

**DIRECT TESTIMONY
OF
BRIAN HASSINGER**

**WITH REGARD TO
PENNSYLVANIA-AMERICAN WATER COMPANY
COATESVILLE WASTEWATER OPERATIONS
SCOPE OF OPERATIONS**

DOCKET NO. R-2008-2032689

DATE: April 28, 2008

1 **5. Q. Do you belong to any professional or industry associations?**

2 A. Yes. I am a member of American Water Works Association and a registered
3 Professional Engineer in Pennsylvania.

4 **II. PURPOSE OF TESTIMONY**

5 **6. Q. What is the purpose of your testimony?**

6 A. The purpose of my testimony is two-fold. First, I will describe the Coatesville
7 Wastewater Operations (“CWW”) and provide an overview of its scope. Secondly, I
8 will introduce the other witnesses who will appear on behalf of CWW in support of
9 this rate increase request.

10 **III. DESCRIPTION OF PAWC AND ITS SCOPE OF OPERATIONS**

11 **7. Q. Please begin by describing the PAWC and CWW organizational alignment.**

12 A. CWW is an operating division of PAWC. As of March 31, 2008, PAWC provided
13 service to approximately 628,338 water and 14,526 wastewater customers. These
14 services are provided in 375 communities located in 35 counties spread throughout
15 Pennsylvania. As a Pennsylvania public utility, PAWC and CWW operate under the
16 rules and regulations of the Pennsylvania Public Utility Commission (“Commission”)
17 which, in addition to regulating specific aspects of service, approves the rates charged
18 for water and wastewater service. The Company also must comply with standards
19 established by the Pennsylvania Department of Environmental Protection (“DEP”)
20 and the federal Environmental Protection Agency (“EPA”).

21 **8. Q. Please provide a description of CWW’s operations.**

1 A. A detailed description of CWW's operations is set forth in Volume 1, Scope of
2 Operations, which is being submitted with this rate filing. By way of summary, the
3 CWW collection system serves the City of Coatesville, the Borough of Parkesburg
4 and South Coatesville, and the following Townships: West Sadsbury , East
5 Fallowfield, Caln, West Caln, West Brandywine, Valley , Sadsbury and Highland
6 Township. The Townships of Caln, Valley, Sadsbury and West Brandywine own and
7 maintain their own sanitary sewer systems and transfer wastewater to CWW. Other
8 large customers include Mittal Steel and the VA Medical Center. The collection
9 system terminates at CWW's wastewater treatment plant in the Borough of South
10 Coatesville (the "Coatesville Wastewater Plant").

11
12 The Coatesville Wastewater Plant was originally constructed in 1932. The current
13 plant has a permitted Annual Average Capacity of 3.85 million gallons per day and
14 discharges into the West Branch of the Brandywine Creek. The plant treatment
15 processes consist of grit removal, primary settling, trickling filter/ activated sludge
16 biological treatment, secondary settling and disinfection. Sludge is processed in
17 anaerobic digesters. The sludge is then dewatered with a belt press and the filter cake
18 is disposed of in a landfill.

19
20 The collection system consists of ten sewer basins serving approximately 5,900 direct
21 customers. The system comprises about 380,000 feet of sewer mains and
22 approximately 1,500 manholes. The sewer mains consist of vitrified clay, reinforced
23 concrete and polyvinylchloride material, with the oldest pipes being approximately

1 100 years in age. There are fifteen sewer lift stations within the system which allow
2 operations to transfer wastewater where gravity flow is not practical.

3 **9. Q. Has PAWC taken any steps since acquiring the CWW operations to ensure that**
4 **customers continue to receive excellent service?**

5 A. Yes. The following are some of the improvements that we have made:

- 6 • **Sludge Lagoon Conversion:** In February, 2003, PAWC converted an abandoned sludge
7 lagoon into an equalization basin and purchased an 8 inch pump to transfer wastewater to the
8 basin during peak flows. There have been no overflows at the plant since that time.
- 9 • **Odor Control Systems:** Over the past five years, five chemical feed systems have been
10 installed at certain lift stations within the system. A typical system consists of sodium
11 hypochlorite, chemical feed pumps, and a 250 gallon chemical storage tank. Sodium
12 hypochlorite is added through a drip feed process into the wet well to control odors.
- 13 • **Emergency Response:** In terms of emergency preparedness, table-top drills were held
14 statewide where employees responded to a number of scenarios utilizing their Emergency
15 Response Plans. Coatesville management attended one of these sessions and updates its ERP
16 annually or more frequently if needed.
- 17 • **Infiltration & Inflow (I&I) Program:** PAWC determined in 2002 that a more aggressive
18 approach was needed to decrease I&I within the sanitary sewer system. The sanitary sewer
19 system was divided into 10 basins and at least two basins have been evaluated each year
20 since 2004. This investigation includes flushing, root cutting, videoing, and joint pressure
21 testing of the sanitary sewer and manhole rehabilitation as required.
- 22 • **Accreditation of Lab:** Earlier this year, PAWC's wastewater treatment plant laboratory
23 was certified by the DEP. This allows us to process samples faster, rather than sending
24 samples offsite to a laboratory and waiting several days for results. As a result, employees
25 can modify plant processes sooner if needed, which in turn allows the operators to produce a
26 higher quality effluent

