

JEROME A. DIEKEMPER
CARY HAMMOND
RICHARD SHINNERS
JOHN A. TURCOTTE, JR.
JOSEPH W. LARREW
PAUL C. HETTERMAN
JAN BOND
JANET E. YOUNG
GREG A. CAMPBELL
KARL SAUBER
RICHARD P. PERKINS
ANN G. DALTON
JANINE M. MARTIN
KIMBERLY J. BETTISWORTH
SHERRIE A. SCHRODER
JOHN RABBITT
LARRY R. BORDNER
KEVIN FAIRLIE
VENUS V. HARRY

DIEKEMPER, HAMMOND,
SHINNERS, TURCOTTE AND LARREW, P.C.

ATTORNEYS AND COUNSELORS
SUITE 200
7730 CARONDELET AVENUE
ST. LOUIS (CLAYTON), MISSOURI 63105

(314) 727-1015
FAX (314) 727-6804
TOLL FREE 1-888-727-1015

March 13, 2002

FILED²
MAR 14 2002
Missouri Public
Service Commission

The Honorable Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
Governor Office Building
200 Madison
Jefferson City, Missouri 65102

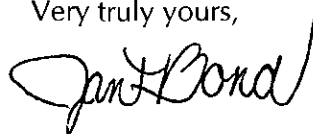
**Re: *In the Matter of the Joint Application of Missouri-American
Water Company, et al., for an Accounting Authority Order
Relating to Security Costs (Case No. WO-2002-273)***

Dear Judge Roberts:

I am enclosing an original and nine copies of Local 335's Opposition to Missouri-American Water Company's Objection To Application For Intervention of Utility Workers Union of America Local 335, AFL-CIO, in the referenced matter. I would appreciate the Commission stamping a copy Local 335's opposition as received and returning it to me in the enclosed self-addressed, postage pre-paid envelope.

Thank you for your cooperation in this matter.

Very truly yours,



JAN BOND

JB/jkl
Enclosures

cc: Keith Krueger, Esq.
Ruth O'Neill, Esq.
David P. Abernathy, Esq.
Dean L. Cooper, Esq.
James B. Deutsch, Esq.
Stuart W. Conrad, Esq.
Jeremiah Finnegan, Esq.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

FILED²
MAR 14 2002
Missouri Public
Service Commission

In the Matter of the Joint Application)
of Missouri-American Water Company,)
St. Louis County Water Company, d/b/a)
Missouri-American Water Company, and)
Jefferson City Water Works Company,)
d/b/a Missouri-American Water Company,)
for an Accounting Authority Order Relating)
to Security Costs)

Case No. WO-2002-273

**LOCAL 335'S OPPOSITION TO
MISSOURI-AMERICAN WATER COMPANY'S OBJECTION
TO APPLICATION FOR INTERVENTION OF
UTILITY WORKERS UNION OF AMERICA LOCAL 335, AFL-CIO**

Comes now proposed Intervenor, Utility Workers Union of America Local 335, AFL-CIO ("Local 335" or the "Union"), by counsel, and respectfully states the following in opposition to the objection of Missouri-American Water Company ("MAWC" or the "Company") to Local 335's application to intervene (the "Application") in this case:

In Local 335's Application, the Union describes its interests here as follows:

8. Local 335, as the exclusive collective bargaining representative of certain of SLCWC's non-managerial, non-professional employees, is vitally interested in protecting the interests of those employees. The methods by which security issues are handled and funded could significantly affect the terms and conditions of employment of the SLCWC employees represented by Local 335. Thus, the manner in which this matter is decided could affect the employees represented by Local 335.

9. As the exclusive collective bargaining representative of certain of SLCWC's non-managerial, non-professional employees, Local 335 and the employees it represents have interests in this proceeding which are clearly different from those of the general public. Where the public's interests in the proposed transaction are

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concentrated in the dependable delivery of clean, untainted water at a reasonable cost, Local 335 and the employees it represents are additionally concerned with issues of security on the job, heightened risks, subcontracting of bargaining unit work, and other terms and conditions of employment. All of these separate interests could be adversely affected by a final order arising from this case.

(Application, ¶¶ 8 and 9) In opposing the Application, MAWC claims that the Union's described interests show a "fundamental misunderstanding of the decisions the Commission is being asked to make..." and that "[a]n accounting authority order allows a utility to remove the issue of whether the item is extraordinary from the next rate case..." (Citation omitted) (MAWC Objection, pp. 2-3) The Company also alleges that:

Local 335 seems to indicate that there will be some sort of decision in this case related to the sufficiency of the security measures already implemented by MAWC, what security measures should be implemented by MAWC in the future and the actual funding and implementation of such expenditures. No such issues are before the Commission in this matter. The case addresses pure financial and accounting recording matters...

