

Exhibit No.:

Issue(s):

Witness/Type of Exhibit:

Sponsoring Party:

Case No.:

Bad Debt Expense

Trippensee/Direct

Public Counsel

WR-2007-0216

DIRECT TESTIMONY

OF

RUSSELL W. TRIPPENSEE

Submitted on Behalf of the Office of the Public Counsel

MISSOURI AMERICAN WATER

CASE NO. WR-2007-0216

June 5, 2007

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of Missouri-American)
Water Company's request for Authority)
to Implement a General Rate Increase)
for Water Service provided in Missouri)
Service Areas)

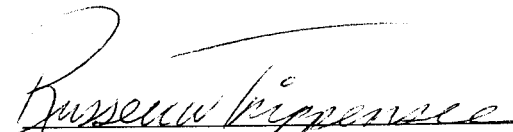
WR-2007-0216

AFFIDAVIT OF RUSSELL W. TRIPPENSEE

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Russell W. Trippensee, of lawful age and being first duly sworn, deposes and states:

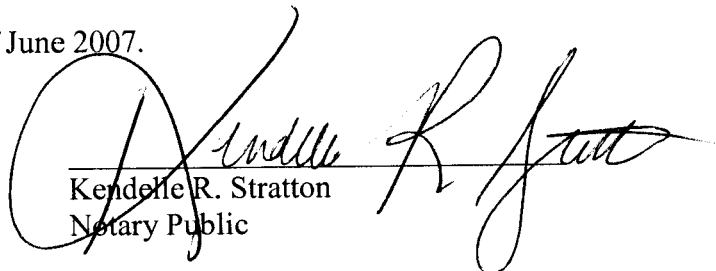
1. My name is Russell W. Trippensee. I am the Chief Public Utility Accountant for the Office of the Public Counsel.
2. Attached hereto and made a part hereof for all purposes is my direct testimony.
3. I hereby swear and affirm that my statements contained in the attached testimony are true and correct to the best of my knowledge and belief.


Russell W. Trippensee

Subscribed and sworn to me this 5th day of June 2007.



KENDELLE R. STRATTON
My Commission Expires
February 4, 2011
Cole County
Commission #07004782


Kendelle R. Stratton
Notary Public

My commission expires February 4, 2011.

DIRECT TESTIMONY
OF
RUSSELL W. TRIPPENSEE
MISSOURI AMERICAN WATER COMPANY
CASE NO. WR-2007-0216

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

2 A. Russell W. Trippensee. I reside at 1020 Satinwood Court, Jefferson City, Missouri 65109, and my
3 business address is P.O. Box 2230, Jefferson City, Missouri 65102.

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

5 A. I am the Chief Utility Accountant for the Missouri Office of the Public Counsel (OPC or Public
6 Counsel).

7 **Q. ARE YOU A CERTIFIED PUBLIC ACCOUNTANT?**

8 A. Yes, I hold certificate/license number 2004012797 in the State of Missouri.

9 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND.**

10 A. I attended the University of Missouri at Columbia, from which I received a BSBA degree, major in
11 Accounting, in December 1977. I also completed the requisite hours for a major in finance. I
12 attended the 1981 NARUC Annual Regulatory Studies Program at Michigan State University. I have
13 attended numerous seminars and conferences related to public utility regulation. Finally, I am
14 required to take a minimum of 40 hours per year of continuing professional education to maintain my
15 CPA license.

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1 **Q. PLEASE DESCRIBE YOUR WORK EXPERIENCE.**

2 A. From May through August, 1977, I was employed as an Accounting Intern by the Missouri Public
3 Service Commission (MPSC or Commission). In January 1978 I was employed by the MPSC as a
4 Public Utility Accountant I. I left the MPSC staff in June 1984 as a Public Utility Accountant III and
5 assumed my present position.

