

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DW 04-048

In the Matter of:
City of Nashua
Petition for Valuation
Pursuant to RSA 38:9

Reply Testimony

Of

**Philip Ashcroft
David Ford, P.E.
Paul Noran, P.E.**

May 22, 2006

STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION

City Of Nashua's Petition For Valuation Pursuant To RSA 38:9

Docket No. DW04-048

**REPLY TESTIMONY OF PHILIP G. ASHCROFT,
DAVID W. FORD, P.E., and PAUL F. NORAN, P.E.**

1 **Q. Please state your names, business addresses and positions.**

2 A. My name is Philip G. Ashcroft, my business address is Veolia Water North
3 America-Northeast, LLC, Metro South Executive Park, 1115 West Chestnut
4 Street, Suite 102, Brockton, Massachusetts 02301. I am the President of Veolia
5 Water North America-Northeast, LLC ("Northeast LLC").

6 A. My name is David W. Ford, P.E., my business address is Veolia Water North
7 America-Northeast, LLC, 195 New Hampshire Avenue, Suite 245, Portsmouth,
8 New Hampshire 03801.. I am a Senior Project Manager/Engineering Services
9 Manager for the Northeast LLC and following the acquisition by Nashua I will
10 serve as Project Manager.

11 A. My name is Paul F. Noran, P.E., my business address is Veolia Water North
12 America-Northeast, LLC, 9 Forest View Drive, Falmouth, Maine 04105. I am a
13 Technical Manager for the Northeast LLC and following the acquisition by
14 Nashua I will be the Field Services Manager.

15 **Q. On January 12, 2006, you provided testimony describing the Northeast LLC's**
16 **technical and managerial qualifications. What is the purpose of your**
17 **testimony today?**

1 A. The purpose of our testimony is to address a number of inaccuracies, misleading
2 statements and misconceptions set forth in the February 27, 2006 Direct
3 Testimony of Donald L. Correll (“Correll Testimony”), Donald L. Ware (“Ware
4 Testimony”) and John F. Joyner (“Joyner Testimony”) (collectively “February
5 27th Testimony”). In particular, we would like to correct the record on the
6 following matters: (1) the Correll Testimony’s criticism of the Northeast LLC
7 because it is, in part, owned by a French company, Veolia Environnement, S.A.
8 (“VE”); and (2) the Northeast LLC’s ample and demonstrated qualifications to
9 successfully operate and manage Nashua’s water system.

10 **Q. Let’s start with the Northeast LLC’s ownership that is, ultimately, linked to**
11 **a French parent company. How is that relevant to this proceeding?**

12 A. We do not believe that it is relevant. The Correll Testimony accurately observes,
13 as we indicated in our discovery responses,¹ that the Northeast LLC is a
14 subsidiary of Veolia Water North America, N.A., which in turn is a subsidiary of
15 VE, a company headquartered in Paris, France.

16 The Correll Testimony fails to note, however, that:

- 17 • The Northeast LLC is headquartered in Brockton, Massachusetts, and is entirely
18 staffed by persons who live in the Northeast.
- 19 • VE, through its subsidiaries in the United States, employs over 20,000 people in
20 the United States. Veolia Water North America alone is present in 38 states and
21 serves approximately 600 communities.

¹ See Exhibit A, attached.

- 1 • Although VE is a French company, approximately 21% of VE’s shares are held
2 by investors in the United States.
- 3 • Veolia Water’s local, national and international reputation is based on its
4 performance. In this age of global communication and information sharing, the
5 need for flawless performance is absolute. Neither the Northeast LLC nor Veolia
6 Water, as a whole, can afford to treat Nashua as being “of little significance” or
7 anything less than the highest priority.

8 The Correll Testimony should lose all credibility on several levels. First, it is
9 preposterous to suggest that the New Englanders who live and raise their families
10 adjacent to the Nashua community would fail to carry out their duties or ignore
11 the needs of their neighbors because somewhere at the top of our corporate food
12 chain sits a French company. Second, contractual provisions guarantee the
13 company’s performance. Third, the Northeast LLC has a financial incentive to
14 perform (as does all of Veolia Water). Fourth, the Northeast LLC and Veolia
15 Water as a whole have a reputational incentive to perform. As the world’s
16 leading water services company, our market reputation – at the local, regional,
17 national and global levels - is critical to continued growth, which in turn, is
18 critical to continuing to attract investors as a public company listed on stock
19 exchanges in Paris and New York.

