

RECEIVED

MAY 25 2021

LA Public Service Commission

LPSC DOCKET NO. U- _____

DIRECT TESTIMONY

of

MR. ALEX WILLIAMS

on behalf of

UTILITIES, INC. OF LOUISIANA

In re: Request for Extension of Formula Rate Plan With Modifications Thereto

TABLE OF CONTENTS

I.	INTRODUCTION.....	3
II.	PURPOSE OF DIRECT TESTIMONY	4
III.	DESCRIPTION OF UIL’S SYSTEM AND OPERATIONS	5
IV.	UIL’S CAPITAL INVESTMENT	8
V.	UIL’S OPERATIONS AND MAINTENANCE EXPENSES.....	11

1 **I. INTRODUCTION**

2 Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND POSITION AT UTILITIES,
3 INC. OF LOUISIANA (“UIL” OR “COMPANY”).

4 A. My name is Alex Williams. My business address is 1100 N. Causeway Blvd., Mandeville, LA
5 70471. I am currently the Director, State Operations at UIL.

6 Q. HOW LONG HAVE YOU HELD THAT POSITION AT UIL?

7 A. I’ve been employed by UIL in various roles since 2014 and became the Director, State
8 Operations at UIL in December 2020.

9 Q. PLEASE DESCRIBE YOUR DUTIES AS THE DIRECTOR, STATE OPERATIONS AT
10 UIL.

11 A. I am responsible for overseeing all aspects of operations within Louisiana. Specifically, capital
12 budget planning and execution, operation and maintenance expense budget planning, and
13 execution, and environmental regulatory compliance for UIL.

14 Q. PLEASE DESCRIBE YOUR EDUCATION AND PROFESSIONAL BACKGROUND.

15 A. Bachelor of Science in Civil Engineering, University of New Orleans 2004

16 **Scalfano Engineering, Inc. 2005 – 2014: Design Engineer-** Worked as a design engineer
17 on the majority of all Utilities Inc. of Louisiana (“UIL”) and Louisiana Water Service, Inc.
18 projects from 2005 to 2014. My scope of services included preliminary design/planning,
19 budget development, final design, permitting, construction oversight/administration, and
20 project completion.

21 **Utilities Inc. of Louisiana 2014– 2017: Sr. Utilities Engineer** - Coordinated with
22 Financial Planning and Analysis and Operations staff to develop short-term and long-term
23 capital plans based on the overall system needs to maintain safe, reliable service in

24 compliance with all environmental laws and governmental agency expectations. My duties
25 included all preliminary and final design, permitting, construction oversight/administration
26 and project completion. In addition, I provided leadership for comprehensive asset
27 management and future capital planning needs.

28 **Utilities Inc. of Louisiana 2017– December 2020: Regional Manager of Operations** –
29 Managed daily operational activities within Louisiana, coordinated with Vice President of
30 Operations to provide input on operational needs relative to capital & O&M budgets. Such
31 input would include the identification of projects necessary to maintain safe, reliable
32 service in compliance with all environmental laws and governmental agency expectations,
33 and also anticipated changes within daily operations that would increase or lower expenses.
34 I also directed staff on a daily basis so as to ensure a high level of service and environmental
35 compliance, while also balancing the direct financial impact to customers.

36 Q. HAVE YOU TESTIFIED BEFORE ANY REGULATORY AUTHORITIES?

37 A. Yes. I have provided testimony on behalf of the Company before the Louisiana Public Service
38 Commission (“Commission” or “LPSC”) in LPSC Docket Nos. U-33595, U-34206 and U-
39 34742.

40 Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?

41 A. I am testifying on behalf of UIL.

42 **II. PURPOSE OF DIRECT TESTIMONY**

43 Q. PLEASE STATE THE PURPOSE OF YOUR DIRECT TESTIMONY.

44 A. The purpose of my direct testimony is to describe UIL’s systems and operations while also
45 identifying improvements and capital expenditures that have been recently placed in service

46 within the Company's territory, with a focus of the improvements put into service over the
47 course of the Company's current formula rate plan ("FRP"). Additionally, a secondary
48 purpose of my testimony is to express support for the process by which capital investments
49 are outlaid by Company and the mechanism for recovery of the same, specifically, the
50 reasonableness of the Company's operations and maintenance ("O&M") expense.

