

Exhibit No.:  
Issues: Tank Painting Tracker Adjustment,  
Miscellaneous Fees, Water Losses,  
Customer Service Issues, Local Hearing  
Testimony  
Witness: Greg A. Weeks  
Exhibit Type: Surrebuttal  
Sponsoring Party: Missouri-American Water Company  
Case No.: WR-2011-0337  
SR-2011-0338  
Date: February 2, 2012

**MISSOURI PUBLIC SERVICE COMMISSION**

**CASE NO. WR-2011-0337  
CASE NO. SR-2011-0338**

**SURREBUTTAL TESTIMONY**

**OF**

**GREG A. WEEKS**

**ON BEHALF OF**


**MISSOURI-AMERICAN WATER COMPANY**

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


<b>IN THE MATTER OF MISSOURI-AMERICAN ) WATER COMPANY FOR AUTHORITY TO ) FILE TARIFFS REFLECTING INCREASED ) RATES FOR WATER AND SEWER ) SERVICE )</b>	<b>CASE NO. WR-2011-0337 CASE NO. SR-2011-0338</b>
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**AFFIDAVIT OF GREG A. WEEKS**

Greg A. Weeks, being first duly sworn, deposes and says that he is the witness who sponsors the accompanying testimony entitled "Surrebuttal Testimony of Greg A. Weeks"; that said testimony and schedules were prepared by him and/or under his direction and supervision; that if inquiries 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.

  
\_\_\_\_\_  
Greg A. Weeks

State of Missouri  
County of St. Louis  
SUBSCRIBED and sworn to  
Before me this 31st day of January 2012.

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

My commission expires: 6/11/2012

JULIE M. POLZIN  
Notary Public - Notary Seal  
STATE OF MISSOURI  
St. Louis County  
My Commission Expires 6/11/2012  
Commission # 08575308

**SURREBUTTAL TESTIMONY  
GREG A. WEEKS  
MISSOURI-AMERICAN WATER COMPANY  
CASE NO. WR-2011-0337  
SR-2011-0338**

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**SURREBUTTAL TESTIMONY  
OF  
GREG A.WEEKS**

**I. WITNESS INTRODUCTION**

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**Q. STATE YOUR NAME AND BUSINESS ADDRESS?**

A. Greg Weeks, 727 Craig Road, St. Louis, Missouri 63141.

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

A. I am Vice President of Operations for Missouri-American Water Company (“MAWC” or the “Company”).

**Q. ARE YOU THE SAME GREG WEEKS WHO PROVIDED DIRECT AND REBUTTAL TESTIMONY IN THIS CASE?**

A. Yes.

**Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?**

A. I will address the following issues that were raised in the rebuttal testimony of Staff and the public hearing comments of UWUA Local 335:

- Tank Painting Tracker Adjustment
- Miscellaneous Fees
- Water Losses
- Customer Service Issues
- Local Hearings Testimony

**II. TANK PAINTING TRACKER ADJUSTMENT**

**Q. IN HER REBUTTAL TESTIMONY, PSC STAFF WITNESS BOLIN ARGUES FOR A THREE YEAR AVERAGE OF TANK PAINTING EXPENDITURES USING THE AVERAGE OF YEARS 2008, 2009, AND 2010. THIS RESULTS**

1           **IN AN EXPENSE LEVEL OF \$1.37 MILLION. DOES THE COMPANY**  
2           **AGREE WITH THIS RECOMMENDATION?**

3           A.     No.

4  
5           **Q.     WHY NOT?**

6           A.     MAWC does not believe that past expenditures used by Staff are indicative of  
7           MAWC's ongoing tank painting expense. In particular, the 2008 expense  
8           level of \$1 million was too low to support an ongoing tank painting program.

9  
10          **Q.     WHY WAS THE 2008 EXPENDITURE APPROXIMATELY \$1 MILLION?**

11          A.     The Company tried to match the expenditures to the level of the tracker at  
12          that time (i.e., \$1 Million). However, as I discussed in my prior testimony, this  
13          level does not fully support the Company's plan for ongoing tank painting.

