

Exhibit No.:
Issues: Reasons for rate relief, water efficiency,
value of water service, affordability and
community involvement
Witness: Cheryl D. Norton
Exhibit Type: Direct
Sponsoring Party: Missouri-American Water Company
Case No.: WR-2017-0285
SR-2017-0286
Date: June 30, 2017

MISSOURI PUBLIC SERVICE COMMISSION

**CASE NO. WR-2017-0285
CASE NO. SR-2017-0286**

DIRECT TESTIMONY

OF

CHERYL D. NORTON

ON BEHALF OF

MISSOURI-AMERICAN WATER COMPANY

Exhibit No. 28
Date 3/8/18 Reporter MM
File No. WR-2017-0285

Exhibit 28
WR-2017-0285
Direct Testimony of Cheryl D. Norton

**DIRECT TESTIMONY
CHERYL D. NORTON
MISSOURI-AMERICAN WATER COMPANY
CASE NO. WR-2017-0285
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BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

IN THE MATTER OF MISSOURI-AMERICAN)	
WATER COMPANY FOR AUTHORITY TO)	
FILE TARIFFS REFLECTING INCREASED)	CASE NO. WR-2017-0285
RATES FOR WATER AND SEWER)	CASE NO. SR-2017-0286
SERVICE)	

AFFIDAVIT OF CHERYL D. NORTON

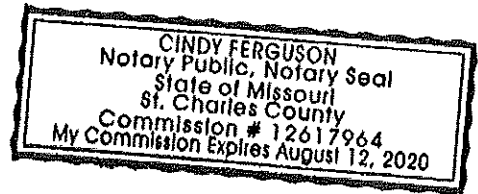
Cheryl D. Norton, being first duly sworn, deposes and says that she is the witness who sponsors the accompanying testimony entitled "Direct Testimony of Cheryl D. Norton"; that said testimony was prepared by her and/or under her direction and supervision; that if inquiries were made as to the facts in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

Cheryl D. Norton
Cheryl D. Norton

State of Missouri
County of St. Louis
SUBSCRIBED and sworn to
Before me this 5 day of June 2017.

Cindy M Ferguson
Notary Public

My commission expires: 8/12/2020



DIRECT TESTIMONY

1

CHERYL D. NORTON

2

I. INTRODUCTION

3 **Q. Please state your name and business address.**

4 A. My name is Cheryl D. Norton, and my business address is 727 Craig Road, St. Louis,
5 MO, 63141.

6 **Q. By whom are you employed and in what capacity?**

7 A. I am the President of Missouri-American Water Company (“Missouri-American
8 Water”, “MAWC” or the “Company”).

9 **Q. Please describe your educational background and work experience.**

10 A. I received a bachelor’s degree in biology and a master’s degree in environmental
11 studies from Southern Illinois University Edwardsville in 1987 and 1994,
12 respectively. I have been with American Water since 1988, when I began my career
13 as a research technician at the American Water Central Laboratory conducting
14 microbiological research related to improved treatment techniques. I continued to
15 work in the research department through May 2000, holding Senior Research Analyst
16 and Environmental Scientist positions. From 2000 to 2007, I served as laboratory
17 director for American Water’s Central Laboratory in Belleville, Illinois. In 2007, I
18 became the Vice President of Operations for Illinois American Water Company
19 (“Illinois American Water”) in Belleville, Illinois assuming oversight of all
20 operational areas of Illinois American Water including water quality, field operations,

1 production and maintenance for water and sewer. In January 2011, I became
2 President at Kentucky American Water Company, and in November of 2015, I
3 assumed my current role as President of Missouri-American Water.

