

Exhibit No.:	
Issues:	Reasons for rate relief, water efficiency, value of water service, affordability and community involvement.
Witness:	Deborah D. Dewey
Exhibit Type:	Direct
Sponsoring Party:	Missouri-American Water Company
Case No.:	WR-2020-0344; SR-2020-0345
Date:	June 30, 2020

**MISSOURI PUBLIC SERVICE COMMISSION**

**CASE NO. WR-2020-0344  
CASE NO. SR-2020-0345**

**DIRECT TESTIMONY**

**OF**

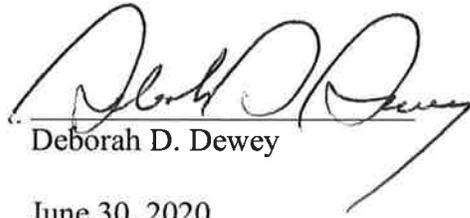
**DEBORAH D. DEWEY**

**ON BEHALF OF**

**MISSOURI-AMERICAN WATER COMPANY**

**AFFIDAVIT**

I, Deborah D. Dewey, under penalty of perjury, and pursuant to Section 509.030, RSMo, state that I am President for Missouri-American Water Company, that the accompanying testimony has been prepared by me or under my direction and supervision; that if inquiries were made as to the facts in said testimony, I would respond as therein set forth; and that the aforesaid testimony is true and correct to the best of my knowledge and belief.

A handwritten signature in black ink, appearing to read "Deborah D. Dewey", written over a horizontal line.

Deborah D. Dewey

June 30, 2020

Dated

**DIRECT TESTIMONY  
DEBORAH D. DEWEY  
MISSOURI-AMERICAN WATER COMPANY  
CASE NO. WR-2020-0344  
CASE NO. SR-2020-0355**

**TABLE OF CONTENTS**

<u>I. INTRODUCTION</u> .....	1
<u>II. SCOPE OF TESTIMONY</u> .....	4
<u>III. RATE REVIEW PROCESS</u> .....	7
<u>IV. REASONS FOR RELIEF REQUESTED</u> .....	8
<u>V. IMPROVING WATER EFFICIENCY</u> .....	12
<u>VI. VALUE OF WATER AND AFFORDABILITY</u> .....	15
<u>VII. COMMUNITY INVOLVEMENT</u> .....	19

**DIRECT TESTIMONY**

**DEBORAH D. DEWEY**

**I. INTRODUCTION**

1 **Q. Please state your name and business address.**

2 A. My name is Deborah D. Dewey, and my business address is 727 Craig Road, St. Louis,  
3 Missouri 63141.

4 **Q. By whom are you employed and in what capacity?**

5 A. I am the President of Missouri-American Water Company, Inc. (“Missouri-American”,  
6 the “Company”, or “MAWC”).

7 **Q. Please summarize your educational and professional qualifications.**

8 A. I have a Bachelor of Science Degree in Mechanical Engineering from the Florida  
9 Institute of Technology, and a Master’s Degree in Business Administration from the  
10 University of Central Florida. I have also completed a variety of professional courses  
11 and training programs; including NARUC Rate School, Demand Side Management and  
12 Utility Economics, SIMPLEX Complex Problem Solving, and Total Quality  
13 Management; Continuous Process Improvement Programs such as Demand Flow  
14 Technology, Kaizan, 5S and Six Sigma; and Executive Development programs at  
15 Westinghouse, General Electric and Powergen Corporations.

16 I am certified by the Kauffman Foundation to provide FastTrac New Venture, Tech  
17 Venture and Growth Venture programs to entrepreneurs. I have served on the Grow  
18 Southwest Indiana Workforce Investment Board and the Advisory Board for the  
19 University of Southern Indiana Advanced Manufacturing and Industrial Supervision

1 programs.

2 I have served on the Indiana Chamber of Commerce Board of Directors and currently  
3 serve on the Missouri Chamber of Commerce, Missouri Partnership and Hawthorn  
4 Foundation Boards of Directors. I have also served as Board Member on the Western  
5 Kentucky Contractors Association, Ohio Valley National Bank, the Western Kentucky  
6 Coal Association, and for various not-for-profit organizations.

7 **Q. Please outline your business experience.**

8 A. From 1980 to 1992, I was employed by Westinghouse Electric Company, holding a  
9 variety of positions in the states of Pennsylvania and Florida with the power systems  
10 business unit. I was promoted to positions of increasing responsibility in design  
11 engineering, project management, field technology services, and strategic planning.

12 From 1992 to 1996, I was employed by General Electric Corporation in the state of  
13 New York, first as Product General Manager and then as General Manager of large  
14 electrical generator manufacturing.

