

PAW STATEMENT NO. 1

**DIRECT TESTIMONY
OF
BRIAN HASSINGER**

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

DOCKET NO. R-2010-2166212

DATE: April 23, 2010

1 Environmental Protection (“DEP”) and the federal Environmental Protection Agency
2 (“EPA”).

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

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

14 The Coatesville Wastewater Plant was originally constructed in 1932. PAW has
15 completed a major expansion and rehabilitation of the wastewater treatment plant to
16 change the treatment process from trickling filter extended aeration to an oxidation
17 ditch process. This upgrade and expansion have increased the average daily
18 treatment capacity to 7.0 million gallons per day. The plant upgrades consist of a
19 new influent pump station, a new headworks structure for screening and grit removal,
20 new biological treatment process including anaerobic and aerobic treatment units,
21 three new secondary clarifiers, return activated sludge (RAS) pumping station,
22 tertiary filtration units, expansion of an existing UV disinfection system, and

1 upgrades and modifications to the sludge handling facilities. Sludge is dewatered
2 with a gravity belt thickener and centrifuge and the filter cake is disposed of by either
3 land application or in a landfill.

4 The collection system consists of ten sewer basins serving approximately 6,030 direct
5 customers. The system comprises about 416,843 feet of sewer mains and
6 approximately 1,562 manholes. The sewer mains consist of vitrified clay, reinforced
7 concrete and polyvinylchloride material, with the oldest pipes being over 75 years
8 old. There are sixteen sewer lift stations within the system which allow operations to
9 transfer wastewater where gravity flow is not practical. Please see the testimony of
10 David R. Kaufman, Vice President of Engineering for PAW for additional details
11 regarding the Coatesville Wastewater Treatment Plant and wastewater collection
12 system upgrades.

13 **9. Q. Has PAW taken any steps since acquiring the CWW operations to ensure that**
14 **customers continue to receive excellent service?**

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

- 16 • **Coatesville Wastewater Treatment Plant Upgrade:** The improvements are
17 those I described previously.
- 18 • **Odor Control Systems:** Over the past nine years, six chemical feed systems
19 have been installed at certain lift stations within the system. A typical system
20 consists of sodium hypochlorite, chemical feed pumps, and a 160-250 gallon
21 chemical storage tank. Sodium hypochlorite is added through a drip feed
22 process into the wet well to control odors.
- 23 • **Emergency Response:** To ensure emergency preparedness, table-top drills
24 were held statewide in the fall of 2009 in which employees responded to a
25 number of scenarios utilizing their Emergency Response Plans. CWW
26 management attended one of the sessions held in Eastern Pennsylvania. CWW
27 management also updates its ERP annually or more frequently if needed.

- 1 • **Infiltration & Inflow (I&I) Program:** PAW has taken an aggressive approach
2 to reduce I&I within the sanitary sewer system since acquiring the CWW system
3 in 2002. The sanitary sewer system was divided into 10 basins, and at least two
4 basins have been evaluated each year since 2004. This investigation includes
5 flushing, root cutting, videoing, joint pressure testing of the sanitary sewer
6 system and manhole rehabilitation as required.

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

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

- 13 • During the last several years PAW has sponsored the Chester County Envirothon,
14 which is an annual three day educational program for fourth through twelfth
15 graders that is held at the Chester County Hibernia Park. The program provides
16 hands-on education on topics such as wildlife protection, forestry and water
17 conservation.
- 18 • In 2008 the Company provided grant funds to the Brandywine Valley
19 Association. The grant will help the Association develop a restoration plan for
20 Little Buck Run to correct impairments to the watershed and continue water
21 quality monitoring.
- 22 • Additionally, we continue to support the Western Chester County Chamber
23 initiatives to foster municipal cooperation on topics such as preservation of
24 greenways and infrastructure enhancement.

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27 **IV. INTRODUCTION OF OTHER WITNESSES**

28 **11. Q. Please identify the other witnesses who are providing direct testimony on behalf**
29 **of PAW in this proceeding.**

30 A. In addition to myself, the following witnesses will be responsible for presenting
31 PAW's case-in-chief:

1 **David R. Kaufman** is the Vice President of Engineering for PAW. Mr. Kaufman's
2 testimony, which is set forth in PAW Statement No. 2, discusses the Company's
3 claimed plant additions.

4 **Rod Nevirauskas** is Director of Rates and Regulations for PAW. In PAW Statement
5 No. 3, Mr. Nevirauskas describes the Company's need for rate relief and supports its
6 requested capital structure, including rate of return and claim for income taxes and the
7 Company's proposed customer assistance program.

8 **John R. Cox** is Manager, Rates and Regulations for PAW. Mr. Cox's testimony
9 (PAW Statement No. 4) discusses the Company's claimed rate base elements,
10 expense adjustments and taxes other than income.

11 **Jo Anne Lontz** is a Senior Financial Analyst for PAW. Her testimony is set forth in
12 PAW Statement No. 5 and addresses the Company's revenue claim.

13 **Dan P. Hunnell** is a Financial Analyst II for PAW. His testimony is set forth in
14 PAW Statement No. 6 and addresses payroll and payroll related expenses.

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

19 **John J. Spanos** is Vice President of the Valuation and Rate Division of Gannett
20 Fleming, Inc. His testimony (PAW Statement No. 8) explains the development of the
21 depreciated original cost of the Company's utility plant in service and its claim for
22 annual depreciation expense.

23 **Paul R. Moul** is the Managing Consultant of P. Moul & Associates, Inc. Mr. Moul's

1 testimony (PAW Statement No. 9) presents his recommendation regarding the rate of
2 return on common equity that the Company should be afforded an opportunity to
3 earn.

4 **12. Q. Does that conclude your testimony?**

5 A. Yes, it does.