

Exhibit No.:  
Issues: Cedar Hill Waste Water Plant; Rate  
Case Expense; Dues, Donations  
and Charitable Contributions;  
Donations and Charitable  
Contributions; Dues & Membership;  
External Affairs  
Witness: Dennis R. Williams  
Exhibit Type: Rebuttal  
Sponsoring Party: Missouri-American Water Company  
Case No.: WR-2008-0311  
SR-2008-0312  
Date: September 30, 2008

**MISSOURI PUBLIC SERVICE COMMISSION**

**CASE NO. WR-2008-0311  
CASE NO. SR-2008-0312**

**REBUTTAL TESTIMONY**

**OF**

**DENNIS R. WILLIAMS**

**ON BEHALF OF**

**MISSOURI-AMERICAN WATER COMPANY**

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

IN THE MATTER OF MISSOURI-AMERICAN )	
WATER COMPANY FOR AUTHORITY TO )	
FILE TARIFFS REFLECTING INCREASED )	CASE NO. WR-2008-0311
RATES FOR WATER AND SEWER )	CASE NO. SR-2008-0312
SERVICE )	

**AFFIDAVIT OF DENNIS R. WILLIAMS**

Dennis R. Williams, being first duly sworn, deposes and says that he is the witness who sponsors the accompanying testimony entitled "Rebuttal Testimony of Dennis R. Williams"; 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.

  
\_\_\_\_\_  
Dennis R. Williams

State of Missouri  
County of St. Louis  
SUBSCRIBED and sworn to  
Before me this 24~~th~~ day of September 2008.

  
\_\_\_\_\_  
Notary Public

My commission expires:

**REBUTTAL TESTIMONY  
DENNIS R. WILLIAMS  
MISSOURI-AMERICAN WATER COMPANY  
CASE NO.WR-2008-0311  
CASE NO.SR-2008-0312**

**TABLE OF CONTENTS**

I.	WITNESS INTRODUCTION AND PURPOSE.....	1
II.	CEDAR HILL WASTE WATER PLANT .....	2
III.	RATE CASE EXPENSE .....	5
IV.	DUES, DONATIONS AND CHARITABLE CONTRIBUTIONS.....	10
V.	DONATIONS AND CHARITABLE CONTRIBUTIONS.....	11
VI.	DUES AND MEMBERSHIPS.....	15
VII.	EXTERNAL AFFAIRS .....	18

1 **REBUTTAL TESTIMONY**

2  
3 **DENNIS R. WILLIAMS**

4  
5  
6 **I. WITNESS INTRODUCTION AND PURPOSE**

7  
8 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

9 A. My name is Dennis R. Williams and my business address is 727 Craig Road, St.  
10 Louis, Missouri 63141.

11  
12 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

13 A. I am employed by American Water Service Company, Inc. as Senior Manager -  
14 Rates and Regulation. My rebuttal testimony is in support of Missouri-American  
15 Water Company ("MAWC" or "Company").

16  
17 **Q. BRIEFLY DESCRIBE YOUR EDUCATIONAL BACKGROUND AND BUSINESS**  
18 **EXPERIENCE?**

19 A. I received a Bachelor of Science in Business Administration degree, with honors, in  
20 1974 from the University of Central Missouri, majoring in accounting and finance.  
21 After graduation, I was licensed in Missouri as a Certified Public Accountant and  
22 employed as an auditor in the regulated industries division of Arthur Andersen &  
23 Company. After leaving Arthur Andersen, I was employed for five years with a  
24 regulatory consulting firm. In 1986, I joined Aquila, Inc., an electric utility  
25 headquartered in Kansas City, Missouri in the Regulatory Services Department. I  
26 served in a number of positions at Aquila, progressing to the position of Vice

1 President – Regulatory Services. In May of this year I joined American Water  
2 Service Company in my present role.

3  
4 **Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY IN THIS PROCEEDING?**

5 A. No.  
6

7 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

8 A. The purpose of my rebuttal testimony is to discuss a number of issues that were  
9 not included in the Company's direct filing, but have arisen as a result of  
10 eliminations of costs from the Company's test year as proposed by the  
11 Commission Staff. These include:

- 12 1) Accounting Treatment in the Event of Cedar Hill Waste Water Plant  
13 disallowance;
- 14 2) Rate Case Expense Amortization;
- 15 3) Organization Dues and Membership Fees;
- 16 4) H<sub>2</sub>O Help Program Costs and Other Contributions; and
- 17 5) External/Governmental Affairs.  
18

## 19 **II. CEDAR HILL WASTE WATER PLANT**

20  
21 **Q. PLEASE EXPLAIN THE ISSUE YOU WISH TO ADDRESS REGARDING THE**  
22 **CEDAR HILL WASTEWATER FACILITY?**

23 A. Company witness Kevin Dunn has addressed why the Cedar Hill Waste Water  
24 Plant is used and useful and should not be disallowed from rate base in this case  
25 as proposed by Staff. My testimony is limited to the accounting treatment that  
26 would be required if the Commission adopted the Staff recommendation.  
27

28 **Q. HAS THE STAFF TAKEN A POSITION ON THE ACCOUNTING TREATMENT**  
29 **THAT WOULD BE ALLOWED?**

1 A. Yes. In response to a Company data request, Staff responded that the facility  
2 would not need to be written off but could instead be reclassified to a non-earning  
3 asset account "Plant Held for Future Use".  
4

5 **Q. DO YOU AGREE WITH STAFF'S ACCOUNTING ASSESSMENT?**

6 A. No. MAWC is required to follow generally accepted accounting principles  
7 ("GAAP") in reporting its financial results. GAAP is first defined by the Financial  
8 Accounting Standards Board ("FASB") through original pronouncements. If no  
9 pronouncement on a particular subject has been made, there is a hierarchy of  
10 procedures to follow to determine what constitutes GAAP. In this instance there  
11 is no need to look beyond the FASB standards because Statement of Financial  
12 Accounting Standards No. 90, entitled "Regulated Enterprises – Accounting for  
13 Abandonments and Disallowances of Plant Costs" is directly on point. Paragraph  
14 59 of that Statement is reproduced below:

15 59. The Board believes that the credibility of financial  
16 reporting in general would be diminished by the failure to  
17 recognize a diminution in value and a corresponding loss  
18 that is generally agreed to have occurred. When a regulator  
19 disallows a significant part of the cost of a recently  
20 completed plant, financial statements that do not report that  
21 disallowance as a loss reflect adversely on the  
22 representational faithfulness of those financial statements  
23 and of financial statements generally. Accordingly, the  
24 Board decided to amend Statement 71 to require loss  
25 recognition for such a disallowance.  
26

27 The next paragraph goes on to confirm that "excess capacity"  
28 disallowances would result in loss recognition, albeit based upon  
29 different rationale, whether the Commission disallowance is based

1 upon a specific statement that the enterprise should have constructed  
2 that capacity or not.  
3

4 **Q. CAN YOU EXPLAIN IN LAYMAN'S TERMS WHAT THAT MEANS**  
5 **IN REGARD TO CEDAR HILL?**

6 A. Yes. It means that even though the Staff has not directly challenged  
7 the prudence of the construction of Cedar Hill, if the Commission  
8 accepts the Staff position, the Company would be required to  
9 recognize an almost \$2.2 million loss and write the asset off its books.  
10

11 **Q. DOESN'T FAS 71 ESSENTIALLY ALLOW A COMPANY TO**  
12 **FOLLOW ANY ACCOUNTING MECHANISM ORDERED BY THE**  
13 **COMMISSION?**

14 A. No. FAS 71 was superseded, as noted above, by FAS 90. If the PSC ordered  
15 the Company to record the Cedar Hill Waste Water Plant as Plant Held for Future  
16 Use, as recommended by Staff, MAWC could do so. However, the Company  
17 would also be required by GAAP to record an offsetting regulatory liability on its  
18 balance sheet and still write the plant off as a loss currently.  
19

20 **Q. DO YOU HAVE ANY OTHER OBSERVATIONS REGARDING THE IMPACT OF**  
21 **STAFF'S RECOMMENDATION TO EXCLUDE THE CEDAR HILL WASTE**  
22 **WATER PLANT FROM RATE BASE?**

23 A. It is interesting that Staff's recommendation results in a *negative rate base* for the  
24 Cedar Hill district. The result of this anomaly is that the higher the Company's  
25 authorized rate of return, the lower will be the rates paid by customers in the

1 Cedar Hill district. Clearly, given the uncontested prudence of the construction of  
2 the Cedar Hill Waste Water Plant, such a result is nonsensical.