(MAWC Objection, p. 3)

The Union neither believes nor argues any such issues. In fact, Local 335 respectfully suggests that the only "fundamental misunderstanding" in this case is the Company's perception of its burden of proof here. As both the Commission's Staff and the Public Counsel have previously noted here, in order for MAWC to qualify for an accounting authority order in this case, the Company must demonstrate that the events or transactions at issue are extraordinary, unusual, and non-recurring. (See Staff's Response To Application For An Accounting Authority Order And Response To Motion For Expedited Treatment, ¶¶ 3-7; Office Of The Public Counsel's Response To Application For An Accounting Authority Order Requested To Be Issued Prior To January 4, 2002

And Response To Motion For Expedited Treatment, ¶¶ 3-8). Thus, although the Commission's final order may address "pure financial and accounting recording matters," the inquiries necessary to arrive at that final order go well beyond the Company's suggested parameters.

As is further pointed out by Staff and the Public Counsel, the Company has chosen to set forth no factual basis for its request. Id. Because of the nature of some of the work bargaining unit employees have been directed to perform since September 11 in the name of "security," the Union has reason to believe that some of the security measures for which MAWC seeks AAO treatment here include procedures that are clearly bargaining unit work but that simply had a low priority prior to September 11. This type of information, which is within the knowledge of bargaining unit employees, is clearly relevant to a determination of the propriety of granting AAO treatment.

However, the Union's interests in such practices go beyond those of general ratepayers. The collective bargaining agreement between the Union and the Company provides that "[t]he Company shall not be restricted from contracting out work... caused by peak periods or emergency conditions." The contract further provides that, "[i]t will be the policy of the Company, except as provided above, to maintain a force of sufficient size to do the expected regular work of the Company of a continuing nature." If MAWC is attempting to classify everyday procedures that had been neglected prior to September 11 as "extraordinary" and "non-recurring" for purposes of AAO treatment, the Company could easily attempt to use a favorable Commission decision here as authority for the argument that this work is not "the expected regular work of the Company of a continuing nature" and that the work is being done under "emergency conditions" as such language is

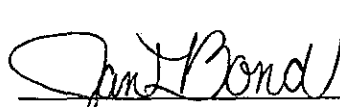
used in the quoted Union contract language. Thus, not only could ratepayers improperly suffer; a final order here could be used to justify otherwise impermissible subcontracting of Union work and layoffs of Union employees.

The Union has further interests in attempting to protect its members from heightened risks associated with terrorist threats. Here again, however, the Company misunderstands the Union's concerns. Contrary to the Company's assertion, the Union is not seeking to litigate the sufficiency of current or future security measures here. However, to the extent that MAWC has implemented protections that enhance the safety of the Union's membership, the Union has a vital interest in knowing which of those measures the Company considers temporary and non-recurring.

Obviously, the world has changed since September 11, and Local 335 absolutely supports the Company in its efforts to insure a safe water supply and a secure working environment.¹ The Union also understands the need to safeguard certain information concerning details of contemplated and implemented security measures. However, this case is primarily about money, and September 11 should not be viewed as a license to abandon precepts of law or to disregard contractual obligations.

For the foregoing reasons, and for the reasons set forth in the Union's Application, Local 335 respectfully asks the Commission to overrule the Company's objection and to permit Local 335 to intervene.

¹ In fact, the Union raised the issue of the need for enhanced security with the Company shortly after September 11.



JAN BOND
DIEKEMPER, HAMMOND, SHINNERS,
TURCOTTE and LARREW, P.C.
7730 Carondelet, Suite 200
St. Louis, Missouri 63105-3314
(314) 727-1015 (Telephone)
(314) 727-6804 (Facsimile)
janbond@dhstl.com (E-mail)

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

Certificate of Service

The undersigned hereby certifies that a copy of the foregoing was sent by U.S.
Mail, postage pre-paid to:

Keith Krueger, Esq.
Service Commission
P.O. Box 360
Jefferson City, Missouri 65102

Ruth O'Neill, Esq.
Office of the Public Counsel
P.O. Box 7800
Jefferson City, MO 65102

David P. Abernathy, Esq.
Vice President and Corporate Counsel
St. Louis County Water Company d/b/a
Missouri-American Water Company
535 North New Ballas Road
St. Louis, Missouri 63141

Dean L. Cooper, Esq.
Brydon, Swearengen & England
312 East Capitol Avenue
Jefferson City, MO 65102-0456

James B. Deutsch, Esq.
Blitz, Bardget & Deutsch
308 E. High Street, Suite 301
Jefferson City, Missouri 65101

Jeremiah Finnegan, Esq.
Finnegan, Conrad, et al.
Penntower Office Center
3100 Broadway, Suite 1209
Kansas City, Missouri 64111

Stuart W. Conrad, Esq.
Finnegan, Conrad, et al.
Penntower Office Center
3100 Broadway, Suite 1209
Kansas City, Missouri 64111

this 13th day of March, 2002.