Exhibit No.:	
Issues:	Description of Missouri-American Water and Operational Facilities, Tank Painting Tracker Adjustment, Tariff Rules Consolidation, Various Activity Charges
Witness:	Greg A. Weeks
Exhibit Type:	Direct
Sponsoring Party:	Missouri-American Water Company
Case No.:	WR-2010-XXXX SR-2010-XXX
Date:	October 30, 2009

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. WR-2010-XXXX
CASE NO. SR-2010-XXX

DIRECT TESTIMONY

OF

GREG A. WEEKS

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 RATES FOR WATER AND SEWER SERVICE	)))))	**CASE NO. WR-2010-XXXX** **CASE NO. SR-2010-XXXX**

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 "Direct Testimony of Greg A. Weeks"; 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.

Greg A. Weeks

State of Missouri
County of St. Louis
SUBSCRIBED and sworn to
Before me this 22 **day of** October **2009.**

Cindy M Ferguson
Notary Public

CINDY M FERGUSON
Notary Public, Notary Seal
State of Missouri
Commission # 08617964

My commission expires: 8/12/12

DIRECT TESTIMONY
GREG A. WEEKS
MISSOURI-AMERICAN WATER COMPANY
CASE NO. WR-2010-XXXX
SR-2010-XXX

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DIRECT TESTIMONY

Greg A. Weeks

I. WITNESS INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Greg A. Weeks and my business address is 727 Craig Road, St. Louis, Missouri 63141.

Q. WHAT POSITION DO YOU HOLD WITH MISSOURI-AMERICAN WATER COMPANY?

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

Q. WHAT DO YOUR JOB RESPONSIBILITIES INCLUDE?

A. I am responsible for the day-to-day development, management and operations of the Company's 9 water and 3 wastewater districts, which include the treating and furnishing of potable water; collection, treating and discharging of waste water; the provision of customer service; the safety and continuity of the Company's operations; and the upkeep and maintenance of the Company's facilities. I am responsible for the personnel employed within the Operations function as well as the development and maintenance of harmonious and productive personnel relations within Operations and between Operations and the other

functions with which it interacts. I am responsible for maintaining contact with local government officials, business representatives, and civic organizations. I also supervise the annual budgets covering capital investments and operation and maintenance expenditures and the construction of facilities occurring under the management of Operations employees. Additionally, I have the responsibility of controlling such expenditures upon their authorization by the Board of Directors. Finally, it is my responsibility to supervise water quality, production, distribution, and customer service activities, and procedures and their effectiveness.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND.

A. I received a Bachelors of Science degree in Civil Engineering in 1980 from the University of Missouri – Rolla and a Masters in Business Administration from Saint Louis University in 1996.

Q. PLEASE OUTLINE YOUR BUSINESS EXPERIENCE.

A. In 1981, I began my career with Exxon Co. USA located in Midland, Texas. I worked in various assignments from 1981 through 1987 as a District Reservoir Engineer, in Regulatory Affairs on both oil and gas regulation and environmental permitting, and as an engineer on a tertiary recovery pilot project. I went to work for St. Louis County Water Company in 1987 in the Engineering department primarily working on water main design and construction management. In 1990, I moved to St. Louis

County's System Operations group and focused on hydraulic modeling, control systems, and tank & booster design and construction. In 1992, I was promoted to Plant Engineer responsible for daily operation, capital and operating budgets, and personnel for the 40 MGD South County Plant. In 1994, I was promoted to Operations Superintendent over the System Operations department and managed the daily operation, control, budgets, and hydraulics of the St. Louis County system. During this period St. Louis County Water Company was acquired by American Water and became part of the Missouri-American Water Company. In 2002, I was promoted to Manager of Southwest Operations in Joplin. There I was responsible for all aspects of operations of the Joplin system. Included in this responsibility was leading the effort to build a regional approach to addressing the long term source of supply needs in a three state area. In 2004, I was promoted to General Manager of Network operations for MAWC responsible for all aspects of operations for the ten water and three waste water districts in Missouri. In 2009, I became vice President of Operations, maintaining the responsibilities of my previous position and adding responsibility for the Production, Water Quality, and Environmental areas of the operation.

Q. ARE YOU A MEMBER OF ANY PROFESSIONAL ORGANIZATIONS?

A. Yes, I am a member of the American Water Works Association. I am a registered Professional Engineer in the states of Missouri and Texas and I

hold my Class A and DS III Water Licenses from the Missouri Department of Natural Resources.

