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TRENTON, NJ

VIA FEDERAL EXPRESS

Honorable Jacob S. Gertsman, ALJ
Office of Administrative Law
3444 Quakerbridge Road
Quakerbridge Plaza, Building 9
Mercerville, NJ 08619

Re: In the Matter of the Joint Petition for Approval of SUEZ Water New Jersey Inc.
for Approval of a Pilot Program to Facilitate the Replacement of Lead Service
Lines and a Related Cost Recovery Mechanism
OAL Docket No. PUC 07138-2019S
BPU Docket No. WO19030381

Dear Judge Gertsman:

Enclosed for filing please find an original, plus one additional copy, of the Direct
Testimonies of James C. Cagle and Mark McKoy in support of the Petition in the above-
referenced matter.

Kindly stamp the additional copy "filed" and return in the enclosed self-addressed,
stamped envelope.

Thank you for your attention to this matter.

CMG
List Copies

Respectfully submitted,



Stephen B. Genzer

SBG/jg

Enclosures

cc: Nancy Demling, Judicial Assistant (w/encls., via email only)
Attached Service List (w/encls., via email and reg. mail)

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A DELAWARE LIMITED LIABILITY PARTNERSHIP



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OAL DOCKET NO. PUC 07138-2019 S

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SUEZ Water New Jersey Inc. for Approval of a Pilot Program to Facilitate the
Replacement of Lead Service Lines and a Related Cost Recovery Mechanism
BPU Docket No. WO19030381

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**STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES**

**IN THE MATTER OF THE PETITION OF
SUEZ WATER NEW JERSEY INC.
FOR APPROVAL OF A PILOT PROGRAM
TO FACILITATE THE REPLACEMENT OF
LEAD SERVICE LINES AND A RELATED
COST RECOVERY MECHANISM**

OAL DOCKET NO. PUC 07138-2019S

BPU DOCKET NO. WO19030381

**Direct Testimony of
James C. Cagle**

SUEZ WATER NEW YORK INC. CONSOLIDATED
JAMES C. CAGLE

1 **Q. Please state your name and business address.**

2 A. I am James C. Cagle. My business address is 461 From Road, Paramus, NJ
3 07652.

4 **Q. By whom are you employed and in what capacity?**

5 A. I am the Vice President, Rates and Regulatory Affairs for SUEZ Water
6 Management & Services Inc. ("SUEZ Water M&S").

7 **Q. What are your job responsibilities?**

8 A. I am primarily responsible for the management and direction of rate case
9 filings for SUEZ Water Inc.'s ("SUEZ") regulated utilities. I am also
10 responsible for oversight of certain rate related compliance and reporting
11 requirements as prescribed by the various regulatory Commissions having
12 jurisdiction over the SUEZ regulated utilities. In this case, SUEZ Water New
13 Jersey, Inc. (also "SUEZ") is asking for a pilot program designed to deal with
14 the public health issue related to Lead Service Lines ("LSLs") in our service
15 territory.

16 **Q. Please outline your educational and professional qualifications.**

17 A. I received a Bachelor of Accountancy degree from the University of Oklahoma
18 in 1987. I was initially employed by SUEZ Water M&S (previously United
19 Water M&S) as Director, Regulatory Business in October of 2007, and have
20 held my current position since March 2010. Previous to that, I was employed
21 by Atmos Energy Corporation, a natural gas utility operating in twelve states,
22 as Manager, Rates and Revenue Requirements.

SUEZ WATER NEW YORK INC. CONSOLIDATED
JAMES C. CAGLE

1 **Q. Have you previously testified before the New Jersey Board of Public**
2 **Utilities (“BPU” or “Board”)?**

3 A. Yes. I have also testified before several other state commissions on various
4 regulatory issues including the immediately previous SUEZ Water New
5 Jersey Inc. rate case filing (BPU Docket No. WR18050593).

6 **Q. What is the purpose of your testimony in this proceeding?**

7 A. The purpose of my testimony is to further describe the above referenced
8 petition and subsequent changes in the position of SWNJ.

