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Case No.: WU-2017-0296
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MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. WU-2017-0296

SURREBUTTAL TESTIMONY

OF

GARY A. NAUMICK

ON BEHALF OF

MISSOURI-AMERICAN WATER COMPANY

MAW Exhibit No. 3
Date 9/27/17 Reporter MM
File No. WU-2017-0296

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

IN THE MATTER OF THE APPLICATION OF) MISSOURI-AMERICAN WATER COMPANY FOR) AN ACCOUNTING ORDER CONCERNING MAWC's) LEAD SERVICE LINE REPLACEMENT PROGRAM.)	CASE NO. WU-2017-0296
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AFFIDAVIT OF GARY A. NAUMICK

Gary A. Naumick, being first duly sworn, deposes and says that he is the witness who sponsors the accompanying testimony entitled "Direct Testimony of Gary A. Naumick"; that said testimony was prepared by him and/or under his direction and supervision; that if inquiries were made as to the facts in said testimony, he would respond as therein set forth; and that the aforesaid testimony is true and correct to the best of his knowledge.



Gary A. Naumick

State of New Jersey
County of Camden

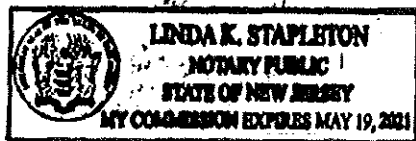
SUBSCRIBED and sworn to

Before me this 1st day of August 2017.



Notary Public

My commission expires:



**SURREBUTTAL TESTIMONY
GARY A. NAUMICK
MISSOURI-AMERICAN WATER COMPANY
CASE NO. WU-2017-0296**

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GARY A. NAUMICK
SURREBUTTAL TESTIMONY

I. INTRODUCTION

- Q. Please state your name and business address.**
- A. My name is Gary Naumick, and my business address is 1025 Laurel Oak Road,
Voorhees, NJ 08043.
- Q. By whom are you employed and in what capacity?**
- A. I am employed by American Water Works Service Company, Inc. (“AWWSC”) as Vice
President of American Water Engineering.
- Q. Are you the same Gary A. Naumick that filed direct and rebuttal testimony in this
matter (WU-2017-0296)?**
- A. Yes.

II. PURPOSE

- Q. What is the purpose of your surrebuttal testimony?**
- A. The purpose of this testimony is to respond to several items included in the rebuttal
testimony of Office of the Public Counsel (“OPC”) witness Geoff Marke.

1 **III. NO REASON FOR DELAY**

2 **Q. Does the rebuttal testimony of OPC witness Marke provide any new justification as**
3 **to why he believes Missouri-American Water Company's ("MAWC" or the**
4 **"Company") proposal to initiate a lead service line replacement ("LSLR") program**
5 **should be delayed, and his proposed 2 year pilot study should be undertaken?**

6 **A. No. He does not offer any new information that justifies delaying a LSLR program that**
7 **is protective of public health. In fact, he cites 26 literature sources that show that the**
8 **harmful impacts of lead have already been studied extensively, noting that "[t]here is a**
9 **voluminous amount of research substantiating the link between the deleterious effects of**
10 **high BLLs and human health including impairments to brain, kidneys, cardiovascular**
11 **system, and the blood being some of the most susceptible to breakdown from high dosage**
12 **or prolonged lead exposure." Marke Rebuttal at p.3, ll.6-9. None of his 26 references**
13 **advocate delaying actions to remove lead sources.**

14
15 **Q. Has MAWC taken a deliberative approach in developing its LSLR program such**
16 **that it should proceed without delay?**

17 **A. Yes. The health and safety of its customers is a top priority for MAWC. The proposed**
18 **LSLR program has been developed after careful consideration of extensive research on**
19 **potential exposure to lead through drinking water as well as how to eliminate that risk**
20 **effectively. As I stated in my rebuttal testimony: "MAWC fully understands the**
21 **importance of implementing its LSLR program in a careful and effective manner, and**
22 **has carefully considered its program in many aspects, including field construction**
23 **methodology, sampling, flushing, customer communication, and community**

1 coordination.” (Naumick Rebuttal, p.3, ll.5-8). Given the risk of potential customer
2 exposure to lead, particularly as the Company continues with its main replacement
3 program, the extensive research on the issue, and researchers’ conclusions that no amount
4 is safe, there is no reason to delay MAWC’s proposed LSLR program to pursue OPC’s
5 proposed pilot study.
6

