

STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION

AQUARION WATER COMPANY OF NEW HAMPSHIRE, INC.
DW 13-___

2014 WATER INFRASTRUCTURE
AND CONSERVATION ADJUSTMENT FILING

DIRECT TESTIMONY OF
CARL MCMORRAN

November 1, 2013

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

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

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

8

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

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

14

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

16 **A.** I have worked for Aquarion since November 2008. As Operations Manager, I
17 oversee all operations, maintenance, capital improvement and administrative
18 activities for the New Hampshire division.

19

20 From April 1999 through October 2008, I served as Production Manager for the
21 Struthers Division of Aqua Ohio in Poland, Ohio. I supervised a 6 MGD surface
22 water treatment plant, source water protection and reservoir management
23 activities, and operations and maintenance for major distribution facilities (tanks,
24 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
4 From August 1990 through March 1999, I served as Water Quality / Technical
5 Services Manager for the Bangor Water District in Bangor, Maine. I supervised
6 source water protection and watershed management activities, water quality
7 laboratory, regulatory compliance, cross connection, metering and service
8 activities.

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

15
16 I currently hold Class IV Water Treatment and Distribution licenses in both New
17 Hampshire and Maine. I previously held a Class IV Water System license in Ohio
18 and a Class A Water System license in Pennsylvania. I also held a Lake Manager
19 certification from 1995 through 2008.

1 **Q. Have you previously testified before the New Hampshire Public Utilities**
2 **Commission (“PUC” or the “Commission”)?**

3 A. Yes, I provided live and pre-filed testimony before the PUC in the Company’s
4 most recent rate case Docket DW 12-085. I also provided pre-filed testimony in
5 the Company’s previous water infrastructure and conservation adjustment
6 (“WICA”) filings Dockets DW 09-211, DW 10-293, DW 11-238 and DW 12-325.

7
8 **Q. What is the purpose of your testimony in this proceeding?**

9 A. My testimony supports the Company’s WICA filing and discusses the projects
10 proposed for 2014 through 2016¹. Project details are outlined in Attachment CM-
11 1.

12
13 **Q. What is the basis for the Company’s filing in this case?**

14 A. The basis for the Company’s filing is a settlement agreement among Aquarion,
15 the Commission staff (“Staff”), the Office of Consumer Advocate (“OCA”), and
16 the Town of North Hampton dated July 10, 2009 that was approved by the
17 Commission in Docket DW 08-098 (the “2009 Settlement Agreement”). Section
18 II.H.2 of the 2009 Settlement Agreement provides:

19 The Company agrees to file a three year projected budget of proposed
20 WICA eligible projects no later than November 1 of each year. Each such
21 budget shall show projects broken down into three years. Year 1 projects
22 are those proposed to be constructed in the succeeding twelve month
23 period. Year 2 projects are those proposed to be constructed in the next
24 twelve month period. Year 3 projects are those proposed to be constructed
25 in the twelve months following Year 2. Year 3 projects shall be provided
26 for advisory purposes and discussion. Year 2 projects shall be provided for

¹ Each year referenced in this petition for the WICA projects means the program year. Each program year typically runs from October 1 through September 30.

1 review and approval by the Commission. Year 1 projects shall be provided
2 for final review and informational purposes.
3

4 Order No. 25,109 at 8 (Sept. 25, 2009). In the Company's most recent rate case
5 (Docket DW 12-085), the Commission approved a settlement agreement among
6 Aquarion, the Staff, and the OCA ("2013 Settlement Agreement") that, among
7 other things, amended the WICA program to exclude customer meters from the
8 list of eligible infrastructure improvements and require that the Company provide
9 an updated main replacement prioritization analysis and an updated infrastructure
10 inventory listing in future WICA filings. Order No. 25,539 at 13-14 (June 28,
11 2013). Consistent with the 2013 Settlement Agreement, an updated main
12 replacement prioritization analysis and infrastructure inventory is provided as
13 Attachment CM-2.
14

15 **Q. Does Attachment CM-1 update the list of proposed WICA projects that the**
16 **Company previously filed in Docket DW 12-325?**

17 A. Yes, Attachment CM-1 updates the proposed projects for years 2014 and 2015,
18 and adds proposed projects for 2016. Proposed main replacement projects are
19 prioritized based on a mix of factors related to water main performance. These
20 factors include main break history, pipe age/useful life, material integrity,
21 criticality to system function, water quality problems, hydraulic capacity,
22 schedule coordination with other projects (e.g., municipal road paving or sewer
23 projects), and other factors. Using these factors, potential projects are assigned a
24 score to establish an objective priority for main replacements. Aquarion also
25 considers subjective factors when determining project priority, including the

1 professional judgment of Aquarion’s management and engineering personnel,
2 operating and maintenance concerns, scheduling constraints (for projects that
3 require a longer lead time for design, permitting, etc.) and capital budget
4 constraints. The Company maintains a priority list, included as Attachment CM-
5 2, that it updates periodically.