14  
15          **Q.     WHAT IS THE REQUIRED LEVEL TO SUPPORT THE ONGOING TANK**  
16          **PAINTING PROGRAM?**

17          A.     \$1.6 million.

18  
19          **Q.     WHAT IS THE COST OF TANK PAINTING COMPLETED IN 2011?**

20          A.     Approximately \$1.3 million was spent in 2011.

21  
22          **Q.     WHY WAS THIS LESS THAN THE REQUIRED LEVEL TO SUPPORT THE**  
23          **ONGOING TANK PAINTING PROGRAM?**

24          A.     The cost in any individual year can vary significantly depending on the size  
25          and type of tank that needs to be painted. And also based on the condition of  
26          the coating and whether the exterior coating can be over-coated or needs to  
27          be removed and recoated. In 2011, only two elevated tanks, which typically  
28          are more expensive to paint, were painted and the ground tanks that were  
29          painted were smaller tanks.

30  
31

1 **Q. STAFF DOES NOT BELIEVE THE TRACKER SHOULD BE CONTINUED.**  
2 **DO YOU AGREE WITH THIS POSITION?**

3 A. No. While a level of \$1.6 million is the average the Company expects to  
4 spend, this can vary widely from year to year due to complexity and timing  
5 issues. The tracker accounts for this variability over time.

6 .

7 **Q. WHAT CAUSES THIS VARIABILITY?**

8 A. Painting the interior and exterior of water tanks is a complex procedure that  
9 takes significant operational planning. For instance, the process requires that  
10 a tank be drained and taken out of service for up to several months. During  
11 this time, the Company must take appropriate action to ensure that customer  
12 service and system reliability is not jeopardized due to this temporary  
13 inoperability of the tank. Because of this, scheduling and timing is critical. The  
14 weather must be warm and dry enough to allow the tank to be sandblasted  
15 and painted, winds must be low enough to contain the sand blasted material  
16 on site, and yet weather cannot be so warm as to cause customer demand to  
17 reach levels higher than can be supported with the tank out of service. This  
18 typically limits tank painting to several months in the spring and fall each year.  
19 If the weather varies either direction for an extended period, projects may  
20 need to be deferred seasonally or pushed back to the following year. In  
21 addition, the Company's tanks range in size from 25,000 to 11,000,000 gallon  
22 capacity and styles vary from ground storage to single pedestal and legged  
23 elevated tanks. These factors can cause the price to paint a tank to vary  
24 considerably; making tank painting costs in a given year vary significantly as  
25 well.

26

27 **Q. WHY IS IT IMPORTANT THEN THAT THE AUTHORIZED AMOUNT OF**  
28 **THE TRACKER BE COMMENSURATE WITH THE ANNUAL LEVEL OF**  
29 **EXPENDITURES?**

30 A. The existence of the tracker is important as a protection for both the customer  
31 and MAWC. It is intended to act as a true-up mechanism to insure that the  
32 costs of the tank painting program, and only the costs of that program, are

1 appropriately recovered. If the tracker is set substantially below the level of  
2 annual expenditures, however, the regulatory asset will continue to grow from  
3 year to year and future customers will be expected to pay for costs that  
4 should be borne by existing customers. The converse would be true if actual  
5 tank painting costs were below the tracker level on an ongoing basis.

6

7

### III. MISCELLANEOUS FEES

8

9 **Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY ON**  
10 **THIS ISSUE?**

11 A. My surrebuttal testimony will address statements in the rebuttal testimony of  
12 the Staff witnesses Kay Niemeier and Jim Russo concerning miscellaneous  
13 fees.

14

15 **Q. WHAT DOES STAFF WITNESS RUSSO RECOMMEND?**

16 A. Mr. Russo recommends that the fees vary in different operating areas for the  
17 same type of service provided. He also questions the existence of a Service  
18 Activation Fee.

19

20 **Q. WHAT ARE SOME EXAMPLES OF THE TYPES OF FEES THAT ARE**  
21 **BEING REFERRED TO?**

22 A. Turn on after non pay, service activation, returned check, and service line  
23 inspection fees.

24

25 **Q. ARE THE CURRENT FEES CONSOLIDATED STATEWIDE?**

26 A. No. There are two sets of fees, one for the St. Louis Metro area and another  
27 for the remainder of the state.

28

29 **Q. WHAT IS THE COMPANY PROPOSING FOR FEES IN THIS CASE?**

30 A. The Company is proposing that miscellaneous fees be consolidated into one  
31 schedule statewide. Doing so will reflect that the work required by the fee is

1 the same in each district and thus simplify billing and customer service which  
2 will reduce errors.

