

Exhibit No.:
Issues: Production Cost Expense, Labor and Labor Related Expenses, ESPP, Incentive Compensation, Pension and OPEBs, O&M Percentage, Service Company/Support Services, Contract Services/Outside Services, Miscellaneous Expense, Transportation, Insurance Other Than Group, Payroll Taxes, and Payroll Expense
Witness: Manuel Cifuentes, Jr.
Exhibit Type: Rebuttal/Surrebuttal/Sur-Surrebuttal
Sponsoring Party: Missouri-American Water Company
Case No.: WR-2024-0320
SR-2024-0321
Date: January 24, 2025

MISSOURI PUBLIC SERVICE COMMISSION

**CASE NO. WR-2024-0320
CASE NO. SR-2024-0321**

REBUTTAL/SURREBUTTAL/SUR-SURREBUTTAL TESTIMONY

OF

MANUEL CIFUENTES, JR.

ON BEHALF OF

MISSOURI-AMERICAN WATER COMPANY

AFFIDAVIT

I, Manuel Cifuentes, Jr., under penalty of perjury, and pursuant to Section 509.030, RSMo, state that I am Senior Principal Regulatory Analyst for American Water Works Service Company, Inc., 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.

Manuel Cifuentes, Jr.
Manuel Cifuentes, Jr.

January 24, 2025

Dated

**REBUTTAL/SURREBUTTAL/SUR-SURREBUTTAL TESTIMONY
MANUEL CIFUENTES, JR.
MISSOURI AMERICAN WATER COMPANY
CASE NO.: WR-2024-0320
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REBUTTAL/SURREBUTTAL/SUR-SURREBUTTAL TESTIMONY

MANUEL CIFUENTES, JR.

I. INTRODUCTION

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Q. Please state your name and business address.

A. My name is Manuel Cifuentes, Jr., and my business address is 727 Craig Road, Saint Louis, Missouri 63141.

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

A. I am employed by American Water Works Service Company, Inc. (“Service Company”) as Senior Principal Regulatory Analyst. The Service Company is a wholly owned subsidiary of American Water Works Company, Inc. (“American Water”) that provides services to Missouri-American Water Company (“MAWC,” or the “Company”).

Q. Are you the same Manuel Cifuentes, Jr. who provided Direct Testimony in this proceeding on behalf of MAWC?

A. Yes.

Q. Are you sponsoring any Schedules in your Rebuttal/Surrebuttal/Sur-Surrebuttal?

A. Yes. I am sponsoring Cifuentes RT ST SST – Schedule MCJ-1.

Q. What is the purpose of your Rebuttal/Surrebuttal/Sur-Surrebuttal Testimony in this proceeding?

A. The purpose of my Rebuttal/Surrebuttal/Sur-Surrebuttal Testimony is to respond to the specific proposals and/or adjustments found in the direct/rebuttal testimony filed by the Staff of the Missouri Public Service Commission (“Staff”) and the Office of Public Counsel (“OPC”) on the following topics: Production Cost Expense, Labor and Labor Related

1 Expenses, ESPP, Incentive Compensation, Pension and OPEBs, O&M Percentage, Service
2 Company/Support Services, Contract Services/Outside Services, Miscellaneous Expense,
3 Transportation, Insurance Other Than Group, Payroll Taxes, and Payroll Expense. Other
4 MAWC Witnesses also present Rebuttal/Surrebuttal/Sur-Surrebuttal/ Testimony
5 responding to certain of the proposals/adjustments addressed herein that Staff and the
6 Intervenor respondents propose in their Direct/Rebuttal testimony. The fact that I may not
7 have responded to any particular argument or statement made should not be interpreted as
8 my agreement with the argument or statement.

9 **II. AGREED AND ACCEPTED ADJUSTMENTS**

10 **Q. Do you agree and accept the proposed recommendation made by Staff Witness**
11 **Lesmes regarding lobbying expense?**

12 A. Yes. There is no divergence from MAWC's position nor Staff's position as Staff Witness
13 Sherrye Lesmes has stated in Direct/Rebuttal Testimony.

14 **Q. Do you agree and accept the recommendation regarding Injuries & Damages as**
15 **proposed by Staff Witness Angela Niemeier?**

16 A. Yes.

17 **III. PRODUCTION COSTS**

18 **Q. Do you agree with the overall recommendation proposed for a normalized production**
19 **expense level of \$41,187,684 made by Staff Witness Ashley Sarver?**

20 A. No, I do not. The issue with Staff Witness Sarver assertion is: (1) that historical usage and
21 system delivery is based on a five (5) year average which is not appropriate for setting
22 rates, and (2) the utilization of data (e.g., prices, rates, etc.) as of June 30, 2024, is not
23 consistent in setting rates at an appropriate level which will be discussed in further detail

1 within my testimony. The overall recommendation does not negate or solve the need for
2 the production cost tracker which will be covered in further detail in the
3 Rebuttal/Surrebuttal/Sur-Surrebuttal Testimony of MAWC Witness Brian W. LaGrand.

4 **a. Purchased Water**

5 **Q. Staff Witness Sarver, on page 17 within the Direct/Rebuttal Testimony states that**
6 **“Staff reviewed five years of historical usage for each of the water systems, except**
7 **when a system had less than five years of data. Staff used the available data if a system**
8 **had less than five years of data.” Is this a reasonable methodology to derive a**
9 **normalized expense?**

10 **A.** No, this is not. The varying usage levels across five (5) years applied to the most recent
11 rate and fees billed would not develop a normalized amount for purchased water. It would
12 result in an amount that is understated and not indicative of a normalized amount. I would
13 recommend using more recent usage levels as initially proposed by MAWC, where the
14 Company used the 2023 consumption from bills for each purchased water district for each
15 month and multiplied that by the most recent rate and fees billed.¹ The issue when utilizing
16 long tail or older data points to develop a representative average is the fact that it can be
17 misleading and inaccurate. External factors such as the COVID-19 pandemic that
18 contributed to some extraordinary and abnormal usage that was not under a utility’s
19 control, changes in the customer base, usage patterns, and other factors such as changing
20 weather patterns can render the data irrelevant versus utilizing more recent and relevant
21 data.

¹ Cifuentes DT, p. 6.

1 **b. Fuel and Power**

2 **Q. “Staff annualized the fuel and power expense for each district based on the test year**
3 **expenses. The annualized amount was adjusted for any price changes that took effect**
4 **during the update period (June 30, 2024). Staff then developed a rate for fuel and**
5 **power cost per 1,000 gallons of water for each district. This is calculated by taking**
6 **the five-year system delivery divided by the annualized expense.” Is this**
7 **recommendation and the associated calculation flawed?**

8 A. Yes. The Staff based its expense analysis on the test year expense but divided its expense
9 by the five (5) year average of system delivery to calculate the expense per system delivery
10 rate which is inherent in a mismatch of time periods that develops and an inappropriate
11 amount to include in the cost of service for fuel and power. As I stated above, the issue
12 when utilizing long tail or older data points to develop a representative average is the fact
13 that it can be misleading and inaccurate. External factors such as the COVID-19 pandemic
14 that contributed to some extraordinary and abnormal usage that was not under a utility’s
15 control, changes in the customer base, usage patterns, and other factors such as changing
16 weather patterns can render the data irrelevant versus utilizing more recent and relevant
17 data.

