

**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 for Water and Sewer Service Provided in Missouri Service Areas)	<u>Case No. WR-2010-0131</u>
)	Tracking No. YW-2010-0310
)	YS-2010-0311, YS-2010-0312
)	YS-2010-0313, YS-2010-0314

NOTICE TO CHAIRMAN

On June 14, 2010, Chairman Clayton requested information concerning Utility Workers Union of America Local 335 ("Local 335")'s vote to authorize a strike. In response to this request, Local 335 states as follows:

a. The status of the relationship between MAWC and the Union.

American Water and the Utility Workers Union of America ("National Union") negotiate for fringe benefits on a national basis. Both MAWC and Local 335 are parties to the national fringe benefit agreement, which expires on July 31, 2010. Despite the fact that the fringe benefit agreement is negotiated on a national level, a majority of the locals must vote to ratify the agreement before it is effective.¹

During negotiations, American Water has proposed numerous fringe benefit reductions, which are described below. Both the National Union and Local 335 are opposed to these reductions. Because American Water has refused to back down from its position, the National Union has asked its locals to vote for strike authorization.

On June 13, 2010, Local 335 voted unanimously to authorize a strike in the event

¹ The national fringe benefit agreement is separate from the local agreement between MAWC and Local 335, which covers subjects other than fringe benefits. The local agreement expires October 31, 2010.

the National Union and American Water are unable to reach a new agreement governing fringe benefits. Utility Workers Union of America, Local 455, which operates out of the St. Charles area, has also voted to authorize the strike. MAWC employees in other Missouri locations represented by other unions may also authorize the strike.²

That being said, a strike is not a foregone conclusion. Indeed, there are two scheduled bargaining sessions remaining. Therefore, if American Water and the National Union reach an accord, the strike will be averted.

b. A summary of the issues and positions of the parties which has led to the vote to strike.

During the national negotiations, American Water has proposed numerous fringe benefit cuts, which the National Union and Local 335 adamantly oppose. For instance, American Water proposes to reduce the amount of the employer-paid healthcare premium to 75% (it currently pays 82% of the premium), eliminate the retirement healthcare reimbursement account for employees hired after 2006, increase the copay for dental coverage, reduce the vision plan benefits, and reduce the 401(k) match by 1%. Moreover, American Water currently offers three healthcare benefit options with varying levels of benefits: the Standard, Premium, and Exclusive Plans. It now proposes to replace these three options with a single plan, which provides even lesser benefits than the Standard Plan, the lowest level of benefit currently offered. It should be noted that American Water has proposed all of these cuts despite the fact that it has earned a \$209 million profit in 2009.

² For instance, MAWC employees in Joplin and Mexico are represented by International Brotherhood of Electrical Workers locals, and employees in St. Joseph are represented by an International Union of Operating Engineers local.

c. A strike's anticipated effect on any service that MAWC provides in any MAWC service territory.

A strike by Local 335 or any other Missouri union would certainly disrupt MAWC's ability to provide service to its customers. While MAWC may attempt to use contractors to perform Local 335's work, Local 335 would ask that any contractors (especially those represented by other unions) honor its picket line. Moreover, contractors would not be as familiar with MAWC equipment, facilities, processes, and hazards, making them less efficient and less safe. They also may lack the certifications and licenses required to perform various job duties, such as those required for the maintenance and treatment of water. Finally, even after any potential strike was resolved, it would likely have a continuing negative impact on the morale of MAWC employees.

d. A strike's anticipated effect on rates of MAWC customers.

MAWC would certainly incur additional costs as a result of the strike, such as being required to hire outside contractors to perform Local 335's work. Any such contractors would need to have sufficient experience to perform the job safely, thereby increasing the costs involved. These costs would have to be passed on to MAWC's customers.

e. A strike's anticipated effect on issues addressed by the Stipulation and Agreement.

As noted above, a strike may cause MAWC to incur additional costs, which may make MAWC's Annual Revenue Requirement in the Stipulation and Agreement inaccurate.

Respectfully Submitted,

/s/ Michael A. Evans
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Certificate of Service

The undersigned certifies that a true and correct copy of the foregoing was served on June 15, 2010, 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/ Michael A. Evans