15 From 1996 to 2002, I was employed by LG&E Energy Corporation, holding the  
16 position of President of Western Kentucky Energy.

17 From 2002 to 2008, I owned D&D Foundation Supply, Inc., providing construction  
18 material supplies and specialty construction for water tower foundations, pump stations  
19 and related connections to existing distribution infrastructure.

20 From 2008 to 2010, I was President of Mammoth Marine Inc. and Managing Member

1 of Vitus LLC, developing business plans in support of private equity capital raising  
2 efforts of angel investors to construct and operate shipyards on the Ohio River.

3 From 2010 to 2015, I was President of The Growth Alliance for Greater Evansville, an  
4 economic development services company responsible for business attraction, retention  
5 and expansion of businesses in Evansville and surrounding areas in Vanderburgh  
6 County, Indiana. In this position, I also was responsible for regional Technology  
7 Transfer with the Naval Surface Warfare Center at Crane, Indiana, facility management  
8 of the Innovation Pointe business incubator, and consulting services for entrepreneurs.

9 In 2015, I joined Indiana-American as Vice President of Operations, overseeing  
10 production and distribution operations across Indiana. In June of 2016, I was promoted  
11 to President of Indiana-American and Michigan-American Water Company. I held that  
12 position until March of 2019 when I assumed the position of President of Missouri  
13 American.

14 **Q. Please summarize your responsibilities for MAWC?**

15 A. I am responsible for leading the MAWC workforce throughout the State of Missouri,  
16 including those who manage the production, distribution, engineering, business  
17 development, business process, rates and regulatory, and external affairs functions. I  
18 am responsible for the delivery of safe, reliable and sufficient water and/or wastewater  
19 services to our customers in Missouri.

20 I manage employees and processes that identify and prioritize investment needs to  
21 maintain the infrastructure required for safe and reliable delivery of water and

1 wastewater services to our customers.

2 I am responsible for all employees and ensuring that all activities of the Company are  
3 carried out in compliance with all local, State and Federal laws and regulations and  
4 standards of good business practice, with assistance of legal/compliance officers.

5 **Q. Please describe the Company's operations and the areas it serves.**

6 A. The Company's operations are widely dispersed throughout the State. The Company  
7 currently provides service to approximately 470,000 water and 15,000 wastewater  
8 customers in more than 200 communities throughout Missouri, operating 36 public  
9 water systems in 29 counties and 73 sewer systems.

10 **II. SCOPE OF TESTIMONY**

11 **Q. What is the purpose of your testimony in this proceeding?**

12 A. As the President of the Company, it is important to articulate the reasons why we are  
13 seeking rate relief, and to describe the contributions that we make to the State of  
14 Missouri in providing water and wastewater services - critical resources that are vital  
15 to our health, welfare, and economic well-being. In addition, I will explain how our  
16 cost recovery proposals in this case are intended to support the more efficient use of  
17 water, investment in our system, and the long-term best interests of our customers.

18 **Q. Who are the witnesses supporting the Company's filing?**

19 A. The following witnesses provide Direct Testimony in support of the Company's  
20 request:

- 1 • Grant Evitts testifies in support of the Company’s proposal regarding water and  
2 sewer operations, water quality, safety, non-revenue water, ongoing efforts to  
3 improve efficiency including application of technology, and employee levels.
- 4 • Jeff Kaiser testifies in support of the Company’s overall approach to capital  
5 management including risks in providing water and sewer service and describes  
6 the significant capital investments made and planned to be made.
- 7 • John Watkins testifies in support of the basis and appropriateness of a future  
8 test year and application of the revenue stability mechanism (“RSM”).
- 9 • Brian LaGrand testifies in support of the Company’s overall revenue  
10 requirement and rate base, minimum filing requirements, the Company’s  
11 proposed capital structure, weighted average cost of capital, and overall rate of  
12 return; acquisitions, rate case and miscellaneous expenses, depreciation  
13 expense, pension and OPEB expense, the Pension and OPEB trackers, property  
14 taxes, and credit card fees; and sponsors the company accounting schedules.
- 15 • Nikole Bowen testifies in support of the accounting adjustments for a future test  
16 year that relate to the Company’s operating and maintenance expenses, such as  
17 labor and labor related expenses, contract services, taxes other than income,  
18 insurance other than group insurance, and Service Company expense allocation.
- 19 • Todd Wright testifies in support of the accounting adjustments for a future test  
20 year that relate to the Company’s production costs, uncollectible account  
21 balances, rents, transportation and postage.
- 22 • Gregory Roach supports the level of sales and explain the impact of declining  
23 residential customer consumption and weather variability on the Company’s

1 revenues.