4 **Q. What are your current employment responsibilities?**

5 A. I am responsible for the development, management and operations of MAWC's
6 system throughout the state of Missouri. Among those responsibilities are:
7 establishing and maintaining the standards of service, directing the priorities for
8 investments in the system, revenue generation and protection, operations and
9 maintenance budgets; establishing controls to accomplish delivery of the approved
10 budgets, making sure that necessary funding is available to carry out all plans; and
11 ensuring the safety and integrity of the systems for the protection of the customers,
12 employees and operations. My responsibilities also entail developing and carrying
13 out the business strategy for MAWC and incorporating that strategy into its business
14 plans. My goal is to ensure that all activities of the Company are carried out in
15 compliance with all local, state and federal laws and regulations, and standards of
16 good business practice.

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

18 A. There are several reasons why I am offering testimony in this case. First, and
19 foremost, as the President of the Company, I believe it is important to articulate the
20 reasons why we are seeking rate relief and to convey to all the stakeholders the
21 contributions we make to the State of Missouri in providing water service, a critical
22 resource that is vital to our health, welfare and economic well-being. In addition, I

1 want to explain how our cost recovery proposals in this case are intended to support
2 the more efficient use of water and investment in our system.

3 **Q. Who will testify on behalf of the Company and what subjects will they address?**

4 **A.** In addition to my Direct Testimony, the following witnesses provide testimony in
5 support of the Company's Request:

6 Brian W. LaGrand: will testify on the Company's revenue requirement, rate
7 base, and certain operations and maintenance expenses.

8 Bruce W. Aiton: will testify on the Company's overall approach to capital
9 management and the Company's capital investments.

10 W. Andrew Clarkson: will testify on the Company's water and sewer operations,
11 ongoing efforts to improve efficiency, and employee
12 levels and compensation.

13 Nikole L. Bowen: will testify on the Company's labor and labor related
14 expenses, production costs, and other operating expenses.

15 Gregory P. Roach: will testify on the impact of declining customer
16 consumption and weather variability on the Company's
17 revenues.

18 James M. Jenkins: will testify on the policy considerations that support the
19 Company's proposed future test year, revenue
20 stabilization mechanism ("RSM"), single tariff pricing
21 for water, consolidated tariff pricing for sewer, rate case
22 expense and cloud computing.

23 John M. Watkins: will testify on the Company's proposed RSM, pension &
24 PBOP expense and the Pension and PBOP trackers.

25 Robert V. Mustich: will testify on reasonableness of the Company's
26 compensation program, and benchmarks the Company's
27 compensation expense against national and regional peer
28 groups, including variable compensation.

29 Patrick L. Baryenbruch: will testify on the reasonableness of Service Company
30 fees.

- 1 Scott W. Rungren: will testify on the Company's capital structure and the
2 cost of debt and equity.
- 3 Anne E. Bulkley: will testify on the Company's cost of common equity.
- 4 Constance E. Heppenstall: will testify on the Company's cost of service allocation
5 and proposed rate design.
6
- 7 John R. Wilde: will testify on the Company's income taxes and property
8 taxes.
9
10

11 **II. REASONS FOR RELIEF REQUESTED**

12 **Q. When were Missouri-American Water's current rates approved?**

13 A. The Commission approved Missouri-American Water's current rates by its order
14 issued May 26, 2016 in Case No. WR-2015-0301. Those rates, which became
15 effective on July 20, 2016 (water) and July 22, 2016 (sewer), were based on costs that
16 reflected a 2014 historic test year with certain updates through January 2016. In
17 contrast, we are requesting that the Company's rates be developed based on a test year
18 ended May 31, 2019 - four to five years distant from the test year used to set the
19 current rates.

20 **Q. What amount of rate relief is the Company seeking in this case?**

21 A. Missouri-American Water is seeking \$75 million or 25% increase over revenues
22 authorized in our last rate case. Company witness Bruce Aiton explains that Missouri-
23 American Water has or plans to invest over \$492.6 million in its water and sewer
24 facilities since its last rate case. Of the total \$492.6 million request, over half,
25 approximately \$250 million, would not be part of this rate case under Missouri-
26 American Water's historical test year and true up period. The level of investment

1 sought in this case is significantly higher than in past cases simply because we are
2 seeking a future test year that reaches out to mid-2019, which is approximately 18
3 months (January 2018 through May 31, 2019) beyond the historical test year and true
4 up period.

