

Algonquin Water Resources of Missouri
Larry W. Loos
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ALGONQUIN WATER RESOURCES OF MISSOURI, LLC

Schedule LWL-0
4CSR 240-3.030 Filing Requirement
(Provided for Information Purpose)

Item #1 – Aggregate annual increase and the percentage of increase over current revenues which the tariffs propose.

SEWER

Based on a proforma test year ended September 30, 2005, Algonquin proposes tariffs which increase sewer rate revenues by \$309,272 or 241.29%. In order to mitigate the impact on customers, Algonquin proposes to phase in this increase with increases effective June 4, 2006 and November 1, 2007. The June 4, 2006 increase amounts to \$114,443, or 89% over existing rate revenue. The November 1, 2007 increase amounts to \$194,829 or 80% over the June 4, 2006 rate levels.

WATER

Based on a proforma test year ended September 30, 2005, Algonquin proposes tariffs which increase water rate revenues by \$584,390 or 268.55%. Of this amount, Algonquin proposes to recover \$88,700 from the sale of non-potable water to Silverleaf Resorts, Inc. for golf course irrigation. Under existing rates, Silverleaf has not billed for this non-potable water. Under Algonquin proposed rates, Silverleaf will be charged \$88,400 effective June 4, 2006, increasing to \$88,700 effective November 1, 2007.

Algonquin proposes an increase of \$495,690 for service to potable water customers. In order to mitigate the impact on customers, Algonquin proposes to phase in this increase with increases effective June 4, 2006 and November 1, 2007. The June 4, 2006 increase amounts to \$195,595 (exclusive of non-potable water sales), or 90% over existing rate revenue. The November 1, 2007 increase amounts to \$300,095, or 73% over the June 4, 2006 rate levels.

Algonquin Water Resources of Missouri
Case Nos. WR-
SR-

Schedule LWL-0
Item 2

Item #2 - Names of counties and communities affected

County Name

Community Name

SEWER

Stone County

Ozark Mountain Resort, Kimberling City, MO

Jefferson County

Timber Creek Resort, Desoto, MO

WATER

Taney County

Holiday Hills Resort, Branson, MO

Stone County

Ozark Mountain Resort, Kimberling City, MO

Jefferson County

Timber Creek Resort, Desoto, MO

Algonquin Water Resources of Missouri
Case Nos. WR-
SR-

Schedule LWL-0
Item 3

Item #3 – Number and classification of customers affected

The number and classifications of the customers (average test period) affected by the proposed tariffs are as follows:

Classification	Silverleaf	Non-Silverleaf	Total
Sewer			
Residential	137	91.4	228.4
Commercial	14.5	-	14.5
Total	151.5	91.4	242.9
Water			
Residential	276.7	336.8	613.4
Commercial	73.0	34.8	107.8
Irrigation	1	-	1
Total	350.7	371.6	722.2

Algonquin Water Resources of Missouri
Case Nos. WR-
SR-

Schedule LWL-0

Item 4

Item #4 – Average increase requested

The average increase in dollars and the percentage over the current rate for all customer classifications based on sales for the twelve months ended September 30, 2005 is as follows:

Classification	Pro Forma Revenue at Current Rates	At June 4, 2006 Rates		
		Pro Forma Revenue	Dollar Increase	Percent Increase
	\$	\$	\$	
<u>SEWER</u>				
Residential	90,047	168,369	78,322	86.98%
Commercial	38,150	74,271	36,121	94.68%
Total	128,197	242,640	114,443	89.27%
Silverleaf (Est.)	109,211	208,652	99,441	91.05%
Non-Silverleaf	18,986	33,988	15,002	79.02%
<u>WATER</u>				
Residential	120,534	224,673	104,139	86.40%
Commercial	97,078	188,534	91,456	94.21%
Subtotal	217,612	413,207	195,595	89.88%
Irrigation	-	88,400	88,400	NMF
Total	217,612	501,607	283,995	130.50%
Silverleaf (Est.)	162,600	399,691	237,091	145.81%
Non-Silverleaf	55,012	101,916	46,904	85.26%
Classification		At November 1, 2007 Rates		
		Pro Forma Revenue	Dollar Increase	Percent Increase
	\$	\$	\$	
<u>SEWER</u>				
Residential	168,369	299,859	131,490	78.10%
Commercial	74,271	137,610	63,339	85.28%
Total	242,640	437,469	194,829	80.30%
Silverleaf (Est.)	208,652	379,683	171,031	81.97%
Non-Silverleaf	33,988	57,786	23,798	70.02%
<u>WATER</u>				
Residential	224,673	381,637	156,964	69.86%
Commercial	188,534	331,665	143,131	75.92%
Subtotal	413,207	713,302	300,095	72.63%
Irrigation	88,400	88,700	300	0.34%
Total	501,607	802,002	300,395	59.89%
Silverleaf (Est.)	399,691	629,824	230,134	57.58%
Non-Silverleaf	101,916	172,178	70,261	68.94%

Algonquin Water Resources of Missouri
Case Nos. WR-
SR-

Schedule LWL-0
Item 5

Item #5 – Proposed annual aggregate change by general categories of service and by rate classification within each general category of service including dollar amounts and percentage of change in revenues from current rates.

See Item #4

Algonquin Water Resources of Missouri
Case Nos. WR-
SR-

Schedule LWL-0
Item 6

Item #6 – Copies of any press releases relative to the filing issued by the Company prior to or at the time of the filing.

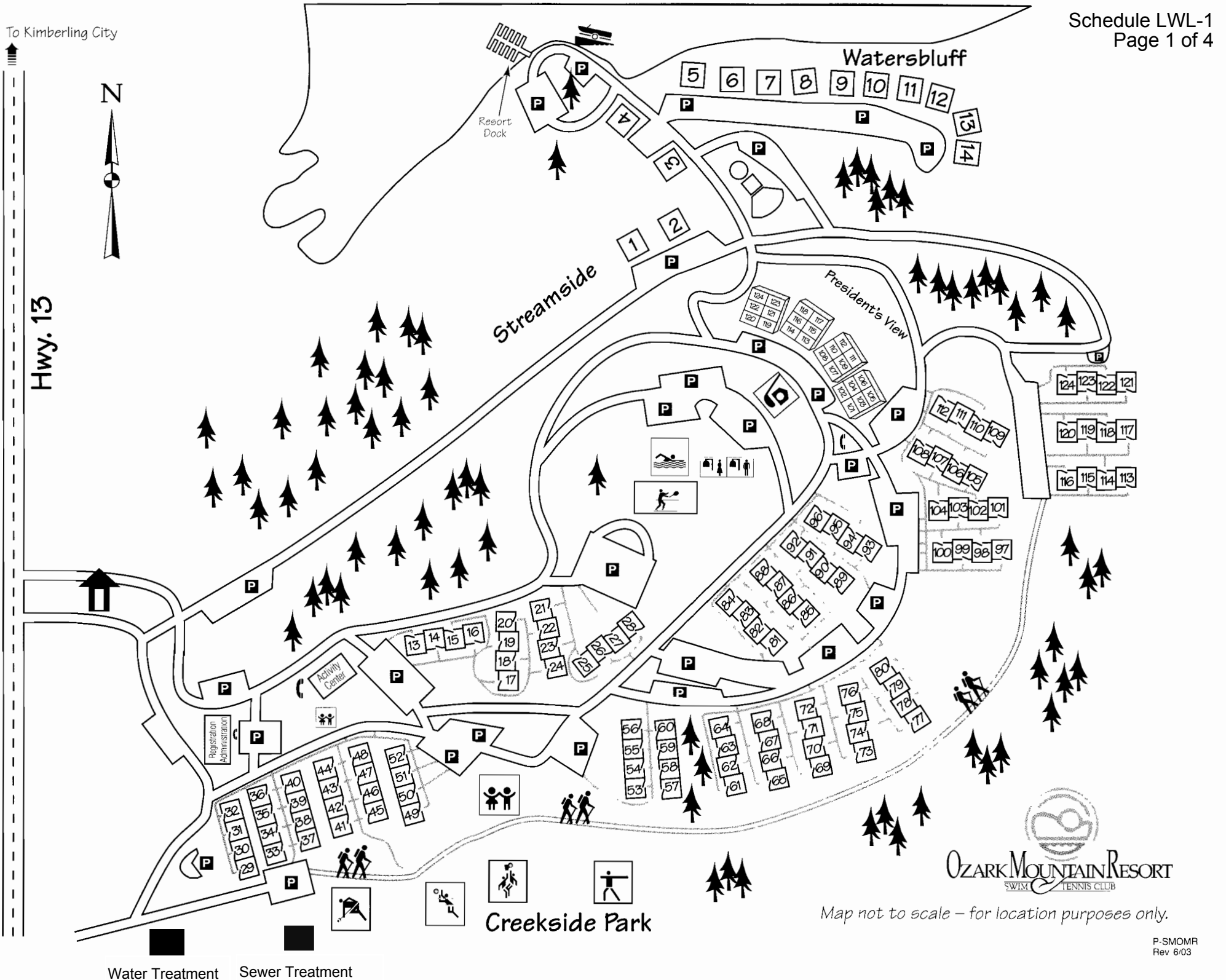
Algonquin did not issue any press releases.

Item #7 – Summary of the reasons for the proposed changes

This represents the first rate case filed by Algonquin. Based on available information, it is also the first case involving these properties in which economic justification for the rate levels are presented. The existing rate levels became effective in 1998. Since the underlying rates were not developed following the traditional model, the specific reasons underlying the need for rate increase cannot be traced. However, in preparing the material supporting its needs for increased rates, Algonquin endeavored to:

- 1) Restate plant balances to levels which reflect all plant acquired by Algonquin regardless of how Silverleaf accounted for it.
- 2) Restate depreciation reserve to levels which correspond to the above and reflect the uniform application of depreciation rates which reflect general plant life characteristics.
- 3) Restate operating expenses reported by Silverleaf to expense levels more in line with Algonquin utility operations.
- 4) Mitigate the impact on customers of the significant rate increase required by phasing in the increase.

