

1 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION RECEIVED FPSC

2 ALOHA UTILITIES, INC. 03 AUG -5 PM 2:50

3 DOCKET NO. 060122-WU COMMISSION

4 APPLICATION FOR WATER RATE INCREASE OF CLERK

5 ALOHA UTILITIES, INC. IN PASCO COUNTY

6 DIRECT TESTIMONY OF DAVID W. PORTER, P.E.

7 Q. Please state your name and professional address.

8 A. David W. Porter, P.E., Water/Wastewater System
9 Consulting Engineer, 3197 Ryans Court, Green Cove
10 Springs, Florida, 32043

11 Q. Have you been retained by Aloha Utilities, Inc.
12 to provide testimony and assist in the preparation of
13 exhibits in this proceeding?

14 A. Yes.

15 Q. Please provide a brief resume of your training
16 and experience as it relates to this proceeding.

17 A. I hold a BSCE degree from the University of
18 Massachusetts where the emphasis of my studies was in
19 water and wastewater treatment technology. For over 12
20 years I have practiced before the Florida Public
21 Service Commission and been accepted as an expert
22 witness on water supply and treatment issues,
23 wastewater treatment issues, wastewater reuse issues
24 and rate case related matters. I have 36 years
25 experience in the operation, management, design,

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1 construction and troubleshooting of water and
2 wastewater facilities. During that time I have been
3 employed as a treatment plant operator and manager;
4 design engineer; principal design engineer; owner,
5 vice president, and/or general manager of firms that
6 specialized in the design and/or operation of water
7 and wastewater facilities; and a principal engineer
8 for an international firm that manufacturers state-of-
9 the-art equipment for high purity water systems and
10 wastewater treatment systems worldwide. For 14 years I
11 taught treatment technology courses at colleges and
12 State sponsored short schools. I have authored and/or
13 co-authored technical papers and trade magazine
14 articles related to treatment facility design,
15 troubleshooting, management, and operation and
16 maintenance. I have served on technical standards
17 development committees and technical advisory
18 committees for professional societies and governmental
19 regulatory agencies. I am an A Class Licensed Plant
20 Operator in the State of Florida, a Grade VII Licensed
21 Plant Operator in the Commonwealth of Massachusetts,
22 and a Registered Professional Engineer in the States
23 of Florida and Virginia.

1 Q. Did you assist in the preparation of documentary
2 evidence for use by the Commission in establishing
3 rates in this case?

4 A. Yes. I prepared and submitted projections of
5 purchased water required; water to be sold; meter
6 counts; labor required; chemical and power costs and
7 other engineering estimates and projections to Robert
8 C. Nixon, C.P.A. for his use in preparing Exhibit RCN-
9 2 submitted in this case.

10 Q. Is it your opinion that these projections and
11 estimates are true and factual to the best of you
12 knowledge and belief?

13 A. Yes; however, since I prepared these projections
14 in early 2006 (using 2005 data) a number of
15 assumptions and/or conditions have changed. Mr. Nixon
16 has addressed a number of these changes and I support
17 and hereby adopt the portions of his testimony
18 summarizing these changes. I would like to add
19 additional clarification about one of the changes.
20 When I estimated the quantity of liquid chlorine that
21 would be required to properly operate the
22 chloramination facilities I assumed that some method
23 of raw water hydrogen sulfide reduction would be in-
24 place at Water Plants 2, Mitchell, 6, 8 and 9 by the
25 time the Aloha-Pasco County water interconnect was

1 placed into operation and the conversion to
2 chloramination would be in full operation. However,
3 for a number of reasons beyond the control of Aloha,
4 it is now probable that no such hydrogen sulfide
5 control will be in place by the time the interconnect
6 goes on-line and for some time thereafter. Therefore,
7 liquid chlorine use at the water plants will be much
8 greater than was projected since the chlorine demand
9 associated with hydrogen sulfide will need to be met
10 with liquid chlorine. The combination of the increase
11 in the quantity of liquid chlorine required plus the
12 increases in liquid chlorine costs that have occurred
13 since the estimates were completed in early 2006 will
14 result in greatly increased incremental costs for
15 liquid chlorine over the costs that were originally
16 submitted in RCN-2. I have not completed an analysis
17 of the cost impact as of the time of filing of my
18 direct testimony. However, I will have updated values
19 for this and other costs which have increased, as
20 discussed in Mr. Nixon's Direct Testimony, at the time
21 my rebuttal testimony is prepared.

22 Q. Do you have any comments related to the true-up
23 language provided in the PSC Order previously issued
24 in this case?
25

1 A. Yes. I have a number of specific concerns related
2 to the true-up language, however, in order to minimize
3 the length of my written testimony I provide only
4 general comments here. I will be prepared to provide
5 more detailed comments at hearing if necessary. The
6 PSC Order requires that a true-up evaluation be
7 conducted 12 months after the water interconnect
8 facilities become operational. The arbitrary selection
9 of a 12-month period to develop base-line data that
10 will be used to true-up such items as quantities of
11 purchased water required, labor costs, chemical costs,
12 power costs, etc. is not prudent. The quantity of
13 water demanded by customers and, therefore, the
14 operating costs of the facilities, varies greatly
15 based on a large number of variables from year to
16 year. The data from a much longer period is needed to
17 minimize the impact of yearly variability on the
18 integrity of the data analysis and the resulting true-
19 up. This has been a generally recognized reality at
20 the PSC since it is customary for applicants to
21 utilize (and Staff to review) an analysis of water
22 pumped/purchased and sold for a 5-year period when
23 preparing rate case documentation. In this case, where
24 purchased water cost is much greater than the cost of
25 the water produced by Aloha itself, an error in the

1 development of the true-up analysis could result in
2 massive deficits in rates beginning immediately
3 following the true-up and extending until the next
4 adjustment in rates. Here I have only discussed the
5 negative impact that the true-up language could have
6 on purchased water costing and the resulting error in
7 rate setting that could occur. In addition, the true-
8 up process envisioned could also negatively impact
9 accurate rate setting based on labor costs, chemical
10 costs, power costs, etc. Since a situation like this
11 cannot be allowed to exist, Aloha would be forced to
12 begin the rate making process again at great expense
13 to the ratepayers.

14 Q. Do you have anything else to add?

15 A. Not at this time.

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