2 • Charles Rea testifies in support of the Company’s cost of service allocation and  
3 proposed rate design, current rate structure, inclining block rates, and  
4 consolidated pricing.

5 • John Wilde testifies in support of the Company’s income taxes.

6 • Ann Bulkey testifies in support of the reasonableness of the Company’s  
7 requested cost of common equity and fair valuation.

8 • Larry Kennedy testifies in support of the Company’s depreciation study.

9 • Patrick Baryenbruch testifies in support of the benefits of the arrangement with  
10 American Water Works Service Company as shown by the Company’s Service  
11 Company Market Cost Comparison.

12 • Robert Mustich testifies in support of the appropriateness of MAWC’s salary  
13 and wage structure as shown by the Company’s compensation study.

14 **Q. When were Missouri-American’s current rates established?**

15 A. The Commission approved Missouri-American's current rates by its order issued May  
16 2, 2018 in Case No. WR-2017-0285. Those rates, which became effective on May 28,  
17 2018, were based on costs that reflected a 2016 historic test year with certain updates  
18 through December of 2017. In this request for relief, the Company is seeking new rates  
19 developed based on a test year ending May 31, 2022 in order to include the planned  
20 completion of investment projects that will be in service by that date, as well as  
21 projected increases to operating and maintenance costs.

1 **III. RATE REVIEW PROCESS**

2 **Q. Does Missouri-American have any requests for the ratemaking process that will**  
3 **be proposed in this case, specifically as it may be related to Case No. AW-2019-**  
4 **0127 (Workshop Case to Explore the Ratemaking Process)?**

5 A. Yes. Missouri-American filed comments on proposed ratemaking process changes on  
6 November 27, 2018, in Case No. AW-2019-0127 and attended a workshop with  
7 representatives of other utilities regulated by the Missouri Public Service Commission.  
8 Missouri-American recognizes that it is difficult to identify and implement process  
9 improvement actions that impact such a large and diverse group of stakeholders. To  
10 support the Commission’s interest in improving the ratemaking process, Missouri  
11 American has proposed process changes in this case that would support the  
12 Commission’s goals of improvement and serve as a pilot before deciding on or  
13 implementing changes that might apply to all ratemaking proceedings.

14 **Q. What specific process changes does Missouri-American propose for this**  
15 **ratemaking proceeding?**

16 A. As discussed in the Direct Testimony of Company witness Brian LaGrand, Missouri  
17 American proposes that a single case-in-chief, filed by Missouri-American, be  
18 reviewed by all stakeholders; and that the Commission Staff respond to the same rather  
19 than develop a separate rate recommendation or case-in-chief. Development of a case  
20 that is independent of the utility filing has resulted in added workloads, lengthier  
21 schedule, and often leads to confusion.

22 This change will allow combining Commission Staff’s and Intervenor’s direct and

1 rebuttal testimony into one filing. In so doing, it will allow for a comparison of  
2 recommendations to be focused and meaningful, thereby reducing inefficiency. Parties  
3 may then respond to the utility’s case-in-chief and propose their own adjustments, using  
4 the same test year. This approach will allow for a combination of the testimony on  
5 revenue requirements, cost of service, and rate design, which can also improve  
6 efficiency of review and rebuttal.

7 **IV. REASONS FOR RELIEF REQUESTED**

8 **Q. What amount of rate relief is the Company seeking in this case?**

9 A. MAWC is seeking \$102,915,538, or a 32.3% increase over revenues authorized in our  
10 last rate case. Company witness Jeff Kaiser explains that Missouri-American has  
11 invested or plans to invest nearly \$950 million in its water and sewer facilities since its  
12 last rate case through May 31, 2022.

13 **Q. Why has the Company found it necessary to file this rate case?**

14 A. Missouri-American takes very seriously its obligation to meet customers’ needs and  
15 expectations, but providing those services is not without cost. It is important for a  
16 regulated utility to regularly file for rate relief to maintain its ability to invest in  
17 maintaining and improving the system to best serve the long-term interests of its  
18 customers.

19 The Company has made and continues to make significant, ongoing investment to  
20 replace aging infrastructure and make upgrades required by environmental regulation  
21 and prudent investment to ensure the safety of our customers and employees. The  
22 Company also incurs substantial operations and maintenance (“O&M”) expense to

1 provide reliable and safe water and wastewater service. Our past efforts to slow and  
2 mitigate cost increases have been very successful. We have been able to achieve this  
3 success, in part, by prudent investments that enable us to work more efficiently.  
4 However, it is not possible to continue to meet our service obligations properly without  
5 timely recovery of these expenditures. It is important for a regulated utility to file for  
6 rate relief when its ability to invest in maintaining and improving the water system may  
7 be impaired.