Q. HAVE YOU TESTIFIED BEFORE ANY REGULATORY COMMISSIONS?

A. Yes. As part of my assignment with Exxon, I testified before the oil & gas regulators in Texas, Oklahoma, Wyoming, and New Mexico. I have also testified before the Missouri Public Service Commission in a prior rate case.

Q. WHAT ARE THE SUBJECTS FOR WHICH YOU WILL BE PROVIDING TESTIMONY?

A. I will discuss the following subjects:

1. Description of MAWC and its operating facilities;
2. Tank Painting Tracker adjustment; and,
3. Consolidation of tariff rules.
4. Rates for various activities, such as service activation, discontinuance for non-pay, returned payments, etc.

II. DESCRIPTION OF MAWC AND OPERATING FACILITIES

Q. PLEASE DESCRIBE MAWC.

A. MAWC provides water utility service to over 455,000 customers in and around 121 communities throughout the State of Missouri. We provide water service to districts ranging in size from St. Louis Metro (largest) to

Brunswick (smallest). We also provide sewer utility service in our Parkville, Warren County, and Cedar Hill operations.

Q. PLEASE GENERALLY DESCRIBE MAWC'S PLANT AND PROPERTY, AS OF JUNE 30, 2009.

A. As of June 30, 2009, the Company's utility plant accounts included land and land rights, structures and improvements, collecting and impounding reservoirs, wells, pumping equipment and associated facilities, purification plant and equipment, sludge disposal facilities, transmission and distribution mains, distribution storage facilities, service lines (excepting those in St. Louis County), meters, hydrants and other facilities, including materials and supplies.

Q. PLEASE GENERALLY DESCRIBE MAWC'S SOURCES OF WATER SUPPLY, TREATMENT FACILITIES, PUMPING EQUIPMENT AND DISTRIBUTION SYSTEM PROPERTY.

A. MAWC draws water for our 9 water districts from surface supplies, wells and/or infiltration galleries. About 87% of the total source of supply comes from surface supply and 12% comes from wells and infiltration galleries. The remaining 1% is purchased water. Eleven water treatment facilities produced an average of over 202 million gallons daily from July 1, 2008 through June 30, 2009, or approximately 74 billion gallons annually. These plants provide various types of treatment appropriate for each

supply. The treatment processes include sedimentation and filtration, clarification, disinfection, taste and odor removal, organic chemical absorption, iron and manganese removal or sequestering, pH adjustment, corrosion control, and fluoridation for dental prophylaxis, all in order to meet or exceed the standards of the drinking water regulations of the Drinking Water Branch of the Missouri Department of Natural Resources (MoDNR), the United States Environmental Protection Agency (EPA), municipal and county fluoridation ordinances, and a municipal water softening franchise requirement. The Company has in excess of 5,700 miles of transmission and distribution mains ranging in size from 1-inch to 42-inch diameter. The Company has 42,391 fire hydrants available for public fire service. Seventy-one potable water storage tanks (not including plant wash water tanks), with total capacity of approximately 145 million gallons, are strategically located in the service areas for drawdown during peak demand periods and for fire protection services.

Q. PLEASE GENERALLY DESCRIBE MAWC'S WASTE WATER OPERATIONS.

A. MAWC operates a waste water collection system in the Platte County Operation and waste water collection and treatment systems in the Cedar Hill and Warren County Operations. The waste water system facilities consist of approximately 19.5 miles of collection mains ranging in size from 2-inch to 10-inch diameter. There are approximately 600 manholes

and 10 lift stations in these systems. From July 1, 2008 through June 30, 2009 these collection mains collected an average of over 298,000 gallons of waste water daily. There exist a total of 3 mechanical waste water treatment plants in the Cedar Hill and Warren County Operations. The average daily volume of waste water treated by these plants from July 1, 2008 through June 30, 2009 was over 283,000 gallons for an annual total of over 103 million gallons.

Q. WHAT IS THE CONDITION OF MAWC'S UTILITY PROPERTY?

A. MAWC maintains its water and waste water utility properties in a good state of operating condition for the rendering of water and waste water utility service. The reports of inspections conducted by the MoDNR confirm the Company's operations are in compliance with state and federal drinking water and waste water laws and regulations. Kevin Dunn's Direct Testimony contains information regarding the Company's capital investment activities that, in addition to utility property maintenance and operation, are critical to the provision of safe and adequate water utility service.

Q. ARE ALL OF THE FACILITIES THAT ARE INCLUDED IN THE UTILITY PLANT ACCOUNTS OF MAWC IN SERVICE AND REASONABLY NECESSARY FOR THE PROVISION OF SAFE AND ADEQUATE WATER AND WASTE WATER SERVICE?