3  
4 **Q. DO YOU BELIEVE THERE COULD BE OTHER UNINTENDED**  
5 **CONSEQUENCES AS A RESULT OF ADOPTION OF STAFF'S**  
6 **RECOMMENDATION?**

7 A. Yes. Because MAWC would be required to record a significant loss and because  
8 ongoing rates would be established based on a negative rate base, this  
9 precedent would make it difficult for MAWC to justify new investment in and  
10 refurbishment of small utilities that are in serious need of improvement.

11  
12 **III. RATE CASE EXPENSE**

13 **Q. WHAT IS THE COMPANY'S PROPOSAL IN REGARD TO RECOVERY OF**  
14 **RATE CASE EXPENSE?**

15 A. MAWC has proposed deferral of the actual costs incurred to prepare and process  
16 this rate case and to amortize those costs to expense over a three year period.  
17 In addition, as a result of MAWC's last rate case, \$870,853 of rate case expense  
18 was deferred. By the end of February 2009, \$483,807 will remain unamortized  
19 and will represent costs expended that have not been recovered. MAWC's  
20 proposed solution to this problem is to amortize the remaining balance of rate  
21 case expense from the last rate case over the next three years.

22  
23 **Q. DID THE COMMISSON AUTHORIZE THE RECOVERY OF \$870,853 OF RATE**  
24 **CASE EXPENSES IN THE LAST CASE?**



1 A. The last case was settled and the Commission's Order did not specify the  
2 amount of recovery by individual item. However, that is the amount that was  
3 proposed for recovery by the Company and no other party opposed deferral of  
4 that amount.

5  
6 **Q. WHAT IS THE STAFF'S POSITION IN REGARD TO RECOVERY OF RATE**  
7 **CASE EXPENSES?**

8 A. Staff has agreed to a true-up of rate case expenses to actual costs incurred  
9 through the hearing process. They have proposed dividing those actual costs by  
10 three to reflect what they consider to be a normal annual level of rate case  
11 expense. Staff does not agree that the Company should be allowed to recover  
12 the uncollected portion of the deferred rate case expenses from the 2007 case.  
13 The Staff Report – Cost of Service states that it is now the policy of Staff to allow  
14 recovery of normalized rate case expense and not amounts related to past  
15 proceedings. Staff's proposal would require the Company to currently write-off to  
16 expense the \$483,807 of unrecoverable rate case expense.

17  
18 **Q. CAN YOU EXPLAIN THE DIFFERENCE BETWEEN NORMALIZATION OF**  
19 **EXPENSES AS PROPOSED BY STAFF AND AMORTIZATION AS**  
20 **PROPOSED BY THE COMPANY?**

21 A. Yes. Normalization is the process of estimating what costs or revenues will be in  
22 the future and establishing rates accordingly. Amortization is the process of  
23 taking a known amount and spreading it over a fixed period of time in the future.

1 **Q. IN A RATEMAKING CONTEXT, WHEN IS IT APPROPRIATE TO USE**  
2 **NORMALIZATION?**

3 A. It is often necessary to normalize income statement items when setting rates.  
4 That is because revenues and expenses fluctuate and are unpredictable. For  
5 example, a wet summer can drastically reduce revenues; increased water  
6 turbidity can cause chemical usage to increase; economic conditions can cause  
7 operating and maintenance costs to fluctuate. Therefore, the parties to rate  
8 cases develop (and often argue about) appropriate methods to establish a  
9 normal level of revenues and expenses – to “normalize” the income statement to  
10 reflect costs that are expected to occur.

11  
12 On the other hand, there are certain costs that can be measured and do not  
13 require estimation. Rate case expense has historically been treated in this  
14 manner. Because it is difficult to predict the cost to develop, prepare and present  
15 a rate case and because those costs may differ depending upon whether a  
16 settlement is reached or a hearing with its requisite expert witnesses and legal  
17 briefs is held, parties have typically waited until near the end of the case to  
18 establish a more exact measure of actual costs incurred. After the fact, those  
19 costs are deferred on the balance sheet and amortized to expense over a period  
20 of time. Treatment is similar to a plant asset where the cost of the plant is  
21 known, recorded on the balance sheet and then depreciated over a number of  
22 years.

23  
24 **Q. IS STAFF’S APPROACH TO NORMALIZING RATE CASE EXPENSE A**  
25 **METHOD THAT COULD BE UTILIZED BY THIS COMMISSION?**

1 A. It is a new alternative, but not one that I would recommend. If the Commission  
2 did choose to move toward the normalization approach, it should do so on a  
3 prospective basis only.  
4

5 **Q. WHY?**

6 A. As a result of its settlement in the last rate case and in accordance with  
7 precedent established in prior rate cases, MAWC booked an asset expecting to  
8 receive full recovery through the ratemaking process. That has not occurred and  
9 under the Staff's approach would never occur. If the Staff's recommendation to  
10 disallow previously unrecovered rate case expenses is adopted, it will require  
11 MAWC to write-off the recorded asset, thereby reflecting a loss and denying the  
12 Company a valid opportunity to earn its authorized rate of return.  
13

14 **Q. DO YOU HAVE OTHER CONCERNS REGARDING STAFF'S TREATMENT OF**  
15 **RATE CASE EXPENSE?**

16 A. Yes. Setting aside the issue of unrecovered prior rate case expenses, Staff's  
17 approach would automatically deny recovery of a portion of the current rate case  
18 expense.  
19

20 **Q. PLEASE EXPLAIN.**

21 A. Staff suggests that a normalized level for recovery of an ongoing level of rate  
22 case expense be based upon a three year average of the costs in the current  
23 proceeding. While the Company does not like frequent rate cases, the fact is  
24 that the utility industry as a whole, and the water industry in particular, is in a  
25 period of substantial infrastructure replacement, requiring significant capital

1 expenditures. The existing infrastructure is old and needs to be replaced in order  
2 to provide quality customer service and meet our obligation to serve. Based on  
3 our existing capital expense projections, MAWC does not believe that the most  
4 recent rate case cycle is likely to change dramatically. Normalizing rate case  
5 expenses based upon a three year average is not reasonable and would clearly  
6 result in a planned disallowance. The Company, under Staff's proposal, would  
7 be required to currently write-off approximately \$500,000 of deferred costs  
8 associated with the current rate case.

9  
10 **Q. DIDN'T THE COMPANY PROPOSE A THREE-YEAR AMORTIZATION OF**  
11 **RATE CASE EXPENSES?**

12 A. Yes, but that was under the existing practice. The Company took a conservative  
13 approach to setting an amortization period in order to insure that the anticipated  
14 rate case expense deferral was not over-amortized prior to coming in for our next  
15 rate case. A three year amortization period was purposely selected for the  
16 protection of our customers and to avoid challenges that rate case expenses had  
17 been over-collected. For the same reason, MAWC recommended extension of  
18 amortization of unrecovered prior rate case expenses another three years into  
19 the future. Although the Company believes there is no need to change  
20 approach, if the rules of the game are changed then a reasonable normalization  
21 period can only be established utilizing a more current rate case cycle, along with  
22 recovery of unamortized expenses from the prior case, in order to allow transition  
23 to this new method.

