

Exhibit No.:  
Issues: No Detriment  
Proposed Conditions  
Witness: James M. Jenkins  
Exhibit Type: Surrebuttal  
Sponsoring Party: Missouri-American Water Company  
St. Louis County Water Company  
d/b/a Missouri-American Water  
Company  
Jefferson City Water Works  
Company d/b/a Missouri-American  
Water Company  
Case No.: WM-2001-309  
Date: August 15, 2001

**MISSOURI PUBLIC SERVICE COMMISSION**

**CASE NO. WM-2001-309**

**SURREBUTTAL TESTIMONY**

**OF**

**JAMES M. JENKINS**

**ON BEHALF 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**

**JEFFERSON CITY, MISSOURI**

**FILED<sup>2</sup>**  
AUG 15 2001  
Missouri Public  
Service Commission

**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 )  
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 WITH AND INTO )  
MISSOURI-AMERICAN WATER COMPANY )  
AND, IN CONNECTION THEREWITH, )  
CERTAIN OTHER RELATED TRANSACTIONS )**

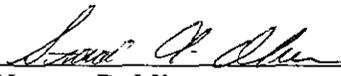
**CASE NO. WM-2001-309**

**AFFIDAVIT OF JAMES M. JENKINS**

James M. Jenkins, being first duly sworn, deposes and says that he is the witness who sponsors the accompanying testimony entitled "Surrebuttal Testimony of James M. Jenkins"; that said testimony was prepared by him and/or under his direction and supervision; that if inquiries were made as to the facts in said testimony, he would respond as therein set forth; and that the aforesaid testimony is true and correct to the best of his knowledge.

  
James M. Jenkins

State of Missouri  
County of St. Louis  
SUBSCRIBED and sworn to  
before me this 13<sup>th</sup> day of August 2001.

  
Notary Public

My commission expires:

**STACI A. OLSEN  
Notary Public - Notary Seal  
STATE OF MISSOURI  
St. Charles County  
My Commission Expires: Mar. 20, 2005**

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**SURREBUTTAL TESTIMONY**

**JAMES M. JENKINS**

**WITNESS INTRODUCTION**

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. James M. Jenkins, 535 N. New Ballas Rd., St. Louis, Missouri.

3 **Q. ARE YOU THE SAME JAMES M. JENKINS THAT PREVIOUSLY FILED DIRECT**  
4 **TESTIMONY IN THIS CASE?**

5 A. Yes, I am.

6 **PURPOSE**

7 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

8 A. I will respond generally concerning the rebuttal testimony filed by the Commission Staff  
9 (“Staff”) and the Office of the Public Counsel (“OPC”) and the lack of basis for any  
10 “conditions” to be placed on the Commission’s approval of the proposed mergers of  
11 Missouri-American Water Company, St. Louis County Water Company (“SLCWC”) d/b/a  
12 Missouri-American Water Company, and Jefferson City Water Works Company  
13 (“JCWWC”) d/b/a Missouri-American Water Company (collectively, the “Applicants”).  
14 Additionally, I will provide testimony in direct response to the call center condition proposed  
15 by Staff witness Deborah Ann Bernsen; the billing information, record keeping and deferred  
16 income tax condition proposed by Staff witness Stephen M. Rackers; the surveillance data  
17 condition proposed by Staff witness Roberta A. McKiddy; and, the district specific cost of  
18 service and capital investment conditions proposed by OPC witness Russell W. Trippensee.