9 **Q. Please summarize the Company’s petition.**

10 A. On March 22, 2019, the Company filed the above referenced petition
11 requesting approval to implement a pilot program for the replacement of Lead
12 Service Lines. The requested pilot program is directly in response to the
13 Lead and Copper Rule¹ and the exceedance experienced by the Company in
14 the lead levels in its required testing for the six months ended December 31,
15 2018. As discussed in the petition and further described by Mr. McKoy in his
16 testimony, the Action Level Exceedance (“ALE”) requires that the Company
17 replace at least 7% of the initial number of LSLs annually, so long as the
18 action level is exceeded.

19 **Q. Please summarize the Company’s proposed pilot program.**

20 A. As described in the petition and also in Mr. McKoy’s testimony, the Company
21 believes it is in the best interest of its customers to eliminate all lead in the

¹ 40 C.F.R., Chapter 1, Subchapter D, part 141, Subpart I; New Jersey has adopted the Lead and Copper Rule by reference at N.J.A.C. 7:10-5.1., including the federal action levels for lead at N.J.A.C. 7:10-5.2(a)(9).

SUEZ WATER NEW YORK INC. CONSOLIDATED
JAMES C. CAGLE

1 Company's system which should be remediated by replacing the LSLs in our
2 service territory. The Company is replacing the LSLs and goosenecks that it
3 owns at an accelerated rate in accordance with the requirements resulting
4 from the Action Level Exceedance. As the Company accomplishes this over
5 time, the Company is also proposing the following specific Pilot Program
6 related to the customer owned portion of LSLs, which is the purpose of the
7 petition in this matter for a pilot program.

8 The pilot program would provide that, as the Company is performing work on
9 Company owned LSL and goosenecks, if a customer is identified as having
10 an LSL on the customer side as well as an LSL on the Company side, that
11 customer would be offered the opportunity for the customer side of the LSL to
12 be replaced at a cost of \$1,000, which would be paid on that customer's water
13 bill over a period of one year from the date of completion of the service line
14 replacement. The offer only applies to homeowners that have a LSL and are
15 being served by a Company owned piece of the LSL.

16 Our pilot program accounts for the difference between the \$1,000 and the
17 total cost for the replacement, and would be fronted by the Company. The
18 unamortized amount would be accounted for as a regulatory asset, and
19 amortized over 7 years and included in rates over that same period as a
20 surcharge to all customers' bills. The unamortized amount of the regulatory
21 asset would include a return at the Company's overall authorized rate of
22 return and be similarly accounted for. During the course of the Pilot Program,
23 its amortization, recoveries, and ongoing costs records included in the

SUEZ WATER NEW YORK INC. CONSOLIDATED
JAMES C. CAGLE

1 surcharge mechanism would be fully open for examination and true-ups as
2 needed. Since the Company has proposed a surcharge for this amount to
3 deal with this public health concern, the regulatory asset would not be
4 included in rate base or its amortization in expenses to be included in base
5 rates in future rate filings. Only the portion related to Company owned LSL
6 replacements would be recorded in plant in service and included in base
7 rates.

8 The \$1,000 paid by the customer for a portion of the cost of replacing their
9 service line would not be reflected as a contribution, but would be netted
10 against the total cost of replacing the service line. So, for example, and for
11 ease of computation, if the total cost of replacing the service line including all
12 costs were to be \$4,500, the amortization would be \$500 per year ($\$4,500 -$
13 $\$1,000$ from the individual customer = $\$3,500$ or \$500 per year for 7 years,
14 plus carrying costs). Both during the \$500 annual surcharge period, as well
15 as during and at the conclusion of each 7 year regulatory asset amortization
16 period, the Company will not own or be in control of the customer side of the
17 service line, just as it is neither in control of, nor owns, the customer side of
18 the service line today.

19 Additionally, the Company is proposing as a part of the Pilot Program
20 Surcharge to General Metered Service customers the inclusion of the
21 reviewable costs of the program including administration costs, surveys and
22 other required costs, and the Company's identified costs incurred above the
23 \$1,000 customer payment as part of the total.