7 **Q. Does OPC witness Marke’s rebuttal testimony focus on the elimination of the**
8 **potential exposure to lead in drinking water?**

9 A. No. OPC witness Marke discusses many issues beyond the potential exposure to lead in
10 drinking water, including the history of lead contamination, other conduits of human lead
11 exposure, the regulatory history of lead, etc. His discussion of a broad range of societal
12 issues draws attention away from the issue at hand and loses focus on the part of the
13 problem that we can impact directly. While the myriad of issues raised by OPC witness
14 Marke are important, many of them are outside of the purview of MAWC or any utility.
15

16 **Q. What part of the problem (i.e., potential exposure to lead) can MAWC impact?**

17 A. One pathway of human exposure that a water utility can resolve is the removal of lead
18 service lines, and this is what MAWC is proposing to do in an aggressive and efficient
19 manner through its proposed LSLR program. MAWC will continue its existing programs
20 to protect public health through proper corrosion control treatment, customer education,
21 and water quality sampling. However, as stated by David LaFrance, the head of the
22 American Water Works Association (“AWWA”): “If there is one lesson to be learned

1 from the Flint crisis, it is this: Our communities will be safer in the long run with no lead
2 pipes in the ground.” *See* OpEd, Water and Waste Digest, March 14, 2016.

3
4 Getting the lead out of the water system remains the priority of MAWC, and we must
5 avoid getting bogged down by other issues that cause a loss of focus and progress on this
6 goal.

7
8 **Q. OPC witness Marke states that it is “important that necessary planning and dialogue**
9 **among stakeholders occurs before and during a program of this kind.” (Marke**
10 **Reb., p. 2) Does pursuing the proposed LSLR program suggest that MAWC intends**
11 **to “go it alone”, or does not value the input of other stakeholders?**

12 **A.** Not at all. MAWC will proceed in an open and collaborative manner, and seeks the input
13 from relevant stakeholders as it implements and refines its programs. However, the 2
14 year pilot study that OPC witness Marke proposes is costly, and effectively delays the
15 public health benefits of a full scale LSLR program by 2 years. MAWC will seek
16 collaboration and input with relevant stakeholders, such as coordination with local health
17 agencies, the Healthy Homes/Lead Poisoning Prevention Programs, the St. Louis County
18 Service Line Protection Program, and road reconstruction entities.

19
20 **Q. Are there opportunities to protect public health that could be missed during a 2 year**
21 **pilot study?**

1 A. Yes. An arbitrary limit on replacement expenditures as proposed by OPC would certainly
2 result in missed opportunities to replace lead service lines. However, a more immediate
3 example is in the coordination of water main replacements with road construction.
4

5 **Q. Does the coordination of water main replacements with road reconstruction provide**
6 **additional benefits in areas with lead services lines?**

7 A. Yes. The Company routinely coordinates main and service replacements with municipal
8 officials in order to take advantage of scheduled road re-paving to minimize restoration
9 costs and disruption to traffic. In areas with lead service lines (“LSLs”), there are added
10 benefits in removing the lead service lines prior to the roadway construction disturbance.
11 If MAWC’s approach is accepted, the Company will eliminate a potential source of
12 exposure that could be caused by the release of lead particles due to the construction
13 disturbance. Without its proposed program, the Company would be simply educating the
14 customers on the potential lead exposure risk due to the construction disturbance without
15 replacing the service line and eliminating the source of potential lead exposure.
16

17 **Q. Would you anticipate possible delays and increased costs to local road**
18 **reconstruction projects if OPC witness Marke’s proposal of a lengthy pilot study**
19 **were to be accepted?**

20 A. Yes. The proposed pilot study will jeopardize the ability to coordinate the replacement
21 of lead service lines with road reconstruction projects. If the Company cannot proceed
22 with replacing customer-owned LSLs in streets scheduled for road reconstruction it
23 would be put in a position of requesting municipalities to hold up road reconstruction

1 work while it forms an advisory committee, selects a facilitator, reviews extensive
2 literature, creates databases for other Missouri water systems, tests and models the link
3 between lead service line replacements and lead abatement, reviews a Biokinetic uptake
4 model, and considers other ancillary items as discussed by OPC witness Marke in his
5 direct testimony. As Company witness Aiton discusses further in his surrebuttal, if the
6 municipality is unwilling to delay, MAWC will be forced to decide between two less
7 than optimal options: (1) replace its main in conjunction with the road construction
8 project and perform partial LSL replacements; or (2) postpone the replacement of the
9 main and deal with the consequences of that delay.

