

STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION

SURREBUTTAL

TESTIMONY

of

PAMELA M. MARCHAND, P.E.

EXECUTIVE DIRECTOR AND

CHIEF ENGINEER OF

THE BRISTOL COUNTY WATER AUTHORITY

IN RE:

PROVIDENCE WATER SUPPLY BOARD

DOCKET 4994

JUNE 26, 2020

1 **Introduction**

2 **Q. Please state your full name and by whom you are employed?**

3 A. Pamela M. Marchand, P.E., and since February 2012 I have been the Executive
4 Director and Chief Engineer of the Bristol County Water Authority (“BCWA”).

5

6 **Q. Are you the same Pamela Marchand who provided Direct Testimony on behalf of
7 the BCWA in this Docket?**

8 A. Yes, I am.

9

10 **Q. After you filed your Direct Testimony, did you review the Direct Testimony
11 submitted by the Kent County Water Authority and the Division of Public Utilities
12 and Carriers?**

13 A. Yes, I did.

14

15 **Q. Did you also review the Rebuttal Testimony filed by Providence Water?**

16 A. I did.

17

18 **Q. Did you review any of the other filings in this Docket since you filed your Direct
19 Testimony?**

20 A. Yes. I reviewed data requests and responses.

21

22 **Q. Can you provide an overview of your Surrebuttal Testimony?**

23 A. Yes, I will address the following issues:

24 1. The BCWA’s request that the Commission implement cost of service based
25 rates that include individual rates for wholesale customers.

26

27 2. Providence’s allocation of unidirectional flushing costs to wholesale
28 customers.

29

- 1 3. Providence’s allocation of non-revenue water for Water Quality Testing and
2 Other Testing to wholesale customers.
- 3
- 4 4. Providence’s allocation of transmission and distribution labor costs to the
5 BCWA.
- 6
- 7 5. Providence’s allocation of 10% of commercial services at the Central
8 Operations Facility (“COF”) to wholesale customers.
- 9
- 10 6. Providence’s chemical expense.
- 11

12 **Cost of Service Based Rates**

13 **Q. In your direct testimony, you took the position that Providence should charge**
14 **individual rates to its wholesale customers. Have you changed your position?**

15 A. No, I still take the position, on behalf of the BCWA and its customers, that Providence
16 should charge cost of service based rates to its wholesale customers. This includes
17 individual rates for each wholesale customer.

18

19 **Q. Why?**

20 A. There are two main reasons. First, if Providence is going to adopt cost of service
21 based rates, as it was ordered to do by the Commission, then it should charge its
22 wholesale customers based on the way each of them demands service. Second, it is a
23 matter of fairness and equity. The BCWA’s customers should not have to subsidize
24 other wholesale customers. Providence has the peaking factors needed to ensure
25 that these subsidies are avoided, and they should be used.

26

27 Mr. Maker’s testimony focuses on general ratemaking principles, peaking factors and
28 the issue of subsidies, so I will avoid duplicating the points he addresses. However, I
29 think it is important to address how the BCWA limits its reliance on Providence to
30 meet peak demands, and why these efforts should be reflected in the BCWA’s rates.

1 **Q. Can you please elaborate on these issues?**

2 A. Yes. In FY2019, the BCWA’s average day demand from Providence Water was 3.07
3 MGD. To reduce peaking use on high demand days, the BCWA utilizes the storage in
4 its system combined with demand management. The storage includes five water
5 tanks that provide 1.2 days of stored water in addition to water supplied by
6 Providence. The demand management system includes a system wide Supervisory
7 Control and Data Acquisition (“SCADA”) Instrumentation System that BCWA
8 constructed to manage water flow throughout the system utilizing pumps, tanks,
9 control valves and pressure reducing valves. (See Exhibit 1) The SCADA system allows
10 the BCWA to control individual pumps and valves to manipulate the flow of water
11 through the system. Tank level setpoints are generally programmed to operate
12 pumps and valves to maintain maximum and minimum levels in each tank. These
13 setpoints can be adjusted depending on demand. Variable speed pumps and control
14 valves are programmed to provide more or less flow depending on tank levels,
15 pressure and demand.

