

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE
REVISION OF RATES FILED BY
MIDDLESEX WATER COMPANY
BPU DOCKET NO. WR2305_____

PREFILED TESTIMONY

OF

DENNIS W. DOLL
PRESIDENT & CHIEF EXECUTIVE OFFICER

MAY 2023

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 (Middlesex or the Company), serving in that capacity since January, 2006. I was
10 elected to the Middlesex Board of Directors in 2006, was appointed Chairman of the
11 Board in 2009 and continue to serve in that capacity. Prior to joining Middlesex in
12 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 has a long history of working to proactively maintain public health and
2 safety through a diligent focus on regulatory compliance. This includes maintaining
3 appropriate internal policies and procedures designed to ensure compliance with all
4 primary and secondary water quality health standards as promulgated by federal and
5 state agencies. The Company's efforts are not only employed to meet current
6 regulatory standards but also, to employ our best efforts to anticipate future
7 regulations and ensure development and execution of timely and adequate plans to
8 meet anticipated future regulatory requirements regarding service quality and overall
9 reliability. The extent of current compliance requirements regarding water quality
10 and service, combined with the anticipated promulgation of additional laws and
11 regulations in these areas, is having, and will increasingly have, a profound impact
12 on Middlesex's need for capital investment and drive increased operating costs.
13 Examples include the continued national focus on toxic perfluoroalkyl and
14 polyfluoroalkyl chemicals, commonly known as PFAS or, "forever chemicals." New
15 Jersey has promulgated some of the most restrictive standards in the nation for these
16 compounds. Middlesex anticipated these regulations and implemented a pilot
17 program to research treatment alternatives and then began designing a project to
18 remediate these substances well in advance of the final regulations becoming known
19 and ultimately, effective. The capital investment required to remediate PFAS to the
20 required New Jersey regulatory standard is significant and the Company's related
21 capital project, which is part of our request in this proceeding, is near completion.
22 Separately, we believe we have identified the polluter responsible for the presence of
23 PFAS in the water supply and we had initiated litigation in the United States District
24 Court for the District of New Jersey against the alleged polluter to recover as much

1 as possible of the cost to remediate the PFAS, for the sole benefit of the Company's
2 customers. In addition, on March 14, 2023, the U.S. Environmental Protection
3 Agency (USEPA) announced a proposed National Primary Drinking Water
4 Regulation (NPDWR) for six PFAS compounds, including perfluorooctanoic acid
5 (PFOA), which is the compound presently most prevalent in portions of Middlesex's
6 source water supply. The USEPA's recent proposal includes a standard for PFOA of
7 4 parts per trillion, well below New Jersey's current stringent standard of 14 parts
8 per trillion. If adopted in its present form, Middlesex will likely need to incur
9 significant capital and operating costs at our surface water treatment plant in order to
10 comply. Separately, in anticipation of a Maximum Contaminant Level (MCL) for
11 PFOA being promulgated at the federal level by the USEPA, our project referenced
12 above to remediate PFOA in our largest groundwater supply has been designed to
13 meet the USEPA's proposed standard. Also, the USEPA had promulgated additional
14 requirements under the Lead and Copper Rule (the LCR) under the federal Safe
15 Drinking Water Act, after nearly thirty years since the LCR's initial adoption.
16 Coupled with the State of New Jersey's already enacted legislation requiring
17 replacement of lead and galvanized steel service lines, whether owned by the
18 customer or the Company, these mandates are requiring significant expenditures
19 currently, and significantly more over time, in order to maintain legal and regulatory
20 compliance.
21 Significantly more stringent testing protocols under the updated LCR, as an example,
22 are requiring investments in additional human resources to appropriately address all
23 of the required aspects of compliance. Similar to the Company's approach to
24 planning for the need to meet the compliance standards for remediating PFAS, the

1 Company continues to incur cost to manage all of the compliance aspects of the
2 updated LCR and New Jersey's lead service line legislation.