8 **Q. What are the major drivers of the Company's need for rate relief?**

9 A. In his Direct Testimony, Missouri-American's witness Brian LaGrand, the Company  
10 Director of Rates and Regulatory Support, describes two major drivers of the  
11 Company's need for rate relief: 1) regulatory lag associated with ongoing capital  
12 investment, and 2) revenue loss arising from declining usage. As shown in the Direct  
13 Testimony of Missouri-American's witnesses Messrs. John Watkins and Greg Roach,  
14 the Company has failed to collect the Commission approved revenue requirement  
15 established in Case No. WR-2017-0285. In fact, the Company has failed to achieve  
16 the approved revenue requirement in seven of the last ten years, and that trend is  
17 expected to continue through the future test year in this case (May 31, 2022). Company  
18 Witness John Watkins explains the justification for application of an RSM in in his  
19 Direct Testimony.

20 **Q. How is capital investment driving the need for rate relief?**

21 A. MAWC serves approximately 1 in 4 Missourians. MAWC has and continues to  
22 manage its operations responsibly and effectively to uphold its continued commitment

1 to provide safe, clean and reliable water and wastewater services to our customers at  
2 reasonable rates. Nearly 90% of the Company's proposed revenue increase is driven  
3 by its ongoing investment in infrastructure. Those investments include improving the  
4 resiliency of the Company's distribution system and treatment plants, treatment  
5 changes to maintain regulatory compliance, technology investments that will integrate  
6 with existing systems to enhance service to customers, and management of source of  
7 supply and system demands.

8 Company witness Jeff Kaiser explains that, since its last rate case, the Company has  
9 invested or plans to invest nearly \$950 million in its water and sewer facilities and  
10 distribution and collection system improvements. This is inclusive of the investments  
11 made and currently recovered through the Company's Infrastructure System  
12 Replacement Surcharge (ISRS). Since implementation of rates authorized in the last  
13 rate case, MAWC has invested over \$250 million in distribution system improvements  
14 in St. Louis County for recovery under the ISRS for which rate relief was received  
15 through Commission orders in Case Nos. WO-2018-0373, WO-2019-0184, WO-2019-  
16 0389, and WO-2020-0190. The ISRS has been of great help in meeting the needs of  
17 replacing aging water mains in St. Louis County.

18 **Q. You mentioned that the Company has failed to achieve its authorized revenue**  
19 **requirement in seven of the last 10 years. Is it appropriate to expect the Company**  
20 **to operate in an environment where it does not have a realistic opportunity to**  
21 **recover authorized revenues?**

22 A. No, it is not. As explained in the Direct Testimony of Company witness Charles Rea,

1 most of Missouri-American’s costs are fixed, while most revenue is variable, collected  
2 through volumetric rates charged on a per gallon basis. Missouri-American is operating  
3 in a declining revenue, rising costs environment. As a result, Missouri-American’s  
4 ability to invest in replacing critical infrastructure proactively and improving efficiency  
5 has been constrained because Missouri-American has not been provided with a realistic  
6 opportunity to earn a fair return on its investments.

7 **Q. Please explain the consequences of operating under these constraints.**

8 A. Missouri-American faces significant cost recognition lag under its current ratemaking  
9 structure. Despite these constraints, Missouri-American ensures that funding is  
10 available to continue to preserve the safety and integrity of its systems for the protection  
11 of its customers, employees and operations. We continue to maintain adequate sources  
12 of supply, treatment, pumping, transmission and distribution facilities, as well as to  
13 comply with applicable laws and regulations – that is our public service obligation. But  
14 the necessary funding level to ensure the safety and integrity of the systems is not the  
15 same as the funding levels that best serve the long-term interests of our customers.  
16 From the perspective of long-term sustainable customer service and pricing, the  
17 Company’s goal is to continue providing high quality water and sewer service in the  
18 most affordable way through the replacement, operation, maintenance, and  
19 rehabilitation of assets for present and future customers.

20 **Q. Do Missouri-American’s ratemaking proposals address the constraints with the**  
21 **existing ratemaking structure?**

22 A. Yes, they do. The Direct Testimony of Company Witness John Watkins supports the

1 Company's application of a Revenue Stability Mechanism (RSM) authorized pursuant  
2 to Section 386.266, RSMo. Missouri-American is requesting approval of an RSM,  
3 together with a future test period. The RSM provides the Company a realistic  
4 opportunity to collect its authorized revenue requirement, and the future test year  
5 properly recognizes the expense levels and plant that will be serving Missouri-  
6 American's customers when the new rates are in effect.

