

Exhibit No.:
Issues: Water Quality
Capital Investment
Witness: Frank L. Kartmann
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

FILED²

AUG 15 2001

**Missouri Public
Service Commission**

SURREBUTTAL TESTIMONY

OF

FRANK L. KARTMANN

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

**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)**

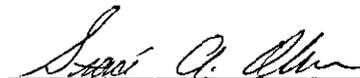
CASE NO. WM-2001-309

AFFIDAVIT OF FRANK L. KARTMANN

Frank L. Kartmann, being first duly sworn, deposes and says that he is the witness who sponsors the accompanying testimony entitled "Surrebuttal Testimony of Frank L. Kartmann"; 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.


Frank L. Kartmann

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


Notary Public

My commission expires:

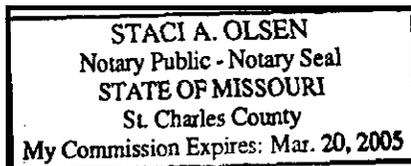


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SURREBUTTAL TESTIMONY

FRANK L. KARTMANN

WITNESS INTRODUCTION

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

2 A. Frank L. Kartmann, 535 N. New Ballas Rd., St. Louis, Missouri.

3 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

4 A. I am employed by St. Louis County Water Company d/b/a Missouri-American Water
5 Company ("SLCWC"), Jefferson City Water Works Company d/b/a Missouri-American
6 Water Company ("JCCWC") and Missouri-American Water Company ("MAWC") as
7 Vice President-Engineering.

8 **Q. PLEASE SUMMARIZE YOUR EDUCATION.**

9 A. I obtained a BS Degree in Secondary Education from the University of Illinois -
10 Urbana/Champaign, Illinois in 1986. I obtained a BS Degree in Civil Engineering from
11 the University of Missouri - Rolla, Missouri in 1989. I earned an MBA from Washington
12 University - St. Louis, Missouri in 1999.

13 **Q. PLEASE SUMMARIZE YOUR EMPLOYMENT EXPERIENCE.**

14 A. I joined SLCWC in 1989 as a System Engineer designing and managing the construction
15 of water main and mechanical piping projects. In 1994, I became the Plant Engineer for
16 SLCWC's Meramec Plant. In 1998, I became the Plant Superintendent for SLCWC's
17 Meramec and South County Plants. In 1999, I became Director-Engineering for
18 SLCWC, JCCWC and MAWC. In 2000, I was elected Vice President-Engineering for
19 the same three companies.

20 **Q. PLEASE SUMMARIZE YOUR RESPONSIBILITIES AS VICE PRESIDENT-
21 ENGINEERING FOR SLCWC, JCCWC AND MAWC.**

22 A. I am responsible for the planning, design, and construction of water supply, treatment,

1 pumping, storage, distribution, and general plant facilities for SLCWC, JCCWC AND
2 MAWC. This includes:

3 Administering the capital investment program consisting of an average of 15 to 25
4 projects annually with individual budgets greater than \$100,000 and typical yearly
5 budgets ranging from approximately \$29,000,000 to \$34,000,000;

6 Managing a staff of 26 supervisors, engineers, and technicians;

7 Utilizing knowledge of state and federal regulatory requirements to ensure
8 compliance with environmental statutes;

9 Coordinating the procurement of all project design and construction services,
10 including contract administration, requests for proposals, and scope development; and,

11 Providing comprehensive system planning for 5-year intervals for use in
12 projecting facility needs and expansion requirements.

13 **PURPOSE**

14 **Q. WHAT IS THE PURPOSE OF THIS TESTIMONY?**

15 A. I will respond to the Rebuttal Testimony of Office of the Public Counsel (“OPC”) witness
16 Russell W. Trippensee concerning his proposed merger condition related to water quality.
17 In addition, in response to the capital investment condition proposed by OPC witness
18 Trippensee, I will supplement the information provided by Applicants’ witness James R.
19 Jenkins in primary response to this condition.

20 **Q. WHAT IS THE APPLICANTS’ GENERAL POSITION REGARDING THE**
21 **PROPOSED MERGER CONDITIONS?**

22 A. The Surrebuttal Testimony of James M. Jenkins addresses the Applicants’ general
23 position that there are no detrimental impacts associated with the proposed mergers and,
24 thus, no basis for any conditions. My testimony will only address the Applicants’
25 response to the specific proposed conditions that I have described.

