

**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
DELAWARE PUBLIC SERVICE COMMISSION**

MAY 20, 2014

1 **Q. Please state your name and business address.**

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

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

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

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

8 A. I have been employed since January of 2013.

9 **Q. What is your educational background?**

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

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

14 A. My duties include the review of filings by regulated utilities that propose changes in
15 their rates and charges; assisting senior staff with executing the annual compliance
16 and financial review for wastewater utilities; planning and participating in the audit of
17 small regulated companies; assisting senior staff with the preparation of schedules
18 and documents; and participating in the review of source documents at utility offices.
19 Such documents include general ledger transactions and invoices to assess whether
20 the expense claims are appropriate for ratemaking purposes. I also review and make
21 recommendations to the Commission to grant Certificates of Public Convenience and
22 Necessity for water and wastewater utilities.

1 **Q. For whom are you testifying in the proceeding?**

2 A. I am testifying on behalf of the Commission Staff.

3

4 **Q: Can you describe for us a summary of this case based on Tidewater's requests?**

5 A: On November 25, 2013, Tidewater Utilities, Inc. ("Tidewater" or the "Company")
6 filed an application (the "Application") with the Public Service Commission for
7 approval of: (a) a general rate increase in its water base rates; and (b) miscellaneous
8 tariff revisions. The total revenue increase requested by Tidewater in this matter is
9 approximately \$3,903,338 (14.42%). Tidewater asserts that this increase is necessary
10 due to increasing operating expenses and significant capital investment in utility
11 plant.

12

13 **Q: Please describe the nature of Staff's review.**

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

20

21 **Q. What is the purpose of your testimony in this proceeding?**

22 A. The purpose of my testimony is to present Staff's recommended adjustments to
23 certain expenses claimed by Tidewater Utilities, Inc for ratemaking purposes. The
24 expenses I was assigned to review were Chemicals, Treatment and Lab, Tank
25 Painting and outside services. I reviewed certain invoices to determine if they are
26 appropriate for inclusion in Tidewater's revenue requirement and if those amounts
27 should be charged to ratepayers.

28 **Q: Please explain the basis for the proposed adjustment(s) and/or**
29 **recommendations?**

1 A: After reviewing the Application and data responses, the following are my proposed
2 adjustment(s) and/or recommendations:

3 Tank Painting

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

10 Outside Services

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

13 Chemicals/Treatment and lab

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

19

20 **Q: Does this conclude your testimony?**

21 A: Yes.

DPA-45
O'CONNOR
4/2/14

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:

<u>Line</u> <u>No.</u>	<u>Description of Expense</u>	<u>Amortization Ends</u>
1	Bethany Bay (PSC Docket 04-152)	October-14
2	Dickerson Farms (PSC Docket #06-145)	March-16
3	Nautical Cove (PSC Docket #06-145)	November-17
4	DE Business Park Kent Cty (PSC Docket #09-29)	September-19
5	RTE.1 Rehoboth District (Home Depot Tank) (PSC Docket #11-397)	June-22

TIDEWATER UTILITIES, INC.
 OPERATION AND MAINTENANCE EXPENSES
 TANK PAINTING
 ACCOUNT 670

For 2012 ACTUAL, TEST YEAR and TEST PERIOD

Line No.	Description of Expense	Actual 2012	Adj.	Test Year	Adj.	Test Period
1	Tank Painting - Bethany Bay (PSC Docket 04-152)	\$ 28,309	-	\$ 28,309	-	\$ 28,309
2	Tank Painting - Dickerson Farms (PSC Docket #06-145)	1,125	-	1,125	-	1,125
3	Tank Painting - Nautical Cove (PSC Docket #06-145)	1,730	-	1,730	-	1,730
4	Tank Painting - DE Business Park Kent Cty (PSC Docket #09-29)	1,059	-	1,059	-	1,059
5	Tank Painting - RTE.1 Rehoboth District (Home Depot Tank) (PSC Docket #11-397)	22,324	-	44,649	-	44,649
		<u>\$ 54,547</u>	<u>-</u>	<u>\$ 76,871</u>	<u>-</u>	<u>\$ 76,871</u>