1 **Q. Why would the pilot program only apply to customers being served by a**
2 **Company side LSL who would also have an LSL on their side?**

3 A. The pilot program is intended both to reduce the overall cost and to
4 encourage customers with LSLs to replace their side when the Company is
5 replacing its side in order to minimize the increased level of lead resulting
6 from the required replacement of the Company side LSL. Mr. McKoy further
7 describes this in his testimony. If the customer has no identified LSL, the risk
8 of increased lead exposure from the replacement of the Company side LSL
9 does not apply

10 **Q. What was the Company's original request?**

11 A. The Company originally envisioned and requested a two phase process. In
12 summary, the Company requested: 1) the matter be retained by the Board
13 and a Commissioner be assigned to conduct any needed proceedings; 2) the
14 Board approve Exhibit E to the petition which is the tariff page allowing the
15 \$1,000 customer charge so that the Company could begin replacing LSLs in
16 order to meet the DEP required number of LSL and gooseneck replacements;
17 3) that the Company's request be approved through BPU Order at the BPU's
18 April Agenda Meeting; 4) that the proposed deferred accounting treatment for
19 cost related to the Pilot Program as of the date of the petition; and 5) the
20 Board approve the surcharge described in the petition and the tariff included
21 as Exhibit D to the petition.

22 As further described in the petition, the Company anticipated the examination
23 of further issues. However, given the urgency at the time of the petition, the

SUEZ WATER NEW YORK INC. CONSOLIDATED
JAMES C. CAGLE

1 Company proposed that such issues awaiting a second phase culminating in
2 a formal Order on the Pilot Program. Additionally, discussions regarding
3 State, County or local ordinances regarding these issues would have
4 proceeded during the second phase.

5 **Q. Did the Company clarify its petition?**

6 A. Yes. After discussing the LSL issues with the Division of Rate Counsel, BPU
7 Staff, representatives from the Department of Environmental Protection
8 ("DEP"), and Deputy Attorneys General representing BPU and DEP, the
9 Company submitted a letter to formally clarify one aspect of our filed petition.
10 By letter to the NJBPU Secretary on April 8, 2019, the Company
11 acknowledged that given the resistance of the state entities related to the
12 timing of the requested approval of Exhibit E, the tariff allowing the \$1,000
13 charge to customers, it would hold off on requesting to implement that part of
14 the pilot program requested in that first phase of the pilot program to afford
15 the parties the opportunity to consider it. The Company continues to request
16 approval of Exhibit E as well as all other facets of the proposed Pilot Program.
17 Only the implementation of the date of that surcharge timing has changed.

18 **Q. In the Company's letter amending its petition, it states that**
19 **the Company and DEP have been diligently working to agree upon that**
20 **notification to SWNJ customers whereby the Company can begin to**
21 **replace LSLs, where such notification is required, as soon as possible**
22 **in order to meet the 7% replacement requirement. It also stated that the**

1 **Company and DEP were close to an agreement on such a letter. Was**
2 **the notification letter finalized?**

3 A. Yes. The letter is more fully described in the Company's petition in paragraph
4 29 and also in Mr. McKoy's testimony. The letter was approved and is
5 currently in use. The notification letter was filed as Exhibit F to the petition on
6 April 24, 2019.

7 **Q. Please summarize Exhibit E.**

8 A. Exhibit E is a template utilizing illustrative amounts. To summarize, program
9 management costs and the cost to replace the applicable customer side LSLs
10 are included to be amortized over a seven year period. The accumulated
11 unamortized balance of the regulatory asset (when approved) is included net
12 of tax and the Company has proposed that the cost of capital be included in
13 the surcharge for the unamortized balance. In the surcharge illustration, the
14 Company also included the cost to replace the Company side LSLs (also net
15 of deferred tax). The surcharge would also be subject to GRAFT.