1 Q. YOU HAVE IDENTIFIED APPROXIMATELY \$3,200,000 OF COSTS THAT  
2 WOULD HAVE TO BE RECOGNIZED AND WRITTEN OFF CURRENTLY IF  
3 STAFF'S CEDAR HILL AND RATE CASE TREATMENTS ARE ADOPTED BY  
4 THE COMMISSION. IS THIS AMOUNT SIGNIFICANT TO MAWC?

5 A. Yes. A loss of \$3,200,000 represents approximately 19.5% of Missouri-American  
6 Water Company's 2007 net income. A write-off to this extent would prevent the  
7 Company from having a reasonable opportunity to achieve its authorized rate of  
8 return.

9  
10 **IV. DUES, DONATIONS and CHARITABLE CONTRIBUTIONS**

11 Q. PLEASE EXPLAIN THE DIFFERENCE BETWEEN MAWC AND STAFF  
12 POSITIONS REGARDING THE RECOVERY OF CERTAIN DUES,  
13 DONATIONS AND CHARITABLE CONTRIBUTIONS?

14 A. As an ongoing and normal operating expense, MAWC and its employees  
15 belong to professional organizations that promote industry education,  
16 exchange of knowledge, training and economic development. Programs  
17 developed or sponsored by these organizations may be designed to directly  
18 improve the employee's knowledge base, directly provide services to  
19 consumers or create opportunities for local community or statewide  
20 betterment. Participation in these organizations provides a benefit to our  
21 customers. Staff excluded payments to organizations that they felt provided  
22 no benefit to customers. The total staff elimination of memberships and dues  
23 amounted to \$93,079.

24  
25 Likewise, MAWC makes contributions to local organizations, charities and low

1 income programs as a part of its commitment to and participation with the local  
2 communities it serves. These contributions are reviewed carefully to insure  
3 that they are reasonable and provide a direct benefit to persons living in the  
4 Company's service territory.

5  
6 Staff has excluded from rate recovery essentially all donations and charitable  
7 contributions. \$138,447 was eliminated by Staff because they believed the  
8 payments were either not fully supported or that they were not justified for  
9 other reasons.

10  
11 Of the total \$231,526 that was eliminated, Staff workpapers indicate that  
12 \$5,668 was excluded due to concerns of incomplete support. Staff reduced  
13 expense by another \$313 for charges they believed should be in other  
14 accounts – but did not increase the accounts that were understated.

15  
16 **Q. ARE THERE EXPENDITURES THAT ARE NOT ADEQUATELY**  
17 **SUPPORTED?**

18 A. The burden of proof is on the Company in this proceeding and appropriate  
19 documentation should be available. If it has not already been provided to the  
20 Staff, I would request that the Staff reconsider its position if MAWC can  
21 provide the requisite information by the time of the true-up hearings.

22  
23 **V. DONATIONS AND CHARITABLE CONTRIBUTIONS**

24 **Q. DO YOU AGREE WITH THE STAFF'S EXCLUSION OF ALL DONATIONS**  
25 **FROM RATE RECOVERY?**

1 A. No. Philosophically, regulation is intended to set an industry's prices in a  
2 monopoly environment at a level that would be expected in a competitive  
3 market. Participation, through contributions, in the communities served by  
4 merchants and businesses is a normal operating cost that companies  
5 ultimately build into their prices that contributes to the economic health of the  
6 communities we serve and, in turn, benefits our customers. Admittedly, there  
7 is variation and some discretion as to the level of contributions the local  
8 merchant or business may elect to make at any point in time – but the concept  
9 of community involvement is certainly considered a normal cost of operating a  
10 business.

11  
12 **Q. ARE ANY OF THE STAFF'S EXCLUSIONS OF PARTICULAR CONCERN**  
13 **TO MAWC?**

14 A. Yes. Of particular concern in this case, are Staff's exclusion of MAWC's  
15 funding of the H<sub>2</sub>O Help Program and the Company's participation in the  
16 Children's Theatre Conservation Education Program.

17  
18 **Q. PLEASE DESCRIBE THE H<sub>2</sub>O HELP PROGRAM.**

19 A. This program was designed to assist low income customers that are having  
20 difficulty in paying their water bills. In an attempt to better control costs and in  
21 response to suggestions made by Staff members, the Company, in 2006,  
22 began looking at ways to more actively pursue collection of past due accounts.  
23 As MAWC more aggressively pursued collection efforts for those customers  
24 who were substantially delinquent, the Company also recognized that there  
25 are many customers that legitimately have difficulty in making payments due

1 to their specific economic situations. Thus, the H<sub>2</sub>O Help Program was  
2 created. It is funded by MAWC and administered independently by  
3 Community Action Agencies across the state to assist in the payment of water  
4 utility bills for those customers who are having difficulty in making payments.

5  
6 **Q. WHAT LEVEL OF FUNDING DID MAWC PROVIDE TO THE H<sub>2</sub>O HELP**  
7 **PROGRAM DURING THE TEST YEAR?**

8 A. During the 2007 test year, \$72,000 in funding was provided by the Company  
9 that has been excluded by Staff from rate recovery. MAWC believes that this  
10 program has been very successful. The Company wants to continue its  
11 participation and currently has budgeted \$80,000 in funding for 2009. It is  
12 important to note that the funding of the H<sub>2</sub>O Help Program benefits not only  
13 those customers who are provided direct assistance, but all other customers  
14 as well.

15  
16 **Q. HOW DO OTHER CUSTOMERS BENEFIT?**

17 A. As I mentioned, the H<sub>2</sub>O Help Program was developed in association with an  
18 effort to better control uncollectible accounts. To the extent that bad debts  
19 expense is reduced, all customers benefit. By definition, funds administered  
20 through the H<sub>2</sub>O Help Program are to accounts that can be considered as high  
21 risk for collection. This program affords not only a level of dignity to the low-  
22 income customers who might otherwise not be able to pay their bills, but does  
23 so economically. Absent the program, other customers would have to pay in  
24 rates the higher bad debt costs of accounts that would otherwise be written off,  
25 along with the additional costs associated with the call center, billing collection



1 efforts and meter shut offs.

2  
3 **Q. PLEASE DESCRIBE MAWC'S PARTICIPATION IN THE CHILDREN'S**  
4 **THEATRE CONSERVATION EDUCATION PROGRAM.**

5 A. During 2007, MAWC provided funding in the amount of \$33,570 to this  
6 program. The program is an educational presentation for children and  
7 teachers through theatrical performances that are based on the theme of  
8 water conservation and preservation of our natural resources. Contributions  
9 are made to an outside theatrical group to write, produce and present these  
10 professional performances. MAWC considers this program to be an effective  
11 and necessary public education effort. It is an innovative approach to  
12 educating the public, particularly children, about ways they and their families  
13 can impact our environment in a positive way, through proper management  
14 and care of watershed properties and conservation and preservation of water  
15 resources. To date this calendar year, the program has reached 32 schools  
16 and 10,021 students across Missouri. By focusing on children and teachers,  
17 MAWC believes the program will achieve a positive impact that will benefit all  
18 customers for the long term.