To Kimberling City





HOLIDAY HILLS
RESORT & GOLF CLUB

Treatment Plant #1

A

The Oaks

T/S Lodge

T/S Cabins

Residential Single Family

Irrigation Pump House

Resort Utilities (Algonquin)

The Bluffs

The Lakes

Treatment Plant #2

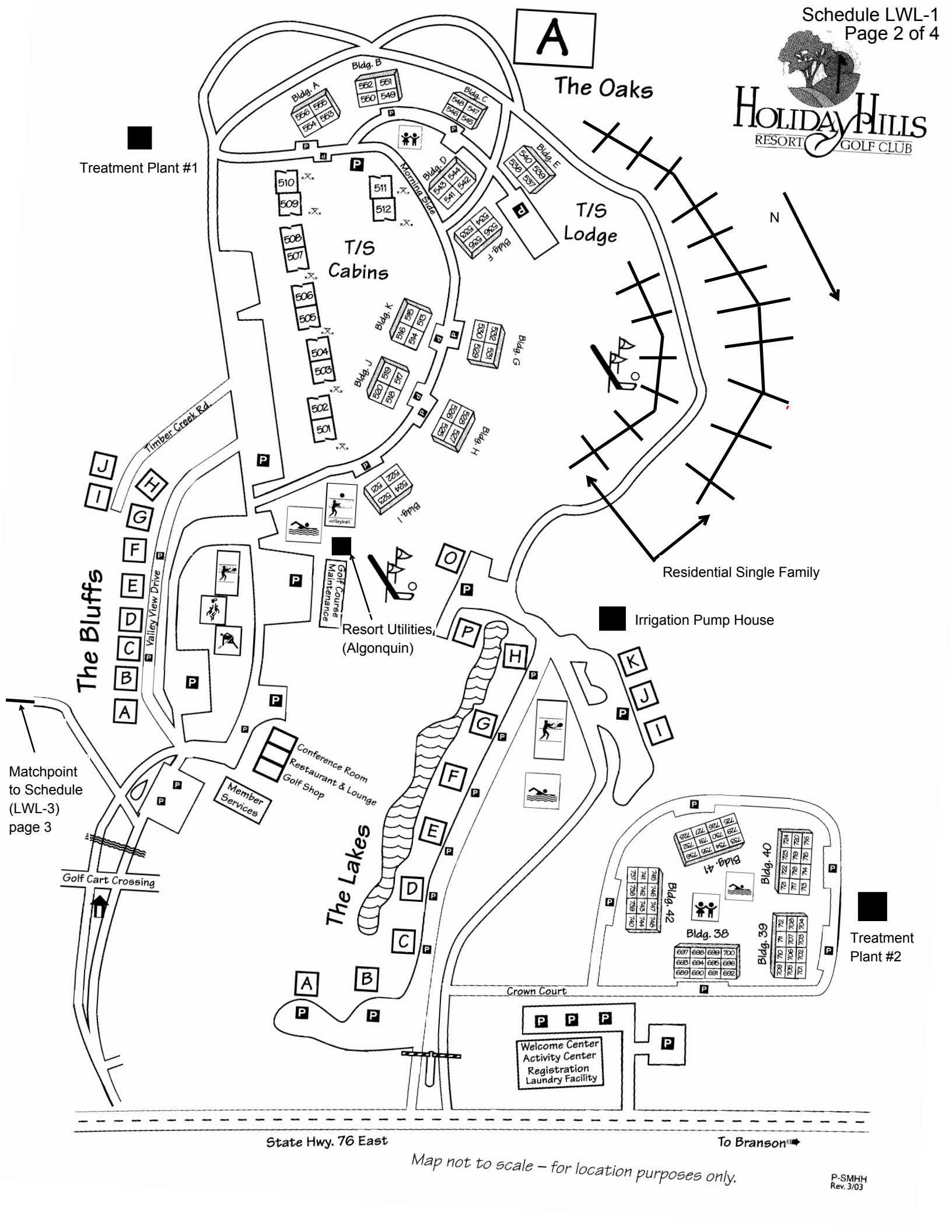
Crown Court

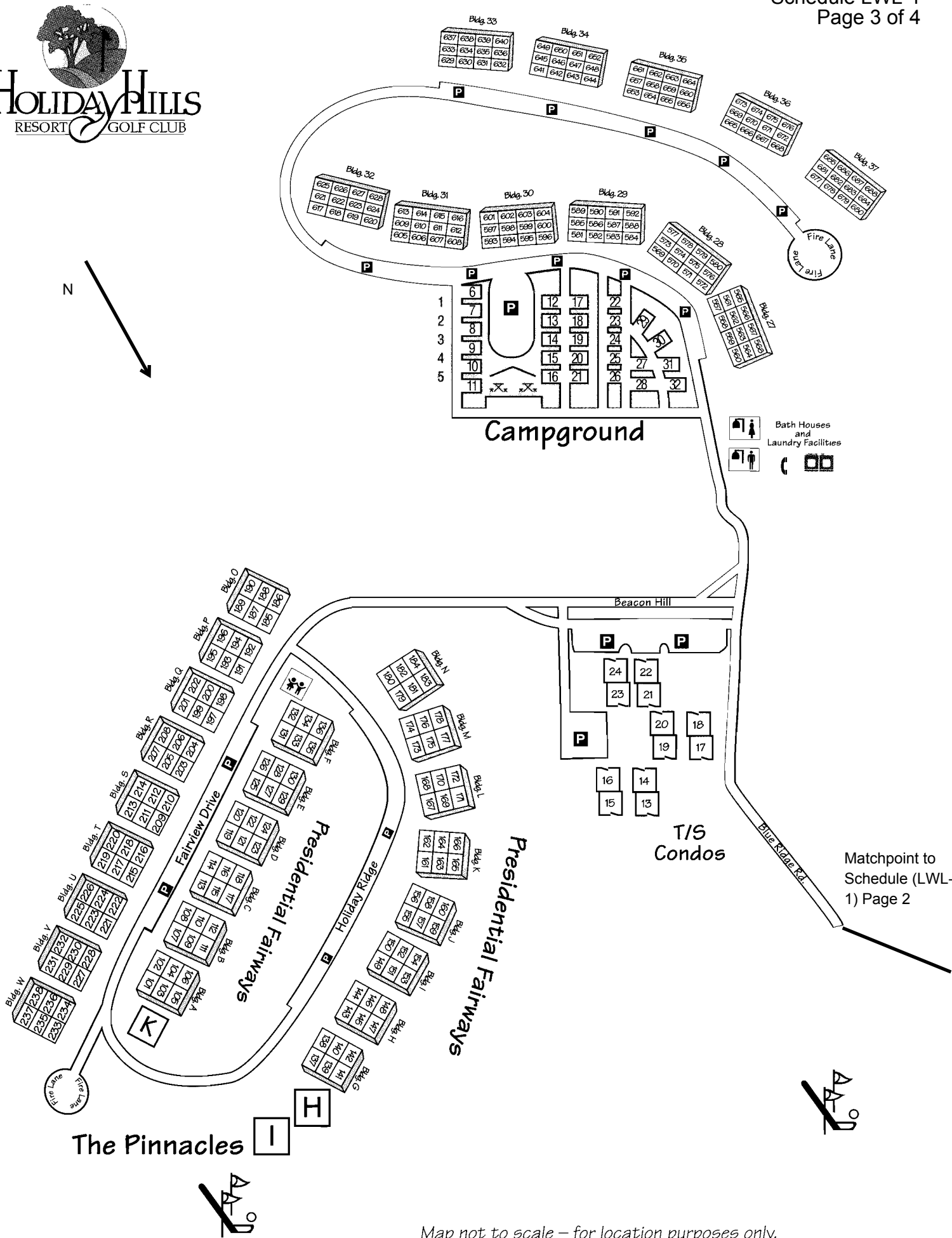
Welcome Center
Activity Center
Registration
Laundry Facility

