

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE
REVISION OF RATES FILED BY
PINELANDS WASTEWATER COMPANY

DIRECT TESTIMONY

OF

G. CHRISTIAN ANDREASEN, JR.
PRESIDENT

SEPTEMBER 2022

1 PINELANDS WASTEWATER COMPANY

2 STATEMENT OF THE PRESIDENT

3 DIRECT TESTIMONY OF G. CHRISTIAN ANDREASEN, JR.

4
5 Q. PLEASE STATE FOR THE RECORD YOUR NAME, OCCUPATION
6 AND BUSINESS ADDRESS.

7 A. My name is G. Christian Andreasen, Jr. I am the President of Pinelands
8 Wastewater Company, (PWWC or the Company). In addition, I am the
9 Vice President of Enterprise Engineering for Middlesex Water Company
10 (Middlesex) in New Jersey. My business address is 485C Route 1 South,
11 Suite 400, Iselin, New Jersey.

12 Q. PLEASE STATE YOUR PROFESSIONAL AND EDUCATIONAL
13 BACKGROUND AND EXPERIENCE.

14 A. My professional qualifications and experience are set forth on Appendix A
15 attached hereto.

16 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

17 A. My testimony in this proceeding is to discuss the overall reasons for the rate
18 request, provide an overall description of the water system facilities and the
19 operation of PWWC, introduce the other witnesses who will testify in this
20 proceeding, and discuss the proposed tariff and tariff design.

21 Q. ARE YOU FAMILIAR WITH THE SERVICE AREA, SYSTEM
22 FACILITIES, AND OPERATION OF PWWC?

1 A. Yes. I have been employed by Middlesex since 1982, was elected President
2 of PWWC in 2020, and prior to that was Vice President – Operations of
3 PWWC since January 2005. Prior to that time, I provided engineering and
4 project management support services to PWWC on various projects and
5 operations following PWWC’s acquisition by Middlesex. In addition, I
6 have reviewed the books and records of PWWC’s facilities and have
7 inspected these facilities in the field.

8 Q. WILL YOU BRIEFLY DISCUSS THE NEED FOR THIS RATE
9 INCREASE?

10 A. The increase requested is necessary to address capital investment since the
11 2019 rate case, cost increases for labor, benefits and other expenses as well
12 as adjustments for other changes which are known and/or reasonably
13 anticipated to occur in the Test Year or in close proximity.

14 Since the last rate proceeding, (BPU Docket No. WR19030418) through
15 March 31, 2022, the Company invested approximately \$488,629 in utility
16 plant not currently recognized in rates. From March 31, 2022 through the
17 end of the adjusted Test Year, December 31, 2022, the Company plans to
18 invest approximately \$1,153,985 in utility plant. This planned investment
19 includes service upgrades required for both regulatory compliance and to
20 ensure the continued reliability of the system.

21 Mr. Brian F. Carr will submit testimony that will demonstrate the need for
22 the utility plant investments, as these additions to utility plant will serve

1 customers during the period that rates in this proceeding are anticipated to
2 be in effect.

3 The current proceeding seeks recognition of these investments as additions
4 to the Company's rate base, together with a fair and reasonable rate of
5 return on the entire net investment rate base during the period rates are
6 expected to be in effect. This recognition is expected to provide the
7 Company with a reasonable opportunity to achieve a fair and appropriate
8 return. The testimonies of Mr. Robert Capko and Ms. Michele Tilley will
9 provide support for the Test Year results of operations and known and
10 measurable adjustments to the Test Year pro forma income statement and
11 rate base as well as for the proposed rate of return, capital structure and
12 revenue requirement in this proceeding.

13 Q. ARE YOU FAMILIAR WITH THE PROPOSED TARIFFS SET FORTH
14 AS EXHIBIT A TO THE PETITION?

15 A. Yes, I am responsible for the development of the proposed tariffs set forth
16 in Exhibit A to the Petition. The Company is proposing that each customer
17 class receive the same percentage increase in rates and that the change in
18 rates should be applied equally to the Service Charge and Volumetric
19 Charges within the respective customer classes. Therefore, the tariff rates
20 are based on average percentage increases applied to existing tariffs of the
21 Company.

