

FILED⁴

JAN 23 2004

Missouri Public
Service Commission

Exhibit No.:

Issues: One Call

Witness: Thomas M. Deters

Exhibit Type: Direct

Sponsoring Party: Missouri-American Water Company

Case No.: WR-2003-

Date: May 19, 2003

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. WR-2003-

DIRECT TESTIMONY

OF

THOMAS M. DETERS

ON BEHALF OF

MISSOURI-AMERICAN WATER COMPANY

JEFFERSON CITY, MISSOURI

Exhibit No. 3
Case No(s) WR-2003-0500
Date 12/16/03 Rptr SLM

EXHIBIT

MAWC 3

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

<u>IN THE MATTER OF MISSOURI-AMERICAN)</u>	
<u>WATER COMPANY FOR AUTHORITY TO)</u>	
<u>FILE TARIFFS REFLECTING INCREASED)</u>	CASE NO. WR-2003-
<u>RATES FOR WATER AND SEWER)</u>	
<u>SERVICE)</u>	

AFFIDAVIT OF THOMAS M. DETERS

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



Thomas M. Deters

State of Missouri
County of St. Louis
SUBSCRIBED and sworn to
Before me this 15th day of May 2003.



Notary Public

My commission expires: 8/11/03

DEBORAH S. HENDRIX
Notary Public-Notary Seal
STATE OF MISSOURI
St. Louis County
My Commission Expires: Aug. 11, 2003

TABLE OF CONTENTS

	PAGE
A. WITNESS INTRODUCTION	1
B. PURPOSE AND SCOPE	2

DIRECT TESTIMONY

THOMAS M. DETERS

WITNESS INTRODUCTION

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Thomas M. Deters, and my business address is 1050 Research
3 Blvd., St. Louis, Missouri 63132.

4 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

5 A. I am employed by Missouri-American Water Company ("MAWC") as the
6 Manager, Field Services for the St. Louis District.

7 **Q. PLEASE DESCRIBE YOUR DUTIES AS MANAGER, FIELD SERVICES.**

8 A. As Manager of Field Services, the main responsibilities are as follows:

- 9 1) Lead daily operations of all field service activities including Meter Reading,
10 District (Field Customer Service), Meter Shop, Dispatch, Garage,
11 Troubleshooters, Storeroom, Store Yard, System Records Technicians,
12 Cashiering, Service Order Closing in St Louis and St Joseph,
13 Construction, Maintenance, Fleet, Trucking functions, and the
14 maintenance of the Service Center property.
- 15 2) Oversee manpower and equipment scheduling for construction and
16 maintenance crews, including monitoring and authorizing material orders
17 and inventory control.

- 1 3) Supervise, develop, motivate, and train assigned personnel in proper work
2 practices, safety guidelines, and company policies and procedures.
- 3 4) Assess educational needs of supervisory team, set goals, and provide
4 proper feedback and development.
- 5 5) Assure that all appropriate reports and records are properly prepared,
6 updated, and filed.
- 7 6) Oversee the administration of the bargaining unit agreement, maintain
8 appropriate labor relations with bargaining unit employees, and participate
9 in labor negotiations.
- 10 7) Develop and oversee all departmental budgets and adjust costs and
11 procedures, as necessary.
- 12 8) Develop long and short-term departmental goals and adjust operations to
13 meet government regulations, technological advances, and customer
14 service challenges.
- 15 9) Analyze work procedures to determine effectiveness and implement
16 modified or restructured guidelines.
- 17 10) Oversee departments' interaction with customers including phone contact
18 and at the customer's home/base of operation.
- 19 11) Provide testimony on behalf of company at Utility Commission hearings,
20 civil court cases, as well as negotiate with municipalities and large users in
21 regards to water sales and marketing agreements.

1 **Q. HAVE YOU PREVIOUSLY PARTICIPATED IN REGULATORY**
2 **MATTERS?**

3 A. Yes, I have assisted in the preparation of work papers, answers to
4 hundreds of data requests from Public Service Commission staff and the
5 Office of the Public Counsel, testimony, and exhibits in prior rate cases
6 from 1987 to 1992. Since 1992, I have either directly or indirectly through
7 my staff handled informal and formal customer complaints filed under
8 Chapter 13. I also participated in the rewrite of Chapter 13 in 1993 and
9 testified on behalf of the Company as to the interpretation of various
10 existing and proposed sections of Chapter 13.