State Hwy. 76 East

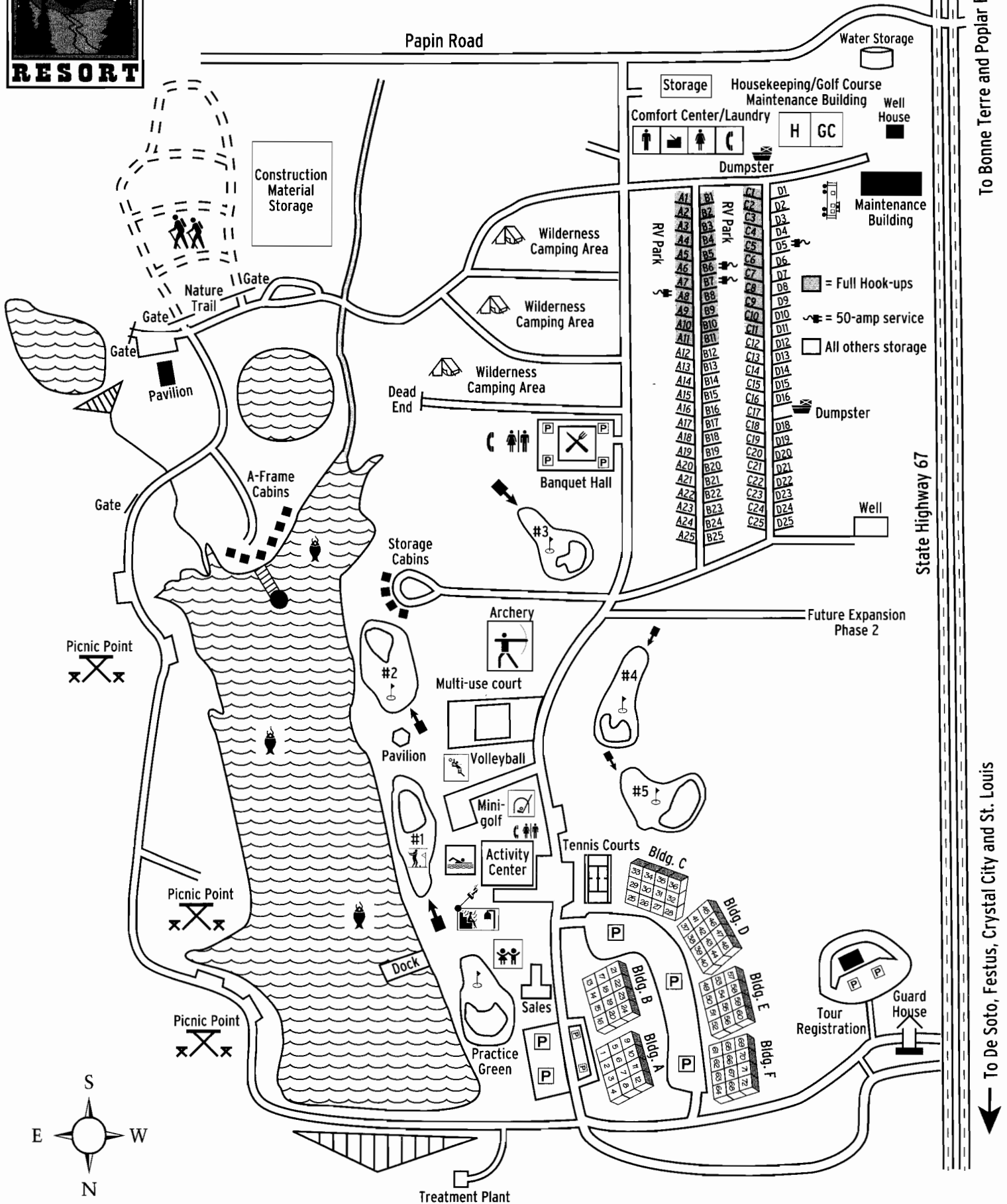
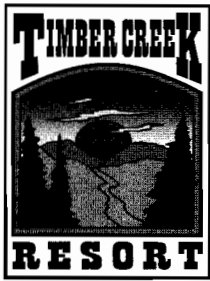
To Branson

Map not to scale - for location purposes only.





Map not to scale – for location purposes only.



Algonquin Water Resources of Missouri
Number of Customers, Sales, and Sales Revenues
Twelve Months Ended September 2005

Schedule LWL-2
Sheet 1 of 1

	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]
Line No.	Description	Number of Customers (Bills)				Sales - Gallons				Revenues - \$			
		Non Silverleaf	Silverleaf	Total	Silverleaf % of Total	Non Silverleaf	Silverleaf	Total	Silverleaf % of Total	Non Silverleaf	Silverleaf	Total	Silverleaf % of Total
<u>WATER</u>													
1	Ozark Mountain												
2	Residential	1,102	1,452	2,554	56.85%	1,467,400	4,721,400	6,188,800	76.29%	7,643	19,083	26,725	71.40%
3	Commercial	156	156	312	50.00%	587,500	3,392,400	3,979,900	85.24%	2,946	10,665	13,612	78.35%
4	Total	1,258	1,608	2,866	56.11%	2,054,900	8,113,800	10,168,700	79.79%	10,589	29,748	40,337	73.75%
5	Holiday Hills												
6	Residential	2,939	1,676	4,615	36.32%	8,366,700	11,981,832	20,348,532	58.88%	34,631	47,334	81,964	57.75%
7	Commercial	261	591	852	69.37%	2,774,500	17,926,700	20,701,200	86.60%	9,478	59,376	68,853	86.24%
8	Total Residential and Commercial	3,200	2,267	5,467	41.47%	11,141,200	29,908,532	41,049,732	72.86%	44,108	106,709	150,818	70.75%
9	Irrigation	-	12	12	100.00%	-	62,313,400	62,313,400	100.00%	-	-	-	-
10	Total	3,200	2,279	5,479	41.60%	11,141,200	92,221,932	103,363,132	89.22%	44,108	106,709	150,818	70.75%
11	Timber Creek												
12	Residential		192	192	100.00%		2,952,700	2,952,700	100.00%		11,058	11,058	100.00%
13	Commercial		129	129	100.00%		4,319,400	4,319,400	100.00%		14,168	14,168	100.00%
14	Total	-	321	321	100.00%	-	7,272,100	7,272,100	100.00%	-	25,226	25,226	100.00%
15	Total 3 Resorts												
16	Residential	4,041	3,320	7,361	45.10%	9,834,100	19,655,932	29,490,032	66.65%	42,274	77,474	119,748	64.70%
17	Commercial	417	876	1,293	67.75%	3,362,000	25,638,500	29,000,500	88.41%	12,424	84,209	96,633	87.14%
18	Total Residential and Commercial	4,458	4,196	8,654	48.49%	13,196,100	45,294,432	58,490,532	77.44%	54,698	161,683	216,381	74.72%
19	Irrigation	-	12	12	100.00%	-	62,313,400	62,313,400	100.00%	-	-	-	-
20	Total	4,458	4,208	8,666	48.56%	13,196,100	107,607,832	120,803,932	89.08%	54,698	161,683	216,381	74.72%
<u>SEWER</u>													
21	Ozark Mountain												
22	Residential	1,097	1,452	2,549	56.96%	1,489,200	4,699,600	6,188,800	75.94%	17,962	45,390	63,351	71.65%
23	Commercial	-	90	90	100.00%	22,200	2,847,400	2,869,600	99.23%	198	17,196	17,393	98.86%
24	Total	1,097	1,542	2,639	58.43%	1,511,400	7,547,000	9,058,400	83.31%	18,160	62,585	80,745	77.51%
25	Timber Creek												
26	Residential		192	192	100.00%		2,952,700	2,952,700	100.00%		26,637	26,637	100.00%
27	Commercial		84	84	100.00%		1,807,000	1,807,000	100.00%		15,199	15,199	100.00%
28	Total	-	276	276	100.00%	-	4,759,700	4,759,700	100.00%	-	41,836	41,836	100.00%
29	Total 3 Resorts												
30	Residential	1,097	1,644	2,741	59.98%	1,489,200	7,652,300	9,141,500	83.71%	17,962	72,027	89,988	80.04%
31	Commercial	-	174	174	100.00%	22,200	4,654,400	4,676,600	99.53%	198	32,395	32,593	99.39%
32	Total	1,097	1,818	2,915	62.37%	1,511,400	12,306,700	13,818,100	89.06%	18,160	104,422	122,581	85.19%

Note: Silverleaf has not been billed for irrigation (untreated water) service. Algonquin is proposing one applicable to this service.

Totals shown in detailed billings (see Sheet 8 of Schedule_(LWL-W) and Schedule_(LWL-S))

	Water	Sewer
Number of Bills	8,664	2,980
Sales - volume	129,040	13,812
Revenue - \$	217,612	128,197

Schedule LWL-3
Sheet 1 of 2

	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]
		Water Utility				Sewer Utility				
Line No.	Description	Ozark Mountain	Holiday Hills	Timber Creek	Total	Ozark Mountain	Holiday Hills	Timber Creek	Total	Total Algonquin
1	Mains Installed - Feet									
2	Installed Before January 1, 1993	5,355	7,675	-	13,030	7,715	-	-	7,715	20,745
3	Installed After December 31, 1992	4,075	29,161	-	33,236	6,165	-	-	6,165	39,401
4	Total	9,430	36,836	-	46,266	13,880	-	-	13,880	60,146
5	Plant in Service - \$									
6	Reported as of September 30, 2005									
7	Installed Before January 1, 1993	-	-	-	-	-	-	-	-	-
8	Installed After December 31, 1992	219,190	2,035,309	922,818	3,177,316	329,280	238,072	890,342	1,457,694	4,635,010
9	Total	219,190	2,035,309	922,818	3,177,316	329,280	238,072	890,342	1,457,694	4,635,010
10	Proposed Adjustments to September 30, 2005 Balances									
11	Cost of Facilities Installed Before January 1, 1993									
12	Distribution and Collection	233,286	321,874	-	555,160	174,266	-	-	174,266	729,427
13	Source of Supply and Treatment	308,982	420,951	-	729,934	454,672	-	-	454,672	1,184,606
14	Eliminate Sewer Investment	-	-	-	-	-	(238,072)	-	(238,072)	(238,072)
15	Total	542,268	742,825	-	1,285,094	628,938	(238,072)	-	390,866	1,675,960
16	As Adjusted									
17	Installed Before January 1, 1993	542,268	742,825	-	1,285,094	628,938	-	-	628,938	1,914,032
18	Installed After December 31, 1992	219,190	2,035,309	922,818	3,177,316	329,280	-	890,342	1,219,622	4,396,938
19	Total as of 8/15/05 and 9/30/05	761,458	2,778,134	922,818	4,462,410	958,218	-	890,342	1,848,560	6,310,970
20	Indicated Reserve as of 8/15/05 (preliminary)				1,321,945				880,307	2,202,252
21	Net Plant as of 8/15/05 (preliminary)				3,140,466				968,253	4,108,718
22	Adjustment to 8/15/05 Net Plant to limit to \$3.8 million				(235,966)				(72,752)	(308,718)
23	As Adjusted				2,904,499				895,501	3,800,000
24	Indicated Reserve as of 8/15/05 as adjusted (Ln 20 - Ln 22)				1,557,911				953,059	2,510,970
25	Plant Additions - 8/15/05 to 9/30/05				-				-	-
26	Depreciation Expense - 8/15/05 to 9/30/05				14,444				8,456	22,900
27	Adjusted Balance as of 9/30/05									
28	Gross Plant				4,462,410				1,848,560	6,310,970
29	Depreciation Reserve				1,572,355				961,515	2,533,870
30	Net Plant				2,890,055				887,045	3,777,100