20 The Correll Testimony regarding foreign ownership particularly interesting given
21 that Mr. Correll is now the Chief Executive Office of American Water, which,
22 despite its name, is a wholly-owned subsidiary of the German company RWE,

1 A.G. Mr. Correll’s testimony that the Northeast LLC’s foreign owner entails
2 ignoring local clients is simply not credible.

3 **Q. The February 27th Testimony alleges a pattern of “disturbing themes” and**
4 **describes a number of troubling events. In particular, there are references to**
5 **Bridgeport, Connecticut, Angleton, Texas, Rockland, Massachusetts and**
6 **Indianapolis, Indiana. Are the statements in the February 27th Testimony**
7 **accurate?**

8 A. The Correll Testimony sets forth a number of spurious and unsubstantiated
9 allegations taken from newspaper articles with little or no effort to verify their
10 content. Most of the statements, and all of the conclusions, set forth in the
11 February 27th Testimony are inaccurate.

12 In particular we note the following:

13 **Bridgeport:** Starting with Bridgeport, it is true that Professional Services Group,
14 Inc. (“PSG”) is an affiliate of the Northeast LLC. There is no truth, however, to
15 any allegation that a PSG employee, or for that matter a Northeast LLC employee,
16 was convicted of any criminal conduct. Indeed, quite to the contrary, PSG and its
17 employees cooperated fully with the government’s investigation, indictment and
18 trial of Bridgeport’s former mayor, Joseph Ganim. While one of Ganim’s
19 associates, Leonard Grimaldi, had been a consultant to PSG, his contract
20 specifically committed him to conducting himself ethically and in accordance
21 with the law. As soon as PSG became aware of Grimaldi’s possible role in the
22 crimes of Ganim, PSG terminated Grimaldi’s contract. At no point did the

1 government issue PSG or any of its employees a target letter or otherwise accuse
2 PSG or its employees of any wrongdoing.

3 **Angleton:** The February 27th Testimony also mischaracterizes the dispute which
4 arose in Angleton, Texas. In January 2004, the City of Angleton terminated
5 Veolia Water's contract to operate the city's public works and wastewater
6 treatment plant. Veolia Water provided 10 years of stellar service and the City's
7 decision to terminate was a political decision.

8 Contrary to the allegations in the February 27th Testimony, however, Veolia
9 Water sued Angleton. While Angleton initially filed counterclaims, it later
10 dismissed those counterclaims leaving only Veolia Water's claims active. It
11 should be emphasized that Veolia Water does not make a practice out of suing its
12 clients or former clients and does so only as a last resort. In Angleton's case, the
13 former client's actions unfairly damaged our reputation and the company had no
14 choice but to take action.

15 **Rockland:** PSG and, later, the Northeast LLC managed Rockland,
16 Massachusetts' wastewater treatment system for the Rockland Sewer Commission
17 in a relationship that dated back to 1982. It was one of the country's longest-
18 running partnerships with an impeccable safety, environmental compliance and
19 operations record.

20 In June 2002, the company was contacted by Rockland law enforcement and
21 made aware of facts suggesting criminal wrong doing by our day-to-day Rockland
22 customer contact. The company immediately began its own investigation, which
23 investigation revealed that the Superintendent of the Rockland Sewer

1 Commission had devised a scheme to misappropriate funds that Veolia Water had
2 issued back to the client in accordance with the contract. The company also
3 learned that a Veolia Water employee had participated in the spending of the
4 misappropriated funds. That employee was immediately terminated.

5 Unfortunately, Rockland deemed a continued relationship with the company to be
6 infeasible and terminated the contract.

7 The operation of the Rockland wastewater facility was never compromised. In
8 fact, at the time of the contract termination, the Chairman of the Rockland Sewer
9 Commission, Robert Corvi, wrote:

10 *“Be assured that in no way did the actions of our two former*
11 *employees impugn the integrity of your company’s management of*
12 *our wastewater treatment operations. Since 1982, your company*
13 *has performed stellar operations, maintaining an excellent safety*
14 *and compliance record.”* (emphasis added).

15 Veolia Water has a zero tolerance policy for unethical or illegal behavior. We
16 have and will continue to terminate any employee who violates our code of ethics.
17 Additionally, we have company-wide training on legal compliance issues.