18 **c. Chemicals**

19 **Q. Do you agree with Staff Witness Sarver’s application of utilizing the current price**
20 **and then the normalized chemical expense to the five (5) year average of system**
21 **delivery to calculate the annualized chemical expense²?**

22 A. No. The Staff developed its projected annual usage based on a five (5) year annual average

² Sarver DT/RT, p. 14

1 of system delivery. This is an unreasonable estimate since the calculation of a “normalized”
2 expense for chemicals expense is based on an unrelated amount of system delivery from
3 the past five (5) years utilizing current prices as of June 30, 2024, which from the onset has
4 introduced a mismatch of time periods that develops and an inappropriate amount to
5 include in the cost of service for chemical expense. Additionally, usage patterns from five
6 (5) years ago include gaseous chlorine usage which MAWC has been eliminating in the
7 system. The usage levels for the chemical(s) that replace gaseous chlorine such as sodium
8 hypochlorite is approximately ten times (10x) the amount of gaseous chlorine used. Using
9 five (5) years of usage also underrepresents the addition of recent capital projects that
10 increase the usage of chemicals.

11 **d. Waste Disposal**

12 **Q. Please explain the Staff’s recommendation regarding the adjustment to waste**
13 **disposal.**

14 A. The Staff acknowledges an upward trend in the cost of waste disposal³ when analyzing
15 specific data points but utilizes a cut-off point for the 12-months ending June 30, 2024
16 which is inconsistent when capturing the true cost of service as initially proposed in the
17 petition, as well as adjusting for the “true-up” of actual expenses incurred to date as of
18 December 31, 2024. The utilization of a period other than the test year proposed in this rate
19 proceeding would: (1) not be representative of expenses that would likely to occur, (2) this
20 would artificially lower customers’ rates in the short term, while shifting under-recovered
21 costs to future customers, and (3) not set rates at the appropriate level to allow MAWC to
22 recover its true cost of service.

³ *Id.* at 18.

1 **IV. LABOR AND LABOR RELATED EXPENSES**

2 **a. Staffing Levels**

3 **Q. What is Staff’s Proposed Adjustment to MAWC’s Staffing Levels?**

4 A. Staff Witness Lesmes performs a series of adjustments to MAWC’s labor: (1) removes 59
5 currently vacant positions identifies as of March 31, 2024; (2) removes portion of wages
6 for employees involved in lobbying activities based on the percentage of lobbying
7 activities, which MAWC accepts as noted in Section II; (3) removes labor costs for
8 employees that were in job positions that did not directly relate to providing safe and
9 adequate utility service to ratepayers based on job descriptions; and (4) determined the
10 Staff union employee overtime adjustment by multiplying Staff’s calculated overtime
11 percentage by Staffs annualized labor.⁴ Ms. Lemes states that “Staff will continue to
12 review this issue through December 31, 2024, as part of its update period.

13 Note, MAWC addresses Staff’s item (3) the removal of labor costs for employees in job(s)
14 that did not directly relate to providing safe and adequate utility service to ratepayers based
15 on job descriptions in Section VII. Service Company – Support Services. While that
16 discussion is primarily focused on Staff’s proposal to exclude Service Company positions,
17 the same support the Company’s position on Staff’s proposal to completely exclude
18 MAWC employees with similar or identical roles as discussed therein.

19 **Q. Do you Agree with the Proposed Adjustments?**

20 A. No, I do not. As Company Witness Carlson explains in his Direct and
21 Rebuttal/Surrebuttal/Sur-Surrebuttal Testimony, the vacancy adjustment is inappropriate,
22 for a number of reasons including that the Company is actively attempting to fill vacancies.

⁴ Lesmes DT/RT, p.7, line:20 through page 8, line 3.

1 Vacancies are the result of employees retiring or otherwise leaving the business, but as
2 Witness Carlson explains these positions continue to be critical, skilled positions that must
3 be timely filled. MAWC has two methods by which it can present the cost structure to
4 accomplish its work: (1) assume no vacancies and adjust overtime, temporary employee
5 and contractor expenses accordingly, or (2) assume a vacancy rate and include increased
6 expenses for overtime, temporary employee and contractor expenses to complete the work.
7 The Company chose the first methodology and presented its cost structure accordingly in
8 the revenue request. This methodology is appropriate as the Company is actively filling
9 its current vacancies.

10 Moreover, the vacancy adjustments are particularly inappropriate given that Staff does not
11 provide any corresponding upwards adjustment to overtime and/or contract services. For
12 example, the Company's projections for overtime hours in this case has not been included
13 by Staff to the extent it is reflected in CAS-13 and the supporting 2024 GRC-
14 Labor_Workpaper -Final file.

15 Like any business, MAWC is susceptible to attrition, which is part of the ordinary course
16 of business. The Company continuously fills vacancies that come from internal
17 movements, retirements, and other factors. Work must be completed with the resources
18 that are available; if not with full-time employees, then potentially through overtime,
19 temporary employees, or contracted employees, all of which come at a cost to MAWC.
20 Accordingly, Missouri-American believes, as outlined in Mr. Carlson's testimony, that the
21 Commission should include the full attrition year workforce request of seven hundred
22 sixty-three (763) full-time employees, twenty-eight (28) temporary summer employees,

1 and ten (10) interns.⁵

2 **b. ESPP (“Employee Stock Purchase Plan”)**

3 **Q. Do you agree with Staff Witness Niemeier’s assertion that Employee Stock Purchase**
4 **Plan (“ESPP”) should not be recoverable in rates⁶?**

5 A. No. As was previously discussed in Case No. WR-2022-0303, ESPP is a form of
6 compensation benefit to the employees and there is an associated cost to the Company, and
7 it should be allowed to be recovered in the revenue requirement. As I discuss below, while
8 there may be no cash outlay, it is a compensation benefit to employees and there is a cost
9 to the Company, and it should be allowed to be recovered in the revenue requirement.

10 **Q. Please describe ESPP.**

11 A. ESPP is open to all active, full, and part-time, employees of American Water Works
12 Company, Inc. (American Water) and its subsidiaries, including MAWC, through payroll
13 deductions. Employees who choose to participate in a purchase period elect a contribution
14 of 1% to 10% of after-tax compensation, for the discounted purchase of American Water
15 common stock, subject to a maximum of \$25,000 per year. Under the ESPP, participants
16 are granted shares of American Water stock at a discount. These shares are predominantly
17 American Water owned Treasury Stock, so there is no cash transaction when the shares are
18 granted.

19 **Q. How are these transactions accounted for?**

20 A. The discount portion of the transactions are accounted for as share-based payment
21 arrangements with employees under Accounting Standards Codification (ASC) Topic 718,

⁵ Carlson DT, p. 33.

⁶ *Id.* at p. 21.