**Algonquin Water Resources of Missouri
Depreciation Expense Rates**

Schedule LWL-3
Sheet 2 of 2

Line No.	Description	[A] Average Dollar Age years	[B] Depreciation Expense Rate	[C] Indicated Service Life years	[D] Reserve Ratio	[E] Proposed by Staff In Case No. WO-2005-0206 Depreciation Expense Rate	[F] Indicated Service Life years	[G] Reserve Ratio
						[H] Proposed by Algonquin Depreciation Expense Rate	[I] Indicated Service Life years	[J] Reserve Ratio
1	Water Utility							
2	Intangible Plant							
3	Sources of Supply Plant							
4	Water System Dev - Struct & Improv	6.89	2.0%	50.00	13.8%	2.0%	50.00	13.8%
5	Water/Sewer Line Supply	10.01	2.0%	50.00	20.0%	2.0%	50.00	20.0%
6	Pumping Plant							
7	Well Pump - Struct & Improv	6.84	2.5%	40.00	17.1%	2.5%	40.00	17.1%
8	Well Pump - Elect Pump Equipment	10.04	10.0%	10.00	100.4%	5.0%	20.00	50.2%
9	Treatment Plant							
10	Treatment Plant - Struct & Improv	9.06	2.5%	40.00	22.7%	2.5%	40.00	22.7%
11	Plant Water Treatment Equipment	13.98	2.9%	34.48	40.6%	2.9%	34.48	40.6%
12	Transmission and Distribution Plant							
13	T&D Plant - Struct & Improv	6.23	2.5%	40.00	15.6%	2.5%	40.00	15.6%
14	Distribution Reservoirs and Strandpipes	13.40	2.5%	40.00	33.5%	2.5%	40.00	33.5%
15	Transmission and Distribution Mains	11.60	2.0%	50.00	23.2%	2.0%	50.00	23.2%
16	Fire Mains	13.93	2.0%	50.00	27.9%	2.0%	50.00	27.9%
17	Services	8.57	2.5%	40.00	21.4%	2.5%	40.00	21.4%
18	Water Meters	11.17	3.3%	30.30	36.9%	3.3%	30.30	36.9%
19	Hydrants	7.61	2.0%	50.00	15.2%	2.0%	50.00	15.2%
20	Meters and Meter Installations	7.55	3.3%	30.30	24.9%	3.3%	30.30	24.9%
21	Computer Equipment & Software - 60% Water	8.43	14.3%	6.99	120.5%	5.5%	18.18	46.3%
22	Office Furn & Equipment - 60% Water	11.26	5.0%	20.00	56.3%	2.5%	40.00	28.1%
23	Other General Equipment Water	4.97	6.7%	14.93	33.3%	6.7%	14.93	33.3%
24	Sewer Utility							
25	Collection Plant							
26	Sewer System Dev - Struct & Improv	7.31	2.5%	40.00	18.3%	2.5%	40.00	18.3%
27	Collection Sewers - Gravity	10.92	2.0%	50.00	21.8%	2.0%	50.00	21.8%
28	Services to Customers	11.22	2.0%	50.00	22.4%	2.0%	50.00	22.4%
29	Pumping Plant							
30	Receiving Wells	15.14	4.0%	25.00	60.6%	3.3%	30.30	50.0%
31	Pumping Equipment	4.77	10.0%	10.00	47.7%	5.0%	20.00	23.8%
32	Treatment and Disposal Plant							
33	Treatment and Disposal Equipment	15.07	5.0%	20.00	75.4%	5.0%	20.00	75.4%
34	Plant Sewers	7.25	2.5%	40.00	18.1%	2.5%	40.00	18.1%
35	Other Equipment	7.25	2.0%	50.00	14.5%	2.0%	50.00	14.5%
36	Computer Equipment & Software - 60% Water	8.43	14.3%	6.99	120.5%	5.5%	18.18	46.3%
37	Office Furn & Equipment - 60% Water	11.26	5.0%	20.00	56.3%	2.5%	40.00	28.1%
38	Sewer Plant - Organization	7.25	10.0%	10.00	72.5%	5.0%	20.00	36.3%
39	Sewer System Dev - Engineering	9.05	10.0%	10.00	90.5%	5.0%	20.00	45.3%

Algonquin Water Resources of Missouri
Pro Forma Test Year Ended September 30, 2005
Cost of Capital
Summary

Schedule LWL-4
Sheet 1 of 6

	[A]	[B]	[C]	[D]
Line No.	Capital Component	Capital Structure	Cost Rate	Weighted Cost Rate
1	Long Term Debt	17.15%	6.54%	1.12%
2	Convertible Debentures	12.14%	6.65%	0.81%
3	Common Equity	<u>70.72%</u>	12.50%	<u>8.84%</u>
4	Total	100.00%		10.77%

Reference:

Column B - Schedule__(LWL-4), Sheet 2

Column C - Line 1, Schedule__(LWL-4), Sheet 2

Column C - Line 2, Schedule__(LWL-4), Sheet 2

Column C - Line 3, Schedule__(LWL-4), Sheet 3

Algonquin Water Resources of Missouri Cost of Capital

Schedule LWL-4
Sheet 2 of 6

	[A]	[B]	[C]	[D]	[E]
		Balance		Cost	
Line No.	Description	Outstanding	Capitalization	Rate	Amount
		\$1,000	%	%	\$1,000
1	Cost of Long Term Debt				
2	Senior Debt - Long Sault Rapids	43,310		10.16 - 10.21	4,411
3	Senior Debt - Ford	5,473		11.55	632
4	Singer Bonds	23,109		1.29	298
5	Bella Vista	2,422		6.10 - 6.26	150
6	Litchfield Park	16,462		5.87 - 6.71	1,035
7	Revolving Credit	30,000		4.56	1,368
8	Subtotal	120,776		6.54	7,895
9	Other	241			
10	Total	121,017			
11	Less Current Portion	(932)			
12	Total Long Term Debt	120,085	17.15%		
13	Convertible Debentures	85,000	12.14%	6.65%	
14	Equity Capital				
15	Trust Units	654,176			
16	Deficit	(158,905)			
17	Total Equity	495,271	70.72%		
18	Total Capital	700,356	100.00%		

Reference: Algonquin Power Income Fund 2004 Annual Report

Algonquin Water Resources of Missouri
Pro Forma Test Year Ended September 30, 2005
Discounted Cash Flow Model

Schedule LWL-4
Sheet 3 of 6

Line No.	[A] Description	[B] Reference	[C] Range
1	Dividend Yield	Sheet 4	3.00% - 6.25%
2	Growth Rate	Sheet 5	6.00% - 9.00%
3	DCF Range		9.00% - 15.25%
4	Mid Range		12.00% - 12.25%
5	Single Point Estimate		12.50%

Algonquin Water Resources of Missouri
Pro Forma Test Year Ended September 30, 2005
Dividend Yield
Summary

Schedule LWL-4
Sheet 4 of 6

	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]
		Average Annual Yield						Yield on Average Book					
		Historic			Value Line Forecast			Historic			Value Line Forecast		
Line No.	Description	2002	2003	2004	2005	2006	2008-2010	2002	2003	2004	2005	2006	2008-2010
		%	%	%	%	%	%	%	%	%	%	%	%
1	Group 1												
2	American States Water	3.60	3.50	3.70			3.50	6.38	6.28	6.15	5.96	5.96	5.82
3	Aqua America	2.50	2.50	2.30			2.40	7.58	7.12	6.55	6.52	6.69	7.01
4	California Water	4.50	4.20	5.00			3.50	8.59	8.13	7.51	7.20	6.99	6.80
5	Southwest Water	1.50	1.70	1.50			1.50	3.76	3.53	3.27	3.05	3.24	3.63
6	Median	3.05	3.00	3.00			2.95	6.98	6.70	6.35	6.24	6.32	6.31
7	Group 2												
8	Conn Water Services	3.00	3.00	3.10				8.39	8.09	7.85			
9	Middlesex Water	3.70	3.50	3.40				8.69	8.67	8.26			
10	SJW Corporation	3.40	3.50	3.00				5.55	5.54	5.31			
11	Median	3.40	3.50	3.10				8.39	8.09	7.85			
12	Combined Median	3.40	3.50	3.10			2.95	7.58	7.12	6.55	6.24	6.32	6.31
13	DCF Dividend Yield: 3.00% - 6.25%												

Reference:

Valueline Investment Survey, October 28, 2005

Algonquin Water Resources of Missouri
Pro Forma Test Year Ended September 30, 2005
Compound Growth Rates
Summary