5 **Q. What amount of MAWC's plant additions in this case would be eligible for**
6 **recovery through the Infrastructure System Replacement Surcharge ("ISRS")**
7 **outside of this rate case?**

8 A. Over \$100 million of plant additions in this case is for infrastructure investment
9 between January 2018 and May 2019 that would be eligible for recovery through the
10 Company's Infrastructure System Replacement Surcharge ("ISRS") outside of this
11 rate case. With the approval of the future test year in this case, the Company will not
12 seek recovery of ISRS eligible plant through ISRS until after the future test year.

13 **Q. Why has the Company found it necessary to file this rate case?**

14 A. Missouri-American Water takes very seriously its obligation to meet customers' needs
15 and expectations, but providing those services is not without cost. The Company must
16 incur substantial operations and maintenance ("O&M") expense as well as make
17 ongoing, significant capital investments. This filing reflects that our investments, and
18 the revenue loss arising from declining water use per customer, are the main drivers
19 of this rate case. At the same time, the evidence will show that our efforts to slow
20 and mitigate cost increases have been very successful. We have been able to do so, in
21 part, by prudent investments that permit us to work smarter and more efficiently.
22 Although we have effectively controlled expenses, that achievement has not

1 overcome the revenue increase necessitated by plant investment and declining use per
2 customer. It is not possible to meet our service obligations properly without timely
3 recovery of these necessary expenditures. It is important for a regulated utility to file
4 for rate relief when its ability to invest in maintaining and improving the water system
5 is impaired.

6 **Q. What are the major drivers of the Company's need for rate relief?**

7 A. In his direct testimony, Brian LaGrand, the Company's Director of Rates and
8 Regulatory, describes two major drivers of the Company's need for rate relief:
9 revenue loss arising from declining usage and regulatory lag associated with ongoing
10 capital investment. As shown in the Direct Testimonies of Missouri-American
11 Water's witnesses Brian LaGrand and Greg Roach, the Company has failed to collect
12 the Commission approved revenue requirement established in Case No. WR-2015-
13 0301. In fact, the Company has failed to achieve the approved revenue requirement
14 in eight of the last ten years, and that trend is expect to continue through the future
15 test year in this case (May 31, 2019).

16 **Q. You mentioned that the Company has failed to achieve its authorized revenue in**
17 **eight of the last 10 years. Is it appropriate to expect the Company to operate in**
18 **an environment where it does not have a realistic opportunity to recover**
19 **authorized revenues?**

20 A. No, it is not. As explained in the Direct testimony of Company witness Jenkins, most
21 of Missouri-American Water's costs are fixed, while most revenue is variable,
22 collected through volumetric rates charged on a per gallon basis. Missouri-American

1 Water is operating in a declining sales, rising costs environment. As a result,
2 Missouri-American Water's ability to invest in replacing necessary infrastructure
3 proactively and improving efficiency has been constrained because Missouri-
4 American Water has not been provided with a realistic opportunity to collect its
5 revenue requirement.

6 **Q. Please explain the consequences of operating under these constraints.**

7 A. Missouri-American Water faces significant revenue-recognition lag under its current
8 ratemaking structure, and as a result, has not received funding levels that best serve
9 the long-term interests of its customers. Despite these constraints, Missouri-American
10 Water always makes sure that necessary funding is available to ensure the safety and
11 integrity of the systems for the protection of the customers, employees and
12 operations. We continue to maintain adequate sources of supply, treatment, pumping,
13 transmission and distribution facilities, as well as to comply with applicable laws and
14 regulations – that is our public service obligation. But the necessary funding level to
15 ensure the safety and integrity of the systems is not the same as the funding levels that
16 best serve the long term interests of our customers. From the perspective of long-term
17 sustainable customer service and pricing, the Company's goal is to continue
18 providing high quality water and sewer service in the most cost-effective way through
19 the replacement, operation, maintenance, and rehabilitation of assets for present and
20 future customers.