19 **STANDARD**

20 **Q. ON PAGE 5 OF HIS REBUTTAL TESTIMONY, OPC WITNESS TRIPPENSEE**  
21 **STATES THAT IT IS HIS UNDERSTANDING THAT “THE STANDARD THE**  
22 **COMMISSION MUST APPLY WHEN CONSIDERING WHETHER OR NOT TO**

1           **APPROVE THE MERGER IS A ‘NO DETRIMENT’ STANDARD.’” IS THIS**  
2           **CONSISTENT WITH YOUR UNDERSTANDING?**

3       A.   Yes. It is my understanding that the statutory basis of the Missouri Public Service  
4       Commission’s (“Commission”) jurisdiction to approve a merger is found in section  
5       393.190(1), RSMo (2000) (“No . . . water corporation . . . shall . . . merge or consolidate such  
6       works or system . . . without having first secured from the commission an order authorizing  
7       it to do so.”). It is my further understanding that the Missouri Supreme Court long ago  
8       recognized that the Commission’s ability to approve or disapprove actions pursuant to this  
9       statute is limited. In *State ex rel. City of St. Louis v. Public Service Commission*, 73 S.W.2d  
10      393 (Mo.banc 1934), the Supreme Court reviewed the Commission’s approval of the transfer  
11     of the stock of a public utility. In describing the standard to be used, the Supreme Court  
12     stated as follows:

13                 The owners of this stock should have something to say as to whether they can  
14                 sell it or not. To deny them that right would be to deny them an incident  
15                 important to ownership of property. *City of Ottawa v. Public Service*  
16                 *Commission*, 130 Kan. 867, 288 P. 556. A property owner should be allowed  
17                 to sell his property unless it would be detrimental to the public.

18                 The state of Maryland has an identical statute with ours, and the  
19                 Supreme Court of that state in the case of *Electric Public Utilities Co. v.*  
20                 *Public Service Commission*, 154 Md. 445, 140 A. 840, loc. cit. 844, said: “To  
21                 prevent injury to the public, in the clashing of private interest with the public  
22                 good in the operation of public utilities, is one of the most important  
23                 functions of Public Service Commissions. It is not their province to insist  
24                 that the public shall be *benefitted*, as a condition to change ownership, but  
25                 their duty is to see that no such change shall be made as would work to the  
26                 public *detriment*. ‘In the public interest,’ in such cases, can reasonably mean  
27                 no more than ‘not detrimental to the public.’”

28                 *Id.* at 400.

29       **Q.   WHAT DO YOU BELIEVE THE PROPER STANDARD IS FOR THE**  
30       **COMMISSION IN THIS CASE?**

31       A.   I believe the standard can be stated as follows:

1 Are the proposed mergers of MAWC, SLCWC and JCWWC not detrimental to the public  
2 interest?

3 It is my understanding that this standard is supported by both Commission rule (4 CSR 240-  
4 2.060(8)) and case law. *Re: Missouri-American Water Company*, Mo.P.S.C. Case No. WM-  
5 93-255 (July 30, 1993), citing *State ex rel. City of St. Louis v. Public Service Commission*,  
6 73 S.W.2d 393 (Mo.banc 1934) and *State ex rel. Fee Fee Trunk Sewer, Inc. v. Litz*, 596  
7 S.W.2d 466 (Mo.App. 1980).

8 **Q. WHAT DOES THIS MEAN IN TERMS OF THE REBUTTAL TESTIMONY THAT**  
9 **HAS BEEN FILED IN THIS CASE PROPOSING THAT ANY COMMISSION**  
10 **APPROVAL BE CONDITIONED ON VARIOUS REQUIREMENTS?**

11 A. I seek only to remind the Commission that its decision-making in this case starts with the  
12 question of detriment. If it finds that there is no rate payer detriment from the proposed  
13 mergers, the Commission's inquiry should stop and its approval granted.

14 **Q. WHAT PART DO THE "CONDITIONS" THAT HAVE BEEN PROPOSED BY THE**  
15 **STAFF AND OPC PLAY IN THIS PROCESS?**

16 A. I believe these proposed conditions are only at issue if the Commission should find 1) there  
17 is some detriment from the proposed mergers; and, 2) that the proposed condition is  
18 necessary to prevent that detriment.