Schedule LWL-4
Sheet 5 of 6

	[A]	[B]	[C]	[D]	[E]	[F]
			Historic		Forecast	
		Period Beginning	1989 - 1996	1997 - 2000	2001 - 2004	2001 - 2004
Line No.	Description	Period Ending	2001 - 2004	2001 - 2004	2005	2008 - 2010
1	Cash Flow per Share					
2	Group 1					
3	American States Water		3.43%	2.92%	3.45%	7.29%
4	Aqua America		8.02%	9.98%	10.43%	9.34%
5	California Water		2.08%	-1.40%	6.72%	7.58%
6	Southwest Water		7.30%	6.85%	1.37%	9.29%
7	Median		5.37%	4.89%	5.08%	8.44%
8	Group 2					
9	Conn Water Services			3.23%		
10	Middlesex Water			3.33%		
11	SJW Corporation			6.52%		
12	Median			3.33%		
13	Combined Median		5.37%	3.33%	5.08%	8.44%
14	Earnings Per Share					
15	Group 1					
16	American States Water		0.71%	-0.38%	2.43%	10.00%
17	Aqua America		8.31%	8.52%	11.14%	10.02%
18	California Water		-0.28%	-5.60%	4.30%	9.18%
19	Southwest Water		10.50%	6.56%	-1.03%	13.14%
20	Median		4.51%	3.09%	3.37%	10.01%
21	Group 2					
22	Conn Water Services			2.45%	2.75%	
23	Middlesex Water			0.75%	4.40%	
24	SJW Corporation			2.60%		
25	Median			2.45%	3.57%	
26	Combined Median		4.51%	2.45%	3.53%	10.01%
27	Dividends Per Share					
28	Group 1					
29	American States Water		1.36%	0.95%	1.02%	1.39%
30	Aqua America		5.07%	6.19%	7.24%	7.45%
31	California Water		1.75%	0.97%	0.62%	1.54%
32	Southwest Water		1.63%	10.46%	7.35%	8.81%
33	Median		1.69%	3.58%	4.13%	4.50%
34						
35	Group 2					
36	Conn Water Services			1.18%		
37	Middlesex Water			2.05%		
38	SJW Corporation			4.51%		
39	Median			2.05%		
40	Combined Median		1.69%	2.05%	4.13%	4.50%

Algonquin Water Resources of Missouri
Pro Forma Test Year Ended September 30, 2005
Compound Growth Rates
Summary

Schedule LWL-4
Sheet 6 of 6

Line No.	Description	[A] Period Beginning Period Ending	[C] Historic		[E] Forecast	
			1989 - 1996	1997 - 2000	2001 - 2004	2001 - 2004
			2001 - 2004	2001 - 2004	2005	2008 - 2010
41	Price Per Share					
42	Group 1					
43	American States Water		7.39%	7.35%		1.95%
44	Aqua America		15.46%	13.97%		9.13%
45	California Water		5.52%	1.10%		4.05%
46	Southwest Water		14.49%	17.77%		9.21%
47	Median		10.94%	10.66%		6.59%
48						
49	Group 2					
50	Conn Water Services			11.79%	-1.95%	
51	Middlesex Water			10.39%	7.08%	
52	SJW Corporation			3.30%		
53	Median			10.39%		
54	Combined Median		10.94%	10.39%		6.59%
41	Book Value Per Share					
42	Group 1					
43	American States Water		4.36%	4.42%	3.18%	3.57%
44	Aqua America		7.99%	10.31%	10.28%	8.68%
45	California Water		2.59%	1.60%	5.37%	5.23%
46	Southwest Water		7.10%	13.14%	11.77%	9.44%
47	Median		5.73%	7.37%	7.82%	6.95%
48						
49	Group 2					
49	Conn Water Services			4.37%		
50	Middlesex Water			3.34%		
51	SJW Corporation			4.23%		
52	Median			4.23%		
53	Combined Median		5.73%	4.37%	7.82%	6.95%
	Recap					
	Cash Flow per Share	3.25% - 4.75% to 8.25%				
	Earnings per Share	2.50% - 3.00% to 10.00%				
	Dividends per Share	2.00% - 3.50% to 4.50%				
	Price per Share	6.50% to 10.25%				
	Book Value per Share	4.50% - 6.50% to 7.75%				
	DCF Growth Rate	6.00% to 9.00%				

Reference:
Valueline Investment Survey, October 28, 2005

Algonquin Water Resources of Missouri
Twelve Months Ended September 30, 2005
Pro Forma Adjustments

Schedule LWL-5
Sheet 1 of 1

Line No.	Description	[A]	[B]	[C]	[D]
		Total	Water Utility	Sewer Utility	
		\$	\$	\$	
1	1) To adjust plant in service to reflect 2005 budgeted additions	635,840	212,664	423,176	
2	2) To adjust depreciation reserve and expense to synchronize with				
3	pro forma plant in service				
4	Pro Forma Plant in Service	6,946,810	4,675,074	2,271,736	
5	Pro Forma Depreciation Expense (Reserve Adjustment)	200,621	120,867	79,754	
6	Per Books Depreciation Expense	57,850	42,303	15,548	
7	Proforma Depreciation Expense Adjustment	142,771	78,565	64,206	
8	3) Estimated cost of preparing rate case				
9	Estimated Total Cost	225,000	135,000	90,000	
10	Pro Forma Adjustment Based on 5-Year Amortization	45,000	27,000	18,000	
11	Unamortized Rate Case Expense	180,000	108,000	72,000	
12	4) To normalize test period deliveries of untreated water to Silverleaf used for golf course irrigation.				
13	Historical Deliveries	1,000 gal			
14	12 Months Ended 12/31/03	78,212			
15	12 Months Ended 12/31/04	68,862			
16	12 Months Ended 12/31/05	68,611			
17	12 Months Ended 9/30/05	62,313			
18	Pro Forma Deliveries	70,000			
19	Adjustment	7,687			
20	Under existing rates Algonquin does not bill Silverleaf for this water so there is no associated				
21	adjustment to revenues. Algonquin proposes a separate rate for this service.				
22	5) To synchronize test period revenues				
23	Total Revenues at Existing Rates	345,809	217,612	128,197	
24	Total Revenues per Books	295,308	190,357	104,951	
25	Adjustment	50,501	27,255	23,246	
26	6) To eliminate "management fees" book by Silverleaf				
27	Adjustment to Miscellaneous Revenue	(13,889)	(13,889)	-	
28	Adjustment to Administrative Expense	(24,048)	(14,652)	(9,396)	
29	7) To adjust per book operating expenses to 2006 budget				
30	Silverleaf 10/1/04 to 8/14/05 (excludes Management Fees)	260,023	167,317	92,706	
31	Algonquin 8/15/05 to 9/30/05	37,624	24,451	13,173	
32	Total Per Books	297,647	191,768	105,879	
33	2006 Budget (Algonquin)	276,014	153,811	122,203	
34	Proforma Adjustment	(21,633)	(37,957)	16,324	
35	8) To adjust per books property tax to current levels				
36	2006 Estimated	20,000	12,000	8,000	
37	Proforma Adjustment	4,224	986	3,238	

ALGONQUIN WATER RESOURCES OF MISSOURI, LLC
PROPOSED TARIFF SHEETS

2ND REVISED SHEET NO. 4

SEWER SERVICE

WATER SERVICE

Form No. 13

P.S.C. MO. No. 2

2nd ~~Original~~ SHEET No. 4
Revised

Cancelling P.S.C. MO. No. 2

1st ~~Original~~ SHEET No. 4
RevisedAlgonquin Water Resources of Missouri, LLC
Name of Issuing CorporationFor All Missouri Service Areas
Community, Town or CityRules Governing Rendering of
Sewer ServiceSchedule of RatesEffective June 4, 2006Effective November 1, 2007Monthly Customer ChargeMeter SizeCustomer ChargeCustomer Charge

3/4"

\$9.00

\$12.00

+

1.0"

\$15.00

\$20.00

+

1.5"

\$30.00

\$40.00

+

2.0"

\$48.00

\$64.00

+

2.5"

\$64.00

\$96.00

+

3.0"

\$90.00

\$120.00

+

4.0"

\$150.00

\$200.00

+

Commodity Charge:per 1,000 gallons of
all potable water use

\$15.00

\$28.25

+

These rates are exclusive of applicable federal, state, or local taxes.

*Indicates New Rate or Text

+Indicates Change in Rate or Text

DATE OF ISSUE: May 5, 2006DATE EFFECTIVE: June 4, 2006ISSUED BY: _____
Name of Officer Title Address

Form No. 13

P.S.C. MO. No. 2

2nd ~~Original~~ Revised SHEET No. 4

Cancelling P.S.C. MO. No. 2

1st ~~Original~~ Revised SHEET No. 4

Algonquin Water Resources of Missouri, LLC
Name of Issuing Corporation

For All Missouri Service Areas
Community, Town or City

Rules Governing Rendering of
Water Service

Schedule of Rates

Effective June 4, 2006

Effective November 1, 2007

Monthly Customer Charge

Meter Size

Customer Charge

Customer Charge

3/4"

\$4.50

\$6.00

+

1.0"

\$7.50

\$10.00

+

1.5"

\$15.00

\$20.00

+

2.0"

\$24.00

\$32.00

+

2.5"

\$32.00

\$48.00

+

3.0"

\$45.00

\$60.00

+

4.0"

\$75.00

\$100.00

+

Commodity Charge:

per 1,000 gallons of
all potable water use

\$6.00

\$10.75

+

per 1,000 gallons of
all non-potable water used
for golf course irrigation

\$1.25

\$1.25

*

These rates are exclusive of applicable federal, state, or local taxes

*Indicates New Rate or Text

+Indicates Change in Rate or Text

DATE OF ISSUE: May 5, 2006

DATE EFFECTIVE: June 4, 2006

ISSUED BY: _____
Name of Officer Title Address

**Algonquin Water Resources of Missouri
Sewer Utility
Revenue Requirements
Twelve Months Ended September 30, 2005**

Schedule LWL-S
Sheet 1 of 8

Line No.	[A] Description	[B] Reference	[C] Amount \$
1	Rate Base	Sheet 2	1,302,467
2	Operating Income at Present Rates	Sheet 4	(52,577)
3	Earned Rate of Return	Ln 2 / Ln 1	-4.04%
4	Requested Rate of Return	Schedule__(LWL-4)	10.77%
5	Required Operating Income	Ln 1 * Ln 4	<u>140,243</u>
6	Operating Income Deficiency	Ln 5 - Ln 2	192,820
7	State Income Taxes at 6.25%	6.25% / (1 - 6.25%)	12,855
8	Federal Income Taxes at 35.00%	35.00% / (1 - 35.00%)	<u>103,826</u>
9	Revenue Deficiency	Ln 6 + Ln 7 + Ln 8	309,500
10	Adjusted Operating Revenues - Existing Rates	Sheet 4	<u>128,370</u>
11	Total Revenue Requirement	Ln 9 + Ln 10	437,870
12	Sales Revenues - Existing Rates	Sheet 5	128,197
13	Required Revenue Increase	Ln 9 / Ln 12	241%