21 **Q. Do Missouri-American Water's ratemaking proposals address the constraints**
22 **with the existing ratemaking structure?**

1 A. Yes they do. As discussed in the Direct Testimonies of Company Witnesses Jenkins
2 and Watkins, Missouri-American Water is requesting approval of a RSM and that
3 new rates be determined using a future test period. The RSM provides the Company a
4 realistic opportunity to collect its authorized revenue requirement, and the future test
5 year properly recognizes the expense levels and plant that will be serving Missouri-
6 American's customers when the new rates take effect.

7 **Q. What other rate making proposals is MAWC proposing in this case?**

8 A. The Company is proposing further consolidated tariff pricing in this case for both its
9 water and sewer rates. As a result, the overall requested rate increase in this case will
10 not have the same impact on each rate district after the new rates are consolidated.
11 Because the rate districts currently have different pricing, some districts will
12 experience higher impacts than others. This, of course is simply the expected result
13 when districts with differing rates are brought to unity. This, is a one-time effect and
14 is unavoidable if consolidated tariff pricing is ever to be implemented. Over time, of
15 course, the effects are attenuated as each district will no longer be as significantly
16 affected by the introduction of a large investment such as a water treatment plant or
17 major reservoir renovation where the system, as a whole, is responsible for each
18 incremental large investment where the costs can be shared among the ratepayer
19 community generally.

20 **III. IMPROVING WATER EFFICIENCY**

21 **Q. Please explain the concept of water efficiency.**

22 A. Water efficiency means using improved practices and technologies to deliver water

1 service more efficiently. Missouri-American Water's water efficiency efforts
2 include supply-side practices, such as more accurate meter reading and leak detection,
3 main replacement and repair programs, as well as demand-side strategies, such as our
4 public education programs to encourage the wise use of water. For example,
5 improved metering results in more accurate usage information and increases
6 employee efficiency, and leak detection programs can reduce the amount of water,
7 pressure, and energy required to deliver the same amount of water to consumers' taps.
8 Improving water efficiency reduces operating costs (e.g., pumping and treatment) and
9 reduces the need to develop new supplies and expand our water infrastructure. It also
10 reduces withdrawals from limited freshwater supplies, leaving more water for future
11 use and improving the ambient water quality and aquatic habitat. Improving water
12 efficiency saves customers money in the long run, enhances the economy, and
13 protects the environment.

14 **Q. How is the concept of water efficiency relevant to this case?**

15 A. Water efficiency runs throughout the entire fabric of this case. Missouri-American
16 Water continually strives to develop and implement water efficiency measures that
17 deliver steady or improved levels of service to consumers while mitigating cost
18 increases. Our efforts to improve water efficiency are demonstrated by investments
19 in new metering and data collection technologies, and by improved business
20 processes that help us work smarter and more efficiently and, by extension, contribute
21 to our cost control efforts. As discussed in the Direct Testimony of Missouri-
22 American Water's witness Bruce Aiton, the investments we are making to better

1 serve our customers are primarily in non-revenue producing investments – replacing
2 aging infrastructure, compliance with environmental regulations, and water efficiency
3 investments. As we plan our investments, however, we know how important it is to
4 balance the need for system improvements with what our customers pay for water
5 service. Consequently, the Company continually strives to find more efficient and
6 cost effective ways to operate and maintain its business. Missouri-American Water’s
7 witness Clarkson provides more details of these cost control measures in his Direct
8 Testimony. Our intense focus on controlling expenses produces direct benefits to our
9 customers. For example, we know that for every \$1 of O&M expenses we save, we
10 can invest almost \$7 of capital with no cost increase to our customers. Our ability to
11 maintain the historic test period O&M levels in this case at only slightly above our
12 2010 levels proves the effectiveness of our efforts and the resulting cost benefit to our
13 customers. Although our O&M expenses are expected to increase approximately \$7.6
14 million (2% annually) from our 2016 levels through the future test year in this case,
15 this increase is necessary to fund various programs described by Mr. Clarkson that
16 will help us work better and more efficiently.