7 **V. IMPROVING WATER EFFICIENCY**

8 **Q. Please explain the concept of water efficiency.**

9 A. Water efficiency means using improved practices and technologies to deliver water  
10 service more efficiently. MAWC's water efficiency efforts include supply-side  
11 practices such as more accurate meter reading and leak detection, main replacement  
12 and repair programs, and technology applications to improve work order management;  
13 as well as demand-side strategies such as technology applications to provide more  
14 timely customer access to usage information and self-service options, and our public  
15 education programs to encourage the wise use of water. Refer to the testimony of  
16 Company Witness Grant Evitts.

17 Improving water efficiency can reduce operating costs and the need to develop new  
18 supplies and expand water infrastructure. It can also reduce withdrawals from limited  
19 freshwater supplies. Improving water efficiency saves customers money in the long  
20 run, enhances the economy, and protects the environment.

21 **Q. How is the concept of water efficiency relevant to this case?**

22 A. Missouri-American continually strives to develop and implement water efficiency

1 measures that deliver steady or improved levels of service to consumers while  
2 mitigating cost increases. Our efforts to improve water efficiency are demonstrated by  
3 investments in new metering and data collection technologies and analytics, and by  
4 improved business processes that help us work smarter and more efficiently. As  
5 discussed in the Direct Testimony of Company witness Jeff Kaiser, the investments we  
6 are making to better serve our customers are primarily in non-revenue producing  
7 investments – replacing aging infrastructure and ensuring compliance with  
8 environmental regulations. As we plan our investments, however, we know how  
9 important it is to balance the need for system improvements while maintaining  
10 affordable water service. Consequently, the Company continually strives to find more  
11 efficient and cost-effective ways to operate and maintain its business. Company  
12 witnesses Mr. Evitts and Ms. Bowen demonstrate that we have been very successful in  
13 implementing efficiency improvement initiatives that have allowed us to maintain  
14 relatively flat O&M expense levels for the past 10 years.

15 Our ability to maintain O&M cost demonstrates the effectiveness of our efforts and the  
16 resulting cost benefit to our customers. But after 10 years of relatively flat O&M costs,  
17 combined with growth in the number of customers we serve, an O&M expense increase  
18 is justified to provide the expected level of service without jeopardizing system  
19 reliability and expected responsiveness to customers.

20 Our intense focus on controlling expenses produces direct benefits to our customers.  
21 For example, we know that for every \$1 of O&M expense that we save, we can invest  
22 almost \$8 of capital with no cost increase to our customers.

1 **Q. Are there benchmarks that demonstrate the Company performance against goals**  
2 **of safety and environmental compliance?**

3 A. Yes. MAWC's safety record has improved significantly since the Company's 2017  
4 base rate case. From an OSHA Recordable Injury Rate (ORIR) of 2.01 in 2018, to 1.31  
5 in 2019, and 0.77 year-to-date through May of 2020, we are closing in on our goal of  
6 having no employees injured in work-related incidents. We have achieved  
7 improvement through focused efforts. Witness Grant Evitts will testify to actions that  
8 are helping us move toward this goal.

9 Regarding environmental compliance, MAWC has not had a Drinking Water System  
10 Notice of Violation (NOV) for drinking water in over 7 years. We understand that  
11 providing safe drinking water is our purpose and we strive to be significantly better  
12 than the industry average.

13 **Q. How can investment in technology applications improve water efficiency and**  
14 **customer satisfaction?**

15 A. The ability to provide near-real time information on individual customer usage can  
16 support the early identification of leaks in the customer's plumbing which can reduce  
17 the cost impact of leaks for the customer.

18 More and more, customers expect the ability to self-serve, whether by automated phone  
19 prompts and voice recognition or web site capabilities. An ever-increasing number of  
20 customers expect to be able to handle all business with their smart phones without every  
21 talking to a Company representative. This improves customer satisfaction and allows  
22 Customer Service Center representatives to provide quicker responses and better serve

1 other customers. This and other applications of technology such as work order systems  
2 that provide field service representatives with access to all possible customer and  
3 system specific information allow for improved workforce productivity and customer  
4 satisfaction.

5 Missouri American's investment in Advanced Metering Infrastructure also provides  
6 benefits to the customer such as near real-time usage information for early leak  
7 detection and meter reading productivity. Refer to testimony of Company witnesses  
8 Jeff Kaiser and Grant Evitts for information on AMI implementation and benefits.

9 **Q. What is the Company's ultimate goal?**

10 A. Our goal is to provide quality water and sewer services as efficiently as possible today  
11 and into the future, and by doing so, to increase the value of the services that we provide  
12 our customers.