51 **III. DESCRIPTION OF UIL'S SYSTEM AND OPERATIONS**

52 Q. PLEASE DESCRIBE HOW UIL'S SYSTEMS ARE ORGANIZED FROM AN
53 OPERATIONAL STANDPOINT.

54 A. UIL operates and maintains 20 public water systems and 91 wastewater systems across
55 Louisiana. UIL's service territory stretches across 19 Parishes (Ascension, Assumption,
56 Bienville, Calcasieu, East Baton Rouge, Evangeline, Jackson, Livingston, Madison,
57 Morehouse, Richland, St. Landry, St. Tammany, Tangipahoa, Vermillion, Washington, West
58 Baton Rouge, West Feliciana, and Winn). This service territory is organized into five operating
59 regions to more efficiently operate and serve customers: Slidell, Covington/Mandeville,
60 Hammond, Opelousas and Choudrant. There is an area manager and staff for each operating
61 region, however, for cost effective service, employees are able to support each region as work
62 volume requires. UIL's water systems are primarily single or multi-well systems with wellhead
63 treatment, hydro-pneumatic tanks for pressure regulation, and include a distribution network.
64 Most of UIL's wastewater systems are collection systems with a lagoon treatment plant;
65 however, some of our larger wastewater systems in St. Tammany include engineered treatment
66 plants. Each of the five operating regions has an Area Manager licensed by the Louisiana
67 Department of Environmental Quality ("LDEQ") as water and/or wastewater system operators.

68 The Area Managers report directly to me on a regular basis including weekly meetings. The
69 Area Managers and their staff perform the daily duties necessary to provide safe, dependable
70 and reliable water and wastewater services to UIL customers.

71 Q. HOW ARE UIL'S VARIOUS SYSTEMS MANAGED ON A DAY-TO-DAY BASIS?

72 A. The Area Manager maintains a list of tasks that need to be accomplished and assign these tasks
73 to staff in their respective operating region each morning. UIL uses a work order management
74 system. Employees have routine daily tasks that must be completed to operate each system, in
75 addition to other assigned work orders and/or field activities that result from customer service
76 requests, preventative maintenance needs, regulatory requirements, etc.

77 Q. PLEASE DESCRIBE THE TYPES OF ACTIVITIES NECESSARY TO KEEP UIL'S
78 WATER AND WASTEWATER SYSTEMS OPERATING PROPERLY.

79 A. UIL's operation staff are a critical part of providing an adequate and safe supply of water and
80 ensuring that wastewater is properly treated before being returned to the environment. To that
81 end, they are responsible for checking plant operations each day, making operational
82 adjustments to the systems, and performing maintenance duties. Some of these tasks include
83 but are not limited to:

- 84 • Adding chemicals, such as chlorine, to disinfect drinking water and wastewater;
- 85 • Handling chlorine and other chemicals in a safe, effective manner;
- 86 • Verifying that all chemical-related equipment is in proper working order;
- 87 • Inspecting mechanical and electrical equipment on a regular basis;
- 88 • Monitoring operating conditions, meters, and gauges;
- 89 • Adjusting treatment levels when variances are detected;
- 90 • Collecting and testing water and sewage samples;

- 91 • Recording meter and gauge readings and operational data;
- 92 • Preparing reports and maintain logs on meter readings, tests, chemical and equipment usage,
- 93 and all other recordkeeping requirements;
- 94 • Back-washing filters and basins;
- 95 • Cleaning and maintaining treatment plant, pumping stations and wells;
- 96 • Repairing and painting equipment, walls and floors when needed;
- 97 • Operating equipment to purify and clarify water, or to process or dispose of sewage;
- 98 • Installing and reading water meters;
- 99 • Performing facility and vehicle inspections;
- 100 • Performing work consistent with safety standards; and
- 101 • Providing on-site customer communications.

102 In addition, the operation staff participate in regular training and are able to manually
103 operate the treatment system if there is a plant malfunction due to power outages or electrical
104 issues.

105 Q. WHAT REGULATIONS DOES THE COMPANY HAVE TO COMPLY WITH IN ORDER
106 TO ENSURE THE PROTECTION OF PUBLIC HEALTH?

107 A. There are many regulations that water and wastewater utilities comply with to ensure the
108 protection of public health. UIL ensures that they are in compliance with any and all
109 regulations, including but not limited to the rules and regulations of the United States
110 Environmental Protection Agency (“EPA”), LDEQ, the Louisiana Department of Health
111 (“LDH”), and the Safe Drinking Water Act (“SDWA”).

112 Q. DO ANY OF THE COMPANY’S SYSTEMS PRESENT ANY SPECIFIC CHALLENGES
113 WITH REGARDS TO ENSURING COMPLIANCE WITH REQUIRED REGULATIONS?

114 A. Yes. Sportsman’s Paradise is a system that presents specific challenges related to access and
115 long-term viability. This system is in very close proximity to the Bayou Corne sinkhole which
116 has resulted in Texas Brine taking ownership and condemning most of the homes within the
117 system. Furthermore, the wastewater treatment facility is only accessible by boat, which
118 makes improvements to the plant almost impossible.

