

Exhibit No.:
Issue: Surveillance Data Reporting
Witness: ROBERTA A. McKIDDY
Sponsoring Party: MoPSC Staff
Type of Exhibit: Rebuttal Testimony
Case No.: WM-2001-309
Date Testimony Prepared: June 25, 2001

MISSOURI PUBLIC SERVICE COMMISSION
UTILITY SERVICES DIVISION

REBUTTAL TESTIMONY
OF
ROBERTA A. McKIDDY

FILED²
JUN 26 2001
Missouri Public
Service Commission

MISSOURI-AMERICAN WATER COMPANY, ET. AL

CASE NO. WM-2001-309

Jefferson City, Missouri
June 2001

1 began pursuing a Master of Business Administration degree with William Woods
2 University in Jefferson City. I completed my MBA program on June 8, 2000.

3 Q. What is the purpose of your testimony?

4 A. The purpose of my testimony is to address the surveillance data reporting
5 requirements of Missouri-American Water Company (MAWC), St. Louis County Water
6 Company (SLCWC) and Jefferson City Water Works Company (JCWWC) on both a pre-
7 and post-merger basis.

8 **Surveillance Data Reporting**

9 Q. What is surveillance data reporting?

10 A. Surveillance data reporting is a tool that is used by the Commission Staff
11 to closely monitor the finances of public utilities for over-earnings.

12 Q. How is such financial information maintained and used by the
13 Commission Staff?

14 A. The Commission's Financial Analysis Department tracks and analyzes
15 financial information submitted by public utilities within the jurisdiction of the
16 Commission through the assistance of a Surveillance Reporting and Tracking System
17 (SURTS).

18 Q. What type of calculations does the Commission Staff perform using the
19 submitted financial information?

20 A. There are currently 24 calculations performed by the Commission's
21 Financial Analysis Department based on the financial information submitted by selected
22 public utilities within the jurisdiction of the Commission. Some of the key calculations
23 performed include: (1) return on 12-months ended rate base, based on Missouri

1 jurisdictional operations; (2) return on average common equity; (3) pre-tax interest
2 coverage; (4) capital structure components as a percentage of total capital; and
3 (5) Missouri jurisdictional revenues (excess)/deficit.

4 Q. Does the Commission have authority to obtain surveillance data from the
5 public utilities within the jurisdiction of the Commission?

6 A. Yes, pursuant to Section 393.140(9), RSMo 2000, for electrical, gas, water
7 and sewer corporations and Section 392.210.1, RSMo 2000, for telecommunications
8 companies.

9 Q. Does MAWC currently submit surveillance data reports to the
10 Commission's Financial Analysis Department?

11 A. Yes. MAWC began submitting surveillance data reports to the
12 Commission on or before August 31, 1989. MAWC has been very prompt in the
13 submission of these reports.

14 Q. Does SLCWC currently submit surveillance data reports to the
15 Commission's Financial Analysis Department?

16 A. Yes. SLCWC began submitting surveillance data reports to the
17 Commission on or before October 31, 1990. On or about April 1999, American Water
18 Works Company (AWWC), the parent company of MAWC, merged with National
19 Enterprises Inc., the parent company of SLCWC. Through that transaction, AWWC
20 made an indirect acquisition of the capital stock of SLCWC. Sometime after that merger,
21 SLCWC became Missouri-American Water Company dba St. Louis County Water.
22 MAWC has been very prompt in the submission of the surveillance data reports for
23 SLCWC.

1 Q. Does JCWWC currently submit surveillance data reports to the
2 Commission's Financial Analysis Department?

3 A. Yes. JCWWC began submitting surveillance data reports to the
4 Commission on or before November 30, 1990. The original submissions were made
5 under the company name of General Waterworks. As a result of a merger, the reports
6 were then submitted under the name Capital City Water and ultimately under the name of
7 United Water Missouri, Inc. On March 16, 2000, MAWC gained approval from the
8 Commission, in Case No. WM-2000-222, to acquire the common stock of United Water
9 Missouri, Inc. As a result of this merger, MAWC changed the company name from
10 United Water Missouri, Inc. to Missouri-American Water Company dba Jefferson City
11 Water Works Company (JCWWC). MAWC began submitting surveillance data reports
12 on behalf of JCWWC with the Commission's Financial Analysis Department on
13 May 31, 2000. MAWC has been very prompt in the submission of these reports.

14 Q. How will the pending merger application impact the submission of
15 surveillance data reports by the Company?

16 A. It is Staff's understanding that the books and records of
17 Missouri-American will be consolidated once the Commission approves the Company's
18 pending merger application. As a result, the submission of separate surveillance data
19 reports will not be possible.

20 Q. How should the Commission order the Company to proceed in fulfilling
21 its obligation to submit surveillance data reports to the Commission's Financial Analysis
22 Department?

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Roberta A. McKiddy

1 A. Staff believes the Commission should order the Company to submit
2 surveillance data reports monthly on a consolidated basis in accordance with the format
3 currently set forth by the Commission. Staff understands that once the merger is
4 completed, SLCWC and JCWWC will become operating districts similar to the seven
5 operating districts that currently exist under MAWC.

6 Q. Does this conclude your rebuttal testimony?

7 A. Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

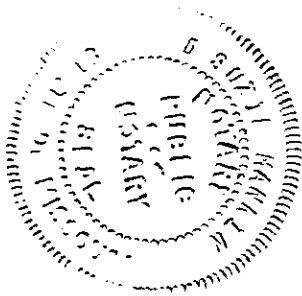
In the Matter of the Joint Application of)
 Missouri-American Water Company, St. Louis)
 County Water Company d/b/a Missouri-American)
 Water Company and Jefferson City Water Works)
 Company d/b/a Missouri-American Water Company)
 for authority to merge St. Louis County Water) Case No. WM-2001-309
 Company d/b/a Missouri-American Water Company)
 and Jefferson City Water Works Company d/b/a)
 Missouri-American Water Company with and into)
 Missouri-American Water Company and, in)
 connection therewith other related transactions.)

AFFIDAVIT OF ROBERTA A. McKIDDY

STATE OF MISSOURI)
) ss.
 COUNTY OF COLE)

Roberta A. McKiddy, of lawful age, on her oath states: that she has participated in the preparation of the foregoing Rebuttal Testimony in question and answer form, consisting of 5 pages to be presented in the above case; that the answers in the foregoing Rebuttal Testimony were given by her; that she has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of her knowledge and belief.

Roberta A. McKiddy
 Roberta A. McKiddy



Subscribed and sworn to before me this 25th day of June 2001.

D SUZIE MANKIN
NOTARY PUBLIC STATE OF MISSOURI
COLE COUNTY
MY COMMISSION EXP. JUNE 21, 2004

D Suzie Mankin