16
17 The BCWA operates and maintains its water storage and SCADA systems to reduce
18 the reliance on Providence Water to meet peak demands. Since the BCWA and its
19 customers have made considerable investments in storage and SCADA, our peaking
20 factors should not be averaged with the other wholesale customers. This does not
21 result in true cost of service based rates for the BCWA’s customers.

22
23 **Q. Can you give an example of how the BCWA uses this infrastructure to control its
24 peaking demands?**

25 A. Yes, a good example is the infrastructure that controls water supply to the Town of
26 Barrington, which is on a lower pressure gradient than Bristol and Warren. Barrington
27 is supplied by the transmission main from Providence and water stored in the

1 Fountain Avenue Tank. The transmission main has two (2) connections to Barrington,
2 one is a primary supply control valve and the second is a pressure reducing valve that
3 can be set by SCADA to maintain a selected pressure. The valves regulate flow into
4 the system based on the Fountain Avenue Tank's high and low level set points that
5 signal for additional or reduced flow from the control valves.

6
7 When demand is high, the Fountain Avenue Tank can be set to allow more stored
8 water to meet demand by reducing the amount of flow from the transmission main.
9 The control valves can be adjusted through SCADA to maintain lower flow while the
10 tank is drawn down, then when demand reduces at night, the valves can be set to
11 open to fill the tank when peak draw is not an issue.

12
13 The BCWA recently invested \$144,000 for repairs on the Fountain Avenue tank and
14 the installation of a mixing system to preserve water quality. However, the BCWA
15 does not need this tank to supply the Town of Barrington. Since Barrington is
16 supplied by the transmission main, supply is not an issue, and the BCWA could meet
17 high demand without the Fountain Avenue Tank. The Barrington system could be
18 supplied entirely off Providence Water's transmission main even during periods of
19 high demand. The BCWA only maintains and operates the Fountain Avenue Tank for
20 demand management. Thus, the BCWA could eliminate the Fountain Avenue Tank
21 and rely on Providence to meet peak demands in Barrington, but this would increase
22 our peaking demand on Providence Water. In turn, this would increase Providence's
23 costs to supply the BCWA during peak demand.

1 **Unidirectional Flushing Program**

2 **Q. Have you changed your position on the allocation of unidirectional flushing costs?**

3 A. No, and I would also note that the Kent County Water Authority (“KCWA”) raised
4 similar issues as well. Providence acknowledged though Harold Smith’s rebuttal
5 testimony that the BCWA’s and KCWA’s proposal “suggests that the level of benefit
6 provided by this program varies by wholesale customer. Accordingly, while there may
7 be merit to recognizing the difference in rates, it would be better to incorporate this
8 change in conjunction with the development of individual wholesale rates...” (See
9 Harold Smith Rebuttal, pp. 9-10) Since the BCWA maintains that individual wholesale
10 rates should be implemented in this Docket, this change should be made as well.

11

12 **Allocation of Non-Revenue Water for Water Quality Testing and Other Testing to**
13 **Wholesale Customers**

14

15 **Q. Both the Division and Providence believe that wholesale customers should be**
16 **assigned a portion of Non-Revenue Water for Water Quality Testing and Other**
17 **Testing. Do you agree?**

18 A. No. In Providence’s initial filing, it did not assign any non-revenue water for Water
19 Quality and Other Testing to wholesale customers. (See Schedule HJS-15b:
20 Assignment of Non-Revenue Water (NRW)). Then, in response to Div. 4-1, Providence
21 indicated it would assign a portion of this non-revenue water to the wholesale
22 customers. In Providence’s rebuttal testimony, it assigned 47.4% of this non-revenue
23 water to wholesale customers. However, Providence did not provide any rationale for
24 this allocation. Non-Revenue Water for Water Quality Testing and Other Testing is
25 one of Providence’s largest categories of non-revenue water (1,178,162 HCF).
26 However, Providence has not explained how it uses this large amount of water for
27 testing, or how the specific testing benefits wholesale customers to justify a 47.4%

1 assignment of usage. The BCWA has issued data requests on this topic, which I will
2 address at the hearing in this Docket.