19 **NO DETRIMENT**

20 **Q. HAVE THE STAFF AND OPC IDENTIFIED ANY SPECIFIC DETRIMENT**  
21 **RELATED TO THE PROPOSED MERGERS IN THEIR REBUTTAL TESTIMONY?**

22 A. No. Staff witness Rackers only states generally that "the Staff believes the approval of the  
23 Application without certain conditions, would be detrimental to the public interest." (P. 2).  
24 OPC witness Trippensee similarly states in the abstract that "Public Counsel would

1 recommend that the Commission approve this merger of the legal entity applicants with  
2 certain conditions to ensure that Missouri customers do not face any possible detrimental  
3 effects subsequent to the merger.” (P. 4).

4 **Q. ARE THERE ANY “POSSIBLE DETRIMENTAL EFFECTS” OR ANY THREAT TO**  
5 **THE PUBLIC INTEREST AS A RESULT OF THE MERGERS?**

6 A. No. What the Applicants have proposed in this case is merely a restructuring of the  
7 corporate identity of the operations. All of the Joint Applicants are currently subsidiary  
8 companies of American Water Works Company, Inc. (“American”). It is proposed that  
9 SLCWC and JCWWC be merged with and into MAWC, with MAWC being the surviving  
10 corporation. American will continue to own the surviving entity.

11 **Q. WHAT WILL THE MERGERS MEAN FOR THE CUSTOMERS OF THE**  
12 **APPLICANTS?**

13 A. There will be no change. SLCWC and JCWWC customers will continue to experience the  
14 same day-to-day utility service, from the same personnel and at the same rates. Additionally,  
15 since both SLCWC and JCWWC currently operate under the fictitious name “Missouri-  
16 American Water Company,” even in terms of identity, the customers will see no change.

17 **Q. WILL THERE BE ANY CHANGES TO THE RATES OR CONDITIONS OF**  
18 **SERVICE CURRENTLY IN EFFECT AS A RESULT OF THE MERGERS?**

19 A. No. MAWC, as the surviving corporation, will maintain in effect the various existing rates,  
20 rules, regulations, terms and conditions of service to the public heretofore approved by the  
21 Commission and currently in effect for each of the service areas of MAWC, including the  
22 areas previously served by SLCWC and JCWWC. This will continue until such time as a  
23 change(s), if any, may be approved by the Commission.

24 **Q. ARE THE APPLICANTS PROPOSING ANY CHANGES TO THE TARIFFS IN**

1           **THIS CASE?**

2    A.   No. No change to the existing rates, rules, regulations, terms and conditions of service is  
3           proposed by the Application. MAWC would propose only to file, subsequent to the mergers,  
4           an adoption tariff adopting the existing tariffs of SLCWC and JCWWC.

5    **Q. IS IT POSSIBLE TO IDENTIFY ANY POSSIBLE DETRIMENT-RELATED TO**  
6           **THE MERGERS?**

7    A.   I do not believe so. The ultimate ownership, the operations, and the rate structures all will  
8           remain constant. MAWC is fully qualified, in all respects, to own and operate the systems  
9           currently owned and operated by SLCWC and JCWWC and to otherwise provide sufficient  
10          and efficient, safe, reliable, and affordable water service. There is no complaint to the  
11          contrary in this or any other Commission proceeding. Any speculation about possible  
12          detriment necessarily invokes issues that are present with or without the merger.

13   **Q. ARE THE APPLICANTS REQUIRED FOR ANY REASON TO PURSUE AND**  
14          **COMPLETE THESE MERGERS?**

15   A.   No. The Applicants could continue to operate in their existing structure indefinitely.

16   **Q. THEN WHY ARE THESE MERGERS BEING PROPOSED?**

17   A.   The Applicants believe there are several benefits. First, the financial resources of all three  
18          companies will be combined producing an entity that is materially larger than any of the pre-  
19          merger corporations and better known in the financial market. This should enable the  
20          Applicants to more easily address large capital expenditures as they are required.

21           In addition, the combination of all three companies will reduce the corporate administration  
22          of the separate companies by eliminating two Boards of Directors' and attendant shareholder  
23          activities and the maintenance of records therefore, as well as reduce many other regulatory

1 filings. Moreover, a single set of corporate financial records will result in further ease of  
2 administration.