17 **Q. Can regulation support Missouri-American Water’s efforts to improve water**
18 **efficiency?**

19 **A.** Yes, it can. Our ratemaking proposals are intended to support efforts to improve
20 water efficiency. As explained in the Direct Testimony of Company Witnesses
21 Jenkins and Watkins, the Company’s proposed future test year and revenue
22 stabilization mechanism are both ratemaking tools that support the more efficient use

1 of water, more effective maintenance of our system, and more efficient investment in
2 our system. Ultimately, it is our customers who will benefit because these ratemaking
3 tools will: allow Missouri-American Water to anticipate and plan for a consistency in
4 regulatory oversight necessary to attract capital; properly match cost incurrence with
5 cost recovery; and support more consistent planning and deployment of the most
6 efficient resources. Removing barriers to improving efficiency and needed investment
7 is also in our customers' interests because, over time, it reduces the cost of providing
8 water service to customers and promotes the sustainability of our natural resources.

9 **Q. What is the Company's ultimate goal?**

10 **A.** Our goal is to provide quality water and sewer services as efficiently as possible, and
11 by doing so, to increase the value of the services that we provide our customers.

12 **IV. VALUE OF WATER AND AFFORDABILITY**

13 **Q. Do the Company's customers receive good value for the water service the**
14 **Company provides?**

15 **A.** Yes, without question, they do. That value, however may not be apparent because:

- 16 • Americans are not accustomed to paying, and have been largely unaware of, the
17 true cost of treating and delivering clean, safe water to their taps. Americans pay
18 less for water – about a penny per gallon on average – than do residents of most
19 other developed nations. Water is also typically the lowest percentage utility cost
20 per household, less than gas, oil, telephone, cable, and electricity; and,
- 21 • The historic underpricing of water is largely due to a perception that water is
22 "free" – a fundamental human need supplied by the earth itself. No one is charged

1 for taking a bucket of water from a stream or other natural source of supply. That
2 water, however, is not safe to drink. The vast infrastructure required to treat and
3 deliver that water safely and in an aesthetically pleasing manner where it is
4 needed, however, is far from free.

5 When customers appreciate the true value of water, this not only helps water utilities
6 continue to provide customers with safe and clean water, but has the added benefit of
7 encouraging more conservative use and ensuring a sustainable supply for future
8 generations. American Water has joined other water resource companies and
9 organizations in an industry-wide initiative to enhance customer awareness of what is
10 involved in providing high quality, reliable water service and the relative value of that
11 service as part of the Value of Water Coalition. The Coalition's aim is to educate the
12 public on the importance of clean, safe, and reliable water to and from every home
13 and community and to ensure quality water service for future generations.

14 **Q. How does the price of water compare to those of other commodities?**

15 A. Only three percent of the drinking-quality water delivered to American homes is used
16 for drinking on a typical day, while the vast majority of it goes to washing clothes and
17 dishes, bathing, flushing, watering lawns and gardens and other uses.¹ Yet nationally,
18 the average household pays only about \$523 for a year's worth of water service -
19 covering all of these uses - compared to \$707 just for the soft drinks and other
20 beverages they consume.² In Missouri, a residential customer using 5,000 gallons of

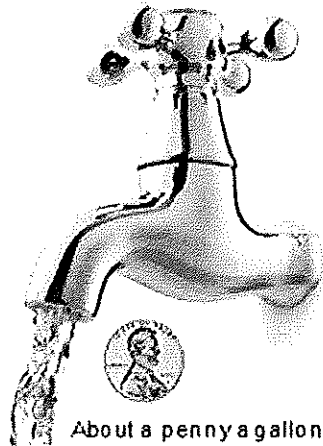
1 "Only Tap Water Delivers," American Water Works Association.

