

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


MAWC Exhibit No. 32
Date 2-21-12 Reporter JL
File No. WR-2011-0337

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-2011-0337
RATES FOR WATER AND SEWER)	CASE NO. SR-2011-0338
SERVICE)	

AFFIDAVIT OF GREG A. WEEKS

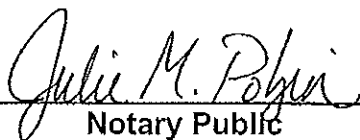
Greg A. Weeks, being first duly sworn, deposes and says that he is the witness who sponsors the accompanying testimony entitled "Surrebuttal Testimony of Greg A. Weeks"; that said testimony and schedules were prepared by him and/or under his direction and supervision; that if inquiries were made as to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

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VI. LOCAL HEARING TESTIMONY

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

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

Q. WHAT PORTION OF THAT TESTIMONY WILL YOU ADDRESS?

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

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

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

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

A. No.

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