16 **Q. If not recovered under the proposed surcharge, would the cost of the**
17 **replacement of the Company owned portion be included in the DSIC?**

18 A. Yes. The costs related to service line replacements are a regular DSIC
19 component. However, the Company proposed the service line replacements
20 related to the LSL pilot program be included with the proposed LSL surcharge
21 thereby increasing the transparency as to the overall total cost of LSL
22 replacements.

SUEZ WATER NEW YORK INC. CONSOLIDATED
JAMES C. CAGLE

- 1 Q. Does this conclude your direct testimony at this time?
- 2 A. Yes it does.

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**IN THE MATTER OF THE PETITION OF
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FOR APPROVAL OF A PILOT PROGRAM
TO FACILITATE THE REPLACEMENT OF
LEAD SERVICE LINES AND A RELATED
COST RECOVERY MECHANISM**

OAL DOCKET NO. PUC 07138-2019S

BPU DOCKET NO. WO19030381

**Direct Testimony of
Mark McKoy**

WITNESS INTRODUCTION

1
2 **Q. Please state your name and business address.**

3 A. My name is Mark McKoy. My business address is 200 Lake Shore Drive,
4 Haworth NJ, 07641.

5 **Q. By whom and in what capacity are you employed?**

6 A. I am Vice President and General Manager of SUEZ Water New Jersey Inc.
7 ("SWNJ" or the "Company"). In this capacity, I am responsible for the
8 operation and management of SUEZ Water's Northern New Jersey water and
9 sewer operations.

10 **Q. Briefly describe your education.**

11 A. I graduated in 1999 and 2008 respectively from Monroe College, Bronx, NY
12 with a BA in Accounting and an MBA in Business Management.

13 **Q. Please describe your professional affiliations.**

14 A. I am a member of the American Water Works Association ("AWWA") and its
15 New Jersey Chapter, The New Jersey Utility Association ("NJUA"), as well as a
16 member of the National Association of Water Companies ("NAWC"). I am on
17 the Board of the New Jersey Alliance for Action and Clifton Boys and Girls
18 Club.

19 **Q. Please describe your work experience.**

20 A. I worked for two years as a utility auditor for UtiliSave LLC., between 1998 and
21 2001. Subsequently, I joined SUEZ in 2001 as a staff internal auditor and
22 promoted to a senior staff auditor in 2005. Since 2007, I have held different
23 positions of increasing responsibilities including: Finance, Policies and

1 Procedures Manager (2007-2010), Director, Finance Policy and Procedures
2 and Treasury (2010-2011), Director Revenue Integrity (2011), Director Internal
3 Audit (2011-2013) and Senior Director, Corporate Revenue Management and
4 New Jersey Customer Operations (2014-2017), where I was responsible for
5 oversight of SWNJ's customer service department, collections department,
6 meter department and new business department, until I was appointed to my
7 current position.

8 **Q. What is the purpose of your testimony in this proceeding?**

9 A. My testimony will generally describe the following:

- 10 • A profile of the portion of the Company's system to which we believe
11 appropriate to this pilot program;
- 12 • The EPA's Lead and Copper Rule;
- 13 • Company's Lead Service Lines ("LSL");
- 14 • The effects of the Action Level Exceedance "ALE" on replacement
15 schedule;
- 16 • The effects of partial LSL replacements;
- 17 • The replacement Schedule and progress to date; and
- 18 • The Company's experience with replacements.

19 **SUEZ Water New Jersey Profile**

20 **Q. Please provide a profile of portion of SUEZ Water New Jersey Inc. which**
21 **may be impacted by the requested pilot program.**

22 A. The portion of SUEZ Water New Jersey to which the pilot program relates is
23 the "Hackensack and Franklin Lakes systems" for which SWNJ manages one

SUEZ WATER NEW JERSEY INC.
MARK MCKOY

1 very large interconnected system serving about 620,000 people in Bergen
2 County and 220,000 people in the northern portion of Hudson County.