3
4 **Transmission and Distribution Labor Costs**

5 **Q. Are you still concerned with Providence’s allocation of Transmission and**
6 **Distribution Labor Costs to wholesale customers?**

7 A. Yes. As BCWA is supplied by 30” and larger transmission mains, the allocation of T&D
8 labor costs should be minimal. As mentioned in my direct testimony, most water
9 systems do not have the resources to perform work on larger mains. Instead the
10 work is performed by outside contractors. In fact, Providence confirmed that its
11 employees only spent five percent of their time on transmission mains in FY2019.
12 (See Providence response to BCWA 5-3 a.) In Harold Smith’s rebuttal testimony, he
13 indicated that the BCWA’s position has some merit, but can only be properly
14 implemented with individual wholesale rates. (See Harold Smith Rebuttal, p. 13)
15 Since the BCWA believes individual wholesale rates should be implemented, then this
16 allocation should be changed. Based on Providence’s response to BCWA 5-3 a., no
17 more than 5% of T&D Labor Costs should be allocated to any of the wholesale
18 customers.

19
20 **Commercial services at the Central Operations Facility**

21 **Q. The Division recommends that 10% of Commercial Services at the Central**
22 **Operations Facility should be assigned to wholesale customers, and Providence**
23 **agreed to make this change. Does the BCWA agree?**

24 A. No. In his direct testimony, Mr. Mierzwa states that, based on Providence’s response
25 to Division 4-10, “Commercial Services consist of all large and small meter related
26 service, all billing related activity, and all collection related activity.” (See Mierzwa
27 Direct, p. 12, ll. 10-12). He then points out that Providence allocated all these costs to

1 retail customers, which he finds unreasonable. As such, he states that “Unless
2 Providence Water can demonstrate that an alternative allocation is more reasonable,
3 I recommend that 10 percent of Commercial Services costs be assigned to Wholesale
4 customers.” (Id., p. 12, ll. 16-18) Yet, Mr. Mierzwa provides no support for his 10%
5 allocation.

6
7 Providence only has seven wholesale customers as opposed to approximately 77,000
8 retail customers. Furthermore, Providence has 57,812 5/8” meters, which are
9 typically used to service residential customers as opposed to the large venturi meters
10 that are owned and tested by its wholesale customers.

11
12 Thus, an allocation of 10% overstates the wholesale customers’ share of meter, billing
13 and collection activities.

14
15 **Chemical Costs**

16 **Q. Do you still have any concerns with Providence’s Chemicals Costs?**

17 A. Providence has reduced its proposed increase in annual funding from \$1,000,000 to
18 \$800,000. (See Gregg Giasson Rebuttal Testimony, pp. 3-4), and the BCWA accepts
19 this reduction.

20 **Conclusion**

21 **Q. Do you have any additional issues you would like to address?**

22 A. Not at this time, but I reserve the right to address any further changes Providence
23 makes in this filing. In addition, I expect that the Division and other intervenors will
24 raise certain issues in their respective surrebuttal testimonies, and I reserve the right
25 to comment on these issues. Also, to the extent that any further issues are raised
26 through ongoing data requests, I reserve the right to address these issues as well.

