 25, 2013, Tidewater Utilities, Inc. (“Tidewater” or the “Company”) filed an application (the “Application”) with the Public Service Commission for approval of: (a) a general rate increase in its water base rates; and (b) miscellaneous tariff revisions. The total revenue increase requested by Tidewater in this matter is approximately $3,903,338 (14.42%). Tidewater asserts that this increase is necessary due to increasing operating expenses and significant capital investment in utility plant.

Q: Please describe the nature of Staff’s review.
A: Staff reviewed the Application to ensure its compliance with the Minimum Filing Requirements as recorded in 26 Del. C. §1002. Staff performed an analysis and evaluation of the general ledger transactions, vendor files and invoices to assess whether the expenses claimed are appropriate to be included in Tidewater’s proposed rates. In addition, Staff participated in a plant tour of Tidewater Utilities, Inc. water treatment facility.

Q. What is the purpose of your testimony in this proceeding?
A. The purpose of my testimony is to present Staff’s recommended adjustments to certain expenses claimed by Tidewater Utilities, Inc for ratemaking purposes. The expenses I was assigned to review were Chemicals, Treatment and Lab, Tank Painting and outside services. I reviewed certain invoices to determine if they are appropriate for inclusion in Tidewater’s revenue requirement and if those amounts should be charged to ratepayers.

Q: Please explain the basis for the proposed adjustment(s) and/or recommendations?
A: After reviewing the Application and data responses, the following are my proposed adjustment(s) and/or recommendations:

**Tank Painting**

Staff adjusted this account to remove $28,309 (See Statement of Operations Schedule) for tank painting expense associated with the water tank located in Bethany Bay. In the Data request DPA-45 the Tidewater response states that the amortization for this expense ends October 2014. Since this amortization will be completed by the time final rates will be placed in effect, this expense should not be included in rates. See attached Data Request DPA-45 and Schedule 3B-5.

**Outside Services**

Based on my review, Staff did not have any material findings and has not proposed any adjustments.

**Chemicals/Treatment and lab**

Staff took into consideration the plant that Staff witness Kevin Neilson has removed from rate base and believes those items will not have a material effect on these expenses. In addition, the Company is proposing reductions in these test period expenses from the test year due to a decline in pumpage. Therefore, Staff is not proposing an adjustment to these expenses.

Q: Does this conclude your testimony?

A: Yes.
Application of Tidewater Utilities Inc.  
For a General Rate Increase  
PSC Docket No. 13-466  

Division of the Public Advocate’s First Set of Data Requests  
Directed to Tidewater Utilities, Inc. (“TUI of the “Company”)  
March 14, 2014  

DPA-45 For each of the items shown on Schedule 3B-5, indicate when the amortization will cease:  

Response:  

<table>
<thead>
<tr>
<th>Line No.</th>
<th>Description of Expense</th>
<th>Amortization Ends</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Bethany Bay (PSC Docket 04-152)</td>
<td>October-14</td>
</tr>
<tr>
<td>2</td>
<td>Dickerson Farms (PSC Docket #06-145)</td>
<td>March-16</td>
</tr>
<tr>
<td>3</td>
<td>Nautical Cove (PSC Docket #06-145)</td>
<td>November-17</td>
</tr>
<tr>
<td>4</td>
<td>DE Business Park Kent Cty (PSC Docket #09-29)</td>
<td>September-19</td>
</tr>
<tr>
<td>5</td>
<td>RTE.1 Rehoboth District (Home Depot Tank) (PSC Docket #11-397)</td>
<td>June-22</td>
</tr>
<tr>
<td>Line No.</td>
<td>Description of Expense</td>
<td>Actual 2012</td>
</tr>
<tr>
<td>---------</td>
<td>----------------------------------------------------------------------------------------</td>
<td>-------------</td>
</tr>
<tr>
<td>1</td>
<td>Tank Painting - Bethany Bay (PSC Docket 04-152)</td>
<td>$28,309</td>
</tr>
<tr>
<td>2</td>
<td>Tank Painting - Dickerson Farms (PSC Docket #06-145)</td>
<td>1,125</td>
</tr>
<tr>
<td>3</td>
<td>Tank Painting - Nautical Cove (PSC Docket #06-145)</td>
<td>1,730</td>
</tr>
<tr>
<td>4</td>
<td>Tank Painting - DE Business Park Kent Cty (PSC Docket #09-29)</td>
<td>1,059</td>
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<tr>
<td>5</td>
<td>Tank Painting - RTE.1 Rehoboth District (Home Depot Tank) (PSC Docket #11-397)</td>
<td>22,324</td>
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</tbody>
</table>

**Total**                                                                                     $54,547     | $    | $76,871   | $    | $76,871     |