13 **VI. VALUE OF WATER AND AFFORDABILITY**

14 **Q. Do the Company's customers receive good value for the water service the**  
15 **Company provides?**

16 A. Yes, without question, they do. That value, however, may not be apparent because  
17 Americans have been largely unaware of, the true cost of treating and delivering clean,  
18 safe water to their taps. Americans pay less for water – about a penny per gallon on  
19 average – than do residents of most other developed nations. Water is also typically the  
20 lowest percentage utility cost per household, less than electric and gas (energy),

1 telephone, and cable.<sup>1</sup> The historic underpricing of water is largely due to a perception  
2 that water is “free” – a fundamental human need supplied by the earth itself. No one is  
3 charged for taking a bucket of water from a stream or other natural source of supply.  
4 That water, however, is not safe to drink. The vast infrastructure required to treat and  
5 deliver that water safely and in an aesthetically pleasing manner where it is needed,  
6 however, is far from free.

7 When customers appreciate the true value of water, this not only helps water utilities  
8 continue to provide customers with safe and clean water but has the added benefit of  
9 encouraging more conservative use and ensuring a sustainable supply for future  
10 generations. American Water has joined other water resource companies and  
11 organizations in an industry-wide initiative to enhance customer awareness of what is  
12 involved in providing high quality, reliable water service and the relative value of that  
13 service as part of the Value of Water Coalition. The Coalition's aim is to educate the  
14 public on the importance of clean, safe, and reliable water to and from every home and  
15 community and to ensure quality water service for future generations.

16 **Q. Is there a value associated with the price of water as compared to other**  
17 **consumable commodities?**

18 A. Yes. Although that value may not always be apparent because only three percent of  
19 drinking-quality water delivered to American homes is used for drinking water on a  
20 typical day, while the vast majority goes to washing clothes and dishes, bathing,

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<sup>1</sup> Consumer Expenditure Survey, 2013-2018; [www.bls.gov/cex/2018/standard/multiyr.pdf](http://www.bls.gov/cex/2018/standard/multiyr.pdf)

1 flushing, watering lawns and gardens and other uses. Yet nationally, the average  
2 household pays only about \$614 for a year's worth of water service - covering all of  
3 these uses - compared to \$1,021 for the other beverages they consume.<sup>2</sup>

4 For many Americans, bottled water is perceived to have a greater value than tap water  
5 – a result of successful marketing strategies and a price tag that, depending on the  
6 brand, is two to three times the cost of gasoline and nearly \$6.50 per gallon compared  
7 to about \$0.01 per gallon from American Water.

8 Missouri-American delivers up to a ton (240 gallons) or more of water to a family of  
9 four each day. The value of our water service – for all the water a family needs to drink,  
10 cook with, wash with, and for many other purposes – is an outstanding bargain. Water  
11 and sewer service is typically the lowest percentage utility cost per household; of the  
12 total utility charges, water and sewer together are, on average, less than 1% of  
13 household expenditures, approximately 15% of a household's utility budget, compared  
14 to energy (gas/oil/electricity) at 50%, and telephone at over 34%.<sup>3</sup> This is even more  
15 impressive when one considers the capital-intensive cost of infrastructure to deliver  
16 water to a home or business compared to delivering electric or gas utilities. Missouri  
17 American incurs infrastructure investment intensity that is more than double the  
18 industry average for electric and nearly 250% greater than the industry average for gas  
19 infrastructure.

20 **Q. How does Missouri-American maintain the affordability of its water and sewer**

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<sup>2</sup> Consumer Expenditure Survey, 2013-2018; [www.bls.gov/cex/2018/standard/multiyr.pdf](http://www.bls.gov/cex/2018/standard/multiyr.pdf)

<sup>3</sup> Consumer Expenditure Survey, 2013-2018; [www.bls.gov/cex/2018/standard/multiyr.pdf](http://www.bls.gov/cex/2018/standard/multiyr.pdf).

1 **services?**

2 A. Our water and sewer services are critical, and we know how important it is for those  
3 services to remain affordable. As discussed above, Missouri-American’s water service  
4 is quite affordable when one considers that all of a customer’s needs for drinking,  
5 cooking, cleaning and washing are provided for only about \$1.55 per day. An  
6 important way that we maintain affordability is by continuously seeking to improve our  
7 business processes and make investments that improve operational efficiencies.