1 Q. ARE THERE ANY ADDITIONAL CHANGES BEING PROPOSED TO
2 THE TARIFF?

3 A. Yes, the Company is proposing to change certain the non-rate sections of
4 the Company's Tariff.

5 Q. WHAT ARE THE REASONS FOR THE PROPOSED CHANGES TO
6 THE NON-RATE SECTION OF THE COMPANY'S TARIFF?

7 A. Since the New Jersey Board of Public Utilities' (NJBPU or the Board) last
8 approval of the Company's tariff, PWWC has reviewed its tariff and
9 determined that its present tariff language addressing matters of liability is
10 not adequate to meet current industry challenges. Consequently, the
11 Company researched liability provisions contained in the Board-approved
12 tariffs of other New Jersey water and wastewater utilities, and identified
13 commonly used provisions in existing tariffs. With this request, the
14 Company now seeks the Board's approval to adopt those provisions in
15 PWWC's tariffs. In addition, the Company has proposed a provision
16 addressing the Company's responsibilities when notices regarding
17 wastewater service matters are issued to the public. The Company proposed
18 to amend its tariffs to be consistent with other New Jersey utilities, and to
19 protect itself and its customers from incurring unnecessary costs.

20 Q. HAVE YOU REVIEWED EXHIBIT P-5 TO THE DIRECT TESTIMONY
21 OF MICHELE L. TILLEY?

1 A. Yes. I am familiar with the items of revenue and expense shown on Exhibit
2 P-5.

3 Q. DO YOU HAVE ANY COMMENTS ON THE REASONABLENESS OF
4 THE PROPOSED TEST YEAR AMOUNTS?

5 A. Yes. The revenues shown on Exhibit P-5 represent the annualized actual
6 and projected revenues from existing and anticipated customers during the
7 twelve months ending December 31, 2022. Similarly, the operating
8 expenses and taxes represent the annualized actual and projected costs of
9 operating the system during the twelve-month period. Exhibit P-5 illustrates
10 the inadequacy of the projected return on the rate base of the Company for
11 the twelve months ended December 31, 2022 under present rates. Cost
12 increases and utility plant additions since the Company's last rate request
13 have eroded the overall rate of return to well below the authorized rate of
14 return approved by the NJBPU in the Company's last base rate filing.
15 Therefore, the requested rate increase is necessary for the provision of safe,
16 adequate and proper service as well as to provide the Company an
17 opportunity to earn a fair return on its investment.

18 Q. ARE YOU FAMILIAR WITH THE SERVICE AGREEMENT BETWEEN
19 PINELANDS WASTEWATER COMPANY AND MIDDLESEX WATER
20 COMPANY?

21 A. Yes.

1 Q. WOULD YOU DESCRIBE SOME OF THE SERVICES PROVIDED BY
2 MIDDLESEX AND HOW SUCH AN ARRANGEMENT IS
3 BENEFICIAL TO THE CUSTOMERS OF THE TWO COMPANIES.

4 A. Middlesex provides supervisory and support services to the Company under
5 the Service Agreement. These services include operational supervision,
6 regulatory monitoring and reporting, maintenance and repair, replacement,
7 engineering, budgeting, billing and customer service, purchasing,
8 accounting, human resources, risk management, records management, cyber
9 security, Information Technology services and legal services.

10 Through this Service Agreement the operational and professional expertise
11 of Middlesex personnel is available to the Company on an “as needed”
12 basis at reasonable costs compared to using outside consultants.

13 Q. WILL YOU DISCUSS THE COMPANY’S POLICY REGARDING
14 CUSTOMER SERVICE?

15 A. The Company’s customer service is provided by Middlesex. Middlesex has
16 continually worked to improve its customer service capabilities through
17 training programs, effective use of technology and management’s
18 commitment to customer service and the Company’s customers receive the
19 benefits for these improved capabilities. Customer service inquiries and
20 complaints are handled in a professional manner and result in a very low
21 incidence of complaints to the NJBPU.

22 Q. DOES THAT CONCLUDE YOUR TESTIMONY?

1 A. Yes, it does.

G. CHRISTIAN ANDREASEN, JR., P.E.**SUMMARY:**

Over forty years of experience, practice, and responsibility in utility planning, engineering, construction, operations and management. Responsibilities have included the overall program development, delivery of a wide range of utility capital improvement projects, and water and wastewater utility administration and operations.