19  
20 **Q. WHY ARE THESE TWO PROGRAMS OF PARTICULAR CONCERN TO**  
21 **MAWC?**

22 A. While MAWC believes that all of the donations it makes are well thought out  
23 and beneficial to the community as a whole, these two programs are  
24 specifically associated with the water industry and are designed to benefit  
25 customers in our service territory. A lack of funding support could threaten the

continuation of these effective and important programs.

**Q. WHAT ARE SOME OF THE OTHER ORGANIZATIONS THAT MAWC HAS SUPPORTED THROUGH CONTRIBUTIONS?**

A. During the 2007 test year, MAWC provided funding to the Leukemia & Lymphoma Society, Habitat for Humanity, Special Olympics, Girl Scouts, Boy Scouts, YMCA, the United Way, and local schools, as well as a number of other organizations. For the reasons stated earlier, these are legitimate business related expenses and should be recoverable in rates.

**VI. DUES AND MEMBERSHIPS**

**Q. WHAT ORGANIZATIONAL DUES HAS THE STAFF PROPOSED TO EXCLUDE FROM RATE RECOVERY?**

A. After reviewing workpapers, it appears that Staff has excluded those dues and membership fees that they perceive to provide a lack of benefit to the customer.

**Q. DO YOU AGREE THAT PARTICIPATION IN LOCAL AND STATE ORGANIZATIONS HAS NO BENEFIT TO CUSTOMERS?**

A. No. It is my understanding, for example, that \$11,245 in Missouri State Chamber of Commerce dues, including program costs of activities sponsored by the State Chamber, were excluded by Staff not only because of that perception, but also because of a belief that they constitute lobbying or are duplicative of local chamber memberships. A number of other excluded dues are not nearly as significant in scope but represent similar fees paid on a local

1 level so that MAWC personnel can actively participate in the development of  
2 the local communities we serve.

3  
4 **Q. IS THE STATE CHAMBER OF COMMERCE A LOBBYING**  
5 **ORGANIZATION?**

6 A. The Missouri Chamber of Commerce is organized as a 501.c.6 organization  
7 for IRS tax reporting purposes. Some employees of the Chamber are  
8 registered lobbyists and have provided testimony before the legislature on  
9 various subject matters such as taxation, insurance, and tools for economic  
10 growth. For the tax year 2007, 21% of the Chamber's activities are classified  
11 for IRS reporting purposes as being associated with activities not exempt from  
12 taxation. The remaining 79% of the Chamber's activities were considered to  
13 be non-taxable educational and economic development programs.

14  
15 **Q. HOW DOES THE STATE CHAMBER DIFFER FROM LOCAL CHAMBERS**  
16 **OF COMMERCE?**

17 A. The two are very different in scope and application. Local chambers are  
18 oriented to local communities and therefore the efforts are not duplicative.  
19 Local chambers understand the needs and resource availability on a local  
20 level and work to improve local working and business conditions. MAWC's  
21 participation in local chambers helps enable the Company to stay in touch with  
22 and be accessible to our customers. The Missouri Chamber of Commerce  
23 deals with larger scope issues and industries such as Boeing, Chrysler,  
24 Monsanto, etc., and is dedicated to creating a stronger environment for  
25 business growth and economic development. The Creve Coeur local

1 chamber, for example, cannot influence Monsanto sales to China whereas the  
2 State Chamber of Commerce can. The State Chamber of Commerce is  
3 focused on broader educational and economic development issues that impact  
4 the state or region as a whole.

5  
6 **Q. CAN YOU PROVIDE EXAMPLES OF THE EDUCATION AND ECONOMIC**  
7 **DEVELOPMENT PROGRAMS SPONSORED BY THE MISSOURI**  
8 **CHAMBER OF COMMERCE AND EXPLAIN HOW THEY BENEFIT**  
9 **CUSTOMERS?**

10 A. The State Chamber sponsors the Educational Foundation Program, Show Me  
11 Scholars Program and the Leadership Missouri Program. The Staff has  
12 proposed disallowance of the costs of all programs, such as these, that are  
13 organized or funded by the State Chamber. Leadership Missouri allows  
14 participants to take a close look at topics of interest that are important to  
15 Missouri, such as regulation and the PSC, health care, and economic  
16 development. Having current leaders knowledgeable of and exchanging ideas  
17 with top state agency personnel can only provide a better understanding of the  
18 operation of our state's government and serve to strengthen the recognition of  
19 problems and solutions important to the state. The educational programs  
20 mentioned help improve existing students' and leaders' productivity, lead to  
21 better public awareness, and develop employees and future leaders more  
22 capable of dealing with issues of statewide importance. A more educated  
23 workforce and a better understanding of statewide problems strengthens the  
24 competitive position of the state and results in growth which, in turn, tends to  
25 stabilize utility rates. Economic development efforts also maintain or

strengthen the state's economy, which, in turn, leads to growth. Growth tends to stabilize utility rates by spreading fixed costs over a larger customer base. The Missouri Chamber of Commerce participates in trade missions and works with state agencies to attract and retain industry within the state. For example, they were a recent key participant in the ongoing effort to make Lambert Field an international hub to Beijing. Success in that effort would provide manufacturers in the state, and specifically within the MAWC service territory, access to Chinese markets on a daily basis. Such economic developments efforts are essential to a viable, growing economy and go hand in hand with financially strong utilities and adequate utility infrastructure. It is noteworthy that in recognition of the importance of utility regulation, this Commission is organized as a division of the Missouri Department of Economic Development.

## **VII. EXTERNAL AFFAIRS**

**Q. PLEASE EXPLAIN THE DISAGREEMENT BETWEEN STAFF AND MAWC RELATING TO RECOVERY OF GOVERNMENTAL AFFAIRS EXPENSE.**

A. The Staff has proposed to exclude from rate recovery: 1) Service Company Management Fees related to the services of the Director of Communications and External Affairs; 2) costs incurred by MAWC for the Department of the Manager of Government Affairs; and 3) 25% of the costs of the MAWC president's payroll and benefits. It is my understanding that these costs were eliminated because Staff construed them to be "lobbying activities".

**Q. DO YOU AGREE WITH THIS CHARACTERIZATION?**

A. Not at all. While both the MAWC President and Manager of Governmental

1 Affairs are registered with the state of Missouri as lobbyists, the state law  
2 requiring such registration is very broad in nature. Interaction even with  
3 officials of municipalities such as local mayors has been interpreted as  
4 requiring lobbyist registration. Just because an employee is registered in  
5 accordance with the law does not mean that he/she is acting as a lobbyist.  
6 Because of the importance of water quality, infrastructure location and  
7 coordination among different governmental entities, it is essential that MAWC  
8 maintain a free flow of information among local officials, regulators and  
9 legislators. The Director of Communications and External Affairs is strictly a  
10 communications position and should in no way be misconstrued as a "lobbyist"  
11 as that term is commonly understood.

12  
13 **Q. PLEASE DESCRIBE THE ROLE OF THE DIRECTOR OF**  
14 **COMMUNICATIONS AND EXTERNAL AFFAIRS.**

15 A. I have attached as Schedule DRW-1 the job description for that position. It is  
16 clear from that schedule that this position is focused on internal and external  
17 communication issues, strategies and support; development of the  
18 communications budget; and acting as company spokesperson for important  
19 issues. The only reference to any form of lobbying activity is that this position  
20 is responsible for coordination with state lobbyists, when appropriate.

21  
22 **Q. IS THE JOB DESCRIPTION YOU ATTACHED AS SCHEDULE DRW-1**  
23 **CURRENT?**

24 A. Yes. It was prepared at approximately the same time as when the incumbent  
25 assumed his current role.

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**Q. WHAT IS MEANT BY THE TERM STATE LOBBYIST?**

A. Generally, that would be outside lobbyists hired to represent the Company before the state legislature on matters of high importance.