2 <http://water.epa.gov/infrastructure/sustain/Water-and-Wastewater-Pricing-Introduction.cfm>

1 water per month would pay approximately \$498 per year for water under our rate
2 proposal. Our proposed annual residential bill would not be significantly above the
3 national average from over a decade ago, especially when it is recognized that this
4 average is artificially low due to the predominance of public water systems, which
5 pay no taxes, including property and income taxes and are often subsidized by other
6 public works departments. Put another way, under the Company's proposed rates, an
7 annual residential bill of \$498 equates to just \$1.36 per day. Therefore, for just \$1.36,
8 an average residential customer has all the water he or she and their family choose to
9 drink, cook with, wash with, garden with, etc. This is about the price of a cup of
10 coffee. It is hard to imagine a better bargain.

11 For many Americans, bottled water is perceived to have a greater value than tap water
12 – a result of successful marketing strategies and a price tag that, depending on the
13 brand, is equivalent to the cost of gasoline and 250 to 10,000 times more expensive
14 than tap water. Sales of bottled water tripled from the 1990s to the 2000s, despite the
15 reality that the source of 25 to 40 percent of bottled water sold in the U.S. is tap
16 water. What's more, the 60 to 75 percent of bottled water that is not sourced from tap
17 has a potentially bigger downside: FDA standards regulating bottled water are far less
18 rigorous than those set by the EPA, which governs tap water. Moreover, because
19 bottled water is typically packaged in plastic containers, it has a deleterious effect on
20 the environment; an effect that we do not create.

Tap Water
\$1.75 per ton



About a penny a gallon

Bottled Water
\$418 to \$1,817 per ton



2 cents an ounce/\$2.56 per gallon

1

2 Missouri-American Water delivers up to a ton (240 gallons) of water to a family of
3 four each day. When one considers that even our proposed average residential rate is
4 less than the average amount that Americans spend on just soft drinks and other
5 beverages, the value of our water service – for all the water a family needs to drink,
6 cook with, wash with, and for many other purposes – is an outstanding bargain. In
7 addition, water and sewer service is typically the lowest percentage utility cost per
8 household; of the total utility charges, water and sewer together are, on average, only
9 12 percent of a household's utility budget, compared to gas/oil at 18 percent,
10 telephone at 33 percent and electricity at 37 percent.

11 **Q. How does Missouri-American Water maintain the affordability of its water and**
12 **sewer services?**

13 **A. Our water and sewer services are critical, and we know how important it is for those**

1 services to remain affordable. As discussed above, Missouri-American Water’s water
2 service is quite affordable when one considers that all of a customer’s needs for
3 drinking, cooking, cleaning and washing are provided for only \$1.36 per day. An
4 important way that we maintain affordability is by continuously seeking to improve
5 our business processes and make investments that improve operational efficiencies,
6 and we have been very successful in doing so.

7 **Q. What else is Missouri-American Water doing to maintain the affordability of its**
8 **services for its customers?**

9 A. Missouri-American Water offers several targeted customer assistance programs³ to
10 help our most vulnerable customers.

11 **Q. Please describe some of Missouri-American Water’s targeted customer**
12 **assistance programs.**

13 A. Missouri-American Water’s residential customers who are on monthly billing have
14 the option of paying bills under the Company’s budget billing plan, whereby the total
15 service for the succeeding twelve (12)-month period is estimated in advance, and bills
16 are rendered monthly on the basis of one-twelfth (1/12) of the twelve (12)-month
17 estimate. In addition, Missouri-American Water offers its customers flexible
18 payment arrangements through installment agreements if they are financially able to
19 pay a past due water service bill. A payment arrangement allows Missouri-American
20 Water customers the opportunity to pay off a past due bill balance to keep utility

³ In its 2016 report, *Drinking Water and Wastewater Utility Customer Assistance Program*, EPA conducted a survey of 795 utilities, finding that 30% had some form of targeted customer assistance programs.