18 **Indianapolis:** Veolia Water’s partnership to provide water services to
19 Indianapolis through the nation’s largest partnership began in 2002 and includes a
20 very significant track record of providing high-quality water at an affordable
21 price. Some of the highlights of the advantages of our partnership include:

- 22 • Enabling the city to initiate a five-year freeze on water rates.

23

- 1 • A significant decrease in taste and odor complaints, down from 501 in
2 2001 to 26 in 2004.²
- 3 • Customer satisfaction levels that routinely exceed national averages for
4 utilities.³
- 5 • ISO 9001 and 14001 Certification resulting in assurance of compliance
6 with all heightened quality and environmental processes.
- 7 • Development of a comprehensive watershed management program.
- 8 • Creation of a 24/7 customer call center.
- 9 • Implementation of a successful MBE/WBE program, achieving a 31%
10 participation rate in 2004 – far beyond the city’s expectations.
- 11 • Administering a water education program aimed at primary schools
12 throughout central Indiana.

13 While it is true that the company received a grand jury subpoena in connection
14 with the Indianapolis project and, apparently, water quality sampling and
15 protocols, it is also true that the Indiana Department of Environmental
16 Management conducted independent water quality testing at approximately
17 twenty sites across the city to ensure the safety of the water. Those test results
18 confirmed that Veolia Water met all state and federal drinking water standards.⁴
19 Furthermore, as recently as January 26, 2006, Veolia Water received an
20 *Outstanding Achievement Award in Public-Private Partnerships* award from the

² See Exhibit B, attached.
³ See Exhibit C, attached.
⁴ See Exhibit D, attached.

1 United States Conference of Mayors for its operation of the Indianapolis water
2 system.⁵

3 **Q. The February 27th Testimony and pre-filed testimony provided by Amanda**
4 **A. Noonan allege concerns regarding the Northeast LLC’s ability to provide**
5 **customer service. Do you share those concerns?**

6 A. No. The Northeast LLC strongly disagrees with both sets of accusations. To the
7 contrary, the Northeast LLC will improve overall customer service by performing
8 the following:

9 1. Integration and Delineation of Responsibilities.

- 10 ▪ Integration of the office and field customer service functions;
- 11 ▪ Providing “One and Done Customer Service” by assigning responsibility
12 for follow through to the customer service representative receiving the
13 call; and
- 14 ▪ Utilizing customer service process charts to identify the responsibilities
15 between Nashua and the Northeast LLC.

16 To provide a smooth transfer of information between the departments, Nashua
17 and the Northeast LLC will document processes for the customer service office
18 and field operations. Work flows will be documented using step-by-step
19 procedures for each individual and his/her respective scope of responsibility. The
20 Northeast LLC will utilize call logs and work orders to: (a) track work that has
21 been transitioned to other divisions or entities, (b) ensure completion of any
22 necessary follow up tasks, and (c) update the database of completed work. This
23 system will ensure that all divisions will have access to the most recent status of

⁵ See Exhibit E, attached.

1 the work which, in turn, will allow the agents to provide quality customer service
2 to the Nashua community.

3 2. Training.

4 Nashua and the Northeast LLC will provide training for all new agents and on-
5 going training for existing agents that are associated with the functions of billing,
6 collections, field operations, and water quality. In addition, all agents will be
7 provided with refresher training throughout the year for seasonal information.
8 There will be weekly meetings between managers and supervisors of office and
9 field customer service.

10 3. Work Order System and Prioritization.

11 All field customer services to be provided will have a work order. The work
12 orders will be prioritized. A high priority work order would be a customer with a
13 water quality problem. Field personnel will have a computer to generate and
14 complete work orders. The work orders will have detail for labor, materials and
15 equipment used. A representative sampling of the customers provided field
16 services will get a post card to measure the customer satisfaction on the services
17 provided.

18 **Q. Beyond the general, undifferentiated criticism set forth in the February 27th**
19 **Testimony regarding customer service, a more concrete allegation was**
20 **leveled that the staffing level proposed by the Northeast LLC will simply be**
21 **inadequate. Do you agree?**

22 **A.** No. At present, based on Ms. Noonan's pre-filed testimony, PWW employs nine
23 full-time staff and two part-time staff to handle incoming customer calls. The

1 volume of calls has averaged approximately 1,862 calls per month. Simply put, it
2 should not require nine full-time employees, let alone an additional two part-time
3 employees, to address 1,862 calls per month. Veolia Water uses a benchmark of
4 one customer service representative (CSR) per 10,000 customers; resulting in a
5 requirement of less than three full-time employees to service the Nashua customer
6 base. As proposed, the Northeast LLC will provide two full-time employees
7 dedicated to the responding to inquiries regarding the water system. As set forth
8 in response to Staff Data Requests⁶ and in Nashua's Reply Testimony of Carol
9 Anderson and Ruth Raswyck, Nashua will provide an additional team of eight
10 full-time employees consisting of six current full-time employees and two new
11 employees. All eight employees will be cross trained to handle water service
12 inquiries.