A. Yes. All of MAWC's property is necessary for and is being used to fulfill the Company's responsibility to provide safe and adequate water and waste water utility service.

III. TANK PAINTING TRACKER ADJUSTMENT

Q. WHAT IS THE TANK PAINTING TRACKER?

A. The Tank Painting Tracker (Tracker) is a form of accounting treatment that allows for tank painting expense to be tracked and identified separately from other items of expense. More specifically, the Tracker facilitates direct auditing of Company financial records to determine its level of expenditures over time on the repainting of its tanks.

Q. HOW DOES THE TRACKER WORK?

A. The Tracker is currently set at an average level of expenditure on tank painting of $1,000,000 per year. If the Company is expending funds on tank painting at the average rate of $1,000,000 per year, this liability (or asset) has a value of zero at the end of the year. Upon inspection of the Company's financial records, the Company's amount of expense on this category of maintenance can readily be determined from the value of the Tracker liability (asset) account.

Q. WHAT IS THE PURPOSE OF THIS TRACKER?

A. From one rate filing to the next there is the opportunity to review the balance in the Tracker liability (asset) account and determine how to address this amount. This Tracker mechanism acts as an incentive to the Company to make sure it expends the average of $1,000,000 per year on tank painting and protects the customer, if the Company spends less than $1,000,000 on tank painting.

Q. DOES THE CURRENT TRACKER ENCOURAGE AN OPTIMAL LEVEL OF TANK PAINTING ACTIVITY?

A. No. The current Tracker only encourages the Company to spend $1,000,000 per year on tank painting. A tank painting expenditure of $1,000,000 is not the optimal level of annual tank painting activity.

Q. DOES THE COMPANY BELIEVE THERE IS A DIFFERENT VALUE AT WHICH THE TRACKER SHOULD BE SET THAT BETTER MATCHES THE VALUE OF ANNUAL TANK PAINTING EXPENSE WITH THE OPTIMAL LEVEL OF TANK PAINTING ACTIVITY APPROPRIATE FOR THE COMPANY'S TANKS AND IF SO WHAT IS THAT VALUE?

A. Yes, the Company believes that based on 2009 pricing a value for the Tracker of $1,600,000 per year supports an optimal level of average annual tank painting activity.

Q. HOW WAS THIS AMOUNT CALCULATED?

A. Schedule GAW-1 supports this conclusion by first calculating the total cost to paint all the Company's tanks. This was done by estimating the cost to paint the interior and exterior surfaces of each tank based on the unique features of each tank such as tank type (i.e. riveted or welded steel), tank surface area, and whether it is an elevated or ground tank. The tank interior cost estimates were added together to arrive at a total estimated cost to paint all tank interior surfaces of $11,058,000. The tank exterior surface cost estimates were added together to arrive at a total estimated cost to paint all tank exterior surfaces of $6,653,000. These expense totals were then divided by the total number of tanks (including steel tank like structures at the plants) in the Company's districts (97) to arrive at an average per tank interior surface painting expense of $114,000 and exterior surface painting expense of $68,587.

Determining the average total annual level of expense to maintain the surfaces of the Company's tanks requires a determination of the average life expectancy per paint coating. Like the estimated cost to paint each tank's interior and exterior surfaces, each tank's unique aspects were considered, most importantly its existing coating type. For example, all other things being equal, if a tank's interior coating was epoxy paint it was assigned a different life expectancy from that of an exterior surface coated with acrylic paint. After assigning life expectancies to each tank's interior surface the sum of these life expectancies was divided by the Company's total number of tanks (97) to arrive at an average tank interior paint

coating life expectancy of 13.7 years. Similarly, an average tank exterior paint coating life expectancy of 9 years was calculated.

By dividing the number of tanks in the Company's districts (97) by the calculated average life expectancy of a tank interior paint coating of 13.7 years the Company calculated an average of 7 tank interiors per year to be painted such that, on average, tank interior surfaces are being repainted on a frequency that equals their life expectancies. Similarly, with an average tank exterior paint coating life expectancy of 9 years the calculated average number of tank exterior surfaces per year to be painted is 11 (i.e., 97/9).

By multiplying the average tank interior surface painting expense ($114,000) by the average number of tank interior surfaces per year to be painted (7), an average total annual tank interior painting expense of $798,000 results. By applying this same calculation with respect to tank exterior surfaces, an average total annual tank exterior painting expense of $754,457 results (i.e., $68,587 x 11).

