

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE
REVISION OF RATES FILED BY
MIDDLESEX WATER COMPANY
BPU DOCKET NO. WR2105 _____

PREFILED TESTIMONY

OF

DENNIS W. DOLL
PRESIDENT & CHIEF EXECUTIVE OFFICER

MAY 2021

1 MIDDLESEX WATER COMPANY

2 STATEMENT OF THE PRESIDENT & CHIEF EXECUTIVE OFFICER

3 TESTIMONY OF DENNIS W. DOLL

4

5 Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

6 A. Dennis W. Doll, 485C Route 1 South, Iselin, New Jersey 08830.

7 Q. PLEASE STATE YOUR PROFESSIONAL QUALIFICATIONS AND EXPERIENCE.

8 A. I am President and Chief Executive Officer (CEO) of Middlesex Water Company

9 (the Company), serving in that capacity since January, 2006. I was elected to the

10 Middlesex Water Company Board of Directors in 2006, was appointed Chairman of

11 the Board in 2009 and continue to serve in that capacity. Prior to joining Middlesex

12 in 2004 as Executive Vice President, since 1985 I held management and executive

13 roles at other large regulated water utilities in New Jersey. In my role as President &

14 CEO of Middlesex, I have overall responsibility for service delivery to our

15 customers, maintaining a skilled workforce to ensure quality and reliability of

16 service and ensure the financial health of the company for the benefit of both

17 customers and shareholders.

18 WHAT IS THE PURPOSE OF YOUR TESTIMONY?

19 A. My intent is to provide overall context to Middlesex's approach to regulatory

20 compliance and related capital investment which is a significant driver of the

21 need for this rate request.

22 Q. PLEASE DESCRIBE THE COMPANY'S APPROACH TO REGULATORY

23 COMPLIANCE AND RELATED INVESTMENT.

1 A. Middlesex Water Company has a long history of working to proactively maintain
2 public health through a diligent focus on regulatory compliance. This includes
3 maintaining appropriate internal policies and procedures designed to ensure
4 compliance with all primary and secondary health standards, as promulgated by
5 various federal and state agencies. The Company's efforts are not only employed to
6 meet current regulatory standards but also, to do our best to anticipate future
7 regulations and ensure development of timely and adequate plans to meet future
8 regulatory requirements related to constituents of emerging concern. Examples
9 include the current national focus on toxic perfluoroalkyl and polyfluoroalkyl
10 chemicals, commonly known as PFAS. New Jersey has promulgated some of the
11 most restrictive standards in the nation for these substances. Middlesex anticipated
12 these regulations and implemented a pilot program to research treatment alternatives
13 for these substances in advance of the regulations becoming effective. Although
14 affecting a relatively small, but important, portion of the Company's source of
15 supply, the capital investment required to remediate PFAS to the required regulatory
16 standard is significant and the Company's related capital project, although not part
17 of this proceeding, is well in progress. Additionally, the Company believes it has
18 identified the polluter responsible for the presence of PFAS in the water supply and
19 has initiated litigation in the United States District Court for the District of New
20 Jersey against the polluter to recover as much of the capital cost of the PFAS
21 remediation as possible for the sole benefit of the Company's customers.
22 More recently, the U.S. Environmental Protection Agency promulgated additional
23 requirements under the Lead and Copper Rule (the LCR), after nearly thirty years
24 since the LCR's initial adoption. This significant update to the LCR will likely

1 require significant capital investment over time to address lead service lines owned
2 by both utilities and customers. Furthermore, significantly more stringent testing
3 protocols under the updated LCR require an investment in additional human
4 resources to adequately address all of the required aspects of compliance. Similar to
5 the Company's approach to planning for the need to meet the compliance standards
6 for remediating PFAS, the Company is planning for the need to address all of the
7 compliance aspects of the updated LCR.

8 Q. WHAT ADDITIONAL ACTIONS IS THE COMPANY TAKING REGARDING
9 REGULATORY COMPLIANCE, RELIABILITY AND REDUNDANCY TO
10 ENSURE PUBLIC HEALTH AND SAFETY.