3 The main source of raw water supply for the Hackensack system is the
4 watershed of the upper Hackensack River which includes 4 surface water
5 reservoirs. When needed, raw water is also drawn from the Saddle River and
6 the Wanaque reservoir. The water is treated at the 200 MGD state-of-the-art
7 Haworth Water Treatment Plant located on the Oradell reservoir. That supply
8 is supplemented by 8 ground water wells and purchased water from Jersey
9 City. The distribution system consists of 23 booster stations, 14 storage tanks,
10 2,200 miles of main and 15,700 hydrants.

11 **Q. Please describe the Lead and Copper Rule and how its implementation**
12 **is driving the Company to propose this pilot program.**

13 A. The Company is required to follow, among other rules, the guidelines of the
14 Lead and Copper Rules¹ and the Water Quality Accountability Act ("WQAA")².
15 These federal and state rules, statutes, and reporting requirements are
16 monitored by the New Jersey Department of Environmental Protection
17 ("NJDEP"). These rules require, among other things, that large water
18 companies test drinking water at customer taps at a rate of at least 100
19 samples per six-month period. Generally, if lead concentrations exceed an
20 action level of 15 ppb in more than 10% of customer taps sampled, or copper

¹ 40 C.F.R., Chapter 1, Subchapter D, part 141, Subpart I; New Jersey has adopted the Lead and Copper Rule by reference at *N.J.A.C. 7:10-5.1*, including the federal action levels for lead at *N.J.A.C. 7:10-5.2(a)(9)*.

² *N.J.S.A. 58:31-1 et seq.*

1 concentrations exceed an action level of 1.3 ppm in more than 10% of
2 customer taps sampled, then several procedures must be followed such as:
3 establishing optimal corrosion control treatment including water quality
4 parameter testing; and replacement of at least 7% of the initial number of lead
5 service lines annually so long as the action level is exceeded. If the action
6 level for lead is exceeded, the system must also inform the possibly affected
7 public about steps they should consider taking including replacing LSLs under
8 their control.

9 **Q. Has the Company complied with the testing requirements?**

10 A. In accordance with the Lead and Copper Rule sampling requirement, SUEZ
11 has been sampling 100 or more tests every six-months.

12 **Q. Has the Company experienced an exceedance of the lead and copper**
13 **rule standards?**

14 A. During the July to December, 2018, monitoring period, 15 samples out of 108
15 tested exceeded the 15 ppb Lead Action Level. Of those 15 test samples,
16 SUEZ reported a 90th percentile of 18 ppb. Those 15 samples were located
17 in 8 towns in Bergen and Hudson Counties. When SUEZ confirmed the
18 results of its test samples at the end of December 2018, it immediately
19 informed the DEP. The Company also informed the NJ Board of Public
20 Utilities ("BPU") and the Division of Rate Counsel, provided the notice to
21 customers, as described in Mr. Cagle's testimony, and filed the petition for a
22 pilot program in this matter.

1 **Q. Since the Company's petition was filed, has the Company been able to**
2 **refine the estimated number of known and unknown lead service lines**
3 **on either or both the Company and customer side?**

4 **A. Yes. The Company's current estimates are as follows:**

- 5 a) Company lead service lines number -- 8,541;
6 b) Company lead goosenecks³ -- 23,623;
7 c) Company not yet known -- 7,060;
8 d) Customer side known lead service lines -- 2,258; and
9 e) Customer side not yet known -- 153,155.

10 **Q. What is the number of replacements that must be made in order to meet**
11 **the 7% requirement of the Lead and Copper Rule?**

12 **A. Our current 7% replacement total submitted to NJDEP is 2,351.**

13 **Q. What is the Company's progress in meeting the requirements?**

14 **A. As of August 16, 2019, the Company has replaced 1,185 lead service lines. It**
15 **should be noted that a service line replacement counts as one replacement**
16 **towards the 7% requirement whether it is only the Company side replaced,**
17 **only the customer side replaced, or if both the Company side and customer**
18 **side are replaced at the same time. In the Company's investigations, it has**
19 **identified an additional approximately 927 previously unidentified customer**
20 **side lead service lines.**

³ This is a short piece of pipe that connects the water main to the service line.