**Q. DURING THE TEST YEAR, DID MAWC HAVE ANY INTERNAL EMPLOYEES ON THE PAYROLL AS STATE LOBBYISTS?**

A. No. However, as I explained there were a number of employees registered as state lobbyists.

**Q. DURING THE TEST YEAR, DID THE DIRECTOR OF COMMUNICATIONS AND EXTERNAL AFFAIRS WORK WITH ANY OUTSIDE LOBBYISTS IN MISSOURI?**

A. No.

**Q. WHAT IS THE ROLE OF THE MAWC MANAGER OF GOVERNMENTAL AFFAIRS?**

A. I have attached as Schedule DRW – 2 the most recent job description. The job description is a generic description that, for purposes of establishing position grades, is standard within the American Water corporate system. It has evolved locally and does not completely describe the existing role at MAWC. This position description has not been updated recently (as reflected by the inaccurate job title) but does serve as a reference point for a discussion of the duties performed by the incumbent.

1 For MAWC, this position operates as a liaison role among the 91 St. Louis  
2 area municipalities and St. Louis County government. It is responsible for  
3 implementing and maintaining procedures that are in compliance with local  
4 governmental regulations. Because of the importance of water service, fire  
5 protection infrastructure and rights-of- way issues, there is a need for a central  
6 contact point for local governmental officials, and this position fills that role.  
7 The Manager of Governmental Affairs is a key Company representative in  
8 acquiring and renewing municipal franchise agreements, renewal of Sales for  
9 Re-sale contracts, involvement with county water and sewer authorities for  
10 current and long range planning, responding to government officials inquiries  
11 on behalf of their citizenry, involvement in resolution of issues between  
12 municipalities for water infrastructure projects, participation in negotiations on  
13 major construction projects impacting a city or fire protection district,  
14 interfacing with emergency response agencies, coordinating plant security  
15 coverage, meeting with local government officials on source of supply issues,  
16 acting as liaison to large commercial and industrial users to provide for future  
17 water requirements, coordination with St. Louis County's highway department  
18 on construction standards, and representing MAWC on homeland security  
19 matters. Finally, there is an educational aspect to this role through the  
20 presentation of environmental and conservation discussions to various civic  
21 organizations and to elementary school students. Currently, this position is  
22 held by Mr. Bradley Brown.

23  
24 **Q. WHY DID THE STAFF EXCLUDE MR. BROWN'S PAYROLL AND**  
25 **ASSOCIATED COSTS?**



1 A. It is my understanding that, after reading the attached job description, Staff  
2 misunderstood the focus of this position and felt that it existed for lobbying  
3 efforts to support MAWC's own agenda.  
4

5 **Q. IS THIS POSITION RESPONSIBLE FOR LOBBYING ON BEHALF OF**  
6 **MAWC?**

7 A. No, not in the normal context or understanding of "lobbying". Over time this  
8 position has evolved in a different direction at MAWC than is represented by  
9 the generic job description. Mr. Brown has the responsibility to stay abreast of  
10 legislation with which the Company must comply or which may otherwise  
11 impact MAWC. He also from time to time provides the Company's insight and  
12 opinion to local officials regarding water services or infrastructure and may  
13 even present insight into the effect of proposed ordinances on its customers –  
14 but actively lobbying or attempting to influence legislation or proposed  
15 ordinances is very limited or non-existent.  
16

17 **Q. CAN YOU PROVIDE EXAMPLES OF WHAT TYPE OF DECISIONS THIS**  
18 **POSITION ATTEMPTS TO INFLUENCE.**

19 A. Yes, I can provide specific examples of matters in which Mr. Brown has been  
20 recently involved. The first example would be an extensive educational effort  
21 conducted with members of a County Highway Department after a proposal  
22 was made to change existing code regulations. The Department, in a well  
23 meaning effort to maintain and improve county roads, had proposed changing  
24 backfill requirements upon completion of a main repair to require replacement  
25 of dirt removed from holes in pavements with concrete. Not only would the

1 initial repair have been five times more expensive for our customers, access to  
2 the main would have been rendered impossible in the event of future  
3 maintenance issues or need to move the line. While this concern would seem  
4 to be fairly simple to explain, the discussions and analysis of cost versus  
5 benefit took literally months before all parties were satisfied that the change  
6 was not necessary and the costs to our customers not justified.

7  
8 Another example was involvement in the need to repair or replace a major  
9 bridge in the St. Louis area, on which our water main was located.  
10 Disagreement among state, county and local officials as to which party legally  
11 controlled the new right-of-way for our line actually threatened completion of  
12 this project until MAWC's employee stepped in and negotiated a settlement.

13  
14 A third example – a city in the St. Louis area had developed plans and was  
15 proceeding to build a well on city owned property for a new park. The well  
16 was planned to be built extremely close to a large, existing MAWC water main.  
17 Mr. Brown was able to demonstrate to the City that it would be cost beneficial  
18 to take service from the existing line versus building a new well. As a result,  
19 the City saved money and customers were protected from a potential service  
20 reliability issue.

21  
22 Those are three of many examples that have occurred recently that  
23 demonstrate the importance, effectiveness and cost benefit to our customers  
24 of this position.

1 **Q. IN LOOKING AT THE JOB DESCRIPTION YOU HAVE ATTACHED,**  
2 **DOESN'T THE FIRST ITEM REFER TO ARTICULATING POSITIONS ON**  
3 **LEGISLATIVE ISSUES?**

4 A. Yes. For MAWC that should be interpreted as local governmental issues such  
5 as those I have described. Likewise, the second item referring to shaping and  
6 influencing legislative programs and business issues for MAWC is focused on  
7 local municipal and county governments for the reasons and with the customer  
8 benefits I have previously described.

9  
10 **Q. WHAT IS MEANT BY ESTABLISHING CONSTRUCTIVE RELATIONSHIPS**  
11 **WITH OFFICIALS AT VARIOUS LEVELS OF GOVERNMENT?**

12 A. While the incumbent's focus is on local matters, I previously noted this position  
13 is our contact for Homeland Security issues. He is also a key contact for state  
14 and local officials who require information or have concerns regarding water  
15 quality, service or conservation issues. Likewise, he has responsibility for  
16 communicating compliance and other issues to Company management.  
17 Accordingly, he must maintain appropriate relationships with knowledgeable  
18 federal, state and local officials. In short, while a quick review of the job  
19 description to some may leave an impression that this position is responsible  
20 for lobbying, the fact of the matter is that the position is designed with a  
21 communication and problem solving focus for local governmental entities and  
22 industrial customers for the ultimate benefit of our customers.

23  
24 **Q. STAFF HAS ALSO PROPOSED ELIMINATION OF 25% OF THE COSTS OF**  
25 **THE POSITION OF MAWC PRESIDENT. WAS THAT BECAUSE OF A**

**CONCERN THAT LOBBYING ACTIVITIES WERE TAKING PLACE?**

A. That is my understanding. I have attached as Schedule DRW – 3 the job description of the MAWC President. Mr. Terry Gloriod currently fills that position. The job description indicates that 25% of Mr. Gloriod's time is expected to be related to development of regulatory/legislative relationships, to protect and enhance operating business interests, to influence the legislature, and to develop governmental and community relations strategies. I believe that the Staff may have misconstrued this accountability as being entirely associated with lobbying efforts.

**Q. WHAT IS THE COMPANY'S PHILOSOPHY FOR BEST FULFILLING THESE REQUIREMENTS?**

A. The Company's philosophy is that the best way to maintain relationships with all areas of the public, including the regulatory and legislative sectors, is through consistently good customer service. Mr. Gloriod interprets this aspect of his position description as being entirely customer service focused and spends a considerable amount of time in embedding a customer focused strategy, investigating customer service issues and working to improve customer response. In company meetings and discussions with management team members the need for a customer service focus is consistently stressed.