3

4 **Q. WHAT FEE ISSUE IS ADDRESSED BY MS. NEIMEIER?**

5 A. The Service Activation Fee.

6

7 **Q. DOES THE COMPANY CURRENTLY HAVE SERVICE ACTIVATION**  
8 **FEES?**

9 A. Yes. Service Activation Fees are provided for in the recently consolidated  
10 tariff rules per Rule 14 (A) on Sheet No, R-31. The charge amount is provided  
11 for on the Fee Schedule approved in the last Rate Case.

12

13 **Q. IS THIS FEE IDENTIFIED AS A SERVICE ACTIVATION FEE ON THAT**  
14 **SCHEDULE?**

15 A. No. On the fee sheet it is referred to as a Connection Fee / Turn On Fee.

16

17 **Q. WHAT IS YOUR PROPOSAL TO RESOLVE THE ISSUE RAISED BY MS.**  
18 **NEIMEIER AND MR. RUSSO?**

19 A. The Company proposes to revise the rate sheets for Miscellaneous Charges  
20 to change the “Connection Fee/Turn on Fee” reference to “Service Activation  
21 Fee”. (See attached Schedule GAW-3)

22

23 **Q. WHEN IS THIS FEE TO BE CHARGED?**

24 A. The fee is to be charged whenever a new account is set up. This can be on a  
25 new service or after a previous customer has discontinued service. It is not  
26 charged if a customer verifies that the account is not new but merely the  
27 result of a name change due to the death of a spouse or divorce.

28

29

#### **IV. WATER LOSSES**

30



1 **Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY ON**  
2 **THIS ISSUE?**

3 A. My surrebuttal testimony will address statements in the rebuttal testimony of  
4 Staff witness James Merciel.

5

6 **Q. WHAT POSITION DOES MR. MERCIEL TAKE IN REGARD TO WATER**  
7 **LOSSES?**

8 A. That use of NRW % in itself is not a valid measure of evaluating water not  
9 sold. Therefore using a 15% NRW factor to factor down power and chemical  
10 costs is not appropriate. However, Mr. Merciel also proposes a water and  
11 sewer workshop to develop a consensus methodology for addressing water  
12 losses.

13

14 **Q. DO YOU AGREE WITH THIS PROPOSAL?**

15 A. Yes. However, I believe that any such effort should draw on a broad base of  
16 regulated water utilities in Missouri and should be conducted separate from  
17 this Rate Case.

18

19 **V. CUSTOMER SERVICE ISSUES**

20

21 **Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY ON**  
22 **THIS ISSUE?**

23 A. My surrebuttal testimony will address issues in the rebuttal testimony of Staff  
24 witness Kay Niemeier. In particular, her rebuttal testimony on billing issues,  
25 estimation, acquisition checklist, and ongoing meetings of Company and  
26 Staff.

27

28 **Q. HAS THE COMPANY ADDRESSED THE BILLING ISSUES REGARDING**  
29 **THE AQUA ACQUISITION (WO-2011-0168)?**

30 A. Yes. As I indicated in my rebuttal testimony, there were nine items identified  
31 by Ms. Niemeier. Two of the items are not violations of rules, as was noted by  
32 Ms. Niemeier. They are in regard to how items look on the bill, and rely on

1 historical information to appear correctly (comparisons to previous use and  
2 bar charts of historical use). Six others were errors on a small percentage of  
3 bills - primarily in the first month of billing these new systems. These errors  
4 have been corrected. The remaining issue is in regard to the Company  
5 process of checking meter reads and bills before they are released to the  
6 customer.

7

8 **Q. WHAT IS YOUR RESPONSE TO THIS LAST ITEM?**

9 A. This issue goes to MAWC's process of checking meter reads at several levels  
10 and, if there are anomalies, correcting the bill before it is generated and sent  
11 to the customer. When following this process, a small percentage of bills  
12 (less than 1%) end up with billing periods longer than 35 days. This process is  
13 detailed in my rebuttal testimony.

