

STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION

AQUARION WATER COMPANY OF NEW HAMPSHIRE, INC.
DW 14-____

2015 WATER INFRASTRUCTURE
AND CONSERVATION ADJUSTMENT FILING

DIRECT TESTIMONY OF
CARL MCMORRAN

OCTOBER 29, 2014

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 NH” 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 NH 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.

20

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

1 A. Yes, I provided live and pre-filed testimony before the PUC in the Company's
2 most recent rate case Docket DW 12-085. I also provided pre-filed testimony in
3 the Company's previous water infrastructure and conservation adjustment
4 ("WICA") filings Dockets DW 09-211, DW 10-293, DW 11-238, DW 12-325,
5 and DW 13-314.

6

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

8 A. My testimony discusses the WICA-eligible projects constructed in 2014 and the
9 projects proposed for 2015. I also provide as part of Attachment CM-1 the
10 proposed budget for WICA projects for 2016 and 2017¹. Troy Dixon will discuss
11 the surcharge calculations and the associated rate impact for the projects that have
12 been put into service in 2014.

13

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

15 A. Attachment CM-1 to this testimony identifies Aquarion's completed 2014 WICA
16 projects and their respective costs as well as budgeted costs for projects
17 anticipated for 2015-17. Consistent with the approved Settlement Agreement in
18 the Company's last general rate case, the Company has also prepared an updated
19 main replacement prioritization analysis and infrastructure inventory which is
20 provided as Attachment CM-2 to this testimony.

21

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

1 **Q. Was there any change in the scope of the projects constructed in 2014 from**
2 **what was approved by the Commission in Docket DW 13-314?**

3 A. Yes. The Great Boars Head Project was not completed in time to be considered
4 used and useful prior to September 30, 2014, and therefore it was not included in
5 this application even though it was on the list of WICA eligible projects for the
6 2014 program year.

7
8 **Q. Why wasn't the Great Boars Head project completed by September 30 as**
9 **originally anticipated?**

10 The project design took longer than anticipated to complete because the Company
11 encountered more difficulties than expected in locating and accurately mapping
12 underground pipes and services. It also took longer than expected to negotiate
13 construction access and final restoration conditions that were acceptable to all
14 affected homeowners. The project design was completed in the late summer, and
15 the bidding and contractor selection were then completed in early September.
16 The contractor's schedule did not allow them to start construction until early
17 October 2014, and as a result it became impossible to complete the project by
18 September 30, the end of the 2014 WICA program year. The project is expected
19 to be completed by the end of the 2014.

20
21 **Q. Were there any other variances from the originally approved WICA budget**
22 **for 2014?**

1 A. Yes. During 2014, the Company replaced four service lines, but no hydrants or
2 valves. The total cost of these categories did not exceed the \$50,000 threshold
3 required for inclusion in the WICA surcharge, and therefore the surcharge being
4 proposed does not include any costs associated with such items. The originally
5 approved budget included a net cost of \$23,000 or a total cost of \$73,000 for these
6 items in total.

7

8 **Q. Why did the Company's investment in service line and hydrant replacements**
9 **fall below what was originally anticipated?**

10 A. Both service line and hydrant replacements are entirely reactive, and our
11 maintenance work simply did not identify many that needed to be replaced in this
12 program year.

13

14 **Q. Has the Company made any changes to the way in which Attachment CM-1**
15 **has been formatted as compared to the corresponding schedule provided in**
16 **previous WICA proceedings?**

17 A. Yes. A change has been made to the way the Company is reporting the costs
18 related to main replacements. The attachment now shows a range for costs related
19 to main replacements, rather than a single amount. The reason for this change is to
20 more accurately reflect the inherent uncertainty in projecting project costs prior to
21 going out to bid.

22

1 **Q. Were there any changes to the scope of the WICA program as a result of the**
2 **approved settlement in the Company's 2012 rate case, DW 12-085?**

3 A. Yes. In Order No. 25,539, the Commission approved a settlement agreement that
4 included the following changes to the WICA program: 1) customer meters are to
5 be excluded from the list of WICA-eligible improvements, 2) the first \$50,000 in
6 costs related to the reactive replacement of services, valves, and hydrants in a
7 given year are to be excluded from recovery through the Company's WICA
8 surcharge, and 3) the Company is to provide an updated main replacement
9 prioritization analysis and an updated infrastructure inventory listing with its
10 WICA filing (Attachment CM-2). The Company filing in this case reflects all
11 three of these modifications.