10
11 **Q. In his concluding statement on page 22, lines 13-14, OPC witness Marke mentions**
12 **that it is important to “explore ways to mitigate costs”. Does the Company do this**
13 **as a matter of course?**

14 **A.** Yes. The Company strives to implement efficiency in all its capital programs. For
15 example, the Company’s approach to prioritizing mains and service lines for replacement
16 considers potential efficiencies, like the coordination with road construction projects.
17 Further details on the prioritization of service lines scheduled for removal is presented
18 by Company witness Aiton. Also, the Company will prioritize locations where “clusters”
19 of lead service lines are located, in order to take advantage of construction efficiencies
20 to maximize the number of LSLRs achieved early in the program.

1 **IV. ESTIMATED NUMBER OF LEAD SERVICE LINES**

2 Q. OPC witness Marke extrapolates data from the AWWA national survey of lead
3 service lines to imply that the Company's estimate of 30,000 lead service lines is too
4 low (Marke Rebuttal, pages 15 and 20). Is his methodology sound?

5 A. No. His conclusion is a classic case of circular logic. AWWA's roll-up of the national
6 number of lead service lines is based primarily on input from surveys of water utilities
7 across the country. AWWA does not have its own source of data regarding the number
8 of LSLs in any particular water system. As such, in no way can it be considered more
9 valid than the "ground up" count of lead service lines conducted by MAWC.
10 Extrapolating the AWWA data to discredit the MAWC estimate, as OPC witness Marke
11 has done, is steeped in circular logic and therefore, inappropriate. As Company witness
12 Aiton has testified, MAWC's records of lead service lines are not perfect, but they are
13 far more reliable than an extrapolation of the AWWA data.

14 In addition, there are several problems with OPC witness Marke's interpretation of the
15 National LSL Survey (defined below). First, his speculation about how to apply and
16 "allocate" the state-wide estimate of 330,000 lead service lines, and to "assign" a higher
17 number of them to MAWC is arbitrary.

18 OPC witness Marke neglects to point out that the objective of the National LSL Survey
19 was to estimate the number of water systems with LSLs and approximate the number of
20 LSLs nationwide and by region; this updated estimate would then be compared with the
21 estimate performed at the time of the original Lead and Copper Rule (1991). The National
22 LSL Survey's main goal was not to develop an estimate for each municipality or for each
23 water system. Such estimates are better developed from the ground up by the water

1 utilities themselves. Another reason the estimates may not be as accurate as those
2 currently being developed by water utilities, such as MAWC, is that the National LSL
3 Survey is based on surveys done in 2011 and 2013, prior to the Flint water crisis. Since
4 2013, many utilities have been actively engaged in improving their service line
5 inventories.

6 Second, the original data source referenced by OPC witness Marke in footnote 32 to
7 Table 2 in his rebuttal testimony (the National LSL Survey) cautions against the use of
8 the data as accurate state-specific estimates, noting that:

9 “[i]t is important to caution that the analysis in this document was performed by
10 grouped region. In order to convert to state occurrence, the same k and N values were
11 assumed for each state in the grouped region. The state information is presented only
12 to provide relative information on state variability.”¹

13
14 Third, as noted in the National LSL Survey (page 185), the data published is grouped by
15 regions. Missouri is included in the combined EPA regions 5 and 7 including Michigan,
16 Wisconsin, Minnesota, Ohio, Indiana, Illinois, Iowa, Nebraska and Kansas. While the
17 entire study included responses from 204 community water systems, only 37 responses
18 were the 10 states within EPA regions 5 and 7. Since some states had no or minimal
19 survey responses, the data was combined within the larger EPA regions, and then
20 combined across the country. As noted above, caution is needed in interpreting National

¹ Cornwell, D.A. et al. *National Survey of Lead Service Line Occurrence*. Journal of American Water Works Association (April 2016)(p. E188), available at http://media.mlive.com/news_impact/other/jaw201604cornwell_pr.pdf (“National LSL Survey”).

1 LSL Survey data down to a state level. The count of LSLs at the municipal level is better
2 handled from the ground up.

3

4 **Q. Does this conclude your surrebuttal testimony at this time?**

5 **A.** Yes, it does.