1 *Compensation – Stock Compensation.* The objective of accounting for transactions under
2 ASC 718 is to recognize in the financial statements the employee services received in
3 exchange for stock shares issued and the **related cost to the entity** as those services are
4 consumed. ASC Topic 718 requires the Company to record expense over the three-month
5 purchase period for the employees’ participation in the ESPP.

6 **Q. How do you respond to the argument that there is no specific cash outlay?**

7 A. While there is no specific cash outlay by the Company for the ESPP expense, the stock
8 discount is a recorded expense on the books of the Company and a compensation benefit
9 to employees. The discount afforded when received by the employees is generally
10 considered additional compensation when the employee sells the stock which is subject to
11 pay taxes on it as income per U.S. Code § 423 employee stock purchase plan. Additionally,
12 the discount on granted shares represents an opportunity cost to American Water versus
13 selling those same shares at full price on the open market. This is the basis for why there
14 is accounting guidance (ASC 718) from the Financial Accounting Standards Board
15 (FASB). I also note that the simple fact of having authoritative accounting guidance
16 represents that this type of expense is not unusual and is a recognized cost for the Company
17 as deemed by the foremost authority of establishing and interpreting generally accepted
18 accounting principles. The fact that there is not a cash disbursement from the Company
19 does not change the fact that it is an expense in the same manner of other employee benefits.
20 For these reasons, it is clear that the stock discount cost of the Company’s ESPP program
21 is a normal and usual business expense and should be included in the Company’s labor and
22 labor related expenses for this case.

1 **c. Performance Compensation**

2 **Q. Please summarize Staff and OPC’s proposed adjustments to performance**
3 **compensation.**

4 A. Neither Staff nor OPC challenge MAWC’s total direct compensation amounts, or the
5 compensation market analysis presented by Company Witness Robert Mustich in his Direct
6 Testimony.⁷ However, Staff Witness Niemeier recommends disallowance of 50% of the
7 Annual Performance Plan (“APP”) paid to non-union MAWC employees, Staff is
8 recommending 100% allowance of the APP for union employees as it is part of the National
9 Benefits Agreement, and a disallowance of 50% of APP for the Service Company
10 employees in the amount of \$1,500,900; Staff also recommends a disallowance for the
11 entirety of the Long-Term Performance Plan (“LTPP”).⁸

12 Please note that issues specifically related to Service Company employees’ performance
13 compensation are addressed below in Section VII. Service Company – Support Services.

14 **Q. What is OPC Witness Angela Schaben’s recommendation with regard to**
15 **performance compensation?**

16 A. OPC Witness Schaben recommends removing all expenses resulting from Annual
17 Performance Plan (“APP”) and Long Term Performance Plan (“LTPP”) from the revenue
18 requirement.⁹ Witness Schaben is specifically critical of the ID&E performance metrics,
19 stating “it is difficult to see how employees ... will be directly involved in meeting these
20 metrics” and incorrectly asserts that customers would “...pay for an increased cost of

⁷ Mustich DT, Schedule RVM-1

⁸ Niemeier DT/RT, p. 20-21 (recommending full disallowance asserting that the LTPP is primarily tied to financial performance and that it’s not “actually paying any expense” because there is no cash outlay).

⁹ Schaben DT/RT, p. 15-16.

1 service to meet these goals.”¹⁰

2 **Q. Do you agree with OPC and Staff’s adjustments to performance compensation?**

3 A. No, I do not. First, it is important to understand, as Company Witness Carlson explains in
4 more detail in his Direct and Rebuttal/Surrebuttal/Sur-Surrebuttal Testimony, that
5 performance compensation is an integral part of the Company’s compensation program
6 and is structured to represent total market-based compensation. The Company’s total
7 compensation plan is designed to align the interests of all of MAWC’s stakeholders – its
8 employees, its customers, and its investors – and to encourage superior employee
9 performance. In this regard, performance is not measured by simply looking at dollars, but
10 on results that most directly influence customer satisfaction, health and safety, as well as
11 environmental and operational performance.

12 Without the performance pay component, the compensation offered to employees would
13 not be competitive with peer utilities or other companies with whom MAWC competes for
14 a talented and experienced workforce. Both Staff and OPC fail to address the fact that
15 eliminating a portion of the Company’s overall total market-based compensation puts the
16 Company at a disadvantage in competing with *non-utility* companies to hire and retain
17 qualified employees. Providing compensation that is competitive in the market is
18 important to attracting and retaining employees that are critical to the Company’s mission
19 to provide safe and reliable service to its customers.

20 **Q. Are there any other benefits that customers derive from performance compensation?**

21 A. Yes. I believe there is at least one other benefit customers derive from performance

¹⁰ *Id.* at, p. 13.

1 compensation in addition to those explained by Messers. Carlson and Mustich.¹¹ With
2 respect to financial metrics, customers benefit greatly when financial metric goals are
3 achieved. Almost all large utilities, including MAWC, have capital structures which
4 contain both debt and equity. In the case of MAWC, approximately half of its capital
5 structure is debt. When financial metrics are not met, a utility's risk profile is directly
6 affected. If the utility is deemed to be a higher risk due to financial metrics not being met,
7 the cost of debt increases as no financial institution will be willing to loan money without
8 being compensated for taking on more risk. If the cost of debt goes up, then so will the
9 utility's weighted average cost of capital and resulting authorized rate of return in a
10 subsequent rate proceeding. In the end, the increase in debt costs gets passed along to
11 customers in the form of higher rates. Thus, it is in the customers' best interest that
12 financial metrics are met by those employees who are responsible for achieving them.

13 **Q. Staff Witness Niemeier, in rejecting the LTPP portion of MAWC's performance**
14 **compensation, states "LTPP is a stock option incentive only plan offered to non-union**
15 **management. MAWC is not actually paying any expenses associated with LTPP, so**
16 **there is no cash outlay associate with it, and therefore, MAWC should not be allowed**
17 **to recover an amount associated with LTPP".¹² Please respond.**

18 **A.** This is not a reasonable position since there are many components of the cost of service
19 that are non-cash as rates are set on the basis of financial or Generally Accepted Accounting
20 Principles ("GAAP") accounting, which is accrual, and not cash based. This same
21 argument, if expanded, would disallow recovery of several of MAWC's other "non-cash"

¹¹ Carlson DT, pp. 39-43; Carlson RT, pp. 12-18; Mustich DT, pp. 12-15, Mustich RT, p. 4.

¹² Niemeier DT/RT, p. 20-21.

1 costs such as depreciation expense, amortization, et. al. Additionally, the Missouri Public
2 Service Commission (“Commission”) has recognized the utilization of GAAP accounting
3 in rates for the purpose of deferred compensation expenses such as pension costs. This
4 premise is no different since the accrual amount is included within the cost of service, not
5 the cash benefits paid. If LTTP would be disallowed, then MAWC would need to
6 reconsider or restructure its total compensation and benefits which in turn would reduce
7 performance compensation programs while raising base salaries. The effect of this would
8 increase costs to customers in the future.