6 **Q. PLEASE DESCRIBE YOUR PROFESSIONAL AFFILIATIONS.**

7 A. I served as the chairman of the Accounting and Tax Committee for the National Association of State
8 Utility Consumer Advocates from 1990-1992 and am currently a member of the committee. I am a
9 member of the Missouri Society of Certified Public Accountants.

10 **Q. PLEASE DESCRIBE YOUR WORK WHILE YOU WERE EMPLOYED BY THE MPSC**
11 **STAFF.**

12 A. Under the direction of the Chief Accountant, I supervised and assisted with audits and examinations
13 of the books and records of public utility companies operating within the State of Missouri with
14 regard to proposed rate increases.

15 **Q. WHAT IS THE NATURE OF YOUR CURRENT DUTIES WITH THE OFFICE OF**
16 **THE PUBLIC COUNSEL?**

17 A. I am responsible for the Accounting section of the Office of the Public Counsel and coordinating our
18 activities with the rest of our office and other parties in rate proceedings. I am also responsible for
19 performing audits and examinations of public utilities and presenting the findings to the MPSC on
20 behalf of the public of the State of Missouri.

1 **Q. HAVE YOU PREVIOUSLY FILED TESTIMONY BEFORE THE MPSC?**

2 A. Yes. I filed testimony in the cases listed on Schedule RWT-1 of my testimony on behalf of the
3 Missouri Office of the Public Counsel or MPSC Staff.

4 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?**

5 A. I reviewed the application of Missouri American Water Company (MoAm or Company), a subsidiary
6 of American Water, Inc. for a rate increase for its Missouri operations. I will be addressing the issues
7 of Bad Debt Expense and Capital Structure.

8 **BAD DEBT EXPENSE**

9 **Q. WHAT IS BAD DEBT EXPENSE?**

10 A. In general, energy based utility companies bill their customers in arrears, which is after the customer
11 has used the energy product supplied. Invariably, a few customers, for various reasons do not
12 ultimately pay for the energy that they used. In accordance with standard accounting practices and
13 per the Uniform System of Accounts approved by this Commission, an expense is recorded during
14 the period the energy is sold in order to reflect an estimate of the utility company's future inability to
15 collect the revenue due the utility.

16 **Q. PLEASE EXPLAIN HOW THIS EXPENSE IS DETERMINED ON THE**
17 **COMPANY'S BOOKS AND RECORDS DURING THE TEST YEAR.**

18 A. Bad debt expense is recorded on the company's financial records using an accrual method of
19 accounting. The accrual method of accounting records an expense based on an estimate of the level
20 of revenues from the current period that will not be paid by the then current customers. The expense
21 is recorded in USOA Account 904, Uncollectible Accounts, as a debit entry and this account is
22 reflected on the income statement and is used in the determination of net income for financial

1 reporting purposes. The credit side of the accounting entry is a credit to USOA account 144,
2 Accumulated Provision for Uncollectible Accounts. This account is a component of the balance sheet
3 and as such does not directly affect the determination of net income for financial reporting purposes.

4 **Q. WHEN IS THE DETERMINATION MADE AS TO WHETHER OR NOT A**
5 **CUSTOMER WILL ACTUALLY PAY THEIR BILL?**

6 A. This determination cannot be made until the bill is rendered to the customer and a specified period of
7 time passes. MPSC rules and regulations provide the customer with 21 days to pay a bill.
8 Notification procedures extend cutoff procedures well past the 21-day period. The final write-off of a
9 non-paying customer account occurs months after the actual sale of energy.

10 **Q. PLEASE EXPLAIN THE TERM WRITE-OFF?**

11 A. The term 'write-off' refers to the recognition on the financial records that monies owed the utility by
12 a customer is no longer expected to be received. When a customer takes utility service, they incur a
13 debt to the utility. These monies owed by customers are recorded on the financial records as an
14 account receivable. When it becomes apparent the customer is not going to pay their debt, the
15 subsequent removal of the account receivable from the financial records is normally referred to as a
16 write-off.

