

**THE COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF PUBLIC UTILITIES**

D.P.U. 18-60

MILFORD WATER COMPANY VALUATION

DIRECT TESTIMONY OF RICHARD FEDDER

**SUBMITTED ON BEHALF OF
THE TOWN OF MILFORD**

JANUARY 25, 2019

1 **I. INTRODUCTION AND BACKGROUND**

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

3 A: Richard (“Toby”) Fedder, 40 Shattuck Road, #110, Andover, MA 01810.

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

5 A: I am Senior Principal at Woodard & Curran, Inc. Woodard & Curran, Inc. is an
6 integrated science, engineering and operations company. Woodard & Curran, Inc.
7 is an environmental engineering firm founded in 1979 and has been providing
8 professional engineering services to water utilities since its inception. In addition
9 to providing water and wastewater engineering services Woodard & Curran has
10 operated more than 60 water and wastewater treatment facilities. The firm now
11 has 1000 employees in 29 offices across the country with over 100 engineering
12 and operation professions with municipal water system experience. Woodard &
13 Curran is ranked among Engineering News-Record’s top 100 environmental firms
14 since 2000. The following are some of the communities in Massachusetts where
15 we provide water system professional engineering services: Acushnet, Andover,
16 Billerica, Dracut Water Supply District, Haverhill, Lawrence Lowell, Mansfield,
17 Maynard, Plainville, Winthrop and Worcester.

18 **Q: Please describe your background, education, experience, and expertise.**

19 A: I hold a Bachelors in Civil Engineering from the University of New Hampshire. I
20 have 25 years of experience in the civil/environmental engineering and financial
21 management industries. I lead Woodard & Curran’s utility financial management
22 consulting efforts and presently serve on several professional association

1 committees, specifically, the American Water Work's Association's
2 ("AWWA's") Finance Accounting and Management Controls Committee and the
3 New England Water Works Association ("NEWWA") Finance Committee, and
4 the Water Environment Federation Utility Management Committee. I am an
5 instructor at the NEWWA Water Ratemaking Course and a contributing Author
6 and/or Editor on two AWWA Manuals of Practice related to utility financial
7 management. I have completed financial assessments on many utilities, including
8 life-cycle costing, rate setting, capital plan projections and funding plan
9 development. My professional resume is attached as Exhibit TOWN-RTF-2.

10 **Q: Do you hold any licenses or board certifications?**

11 A: I am Registered Professional Engineer in the States of Maine and New Hampshire
12 and maintain a registration with the NCEES national registry.

13 **Q: Have you previously provided testimony before the Department?**

14 A: No.

15 **Q: On whose behalf are you testifying?**

16 A: I am submitting testimony on behalf of Town of Milford.

17 **Q: What is the purpose of your testimony in this proceeding?**

18 A: The purpose of my testimony is to present my analysis in RCNLD Valuation
19 Report of Milford Water Company ("Report") attached hereto as Exhibit TOWN-
20 TF-3. My testimony is limited to that Report. The conclusions in my report serve
21 as inputs for the Valuation Analysis of the Milford Water Company sponsored by
22 John J. Reed in TOWN-JJR-2. My testimony is limited to my Report. I am not

1 providing an opinion as to the appropriate valuation method to apply to the assets
2 of the Milford Water Company to determine the compensation to be paid or to the
3 final valuation to be determined by the Department.

4 **Q: Was your Report prepared by you or under your direction and control?**

5 A: Yes. All analyses in my Report were conducted by me or under my direction and
6 control.

7 **Q: How is the remainder of your testimony organized?**

8 A: Section II of my testimony discusses the conclusions of my RCNLD analyses of
9 the water system assets of the Milford Water Company. My Report provides
10 analysis supporting these conclusions.

11 **Q: Are you sponsoring exhibits with your testimony?**

12 A: Yes, I am sponsoring the following exhibits with this testimony:

Exhibit TOWN-RTF-1	Testimony of Richard Fedder
Exhibit TOWN-RTF-2	Curriculum Vitae of Richard Fedder
Exhibit TOWN-RFT-3	Report of Richard Fedder

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14 **II. SUMMARY OF RCNLD CONCLUSIONS**

15 **Q: Please summarize your conclusions regarding the Reproduction Cost New
16 Less Depreciation (RCNLD) presented in your Report?**

17 A: The conclusions of my RCNLD analysis are summarized as follows:
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Horizontal Assets	RCN	RCNLD	
		Physical Dep.	Book Dep.
Distribution Pipes	\$105,945,539	\$36,991,669	\$31,920,262
Transmission Pipes	\$4,516,654	\$701,814	\$497,965
Valves	\$3,174,349	\$1,088,708	\$366,599
Meters	\$3,240,031	\$1,573,048	\$2,044,220
Hydrants	\$2,655,850	\$1,345,631	\$303,770
Subtotal - Horizontal	\$119,532,423	\$41,700,870	\$35,132,818

Vertical Assets			
Treatment Plants	\$30,750,000	\$19,525,253	\$20,590,278
Pumping Facilities	\$3,075,000	\$582,083	\$233,125
Tanks/Standpipes	\$5,340,000	\$1,697,333	\$1,292,000
Subtotal - Vertical	\$39,165,000	\$21,804,669	\$22,115,403

Total	\$158,697,423	\$63,505,539	\$57,248,220
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2 **III. CONCLUSION**3 **Q: Does this conclude your testimony?**

4 A: Yes. The analyses and conclusions in my Report were developed based on
5 information obtained in discovery from the Milford Water Company and other
6 information developed to date. I reserve the right to supplement this testimony
7 and the Report based on any additional information and analysis that comes into
8 the record in this proceeding.