

STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION

AQUARION WATER COMPANY OF NEW HAMPSHIRE, INC.
DW 16-____

2017 WATER INFRASTRUCTURE
AND CONSERVATION ADJUSTMENT FILING

DIRECT TESTIMONY OF

CARL MCMORRAN

OCTOBER 14, 2016

1 **Q. Mr. McMorran, please state your name and business address.**

2 A. My name is Carl McMorran, and my business address is 7 Scott Road, Hampton,
3 New Hampshire 03842.

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

5 A. I am the Operations Manager for Aquarion Water Company of New Hampshire,
6 Inc. (“Aquarion NH” or the “Company”).

7 **Q. Please describe your educational background.**

8 A. I have a Bachelor's Degree in Biology from Bucknell University and a Master of
9 Environmental Science Degree from Miami University. I have also taken
10 graduate level courses in business administration, and attended (and presented at)
11 many water works seminars and conferences.

12 **Q. Please describe your business/professional background.**

13 A. I have worked for Aquarion NH since November 2008. As Operations Manager, I
14 oversee all operations, maintenance, capital improvement, and administrative
15 activities for the Company in New Hampshire.

16 From April 1999 through October 2008, I served as Production Manager
17 for the Struthers Division of Aqua Ohio in Poland, Ohio. I supervised a 6 MGD
18 surface water treatment plant, source water protection and reservoir management
19 activities, and operations and maintenance for major distribution facilities (tanks,
20 boosters, etc.). I also had interim supervisory duties at other Aqua Ohio

1 production facilities and acted as operations consultant for the water system of the
2 City of Campbell, Ohio.

3 From August 1990 through March 1999, I served as Water Quality /
4 Technical Services Manager for the Bangor Water District in Bangor, Maine. I
5 supervised source water protection and watershed management activities, water
6 quality laboratory, regulatory compliance, cross connection, metering and service
7 activities.

8 From June 1982 through July 1990, I worked as an Environmental
9 Protection Specialist for the Susquehanna River Basin Commission in Harrisburg,
10 Pennsylvania, which regulates water resources in Maryland, New York, and
11 Pennsylvania. I conducted water quality assessment surveys, water pollution
12 control and hydropower regulation activities.

13 I currently hold Class IV Water Treatment and Distribution licenses in both
14 New Hampshire and Maine. I previously held a Class IV Water System license in
15 Ohio and a Class A Water System license in Pennsylvania. I also held a Lake
16 Manager certification from 1995 through 2008. I also currently serve on the Board
17 of Directors for the New Hampshire Water Works Association.

18 **Q. Have you previously testified before the New Hampshire Public Utilities**
19 **Commission (“Commission”)?**

20 A. Yes, I provided live and pre-filed testimony before the Commission in the
21 Company’s most recent rate case Docket No. DW 12-085. I also provided pre-
22 filed testimony in the Company’s previous Water Infrastructure and Conservation

1 Adjustment (“WICA”) filings Docket Nos. DW 09-211, DW 10-293, DW 11-238,
2 DW 12-325, DW 13-314, DW 14-300, and DW 15-476.

3 **Q. What is the basis for the Company making this WICA filing?**

4 A. As more fully explained in the testimony of Troy Dixon, the Commission
5 approved a WICA program for Aquarion NH in Orders No. 25,019 (DW 08-098
6 September 25, 2009) and No. 25,539 (DW 12-085 June 28, 2013). Under the
7 WICA program, Aquarion NH can apply for approval of a WICA surcharge
8 adjustment to collect the revenue requirement associated with used and useful
9 WICA-eligible infrastructure improvement projects completed in the preceding
10 twelve months ending September 30.

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

12 A. My testimony discusses the WICA-eligible projects constructed in 2016 and the
13 projects proposed for 2017. I also provide, in Attachment CM-1, the proposed
14 budget for WICA projects for 2018 and 2019. Troy Dixon will discuss the
15 proposed surcharge calculation and the associated rate impact for the projects that
16 have been put into service in 2016. The projects placed into service in 2016 and
17 the proposed budgets for those projects were approved by Commission Order No.
18 25,857 in Docket No. DW 15-476, however, as explained below, the Company
19 modified its 2016 projects to postpone the North Shore Road project.

20 **Q. Please briefly describe the attachments to your testimony.**

1 A. Attachment CM-1 identifies Aquarion's completed 2016 WICA projects and their
2 respective costs as well as estimated costs for projects anticipated for 2017
3 through 2019. Attachment CM-2 contains the updated main replacement
4 prioritization analysis and infrastructure inventory. The prioritization analysis
5 was updated pursuant to the approved Settlement Agreement in the Company's
6 last general rate case.

7 **Q. Was there any change in the scope of the projects constructed in 2016 from**
8 **what was approved by the Commission in Docket DW 15-476?**

9 A. Yes. On June 1, 2016, in Docket No. DW 15-476, Aquarion NH informed the
10 Commission that it had removed the North Shore Road project from the 2016
11 project listing due to budget constraints. After re-evaluating all pipe segments for
12 the 2017-2019 period, this segment dropped down the priority list relative to other
13 pipe segments and no longer ranks high enough for replacement in the next three
14 years.