EXPERIENCE:

**01/2005-
Present**

- President (previously VP- Operations), **Pinelands Water Company and Pinelands Wastewater Company, Iselin, NJ**: Overall responsibility for utility activities, operations and management of water and wastewater utilities including surface water discharge wastewater treatment plant serving approximately 2,400 customers in Southampton Township, NJ. Provides executive leadership supporting administration, personnel, budgeting, operations, and external relations.

**06/1982-
Present**

- Vice President-Enterprise Engineering, **Middlesex Water Company, Iselin, NJ**: Responsible for the oversight, planning, development and operations of Enterprise Engineering Departments and Capital Program across the operating companies in NJ and Delaware. Provides executive leadership to engineering personnel for the ongoing execution of infrastructure capital improvements and programs, and meeting ongoing needs of utility operations.
- AVP-Enterprise Engineering, Director of Engineering, Chief Engineer, **Middlesex Water Company, Iselin, NJ**: Directly responsible for the management for the Company's Engineering Department, Capital Program and Special Projects. This includes planning, design, and supervision of construction in order to continually optimize system expansion, operations and provide proper utility service.
- Staff Engineer, **Middlesex Water Company, Iselin, NJ**: Planning, design, procurement and construction of varied utility plant improvements and support to utility operations.

**Highlights
of Work**

- Overall responsibility for and management of all functions of the Enterprise Engineering Department and functions. This included direct supervision of managers, engineers, inspectors, drafters, and support personnel.
- Management, development, and oversight of the Capital Programs for utilities including the 1 year Capital Budget and 5 year Capital Program.
- Engineering and Project management responsibilities of capital projects totaling over \$50 million. Projects include facilities (mains) extensions, office buildings, pump stations, major transmission pipelines, wellfield improvements, treatment plant modifications and storage reservoir/tanks.
- Overall responsibility for the development and implementation of the Enterprise Asset Management Program . Includes development of plans, regulatory compliance, and ongoing support for development of O&M and CIP projects and programs
- Company representation, expert testimony, and delivery of presentations at various regulatory, governmental, civic, industrial, and professional organizations.
- Preparation of applications support for regulatory (environmental and administrative) approvals.
- Review, analyses, and support on varied Company operations initiatives and projects.

| Examples of Major Projects | <u>Project Name</u> | <u>Role</u> |
|-----------------------------------|--|--|
| | <ul style="list-style-type: none"> ▪ <u>Utility Plants and Facilities</u> -CJO Plant surface water treatment plant major upgrades pgrades including process changes and ozone treatment, Park Avenue Wellfield Supply – wellfield rehabilitation treatment Plant upgrade for Air Stripping and PFAS removal (under construction). | Project Officer, Project Manager |
| | <ul style="list-style-type: none"> ▪ <u>Major Pipelines</u> - 60” Raw Water Pipeline, Western Transmission 42” transmission main, South River Basin transmission mains, Raritan River 24” main HDD crossing | Project Officer, Project Manager |
| | <ul style="list-style-type: none"> ▪ <u>Distribution System infrastructure renewals</u> - RENEW annual distribution system rehabilitation and replacements program, annual water main replacement projects for infrastructure renewal and coordination with road reconstruction projects | Project Officer, Project Manager, Project Engineer |
| | <ul style="list-style-type: none"> ▪ <u>Utility system planning and growth</u> - Water and Sewer main extensions, and improvements for varied additions and needs to support system demand changes. | Proj. Mgr, Proj. Eng., Design Eng., Inspector |

EDUCATION: B.S. Civil & Environmental Engineering;Clarkson University, Potsdam, NY

PROFESSIONAL LICENSES: New Jersey & Delaware Professional Engineer
New Jersey DEP W-3 Water Operators Distribution License

AFFILIATIONS: State of New Jersey Water Supply Advisory Council (Vice Chair & member)
American Water Works Association (AWWA Past Director, NJ Section Past Chair & Trustee, Past Secretary Treasurer),
Water Environment Association, New Jersey Utilities Association, National Association of Water Companies.(member)
Habitat for Humanity in Monmouth County –Volunteer, past officer and board member