119 Q. HOW HAS THE CURRENT THREE YEAR FRP HELPED FACILITATE
120 IMPROVEMENTS IN THE QUALITY OF SERVICE?

121 A. The reliability of an annual review process and predetermined allowed return on equity
122 (“ROE”) has allowed UIL to successfully plan and implement capital investment, ensure
123 compliance with regulatory operating standards, and effectively schedule preventative
124 maintenance. Additionally, the current FRP has armed the Company with the ability to project
125 predictable cash flows and reduce regulatory lag, which is imperative from an operations and
126 maintenance perspective.

127 **IV. UIL’S CAPITAL INVESTMENT**

128 Q. WHAT IS CAPITAL INVESTMENT?

129 A. Generally, capital investments are expenditures that result in the upgrade, acquisition, or
130 addition of fixed assets. Capital investments can be classified into three broad categories: (1)
131 normal (routine) annual replacement of existing facilities; (2) normal (routine) annual
132 extensions and improvements; and (3) major capital replacements and improvements. A
133 utility should periodically review and update its needs in each of these areas to recognize
134 changing conditions.

135 Q. WHY ARE CAPITAL INVESTMENTS MADE IN THE SYSTEM?

136 A. Capital investments are made to address regulatory compliance problems, increase or restore
137 operational capacity, connect new customers, address end of life issues with existing
138 treatment systems and outdated technology, and to improve service, safety and reliability.
139 Some examples of these repairs include: (i) lift station rehabilitations, (ii) treatment plant
140 replacements, (iii) treatment plant rehabilitations, (iv) security fencing, (v) collection system
141 inflow and (vi) infiltration investigation.

142 Q. HOW ARE INDIVIDUAL CAPITAL PROJECTS IDENTIFIED AND FUNDED?

143 A. Generally, the determination to upgrade or repair is made in one of two ways: (i) forecasting
144 based on operational staff's observation of an imminent issue by UIL operators, or (ii)
145 through a result of actual asset end of service life. With respect to the latter process of
146 making capital expenditures, upgrades and or improvements are initiated before the existing
147 infrastructure can no longer provide an adequate level of service. Specifically, UIL assesses
148 the condition of existing assets and identifies those that are nearing end of life. This
149 condition assessment is updated periodically based on observations and experience with the
150 assets. That information is combined with regulatory compliance experience of UIL staff to
151 identify improvements needed to keep the Company's systems in good working order. In
152 addition, shortfalls in the level of service provided are identified, as well as improvements
153 needed to meet health and safety requirements. Additionally, projects needed due to growth
154 or capacity shortfalls are also recognized. Each project is then assigned a priority based
155 on the condition of the asset and the consequence or impact if the project is not performed.
156 These two scores are combined to create the "consequence and condition" score used to
157 determine the overall priority of each project. The amount of these "priority" projects that

158 can be funded and implemented in any given year is determined during the annual budgeting
159 process.

160 Q. HOW HAS THE CURRENT FRP HELPED FACILITATE CAPITAL INVESTMENT?

161 A. As mentioned previously, the predictability of cash flows and reduced regulatory lag
162 provided by the annual FRP review have afforded UIL the ability to plan needed
163 infrastructure investment to maintain high quality service. Additionally, in any given year,
164 equipment fails unexpectedly and must be replaced. The current FRP provides UIL the
165 flexibility to address emergency infrastructure needs without the added expense of a
166 traditional rate filing.

167 Q. PLEASE DESCRIBE SOME OF THE MORE SIGNIFICANT UPGRADES OR REPAIRS
168 UIL HAS MADE TO ITS WATER AND WASTEWATER SYSTEMS DURING THE
169 CURRENT FRP.

170 A. Some of the more significant upgrades and improvements made during the existing FRP, all
171 of which were done to maintain an appropriate level of service to the customers, and
172 consistent environmental compliance include: (i) meter installations within systems that were
173 previously flat rate, (ii) conversion of several facultative lagoons to partial mix process in
174 order to more effectively and consistently treatment wastewater, (iii) installation of a
175 Granular Activated Carbon filtration unit to treat disinfection by-products, (iv) purchase and
176 installation of sludge press to more cost effectively handle wastewater sludge production, (v)
177 inflow and infiltration projects within certain systems, (vi) rehabilitation of certain systems,
178 (vii) ground storage tank replacements at certain water production sites, and (viii) elevated
179 tank rehabilitation.