3 **Q. WHAT SHOULD THIS MEAN TO THE COMMISSION?**

4 A. That there are no detriments associated with the proposed merger, only potential benefits.  
5 Neither the Staff nor the OPC have been able to specifically identify any detriment. The  
6 unfounded speculation as to what “might” happen is not related to the merger. These  
7 mergers have potential benefits for the rate payers in terms of financial ability to provide  
8 service and in the streamlining of the Applicants’ operations. There is no justification to any  
9 conditions on the Commission’s approval of the proposed mergers.

10 **SPECIFIC CONDITIONS**

11 **Q. WILL THE APPLICANTS ADDRESS THE SPECIFIC CONDITIONS PROPOSED**  
12 **BY THE STAFF AND OPC?**

13 A. Yes. Although the Applicants believe that there is no detriment that can result from these  
14 mergers and that there is no basis to place conditions on the mergers, the Applicants will still  
15 address individually each of the conditions proposed by the Staff and OPC.

16 **Q. WILL YOU PROVIDE ALL THE TESTIMONY IN THIS REGARD ON BEHALF**  
17 **OF THE APPLICANTS?**

18 A. No. Edward J. Grubb will address the cost allocation manual that has been proposed by OPC  
19 witness James R. Dittmer and Frank L. Kartmann will address the capital investment and  
20 water quality conditions that have been proposed by OPC witness Trippensee

21 **CAPITAL INVESTMENT**

22 **Q. ON PAGE 9 OF HIS REBUTTAL TESTIMONY, OPC WITNESS TRIPPENSEE**  
23 **STATES THAT THE COMPANY SHOULD BE REQUIRED TO MAKE THE**  
24 **“NECESSARY CAPITAL INVESTMENTS IN ITS MISSOURI OPERATIONS IN**

1           **ORDER TO CONTINUE ITS ABILITY TO PROVIDE SAFE AND ADEQUATE**  
2           **SERVICE AT JUST AND REASONABLE RATES.” MR. TRIPPENSEE PROCEEDS**  
3           **TO RECOMMEND THAT FOR A MINIMUM OF FIVE YEARS, “THE COMPANY**  
4           **[BE REQUIRED] TO MAKE CAPITAL INVESTMENTS EQUAL TO THE**  
5           **AVERAGE AGGREGATE BUSINESS-AS-USUAL INVESTMENT IN PLANT OVER**  
6           **THE PRIOR THREE YEARS BY MAWC, SLCWC AND JCWWC, OR**  
7           **APPROXIMATELY \$39 MILLION PER YEAR.” WHAT IS APPLICANTS’**  
8           **POSITION AS TO THIS PROPOSED CONDITION?**

9           A. The Applicants are very much opposed to this condition.

10          **Q. WHY?**

11          A. The Applicants provide safe and adequate service today and there is no reason to believe they  
12             will not do so after the mergers. The entire regulatory system has been created to monitor  
13             the Applicants’ performance in providing safe and adequate service and carries consequences  
14             where the standard is not achieved. There is no need to add Mr. Trippensee’s proposed  
15             condition to the statutes, regulations and case law that are already in place and designed to  
16             accomplish this goal.

17          **Q. IF THIS CONDITION IS IMPLEMENTED, WHAT EFFECT WILL IT HAVE ON**  
18             **THE EXISTING REGULATORY PROCESS?**

19          A. It would pervert both the Applicants’ decision making process as well as the Commission’s  
20             review of the Applicants’ decisions.

21          **Q. HOW SO?**

22          A. The OPC proposes that by Commission order the Applicants be required to make \$39 million  
23             of capital investment every year for a three year period. Only by application and grant of  
24             Commission variance could the Applicants invest less than this amount.