17 **Q. DOES THE WRITE-OFF OF A NON-PAYING CUSTOMER ACCOUNT AFFECT**
18 **THE EXPENSE PREVIOUSLY RECORDED IN USOA ACCOUNT 904 USING THE**
19 **ACCRUAL METHOD OF ACCOUNTING?**

20 A. No. The write-off of the accounts involves an entry to reduce customer accounts receivables (i.e. a
21 credit entry) and decrease to the Accumulated Provision for Uncollectible Accounts (i.e. a debit

1 entry). Both of these accounts are balance sheet accounts and as such do not effect the income
2 statement (recording of revenue and expenses)

3 **Q. IF A CUSTOMER WHOSE ACCOUNT HAS BEEN WRITTEN OFF,**
4 **SUBSEQUENTLY MAKES A PAYMENT TO THE COMPANY EITHER DIRECTLY**
5 **OR THROUGH COLLECTION EFFORTS, HOW ARE THOSE MONIES**
6 **RECOGNIZED ON THE COMPANY'S FINANCIAL RECORDS?**

7 A. There is no effect on the income statement for payments made on accounts that have been written-off.
8 The funds are deposited and recorded (i.e. debited) into the cash accounts of the company and the
9 Accumulated Provision for Uncollectible Accounts is credited by a like amount.

10 **Q. HAS THE COMPANY MADE ANY ADJUSTMENT TO THE TEST YEAR LEVEL OF**
11 **BAD DEBT EXPENSE?**

12 A. Yes. An examination of Schedule CAS-15, page 21 of 23 attached to Company witness Donald J.
13 Petry's testimony shows the adjustment to bad debt expense proposed by the Company. The
14 proposed adjustment is premised on an analysis of actual write-offs and subsequent collections. A
15 comparison of these actual net write-offs to revenue resulted in a bad debt percentage. The proposed
16 revenue level was multiplied by the bad debt percentage with the result being the bad debt expense
17 the Company is recommending in this case.

18 **Q. WHAT PERIOD OF TIME DID THE COMPANY'S ANALYSIS COVER?**

19 A. The bad debt percentage was based on a comparison of actual write-offs to revenues over a two-year
20 period, 2005 and 2006.

1 **Q. IS THE COMPANY'S PROPOSED ADJUSTMENT TO THE LEVEL OF BAD DEBT**
2 **EXPENSE BASED ON AN ACCRUAL METHOD?**

3 A. No. The proposed adjustment is not based on the accrual method which is used to record bad debt
4 expense for financial reporting purposes.

5 **Q. DOES PUBLIC COUNSEL BELIEVE THAT THE ACCRUAL METHOD OF**
6 **ACCOUNTING IS THE APPROPRIATE METHOD TO USE TO DETERMINE WHAT**
7 **LEVEL OF BAD DEBT EXPENSE SHOULD BE INCLUDED IN THE**
8 **RATEMAKING CALCULATION OF THE UTILITY'S OVERALL COST OF**
9 **SERVICE, COMMONLY REFERRED TO AS GROSS REVENUE REQUIREMENT.**

10 A. No. Public Counsel does not believe that estimates or budgets should be used to set revenue
11 requirements when firm data is available for analysis. An analysis of the Accumulated Provision for
12 Uncollectible Accounts provides the actual Company specific experience as it relates to customer
13 accounts written-off and any subsequent collections associated with write-offs. In addition an
14 analysis of the actual experience reveals that the level of uncollectible accounts varies significantly
15 from year to year. Therefore, it is not appropriate to simply use test year estimates (accruals) absent a
16 test for reasonableness.

17 **Q. HAS PUBLIC COUNSEL PERFORMED SUCH AN ANALYSIS?**

18 A. Yes. Public Counsel has reviewed the relevant data associated with the Reserve for Uncollectible
19 Accounts for the years 2002 – 2006. In addition, Public Counsel has analyzed monthly data for this
20 same period along with monthly data up through April 2007.