12
13 **Q. What action is the Company requesting in this WICA filing with regard to**
14 **the projects put into service during the 2014 program year?**

15 A. With regard to the projects completed in 2014, the Company is requesting that the
16 PUC approve a surcharge consistent with that proposed by Mr. Dixon in his
17 testimony. These projects are all currently in service and the costs associated with
18 them were prudently incurred and are consistent with the approved WICA project
19 budget for 2014.

20
21 **Q. What action is the Company requesting with regard to the proposed WICA**
22 **projects reflected in the budgets for 2015, 2016, and 2017 shown in**
23 **Attachment CM-1?**

1 A. With regard to the projects listed for 2015, the Company is requesting that the
2 Commission approve these projects for inclusion in the WICA surcharge to be
3 effective as of January 1, 2016, subject to a prudence review of the actual costs
4 when the Company makes its WICA surcharge filing in November 2015. With
5 regard to the projects listed for 2016, the Company is requesting that the
6 Commission preliminarily approve these proposed projects for the WICA
7 program, subject to the Commission's final review next year. Finally, with regard
8 to the projects listed for 2017, the Company is not requesting any action and is
9 simply providing these projects for informational purposes only.

10

11 **Q. Please review the main replacement projects that the Company proposes to**
12 **include in the WICA program for 2015.**

13 A. Great Boars Head

14 As noted previously, this project was slated for construction in 2014 but was
15 delayed because of a number of unforeseen circumstances. It involves retiring
16 480-ft of unlined, cast-iron, 10-inch diameter main originally installed in 1910. In
17 addition to being some of the oldest water main in the system, this segment is
18 located in an alley that is too narrow for mechanized equipment to gain access,
19 and therefore the main would have to be excavated by hand to make any repairs.
20 If it were to leak, it has a very high risk of causing damage to adjacent houses.
21 The alley is too narrow to install a new main in the same location as the old one.
22 Replacement mains will be installed laterally from an existing main on Boars
23 Head Terrace between houses to points where the existing water services can be

1 connected. The old main will be cut and capped at each end, and abandoned in
2 place.

3 Kings Highway, including 11th, 13th, 14th and 15th Streets

4 This project involves replacing 950-ft of unlined, cast-iron, 8-inch main originally
5 installed on Kings Highway in 1915. The mains on numbered streets lie
6 perpendicular to Kings Highway and are all 2-inch, unlined, galvanized mains
7 installed in 1935. Each main is about 300 feet in length.

8 The Kings Highway main was selected because of its age, poor material rating, a
9 recent major main break and old bolted joints between pipe segments that leak.

10 The main is also one of three transmission mains to the Hampton Beach pressure
11 zone.

12 The mains on the numbered streets are poor quality galvanized material that have
13 a history of breaks and leaks. Several are dead ends that is project will eliminate
14 by looping to the Kings Highway main. Replacing all of these mains in the same
15 area will help optimize cost by reducing contractor mobilization costs.

16 Ross Avenue

17 This main is 700-ft of 6-inch cast-iron main, partially unlined, installed in 1961.

18 It was selected for replacement because 1) one half of the main on the street had
19 the highest raw score from the basic prioritization factors, 2) it is too shallow by
20 current standards and must be bled during winter to avoid freezing, and 3) this
21 segment of Ross Avenue is on the Town of Hampton's paving schedule for 2016.

22 The opportunity to share paving cost with the town will reduce project cost.

23 Cable Road (Central Road to Hunterville Avenue)

1 This main segment is 210-ft of 8-inch, unlined, cast-iron main installed in 1937.

2 It was selected because of 1) its age and material, 2) its role as a transmission

3 main, and 3) Cable Road is on the Town of Rye's paving schedule for late 2015.

4

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

6 **A. Yes.**