1 accounts in good standing. A past due amount is spread out over a specified period of
2 time (monthly installments), and customers are required to pay the agreed upon
3 monthly installment in addition to paying their current monthly utility charges in full
4 by the bill due date. Paying both the installment and current utility charges gives
5 customers extra time to bring their utility account up to date. The length of a payment
6 arrangement can vary and there is no limit to the number of installment agreements
7 available to our customers provided that prior installment agreements terms have
8 been fully met. We also support community low-income customers through Missouri-
9 American Water's Help to Others (H2O) Fund. The H2O program is an emergency
10 bill-paying assistance program funded by Missouri-American Water and customers
11 who want to help other customers in need. Customers who qualify may receive grants
12 of up to \$200 annually toward their Missouri-American Water bill. This emergency
13 assistance program is administered by local community action agencies. Missouri-
14 American Water created this customer assistance program in 2007.

15 **Q. Does Missouri-American Water also have a low-income program?**

16 **A.** Yes. As a result of the Commission's Report and Order in the last general rate case
17 (WR-2015-0301), MAWC worked with interested parties to develop an experimental
18 low-income rate. That program became available in the Company's District #2
19 effective November 17, 2016. The Direct Testimony of MAWC witness LaGrand
20 will discuss this program in greater detail.

21 **V. COMMUNITY INVOLVEMENT**

22 **Q. Please describe Missouri-American Water's outreach efforts in the communities**

1 **that it serves.**

2 A. Missouri-American Water is a responsible corporate citizen, and is known for its
3 community involvement and volunteerism. Our management team encourages our
4 employees and their families to be active volunteers in the communities we serve, and
5 the Company even has goals for its management to ensure that volunteerism is
6 encouraged through regular Company activities. For example, in 2016 we had more
7 than half of our employees participate in over 40 community programs ranging from
8 river clean-ups to educational programs in local schools. We focus our community
9 investments in four key areas: water and the environment, water and healthy living,
10 environmental education and community sustainability. We give back to the
11 community by supporting innovative, environmental grant programs that improve,
12 protect or restore drinking water supplies and surrounding watersheds. We believe in
13 investing in innovative programs that align with our core business of water and sewer
14 service, and are committed to working with community partners to develop
15 sustainable solutions to local environmental issues. Our environmental grant program
16 began in 2010 and has provided grants to organizations or individuals for
17 environmental projects designed to focus on watershed protection, education and
18 environmental sustainability. In the past eight years, this program has provided more
19 than \$130,000 in grant funds for projects throughout our service territory.

20 One other important grant program is our Firefighter Grant Program. This program
21 was created to provide financial assistance to fire departments and emergency
22 organizations in our service territories to purchase equipment or provide training

1 critical to the needs of these departments. In 2016, the program provided more than
2 30 grants totaling over \$30,000.

3 **Q. In what other activities has Missouri-American Water partnered?**

4 A. Being a good neighbor is part of our mission at Missouri-American Water. The
5 employees of Missouri-American Water play an active role in the communities we
6 serve by getting involved in a variety of environmental and educational activities
7 related to water – everything from watershed clean-up efforts to school programs
8 focused on drinking water and source water protection. We work with a number of
9 community-based partners throughout our service areas to positively impact the
10 overall quality of life where our employees and customers live and work. It takes
11 more than a one-time grant or volunteer effort to make a lasting difference, so we
12 seek out and support organizations that understand how to best meet the needs of the
13 community. Our participation in activities sponsored by outside organizations
14 include the following:

- 15 • River clean-ups – The Company takes part in multiple river clean-up events
16 across the state each year, with employee volunteers recruiting additional
17 volunteers and providing hands on support to make sure our watersheds
18 remain clean. Such events include the Confluence Trash Bash in St. Louis
19 County, Operation Clean Stream in Arnold, and other miscellaneous cleanups
20 in partnership with organizations such as Missouri River Relief, Wildcat
21 Glades Conservation and Audubon Center and Stream Teams throughout the
22 state.