**Q. DOES THE PRESIDENT SPEND ANY TIME ON LOBBYING?**

A. No. Like any business owner or executive, it is important that the President be responsive to regulators, legislators and other parties that are interested in or may impact the Company's operations and finances. However, Mr. Gloriod

1 has never taken direct or proactive steps to influence legislation. It is  
2 obviously the President's responsibility to determine if a proposed legislative  
3 action is significant enough to address through a lobbying effort and whether  
4 to employ individuals or firms to lobby on the Company's behalf, but that is the  
5 only activity Mr. Gloriod performs that could marginally be considered lobbying  
6 related – and to the extent that has occurred, the time involved has been de  
7 minimis.

8  
9 **Q. IN HIS ROLE AS PRESIDENT, HAS MR. GLORIOD EVER TESTIFIED**  
10 **BEFORE ANY LEGISLATIVE BODY?**

11 A. No. For this and the other reasons I have provided, exclusion of 25% of the  
12 President's costs based on the activities performed by this position is simply  
13 not appropriate.

14  
15 **Q. DOES THIS CONCLUDE YOUR PREFILED REBUTTAL TESTIMONY?**

16 A. Yes.



## JOB DESCRIPTION

<b>Position:</b>	<b>Director of Communications and External Affairs</b> <b>Job Code:</b> _____	
	<b>GRADE:</b> _____	<b>FLSA:</b> <u>Exempt</u> <b>EEO:</b> <u>1. Officials and Managers</u>
<b>Salary Plan:</b>	<b>Level:</b> _____	
<b>Reports to:</b>	SVP of Corporate Communications and External Affairs	

**Approved:** ☐      **Date:** 5/25/06 (Revised 8.2.07)

**Primary Role:** The primary role of this position is to provide proactive and strategic executive-level communications counsel to four - six states and the respective management teams on all internal and external communications issues, opportunities and challenges. Acts as the key communications interface between these states and corporate to ensure alignment of communication strategy and corporate positioning and branding with all internal and external constituencies. Leads, directs and manages integrated internal and external communication staff resources operating through a matrix management model that is responsible for functional communications excellence within each state and across the company. Leverages and supports the efficiencies of corporate and state-deployed communications resources and manages all such resources to support the accomplishment of state-specific business plans and operating objectives as well as the overall strategic positioning of American Water.

Serves as a member of each state's senior management team responsible for communications strategy development and planning and is the essential lynchpin ensuring that the communications infrastructure is in place and effectively managed to accomplish all state-related communications needs - whether in customer communications, marketing, internal communications, media relations, public relations, external affairs, community relations, government affairs, corporate responsibility or issues management. Supports the successful prosecution of state rate cases by exceeding customer information requirements. Leads, directs and oversees communications strategies to ensure ongoing, consistent and targeted communications before, during and after rate case filings. Also provides strategic communications in support of local and state government affairs activities and works in close coordination with state lobbyists, when appropriate.

Is an active and engaged member of the Corporate Communications and External Affairs leadership team operating at a corporate level. Is an active participant in representing the needs of the states, developing strategic communications plans, assessing and managing resource deployment, overseeing budget management and ensuring accountability and accomplishment of strategic communications objectives at both a state and corporate level.

The Director of Communications and External Affairs reports to the Senior Vice President of Corporate Communications and External Affairs and reports on an indirect basis to the respective state president in the states served.

JOB DESCRIPTION	
<b>Position:</b>	<b>Director of Communications and External Affairs</b> <b>Job Code:</b> _____
<b>Key Accountabilities:</b>	<b>Percentage of Time (Must add to 100%)</b>
<p>Provides executive-level strategic communications counsel to four -- six state management teams to address all communications-related issues, challenges and opportunities. Ensures overall alignment of communication strategy and corporate positioning.</p> <p>Participates as an active member of each state's executive management team and attends monthly senior staff meetings, either in person or by conference call, and coordinates all communications resources. Provides communication counsel, strategic recommendations, implementation oversight and management in support of the communication requirements of each state.</p> <p>Supports and enhances the success of the state's business plan and operating objectives from a communications perspective. Ensures that state communications issues are anticipated, planned for and materials developed on a timely basis to meet the needs of each state. Provides guidance in defining, positioning and leveraging brand awareness and reputation management strategies so that American Water is perceived as the industry expert and undisputable thought leader in each of the states served.</p> <p>Leads, directs and oversees communications strategies that ensure ongoing, consistent and targeted communications before, during and after rate case filings. Also provides strategic communications in support of local and state government affairs activities and works in close coordination with state lobbyists, when appropriate.</p>	(35%)
<p>Leads, develops, manages and oversees all communications strategies, plans, tactics and activities and manages a comprehensive and diverse array of staff resources operating in a matrix management environment supporting individual state needs in the areas of external affairs, media relations, community relations, marketing/customer communications, government relations, internal communications, corporate social responsibility and call center communications management. Ensures alignment with corporate strategies while deploying resources to meet the specific needs of each state served.</p> <p>Leads, directs, manages and oversees the proactive development of all communications materials, activities and tactics that produce cost, time and resource efficiencies across the states served. Is fully accountable for effective budget management across each of the states served.</p> <p>Oversees and directs the effective management of external resources such as public relations agencies, communications consultants and other</p>	(35%)

JOB DESCRIPTION	
<b>Position:</b>	<b>Director of Communications and External Affairs</b> <b>Job Code:</b> _____
communications-related vendors and adheres to all budget management requirements.	
Represents the company publicly by being actively involved with targeted trade groups, appearing as a witness before regulatory proceedings, and acting as the primary company spokesperson for important/high profile issues occurring in the states.	
Develops, leads, directs and manages issue management strategies and oversees the execution of all communications activities to reduce, mitigate or fully eliminate reputation damage arising from controversial and/or potentially damaging issues.	
Leads, directs, manages and assesses state-specific media relations activities and ensures the overall effectiveness of an earned media strategy within each state served. Sets metrics for accomplishment and tracks and reports results on a monthly basis to the state management team and to the Corporate Communications and External Affairs department.	(15%)
Participates as an integral part of the Corporate Communications and External Affairs leadership team. Works to represent the needs of the states served while recognizing the strategic imperative to develop communication programs and plans that are aligned and integrated between corporate and the states. Works with the leadership team to assess and manage resource deployment ensuring accountability and accomplishment of strategic communications objectives at both a state and corporate level.	(15%)
	(    %)
	(    %)
<b>Skills:</b>	<p>Demonstrated ability to proactively provide senior-level strategic communications counsel to state presidents and members of the state/regional/divisional management team.</p> <p>Strong influencing and persuasion skills and an ability to effectively communicate with diverse employee and community populations.</p> <p>Exceptionally strong leadership skills and management capabilities.</p> <p>Self-motivated professional who can succeed both autonomously and as part of a team with an ability to establish executive-level credibility and support the organization's preferences and priorities.</p> <p>Ability to deal with ambiguity and effectively manage multiple staff resources and an array of communications projects spanning multiple states.</p>



