

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

In the Matter of Missouri-American Water)
Company's Request for Authority to Implement) Case No. WR-2010-0131
A General Rate Increase for Water and Sewer) SR-2010-0135
Service Provided in Missouri Service Areas.)

**MAWC'S RESPONSES TO
CHAIRMAN'S REQUEST FOR INFORMATION**

COMES NOW Missouri-American Water Company (MAWC or Company), and, in response to the Chairman's Request for Information, states as follows to the Missouri Public Service Commission (Commission):

BACKGROUND

1. On May 24, 2010, the parties filed a comprehensive Stipulation and Agreement, which the Commission's regulations treat as unanimous because no party filed an objection as of June 2, 2010. Among other things, the parties agreed in the Stipulation and Agreement as to rates and miscellaneous fees and charges for each MAWC district for service rendered on and after July 1, 2010.
2. The parties were provided the opportunity to appear before the Commission to address questions. On June 2, 2010, parties appeared at the Commission's agenda meeting and answered questions.
3. On June 2, 2010, the Commission issued its Order Admitting Evidence and Directing Filing of Synopsis. The requested synopsis was filed by the Staff on June 11, 2010.

CHAIRMAN'S REQUEST

4. On June 14, 2010, the Commission issued the Chairman's Request for Information. That order directed MAWC and Utility Workers Union Local 335 ("Union") to address the following questions concerning certain labor negotiations being conducted by American Water Works Company ("American Water"):

- a. The status of the relationship between MAWC and the Union.
- b. A summary of the issues and positions of the parties which has led to the vote to strike.
- c. A strike's anticipated effect on any service that MAWC provides in any MAWC service territory.
- d. A strike's anticipated effect on rates of MAWC customers.
- e. A strike's anticipated effect on issues addressed by the Stipulation and Agreement.
- f. How MAWC intends to address issues c, d and e above.

MAWC RESPONSE

5. MAWC provides the following responses to the request:

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

The Union (Local 335) represents employees in MAWC's St. Louis County operations. The negotiations referenced by the press report attached to the Commission's order are national and are not specific to MAWC and Local 335. MAWC notes that while the Union has authorized a strike, it has not yet voted to strike.

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

MAWC's parent, American Water, negotiates benefits (Life Insurance, Medical Plans, Dental/Vision Plans, 401(k) plan, Retiree Health Benefits (VEBA - Voluntary Employee Beneficiary Association)) with a majority of the National Unions in 16 of the

states in which American Water operates. The current 5-year agreement expires on July 31, 2010, with new benefits not becoming effective until January 1, 2011.

MAWC has been told that American Water has had five (5) days of negotiating sessions (starting on May 4, 2010) with at least five (5) more days currently scheduled between now and July 15, 2010. The most significant item in these negotiations involves healthcare, which has been a difficult subject to deal with for all employers and unions.

Most of the unions across the country have requested a strike authorization vote from their members based on American Water's initial proposals provided in early May. This is a typical authorization in the midst of negotiations.

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

Should a strike occur, MAWC's essential operations will be run by other experienced employees and/or contractors. These professionals have experience running water and wastewater systems, have been provided additional operations and safety training and will help ensure that vital services will continue to be provided.

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

Should a strike occur, it should have no affect on the rates charged MAWC's customers. Further, MAWC would note that certain issues in the current negotiations concern benefits that ultimately are included in MAWC's FAS 87 and 106 costs. Like most Missouri utilities, MAWC's FAS 87 and 106 costs are currently covered by tracker mechanisms that account for and address both interim increases and decreases in such costs. The Stipulation and Agreement in this case proposes to continue these trackers on a going forward basis (See paragraph 5).

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

Should a strike occur, it would have no affect on the issues addressed by the now unanimous Stipulation and Agreement that has been filed in this case. The test year in this case was the twelve months ended June 30, 2009, as updated to October 31, 2009, and trued-up for specific items (per Commission Order) through April 30, 2010. Events on a going forward basis will be well outside these relevant periods and, to the extent they do have some rate making impact, would be addressed in subsequent proceedings.

f. How MAWC intends to address issues c, d and e above.

MAWC will continue to monitor the negotiations as necessary to ensure that it can continue to provide safe and adequate service to its customers now and in the future.

CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been sent by electronic mail this 15th day of June, 2010, to:

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