- 1 • Drinking Water Stations – The Company provides drinking water at
2 community events across the state through its mobile water trailer. This
3 includes providing water at charity and community walks and runs, races, and
4 other events.
- 5 • Pharmaceutical Disposal Programs – Since 2008, MAWC has partnered with
6 the Prescription Pill and Drug Disposal Program (P2D2) to collaborate with
7 local police and health departments to implement proper pharmaceutical
8 disposal programs. More than 28 drop-off locations have been established
9 through our efforts, leading to hundreds of thousands of pounds of unwanted
10 medications properly disposed. This effort protects not only the Company’s
11 water sources, but also the youth it serves. Partnerships for these programs
12 also exist throughout many of our service areas, where collaborative efforts
13 include purchasing of drop boxes and production of collateral material to
14 communicate information about local disposal program details.
- 15 • AmerICANs In Action – Each September, MAWC employees participate in
16 American Water’s AmerICANs in Action Month of Service program. Teams
17 volunteer and contribute to their communities through river clean ups, blood
18 drives, pet supply drives, children’s hospital visits and more.
- 19 • Union Sportsmen’s Alliance – In 2017, the Company partnered with the
20 Union Sportsmen’s Alliance (USA), to build a new boat ramp/river access
21 point to the Meramec River at Minnie Ha Ha Park in Sunset Hills. The

1 project is the result of a joint effort between the USA's Work Boots on the
2 Ground volunteer conservation program and the American Water Charitable
3 Foundation's Building Better Communities initiative.

- 4 • River races – MAWC is the title sponsor of the Missouri River 340 (MR340),
5 a 340-mile paddle boat race down the Missouri River from Kansas City to St.
6 Charles. As the title sponsor, our employees volunteer at the start and finish
7 lines, helping people check in prior to the race and at its conclusion, and also
8 work at checkpoints along the race route. The Company also sponsors Race to
9 the Dome, a much shorter race that ends in the shadow of the state capitol in
10 Jefferson City and draws a more casual crowd of paddlers. The events raise
11 awareness of the importance of keeping the river clean and highlights the vital
12 nature it plays as a watershed in Missouri.

13 Q. **Are there other community-related efforts MAWC is making?**

14 A. Yes. MAWC is a leader in Earth Day celebrations across the state each year,
15 including Mexico, Jefferson City, and St. Louis County, where more than 70,000
16 people come each year to learn about ways they can help live a 'greener' life,
17 including through water conservation and clean water programs. MAWC also
18 sponsors visits by the World Bird Sanctuary to local schools and environmental
19 events, where bird handlers teach children and adults about the importance of keeping
20 local watersheds clean, both for drinking water purposes and for the health and well-
21 being of the birds.

1 In addition, we offer speakers and plant tours to schools and civic organizations and
2 host community Water Fest events to help educate our customers on how river water
3 and/or groundwater is transformed into drinking water that meets or surpasses all
4 quality regulations. Typically, the company hosts one or two Water Fest open houses
5 per year at different local operations. Most recently, St. Joseph, Joplin, Mexico and
6 Jefferson City operations held Water Fest events. An additional event will be held
7 Fall 2017 at our St. Louis County operations including public tours, customer
8 education on the water system and the steps needed to produce and distribute clean,
9 safe drinking water.

10 Operations team members also collaborate with local schools to educate students on
11 issues relevant to the water industry including watershed protection, conservation and
12 the importance of clean water to their daily lives.

13 **Q. Does this conclude your Direct Testimony?**

14 **A. Yes, it does.**