1 Currently, the Commission has stated that in reviewing the prudence of a utility's investment  
2 it "will assess management decisions at the time they are made and ask the question, 'Given  
3 all the surrounding circumstances existng at the time, did management use due diligence to  
4 address all relevant factors and information known or available to it when it assessed the  
5 situation?'" *In the Matter of Union Electric Company*, 27 Mo.P.S.C.(N.S.) 183, 194 (1985).

6 It appears that if the OPC capital investment condition were granted, the first and overriding  
7 "surrounding circumstance" that would have to be examined by the Commission would be  
8 the fact that the Company was ordered to spend the money.

9 **Q. WOULD THIS CHANGE THE COMPANY'S DECISION-MAKING PROCESS?**

10 A. Yes. No longer would the Company be able to look at the merits of an individual project.  
11 In would instead be required to first realize that the Commission has ordered that money  
12 must be spent. Thus, the decision will not be whether a specific project makes sense, but  
13 rather whether the project makes more sense than something else.

14 **Q. HOW WOULD THIS CHANGE THE COMMISSION'S REVIEW PROCESS?**

15 A. Because it would have created this spending requirement, the Commission would also have  
16 to begin its review with the assumption that the money had to be spent somewhere.  
17 Therefore, to challenge the expenditure, other parties would have to look beyond the specific  
18 project and instead compare the relative value of several projects.

19 **Q. OPC TRIPPENSEE STATES AT PAGE 11 OF HIS REBUTTAL TESTIMONY**  
20 **THAT "IN THE EVENT THE COMPANY BELIEVES THAT THE CAPITAL**  
21 **EXPENDITURE OF APPROXIMATELY \$39 MILLION IN ANY YEAR WOULD**  
22 **NOT BE PRUDENT, THE COMPANY WOULD BE OBLIGATED TO FILE FOR A**  
23 **VARIANCE FROM THIS MERGER CONDITION." ARE YOU AWARE OF ANY**  
24 **"OBLIGATION" TO FILE FOR A VARIANCE?**

1 A. No. The only "obligation" of which I am aware in this situation is the obligation to comply  
2 with the Commission's order, if the Applicants desire to complete the merger.

3 **Q. WHAT WOULD THE COMMISSION HAVE TO DECIDE IN SUCH A VARIANCE**  
4 **APPLICATION?**

5 A. As a practical matter, the Commission would have to step into the shoes of management and  
6 decide whether specific projects should be pursued at that time or put off for the future.

7 **Q. IN YOUR OPINION HOW SHOULD THE COMMISSION ADDRESS THE**  
8 **PROPOSED CAPITAL INVESTMENT CONDITION?**

9 A. I believe the condition is unnecessary and it should not be adopted. In the normal course of  
10 business, the regulatory system provides the Commission power through the applicable  
11 statutes to ensure that the Applicants comply with their obligation to provide safe and  
12 adequate service. I would not believe that the Commission would want to take the step  
13 suggested by the OPC and fling itself directly into the management of the Applicants'  
14 investments and systems without some evidence that the Applicants have failed to do their  
15 job.

16 **BILLING, RECORD KEEPING AND DEFERRED TAX CONDITIONS**

17 **Q. ON PAGES 3-4 OF HIS REBUTTAL TESTIMONY, STAFF WITNESS RACKERS**  
18 **PROPOSES CERTAIN CONDITIONS RELATING TO BILLING INFORMATION,**  
19 **RECORD KEEPING AND DEFERRED INCOME TAX CONDITION. WHAT ARE**  
20 **THE APPLICANTS' REACTIONS TO THESE PROPOSED CONDITIONS?**

21 A. It is unclear to the Applicants why the conditions are necessary. However, that having been  
22 said, the Applicants do not object to these three conditions.