11 A. As was highlighted in my testimony in the prior Middlesex base rate proceeding,
12 there continues to be significant attention in the media on the state of our country's
13 utility infrastructure, including the need for significant additional investment in
14 water infrastructure. These circumstances continue to be characterized as a national
15 crisis. Although at Middlesex we do not believe the state of our company's
16 infrastructure is in crisis, we do have significant current and future capital
17 investment needs that must be met to ensure continued reliability of utility services,
18 to ensure the continued health and safety of the company's customers and employees
19 and to support the economic stability and overall quality of life in the communities
20 Middlesex serves. Middlesex has provided water services as a public utility since the
21 company's formation in 1897. As has been documented in rate proceedings before
22 the New Jersey Board of Public Utilities over many years, Middlesex has a history of
23 proactively investing in utility infrastructure. It is as a result of that proactive
24 management of utility plant investments over many decades as part of our overall

1 asset management philosophy that we are able to conclude that the state of our
2 company's infrastructure is not in crisis. Our ability to sustain reliable utility services
3 for our customers historically, and to the present day, is a direct result of the
4 proactive and diligent planning and execution of many capital programs by our
5 predecessors and our current management. In order to continue to adequately meet
6 the needs of customers presently, and to meet their needs well into the future, it is
7 necessary to continue that practice of proactive planning and execution of our capital
8 programs, coupled with the periodic need to request rate relief relative to these
9 investments. Separate from the national focus on water infrastructure needs is our
10 attention to the impact on our customers' bills in light of the significant need for
11 additional utility plant investments. The unfortunate timing and fact of the ongoing
12 COVID-19 pandemic does not negate the fact that prudent and necessary
13 investments reflected in this rate request were required or, that timely and adequate
14 rate recognition of those investments is essential to the continued service needs of
15 our customers and the financial health of the company. At Middlesex, we are not
16 insensitive to the impact of utility plant investments and operating costs on
17 customers' rates and we work to ensure that we only invest in infrastructure which is
18 both prudent and necessary. We are hopeful that any national initiative to address the
19 country's water infrastructure needs will include entities like Middlesex and if so,
20 we will continue to maximize whatever opportunities may be available to mitigate
21 the impact of our needed utility plant investments on our customers' rates.

22 Q. WHAT ARE THE SPECIFIC DRIVERS REQUIRING THE COMPANY'S NEED
23 FOR RATE RELIEF?

1 A. Recovery of investments in a large capital program, including several large projects,
2 is a significant driver of our request in this proceeding. These projects are detailed in
3 the testimony of Mr. Andreasen. They encompass a variety of critical needs
4 including reliability, redundancy, maintenance of regulatory compliance and other
5 improvements which will benefit customers now and well into the future. As
6 discussed in the testimony of Mr. O'Connor, our significant projects and their timing
7 was a noteworthy driver of our choice of an appropriate test year in this proceeding.

8 Q. WHAT ADDITIONAL OPERATING CHALLENGES IS MIDDLESEX
9 FACING?

10 A. Our ability to continue to provide reliable water utility service is totally
11 dependent on our ability to maintain a well-trained, skilled workforce. As
12 highlighted in the company's most recent prior base rate proceeding, succession
13 planning again remains a major area of effort in light of continued retirements of
14 long-term experienced employees and turnover at various skill levels in the
15 company. In addition to these human capital challenges, is continually increasing
16 legal and regulatory requirements, most notably, the recent regulatory
17 requirements cited above, in addition to continued management of compliance
18 with New Jersey's Water Quality Accountability Act and the America's Water
19 Infrastructure Act.

20 Q. ARE THERE ANY OTHER AREAS YOU WOULD LIKE TO HIGHLIGHT?

21 A. I would like to highlight the fact that throughout the history of Middlesex, we
22 have been a company that has not been subject to collective bargaining
23 agreements. In that regard, we are an anomaly among many of our industry peers
24 in New Jersey. Our efforts to provide our employees with a diverse, inclusive,

1 safe and supportive working environment, coupled with competitive wages and
2 benefits, has enabled us so far to avoid some of the challenges of managing
3 under collective bargaining agreements and has enabled us to avoid many of the
4 incremental costs that, in our experience, has resulted in a lower overall labor
5 cost structure than might otherwise be in place. In his direct testimony, Mr.
6 Fullagar has described some of our current challenges and we are working hard
7 to overcome those challenges. Although not specifically quantifiable, intuitively,
8 we believe our customers continue to receive the financial benefit of our efforts
9 in this regard. Maintaining our cost structure in a non-collective bargaining
10 environment continues to challenge us to make efforts to sustain a skilled
11 workforce. . However, due to the deteriorating average skill experience level of
12 our workforce due largely to retirements of long-term employees, and the
13 increased level of competition for skilled labor from other utilities, the reality is
14 that we are experiencing the new challenges Mr. Fullagar describes in his
15 testimony. We continue to monitor our employee recruitment and retention
16 metrics to determine if more dramatic measures, which result in increased cost,
17 should be implemented in order to help retain trained, skilled operational staff..

18 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

19 A. Yes.