13 Veolia Water's Indianapolis operations serve as a real-life validation of the
14 Northeast LLC's proposed staffing level. In 2005, Veolia Water Indianapolis's
15 twenty-seven, full-time, customer service representatives handled 614,027 calls
16 (or 51,169 calls per month on average with a peak month of 58,849 calls). In
17 other words, each customer service representative in Indianapolis handled 1,859
18 calls per month, roughly the same volume as the entire PWW customer service
19 staff.

20 **Q. The February 27th Testimony also makes the general allegation that the**
21 **Northeast LLC's overall staffing levels will be insufficient. Do you agree?**

22 **A.** No. The Northeast LLC's proposed staffing levels are the result of an extensive
23 analysis utilizing an activity based labor budget. Specifically, the Northeast LLC

⁶ See Exhibit F, attached.

1 itemized the particular activities required to operate and maintain Nashua's water
2 system. Some examples of those activities include replacing residential meters,
3 field utility locates, valve operations and hydrant operations. The Northeast LLC
4 then calculated a time allocation for each activity based on its historical
5 experience and operating data for its other water utility operations. The ultimate
6 result, including a margin of error, formed the basis of the overall staffing plan.

7 **Q. Are there other justifications the Northeast LLC used for an overall lower**
8 **staffing level for operating and maintaining Nashua's water system?**

9 A. Yes. The Northeast LLC will draw upon its experience at other operations which
10 has resulted in a more efficient and streamlined operation. In particular, the
11 Northeast LLC will utilize a system of generated works orders to plan and direct
12 the employees. In short, employees will have their daily work assignments
13 provided on work orders with expected completion times set forth. Periodic
14 analysis of the completed work orders by each employee's supervisor will be
15 conducted to determine employee productivity. Supervisors will also conduct
16 field checks to ensure the quality of the work performed meets the Northeast
17 LLC's demands.

18 The Northeast LLC will also utilize technology to improve employee
19 productivity. By way of example, the Northeast LLC field operations personnel
20 will use computers to receive their work assignments and complete their work
21 orders with details for labor, materials and equipment used for each job.
22 Further, the Northeast LLC can also reduce its full-time employee requirements
23 relative to PWW's requirements by utilizing shared services available from the

1 Veolia Water corporate organization. For example, overall headcount for the
2 Nashua water system can be reduced by utilizing the Northeast LLC's regional
3 and Veolia Water's national services including: asset management, legal, human
4 resources, accounting, payroll, environmental health and safety and IT support.

5 **Q. Will a reduced headcount result in maintenance items being neglected?**

6 A. No. The Northeast LLC will use a key maintenance performance metric that
7 tracks the expenditures for emergency/corrective maintenance. In general,
8 maintenance performed on an emergency or corrective basis is three times more
9 expensive as planned maintenance. The objective, therefore, is to ensure that
10 sufficient scheduled maintenance is performed in order to minimize the level of
11 emergency and corrective maintenance. To accomplish this, the Northeast LLC
12 will develop a comprehensive maintenance management plan ("MMP") utilizing
13 CMMS. The MMP will be reviewed and approved by Nashua. The MMP will:
14 (1) list all of the equipment; (2) define the criticality of the equipment; and (3)
15 provide an itemization of the maintenance to be performed. A gap report will be
16 reviewed weekly to verify that all the scheduled maintenance is being performed.

17 **Q. The February 27th Testimony intimates that the Northeast LLC's size is a
18 detriment to successfully operating Nashua's water system. Do you agree?**

19 A. No. In addition to using the regional and national services described above to
20 reduce costs, the Northeast LLC's size is an advantage. Simply put, a stand alone
21 utility serving 30,000 customers, like PWW, can not reasonably afford the
22 Northeast LLC's tools and level of sophistication. While PWW does have some

1 of the tools available, the Northeast LLC's level of sophistication and integration
2 is much higher.