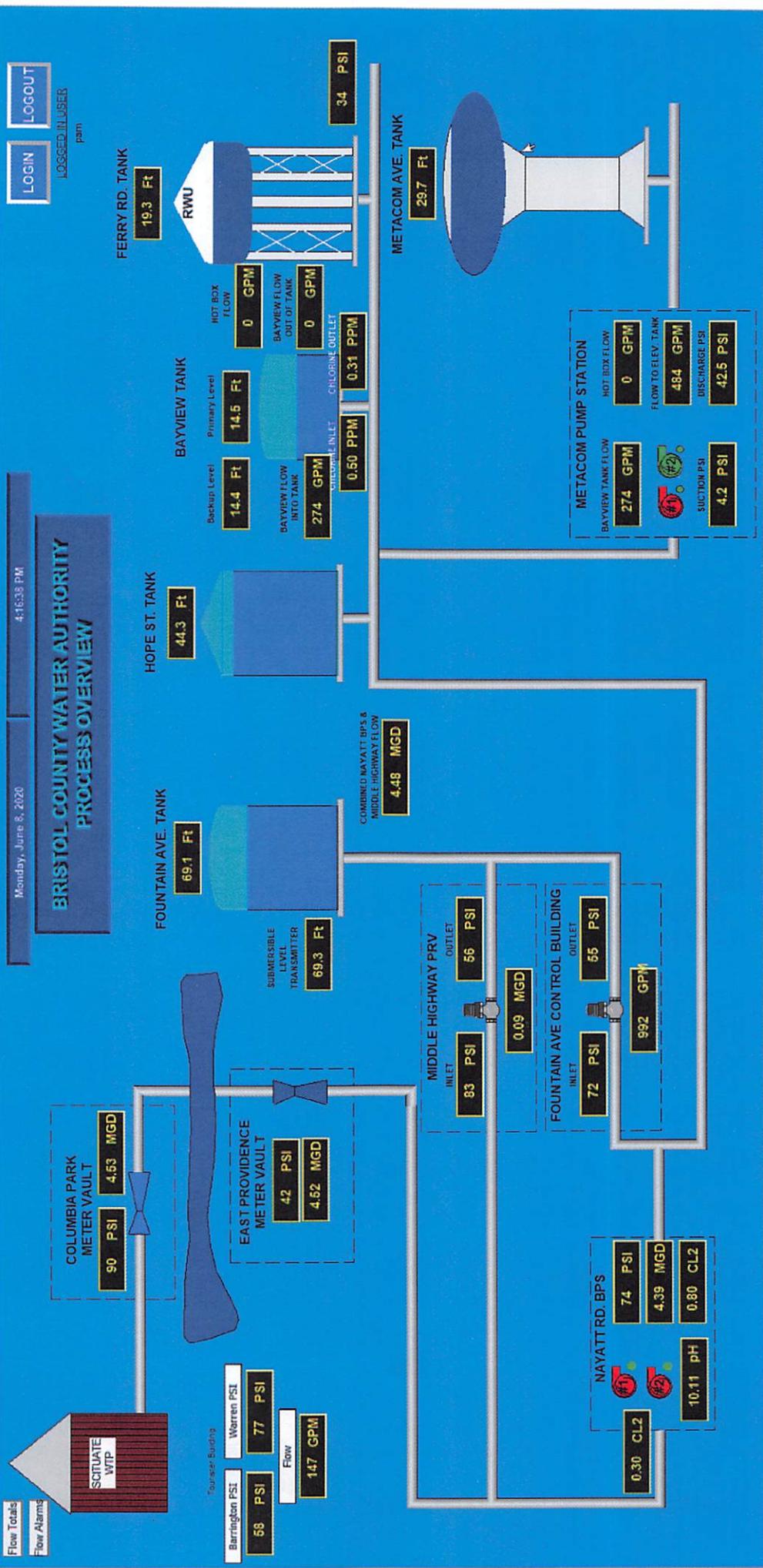
27

1 **Q. With these exceptions, does this conclude your surrebuttal testimony?**

2 A. Yes, it does.

3

EXHIBIT 1



CERTIFICATION

I hereby certify that on June 26, 2020, I sent a copy of the within to all parties set forth on the attached Service List by electronic mail and copies to Luly Massaro, Commission Clerk, by electronic mail and hand delivery.

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