8 **Q. What else is Missouri-American proposing to do to maintain the affordability of**  
9 **its services for its customers?**

10 A. Missouri-American offers several targeted customer assistance programs to help our  
11 most vulnerable customers. Missouri-American Water’s residential customers who are  
12 on monthly billing have the option of paying bills under the Company’s budget billing  
13 plan, whereby the total service for the succeeding twelve (12)-month period is  
14 estimated in advance, and bills are rendered monthly on the basis of one-twelfth (1/12)  
15 of the twelve (12)-month estimate. In addition, Missouri-American offers its customers  
16 flexible payment arrangements through installment agreements if they are financially  
17 unable to pay a past due water service bill. Under those arrangements, a past due  
18 amount is spread out over a specified period (monthly installments), and customers are  
19 required to pay the agreed upon monthly installment in addition to paying their current  
20 monthly utility charges in full by the bill due date. Paying both the installment and  
21 current utility charges gives customers extra time to bring their utility account up to  
22 date and keep their account in good standing. The length of a payment arrangement can  
23 vary and there is no limit to the number of installment agreements available to our

1 customers provided that prior installment agreements terms have been fully met. We  
2 also support community low-income customers through Missouri-American Water's  
3 Help to Others (H2O) Fund. The H2O program is an emergency bill-paying assistance  
4 program funded by Missouri-American Water and customers who want to help other  
5 customers in need. Customers who qualify may receive grants of up to \$200 annually  
6 toward their Missouri-American bill. This emergency assistance program is  
7 administered by local community action agencies. Missouri-American created this  
8 customer assistance program in 2007.

9 **Q. Does Missouri-American Water also have a low-income program?**

10 A. Yes. As a result of the Commission's Report and Order in File No. WR-2015-0301,  
11 MAWC worked with interested parties to develop a low-income pilot program in  
12 MAWC's northwest Missouri service areas, St. Joseph, Parkville and Brunswick, that  
13 was implemented on November 17, 2016. The Direct Testimony of MAWC witness  
14 Brian LaGrand will discuss this program in greater detail.

## 15 **VII. COMMUNITY INVOLVEMENT**

16 **Q. Please describe Missouri-American's outreach efforts in the communities that it**  
17 **serves.**

18 A. Missouri-American is a responsible corporate citizen and is known for its community  
19 involvement. On average, Missouri-American contributes over \$500,000 per year to  
20 communities and organizations to support programs and events that improve the health  
21 and safety, quality of life, and education of our customers. Our management team  
22 encourages our employees and their families to be active volunteers in the communities

1 we serve. Missouri-American employees volunteer nearly 1,500 hours per year during  
2 personal time in support of programs and events that benefit our customers. The  
3 community support from American Water is primarily at the local level. Our employees  
4 and their families live in the communities that we serve, and local Missouri-American  
5 teams identify the needs and priorities for support at a local level.

6 Outside of their roles at Missouri-American, many of our employees serve their  
7 communities by being active members of organizations, often holding leadership  
8 positions; including but not limited to: State and Local Chambers of Commerce and  
9 Economic Development Councils, United Way Boards of Directors and Committee  
10 Members, Rotary Clubs, and charitable support organizations for hospitals, the arts and  
11 environmental protection.

12 In 2019, we provided support for nearly 50 events across the state of Missouri and over  
13 50 local organizations with programs focused on health, education, conservation, and  
14 economic development. We provided support to those in need in our communities;  
15 including but not limited to The Covering House, the Arnold Food Pantry, Community  
16 Action Agency of St. Louis County and Joplin Fostering Hope. We supported programs  
17 for the youth in our communities; including but not limited to: STL Artworks Young  
18 at Art, St. Louis Youth Sports Outreach, Junior Science, Engineering and Humanities  
19 Symposium, Bright Futures, Brunswick Youth Development, and A+ for Mexico  
20 Education.

21 Our employees participate in programs from river clean-ups to educational programs  
22 in local schools. We focus our community investments in four key areas: water and

1 the environment, water and healthy living, environmental education and community  
2 sustainability. We give back to the community by supporting innovative,  
3 environmental grant programs that improve, protect or restore drinking water supplies  
4 and surrounding watersheds. We believe in investing in innovative programs that align  
5 with our core business of water and sewer service and are committed to working with  
6 community partners to develop sustainable solutions to local environmental issues.  
7 Missouri American Water has provided funding for river and watershed protection  
8 activities led by more than 30 Missouri nonprofits across the state. For example, in  
9 2019, these included projects such as a \$10,000 grant to Missouri River Relief for  
10 purchase of a new boat motor for use during river-related educational programs, and a  
11 \$7,500 grant to St. Louis Audubon, for their work in clearing invasive honeysuckle  
12 from local watersheds.

13 The American Water Charitable Foundation matches volunteers' donations of personal  
14 time and money to employees' favorite charities up to 20 hours and \$1,000 per year.

