

**STATE OF NEW HAMPSHIRE  
BEFORE THE  
PUBLIC UTILITIES COMMISSION**

**Town of Derry**

**Petition for Franchise Authority in the Town of Londonderry**

**DW 18-\_\_\_\_**

**Direct Testimony of Thomas A. Carrier**

**June 21, 2018**

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

2 **A.** My name is Thomas A. Carrier, and my business address is 14 Manning Street  
3 Derry, New Hampshire, 03038.

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

5 **A.** I am the Deputy Director of Public Works for the Town of Derry, NH.

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

7 **A.** I have a Bachelor's Degree in Civil Engineering from the University of Lowell. I  
8 have also attended many water works seminars and conferences.

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

10 **A.** I have been with the Town of Derry Department of Public Works for 30 years. I  
11 served as Public Works Engineer from 1986 to 1990 and Superintendent of Water,  
12 Wastewater and Engineering from 1990 until 2005, and then Deputy Director from  
13 2005 to present.

14 **Q. What are your responsibilities as Deputy Director?**

15 **A.** As Deputy Director, I have direct supervision of the department's water and sewer  
16 divisions (including utility billing), environmental engineering, and the office  
17 administration. I assist the Director in the daily operations and serve as Director in  
18 the absence of the Director.

19 **Q. Have you previously testified before the New Hampshire Public Utilities  
20 Commission ("Commission")?**

21 **A.** No.

22 **Q. What is the purpose of your testimony?**

1 A. I will be providing details of the Town of Derry's proposed franchise expansion  
2 in the Town of Londonderry.

3 FRANCHISE EXPANSION

4 **Q. Please describe the reason for the proposed franchise expansion.**

5 A. Lorden Commons is a large-scale, phased development in the Town of  
6 Londonderry. Phase one of the development is largely complete. Lorden  
7 Commons has solicited water for its remaining phases from a public source. The  
8 developers of Lorden Commons approached area water utilities and, ultimately, it  
9 made the most sense for the Town of Derry to provide the water service.

10 **Q. Please describe the boundary of the proposed franchise area.**

11 A. The proposed franchise and service territory is located in the Town of  
12 Londonderry and is adjacent to the Town of Derry and its water mains. The  
13 physical boundary of the proposed franchise area is outlined on Exhibit A to the  
14 Derry-Lorden agreement (Attachment A) and is depicted by the green and red-  
15 shaded parcels. Attachment B sets forth the deed and tax map descriptions of the  
16 associated land parcels.

17 **Q. Please describe the proposed green-shaded franchise area.**

18 A. The green-shaded portion of Attachment A, Exhibit A shows developed and  
19 undeveloped areas. For the developed area, the lot owners obtain their water  
20 supply through private wells. Lorden Commons Sewer Company, L.L.C.,  
21 provides sewer service to this area. See Docket No. DW 11-139, *Lorden*  
22 *Commons Sewer Company*, Order No. 25,253, July 22, 2011. For the

1 undeveloped area, the Town of Derry will provide water supply and Lorden  
2 Commons Sewer Company, L.L.C. will provide sewer service.

3 **Q. Please describe the proposed red-shaded franchise area.**

4 **A.** The red-shaded area is fully built out. Lot owners provide their own private water  
5 supply and septic.

6 **Q. If the red-shaded lot and the developed portions of the green-shaded lot are**  
7 **served by private water supplies, why is the Town of Derry seeking to include**  
8 **them as part of its franchise request?**

9 **A.** As can be seen on Attachment A, Exhibit A, the water main serving the green-  
10 shaded lot must traverse the red-shaded lot. The Town of Derry seeks to maintain  
11 access to its water main and having the franchise follow its assets accomplishes  
12 that. More importantly, it is the preference of the Town of Londonderry that the  
13 Town of Derry include the entire red-shaded area and developed areas of the  
14 green-shaded lot as part of the franchise request. This section of town is near the  
15 Auburn Road Landfill Superfund site. High levels of arsenic have been found at  
16 the site and the extent and persistence of this contaminant is still being evaluated.  
17 Given this uncertainty, Derry and Londonderry thought it best to include the  
18 developed areas in the instant franchise request so that if public water service is  
19 ever needed in these areas, water can be extended quickly by the Town of Derry  
20 and without regulatory delay.

21 **Q. Please describe the type of water service the Town of Derry will provide**  
22 **within the proposed franchise area.**

1 A. Phases 2, 3, and 4 of the Lorden Commons development is intended to be  
2 residential only. Therefore, the Town of Derry will be offering residential and  
3 fire protection services under its rate schedule which is attached as Attachment C.  
4 Fire Protection Service charges or Hydrant Rental fee is allocated to the Town of  
5 Derry and Town of Londonderry as a lump sum calculation based on the existing  
6 infrastructure in place and the fire protection-related operation and maintenance  
7 expenses at the time of the last rate review. The Londonderry hydrant rental  
8 charge will not change until the next rate review and will be adjusted by the same  
9 proportional amount as the Town of Derry's hydrant rental fee and will be based  
10 on the infrastructure in place and the operation and maintenance expenses at the  
11 time of that next review.

12 **Q. Will the water service provided in the proposed franchise area be metered?**

13 A. Yes. The non-fire protection water service is metered and is billed quarterly, in  
14 arrears.

15 **FINANCIAL, MANAGERIAL, TECHNICAL EXPERTISE**

16 **Q. Will the Town of Derry own the water system in this franchise area?**

17 A. Yes. The water main is being constructed by the developers of Lorden Commons,  
18 in accordance with the Town of Derry Department of Public Works' Water Main  
19 Specifications, dated April 1993 and revised March 2001 (Attachment D).