PAGE 4 of 6

JOB DESCRIPTION	
<b>Position:</b>	<b>Director of Communications and External Affairs</b> <b>Job Code:</b> _____
	<p>Ability to lead, direct and manage crisis communications issues to minimize brand and reputational damage Experienced serving as a spokesperson under normal and crisis situations.</p> <p>Highly accomplished writer. Compelling and effective public speaker and company spokesperson.</p> <p>Leads, directs, manages and coordinates all communications activities to support and enhance the accomplishment of the state business plans and operating. Has an unrelenting customer and market focus.</p> <p>Demonstrated ability to effectively manage and direct an integrated communications team structured within a matrix environment and located on a decentralized basis, working in support of individual state business objectives.</p> <p>Possesses creativity, initiative, seasoned judgment, and the ability to communicate thoughts clearly and simply. Is an excellent and compelling presenter and writer.</p> <p>Able to influence, analyze, and problem solve with an unrelenting customer and market focus.</p> <p>Able to work as part of an integrated team supporting the communications needs of the entire company within the state while interfacing effectively with all departments within corporate communications</p> <p>Able to effectively influence, analyze, persuade and problem solve.</p> <p>Proven ability to operate with cross-cultural sensitivity and ability to communicate to diverse audience segments.</p> <p>Ability to maintain the highest of ethical standards.</p> <p>Possesses creativity, initiative, good judgment, and the ability to communicate thoughts clearly and simply</p> <p>Self-confident and an enthusiasm for motivating people with excellent relationship-building skills and savvy.</p> <p>Flexible and adaptable to recognize others views and work in varied environments.</p>
<b>Knowledge:</b>	Has a thorough knowledge of strategic communications. Extensive experience in developing, implementing, monitoring and measuring integrated communications strategies and campaigns.

PAGE 5 of 6

JOB DESCRIPTION	
<b>Position:</b>	<b>Director of Communications and External Affairs</b> <b>Job Code:</b> _____
	<p>Demonstrates a comprehensive understanding of the company's business strategy and financial performance and deploys communications resources to support the accomplishment of state business plans and operating objectives.</p> <p>Detailed knowledge, experience and comprehensive understanding of regulatory issues. Demonstrated experience communicating successfully with public utility commissioners and their staff. Reputation for establishing and sustaining regulatory relationships built on integrity and credibility.</p> <p>Participates as a member of 4 - 6 state executive management teams providing communications counsel and support on all internal and external communications issues, opportunities and challenges.</p> <p>Excellent management abilities to direct, deploy and manage communications resources using a matrix management structure.</p> <p>Displays a thorough knowledge and understanding of the media. Is highly adept at developing media relations strategies and managing and assessing the successful implementation. Confident, experienced and highly effective in facilitating editorial board sessions.</p> <p>Understands Reg FD disclosure requirements and understands the difference between material and non-material information.</p> <p>Demonstrated ability to prioritize and re-prioritize quickly. Ability to multi-task and meet strict deadlines.</p> <p>Has excellent and efficient working knowledge of PowerPoint, Word, Excel and Access databases.</p> <p>Demonstrated expertise in project management work and experience managing and directing vendors and consultants.</p>
<b>Education:</b>	Bachelor's degree in journalism, marketing, communications, public relations, advertising or related field preferred, or demonstrated experienced commensurate with the requirements of the position. Masters degree also preferred.
<b>Scope:</b>	<p>Total Supervised: Exempt <u>7 - 10</u>      Non-exempt <u>1</u></p> <p>Direct Budget Areas <u>1 - 4</u>      Indirect Budget _____</p> <p><u>1(NJ/NY/PA/OH) \$2M</u></p> <p><u>2(KY/TN/VW/MD) \$1.2M</u></p> <p><u>3(MO/IL/IN/IA/MI) \$1.3M</u></p> <p><u>4(CA/AZ/HI/NM/TX/WA) \$3.1</u></p>

PAGE 6 of 6

JOB DESCRIPTION																							
<b>Position:</b>	<b>Director of Communications and External Affairs</b>		<b>Job Code:</b> _____																				
	Direct Revenue Areas 1 - 4      Indirect Revenue <u>\$2.2B</u> <u>1(NJ/NY/PA/OH) \$448M</u> <u>2(KY/TN/VA/WV/MD) \$236M</u> <u>3(MO/IL/IN/IA/MI) \$529M</u> <u>4(CA/AZ/HI/NM/TX/WA) \$250M</u>																						
<b>Experience: (Demonstrated)</b>	Ten plus years of comprehensive senior- and executive-level communications experience developing, implementing and managing integrated marketing and strategic communications campaigns that include public relations, media relations, community relations, marketing, advertising, government affairs, community relations, issues management and corporate social responsibility activities in a corporate and/or agency environment. Demonstrated knowledge and experience successfully working within a regulatory environment.																						
<b>Certifications &amp; Licenses:</b>																							
<b>Work Environment:</b>	Located in a division and/or region providing executive-level communications counsel in support of state management teams to meet established state business plans and operating objectives.																						
<b>Travel Requirements:</b>	35% - 40% US, within the 4 -6 states under mangement																						
<b>Key Interfaces/ Relationships:</b>	Internal Interfaces/Relationships: State Presidents and state senior management teams, SVP Corporate Communications and External Affairs, External Affairs Managers, Customer Communications Manager, Internal Communications Manager, Government Relations Managers, Customer Service Center Communications Manager, Corporate Communications Department, Business Development, Division Mangement, Senior Management. External Interfaces/Relationships articulated in job description.																						
<b>Other:</b>	<table border="1"> <thead> <tr> <th></th> <th>Equiv Pop Served</th> <th>Communities Served</th> <th>Employees</th> </tr> </thead> <tbody> <tr> <td>Area 1 (NJ/NY/PA/OH)</td> <td>\$5.9 M</td> <td>668</td> <td>2999</td> </tr> <tr> <td>Area 2 (KY/TN/VA/WV/MD)</td> <td>\$1.8 M</td> <td>342</td> <td>586</td> </tr> <tr> <td>Area 3 (MO/IL/IN/IA/MI)</td> <td>\$4.7 M</td> <td>432</td> <td>2341</td> </tr> <tr> <td>Area 4 (CA/AZ/HI/NM/TX/WA)</td> <td>\$2.3 M</td> <td>120</td> <td>576</td> </tr> </tbody> </table>				Equiv Pop Served	Communities Served	Employees	Area 1 (NJ/NY/PA/OH)	\$5.9 M	668	2999	Area 2 (KY/TN/VA/WV/MD)	\$1.8 M	342	586	Area 3 (MO/IL/IN/IA/MI)	\$4.7 M	432	2341	Area 4 (CA/AZ/HI/NM/TX/WA)	\$2.3 M	120	576
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<b>Competencies (from the Water Division Competency Dictionary):</b>																							



## JOB DESCRIPTION

<b>Position Title:</b>	<b>Mgr Govt &amp; Regulatory Affairs</b> <span style="float: right;"><b>Job Code: <u>450902</u></b></span>	
	<b>Grade: <u>L07</u></b> <b>FLSA: <u>Exempt</u></b> <b>EEO: <u>1. Officials and Managers</u></b>	
<b>Salary Plan:</b>	<b>Level:</b>	
<b>Reports To:</b>	<b>Regional External Affairs Director</b>	

**Approved:** ☒ 3/3/2004      **Revised:** ☐

**Primary Role:** Improve business climate for the Company through positive interactions with legislators and regulators and external opinion formers. Influence at state level to promote initiatives that support Company and other stakeholder goals and objectives.

Key Accountabilities:	Percentage of Time (Must Add To 100%)
Understand and articulate in a compelling way the Company position on key legislative issues.	10
Shape and influence legislative programs and other critical business issues in alignment with Company goals and objectives.	10
Establish constructive relationships with elected and appointed officials on a federal, state and local level and invest considerable time and energy in prioritized networking activity.	10
Prepare briefing documents that can be cascaded to key stakeholders (employees, public officials, etc.) to communicate pertinent issues (legislative, Company investment projects, business change, etc.)	10
Apprise senior management relative to pertinent legislative issues and other external facts which impact on the business.	10
Work cooperatively with affiliated industry, trade or consumer groups to accomplish company goals and benefit our stakeholders.	10
<b>Education:</b>	B.S. Degree, preferably in Communications, Political Science, Business Administration.
<b>Skills:</b>	Strong verbal and written communication skills,. Strong interpersonal skills. Sophisticated influencing skills, personal network, and ability to gain access to decision makers and opinion formers.