In addition to direct tank painting expense, there is the annual expense of what is termed as washout & inspection of the tank interior and visual inspection of tank exterior coatings not under warranty to determine their condition. As determined by the method described above, by multiplying the average annual number of tank interiors to be painted (7) by the warranty period in years (5) for each tank, as part of a continuous process of tank painting, this results in 35 tank interiors under warranty in any

given year. By subtracting the number of tank interiors under warranty (35) from the total number of tanks in the Company's districts (97) this leaves an average of 62 tank interiors that each should receive inspection on a four year cycle. By dividing the number of tank interiors not under warranty (62) by the period in years between interior tank inspections (4) this results in the need for an average of 16 washouts & inspections of tank interiors per year. By multiplying the cost per washout & inspection ($2,725) by the average number of washouts & inspections to be conducted each year (16) the average total annual washout & inspection expense is $43,600. A similar process was applied to the calculation of the visual tank exterior inspection expense to arrive at an average total annual visual tank exterior inspection expense of $8,240. Adding together these average total annual inspections and painting expenses produces an average grand total annual tank maintenance expense of $1,604,297, based on 2009 pricing. The 2009 budget mirrors this average very closely at $1,606,476.

Q. DOES MAWC BELIEVE $1,000,000 PER YEAR OF TANK PAINTING EXPENSE IS REPRESENTATIVE OF THE LEVEL OF EXPENSE IT WILL INCUR GOING FORWARD FROM THE DATE OF THE ORDER IN THIS RATE CASE?

A. No. As mentioned previously in this testimony the figure of $1,000,000 is based on 2007 pricing and fewer tanks painted per year. MAWC believes

its tank painting costs going forward from the order in this rate case will be higher in order to keep more tanks painted on schedule and reflect the cost increases of inputs such as labor, materials, and fuel.

Q. DOES MAWC HAVE AN ESTIMATE OF WHAT IT EXPECTS THE VOLUME OF TANK PAINTING ACTIVITY DESCRIBED IN THIS TESTIMONY TO COST GOING FORWARD FROM THE DATE OF THE ORDER IN THIS RATE CASE?

A. Yes, MAWC estimates the same volume of tank painting activity expressed as $1,600,000 in 2009 pricing will cost approximately $1,650,000 in 2010 pricing.

Q. DOES MAWC EXPECT THE 2010 PRICING TO BE KNOWN ON OR BEFORE THE TRUE-UP DATE IN THIS CASE?

A. Yes. In addition, MAWC expects to have executed contracts in place for its 2010 tank painting projects on or before the true-up date for this rate case.

Q. DOES MAWC EXPECT TO TRUE-UP ITS FILING IN THIS RATE CASE WITH RESPECT TO THE VALUE OF THE TANK PAINTING TRACKER BASED ON THE PRICES SPECIFIED IN THE TANK PAINTING CONTRACTS IT EXPECTS TO EXECUTE ON OR BEFORE THE TRUE-UP DATE FOR THIS RATE CASE?

A. Yes.

Q. WHAT INDICATIONS CAN THE COMPANY PROVIDE THAT GOING FORWARD FROM THE DATE OF THE ORDER IN THIS RATE CASE IT WILL COMPLETE AN AVERAGE TOTAL ANNUAL LEVEL OF TANK MAINTENANCE OF $1,600,000?

A. First, the Company is currently completing its 2009 tank painting projects and plans to have those projects completed by the year end. Although the Tracker is currently set at a value of $1,000,000 annually, the level of tank painting expense the Company intends to complete in 2009 is $1,600.000. Using this approach, Staff will be able to verify that the level of tank painting expense incurred by the Company in 2009 far exceeds the $1,000,000 currently assigned to the Tracker.

Second, as mentioned above, the Company is planning to execute a contract with a painting contractor for the performance of its 2010 tank painting projects on or before the true-up date in this case. In this contract the Company anticipates contracting for a volume of tank painting activity equivalent to that supported by the $1,600,000 at 2009 pricing, currently proposed in this rate case, contingent upon regulatory approval of a Tracker value equal to the dollar value of said 2010 tank painting contract (at the time of the submission of this testimony, it is estimated to be approximately $1,648,000, or a 3% increase in contract costs). Third, as stated previously in this section of my testimony, by the very nature of the

Tracker, the Company is encouraged to incur an average annual tank painting expense equal to the value of the tracker, no more and no less.

Q. IN SUMMARY, WHAT DOES THE COMPANY BELIEVE TO BE AN OPTIMAL VALUE AT WHICH TO SET THE TRACKER?

A. The optimal value at which to set the Tracker is that value that supports an average tank painting frequency that matches the average life expectancy of a tank's paint coating. On average, for MAWC, that value is $1,600,000 at 2009 prices and may very well be a higher value based on contracts MAWC executes prior to the true-up date.

