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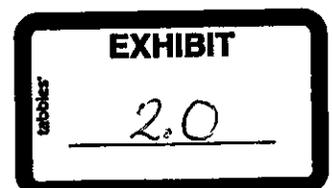
CASE NO. 11-_____

DIRECT TESTIMONY OF

BRUCE T. HAAS

ON BEHALF OF

CHARMAR WATER COMPANY



**DIRECT TESTIMONY OF
BRUCE T. HAAS
ON BEHALF OF CHARMAR WATER COMPANY**

1 **Q1. PLEASE STATE YOUR NAME, PRESENT POSITION AND BUSINESS**
2 **ADDRESS.**

3 A1. My name is Bruce T. Haas and I am the Regional Director of Operations for the Midwest
4 Region of Utilities, Inc. ("UI"), which includes Illinois, Indiana, Kentucky and
5 Tennessee. My business address is 110 Queen Parkway, West Columbia, South Carolina
6 29169.

7 **Q2. WHAT ARE YOUR DUTIES IN YOUR CURRENT POSITION?**

8 A2. In my current position, I am responsible for making sure our customers receive adequate,
9 efficient, reliable, environmentally safe and least-cost water and wastewater utility
10 service. As such, I am responsible for all operations personnel, facilities, maintenance
11 and capital projects as well as other operational issues. In addition, I am responsible for
12 communications with state and federal regulators, including state utility commissions,
13 public staffs in the states that have them, and environmental authorities.

14
15 **Q3. PLEASE DESCRIBE YOUR PROFESSIONAL BACKGROUND.**

16 A3. I first began my employment as a meter reader and maintenance worker in 1978 for Lake
17 Holiday Utilities Corp., a subsidiary of Charmar Water Company's parent, Utilities, Inc.

1 During the next several years, I was promoted to Operator and Operating Manager
2 positions for a number of Utilities, Inc. subsidiary systems, while earning various water
3 and wastewater licenses in Illinois and Ohio, including the highest levels of water
4 treatment and wastewater treatment licenses from the Illinois EPA. I eventually became
5 the Area Manager for the Peoria, Illinois region, overseeing the water and wastewater
6 facilities in this area. In 1989, I relocated to Charlotte, North Carolina taking on the
7 position of Area Manager for several areas for Carolina Water Service, Inc. of North
8 Carolina, a sister subsidiary under UI, along with the operations of two large UI-
9 subsidiary systems located in York County, South Carolina. While in Charlotte, I was
10 promoted to Regional Manager, during which time I also obtained various water and
11 wastewater licenses in Water Treatment, Water Distribution, Wastewater Collection, and
12 Backflow/Cross-Connection certifications from the State of North Carolina while taking
13 night courses towards a degree in Civil Engineering Technology. I also earned the
14 highest levels of water and wastewater certifications for Water Treatment, Water
15 Distribution, Wastewater Treatment and Wastewater Collection from the State of South
16 Carolina. Additionally, I have successfully completed the utility regulation seminar
17 sponsored by NARUC. In 2002, I was promoted to my current position of Regional
18 Director and given responsibility for the Company's systems in South Carolina and
19 Georgia. Following a reorganization of various Regions within UI in mid-2010, I
20 accepted the position as Regional Director for the Midwest Region.

21 **Q4. HAVE YOU TESTIFIED PREVIOUSLY BEFORE THE ILLINOIS COMMERCE**
22 **COMMISSION ("COMMISSION")?**

23 A4. Yes.

1 **Q5. HAVE YOU TESTIFIED BEFORE ANY OTHER PUBLIC UTILITY**
2 **COMMISSIONS?**

3 A5. Yes. I have testified before the commissions in North Carolina and South Carolina.

4 **Q6. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

5 A6. My testimony provides support for Charmar Water Company (“Charmar” or “Company”)
6 request to adjust water rates. In particular, my testimony describes: (1) the Company’s
7 service territory and its water system operations; (2) capital improvements made to the
8 water system; (3) water quality; and (4) customer complaints.

9

10 I. SYSTEM DESCRIPTION AND OPERATION

11 **Q7. PLEASE GENERALLY DESCRIBE THE COMPANY’S SERVICE TERRITORY**
12 **AND WATER SYSTEM.**

13 A7. Charmar provides water service in Waukegan Township, Lake County, Illinois to 53
14 water utility customers. The potable water is supplied from an interconnect with the City
15 of Waukegan which supplies water from Lake Michigan. Since Charmar receives water
16 from the City of Waukegan, there is no water treatment performed on-site; however,
17 Charmar personnel does monitor chlorine levels to ensure that the water being supplied
18 through the interconnect with the City of Waukegan does meet IEPA disinfection
19 standards. The Charmar water distribution system is approximately 4,200 linear feet (LF)
20 in length. Charmar does not provide fire protection but has flushing hydrants located
21 throughout the system for seasonal flushing and maintenance purposes.