11 **Q. WOULD YOU PLEASE DESCRIBE YOUR EDUCATIONAL**
12 **BACKGROUND AND BUSINESS EXPERIENCE?**

13 A. In May 1985, I received a Bachelor of Science Degree in Business
14 Administration and a minor in Spanish from Southwest Missouri State
15 University located in Springfield, Missouri.

16 I began my career in 1985 with Laclede Gas Company as a Budget
17 Analyst and Staff Internal Auditor. As a Budget Analyst, I assisted in the
18 preparation of annual budgets. As an Internal Auditor, I conducted
19 financial and procedural audits.

1 In 1987, I joined Missouri-American Water Company (formerly known as
2 St. Louis County Water Company) as a Corporate Accountant. In this
3 role, I assisted in annual budget preparation, special projects, and rate
4 case preparation of work papers, testimony, exhibits, and data requests.

5
6 In 1992, I was promoted to Manager, Customer Accounting where I was
7 responsible for all office customer service functions including customer
8 call center, billing, collections, cashiering, and mail processing.

9
10 In 1999, I was promoted to Director, Customer Service where I was given
11 additional responsibilities to manage the field customer service, metering,
12 and dispatch functions of the St Louis operations.

13
14 In 2000, I was given responsibility for the St Joseph call center and in
15 November 2002, I was again promoted to the position of Manager, Field
16 Services, the position I presently hold.

17
18 **PURPOSE AND SCOPE**

19 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**
20 **PROCEEDING?**

21 **A.** Most of MAWC's operations recently became a member of the Missouri
22 One Call system. Expenses related to participating in this program did not

1 occur until after the proposed test year for this rate case had concluded. I
2 will be providing testimony detailing these pro forma expenses.
3

4 **Q. IS IT A REQUIREMENT THAT MAWC PARTICIPATE IN THE ONE**
5 **CALL SYSTEM?**

6 A. Yes. Effective January 1, 2003, pursuant to Sections 319.015 to 319.050,
7 RSMO, all owners and operators of underground facilities located within a
8 Class 1 or 2 county must participate in One Call. All owners and
9 operators of underground facilities located within a Class 3 or 4 county
10 must become members of One Call on January 1, 2005.
11

12 **Q. ARE ALL OPERATIONS OF MAWC PARTICIPATING IN ONE CALL**
13 **PRESENTLY?**

14 A. No. Of the nine operations in Missouri, only seven are required to
15 participate at this time.
16

17 **Q. WHAT OPERATIONS ARE MEMBERS OF ONE CALL PRESENTLY?**

18 A. The following operations are presently participating in One Call and
19 became members on January 1, 2003: St. Louis County, St. Joseph,
20 Joplin, St. Charles, Jefferson City, Warrensburg, and Platte County.
21

22 **Q. WHAT OPERATIONS ARE NOT PRESENTLY MEMBERS OF ONE**
23 **CALL?**

1 A. Operations in Mexico and Brunswick are presently not members of One
2 Call, but will be required to join January 1, 2005.

3
4 **Q. WHAT DOES PARTICIPATION IN ONE CALL REQUIRE?**

5 A. The change in the law now requires utilities to locate their facilities once
6 One Call is notified of a pending excavation.

7 **Q. HOW HAS THIS CHANGE IMPACTED YOUR OPERATIONS?**

8 A. Historically in the St. Louis operation, we would receive approximately
9 7,300 locate requests per year, which ultimately would result in about
10 5,300 field locates. At our current rate through the first three months of
11 2003 and using our original projections, we anticipate receiving over
12 73,000 requests for locates, resulting in nearly 50,000 field locates. This
13 indicates a nearly ten-fold increase in the volume of requests and field
14 locates.

15
16 **Q. DO THE OTHER OPERATIONS ANTICIPATE THIS LEVEL OF**
17 **INCREASE IN 2003 OVER PRIOR YEARS?**

18 A. No. The anticipated increase is not quite this high, but still significant in
19 the other operations. As an example, the St. Charles operation expects
20 an eight-fold increase in requests, Jefferson City expects a four-fold
21 increase, while Joplin anticipates an increase of 5.5 times historical levels.

1 **Q. WHAT TYPES OF COSTS DO YOU ANTICIPATE TO INCUR IN 2003**
2 **AND SUBSEQUENT YEARS THAT WERE NOT INCURRED IN 2002**
3 **AND PRIOR THAT RELATE TO THE NEW ONE CALL**
4 **REQUIREMENTS?**

5 A. The main increase in cost is attributed to the labor it will take to manage
6 the locates in the office and the labor to actually perform the field locates,
7 if necessary. These costs mainly consist of wages and benefits.

