

STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES

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

DIRECT TESTIMONY

OF

G. CHRISTIAN ANDREASEN, JR.  
PRESIDENT

SEPTEMBER 2022

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PINELANDS WATER COMPANY  
STATEMENT OF THE PRESIDENT

DIRECT TESTIMONY OF G. CHRISTIAN ANDREASEN, JR.

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

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

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

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

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

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

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

1 A. Yes. I have been employed by Middlesex since 1982, elected President of  
2 PWC in 2020 and prior to that was Vice President of Operations of PWC  
3 since January 2005. Prior to 2005, I provided engineering and project  
4 management support services to PWC on various projects and operations  
5 following the acquisition of PWC by Middlesex. In addition, I have  
6 reviewed the books and records of these facilities and have inspected  
7 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. WR19030417) through  
15 March 31, 2022, the Company invested approximately \$1,368,534 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 \$1,583,840 in utility plant. This utility plant  
19 investment includes service upgrades required for both regulatory  
20 compliance and to ensure 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 set in this proceeding are anticipated  
2 to 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 Consumption  
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 establish a tariff provision to address the  
4 unauthorized use of water from public fire hydrants by entities other than  
5 fire departments, typically contractors doing work in the area using the  
6 water for non-fire protection purposes. This is being proposed as an  
7 additional mechanism for the Company to deter this dangerous and criminal  
8 practice, which while infrequent runs the grave risk of negatively impacting  
9 the operations of the system when it occurs. The proposed new tariff  
10 provision will provide a basis for invoicing these unauthorized parties for  
11 monetary compensation for the unauthorized use if and when it occurs.

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

14 A. Since the New Jersey Board of Public Utilities' (NJBPU or the Board) last  
15 approval of the Company's tariff, the Company has reviewed its tariff and  
16 determined that its present tariff language addressing matters of liability is  
17 not adequate to meet current industry challenges. Consequently, the  
18 Company researched liability provisions contained in the Board-approved  
19 tariffs of other New Jersey water and wastewater utilities, and identified  
20 commonly used provisions in existing tariffs. With this request, the  
21 Company now seeks the Board's approval to adopt those provisions in  
22 PWC's tariffs. In addition, the Company has proposed a provision

1 addressing the Company's responsibilities when notices regarding water  
2 service matters are issued to the public. The Company proposes to amend  
3 its tariffs to be consistent with other New Jersey utilities, and to protect  
4 itself and its customers from incurring unnecessary costs.

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

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

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

11 A. Yes. The revenues shown on Exhibit P-5 represent the annualized actual  
12 and projected revenues from the existing customer base during the twelve  
13 months ending December 31, 2022. Similarly, the operating expenses and  
14 taxes represent the annualized actual and projected costs of operating the  
15 system during the same twelve-month period.

16 Exhibit P-5 illustrates the inadequacy of the projected return on the rate  
17 base of the Company for the twelve months ended December 31, 2022  
18 under present rates. Cost increases and utility plant additions since the  
19 Company's last rate case have eroded the overall rate of return to well  
20 below the authorized rate of return approved by the NJBPU in that rate  
21 case. Therefore, the requested rate increase is necessary for the provision of

1 safe, adequate and proper service as well as to provide the Company an  
2 opportunity to earn a fair return on its investment.

3 Q. DO YOU HAVE ANY ADDITIONAL COMMENTS ON EXHIBIT P-5?

4 A. I have provided information to Ms. Tilley concerning the aspects of the  
5 operations of PWC and corresponding expenses. This information includes  
6 staffing, treatment, pumping maintenance and other elements of operations.  
7 No adjustments are expected for purchased power, chemicals, or other non-  
8 labor related operating expenses for T&D, pumping or treatment.

9 Q. ARE YOU FAMILIAR WITH THE SERVICE AGREEMENT BETWEEN  
10 PINELANDS WATER COMPANY AND MIDDLESEX WATER  
11 COMPANY?

12 A. Yes.

13 Q. WOULD YOU DESCRIBE SOME OF THE SERVICES PROVIDED BY  
14 MIDDLESEX AND HOW SUCH AN ARRANGEMENT IS  
15 BENEFICIAL TO THE CUSTOMERS OF THE TWO COMPANIES?

16 A. Middlesex provides supervisory and support services to the Company under  
17 the Service Agreement. These services include operational supervision,  
18 regulatory monitoring and reporting, maintenance and repair, replacement,  
19 engineering, budgeting, billing and customer service, purchasing,  
20 accounting, human resources, risk management, records management, cyber  
21 security, Information Technology services and legal services.

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

4 Q. WILL YOU DISCUSS THE COMPANY’S POLICY REGARDING  
5 CUSTOMER SERVICE?

6 A. The Company’s customer service is provided by Middlesex. Middlesex has  
7 continually worked to improve its customer service capabilities through  
8 training programs, effective use of technology and commitment to quality  
9 customer service. Customer service inquiries and complaints are handled in  
10 a professional manner. Emergency after hours response is provided through  
11 a third party answering service and on call Company personnel response.

12 Q. CAN YOU PROVIDE AN UPDATE TO THE CELL TOWER LEASES  
13 OF SPACE AT THE COMPANY’S DISTRIBUTION STORAGE TANK?

14 A. Yes. There are two carriers that as of January 1, 2022 have active contracts  
15 for leased space on the distribution storage tank. One of the carriers, Sprint  
16 Spectrum, has indicated that they intend to terminate their lease effective  
17 September 30, 2022 pursuant to the terms of the lease agreement. This will  
18 result in one remaining active lease agreement at the tank site. Several  
19 improvements have been implemented including gate access control,  
20 increased fencing, and video recording to help manage these third party  
21 activities to protect the operations of the Company at this critical site.

1 Q. DOES THAT CONCLUDE YOUR TESTIMONY?

2 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.

<b>Examples of Major Projects</b>	<b><u>Project Name</u></b>	<b><u>Role</u></b>
	<ul style="list-style-type: none"> <li>▪ <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).</li> </ul>	Project Officer, Project Manager
	<ul style="list-style-type: none"> <li>▪ <u>Major Pipelines</u> - 60” Raw Water Pipeline, Western Transmission 42” transmission main, South River Basin transmission mains, Raritan River 24” main HDD crossing</li> </ul>	Project Officer, Project Manager
	<ul style="list-style-type: none"> <li>▪ <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</li> </ul>	Project Officer, Project Manager, Project Engineer
	<ul style="list-style-type: none"> <li>▪ <u>Utility system planning and growth</u> - Water and Sewer main extensions, and improvements for varied additions and needs to support system demand changes.</li> </ul>	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