1 **Q. Please describe the process of LSL replacement.**

2 A. There are generally three scenarios under the Company's main or service line
3 replacement projects:

4 1) Pursuant to the current Lead and Copper Rule, as the Company is
5 performing work on Company-owned LSLs and goosenecks, if the customer
6 does not have an identifiable LSL, the Company proceeds with replacement
7 of the Company side LSL and/or gooseneck.

8 2) If the Company side of the service line is an LSL and if a customer is
9 identified as having a 'Lead Service Line' on their side, the customer is
10 notified by letter in accordance with the requirements of New Jersey
11 Department of Environmental Protection ("NJDEP"). If the customer "opts
12 out" or does not reply to the efforts to contact them, the Company can replace
13 only the Company owned LSL.

14 3) If the Company side of the service line is an LSL and, if a customer is
15 identified as having a 'Lead Service Line' on their side, the customer is
16 notified by letter in accordance with the requirements of NJDEP and, if the
17 customer decides to replace their LSL, the Company coordinates with a
18 plumber of their choosing to replace both sides at the same time. Under the
19 current Lead and Copper Rule, absent the proposed pilot program, the
20 customer is responsible for all costs associated with replacing the portion of
21 the line that they own.

1 4) If a customer is identified as having an LSL on their side but the
2 Company's side is not lead, the customer is notified that they should replace
3 their LSL at the customer's cost.

4 As noted in the petition (paragraph 18), the Company is beginning with the
5 eight towns, based on our initial inventory, who appear to have the highest
6 number of LSLs. Also, other municipalities with smaller pockets of LSLs are
7 also being targeted for investigating unknown possible LSLs on the customer
8 side outside of the road program. Similarly, if only the Company side, the
9 LSL is scheduled to be replaced. If the customer side is also an LSL in this
10 instance, the customer is notified via the here-in described notification
11 process but the Company will not replace its side unless the customer agrees
12 to replace their side at the same time.

13 **Q. What is the Company's road program?**

14 A. The Company's road program is the circumstance where the local
15 municipality has scheduled repaving and the Company and other utilities are
16 taking the opportunity to replace infrastructure while the road is open in order
17 to minimize costs. If infrastructure replacements are not made during this
18 time frame, town ordinances may not allow the Company to make
19 infrastructure replacements, including the replacements of LSLs, for a period
20 of years if there is a moratorium on paving work done in that area.

1 **Q. If the customer does not replace their LSL and the Company replaces its**
2 **side, what happens to the lead levels?**

3 A. The lead level would be expected to naturally increase substantially for some
4 possibly significant period of time and, without proper flushing procedures (to
5 be performed by the customer), the lead level at the tap could well be above
6 the 15 ppb threshold. In this instance, the Company provides documentation
7 to the customer relating to the requirements for flushing.

8 **Q. Please describe the notification requirements to customers who have**
9 **LSLs.**

10 A. Before the Company can replace:

11 1) If the Company side is lead and the customer side is non-lead, there is no
12 special requirements to notify related to LSL replacement. The Company
13 notifies the customers through standard communication practices.

14 2) If both the Company side and customer side are lead, the Company is
15 required to provide at least 45 days' notice prior to replacing only the
16 Company side. The Company utilizes a 60-day notice which allows the
17 customer to Opt-in and replace their side at the same time.

18 3) If the Company side is non-lead but the customer side is lead, the
19 Company is not required to perform any additional work. However, the
20 Company provides an Opt-In/Opt-Out notice in an attempt to convince the
21 customer to replace their side.

1 **Q. When was the Company able to first utilize the DEP required notification**
2 **letter?**

3 A. The Company received NJDEP revisions to the Company notification letter
4 (a/k/a the 60 Day notice) on April 18, 2019. The Company accepted all
5 changes on April 22, 2019, and began sending it to impacted customers
6 immediately.