9 **Q. Regarding the Company’s ID&E performance goal, OPC Witness Schaben states**
10 **“while the Company is free to pursue whatever DEI initiatives its management**
11 **considers prudent, it is not the responsibility of ratepayers to pay an increased cost of**
12 **service to meet these goals”.¹³ Please respond to this statement.**

13 A. OPC Witness Schaben misconstrues the Company’s compensation philosophy when she
14 asserts that customers pay increased costs to meet the Company’s ID&E performance goal.
15 As further discussed by MAWC Witnesses Jody Carlson and Robert Mustich in their
16 respective Direct/Rebuttal/Surrebuttal/Sur-Surrebuttal Testimonies, the Company’s
17 compensation program represents total market-based compensation and is inclusive of base
18 compensation and all performance compensation. This includes the 5% of total APP
19 allocated toward the ID&E goal. Because the Company has decided to structure its
20 compensation program to align its total market-based compensation with market medians,
21 employee pay would be less than median market levels if performance pay were

¹³ Schaben DT/RT, p. 13.

1 excluded.¹⁴ The specifics of an individual performance goal do not increase or decrease
2 the total market-based compensation that is needed to attract or retain an employee.

3 **Q. Next, Regarding the Company’s ID&E performance goal, OPC Witness Schaben**
4 **states “it is difficult to see how employees tasked with the day-to-day operation of**
5 **MAWC will be directly involved in meeting these metrics so it makes little sense that**
6 **they should be included as part of a general, companywide incentive compensation**
7 **program”.**¹⁵ **Please respond to this statement.**

8 A. The Company’s ID&E efforts are an important tool for enabling the Company to recruit
9 and retain the workforce servicing TAWC’s customers. The Company’s ID&E efforts are
10 integrated into the Company’s employment recruitment and retention efforts. ID&E efforts
11 increase a company’s ability to attract and retain talent because these efforts build and
12 strengthen a company’s reputation when potential candidates and employees feel that they
13 belong. A recent study by Seramount found that 76% of job seekers report that a diverse
14 workforce is an important factor when evaluating companies and job offers.¹⁶ Further, the
15 Company believes that ID&E efforts improve employee retention by improving employee
16 job satisfaction and increasing employee trust in their leaders which makes employees 61%
17 more likely to stay with their company and not look for another job.¹⁷

18 Additionally, ID&E efforts directly benefit customers as inclusion and diversity initiatives
19 enable the Company to find and hire talent from a larger talent pool to serve its customers
20 and this allows the Company to have a workforce that better understands and is

¹⁴ Carlson DT, p. 35.

¹⁵ Schaben DT/RT at 13.

¹⁶ Murray Stefani, “Why Maintaining an Inclusive Workplace Culture is Better for Business”, Seramount, September 25, 2023, available at <https://seramount.com/articles/why-maintaining-an-inclusive-workplace-culture-is-better-for-business/>.

¹⁷ *Id.*

1 representative of the diverse makeup of its customers. A diverse workforce brings multiple
2 perspectives to meet the evolving needs of our customers, other stakeholders, and the
3 communities where we operate. MAWC, with over 70% of its customers in the City of St.
4 Louis County, serves a diverse customer base and it is important for the Company to be
5 able to understand and anticipate the needs and concerns of its customers. Also, because
6 ID&E efforts improve employee satisfaction by feeling valued and respected, they also
7 increase employee engagement and productivity. Through its ID&E efforts, the Company
8 believes that service to customers is improved.

9 **Q. Please explain how Staff and OPC’s recommendations violate the theory of recovery**
10 **of reasonable and necessary costs.**

11 A. Neither Staff nor OPC has made any allegation, or presented any evidence, that the total
12 compensation paid to MAWC’s employees is unnecessary or unreasonable. This includes
13 performance compensation. Additionally, Staff and OPC’s recommendations makes no
14 analysis of the reasonableness of the net amount of compensation that remains after
15 reduction of the performance compensation. Also, they have not presented any analysis of
16 the employment market to determine what compensation level is reasonable and necessary
17 to attract critical employees (i.e. those necessary to efficiently and effectively run a water
18 utility). In fact, the only reason provided to prop-up their conclusion that the total
19 compensation paid to MAWC’s employees is unnecessary or unreasonable is based on a
20 false dichotomy. Specifically, their argument wrongfully assumes that customers will not
21 benefit alongside shareholders and that an employee’s performance can only benefit
22 shareholders, not customers. This is illogical. To disallow performance compensation
23 simply because Staff and OPC believe that two things cannot be true at once is arbitrary

1 and would constitute a substantial departure from the essential requirements of sound
2 regulatory policy.

3 Staff and OPC have not presented any evidence that the salaries for any employee are
4 excessive. Instead, they recommend a portion of employees' total compensation be
5 disallowed based on merely how it is paid. They believe that because it is performance-
6 based pay, rather than base salary, it is subject to disallowance notwithstanding whether
7 the total amount of compensation may be reasonable. *The focus of any disallowance should*
8 *be how much is paid, not how it is paid.* To this point, I refer to the
9 Rebuttal/Surrebuttal/Sur-Surrebuttal Testimony of MAWC Witness Robert Mustich,
10 which specifically addresses the issue of whether the Company's overall compensation to
11 employees would remain competitive without the performance compensation component.
12 Based on Mr. Mustich's review, removing the performance compensation component
13 would result in "employee total compensation that is below the competitive range in
14 aggregate" from both a national market perspective and regional market perspective."¹⁸.

15 V. PENSION AND OPEBS

16 **Q. Do witnesses from the Staff and/or intervenors address the Company's Pension and**
17 **OPEB expenses?**

18 A. Yes, Staff Witness Niemeier states "The difference between Staff and MAWC is the O&M
19 capitalization percentage" as it relates to Pension expense which MAWC agrees should be
20 addressed as part of the true-up calculation for December 31, 2024.

21 **Q. Does MAWC confirm and acknowledge that any balance in the tracker should be**
22 **amortized over five (5) years and addressed as part of the true-up calculation for**

¹⁸ Mustich RT, p. 3:7-11.

1 **December 31, 2024?**

2 A. Yes, this item should be addressed in the true-up calculation for December 31, 2024.

3 **VI. O&M PERCENTAGE**

4 **Q. Do witnesses from the Staff and/or intervenors address the Company’s application**
5 **and use of the O&M expense percentage?**

6 A. Yes. MAWC and Staff have both developed an O&M expense percentage however, Staff
7 Witness Branson utilizes: one (1) year of labor and labor-related costs¹⁹ as opposed to three
8 (3) years of labor and labor-related costs as proposed by MAWC.

9 **Q. Do you agree with Staff Witness Branson’s proposal and calculation of utilizing one**
10 **(1) year of labor and labor-related costs?**

11 A. No. The flaw in the calculation is that it omits the use of a three (3) year average of actual
12 labor and labor-related costs that would provide a more accurate method to mitigate
13 variability (year-over-year) which smooths for uncertainty while setting costs to the
14 appropriate level that are reasonably predicted to occur. This method accounts for the ebbs
15 and flows of costs which can fluctuate due to the normal course of business and it a
16 consistent methodology and approach in ratemaking as well other areas in the rate
17 proceeding where the use of an average has been applied.