**Algonquin Water Resources of Missouri
Sewer Utility
Rate Base
Twelve Months Ended September 30, 2005**

Schedule LWL-S
Sheet 2 of 8

	[A]	[B]	[C]	[D]	[E]	[F]	[G]
Line No.	Description	Reference	As Reported 9/30/2005	Proposed Book Adjustments	Adjusted Books	Pro Forma Adjustments	Pro Forma Rate Base
			\$	\$	\$	\$	\$
1	Utility Plant in Service	Sheet 3	1,475,545	390,866	1,848,560	423,176	2,271,736
2	Accumulated Provision for Depreciation	Sheet 3	<u>(695,867)</u>	<u>(265,649)</u>	<u>(961,515)</u>	<u>(79,754)</u>	<u>(1,041,269)</u>
3	Net Plant in Service	Ln 1 + Ln 2	779,678	125,218	887,045	343,422	1,230,467
	Other Rate Base Items						
4	Customer Advances (Credit)	Per Books			-	-	-
5	Contributions in Aid of Construction (Credit)	Per Books			-	-	-
6	Deferred Income Taxes (Credit)	Per Books			-	-	-
7	Cash Working Capital				-	-	-
8	Materials and Supplies	Per Books			-	-	-
9	Prepayments	Per Books			-	-	-
10	Unamortized Rate Case Expense				-	72,000	72,000
11	Total Other Rate Base Items				<u>-</u>	<u>72,000</u>	<u>72,000</u>
12	Total Rate Base				887,045	415,422	1,302,467

Reference

Column D: Schedule____(LWL-3)

Column F: Schedule____(LWL-5)

**Algonquin Water Resources of Missouri
Sewer Utility
Utility Plant in Service
Twelve Months Ended September 30, 2005**

Schedule LWL-S
Sheet 3 of 8

	[A]	[B]	[C]	[D]	[E]	[F]	[G]
Line No.	Acct. No.	Description	As Reported 9/30/2005	Proposed Book Adjustments	Adjusted Books	Pro Forma Adjustments	Pro Forma Plant in Service
			\$	\$	\$	\$	\$
		Intangible Plant					
1	351	Organization	393	-	393	-	393
2	351	System Development	-	-	-	45,000	45,000
3	351	System Development Engineering	57,113	(9,748)	47,365	30,000	77,365
4		Subtotal	57,506	(9,748)	47,758	75,000	122,758
5		Collection Plant					
6	354	Structures & Improvements	313,619	(684)	312,935	138,000	450,935
7	361	Collection Sewers	527,531	(44,002)	483,529	90,000	573,529
8	363	Services to Customers	7,337	2,555	9,892	-	9,892
9		Subtotal	848,488	(42,132)	806,356	228,000	1,034,356
10		Pumping Plant					
11	370	Receiving Wells & Pumping	45,964	44,714	90,677	-	90,677
12	371	Pumping Equipment	39,733	-	39,733	-	39,733
13		Subtotal	85,696	44,714	130,410	-	130,410
14		Treatment & Disposal Plant					
15	380	Treatment & Disposal Equipment	443,778	404,579	848,357	116,000	964,357
16	381	Plant Sewers	16,887	(6,547)	10,340	-	10,340
17		Subtotal	460,665	398,033	858,697	116,000	974,697
18		General Plant					
19	390	Office Furniture & Equipment	5,777	-	674	576	1,250
20	390.1	Computers & Peripheral Equipment	14,442	-	1,694	-	1,694
21	393	Tools, Shop, & Garage Equipment	-	-	-	3,600	3,600
22	397	Miscellaneous Equipment	2,971	-	2,971	-	2,971
23		Subtotal	23,190	-	5,339	4,176	9,515
24		Total Sewer Plant	1,475,545	390,866	1,848,560	423,176	2,271,736
25		Depreciation Reserve	(695,867)	(265,649)	(961,515)	(79,754)	(1,041,269)
26		Net Plant in Service	779,678	125,218	887,045	343,422	1,230,467

**Algonquin Water Resources of Missouri
Sewer Utility
Operating Income
Twelve Months Ended September 30, 2005**

Schedule LWL-S
Sheet 4 of 8

Line No.	[A] Description	[B] Schedule Reference	[C] As Reported 12 Months Ended 9/30/2005 \$	[D] Adjustments \$	[E] Pro Forma Present Rates \$	[F] Rates Effective June 1, 2006		[H] Rates Effective November 1, 2007	
						Proposed Revenue Increase \$	Pro Forma Proposed Rates \$	Proposed Revenue Increase \$	Pro Forma Proposed Rates \$
1	Operating Revenues	Sheet 5	105,124	23,246	128,370	114,443	242,813	194,829	437,642
	Operating Revenue Deductions								
2	Operation and Maintenance	Sheet 6	46,667	66,148	112,815	-	112,815	-	112,815
3	Administrative	Sheet 6	68,608	(59,220)	9,388	-	9,388	-	9,388
4	Depreciation and Amortization	Sheet 6	15,548	82,206	97,754	-	97,754	-	97,754
5	Taxes Other Than Income Taxes	Sheet 6	4,762	3,238	8,000	-	8,000	-	8,000
6	Total Revenue Deductions		135,585	92,372	227,957	-	227,957	-	227,957
7	Utility Operating Income Before Income Taxes		(30,461)	(69,126)	(99,587)	114,443	14,856	194,829	209,685
	State and Federal Income Taxes								
8	Federal Income Tax	Sheet 7			(41,831)	38,391	(3,440)	65,358	61,918
9	State Income Tax	Sheet 7			(5,179)	4,753	(426)	8,092	7,666
10	Utility Operating Income				(52,577)	71,298	18,722	121,379	140,101
11	Rate Base	Sheet 2			1,302,467		1,302,467		1,302,467
12	Rate of Return	Ln 10 / Ln 11			-4.04%		1.44%		10.76%

**Algonquin Water Resources of Missouri
Sewer Utility
Pro Forma Revenues Under Present Rates
Twelve Months Ended September 30, 2005**

Schedule LWL-S
Sheet 5 of 8

	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]
Line	Number of Bills			Sales			Revenues - Present Rates			
No.	Description	Per Books	Adjustments	Pro Forma	Per Books	Adjustments	Pro Forma	Per Books	Adjustments	Pro Forma
					'000 Gal	'000 Gal	'000 Gal	\$	\$	\$
	Customer Class									
1	Residential	2,806	-	2,806	9,135	-	9,135			90,047
2	Commercial	174	-	174	4,677	-	4,677	-	-	38,150
3	Subtotal	2,980	-	2,980	13,812	-	13,812	104,951	23,246	128,197
	Miscellaneous Revenues									
4	Penalties							173	-	173
5	Transfer Fees							-	-	-
6	Reconnect Fees							-	-	-
7	Tap Fees							-	-	-
8	Other							-	-	-
9	Total							105,124	23,246	128,370

Reference:
Column F: Schedule__(LWL-5)

**Algonquin Water Resources of Missouri
Sewer Utility
Operating Expenses
Twelve Months Ended September 30, 2005**

Schedule LWL-S
Sheet 6 of 8

	[A]	[B]	[C]	[D]
Line No.	Description	Test Year Expense	Adjustments	Pro Forma Present Rates
		\$	\$	\$
	Operation & Maintenance Expenses			
1	Contractual Services	-	57,915	57,915
2	Sludge and Removal Expense	-	2,800	2,800
3	Materials and Supplies	-	22,000	22,000
4	Equipment Rental	-	3,025	3,025
5	Chemicals	-	9,625	9,625
6	Transportation Expenses	-	-	-
7	Maintenance	33,285	(33,285)	-
8	Equipment & Tools	-	-	-
9	Utilities	13,382	4,068	17,450
10	Bad Debt Writeoff	-	-	-
11	Total O&M	46,667	66,148	112,815
12	Administrative Expenses			
13	Contractual Services	-	9,388	9,388
14	Payroll & Related Expenses	36,431	(36,431)	-
15	Management Fee	9,396	(9,396)	-
16	Rent Expense	1,310	(1,310)	-
17	Insurance	-	-	-
18	Travel Expenses	422	(422)	-
19	Office Expenses	21,050	(21,050)	-
20	Total Administrative	68,608	(59,220)	9,388
21	Depreciation and Amortization			
22	Depreciation	15,548	64,206	79,754
23	Amortization	-	18,000	18,000
24	Total Depreciation & Amortization	15,548	82,206	97,754
25	Taxes Other Than Income Taxes			
26	Property Taxes	4,762	3,238	8,000
27	Payroll Taxes	-	-	-
28	PSC Fees	-	-	-
29	Other General Taxes	-	-	-
30	Total Taxes Other Than Income Taxes	4,762	3,238	8,000
31	Total Operating Expenses	135,585	92,372	227,957

Reference:
Column C: Schedule____(LWL-5)