1 WATER QUALITY

2 Q. AT PAGES 5-6 OF HIS REBUTTAL TESTIMONY, OPC WITNESS
3 TRIPPENSEE RECOMMENDS THAT THE MISSOURI PUBLIC SERVICE
4 COMMISSION (“COMMISSION”) REQUIRE THE COMPANY TO SUBMIT
5 REPORTS ON A QUARTERLY AND ANNUAL BASIS TO ITS STAFF AND THE
6 OPC DETAILING THE LEVEL OF HARDNESS IN THE FINISHED WATER
7 DELIVERED TO THE SYSTEM IN EACH OF ITS OPERATING DISTRICTS IN
8 COMPARISON TO THE AVERAGE LEVEL OF HARDNESS FOR EACH
9 DISTRICT OVER THE TWO-YEAR PERIOD IMMEDIATELY PRIOR TO THE
10 MERGER. WHAT IS THE APPLICANTS’ POSITION ON THIS PROPOSED
11 CONDITION?

12 A. The Applicants do not believe it is appropriate or necessary. First, similar to the
13 arguments outlined in James M. Jenkins’ testimony, concerns about water hardness and
14 treatment levels are completely unconnected to the proposed mergers. If there was to be
15 any degradation of service in this regard, it could happen with or without the merger.
16 Nothing about the mergers has an impact upon water quality or treatment.

17 Additionally, this condition is unnecessary from a monitoring perspective. Through the
18 state Safe Drinking Water Act primacy laws (section 640.100, RSMo), the Department of
19 Natural Resources (“DNR”) and the systems themselves must perform sampling of the
20 water quality in the Applicants’ systems, to include water hardness. This information
21 already exists and the results are available for DNR. They could also be obtained by the
22 Staff and OPC. It serves no purpose for the Commission to add an additional and
23 redundant testing and reporting requirement.

24 Lastly, I am unable to discern what is significant about the time frame recommended by

1 Mr. Trippensee. A two year average does not relate to any aspect of the merger. In fact,
2 two years ago, the American system did not even own JCCWC. Thus, a two year period
3 will take into account multiple ownership structures and serve no purpose in terms of
4 assessing the mergers which are the subject of this case.

5 **CAPITAL INVESTMENT**

6 **Q. ON PAGE 9 OF HIS REBUTTAL TESTIMONY, OPC WITNESS TRIPPENSEE**
7 **STATES THAT THE COMPANY SHOULD BE REQUIRED TO MAKE THE**
8 **“NECESSARY CAPITAL INVESTMENTS IN ITS MISSOURI OPERATIONS IN**
9 **ORDER TO CONTINUE ITS ABILITY TO PROVIDE SAFE AND ADEQUATE**
10 **SERVICE AT JUST AND REASONABLE RATES.” IS THERE ANY QUESTION**
11 **AS TO WHETHER THE APPLICANTS ARE PROVIDING SAFE AND**
12 **ADEQUATE SERVICE?**

13 **A.** No. There is no evidence or allegation that the Applicants’ service is now, in the past, or
14 will be in the future as a result of the mergers, unsafe or inadequate. The standard set
15 forth by Mr. Trippensee -- that the Company should be required to make the “necessary
16 capital investments in its Missouri operations in order to continue its ability to provide
17 safe and adequate service at just and reasonable rates” – is the standard under which the
18 Applicants operate on a daily basis.

19 **Q. MR. TRIPPENSEE FURTHER RECOMMENDS THAT FOR A MINIMUM OF**
20 **FIVE YEARS, “THE COMPANY [BE REQUIRED] TO MAKE CAPITAL**
21 **INVESTMENTS EQUAL TO THE AVERAGE AGGREGATE BUSINESS-AS-**
22 **USUAL INVESTMENT IN PLANT OVER THE PRIOR THREE YEARS BY**
23 **MAWC, SLCWC AND JCCWC, OR APPROXIMATELY \$39 MILLION PER**
24 **YEAR.” IS A TARGET AMOUNT LIKE THIS NECESSARY OR HELPFUL TO**
25 **THE PROVISION OF SAFE AND ADEQUATE SERVICE?**

26 **A.** No. The Applicants already have an obligation to provide safe and adequate service and

1 will do so whether the investment required is greater or lesser than the amount that has
2 been identified by Mr. Trippensee. On a daily basis I, and my engineers, must make
3 decisions that impact the ability of systems to operate and provide service. A total annual
4 dollar amount requirement does not figure into these decisions and would do nothing to
5 assist them in the future.

6 **Q. DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?**

7 A. Yes, it does.