

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

In the Matter of Missouri-American Water)
Company's Request for Authority to)
Implement a General Rate Increase) Case No. WR-2015-0301
for Water and Sewer Service Provided in)
Missouri Service Areas)

UNION'S POST-HEARING BRIEF

Comes now Utility Workers Union of America, Local 335 ("Union" or "UWUA Local 335"), through counsel, and respectfully submits its initial Post-Hearing Brief in the above-referenced matter.

The Union notes for the Commission that all parties taking a position with respect to the Union issues agreed to waive live testimony at the evidentiary hearing, and instead present them for decision based on pre-filed testimony and written briefs. *See* Second Amended List of Issues and Witnesses, Item No. 47, page 3.

ISSUES

The Union supports the rate increase proposed by Missouri American Water Company ("MAWC"), but raises the following issues:

- A. Should the Commission condition any rate increase upon MAWC's filling unfilled bargaining unit positions?
- B. Should the Commission order semi-annual reporting of various items as urged by the Union?
- C. Should the Commission order MAWC to comply with and implement American Water Works' valve maintenance program?

DISCUSSION

The Commission has the authority to regulate MAWC, including the authority to ensure that MAWC provides safe and adequate service. The Union, which is the

bargaining representative for approximately 361 MAWC employees, contends that the Commission would be within its authority to ensure safe and adequate service by issuing an order requiring MAWC to comply with items A, B and C, above.

Issue A

The pre-filed testimony of Alan Ratermann, the Union's Vice President, clearly establishes two things with respect to the Union's bargaining unit: 1) MAWC has a significantly aging workforce; and 2) MAWC has drastically reduced staffing levels in recent years. Based on information supplied by MAWC, Ratermann's testimony indicates that approximately 25% of the current bargaining unit will become retirement-eligible (by MAWC's standards) in the next five years (Ratermann Testimony p. 4), and that as of October 31, 2015, MAWC employed approximately 68 fewer employees in bargaining unit positions than it did as of December 31, 2010 (Ratermann Testimony, p. 2). The fact that MAWC has not filled vacant bargaining unit positions despite the aging workforce should cause great concern for the Commission with respect to MAWC's ability to provide safe and adequate service.

The Union acknowledges that the Commission is generally hesitant to issue orders dictating the manner in which a utility is to manage its business affairs. Should the Commission be unwilling to directly condition the rate increase on the filling of vacancies, it could do so indirectly. In previous rate cases, the Commission has made special allocations for training and workforce development where intervenor unions have shown aging workforce issues. *See* Commission's Report and Order in Case No. ER-2011-0028 (July 13, 2011), p. 105 (adding \$1.25 million to the utility's cost of service to fund a training program); Commission's Report and Order in Case No. ER-2008-0318

(Jan. 27, 2009), p. 113 (adding \$1.77 million to the utility’s cost of service to fund a training program). A similar special allocation to fund a program for the training and development of MAWC’s workforce would be an appropriate measure to ensure that MAWC’s staffing levels are sufficient to provide safe and adequate service to the public.

Issues B and C

With respect to Issue C, the Union urges the Commission to require MAWC to adopt the “Valve Operation, Inspection, and Maintenance Practice” program (“valve maintenance program” or “program”) developed by its parent corporation. *See* Ex. 10 to Ratermann Testimony. The parent corporation developed the valve maintenance program to ensure the operational integrity of valves within the American Water system and “optimize the utilization of personnel resources.” *Id.* Benefits of the program include:

1. Monitoring of the system;
2. Assisting future planning purposes for replacement;
3. Providing a faster response to emergency events;
4. Minimizing risk (notably property loss and damages);
5. Reducing the cost of repairs/installations;
6. Reducing the impact to customers of service interruptions; and
7. Maximizing the Company’s credibility to external parties, including regulators.

Id. The program warns that valve failure due to insufficient maintenance “may result in extensive damage to infrastructure and/or property loss, extended service interruptions to our customers and can lead to costly repairs or replacement activities.” *Id.*

All of the benefits listed in the preceding paragraph directly relate to the provision of safe and adequate service. Accordingly, the program would be of great public benefit. The Union urges the Commission to exercise its regulatory authority to order MAWC to implement the valve maintenance program.

The Union has also requested that the Commission order MAWC to engage in semi-annual reporting with respect to valve maintenance:

1. The number of employees assigned to its valve program;
2. The number of valves planned to be inspected or maintained in the previous reporting period;
3. The number of valves actually inspected or maintained in the previous reporting period;
4. The number of valves in need of repair or replacement;
5. The date for repair or replacement for damaged valves; and
6. The reasons behind any decision not to repair or replace any damaged valves.

Obviously, the first item would only apply if MAWC implements a valve maintenance program. However, the Union maintains that reporting of the remaining items should be required even if MAWC does not implement a valve maintenance program, because MAWC does not currently keep records that track valve operation. *See* Rebuttal Testimony of Philip C. Wood, p. 12.

If MAWC implements a valve maintenance program, reporting of these items will allow the Commission and the public to track the program's progress. If MAWC does not implement a valve maintenance program, MAWC will at least be required to track the operation of valves that occur in the normal course of business, which would provide insight as to neglected infrastructure. The Tennessee Regulatory Authority ordered Tennessee American Water Company to report on virtually the same items in the same manner in 2011. *See* Ex. 14 to Ratermann Testimony.

CONCLUSION

The Union supports MAWC's proposed rate increase, subject to the following conditions, for the reasons described above:

- A. The Commission should enter an order requiring MAWC to fill vacant bargaining unit positions, either directly or indirectly through a special

allocation for training and workforce development similar to those made in cases ER-2011-0028 and ER-2008-0318;

- B. The Commission should order semi-annual reporting of various items related to valve operation and maintenance; and
- C. The Commission should order MAWC to comply with and implement American Water Works' valve maintenance program.

The Union believes that granting the above orders are within the Commission's authority and are reasonable and necessary to ensure continued safe and adequate service.

RESPECTFULLY SUBMITTED,

/s/ Greg A. Campbell
Greg A. Campbell, MBN 35381
Emily R. Perez, MBN 62537
HAMMOND and SHINNERS, P.C.
7730 Carondelet Avenue, Suite 200
St. Louis, Missouri 63105
(314) 727-1015 (Telephone)
(314) 727-6804 (Fax)
gcampbell@hammondshinners.com
eperez@hammondshinners.com

Attorneys for Utility Workers Union of America Local 335, AFL-CIO.

Certificate of Service

The undersigned certifies that a true and correct copy of the foregoing was served on April 8, 2016, by United States mail, hand-deliver, email, or facsimile upon all parties by their attorneys of record as disclosed by the pleadings and orders herein.

/s/ Greg A. Campbell