6

7 The list of 2014 projects submitted for preliminary approval² in DW 12-325
8 included only one main replacement project on Ocean Boulevard (Dumas Avenue
9 to Winnacunnet Road) in Hampton. This project remains on the updated list of
10 2014 projects submitted for approval in this docket; however, the projected
11 construction cost for the project has been reduced due to numerous factors
12 including more favorable pricing on materials. This reduction in projected costs
13 enabled the Company to add two additional main replacement projects to the 2014
14 WICA project list: Great Boar’s Head Avenue (Cliff Circle to Ocean Boulevard)
15 and the Well 9 Transmission Main. Both of these projects were initially
16 scheduled to be implemented in 2013 but were postponed to accommodate main
17 replacement projects at Auburn Avenue, Auburn Avenue Extension, and Perkins
18 Avenue that Aquarion undertook in connection with a sewer main replacement
19 project by the Town of Hampton. Aquarion also intends to conduct design work
20 for main replacement projects at Ross Avenue and Gentian, Green, and Meadow
21 Pond roads in Hampton in 2014, but will not commence construction of the

² The Commission deferred ruling on Aquarion’s proposed construction budget for 2014 due to the pending nature of the Company’s last rate case, in which the future of the WICA as a pilot program was at issue, noting: “Aquarion should have ample time to make appropriate business decisions with respect to 2014 following our ruling on continuation of the WICA.” Order No. 25,455 at 7.

1 projects until 2015; therefore, it does not expect to seek recovery for costs related
2 to these projects until the 2016 WICA surcharge.

3
4 The proposed WICA projects for 2014 through 2016 also include annual
5 replacements of seven hydrants, seven service lines, and three distribution valves
6 based on historical activity levels. The Company will replace service lines rather
7 than repair them if there is any reasonable probability that doing so will avoid the
8 expense of another repair in the foreseeable future. Factors such as service line
9 material (lead, galvanized iron, or other non-copper material), ease of access and
10 digging aspects of the service line location, and break history are considered with
11 respect to the probability of future repairs.

12
13 The tables for hydrants, service lines and valves presented have been revised such
14 that there is no differentiation between scheduled and emergency repairs.
15 Malfunctioning or defective hydrants, service lines and valves are typically
16 replaced in a matter of weeks after they are identified to ensure that service
17 standards are maintained, and therefore Aquarion does not maintain a long term
18 list of needed replacements.

19
20 **Q. What action is the Company requesting in this WICA filing with regard to**
21 **the projects shown on Attachment CM-1?**

22 A. The Company requests that the Commission approve the proposed 2014 projects
23 for inclusion in the WICA to be effective in 2015, subject to Commission review

1 of the final costs. With regard to the projects listed for 2015, the Company
2 requests that the Commission preliminarily approve these proposed projects for
3 the WICA program, subject to the Commission’s final review next year. Finally,
4 with regard to the projects listed for 2016, the Company is not requesting any
5 action and is simply providing these projects for informational purposes only.

6

7 **Q. Does the Company intend to submit a filing requesting an increase in the**
8 **WICA surcharge?**

9 Yes. Given the fact that the Company has just recently implemented a rate
10 change to recover its temporary rate recoupment and rate case expenses from DW
11 12-085, the Company felt that it would be best to delay implementation of the
12 annual WICA charge so that customers would not experience multiple rate
13 changes in a short period. The Company plans to file its proposed WICA rate
14 adjustment to recover the costs of its 2013 projects early in 2014. The 2009
15 Settlement Agreement requires Aquarion to file final project costs, supporting
16 documentation and its proposed WICA adjustment “at least sixty days prior to the
17 proposed effective date of any proposed rate change,” with the proposed WICA
18 rate to become effective “on the later of January 1 following Aquarion’s filing
19 with the Commission seeking implementation of a WICA rate change or sixty
20 days after the date of the filing.” Order 25,019 at 8. Thus, by the terms of the
21 2009 Settlement Agreement, Aquarion may file its proposed WICA adjustment
22 filing after November 1, 2013, but the Commission has up to sixty days following

1 the filing to act on the request, so the postponement from November 1 does not
2 shorten the time available for Commission review and action.

3

4 As with Aquarion's previous WICA filings, the Company will provide
5 supplemental documentation supporting its 2013 WICA project costs and
6 describing the completed projects, including testimony from Troy Dixon and
7 supplemental testimony from myself.

8

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

10 A. Yes.