<b>Knowledge:</b>	Knowledge of water industry issues and trends. Good knowledge of local and state legislative and political functioning. Broad business knowledge (operational, financial, regulatory).		
<b>Scope:</b>	Total Supervised: Exemp		Non-Exempt:
<i>Please record minimum numbers for all that apply.</i>	Direct Budget:	<u>\$0.00</u>	Indirect Budget: <u>\$0.00</u>
	Direct Revenue	<u>\$0.00</u>	Indirect Revenue: <u>\$0.00</u>
<b>Experience:</b>			
<b>Certifications &amp; Licenses:</b>			
<b>Work Environment:</b>			
<b>Travel Requirements:</b>			
<b>Key Interfaces:</b>	Employees, elected and appointed public officials at federal, state and local level, regulators, business leaders, chambers of commerce, economic development councils, special interest groups.		
<b>Other:</b>	Key Accountabilities (cont.):		
	Track and monitor legislative bills and trends which will have an impact on our current business. Support our business development projects as required and provide potential new business leads to developers. Build knowledge and skills (external communication and influence) with the Senior Management team to build their capabilities. Contribute to effective communication by listening and providing constructive feedback; supporting the creation of an open and honest work environment; cascading and sharing knowledge and information relevant to other members of the team and colleagues across the business. (40%)		
<b>Competencies (from the Water Division Competency Dictionary):</b>			
<b>Delivers Results - Delivers bottom line results through bold, decisive actions, working through risks and uncertainty to create opportunity. Continually raises standards and promotes entrepreneurial behavior.</b>			
<b>Influencing - The ability to articulate an objective or idea in a compelling manner, so that others are persuaded to act on its merit.</b>			
<b>Market/Customer Focus - Identifying, understanding and meeting customer expectations both internally and externally.</b>			
<b>Organizational Awareness - The knowledge and development of formal and informal business relationships with key stakeholders, internal and external to the organization, that enable business objectives to be accomplished.</b>			
<b>Sharing Knowledge &amp; Expertise - Drives business performance by developing and contributing</b>			



**specific technical or professional knowledge, skills and experience. Demonstrates a professional attitude.**

**Strategic Focus - Looks at the big picture, thinks about the business as a whole, both within its own environment and in the global marketplace, and creatively identifies new horizons.**

**Teamworking - Is committed to working collaboratively to achieve business goals, building cohesiveness and identity with a work group, and valuing individual perspectives and contributions.**



JOB DESCRIPTION	
<b>Position Title:</b>	<b>President (Large States)</b> <span style="float: right;"><b>Job Code: 054558</b></span>
	<b>Grade: ML4</b> <b>FLSA: Exempt</b> <b>EEO: 1.1 Exec/Sr Level Officials</b>
<b>Salary Plan:</b>	<b>Level:</b>
<b>Reports To:</b>	<b>Regional President</b>

**Approved:** ☒ 10/31/2007

**Revised:** ☐

**Primary Role:** Lead the regulated utility business in designated large state(s), driving business strategy, financial performance, growth, and excellent regulatory and customer relationships. Establish and maintain effective state government and community relations, and support business development within the state. Provide leadership and direction to staff within the state to ensure effective operations, customer satisfaction, and employee growth and development.

Key Accountabilities:	Percentage of Time (Must Add To 100%)
Develop and lead regulatory/legislative relationships in the state to protect and enhance operating business interests, influence legislature, and support acquisition approvals. Develop proactive governmental and community relations strategies to promote American Water and facilitate the growth of the business.	25
Develop business strategies, plans and key performance indicators. Deliver financial results as measured by operating income within the state. Prosecute rate cases and negotiate outcomes to ensure acceptable rates of return, testifying at utility commission hearings as needed.	25
Ensure effective liaison occurs with the customer and shared services centers, to deliver service levels that meet or exceed business requirements in the state. Ensure customer and regulatory agency expectations are met regarding water and wastewater environmental and quality standards.	20
Provide organizational leadership to staff within the state, including direct leadership of service delivery, engineering, business development, and regulatory and governmental affairs staff. Establish goals and motivate staff at all levels to achieve desired results for the business.	20
Work with functional leaders within the matrix organization to ensure best operating practices are followed, and that all functional policies and practices are implemented within the state. Ensure all processes under the direction of the State President are Sarbanes Oxley compliant.	10



<b>Education:</b>	Bachelor's Degree in business, management or related field; Masters degree preferred.									
<b>Skills:</b>	Excellent verbal and written communications skills, including strong presentation skills. Excellent relationship building, influencing and negotiation skills. Ability to operate successfully in a geographically diverse and complex matrix organization. Excellent leadership skills and the ability to motivate employees at all levels. Excellent planning, organizational, and time management skills as an individual and as a manager. Ability to understand financial information, especially the rate making process and the impact of financial decisions on rates.									
<b>Knowledge:</b>	Business and financial acumen; in-depth knowledge of water utility and industry trends and issues (national and worldwide); "Vision" (i.e., global perspective, understanding of corporate mission, goals and objectives and how to achieve them); knowledge of company operations, the rate making process and regulatory relationships.									
<b>Scope:</b> <i>Please record minimum numbers for all that apply.</i>	<table border="0"> <tr> <td>Total Supervised:</td><td>Exempt</td><td>Non-Exempt:</td></tr> <tr> <td>Direct Budget:</td><td></td><td>Indirect Budget:</td></tr> <tr> <td>Direct Revenue</td><td></td><td>Indirect Revenue:</td></tr> </table>	Total Supervised:	Exempt	Non-Exempt:	Direct Budget:		Indirect Budget:	Direct Revenue		Indirect Revenue:
Total Supervised:	Exempt	Non-Exempt:								
Direct Budget:		Indirect Budget:								
Direct Revenue		Indirect Revenue:								
<b>Experience:</b>	More than 15 years management experience in water or another regulated utility or other relevant experience.									
<b>Certifications &amp; Licenses:</b>										
<b>Work Environment:</b>										
<b>Travel Requirements:</b>	Up to 25%, depending on state.									
<b>Key Interfaces:</b>	Regulators and other government officials, senior management and state company Board of Directors, functional management, employees at all levels, customers and other external stakeholders.									
<b>Other:</b>	State residency required. Job Scope: \$50M to \$250M Revenues; 200 - 1,000 Employees									
<b>Competencies (from the Water Division Competency Dictionary):</b>  <b>Analysis and Problem Solving</b> - Analyzes and resolves business issues through the application of critical reasoning skills and general business experience.  <b>Delivers Results</b> - Delivers bottom line results through bold, decisive actions, working through risks and uncertainty to create opportunity. Continually raises standards and promotes entrepreneurial behavior.  <b>Influencing</b> - The ability to articulate an objective or idea in a compelling manner, so that others are persuaded to act on its merit.										





**People Development - Creates opportunities and builds shared commitment in order to develop capabilities and improve business performance through individual and team development.**

**Strategic Focus - Looks at the big picture, thinks about the business as a whole, both within its own environment and in the global marketplace, and creatively identifies new horizons.**

**Teamworking - Is committed to working collaboratively to achieve business goals, building cohesiveness and identity with a work group, and valuing individual perspectives and contributions.**