**Algonquin Water Resources of Missouri
Sewer Utility
Income Taxes
Twelve Months Ended September 30, 2005**

Schedule LWL-S
Sheet 7 of 8

Line No.	[A] Description	[B] Reference	[C] Pro Forma At Present Rates \$	[D] Rates Effective June 1, 2006		[E] Pro Forma At Proposed Rates \$		[F] Rates Effective November 1, 2007		[G] Pro Forma At Proposed Rates	
				Proposed Rate Increase		Proposed Rate Increase		Proposed Rate Increase		Proposed Rate Increase	
1	Utility Operating Income Before Income Taxes	Sheet 4	(99,587)	114,443		14,856		194,829		209,685	
2	Interest Expense Deduction										
3	Rate Base	Sheet 2	1,302,467			1,302,467				1,302,467	
4	Weighted Cost of Debt	Schedule_(LWL-4)	1.93%			1.93%				1.93%	
5	Interest Expense	Ln 3 x Ln 4	<u>25,110</u>			<u>25,110</u>				<u>25,110</u>	
6	Taxable Income	Ln 1 - Ln 5	(124,696)	114,443		(10,253)		194,829		184,576	
	Addback (Deducts):										
7	Tax over Book Depreciation		-	-		-		-		-	
8	Non-deductible Meals		-	-		-		-		-	
9	Amortization Preferred Stock Expense		-	-		-		-		-	
10	Non-deductible Reserve Deficiency		<u>-</u>	<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>	
11	Total Addbacks (Deducts)		<u>-</u>	<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>	
12	Adjusted Gross Income		(124,696)	114,443		(10,253)		194,829		184,576	
13	Federal Income Tax @ 35.00%		(41,831)			(3,440)				61,918	
14	State Income Tax @ 6.25%		<u>(5,179)</u>			<u>(426)</u>				<u>7,666</u>	
15	Total Income Taxes		(47,010)			(3,865)				69,584	

Reference:

Ln 13 = Ln 12 * .35 * (1 - .0625) / (1 - .0625 * .35)

Ln 14 = .0625 * (Ln 12 - Ln 13)

Column D: Sheet 8, Column H, Line 16

Column F: Sheet 8, Column M, Line 16

**Algonquin Water Resources of Missouri
Sewer Utility
Calculation of Sales Revenues Under Existing and Proposed Rates
Twelve Months Ended September 30, 2005**

Schedule LWL-S
Sheet 8 of 8

	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]
				Existing Rates		Proposed Rates - Effective June 4, 2006				Proposed Rates - Effective November 1, 2007			
Line				Current		Proposed		Increase		Proposed		Increase	
No.	Meter Size/Class	Bills	Sales	Rate	Revenue	Rate	Revenue	Amount	Percentage	Rate	Revenue	Amount	Percentage
			'000 Gal	\$ /	\$	\$ /	\$	\$	%	\$ /	\$	\$	%
	Number of Bills												
1	3/4" - Residential	2,650		6.00	15,900	9.00	23,850	7,950	50.00%	12.00	31,800	7,950	33.33%
2	2" - Residential	156		32.00	4,992	48.00	7,488	2,496	50.00%	64.00	9,984	2,496	33.33%
3	3/4" - Commercial	78		6.00	468	9.00	702	234	50.00%	12.00	936	234	33.33%
4	1" - Commercial	36		10.00	360	15.00	540	180	50.00%	20.00	720	180	33.33%
5	2" - Commercial	60		32.00	1,920	48.00	2,880	960	50.00%	64.00	3,840	960	33.33%
6	Sales												
7	Residential		9,135	7.57	69,155	15.00	137,031	67,876	98.15%	28.25	258,075	121,044	88.33%
8	Commercial	-	4,677	7.57	35,402	15.00	70,149	34,747	98.15%	28.25	132,114	61,965	88.33%
9	Total	2,980	13,812		128,197		242,640	114,443	89.27%		437,469	194,829	80.30%
	Recap												
10	Residential	2,806	9,135		90,047		168,369	78,322	86.98%		299,859	131,490	78.10%
11	Commercial	174	4,677		38,150		74,271	36,121	94.68%		137,610	63,339	85.28%
12	Total	2,980	13,812		128,197		242,640	114,443	89.27%		437,469	194,829	80.30%

**Algonquin Water Resources of Missouri
Water Utility
Revenue Requirements
Twelve Months Ended September 30, 2005**

Schedule____(LWL-W)
Sheet 1 of 8

Line No.	[A] Description	[B] Reference	[C] Amount \$
1	Rate Base	Sheet 2	3,089,852
2	Operating Income at Present Rates	Sheet 4	(32,150)
3	Earned Rate of Return	Ln 2 / Ln 1	-1.04%
4	Requested Rate of Return	Schedule__(LWL-4)	10.77%
5	Required Operating Income	Ln 1 * Ln 4	<u>332,699</u>
6	Operating Income Deficiency	Ln 5 - Ln 2	364,850
7	State Income Taxes at 6.25%	6.25% / (1 - 6.25%)	24,323
8	Federal Income Taxes at 35.00%	35.00% / (1 - 35.00%)	<u>196,457</u>
9	Revenue Deficiency	Ln 6 + Ln 7 + Ln 8	585,630
10	Adjusted Operating Revenues - Existing Rates	Sheet 4	<u>226,027</u>
11	Total Revenue Requirement	Ln 9 + Ln 10	811,657
12	Sales Revenues - Existing Rates	Sheet 5	217,612
13	Required Revenue Increase	Ln 9 / Ln 12	269%

**Algonquin Water Resources of Missouri
Water Utility
Rate Base
Twelve Months Ended September 30, 2005**

Schedule LWL-W
Sheet 2 of 8

	[A]	[B]	[C]	[D]	[E]	[F]	[G]
Line No.	Description	Reference	As Reported 9/30/2005	Proposed Book Adjustments	Adjusted Books	Pro Forma Adjustments	Pro Forma Rate Base
			\$	\$	\$	\$	\$
1	Utility Plant in Service	Sheet 3	3,159,466	1,302,945	4,462,410	212,664	4,675,074
2	Accumulated Provision for Depreciation	Sheet 3	(935,441)	(636,914)	(1,572,355)	(120,867)	(1,693,222)
3	Net Plant in Service	Ln 1 + Ln 2	2,224,024	666,031	2,890,055	91,797	2,981,852
	Other Rate Base Items						
4	Customer Advances (Credit)	Per Books			-	-	-
5	Contributions in Aid of Construction (Credit)	Per Books			-	-	-
6	Deferred Income Taxes (Credit)	Per Books			-	-	-
7	Cash Working Capital				-	-	-
8	Materials and Supplies	Per Books			-	-	-
9	Prepayments	Per Books			-	-	-
10	Unamortized Rate Case Expense				-	108,000	108,000
11	Total Other Rate Base Items				-	108,000	108,000
12	Total Rate Base				2,890,055	199,797	3,089,852

Reference

Column D: Schedule____(LWL-3)

Column F: Schedule____(LWL-5)

Algonquin Water Resources of Missouri
Water Utility
Utility Plant in Service
Twelve Months Ended September 30, 2005

Schedule LWL-W
Sheet 3 of 8

	[A]	[B]	[C]	[D]	[E]	[F]	[G]
Line No.	Acct. No.	Description	As Reported 9/30/2005 \$	Proposed Book Adjustments \$	Adjusted Books \$	Pro Forma Adjustments \$	Pro Forma Plant in Service \$
1		Intangible Plant					
2	301	System Development	-	-	-	45,000	45,000
3		Subtotal	-	-	-	45,000	45,000
4		Source of Supply Plant					
5	307	Wells & Springs	119,851	-	119,851	-	119,851
6	309	Supply Mains	4,533	1,004	5,537	-	5,537
7		Subtotal	124,384	1,004	125,388	-	125,388
8		Pumping Plant					
9	304.2	Pumping Structures & Improvements	141,992	-	141,992	90,000	231,992
10	311	Electric Pumping Equipment	336,322	92,747	429,069	-	429,069
11		Subtotal	478,313	92,747	571,061	90,000	661,061
12		Treatment Plant					
13	304.3	Water Treatment Structures & Improvements	26,580	-	26,580		26,580
14	320	Water Treatment Equipment	362,196	475,301	837,497	3,000	840,497
15		Subtotal	388,776	475,301	864,077	3,000	867,077
16		Transmission & Distribution Plant					
17	304.4	Transmission & Distribution Structures & Improvements	30,242	-	30,242		30,242
18	330	Distribution Reservoirs & Standpipes	224,591	160,881	385,472		385,472
19	331	Transmission & Distribution Mains	1,637,499	516,643	2,154,143	20,000	2,174,143
20	331	Fire Mains	1,839	1,992	3,830	-	3,830
21	333	Services	80,398	13,513	93,910	42,600	136,510
22	334	Meters and Installations	103,340	21,413	124,754	5,200	129,954
23	335	Hydrants	26,274	1,599	27,873	600	28,473
24	339	Misc. Transmission & Distribution Plant	31,898	-	31,898	-	31,898
25		Subtotal	2,136,080	716,042	2,852,122	68,400	2,920,522
26		General Plant					
27	340	Office Furniture & Equipment	8,666	5,103	13,769	864	14,633
28	340.1	Computers & Peripheral Equipment	21,663	12,748	34,411	-	34,411
29	343	Tools, Shop, & Garage Equipment	-	-	-	4,680	4,680
30	347	Miscellaneous Equipment	1,583	-	1,583	720	2,303
31		Subtotal	31,911	17,851	49,762	6,264	56,026
32		Total Water Plant	3,159,466	1,302,945	4,462,410	212,664	4,675,074
33		Depreciation Reserve	(935,441)	(636,914)	(1,572,355)	(120,867)	(1,693,222)
34		Net Plant in Service	2,224,024	666,031	2,890,055	91,797	2,981,852