22 **Q8. PLEASE DESCRIBE THE DUTIES OF THE STAFF AT CHARMAR.**

1 A8. Staff collects and tests water samples at the point of entry and distribution system on a
 2 daily basis. The staff also completes daily operations, equipment repairs and
 3 maintenance of assets. They are responsible for submitting complete and accurate
 4 monthly reports to the Illinois Environmental Protection Agency (“IEPA”) and maintain
 5 compliance with all IEPA regulations. They maintain the distribution system, and
 6 complete field activities as well as respond to customer inquiries. Finally, the staff is
 7 responsible for reading water meters every other month.

8 **II. CAPITAL IMPROVEMENTS**

9
 10 **Q9. PLEASE DESCRIBE THE IMPROVEMENTS MADE BY THE COMPANY TO**
 11 **ITS WATER SYSTEM.**

12 A9. Since the current water rates were placed into effect in 2004, Charmar has invested over
 13 \$260,000.00 in total net plant additions, which includes the capital projects listed below.

14 **Table 1 – Summary of Capital Projects**

No	Project ID	Description
1	1150601	ENGINEERING FOR NEW BUILDING AND HYDRO TANK
2	2003392	INTERCONNECT WITH THE CITY OF WAUKEGAN

15
 16 **Q10. PLEASE BRIEFLY DESCRIBE EACH OF THE CAPITAL PROJECTS LISTED**
 17 **IN TABLE 1.**

18 A10. (1) Engineering for New Building and Hydro Tank – The existing pneumatic hydro-
 19 pneumatic tank that was used to sustain the water system pressure was leaking and was
 20 buried underground. Engineering was required to replace the hydro tank and place it

1 above grade in accordance with current IEPA Standards was initiated. After costs were
2 revealed for this project, it was decided that abandoning and disconnecting the current
3 company-owned equipment and purchasing bulk water from the City of Waukegan was
4 more cost-effective.

5 (2) Interconnect with the City of Waukegan – An interconnect for purchased water
6 from the City of Waukegan was installed and the previous water treatment equipment
7 used by the Company was properly abandoned in accordance with IEPA requirements.
8

9 **Q11. PLEASE ADDRESS THE PRUDENCE OF THE CHARMAR PROJECTS**
10 **LISTED ABOVE.**

11 A11. The wells that were used by Charmar were losing production at a rapid rate and the water
12 storage equipment was also deteriorating. A cost analysis was completed in April 2008
13 comparing the capital and operating & maintenance cost of both rehabilitation of the
14 existing equipment and drilling new wells versus interconnecting and purchasing water
15 from the City of Waukegan.

16
17 The estimated capital cost for the rehabilitation of the existing equipment and drilling
18 new wells totaled \$405,000.00 with an annual O&M cost of \$12,805.00. This amount of
19 investment would have cost each customer \$109.28 per month.

20 The estimated capital cost to interconnect with Waukegan totaled \$216,255.00 with an
21 annual O&M cost of \$23,117.00. This amount of investment would cost each customer
22 \$83.95 per month. Charmar did attempt to turn over its water system and customers to
23 Waukegan; however, the offer was declined. Since Charmar and its customers are

1 located within unincorporated Lake County, there is no other entity to purchase water
2 from. The decision to interconnect with and purchase water from Waukegan, and
3 abandon Charmar's wells and storage equipment was the most prudent decision on behalf
4 of the Charmar customers.

5 **Q12. DOES THE COMPANY CURRENTLY HAVE ANY ISSUES REGARDING ITS**
6 **WATER QUALITY?**

7 A12. No. The water at Charmar is compliant with IEPA standards for safe drinking water.

8 **Q13. DOES THE COMPANY HAVE ANY PLANS FOR PRO FORMA PROJECTS?**

9 A13. No. Charmar does not have any pro forma projects in this rate case.

10 **Q14. PLEASE SUMMARIZE ANY CUSTOMER COMPLAINTS RECEIVED WITHIN**
11 **THE LAST 12 MONTHS.**

12 A14. The customer complaints received from Charmar in the past twelve months have been
13 minimal. The summary is as follows: 2 billing inquiries, and 1 follow-up call regarding
14 landscaping issues after repairs had been made.

15 **Q15. DOES THIS CONCLUDE YOUR PREPARED DIRECT TESTIMONY?**

16 A15. Yes it does.