3 **Q. Do you have an example?**

4 A. Yes. One example is the Northeast LLC's ability to take advantage of the
5 learning and techniques acquired by all of its affiliates, both domestically and
6 internationally. Earlier this year the Northeast LLC's parent company, Veolia
7 Water, S.A., conducted a conference in Paris which was attended by
8 representatives from all over the world, including several members of the
9 Northeast LLC. The conference included discussions and seminars on
10 technology, implementation and problem solving. Last month, Paul Noran, P.E.
11 and two other managers from the Northeast LLC spent a week in the United
12 Kingdom sharing information on underground asset management.

13 As a result, the Northeast LLC staff involved in the operation, maintenance and
14 management of Nashua's water system will have the ability to draw upon
15 professional experience and resources gained from other water systems in the
16 United States and around the globe.

17 Veolia Water's collective knowledge of asset management evidences both the
18 Northeast LLC's higher level of sophistication and how that level of
19 sophistication can be turned into cost savings for customers.

20 **Q. How will the Northeast LLC improve asset management?**

21 A. The Northeast LLC will apply its tools to optimize the service life of the assets.
22 The Northeast LLC's tools include a comprehensive asset management program
23 ("CMMS"), a work management system, the hydraulic model, life-cycle costing,

1 geographic information system (“GIS”) and pipe evaluation model. The
2 criticality of each asset will be determined and a maintenance program tailored to
3 the specific asset needs will be implemented. The maintenance program will be
4 based on maintenance data from Veolia Water’s numerous projects throughout the
5 United States and can be accessed through the CMMS.

6 The Northeast LLC will also use life cycle costing to determine the timing of
7 replacing an asset. There is an optimum point of replacement versus continued
8 maintenance and reliability considerations.

9 The Northeast LLC will also put in place a comprehensive underground asset
10 management program using its pipe evaluation model and criteria for prioritizing
11 water main replacement. This includes a sophisticated water main break model to
12 predict remaining service life and apply life cycle costing to time the capital
13 replacement. The Northeast LLC will also evaluate pipe samples in its laboratory
14 to help determine pipe condition and predict remaining service live.

15 **Q. Why is underground asset management so important?**

16 A. It is clear from the NHPUC annual reports that PWW has not made the required
17 investments in replacing existing underground infrastructure. As indicated in the
18 2004 annual report to the NHPUC PWW’s system had over 232,000 feet of
19 asbestos cement pipe and over 838,000 feet of older cast iron pipe. The Northeast
20 LLC will work with the City of Nashua to ensure that the older cast iron pipe with
21 high failure rates and asbestos cement pipe will be targeted for replacement. Over
22 the next ten years Nashua will have no choice but to make major investments in
23 replacing and rehabilitating pipes. Nashua has built into its capital investment

1 plan (“CIP”), funding to implement an accelerated pipe replacement program. To
2 be sure this capital investment is properly optimized, the Northeast LLC will
3 implement the tools described above for the pipe replacement program.

4 **Q. The February 27th Testimony alleges that the projected savings on electrical**
5 **consumption simply will not be achieved. Do you agree?**

6 A. No. The Northeast LLC is confident it can lower electrical consumption relative
7 to PWW’s consumption for pumping by the third year of the contract.

8 The Northeast LLC will accomplish this reduction by evaluating the water works
9 system to identify energy savings through the implementation of both operational
10 efficiencies and capital improvements. The majority of energy costs in a water
11 works system are in the pumping of water. Well pumping, raw water pumping,
12 pumps at the treatment facility, distribution pumps and booster pumps not only
13 provide the means of conveying water from source to tap, but also are the largest
14 users of energy in the water works system. The Northeast LLC will target the
15 following for potential energy savings:

- 16 • **Optimization of pump efficiencies.** Through efficiency testing such as
17 wire-to-water pump efficiency tests, through the use of past maintenance
18 histories and operating manuals, and the application of industry best
19 practices, each major pumping station and water well in the system will be
20 evaluated. This evaluation will be used to develop predictive and
21 preventative maintenance schedules and to identify capital improvements
22 for the rehabilitation or replacement of inefficient systems. The more

1 efficient the wire-to-water transfer is, the more energy savings are
2 realized.