3 Q. WHAT OTHER SIGNIFICANT INITIATIVES IS THE COMPANY FOCUSED
4 ON?

5 A. One additional area of significant importance to highlight in the context of this
6 proceeding is the increased focus by utilities on physical and cyber security. Recent
7 incidents have brought national and local attention to the security of physical utility
8 assets, the safety of employees and customers and the protection of information
9 technology systems and related customer and other data. These incidents underscore
10 the need to be increasingly vigilant regarding these threats. These threats have
11 dramatic implications to public health and safety as well as to the ability of our
12 company to continue to provide service following such incidents. As a provider of
13 services vital to public health and safety, we takes our responsibilities very seriously.
14 We partner with federal and state agencies as well as with external consulting
15 resources. In addition, we continue to make additional investments in our own
16 human resources, in training and in enhanced policies and procedures.

17 Q. PLEASE DESCRIBE THE RELEVANCE TO CUSTOMERS OF THESE
18 DESCRIPTIONS OF CURRENT AND ANTICIPATED LAWS, REGULATIONS,
19 AND OTHER AREAS OF CONCERN.

20 A. In addition to the aforementioned federal and state laws and regulations, additional
21 relatively recent current and anticipated laws and regulations with which we have to
22 comply include the federal Americas Water Infrastructure Act as well as in New
23 Jersey, the Water Quality Accountability Act, backflow prevention testing
24 legislation, cyber security enhancements, micro-plastics remediation, additional

1 legionella risk mitigation, etc. The relevance to customers of all of these current and
2 anticipated requirements, , is that they require significant increases in capital and
3 operating costs in order to comply. The cost of regulatory compliance relative to
4 current and anticipated regulations is likely to result in continued significant
5 increases in customers rates for the foreseeable future. It is our intent to continue to
6 educate our customers regarding the value of water and the legal and regulatory
7 requirements which are expected to continue to impact their rates.

8 Q. WHAT ARE THE SPECIFIC DRIVERS REQUIRING THE COMPANY'S NEED
9 FOR RATE RELIEF AT THIS TIME?

10 A. As indicated in the relevant testimonies and related exhibits, recovery of investments
11 in a large capital program, including several large projects, is a significant driver of
12 our request in this proceeding. These projects are detailed in the testimony of Mr.
13 Brian F. Carr and others. They encompass a variety of critical needs including
14 reliability, redundancy, maintenance of regulatory compliance and other
15 improvements which will benefit customers now and well into the future. Given
16 Mr.Fullagar's testimony about the demographics of our changing workforce, as a
17 Company, we need to provide more training for our newer and current employees so
18 they are better able to address water treatment and other operational challenges as
19 they arise and so we can continue to provide safe, adequate and proper service to our
20 customers.

21 Q. WHAT ADDITIONAL OPERATING CHALLENGES IS MIDDLESEX
22 FACING?

23 A. Our ability to continue to provide reliable water utility service continues to be
24 totally dependent on our ability to maintain a well-trained, skilled workforce. As

1 highlighted in the Company's two most recent base rate proceedings, succession
2 planning again remains a major area of effort in light of continued retirements of
3 long-term experienced employees and turnover at various skill levels in the
4 Company.

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

6 A. As in our prior rate request proceeding, I would like to again highlight the fact
7 that throughout the history of Middlesex, as a company, we have not been
8 subject to collective bargaining agreements. In that regard, we continue to be an
9 anomaly among many of our industry peers in New Jersey. Our efforts to
10 provide our employees with a diverse, inclusive, safe and supportive working
11 environment, coupled with competitive wages and benefits, continues to enable
12 us to avoid some of the challenges of managing under collective bargaining
13 agreements, and has enabled us to avoid many of the incremental costs that, in
14 our experience, have resulted in a lower overall labor cost structure than might
15 otherwise exist. Although not specifically quantifiable, intuitively, we believe
16 our customers continue to receive the financial benefit of our efforts in this
17 regard. Maintaining our cost structure in a non-collective bargaining
18 environment continues to challenge us to make efforts to sustain a skilled
19 workforce. However, due to the continued deteriorating average skill experience
20 level of our workforce due largely to retirements of highly-skilled long-term
21 employees, and the increased level of competition with other utilities for skilled
22 labor, the reality is that we have to continue to manage through these challenges.
23 We continue to monitor our employee recruitment, training, and retention

1 metrics to determine what, if any, additional actions may be required in order to
2 help us attract, train and retain skilled operational and administrative staff.

3 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

4 A. Yes.