23 **DISTRICT SPECIFIC INFORMATION**

24 **Q. OPC WITNESS TRIPPENSEE PROPOSES A CONDITION WHICH IS SIMILAR**

1 TO STAFF WITNESS RACKERS' RECORD KEEPING CONDITION. AT PAGE  
2 6-7 OF HIS REBUTTAL TESTIMONY, MR. TRIPPENSEE PROPOSES THAT THE  
3 COMMISSION ORDER "THE COMPANY TO MAINTAIN FINANCIAL DATA  
4 AND OPERATING STATISTICS ON A DISTRICT SPECIFIC BASIS OF DIRECT  
5 COSTS AND IMPLEMENT AN ALLOCATION PROCEDURE TO ADDRESS  
6 INDIRECT OR SHARED . . . COSTS AMONG THE DISTRICTS." OPC WITNESS  
7 TRIPPENSEE STATES THAT THE PURPOSE OF THIS PROPOSAL IS "TO  
8 ENSURE THAT SUFFICIENT INFORMATION IS AVAILABLE TO ALLOW  
9 PARTIES TO RECOMMEND AND THE COMMISSION CONSIDER DISTRICT  
10 SPECIFIC RATE DESIGN PROPOSALS." WHAT IS THE APPLICANTS'  
11 POSITION AS TO THIS CONDITION?

12 A. Once again, as an initial matter, the Applicants do not see how this addresses any possible  
13 outcome of the proposed merger. MAWC has multiple districts already and will continue  
14 to have these districts even without the proposed mergers. Thus, the OPC has the same  
15 concern - that district specific information be available - with or without the merger.  
16 However, as this is something that Applicants do as a normal course of business, the  
17 Applicants do not specifically object to this condition.

18 SURVEILLANCE CONDITION

19 Q. STAFF WITNESS MCKIDDY PROPOSES THAT, POST MERGER, THE  
20 COMMISSION "ORDER THE COMPANY TO SUBMIT SURVEILLANCE DATA  
21 REPORTS MONTHLY ON A CONSOLIDATED BASIS IN ACCORDANCE WITH  
22 THE FORMAT CURRENTLY SET FORTH BY THE COMMISSION." WHAT IS  
23 THE APPLICANTS' POSITION AS TO THIS PROPOSAL?

24 A. While there does not seem to be any potential detriment that forms the basis for this

1 proposal, it does serve to clear up an unknown – how the Commission would like for the  
2 surviving company to file its surveillance report. Therefore, the Applicants have no  
3 objection to this proposed condition.

4 **CALL CENTER CONDITION**

5 **Q. STAFF WITNESS BERNSEN DISCUSSES THE OPENING OF THE NEW**  
6 **NATIONWIDE AMERICAN WATER WORKS CALL CENTER IN ALTON,**  
7 **ILLINOIS. PLEASE EXPLAIN THE BACKGROUND OF THIS PROJECT.**

8 A. The American Water Works system is currently in the process of opening a new call center  
9 in Alton, Illinois. This facility will include several improvements from the Joint Applicants'  
10 current call centers such as: state of the art telephony systems, advanced customer  
11 information database systems, a more functional and ergonomically correct building layout  
12 design, and the technology and resources to track key performance statistics.

13 **Q. AT WHAT POINT WILL THIS FACILITY PROVIDE SERVICES TO MISSOURI**  
14 **CUSTOMERS?**

15 A. This facility is scheduled to begin operations for the SLCWC customers in the fourth quarter  
16 of 2001 and will begin to come on line for the MAWC and JCWWC customers in late 2002.

17 **Q. IS THE NEW CALL CENTER RELATED TO THE PROPOSED MERGERS IN ANY**  
18 **WAY?**

19 A. No. This is a completely separate project. The SLCWC, MAWC and JCWWC customers  
20 will be serviced by the new call center whether or not the proposed mergers are approved and  
21 completed.

22 **Q. DO YOU BELIEVE THAT CONDITIONS RELATED TO THE CALL CENTER**  
23 **ARE NECESSARY TO ADDRESS POTENTIAL DETRIMENT RELATED TO THE**  
24 **MERGER?**

1 A. No. The new call center will improve the services available to the Applicants' customers.  
2 More importantly, any effects of this project exist with or without the mergers. As stated,  
3 the call center project is completely unrelated to the proposed mergers. Staff witness  
4 Bernsen herself states that she is hoping to provide a "reasonable assurance that the  
5 *conversion to a consolidated call center* has not adversely affected the level of service being  
6 provided to the customer." (P. 8) (emphasis added). The proposed mergers, not the  
7 "conversion to a consolidated call center," is before the Commission.