15 One other important grant program is our Firefighter Grant Program. This program  
16 was created to provide financial assistance to fire departments and emergency  
17 organizations in our service territories to purchase equipment or provide training  
18 critical to the needs of these departments. Over 2018 and 2019, the program provided  
19 more than 50 grants totaling over \$60,000.

20 **Q. In what other activities has Missouri-American partnered?**

21 A. Being a good neighbor is part of our mission at Missouri-American. The employees of  
22 Missouri-American play an active role in the communities we serve by being involved

1 in a variety of environmental and educational activities related to water – everything  
2 from watershed clean-up efforts to school programs focused on drinking water and  
3 source water protection. We work with community-based partners throughout our  
4 service areas to positively impact the overall quality of life where our employees and  
5 customers live and work. It takes more than a one-time grant or volunteer effort to make  
6 a lasting difference, so we seek out and support organizations that understand how to  
7 best meet the needs of the community. Our participation in activities sponsored by  
8 outside organizations include the following:

- 9 • River Clean-Ups – Company volunteers support the Confluence Trash Bash in  
10 St. Louis County, Operation Clean Stream in Arnold, and other cleanups in  
11 partnership with organizations such as Missouri River Relief, Wildcat Glades  
12 Conservation and Audubon Center and Stream Teams throughout the state.
- 13 • Drinking Water Stations – The Company provides drinking water at community  
14 events across the state through its mobile water trailer. This includes providing  
15 water at charity and community walks and runs, races, and other events.
- 16 • Pharmaceutical Disposal Programs – Since 2008, MAWC has partnered with  
17 the Prescription Pill and Drug Disposal Program (P2D2) to collaborate with  
18 local police and health departments to implement proper pharmaceutical  
19 disposal programs. More than 28 drop-off locations have been established  
20 through our efforts, leading to hundreds of thousands of pounds of unwanted  
21 medications properly disposed. This effort protects not only the Company’s  
22 water sources, but also the youth it serves.
- 23 • Wings Over Water - The partnership between the World Bird Sanctuary and

1 Missouri American Water volunteers has brought this watershed preservation  
2 program to thousands of Missourians. Featuring birds of prey up close and in  
3 flight, the program emphasizes the importance of watershed protection to our  
4 rivers, drinking water and wildlife.

- 5 • River Races – MAWC is the title sponsor of the Missouri River 340 (MR340),  
6 a 340-mile paddle boat race down the Missouri River from Kansas City to St.  
7 Charles. The Company also sponsors Race to the Dome that ends in the shadow  
8 of the state capitol in Jefferson City. The events raise awareness of the  
9 importance of keeping the rivers clean and highlighting the vital nature they  
10 play as watersheds in Missouri.

11 **Q. Are there other community-related efforts MAWC is making?**

12 A. Yes. MAWC supports Earth Day celebrations across the state each year, including  
13 Mexico, Jefferson City, and St. Louis County, where more than 70,000 people come  
14 each year to learn about how they can live a ‘greener’ life, including through water  
15 conservation and clean water programs. MAWC also sponsors visits by the World Bird  
16 Sanctuary to local schools and environmental events, where bird handlers teach  
17 children and adults about the importance of keeping local watersheds clean, both for  
18 drinking water purposes and for the health and well-being of the birds.

19 In addition, we offer speakers and plant tours to schools and civic organizations and  
20 host community Water Fest events to help educate our customers on how river water  
21 and/or groundwater is transformed into drinking water that meets or surpasses all  
22 quality regulations. At our most recent Water Fest in September 2018, we invited key

1 stakeholders, employees and their families to visit our Central Plant in St. Louis  
2 County. The Water Fest included tours, customer education on the water system and  
3 the steps needed to produce and distribute clean, safe drinking water.

4 Missouri American in April 2020 launched an online, 360-degree tour of its Central  
5 Plant, the largest water treatment plant in the American Water family, which serves St.  
6 Louis and St. Charles County customers with up to 217 million gallons of water per  
7 day. The virtual tour is intended for educators, students and others interested in learning  
8 about the water treatment process. It provides the ability to digitally explore the water  
9 treatment plant, with pop-up bubbles, videos and photos offering information about the  
10 treatment process and the plant itself.

11 The tour was promoted to customers via a message on all Missouri American Water  
12 bills, which ran throughout May 2020, as well as social media posts and a media release  
13 that highlighted the tour during Drinking Water Week, published May 4, 2020.

14 Operations team members also collaborate with local schools to educate students on  
15 issues relevant to the water industry including watershed protection, conservation and  
16 the importance of clean water to their daily lives.

17 **Q. Does this conclude your prepared Direct Testimony?**

18 A. Yes, it does.