14

15 **Q. WHAT IS THE ALTERNATIVE TO THIS PROCESS?**

16 A. Estimating the account.

17

18 **Q. DO YOU BELIEVE ESTIMATING THE ACCOUNT IS BETTER FOR THE  
19 CUSTOMER?**

20 A. No. In fact it is ironic that this option would be preferred when Ms. Niemeier's  
21 testimony details a number of the issues that come with estimated bills.

22

23 **Q. WHAT IS YOUR RESPONSE TO STAFF'S REQUEST FOR AN  
24 ACQUISITION CHECKLIST?**

25 A. MAWC does not object to the development of such a checklist. Such a  
26 checklist is under development by a working group within MAWC. I will  
27 provide a draft copy to Staff, when it is available.

28

29 **Q. WHAT IS YOUR RESPONSE TO THE PROPOSED REQUIREMENT TO  
30 MEET WITH STAFF ON CUSTOMER SERVICE ISSUES?**

31 A. The Company is always open to meeting with Staff and, in fact, already meets  
32 with Staff annually at our Customer Service Center.

1  
2 **VI. LOCAL HEARING TESTIMONY**  
3

4 **Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY ON**  
5 **THIS ISSUE?**

6  
7 A. My surrebuttal testimony will address statements in the testimony at the St.  
8 Louis County public hearing made by Utility Workers Union of America Local  
9 335 witness Tom Schneider.

10  
11 **Q. WHAT PORTION OF THAT TESTIMONY WILL YOU ADDRESS?**

12  
13 A. Mr. Schneider stated that as a Customer Service Worker he could access the  
14 following information on the computer used for working customer service  
15 orders: "...I can tell if you live alone, I know your floor plan, I know if you have  
16 a dog, I know if you have an alarm system and what you have in your  
17 house..."

18  
19 **Q. IS IT POSSIBLE USING THE COMPUTER AND CUSTOMER**  
20 **INFORMATION SUPPLIED BY THE COMPANY SYSTEM TO TELL IF THE**  
21 **CUSTOMER HAS A DOG?**

22 A. Not in most cases. If there has been an issue with a dog interfering with meter  
23 readers in some cases, there can be a note on the account that there is a  
24 dog.

25  
26 **Q. IS IT POSSIBLE USING THE COMPUTER AND CUSTOMER**  
27 **INFORMATION SUPPLIED BY THE COMPANY SYSTEM TO TELL HOW**  
28 **MANY PEOPLE LIVE IN THE HOME?**

29 A. No.  
30

1 **Q. IS IT POSSIBLE USING THE COMPUTER AND CUSTOMER**  
2 **INFORMATION SUPPLIED BY THE COMPANY SYSTEM TO TELL THE**  
3 **FLOOR PLAN OF THE HOME?**

4 A. No.

5

6 **Q. IS IT POSSIBLE USING THE COMPUTER AND CUSTOMER**  
7 **INFORMATION SUPPLIED BY THE COMPANY SYSTEM TO TELL IF**  
8 **THERE IS AN ALARM SYSTEM IN THE HOME?**

9 A. No.

10

11 **Q. IS IT POSSIBLE USING THE COMPUTER AND CUSTOMER**  
12 **INFORMATION SUPPLIED BY THE COMPANY SYSTEM TO TELL WHAT**  
13 **THE CUSTOMER HAS IN THE HOME?**

14 A. No.

15

16 **Q. DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?**

17 A. Yes.

18

# Schedule GAW-3

FORM NO. 13

P.S.C MO NO. 13

Original Sheet No. RT 9

Missouri-American Water Company  
Name of Issuing Corporation

For

Missouri Service Area  
Community, Town or City

## MISCELLANEOUS CHARGES

The following miscellaneous charges apply as authorized and described elsewhere in Company's filed Rules and Regulations.

<u>Service Activation Fee</u>	\$28.00
<u>Service Activation Fee (overtime)</u>	\$131.00
Turn on Non-pay Fee (Regular Hours)	\$57.00
Turn on Non-pay Fee (After Hours)	\$131.00
Returned Deposit Items	\$12.00/Per Item

\* Indicates new rate or text  
+ Indicates change

DATE OF ISSUE: June 30, 2011

DATE OF EFFECTIVE: July 30, 2011

ISSUED BY: Frank Kartmann, President  
727 Craig Road, St. Louis, MO 63141