8
9 **Q. WHAT OTHER COSTS ARE YOU INCURRING AS A RESULT OF ONE**
10 **CALL.**

11 A. The second largest expense relates to the fees One Call charges us when
12 they provide us a notification to locate. These fees range from \$1.25 for a
13 normal notification to \$2.50 for emergency notification typically requiring
14 the standard fax and follow-up phone call. Other expenses include the
15 cost to supply each worker with adequate supplies of marking flags and
16 spray paint. Locating equipment must also be utilized to assist the locator
17 in marking the facilities, and of course, vehicles are needed to provide
18 transportation to each locating site along with the associated
19 transportation expenses of fuel, insurance, and general maintenance.

20
21 **Q. HOW MANY ADDITIONAL EMPLOYEES WILL BE NEEDED TO**
22 **PERFORM THE ANTICIPATED LEVELS OF FIELD LOCATES?**

1 A. I anticipate that at least an additional eleven full-time employees will be
2 needed in St. Louis, two in St. Charles, one in Jefferson City, two in Joplin,
3 and one in St. Joseph. I also anticipate at least an additional five full-time
4 employees will be needed in the St. Louis System Records area to handle
5 the increase in requests received and the added workload of sorting the
6 ones out that do not need to go to the field.

7
8 **Q. WHAT IS THE ADDITIONAL ANNUAL COST IN TERMS OF LABOR**
9 **AND BENEFITS ASSOCIATED WITH BRINGING ON THIS**
10 **ADDITIONAL STAFF?**

11 A. Additional labor expense including benefits is expected to be \$1,172,022.

12
13 **Q. WHAT IS THE TOTAL COST EXPECTED TO BE INCURRED FOR**
14 **FEES TO BE PAID TO THE ONE CALL SYSTEM?**

15 A. Fees for all anticipated requests in all seven operations will be \$151,168
16 per year.

17
18 **Q. WHAT IS THE LEVEL OF EXPENSE MAWC EXPECTS TO INCUR FOR**
19 **SUPPLY COSTS SUCH AS FLAGS, BATTERIES, AND SPRAY PAINT?**

20 A. Anticipated expenses for these items will be \$19,412 per year for all
21 operations.

1 **Q. WHAT IS THE ADDITIONAL COST ASSOCIATED WITH VEHICLE**
2 **PURCHASES?**

3 A. It is expected that an additional vehicle will be needed for each additional
4 employee. Sixteen vehicles will be needed for all operations at a total cost
5 of \$314,800.
6

7 **Q. WHAT IS THE ADDITIONAL COST ASSOCIATED WITH EQUIPMENT**
8 **PURCHASES?**

9 A. Additional locating equipment will be needed for each additional
10 employee. Sixteen locating devices will be needed for all operations at a
11 total cost of \$49,120.
12

13 **Q. ARE THERE ANY COSTS ASSOCIATED WITH THESE ADDITIONAL**
14 **VEHICLES?**

15 A. Yes. It is anticipated that vehicle expenses for gasoline, repairs, and
16 general maintenance will be \$27,600.
17
18

1 **Q. WHAT IS THE TOTAL ANNUALIZED COST TO ADMINISTER THE ONE**
2 **CALL SYSTEM BY OPERATION?**

3 **A.** The total cost for all operations is \$1,734,122 and is broken down by
4 operation as follows:
5

	Additional Labor & Benefits	Fees	Supplies	Purchased Vehicles	Additional Equipment	Vehicle Expenses	Total
St. Louis	\$839,290	\$97,050	\$10,275	\$196,750	\$30,700	\$17,250	\$1,191,315
St. Joseph	\$50,140	\$8,900	\$1,500	\$19,675	\$3,070	\$1,725	\$85,010
Joplin	\$116,262	\$7,781	\$1,500	\$39,350	\$6,140	\$3,450	\$174,483
St. Charles	\$104,840	\$19,854	\$3,837	\$39,350	\$6,140	\$3,450	\$177,471
Jefferson City	\$61,490	\$9,625	\$1,000	\$19,675	\$3,070	\$1,725	\$96,585
Warrensburg	\$0	\$458	\$300	\$0			\$758
Platte County	\$0	\$7,500	\$1,000	\$0			\$8,500
Total	\$1,172,022	\$151,168	\$19,412	\$314,800	\$49,120	\$27,600	\$1,734,122

6
7 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

8 **A.** Yes.