27 **10. Q. What measures have been implemented to foster environmental stewardship?**

28 A. PAWC treats wastewater to remove contaminants. However, it is important that the
29 Company take other proactive measures to protect our natural resources for future
30 generations. Examples of this commitment are as follows:

- 1 • **Partnering with Communities:** In 2005 PAWC provided an environmental grant to the
2 Octoraro Watershed Organization that supported reforestation and buffer restoration within
3 the Octoraro watershed to reduce the amount of nitrates entering the streams. During the last
4 five years PAWC has sponsored the Chester County Envirothon, which is a three day
5 educational program for fourth through twelfth graders that is held at the Chester County
6 Hibernia Park. The program provides hands-on education on topics such as wildlife
7 protection, forestry and water conservation. Additionally, we continue to support the
8 Western Chester County Chamber initiatives to foster municipal cooperation on topics such
9 as preservation of greenways and infrastructure enhancement.
- 10 • **Customer mailers** entitled “Wastewater and Why It Concerns You” were sent out in
11 September, 2005 to all customers within CWW. The purpose of this mailer was to educate
12 customers on the concerns of I&I and how they can prevent I&I.

13 **IV. INTRODUCTION OF OTHER WITNESSES**

14 11. **Q. Please identify the other witnesses who are providing direct testimony on behalf**
15 **of PAWC in this proceeding.**

16 A. In addition to myself, the following witnesses will be responsible for presenting
17 PAWC’s case-in-chief:

18 **David R. Kaufman** is the Vice President of Engineering for PAWC. Mr. Kaufman’s
19 testimony, which is set forth in PAWC Statement No. 2, discusses the Company’s
20 claimed plant additions.

21 **Steve L. Klick** is Senior Manager, Rates and Regulation for the Southeast Region. In
22 PAWC Statement No. 3, Mr. Klick describes the Company’s need for rate relief and
23 supports its requested capital structure and claim for income taxes.

24 **John R. Cox** is Manager, Rates and Regulation for the Southeast Region. Mr. Cox’s
25 testimony (PAWC Statement No. 4) discusses the Company’s claimed rate base
26 elements, expense adjustments and taxes other than income.

27 **Jo Anne Lontz** is a Senior Financial Analyst for the Southeast Region. Her
28 testimony is set forth in PAWC Statement No. 5 and addresses the Company’s

1 revenue claim.

2 **John J. Spanos** is Vice President of the Valuation and Rate Division of Gannett
3 Fleming, Inc. His testimony (PAWC Statement No. 6) explains the development of
4 the depreciated original cost of the Company's utility plant in service and its claim for
5 annual depreciation expense.

6 **Paul R. Herbert** is President of the Valuation and Rate Division of Gannett Fleming,
7 Inc. Mr. Herbert's testimony is set forth in PAWC Statement No. 7 and discusses the
8 allocation of the cost of service to customer classifications, the design of tariff rates,
9 and the calculation and support for the capacity fee requested in this case.

10 **Paul R. Moul** is the Managing Consultant of P. Moul & Associates, Inc. Mr. Moul's
11 testimony (PAWC Statement No. 8) presents his recommendation regarding the rate
12 of return on common equity that the Company should be afforded an opportunity to
13 earn.

14 12. **Q. Do you have any other comments?**

15 A. Yes. Having operated the CWW system for nearly eight years, the Company has
16 discovered that certain changes in the Rules and Regulations initially promulgated by
17 the City of Coatesville Authority are needed to better serve the public and increase
18 operational efficiencies. To that end, the Company has strived to more-closely align
19 its Rules and Regulations to the goals of the Commission's Model Tariff found on the
20 Commission's website. The proposed tariff is being submitted with this filing and I
21 am prepared to answer any questions regarding the changes reflected therein.

22 13. **Q. Does that conclude your testimony?**

1 A. Yes, it does.