IV. TARIFF RULES CONSOLIDATION

Q. WHAT IS THE PURPOSE OF FILING THIS RULE CONSOLIDATION?

A. The purpose of the tariff rules consolidation is to establish, to the greatest extent possible, one set of rules that would be applicable to all of MAWC's water operations. Currently, MAWC operates under a number of separate (and in some cases different) tariff rules depending on the District served. This situation resulted from the fact that as Missouri-American Water Company acquired various properties in Missouri, it also acquired, or adopted, the legacy tariffs of the company that it was acquiring. For example, MAWC currently has separate tariff rules for its St. Joseph District, its Joplin District, its Parkville, Brunswick, Warrensburg, Mexico

and St. Charles Districts (which were acquired from Avatar), its Jefferson City District, its Warren County District and its St. Louis County District.

Q. WHY IS TARIFF CONSOLIDATION APPROPRIATE?

A. The consolidation of the rules will improve efficiencies and allow all of our water operations to work under the same guidelines. This will also improve our effectiveness in handling customer issues, improve customer service, and provide consistency for customers between districts and with regulators.

Q. WHAT IS THE INTENT FOR THE EXISTING WATER RULES?

A. The consolidated tariff rules as contained in Schedule GAW-2 will completely replace all existing tariff rules for each of the various water districts.

Q. WILL THIS INCLUDE THE TARIFF RULES FOR THE WASTE WATER OPERATIONS?

A. No. The existing rules for the waste water operations in Parkville, Cedar Hill, and Warren County will remain in place at this time.

Q. ARE YOU PROPOSING TO CONSOLIDATE ANY OF THE WATER RATES?

A. No. The consolidated tariff contains separate rate sheets for each water district.

Q. IS THERE A CHANGE TO HOW DEVELOPER DRIVEN INSTALLATIONS ARE FUNDED?

A. Yes, in all districts the "refund" of developer contributions, which typically is based on a multiplier of average use for each new customer, is being eliminated. Also, the rule will no longer require ductile iron pipe be used. Instead, the type of pipe will be determined by MAWC's standard specifications (these allow C900 plastic pipe for example). In addition, the new rules will allow for the "developer lay" option. This allows the developer to use his own contractor to install the pipe subject to MAWC's specifications and inspection. These proposed rule changes allow more flexibility to developer installation and allows MAWC to focus the use of its capital on needed infrastructure investments to maintain the integrity of the existing system that among other purposes supports the new development. The specifications and details for developer installations will continue to be as required in a contract between the developer and MAWC.

Q. ARE THERE OTHER CHANGES BEING PROPOSED IN THE CONSOLIDATED TARIFF?

A. Yes. These consolidated operating rules were developed using the best of the old rules, applying best operating practices developed within and external to MAWC, and alignment with customer service, billing and collection practices. For example, wording has been changed to recognize on-line bill payment and a procedure for placing a customer with a history of returned payment charges on a "cash only" status. The private fire section was updated to address residential fire suppression systems after getting feedback on this issue from home builders and fire authorities. All fire services will continue to require execution of an application for special connection by the applicant and MAWC. Also, in St. Louis County a "service activation" charge has been added to match current practices in all of the other districts. This recognizes that there is a cost associated with getting a start read and turning on the water by our field service employees and, thus, proposes to recover that cost from the new subscriber.

Q. ARE ALL OF THE CONSOLIDATED RULES APPLICABLE STATEWIDE?

A. No. Primarily due to service line ownership requirements and meter locations inside of structures, there are several rules specific to St. Louis County. These are identified as such and are at the end of the rule package. Included in this is the existing variance for the timeline allowed between actual reads and the notice procedures as set in WC-77-180.

V. VARIOUS ACTIVITY CHARGES

Q. ARE CUSTOMER RATES FOR OTHER ACTIVITIES BEING ADJUSTED?

A. Yes, the fees for items like service activation, disconnection for non-pay, returned payment charges, etc. have been reviewed and adjusted as per schedule GAW-3.

Q. ARE CUSTOMER FEES FOR VARIOUS ACTIVITIES CONSISTENT AND COST BASED?

A. Yes. The actual costs associated with these activities were evaluated on a district by district basis. We found that these district specific costs were relatively similar so we are proposing to establish the same rates for these activities regardless of district.

Q. DOES THAT CONCLUDE YOUR TESTIMONY?

A. Yes.