18 **VII. SERVICE COMPANY - SUPPORT SERVICES**

19 **Q. Did Staff or OPC propose any adjustments to Support Services?**

20 A. Yes. Both Staff and OPC proposed adjustments to Support Services.

21 **Q. What adjustments were proposed?**

22 A. Staff is proposing a “disallowance for the performance compensation of Service Company

¹⁹ Branson DT/RT, p. 14.

1 employees in the amount of \$1,500,900, since 50% of the plan is related to MAWC's and
2 AWWC's financial performance."²⁰ Additionally, Staff proposed removal of costs
3 associated with Business Development and "some external affairs and public policy job
4 positions...not necessarily beneficial to customers of Missouri American Water
5 Company...."²¹

6 OPC recommends removal of payroll costs related to business development, external
7 affairs and public policy, and investor relations.²²

8 **Q. Please address the proposed adjustments to Performance Compensation related to**
9 **Service Company employees.**

10 A. Messers. Mustich and Carlson address this topic in their Rebuttal/Surrebuttal/Sur-Sur-
11 Surrebuttal testimonies. I have discussed the importance of performance compensation
12 above as it relates to MAWC employees in Section IV, c and the same arguments apply to
13 the performance compensation expense of Service Company employees. I would note that
14 Mr. Mustich, in his Direct Testimony, stated:

15 Missouri American Water's compensation philosophy and
16 performance compensation plan design were in accord with utilities
17 specifically, and industry generally, and that the levels of total direct
18 compensation were reasonable and consistent with market-based
19 total compensation levels, both on a regional and national level.²³

20 I would also like to point out that MAWC Witness Baryenbruch's Direct Testimony and
21 schedules support the reasonableness of the Service Company expenses. In fact, Mr.
22 Baryenbruch points out that if the Company had outsourced the services provided by the

²⁰ Niemeier DT/RT, p. 20.

²¹ Lesmes CRT/ST, p. 2.

²² Schaben DT/RT, p. 19.

²³ Mustich DT, p. 5.

1 Service Company, which include performance compensation, that “its customers would
2 have incurred approximately \$16.6 million in additional expenses”.²⁴ It should also be
3 noted that no party in this case took any issue with Mr. Baryenbruch’s testimony, schedules
4 or conclusions.

5 **Q. If the Company were to outsource the service company services, would those**
6 **additional expenses include total market-based compensation, regardless of its**
7 **components?**

8 A. I believe they would, as the Company pays for outside services without considering how
9 the underlying outside service provider compensates its employees. Not to mention the
10 customers of the Company would be incurring an additional \$15.9 million dollars over the
11 2023 actuals incurred by the Service Company which included APP and LTPP in the
12 analysis.²⁵

13 **Q. Are there any other points that need to be clarified about the performance**
14 **compensation expense related to Service Company employees?**

15 A. Yes. Since the last rate case, American Water has moved unionized customer service
16 employees to the Service Company so that they can support multiple operating utilities,
17 such as MAWC. These union employees receive APP as part of a collectively bargained
18 National Benefits Agreement (“NBA”). The Company has reviewed Service Company
19 employees allocated time and determined that \$42,636 of the APP performance
20 compensation expense from Service Company employees is tied to these union customer
21 service employees. Staff witness Niemeier recommends “100% allowance of the APP for

²⁴ Baryenbruch DT, SCHEDULE PLB-2, p. 1.

²⁵ Baryenbruch DT, p. 16.

1 union employees only as it is part of the NBA”.²⁶ Therefore, the amount of the
2 disallowance for the Service Company employees identified by Staff Witness Niemeier
3 should be adjusted accordingly.²⁷

4 **Q. What was the reason Staff proposed to disallow cost recovery for all Business**
5 **Development Expense and a portion of External Affairs and Public Policy?**

6 A. Staff Witness Sherrye Lesmes initially stated that Staff “removed labor costs for employees
7 that were in job positions that did not directly relate to providing safe and adequate utility
8 service ... based on their job descriptions.”²⁸

9 However, Staff has provided a schedule that includes 100% of certain employee positions
10 (23 in total) which Staff agrees should be included in MAWC’s revenue requirement, but
11 still recommends exclusion of certain Business Development, External Affairs and Public
12 Policy expense in their entirety.²⁹ That schedule is attached to this testimony as Cifuentes
13 RT ST SST- Schedule MCJ-1. It should be noted that there are five (5) other employee
14 positions that Staff has determined should be included in MAWC’s revenue requirement
15 at 20% and 50% of salary.

16 **Q. What was the reason Staff proposed to disallow cost recovery for Government**
17 **Relations positions for MAWC specific positions?**

18 A. Staff states that the reason it disallowed these positions is that these positions primarily
19 relate to governmental affair activities that are associated with lobbyist expense to the
20 financial benefit of MAWC.

²⁶ Niemeier DT/RT, p. 20

²⁷ Niemeier DT/RT, p. 20. (“Staff allows only 50% of the APP paid to non-union MAWC employees and Staff made a disallowance for the Service Company employees in the amount of \$1,500,900”.)

²⁸ Lesmes DT/RT, p. 8.

²⁹ Staff DR 0265.

1 **Q. Do you agree with Staff’s recommendation to disallow cost recovery of the MAWC**
2 **specific positions?**

3 A. No, I do not. The Company excluded lobbying expenses from the case. The positions
4 Staff now seeks to eliminate are performed by individuals whose duties go beyond
5 lobbying activities. Staff’s recommendation fails to recognize that the activities undertaken
6 by the Company that are necessary to continue to provide customers with safe, reliable,
7 and affordable service are very broad and include activities that go beyond water treatment,
8 field operations and customer billing and related services. For example, the Director of
9 Government and External Affairs is responsible for overseeing, coordinating, and
10 maintaining relationships and communication with elected and appointed individuals at the
11 state and local levels of government. The individuals in these positions interact with local
12 municipal officials within our service territory on issues such as customer service, boil
13 advisories and orders, as well as infrastructure construction and replacement. These
14 positions provide broad benefits to MAWC customers, and the costs associated with
15 maintaining these positions are reasonable and prudent and thus should be recoverable.

16 **Q. What were the reasons OPC proposed to disallow cost recovery for all the Business**
17 **Development, External Affairs and Public Policy, and Investor Relations expense?**

18 A. OPC Witness Angela Schaben asserts that these services “primarily benefit
19 shareholders”,³⁰ and “MAWC has not shown how its customers benefit from allocated
20 corporate shared business development costs.”³¹

21 **Q. Does the Company agree with Staff and OPC’s respective recommendations to**

³⁰ Schaben DT/RT, p. 18

³¹ *Id.* at p. 19.

1 **disallow cost recovery for all or certain support service expense?**

2 A. No. Again, Staff and OPC’s respective recommendations fail to recognize that the
3 activities undertaken by the Company that are necessary to continue to provide customers
4 with safe, reliable, and affordable service are very broad and include activities that go
5 beyond water treatment, field operations, and customer billing and related services.