15 **Q. Were there any other changes from the originally approved WICA budget**
16 **for 2016?**

17 A. Yes. During 2016, the Company replaced 21 service lines, one valve, and four
18 hydrants. The total cost of these categories exceeded the \$50,000 threshold
19 required for inclusion in the WICA surcharge. Therefore, the proposed surcharge
20 includes approximately \$36K in costs associated with these categories.

21 **Q. What action is the Company requesting in this WICA filing with regard to**
22 **the projects put into service during the 2016 program year?**

1 A. The Company is requesting that the Commission approve a surcharge consistent
2 with that proposed by Mr. Dixon in his testimony. The 2016 projects were all
3 considered by the Commission in Docket No. DW 15-476 and approved for
4 construction by Order No. 25,857. With the exception of the North Shore Road
5 project, Aquarion NH constructed the 2016 projects and they are currently in
6 service. The costs associated with the projects were prudently incurred and are
7 consistent with the approved budget for those projects.

8 **Q. What action is the Company requesting with regard to the proposed WICA**
9 **projects reflected in the budgets for 2017, 2018, and 2019 shown in**
10 **Attachment CM-1?**

11 A. With regard to the projects listed for 2017, the Company is requesting that the
12 Commission approve these projects for construction in 2017 and that project costs
13 be considered for inclusion in the 2018 WICA surcharge, subject to the
14 Commission's audit and prudence review of the actual costs of the projects. With
15 regard to the projects listed for 2018, the Company is requesting that the
16 Commission preliminarily approve these proposed projects for the WICA
17 program, subject to the Commission's final review next year. Finally, with regard
18 to the projects listed for 2019, the Company is not requesting any action and is
19 simply providing these projects for informational purposes only.

20 **Q. Please describe the selection process for the WICA projects.**

21 A. As in previous WICA filings, the Company has used the same objective scoring
22 system, with a few improvements, to evaluate pipe segments for replacement.

1 The improvements this year include data enhancements through updates to the
2 Company's Geographic Information System ("GIS"). The Company has updated
3 information on individual pipe segments through field work, a recent capital
4 efficiency study performed by the engineering firm of Tata & Howard, and a
5 recent hydraulic model of the system. The pipe segment evaluation was
6 conducted in two phases. The first phase included scoring pipe segments based
7 on the most critical characteristics of breaks and leaks, pipe age, materials
8 characteristics, need for bleeders and hydraulic capacity. The second phase
9 involved scoring the top pipe segments from the first phase based on the
10 characteristics of critical customers, pipe lining and schedule coordination (factors
11 that would not individually merit replacement, but are essential to differentiating
12 high scoring mains from each other). Staff judgment and budget constraints are
13 used to make a final selection, if needed.

14 **Q. Please describe the main replacement projects that the Company proposes to**
15 **include in the WICA program for 2017, 2018, and 2019.**

16 **A.** Three groups of projects scored the highest for priority in the 2017 through 2019
17 schedule:

18 Proposed Main Replacement Projects for 2017:

19 The Town of Hampton is proposing to conduct a major sewer project on Lafayette
20 Road between High Street and Winnacunnet Road in the 2017 calendar year. In
21 an effort to realize synergies in our WICA projects, the Company is planning
22 parallel main replacement projects involving:

- 1 ▪ 990-ft of 8-inch, unlined, cast-iron pipe installed in 1950
- 2 ▪ 440-ft of 4-inch, unlined, cast-iron pipe installed in 1950
- 3 ▪ 200-ft of 4-inch, ductile-iron pipe that is oversized and cause water
- 4 quality problems.

5 In the event the Town of Hampton changes the timing of its sewer project,
6 Aquarion NH will reschedule the Lafayette Road projects for 2018 and move up
7 the 2018 proposed projects into the 2017 project year. If this change occurs, the
8 Company will notify the Commission according to the terms of the WICA
9 program.

10 Proposed Main Replacement Projects for 2018:

- 11 ○ Mains in the Gentian Road / Green Street / Meadow Pond Road
- 12 neighborhood in Hampton. These projects are installed above the freeze
- 13 line requiring bleeding in the winter months.
- 14 ▪ 1,300-ft of 6-inch, asbestos-cement pipe installed in the 1950s
- 15 ▪ 270 feet of 2-inch, unlined, cast-iron pipe installed in the 1950s

16 Proposed Main Replacement Projects for 2019:

- 17 ○ Mains on Ocean Boulevard between Dumas Avenue and Highland
- 18 Avenue in Hampton Beach.
- 19 ▪ 7,600-ft of 8-inch, unlined, cast-iron main installed in 1910
- 20 ▪ To be replaced by a single, larger diameter main

1 The scope of the Ocean Boulevard project is too large to complete in a single
2 year. The full project involves installing approximately 3,400 feet of single new
3 main in place of two older mains. The Company proposes to conduct portions of
4 the project in 2017 and 2018 if the other projects costs are less than expected, or
5 as noted above, the projects are adjusted in the event the timing of the Town of
6 Hampton's sewer project changes.

7 **Q. Does this conclude your direct testimony?**

8 **A. Yes.**