180 **V. UIL'S OPERATIONS AND MAINTENANCE EXPENSES**

181 Q. WHAT ARE EXAMPLES OF UIL'S O&M EXPENSES?

182 A. O&M expenses are costs that relate to the normal operating, maintenance, and administrative
183 activities of UIL. Examples of such expenses are: chemicals used to treat water and wastewater,
184 salary and wages, fuel and fleet maintenance, water and wastewater laboratory test fees, and
185 plant and system maintenance.

186 Q. WHAT ARE THE PRIMARY DRIVERS OF O&M?

187 A. While there are several reasons why O&M expenses are incurred, the key cost driver for
188 O&M expenses is the provision of safe and reliable service with effective and efficient
189 customer service to UIL's residential and commercial customers. As stated earlier in my
190 testimony, UIL has an extremely rigorous protocol for ensuring regulatory compliance and
191 quality control. All of those activities are result in costs that are an O&M expense.

192
193 In addition to the aforementioned operations staff responsibilities, UIL has also instituted
194 regular inspections and maintenance programs to meet state and federal guidelines. For
195 example, ground storage tanks ("GST") and hydropneumatics tanks are inspected regularly
196 consistent with procedures recommended by the American Water Works Association. These
197 inspections consist of a visual inspection of both the interior and exterior of the tanks. Some
198 inspections may include ultrasonic tank measurements. If the GST cannot be taken out of
199 service, third party divers will be required to perform the inspection. Similarly, hydrants and
200 valves must be regularly operated to keep them functional. Lift stations must also be cleaned
201 often to prevent the buildup of fats and grease, which can interfere with normal operations.

202 Standby generators are tested at least every six (6)-months to ensure they are operable and
203 maintained in good condition. Vegetation must also be maintained during growing season at
204 all plant sites to eliminate harmful conditions that could jeopardize the operation of the
205 system.

206 Q. HAS THE CURRENT THREE YEAR FRP HELPED FACILITATE THESE EFFORTS TO
207 MAINTAIN COMPLIANCE AND IMPROVE QUALITY OF SERVICE?

208 A. Yes.

209 Q. HAVE UIL AND ITS CUSTOMERS BENEFITTED FROM RATES BEING SET UNDER
210 THE CURRENT FRP?

211 A. Yes. The Company's FRP has proven to be an effective rate making mechanism, benefitting
212 both customers and the Company. From an operations and maintenance perspective, the FRP
213 has allowed me to properly plan for system upgrades, improvements, and for other operations
214 and maintenance expenses.

215 Q. MR. WILLIAMS, DO YOU BELIEVE IT IS IN THE BEST INTEREST OF UIL
216 CUSTOMERS FOR THE COMPANY TO REMAIN UNDER AN FRP?

217 A. Yes. It is my understanding that UIL has requested some modifications to the existing FRP
218 that Mr. Francis and Mr. D'Ascendis will discuss in further detail. I support the renewal with
219 proposed modifications of a FRP that would allow UIL to make investments so that
220 customers are assured of safe and reliable service and UIL has a reasonable opportunity to
221 earn a fair return.

222 Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

223 A. Yes, at this time. I reserve the right to supplement or amend my testimony as may be needed.

BEFORE THE
LOUISIANA PUBLIC SERVICE COMMISSION

UTILITIES, INC. OF LOUISIANA

DOCKET NO. U-_____

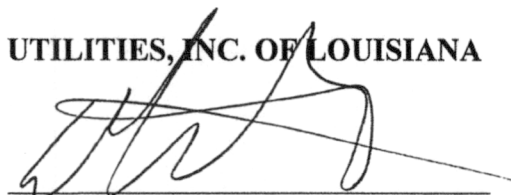
In re: Request for Extension of Formula Rate Plan With Modifications Thereto

AFFIDAVIT

STATE OF Louisiana
~~COUNTY OF~~ St. Tammany
Parish

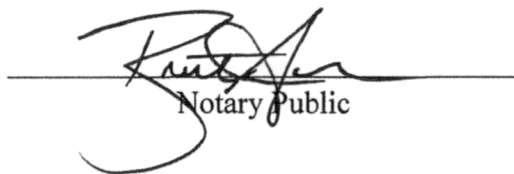
I, Alex Williams, being first duly sworn, depose that the Direct Testimony contained in the above captioned matter on behalf of Utilities, Inc. of Louisiana is true and correct to the best of my knowledge, information, and belief.

UTILITIES, INC. OF LOUISIANA



Mr. Alex Williams

Subscribed and sworn before me this 24th day of May, 2021.



Notary Public

BRETT S. LALA
NOTARY PUBLIC
Bar Number 29514
State of Louisiana
My Commission is issued for Life