6 **Q. Should the expenses for Business Development be recoverable?**

7 A. Yes, Business Development expenses should be recoverable. Despite Staff and OPC’s
8 assertion that the Business Development organization primarily benefits MAWC
9 financially,³² Business Development does more in the communities the Company serves
10 than simply facilitate acquisitions. The Business Development organization builds
11 relationships with community leaders and businesses that can lead to better
12 communications in emergencies, share best practices, and provide support for their local
13 community needs. American Water’s Business Development activities also benefit
14 customers of Missouri-American, in both the short-term and long-term, by mitigating the
15 costs to be recovered per customer, enhancing purchasing power and spurring activities
16 that contribute to their local economies.

17 **Q. Should the expenses for External Affairs and Public Policy, and Investor Relations be**
18 **recoverable?**

19 A. Yes. Staff’s position fails to recognize that in addition to customer education and other
20 service-related external communications, the External Affairs and Public Policy
21 organization is responsible for ensuring that the laws that are enacted are in the best interest
22 of the Company and its customers (i.e., working with legislators to prevent bills from

³² *Id.* at p. 18; Cifuentes RT/ST/SST - Schedule MCJ-1.

1 passing that will increase operating costs for the Company without added benefit to the
2 Company or customers, or advocating for laws that protect employees while working in
3 the field).

4 Additionally, contrary to OPC Witness Schaben’s position that MAWC customers do not
5 benefit from investor relations and should be disallowed,³³ Staff is supportive of MAWC’s
6 recovery of Investor Relations costs.³⁴ As Company Witness Derek Linam discusses,
7 MAWC is Missouri’s largest investor-owned water and wastewater utility and therefore
8 bears much of the state’s aging infrastructure investment burden.³⁵ Because of this burden
9 and as Staff correctly notes, MAWC must “attract investors to provide needed capital for
10 investment in utility infrastructure.”³⁶

11 **VIII. OUTSIDE SERVICES – CONTRACT SERVICES**

12 **Q. Are you in agreement with Staff’s recommendation and calculation for outside**
13 **services?**

14 A. Engineered Steel Coatings (Tank Painting) are covered in the Rebuttal/Surrebuttal/Sur-
15 Surrebuttal Testimony by MAWC Witness Matthew A. Lueders and should be capitalized
16 and not excluded in its entirety.

17 **IX. MISCELLANEOUS EXPENSE**

18 **a. Penalties, Community Relations, and Membership Dues**

19 **Q. Does Staff discuss the Company’s treatment of Penalties, Community Relations, and**
20 **Membership Dues expense?**

³³ Schaben DT/RT, p. 19.

³⁴ Lesmes CRT/ST, p. 2.

³⁵ Linam DT, p. 8 (noting that state’s infrastructure used to “provide water and wastewater services are nearing the end of their life expectancy”).

³⁶ Lesmes CRT/ST, p. 2.

1 A. Yes.

2 **Q. Staff asserts that the Company did not state its position in direct testimony related to**
3 **Penalties, Community Relations, and Membership Dues expense. Is this accurate?**

4 A. No. My Direct Testimony includes a discussion of penalties and asserts that penalties and
5 membership dues are an adjustment to miscellaneous expenses.³⁷ Penalties and dues
6 expenses are included in MAWC's miscellaneous expense workpaper. MAWC removed
7 all penalty expenses and sponsorships prior to its rate request.

8 **Q. What is Staff's proposal regarding Penalties Community Relations and Membership**
9 **Dues expense and do you agree?**

10 A. I disagree with Staff Witness Branson's proposal to exclude further expenses in the amount
11 of \$932,074 that are reasonable. In addition to the general expenses discussed in Staff
12 testimony that were removed, the expense associated with the Company's grants for
13 firefighters and hydration stations were removed. Staff alleges that the grant programs do
14 not provide a direct benefit to the ratepayers and should be recovered. MAWC asserts that
15 the fire fighter grant provides financial assistance to fire departments to procure necessary
16 equipment in responding to an emergency in the Community. The hydration station grant
17 provides financial assistance to procure a fountain that provides access to clean, safe water
18 to the Community. The hydration station also is beneficial to the environment as
19 encourages use of a reusable water bottles. These programs provide benefits MAWC
20 customers as well. To be eligible for a grant the recipient shall be located within MOAW
21 service area thereby ensuring benefit to MAWC's customers.

22 **Q. Staff Witness Branson, on page 7 within the Direct/Rebuttal Testimony states that**

³⁷ Cifuentes DT, p. 21.

1 **“Some of the expenses that Staff disallowed include lanyards, press releases regarding**
2 **grant programs, and rubber ducks for community events. Staff determined these**
3 **costs do not provide a direct benefit to ratepayers and were, therefore, excluded from**
4 **Staff’s recommendation.” Do you agree with this recommendation?**

5 A. No, the Company does not agree with this proposed adjustment. MAWC invests in
6 communities where our customers live and work. As stated by Company Witness
7 Svindland, the Company gives back to the communities it serves and “Community support
8 is primarily provided at the local level, with Missouri-American teams identifying the
9 needs and priorities of their communities and providing support accordingly”.³⁸ Mr.
10 Svindland discusses the benefits to MAWC’s customers and communities because its
11 employees serve the communities we live in, financially and through volunteerism and
12 helping local organizations in various ways.³⁹ Further, the Company can generally state
13 that customer materials referenced by Staff benefit MAWC customers because these
14 materials are used to educate MAWC’s customers on specific topics such as: recycling,
15 water safety, health, watershed conservation, environmental protection, waste reduction,
16 customer service contact information, etc.

17 **Q. Staff Witness Branson, on page 7 within the Direct/Rebuttal Testimony states that**
18 **“Staff removed all expenses related to dues for The National Association of Water**
19 **Companies (“NAWC”) because “MAWC has ended its membership with NAWC, and**
20 **that expense is no longer reoccurring going forward.” Do you agree with this**
21 **recommendation?**

22 A. No. Staff Witness Branson incorrectly asserts that since the Company’s NAWC

³⁸ Svindland DT, p. 19.

³⁹ Svindland DT, pp 19-21.

1 membership has ceased, all ongoing level of expenses should be removed. The NAWC is
2 a professional association that provides a forum for its members to collaborate, share best
3 practices, and leverage their strengths to benefit the communities they serve. MAWC's
4 utilization of tools offered by its NAWC membership benefit MAWC customers through
5 professional development for MAWC employees, which provides more efficient and
6 effective service through knowledge of the latest trends and techniques. After December
7 31, 2024, the benefits MAWC customers used to receive from NAWC will be provided by
8 internal American Water resources and the recovery of those internal costs is appropriate.