8 **Q. AT PAGE 7 OF HER REBUTTAL TESTIMONY, STAFF WITNESS BERNSEN**  
9 **RECOMMENDS THAT THE STAFF BE NOTIFIED 30 DAYS IN ADVANCE OF**  
10 **THE TRANSITION OF THE MISSOURI CUSTOMERS TO THE NEW CALL**  
11 **CENTER AND SUGGESTS THAT THE COMPANY SHOULD NOTIFY AFFECTED**  
12 **CUSTOMERS WITH "BILLING INSERTS" AND "LOCAL NEWSPAPER ADS"**  
13 **PRIOR TO THE CONVERSIONS. ARE THE APPLICANTS WILLING TO**  
14 **PROVIDE SUCH NOTICE?**

15 A. Yes, with only slight modification. The Applicants certainly agree that providing notice to  
16 their customers of the change to a 24 hour a day, seven day a week call center is important.  
17 However, billing "inserts," or bill "stuffers," add an unnecessary cost to the process. The  
18 Applicants would instead suggest that notification be provided by message printed directly  
19 on the bill. Providing notification to the customers in this manner can be done with very  
20 little, if any, marginal cost. Because of this fact, the Applicants would be willing to add the  
21 message to each bill for a three-month period after the customer call center conversions. The  
22 Applicants also are willing to place a paid advertisement in each district immediately prior  
23 to the conversion, as proposed by Staff witness Bernsen.

24 **Q. BEGINNING ON PAGE 5 OF HER REBUTTAL TESTIMONY, STAFF WITNESS**

1           BERNSEN PROPOSES THAT THE COMPANY BE REQUIRED TO PROVIDE  
2           DATA ON VARIOUS MEASURES OF CALL CENTER PERFORMANCE. SHE  
3           RECOMMENDS THAT THE COMPANY BEGIN REPORTING THIS DATA ON A  
4           QUARTERLY BASIS IN THE FIRST FULL QUARTER AFTER CONVERSION OF  
5           THE FIRST MISSOURI OPERATIONS AND CONTINUE TO PROVIDE IT UNTIL  
6           EIGHT QUARTERS AFTER THE LAST MISSOURI PROPERTY HAS BEEN  
7           CONVERTED TO THE CALL CENTER (P. 7). ADDITIONALLY, MS. BERNSEN  
8           RECOMMENDS THAT NINETY DAYS AFTER THE END OF EACH CALENDAR  
9           YEAR THAT THE COMPANY "SUBMIT A REPORT TO THE STAFF WHICH  
10          SHOULD INCLUDE ACTUAL PERFORMANCE AS COMPARED TO THE  
11          GOALS, EXPLANATION OF ANY DEVIATION FROM THE GOALS, ACTIONS  
12          TO BE UNDERTAKEN TO IMPROVE PERFORMANCE, WHERE NECESSARY,  
13          AND MODIFICATIONS TO THE GOALS." WHAT IS YOUR REACTION TO  
14          THIS PROPOSED REQUIREMENT?

15       A.    The Applicants have several fundamental problems with this condition. First, as stated  
16       before, the call center process is completely unrelated to the mergers. Thus, there is no legal  
17       connection between the call center and this Application. Second, the new call center is  
18       actually an improvement over the existing call center operations in terms of available  
19       information. Ms. Bernsen states that "the current call centers do not maintain operating  
20       performance data with which to track and evaluate the level of service the customer is  
21       receiving." (P. 6). Thus, past performance cannot be measured in the same way as future  
22       performance. There is no way to ascertain, based on these statistical measures whether or  
23       not performance has decreased and, therefore, no benefit in assessing detriment.