7 **Q. If the customer does not replace their LSL and the Company replaces its**
8 **side, how is this replacement counted toward the required 7%**
9 **replacement?**

10 A. A service line replacement counts as one replacement towards the 7%
11 requirement whether it is only the Company side replaced, only the customer
12 side replaced or if both the Company side and customer side are replaced at
13 the same time.

14 **Q. What further efforts to contact are made?**

15 A. If a customer receives a 60 day notice, the Company takes the additional
16 steps of calling the customer to confirm the notice was received and confirm
17 the customer is the property owner. If the customer contacted is not the
18 property owner, we request and/or investigate further to obtain the property
19 owner's contact information and immediately notify the owner. Undelivered
20 notices may also require hand delivering the notice where necessary or
21 practical.

1 **Q. Because of the increased level of lead which might be caused from**
2 **replacing only one side of the LSL, if changes to the interpretation of**
3 **the Lead and Copper Rule were made in response to these increased**
4 **levels, how would that affect the Company's replacement program?**

5 A. We would not be able to answer that until we know what changes are actually
6 made. However, if the Company were no longer allowed to perform partial
7 replacements, it would be unable to replace Company side LSLs if the
8 customer side was also lead and the customer declined to replace their side.

9 **Q. Would the Company's proposed pilot program alleviate some of this**
10 **potential problem?**

11 A. Yes, the pilot program is described in the petition and in more detail in the
12 testimony of Mr. Cagle. The pilot program would provide the customer an
13 opportunity to agree to the customer side replacement at a significantly
14 reduced cost and we believe that should encourage more customer side
15 replacements than otherwise.

16 **Q. Of the 15 customers mentioned in paragraph 10 of the petition, have any**
17 **of those customers accepted the Company's offer to replace?**

18 A. The 15 customers were broken down as follows: 9 had lead on both sides; 3
19 had lead only on the Company side; and the remaining 3 had lead only on the
20 customer side. Of the 9 where consent of the customer was required, all but
21 1 have now agreed to the replacement after several discussions.

1 **Q. Has the Company replaced other customer side LSLs outside of the**
2 **proposed pilot program?**

3 A. Yes. The Company has replaced 10 more with 5 additional in the planning
4 stage in order to gain needed information as to the cost and difficulty
5 surrounding customer side replacement.

6 **Q. What is the Company's experience as to the level of costs?**

7 A. Thus far and from its limited sample, the cost to replace a customer side LSL
8 has ranged from a low of \$1,670 to a high of \$3,540.

9 **Q. What is the Company's experience related to the willingness of**
10 **customers to replace the customer owned portion of LSLs?**

11 A. So far, of the 517 customers who have been notified, 35, or around 7% of
12 customers that are notified that they have a customer side LSL, have taken
13 action to replace their customer side LSL. Informal input from customers
14 indicate that the main issue is the affordability of replacing the customer side
15 LSL and the uncertainty around the full and final cost.

16 **Q. Has the Company completed the required testing for January through**
17 **June of 2019?**

18 A. Yes. The January thru June testing results were completed and the
19 Company passed per the Lead and Copper Rule, but we are not altering our
20 current program and are continuing our request for this pilot program. Our

1 next test results are due in 6 months and we will await those results to
2 determine how to proceed at that point.

3 **Q. If the Company were also to pass the testing for the July through**
4 **December 2019 testing with 15 ppb or less, would the action level**
5 **exceedance expire?**

6 A. Yes. And per the current Lead and Copper Rule, the Company would not be
7 under the mandate to replace 7% of known Lead Service Lines. However,
8 the Company believes that the removal of lead from the Company's side of
9 the LSLs as well as from the customer/owner side is a public health concern
10 and of serious importance to our customers. As a consequence, based on
11 what we know now, the Company plans to continue its program to replace
12 lead service lines at an increased pace. The results of this request for a pilot
13 program and the reaction of the state parties, DEP, BPU and Rate Counsel,
14 will certainly impact what happens next. SUEZ intends to continue
15 discussions in an attempt to resolve this public health issue of importance to
16 both our customers and the Company.

17 **Q. Does this conclude your testimony?**

18 A. Yes it does.