20 Pursuant to Section 100, costs are borne by the developer. Sections 300 and 300-  
21 A set requirements for mains. Section 400 addresses valves. Section 500  
22 addresses service lines. Other sections set requirements for trenches, design  
23 plans, and the size of the easements. Upon completion of construction and

1 satisfactory inspection by the Town of Derry, the Town of Derry will take  
2 ownership of the water main and associated assets as well as the meters. Derry  
3 will also obtain easements covering the route of the mains and associated  
4 facilities. The Town of Derry will operate and maintain the water main similar to  
5 how it operates the rest of its water system. The Town of Derry will not own or  
6 be responsible for the customer service lines between the meter and curb box,  
7 consistent with Derry's tariff and terms of service.

8 **Q. Is the construction by Lorden Commons, L.L.C. of the water mains and**  
9 **service lines similar to what the Town of Derry requires of developers**  
10 **building within the Town of Derry?**

11 **A.** Yes.

12 **Q. Does the Town of Derry plan to charge its existing water rates within the**  
13 **proposed franchise area?**

14 **A.** Yes. Upon completion of construction of the water main and service lines, the  
15 outside customers will be charged the same rates, fees, and charges that inside  
16 customers are charged with the exception of Manchester Water Works'  
17 ("MWW") Merrimack Source Development Charge ("MSDC"), discussed below.

18 **Q. When the rates are revised, how are customers notified?**

19 **A.** Water rates are disclosed to customers at the time of application for service. When  
20 rates are revised customers are notified by direct mail as well as, as notations on  
21 bills. Rates are available on the Town of Derry's website.

22 **Q. Are the rates, fares, and charges imposed by the Town of Derry sufficient to**  
23 **cover the cost of expanding into the Town of Londonderry?**

1 A. Yes. We do not anticipate that any of our existing customer classes will be  
2 subsidizing the new Lorden Commons customers.

3 **Q. Please explain the terms by which the Town of Derry will be providing water**  
4 **service to customers within the proposed franchise area.**

5 A. The rates and terms of service for water service are found in the Town of Derry's:  
6 Water Rates and Fees (Attachment C); and Water Main Specifications  
7 (Attachment D). Both documents are found on the town's website:  
8 <https://www.derrynh.org/water>. The MSDC rate is found on the Commission's  
9 and MWW's websites.

10 **Q. What is the proposed effective date of the service?**

11 A. According to the developer, the 83 homes/lots to be serviced by Derry public  
12 water will be completed in 3 phases over 4 years per the Londonderry growth  
13 management regulations resulting in an estimated 25 Certificates of Occupancy  
14 by the end of 2018, 25 in 2019, 25 in 2020 and 8 in 2021.

15 **Q. Does the Town of Derry have sufficient capacity to provide water service**  
16 **within the proposed franchise area?**

17 A. Yes, please see the attached letter from the NHDES that confirms that the Town  
18 of Derry has satisfied the requirements concerning the suitability and availability  
19 of water for the proposed franchise area. See Attachment E.

20 **Q. Does the Town of Derry have sufficient staff to operate and maintain the**  
21 **water system in the proposed franchise area?**

1 A. Yes. The Town of Derry Water Department has 5 full time and 1 part time  
2 employees. We do not foresee any difficulties with our staff's ability to service  
3 customers in the proposed franchise area.

4 **Q. Does the Town of Londonderry support the Town of Derry's request for the**  
5 **proposed franchise area?**

6 A. Yes. Please see the attached letter of support from the Town of Londonderry.  
7 Attachment F.

8 **Q. Please explain how the Town of Derry receive water from Manchester Water**  
9 **Works?**

10 A. The Town of Derry obtains a portion of its water supply from MWW through a  
11 wholesale water agreement signed in 2013. See Attachment G. Under this 2013  
12 agreement, the Town of Derry can obtain up to an Average Daily Flow of 2.9  
13 MGD and a Maximum Daily Flow of 4.0 MGD from MWW. MWW owns and  
14 maintains the meter that records the flows. Pursuant to its rights to request  
15 additional supply under paragraph 303 of the agreement, the Town of Derry has  
16 requested that MWW provide an additional 28,000 GPD of capacity. The terms  
17 of MWW's consent to provide additional supply are found in the Derry-MWW  
18 agreement in Attachment F.

19 **Q. Does the Town of Derry need the additional 28,000 GPD to supply the**  
20 **Lorden Commons development?**

21 A. No. Derry's existing Agreement with MWW entitles Derry to a maximum  
22 average daily flow of 2.9 MGD. In 2016 Derry's maximum average daily flow  
23 was 2.16 MGD. The projected maximum average daily flow from Lorden

1 Commons upon complete buildout is 0.028 MGD. MWW, however, is requiring  
2 that new franchises outside the jurisdictional boundaries of Derry approved after  
3 the execution of MWW's wholesale Water Agreement with Derry, be charged  
4 MWW's prevailing Merrimack River Source Development charge rate, which is  
5 currently \$3.57 per gallon of added average day capacity. This rate is the same  
6 rate all of MWW's retail customers pay, including those in the Town of  
7 Londonderry. See Attachment F, Derry-MWW 2018 Agreement.

8 **Q. Do you believe the Town of Derry has the managerial, technical, financial,**  
9 **and legal expertise to provide water service within the requested franchise?**

10 **A.** Yes.

11 **Q. Do you believe the proposed franchise expansion is in the public interest?**

12 **A.** Yes.

13 **Q. Does this conclude your testimony?**

14 **A.** Yes.