Reference:
Column D: Schedule__(LWL-3)
Column F: Schedule__(LWL-5)

**Algonquin Water Resources of Missouri
Water Utility
Operating Income
Twelve Months Ended September 30, 2005**

Schedule LWL-W
Sheet 4 of 8

Line No.	[A] Description	[B] Schedule Reference	[C] As Reported 12 Months Ended 9/30/2005 \$	[D] Adjustments \$	[E] Pro Forma Present Rates \$	[F] Rates Effective June 1, 2006		[H] Rates Effective November 1, 2007	
						Proposed Revenue Increase \$	Pro Forma Proposed Rates \$	Proposed Revenue Increase \$	Pro Forma Proposed Rates \$
1	Operating Revenues	Sheet 5	212,661	13,366	226,027	283,995	510,022	300,395	810,417
	Operating Revenue Deductions								
2	Operation and Maintenance	Sheet 6	81,928	44,422	126,350	-	126,350	-	126,350
3	Administrative	Sheet 6	124,492	(97,031)	27,461	-	27,461	-	27,461
4	Depreciation and Amortization	Sheet 6	42,303	105,565	147,867	-	147,867	-	147,867
5	Taxes Other Than Income Taxes	Sheet 6	11,014	986	12,000	-	12,000	-	12,000
6	Total Revenue Deductions		<u>259,736</u>	<u>53,942</u>	<u>313,678</u>	<u>-</u>	<u>313,678</u>	<u>-</u>	<u>313,678</u>
7	Utility Operating Income Before Income Taxes		(47,076)	(40,576)	(87,651)	283,995	196,343	300,395	496,738
	State and Federal Income Taxes								
8	Federal Income Tax	Sheet 7			(49,387)	95,270	45,883	100,772	146,655
9	State Income Tax	Sheet 7			<u>(6,115)</u>	<u>11,795</u>	<u>5,681</u>	<u>12,476</u>	<u>18,157</u>
10	Utility Operating Income				(32,150)	176,930	144,779	187,147	331,926
11	Rate Base	Sheet 2			3,089,852		3,089,852		3,089,852
12	Rate of Return	Ln 10 / Ln 11			-1.04%		4.69%		10.74%

**Algonquin Water Resources of Missouri
Water Utility
Pro Forma Revenues Under Present Rates
Twelve Months Ended September 30, 2005**

Schedule LWL-W
Sheet 5 of 8

	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]
Line	Number of Bills			Sales			Revenues - Present Rates			
No.	Description	Per Books	Adjustments	Pro Forma	Per Books	Adjustments	Pro Forma	Per Books	Adjustments	Pro Forma
					'000 Gal	'000 Gal	'000 Gal	\$	\$	\$
	Customer Class									
1	Residential	7,396	-	7,396	29,845	-	29,845			120,534
2	Commercial	1,256	-	1,256	29,195	-	29,195			97,078
3	Irrigation	1	-	1	62,313	7,687	70,000	-	-	-
4	Subtotal	8,653	-	8,653	121,353	7,687	129,040	190,357	27,255	217,612
	Miscellaneous Revenues									
5	Penalties							489	-	489
6	Transfer Fees							3,850	-	3,850
7	Reconnect Fees							2,875	-	2,875
8	Tap Fees							1,200	-	1,200
9	Management Fee Income							13,889	(13,889)	0
10	Total							212,661	13,366	226,027

Reference:

Line 3: Irrigation deliveries are currently metered but not billed

Column F: Schedule__(LWL-5)

Column I: Schedule__(LWL-5)

Algonquin Water Resources of Missouri
Water Utility
Operating Expenses
Twelve Months Ended September 30, 2005

Schedule LWL-W
Sheet 6 of 8

	[A]	[B]	[C]	[D]
Line No.	Description	Test Year Expense	Adjustments	Pro Forma Present Rates
		\$	\$	\$
1	Operation & Maintenance Expenses			
2	Contractual Services		64,500	64,500
3	Materials and Supplies		11,860	11,860
4	Equipment Rental		3,425	3,425
5	Chemicals		3,605	3,605
6	Transportation Expenses		810	810
7	Maintenance	33,710	(33,710)	-
8	Utilities	48,224	(6,074)	42,150
9	Bad Debt Write-off	(7)	7	-
10	Total O&M	81,928	44,422	126,350
11	Administrative Expenses			
12	Contractual Services		27,461	27,461
13	Payroll & Related Expenses	86,355	(86,355)	-
14	Management Fee	14,652	(14,652)	-
15	Rent Expense	2,407	(2,407)	-
16	Travel Expenses	1,313	(1,313)	-
17	Office Expenses	19,765	(19,765)	-
18	Total Administrative	124,492	(97,031)	27,461
19	Depreciation and Amortization			
20	Depreciation	42,303	78,565	120,867
21	Amortization (Rate Case Expense)	-	27,000	27,000
22	Total Depreciation & Amortization	42,303	105,565	147,867
23	Taxes Other Than Income Taxes			
24	Property Taxes	11,014	986	12,000
25	Payroll Taxes	-	-	-
26	PSC Fees	-	-	-
27	Other General Taxes	-	-	-
28	Total Taxes Other Than Income Taxe	11,014	986	12,000
29	Total Operating Expenses	259,736	53,942	313,678

Reference:
Column C: Schedule____(LWL-5)

**Algonquin Water Resources of Missouri
Water Utility
Income Taxes
Twelve Months Ended September 30, 2005**

Schedule LWL-W
Sheet 7 of 8

Line No.	[A] Description	[B] Reference	[C] Pro Forma At Present Rates \$	[D] Rates Effective June 1, 2006		[E] Rates Effective November 1, 2007	
				Proposed Rate Increase	Pro Forma At Proposed Rates \$	Proposed Rate Increase	Pro Forma At Proposed Rates
1	Utility Operating Income Before Income Taxes	Sheet 4	(87,651)	283,995	196,343	300,395	496,738
2	Interest Expense Deduction						
3	Rate Base	Sheet 2	3,089,852		3,089,852		3,089,852
4	Weighted Cost of Debt	Schedule_(LWL-4)	1.93%		1.93%		1.93%
5	Interest Expense	Ln 3 x Ln 4	59,568	-	59,568	-	59,568
6	Taxable Income	Ln 1 - Ln 5	(147,219)	283,995	136,775	300,395	437,171
	Addback (Deducts):						
7	Tax over Book Depreciation		-	-	-	-	-
8	Non-deductible Meals		-	-	-	-	-
9	Amortization Preferred Stock Expense		-	-	-	-	-
10	Non-deductible Reserve Deficiency		-	-	-	-	-
11	Total Addbacks (Deducts)		-	-	-	-	-
12	Adjusted Gross Income		(147,219)	283,995	136,775	300,395	437,171
13	Federal Income Tax @ 35.00%		(49,387)		45,883		146,655
14	State Income Tax @ 6.25%		(6,115)		5,681		18,157
15	Total Income Taxes		(55,501)		51,564		164,812

Reference:

Ln 13 = Ln 12 * .35 * (1 - .0625) / (1 - .0625 * .35)

Ln 14 = .0625 * (Ln 12 - Ln 13)

Column D: Sheet 8, Column H, Line 16

**Algonquin Water Resources of Missouri
Water Utility
Calculation of Sales Revenues Under Existing and Proposed Rates
Twelve Months Ended September 30, 2005**

Schedule LWL-W
Sheet 8 of 8

	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]
Line No.	Meter Size/Class	Bills	Sales '000 Gal	Existing Rates		Proposed Rates - Effective June 4, 2006				Proposed Rates - Effective November 1, 2007			
				Current Rate	Revenue	Proposed Rate	Revenue	Increase		Proposed Rate	Revenue	Increase	
				\$ /	\$	\$ /	\$	\$	%	\$ /	\$	\$	%
Number of Bills													
1	3/4" - Residential	6,764		3.00	20,292	4.50	30,438	10,146	50.00%	6.00	40,584	10,146	33.33%
2	2" - Residential	632		16.00	10,112	24.00	15,168	5,056	50.00%	32.00	20,224	5,056	33.33%
3	3/4" - Commercial	727		3.00	2,181	4.50	3,272	1,091	50.00%	6.00	4,362	1,091	33.33%
4	1" - Commercial	195		5.00	975	7.50	1,463	488	50.00%	10.00	1,950	488	33.33%
5	2" - Commercial	322		16.00	5,152	24.00	7,728	2,576	50.00%	32.00	10,304	2,576	33.33%
6	4" - Commercial	12		50.00	600	75.00	900	300	50.00%	100.00	1,200	300	33.33%
7	4" - Irrigation	12		-	-	75.00	900	900	NMF	100.00	1,200	300	33.33%
8	Sales												
9	Residential		29,845	3.02	90,130	6.00	179,067	88,937	98.68%	10.75	320,829	141,762	79.17%
10	Commercial		29,195	3.02	88,170	6.00	175,172	87,002	98.68%	10.75	313,849	138,678	79.17%
11	Irrigation	-	70,000	-	-	1.25	87,500	87,500	NMF	1.25	87,500	-	0.00%
12	Total	8,664	129,040		217,612		501,607	283,995	130.50%		802,002	300,395	59.89%
Recap													
13	Residential	7,396	29,845		120,534		224,673	104,139	86.40%		381,637	156,964	69.86%
14	Commercial	1,256	29,195		97,078		188,534	91,456	94.21%		331,665	143,132	75.92%
	Subtotal	8,652	59,040		217,612		413,207	195,595	89.88%		713,302	300,095	
15	Irrigation	12	70,000		-		88,400	88,400	NMF		88,700	300	0.34%
16	Total	8,664	129,040		217,612		501,607	283,995	130.50%		802,002	300,395	59.89%