- 3 ▪ **Evaluate off peak pumping.** Public Service of New Hampshire’s KWH
4 consumption charges range from 21% to 48% less during off-peak
5 periods. The Northeast LLC will optimize pumping operations to the use
6 of off-peak pumping periods, and will identify capital improvements that
7 would allow for increased off peak pumping.
- 8 ▪ **Identify reductions in demand charges.** In some pumping stations
9 demand charges can be as much 5 to 10 times higher than the consumption
10 charges. The Northeast LLC will identify those stations with the greatest
11 potential for demand charge reduction. Because a pump uses as much as
12 1.5 to 2 times as much energy while starting, as it does during continued
13 operation, the use of variable frequency drives will be evaluated. Of equal
14 importance is pump and motor sizing. Over-sized pumps and motors use
15 more energy than is needed for the desired pumping rates. The Northeast
16 LLC will use this information to develop capital improvement plans that
17 factor energy efficiency into its recommendations.

18 The Northeast LLC will also use hydraulic modeling for efficient distribution, to
19 ensure the water works is operated efficiently and to ensure that energy
20 consumption is limited to what is necessary for the production and transmission of
21 safe, clean, compliant and reliable drinking water.

22 **Q. Under the Northeast LLC’s OM&M Agreement with the City of Nashua, the**
23 **City is responsible for the costs of electricity and fuel. Why would the**

1 **Northeast LLC have any incentive to reduce the City’s electric and fuel costs**
2 **if there is no direct financial benefit to the Northeast LLC?**

3 A. There are two important reasons. The first reason is that the Northeast LLC’s
4 business model relies on its ability to provide results to its customers. The
5 Northeast LLC’s ability to provide savings to the City of Nashua and customers
6 of the water system will only increase the likelihood that Nashua will extend and
7 continue to renew its contract with the City of Nashua. In addition, because the
8 success of the Northeast LLC’s business is based on its performance in a
9 competitive environment, the Northeast LLC’s ability to produce these savings
10 will further its competitive business opportunities in other markets.
11 Pennichuck’s February 27, 2006 testimony, by contrast, takes a very near-sighted
12 view and assumes that because Nashua is liable for fuel and electric costs, the
13 Northeast LLC will have no incentive to reduce those costs. In fact, quite the
14 opposite is true. In preparing our proposal to the City of Nashua, we reviewed
15 PWW’s 2004 Annual Report to the PUC and other documents, but discovered that
16 costs for items such as electricity, purchased water and fuel had not been properly
17 reported.⁷ As a result, the specific costs for these items could not be properly
18 determined based on publicly available data, and the risks of specific guarantees
19 without the ability to verify PWW’s actual (improperly or unreported) costs
20 would have to be passed on to customers. Under Nashua’s approach, the
21 Northeast LLC still has the ability and incentive to provide savings to customers,

⁷ See Ex H, Pennichuck Water Works, Inc., Responses to Nashua’s Fifth Set of Data Requests (selected), attached.

1 and customers do not have to pay for any element of risk that results from PWW's
2 improperly or unreported costs for fuel, electricity and/or purchased water.
3 Second, as we understand Nashua's oversight contractors indicated during their
4 depositions, both the Northeast LLC and Nashua have discussed in principle the
5 inclusions of additional performance incentives in areas such as fuel and energy
6 savings, reduction in unaccounted for water, and other areas through negotiation
7 of shared savings provisions upon acquisition of the water system or the
8 opportunity to perform due diligence. This would provide additional incentives
9 for the Northeast LLC to pursue opportunities to produce customer savings such
10 as those discussed above.

11 **Q. The February 27th Testimony alleges that the proposed contract with the**
12 **Northeast LLC lacks performance standards. Is that accurate?**

13 A. No. There are a number specific operation and maintenance performance
14 requirements in the proposed contract including:

- 15 ■ Meeting the requirements of the NHDES
- 16 ■ Meeting primary and secondary drinking water standards
- 17 ■ Performing water quality testing to meet regulatory and process control
18 requirements
- 19 ■ Responding to emergencies within 30 minutes
- 20 ■ Conducting annual wire to water efficiency tests on pumping units with
21 motors greater than 25 HP
- 22 ■ Flushing the distribution system annually
- 23 ■ Operating and inspecting fire hydrants annually

- 1 ▪ Operating critical and large valves annually
- 2 ▪ Inspecting the interior and exterior of water distribution storage tanks on a
- 3 five year frequency
- 4 ▪ Testing meters for accuracy per the NHPUC requirements
- 5 ▪ Meeting the NHDES requirements for backflow prevention

6 These are a just a few of the performance standards currently set forth in the
7 proposed contract.

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

9 A: Yes.