9 **X. TRANSPORTATION**

10 **Q. Do you agree with the level of transportation expense recommended by Staff Witness**
11 **Sarver⁴⁰?**

12 **A.** No. First, the base year calculation excludes \$349,396 of out-of-period accruals. Second,
13 the capitalization percentage of 46.22% used by Staff is not based on a three (3) year
14 average of 46.01%, which MAWC had employed. Third, the proposed transportation
15 expense calculated by Staff is significantly understated and does not capture the true cost
16 of service as initially proposed in the petition as well as adjusting for the “true-up” of actual
17 expenses incurred to date as of December 31, 2024. MAWC has identified the actual three
18 (3) year average percentage that should have been applied in the initial filing should of
19 been 42.99% instead of the 46.01%. This will be updated in the “true-up” of actual
20 expenses as of December 31, 2024.

21 **XI. INSURANCE OTHER THAN GROUP (“IOTG”)**

22 **Q. Staff Witness Niemeier, on page 22 within the Direct/Rebuttal Testimony states that**

⁴⁰ Sarver DT/RT, p. 20.

1 \$147,000 for calendar year 2022 instead of \$160,200 for calendar year 2023, and (3)
2 excluded employee salaries and the related wages that support MAWC in providing safe
3 and reliable service as well as those that are not related to providing safe and adequate
4 service for the customers and communities in Missouri.

5 **XIII. CONCLUSION**

6 **Q. Does this conclude your Rebuttal/Surrebuttal/Sur-Surrebuttal Testimony?**

7 **A. Yes, at this present time.**

Staff response to DR 265

<u>Nos.</u>	<u>MAWC/AWWSC</u>	<u>EMP ID#</u>	<u>Job Title</u>	<u>Profit CTR Name</u>	<u>Removed</u>	<u>Notes</u>
1	AWWSC	60008094	BUSINESS DEVELOPMENT SPECIALIST	CORP-Corp Bus Dev	This job position will remain excluded because it primarily relates to business development which focuses on acquisitions and the exploration of future acquisitions that benefit MAWC financially.	Exclude
2	MAWC	50614230	BUSINESS SUPPORT SPECIALIST	CORP-Engineering	After review of MAWC's response to Staff's DR 243 and 243.1, Staff had further discussions regarding Staff position to exclude certain employee positions. Staff agrees that this position should be included in MAWC's revenue requirement. Staff will update it's payroll annualization.	Include
3	AWWSC	60000393	DIR VALUATION STRATEGIES	CORP-Corp Bus Dev	After review of MAWC's response to Staff's DR 243 and 243.1, Staff had further discussions regarding Staff position to exclude certain employee positions. Staff agrees that this position should be included in MAWC's revenue requirement. Staff will update it's payroll annualization.	Include
4	AWWSC	50379363	DIR, TALENT ACQUISITION	Talent Acquisition	After review of MAWC's response to Staff's DR 243 and 243.1, Staff had further discussions regarding Staff position to exclude certain employee positions. Staff agrees that this position should be included in MAWC's revenue requirement. Staff will update it's payroll annualization.	Include
5	MAWC	60000866	DIRECTOR OF GOVERNMENT AND EXTERNAL AFFAIRS	CORP-Govt Relations	After review of MAWC's response to Staff's DR 243, 243.1 and 138, Staff determined this job position will be disallowed because it primarily relates to governmental affairs that is associated with lobbyist expense which benefit MAWC financially.	Exclude
6	AWWSC	50087138	MANAGER, BUSINESS INTEGRATIONS	CORP-Corp Bus Dev	After review of MAWC's response to Staff's DR 243 and 243.1, Staff had further discussions regarding Staff position to exclude certain employee positions. Staff agrees that this position should be included in MAWC's revenue requirement. Staff will update it's payroll annualization.	Include
7	MAWC	60005008	MGR, GOVT RELATIONS	CORP-Govt Relations	After review of MAWC's response to Staff's DR 243, 243.1, 138, Staff determined this job position will be disallowed because it primarily relates to governmental affairs that is associated with lobbyist expense which benefit MAWC financially.	Exclude
8	AWWSC	50397145	OPERATIONS TRAINING BUSINESS PARTNER	CORP-HR Talent Dev	After review of MAWC's response to Staff's DR 243 and 243.1, Staff had further discussions regarding Staff position to exclude certain employee positions. Staff agrees that this position should be included in MAWC's revenue requirement. Staff will update it's payroll annualization.	Include
9	AWWSC	60003725	PROGRAM MANAGER, TALENT ACQUISITION	Talent Acquisition	After review of MAWC's response to Staff's DR 243 and 243.1, Staff had further discussions regarding Staff position to exclude certain employee positions. Staff agrees that this position should be included in MAWC's revenue requirement. Staff will update it's payroll annualization.	Include
10	AWWSC	3016354	PROJECT MANAGER, BUSINESS INTEGRATION	CORP-Corp Bus Dev	This job position will remain excluded because it primarily relates to business development which focuses on acquisitions and the exploration of future acquisitions that benefit MAWC financially.	Include 50% FOR BUSINESS INTEGRATION
11	AWWSC	50198892	PROJECT MANAGER, BUSINESS INTEGRATION	CORP-Corp Bus Dev	This job position will remain excluded because it primarily relates to business development which focuses on acquisitions and the exploration of future acquisitions that benefit MAWC financially.	Include 50% FOR BUSINESS INTEGRATION
12	AWWSC	50499807	PROJECT MANAGER, BUSINESS INTEGRATION	CORP-Corp Bus Dev	This job position will remain excluded because it primarily relates to business development which focuses on acquisitions and the exploration of future acquisitions that benefit MAWC financially.	Include 50% FOR BUSINESS INTEGRATION
13	AWWSC	60001985	PROJECT MANAGER, BUSINESS INTEGRATION	CORP-Corp Bus Dev	This job position will remain excluded because it primarily relates to business development which focuses on acquisitions and the exploration of future acquisitions that benefit MAWC financially.	Include 50% FOR BUSINESS INTEGRATION
14	AWWSC	60003690	SENIOR PROJECT MANAGER CORPORATE BD	CORP-Corp Bus Dev	This job position will remain excluded because it primarily relates to business development which focuses on acquisitions and the exploration of future acquisitions that benefit MAWC financially.	Exclude

<u>Nos.</u>	<u>MAWC/AWWSC</u>	<u>EMP ID#</u>	<u>Job Title</u>	<u>Profit CTR Name</u>	<u>Removed</u>	<u>Notes</u>
15	MAWC	60001069	SPEC EXT AFFAIRS	CORP-Ext Affairs	After review of MAWC's response to Staff's DR 243 and 243.1, Staff determined this job position will be disallowed because it primarily relates to governmental affairs that is associated with lobbyist expense which benefit MAWC financially.	Exclude
16	AWWSC	60006090	SPEC EXT AFFAIRS	CORP-External Comm	After review of MAWC's response to Staff's DR 243 and 243.1, Staff determined this job position will be disallowed because it primarily relates to governmental affairs that is associated with lobbyist expense which benefit MAWC financially.	Exclude
17	AWWSC	60006328	SPEC EXT AFFAIRS	CORP-External Comm	After review of MAWC's response to Staff's DR 243 and 243.1, Staff determined this job position will be disallowed because it primarily relates to governmental affairs that is associated with lobbyist expense which benefit MAWC financially.	Exclude
18	MAWC	60000482	SPECIALIST BUSINESS SVCS	CORP-Field Services	After review of MAWC's response to Staff's DR 243 and 243.1, Staff had further discussions regarding Staff position to exclude certain employee positions. Staff agrees that this position should be included in MAWC's revenue requirement. Staff will update it payroll annualization	Include
19	MAWC	60006854	SPECIALIST BUSINESS SVCS	CORP-Field Services	After review of MAWC's response to Staff's DR 243 and 243.1, Staff had further discussions regarding Staff position to exclude certain employee positions. Staff agrees that this position should be included in MAWC's revenue requirement. Staff will update it payroll annualization	Include
20	MAWC	60007092	SPECIALIST BUSINESS SVCS	CORP-Field Services	After review of MAWC's response to Staff's DR 243 and 243.1, Staff had further discussions regarding Staff position to exclude certain employee positions. Staff agrees that this position should be included in MAWC's revenue requirement. Staff will update it payroll annualization	Include
21	MAWC	60008412	SPECIALIST GOV AFFAIRS	CORP-Govt Relations	After review of MAWC's response to Staff's DR 243, 243.1 and 138, Staff determined this job position will be disallowed because it primarily relates to governmental affairs that is associated with lobbyist expense which benefit MAWC financially.	Exclude
22	AWWSC	60002285	SR DIR, BUSINESS DEVELOPMENT	CORP-Corp Bus Dev	This job position will remain excluded because it primarily relates to business development which focuses on acquisitions and the exploration of future acquisitions that benefit MAWC financially.	Exclude
23	AWWSC	50606394	SR MGR CORPORATE BD	CORP-Corp Bus Dev	This job position will remain excluded because it primarily relates to business development which focuses on acquisitions and the exploration of future acquisitions that benefit MAWC financially.	Exclude
24	MAWC	3017927	SR SPECIALIST BUSINESS SVCS	CORP-Field Services	After review of MAWC's response to Staff's DR 243 and 243.1, Staff had further discussions regarding Staff position to exclude certain employee positions. Staff agrees that this position should be included in MAWC's revenue requirement. Staff will update it's payroll annualization.	Include
25	MAWC	60003644	SR SPECIALIST BUSINESS SVCS	CORP-Engineering	After review of MAWC's response to Staff's DR 243 and 243.1, Staff had further discussions regarding Staff position to exclude certain employee positions. Staff agrees that this position should be included in MAWC's revenue requirement. Staff will update it's payroll annualization.	Include
26	MAWC	17010485	SR SPECIALIST BUSINESS SVCS	JEFF-Admin & Gen	After review of MAWC's response to Staff's DR 243 and 243.1, Staff had further discussions regarding Staff position to exclude certain employee positions. Staff agrees that this position should be included in MAWC's revenue requirement. Staff will update it's payroll annualization.	Include
27	AWWSC	60005597	SR TALENT ACQUISITION PARTNER	Talent Acquisition	After review of MAWC's response to Staff's DR 243 and 243.1, Staff had further discussions regarding Staff position to exclude certain employee positions. Staff agrees that this position should be included in MAWC's revenue requirement. Staff will update it's payroll annualization.	Include
28	AWWSC	60006667	TALENT ACQUISITION COORDINATOR	Talent Acquisition	After review of MAWC's response to Staff's DR 243 and 243.1, Staff had further discussions regarding Staff position to exclude certain employee positions. Staff agrees that this position should be included in MAWC's revenue requirement. Staff will update it's payroll annualization.	Include

<u>Nos.</u>	<u>MAWC/AWWSC</u>	<u>EMP ID#</u>	<u>Job Title</u>	<u>Profit CTR Name</u>	<u>Removed</u>	<u>Notes</u>
29	AWWSC	50405352	TALENT ACQUISITION PARTNER	Talent Acquisition	After review of MAWC's response to Staff's DR 243 and 243.1, Staff had further discussions regarding Staff position to exclude certain employee positions. Staff agrees that this position should be included in MAWC's revenue requirement. Staff will update it's payroll annualization.	Include
30	AWWSC	50545441	TALENT ACQUISITION PARTNER	Talent Acquisition	After review of MAWC's response to Staff's DR 243 and 243.1, Staff had further discussions regarding Staff position to exclude certain employee positions. Staff agrees that this position should be included in MAWC's revenue requirement. Staff will update it's payroll annualization.	Include
31	AWWSC	60005821	TALENT ACQUISITION PARTNER	Talent Acquisition	After review of MAWC's response to Staff's DR 243 and 243.1, Staff had further discussions regarding Staff position to exclude certain employee positions. Staff agrees that this position should be included in MAWC's revenue requirement. Staff will update it's payroll annualization.	Include
32	AWWSC	60006079	TALENT ACQUISITION PARTNER	Talent Acquisition	After review of MAWC's response to Staff's DR 243 and 243.1, Staff had further discussions regarding Staff position to exclude certain employee positions. Staff agrees that this position should be included in MAWC's revenue requirement. Staff will update it's payroll annualization.	Include
33	AWWSC	60006889	TALENT ACQUISITION PARTNER	Talent Acquisition	After review of MAWC's response to Staff's DR 243 and 243.1, Staff had further discussions regarding Staff position to exclude certain employee positions. Staff agrees that this position should be included in MAWC's revenue requirement. Staff will update it's payroll annualization.	Include
34	AWWSC	60007471	TALENT ACQUISITION PARTNER	Talent Acquisition	After review of MAWC's response to Staff's DR 243 and 243.1, Staff had further discussions regarding Staff position to exclude certain employee positions. Staff agrees that this position should be included in MAWC's revenue requirement. Staff will update it's payroll annualization.	Include
35	AWWSC	60001758	TALENT DEVELOPMENT BUSINESS PARTNER	CORP-HR Talent Dev	After review of MAWC's response to Staff's DR 243 and 243.1, Staff had further discussions regarding Staff position to exclude certain employee positions. Staff agrees that this position should be included in MAWC's revenue requirement. Staff will update it's payroll annualization.	Include
36	AWWSC	60006440	TALENT DEVELOPMENT SPECIALIST	CORP-HR Talent Dev	After review of MAWC's response to Staff's DR 243 and 243.1, Staff had further discussions regarding Staff position to exclude certain employee positions. Staff agrees that this position should be included in MAWC's revenue requirement. Staff will update it's payroll annualization.	Include
37	AWWSC	50164869	VP, BUSINESS DEVELOPMENT STRATEGY	CORP-Corp Bus Dev	This job position will remain excluded because it primarily relates to business development which focuses on acquisitions and the exploration of future acquisitions that benefit MAWC financially.	Include 20% of salary
38	AWWSC	50041705	VP, EMPLOYEE EXPERIENCE & TALENT DEVELOPMENT	CORP-HR Talent Dev	After review of MAWC's response to Staff's DR 243 and 243.1, Staff had further discussions regarding Staff position to exclude certain employee positions. Staff agrees that this position should be included in MAWC's revenue requirement. Staff will update it's payroll annualization.	Include