Q. CAN YOU PROVIDE A TABLE SUMMARIZING PUBLIC COUNSEL'S ANALYSIS?

A. Yes. The following table summarizes the actual net write-offs on a total company basis by calendar year for the last 5 years. The table also includes the total annual water revenues by year and the comparison of Net Write-Offs to Revenues expressed as a percentage.

	Accounts Written Off	Recoveries	Net Write-offs	Revenues	Write-Offs Revenue Percent
2002	\$ 1,331,094	\$ 85,938	\$ 1,245,157	\$ 159,711,529	77.96%
2003	1,354,131	167,718	1,186,413	148,898,448	79.68%
2004	1,623,292	175,631	1,447,661	152,425,031	94.98%
2005	1,669,047	157,343	1,511,705	161,079,704	93.85%
2006	1,682,649	182,852	1,499,797	172,189,564	87.10%

Q. DOES PUBLIC COUNSEL BELIEVE THAT ACCRUED EXPENSE DURING THE TEST YEAR IS THE APPROPRIATE LEVEL TO BE USED IN DETERMINING THE REVENUE REQUIREMENT?

A. No. As can be seen from the above table, the level of actual net write-offs has not exceeded \$1,512,000 during any of the last five years. MoAm accrued \$1,914,223 of bad debt expense during the test year. This accrual exceeds the actual experienced net-write-offs for each of the previous five years by a minimum of 26.7%. This highlights why Public Counsel believes it is appropriate to set rates based on an analysis of the actual write-off experience of the utility. Further, Public Counsel does not believe that it is appropriate to use estimates (accrued expense in USOA account 904 as it relates to bad debt expense) when actual data is available (the activity in the USOA account 144 related to actual write-offs and recoveries).

1 **Q. DOES PUBLIC COUNSEL'S ANALYSIS REVEAL A LINEAR RELATIONSHIP**
2 **BETWEEN ACTUAL NET WRITE-OFFS AND REVENUES?**

3 A. No. The table above and Schedule RWT-2 attached to my testimony shows that for the last three
4 years, actual net write-offs have remained relatively constant while revenues have increased
5 approximately \$20 million or 13%. In fact, from 2005 to 2006, revenues increased over \$11 million
6 while actual net write-offs decreased by approximately \$12,000. I believe it is also relevant to realize
7 that actual net write-offs as a percentage of revenues has also declined each year.

8 **Q. YOU REFERRED TO AN ANALYSIS OF DATA FROM 2002 - 2006, HOWEVER**
9 **YOUR TESTIMONY HAS FOCUSED ON THE PERIOD 2004 - 2006, PLEASE**
10 **EXPLAIN WHY.**

11 A. In response to OPC Data Request #28, the Company indicated that the relevant information was for
12 2002 and the first 5 months of 2003 was not in its EDIS system. Public Counsel was able to obtain
13 the Company response to Staff Data Request #78.1 that purported to have the information for this
14 entire 5-year period. However the data was not consistent in overlapping periods addressed by each
15 data request response for certain districts. Therefore, Public Counsel focused on the data provided by
16 the Company's current EDIS system as provided in response to OPC data request #28.

17 Public Counsel would also point out that an increase in net write-offs occurred between 2003 and
18 2004. The level of net write-offs was relatively constant for 2002 and 2003. Likewise the period
19 2004 through 2006 has been relatively constant but at a higher level than 2002 to 2003 period. It
20 appears there has been a change in customer payment patterns or it is possible that the new EDIS
21 system has had an impact that has not been identified. Absent any identification of a change in

collection processes or record keeping, Public Counsel does not believe it to be appropriate to utilize the lower cost period in the determination of the overall cost of service on a going forward basis.

Q. WHAT LEVEL OF BAD DEBT EXPENSE DOES PUBLIC COUNSEL PROPOSE ON A TOTAL COMPANY BASIS FOR THE COMPANY'S WATER OPERATIONS BE INCLUDED IN THE DETERMINATION OF THE OVERALL COST OF SERVICE FOR PURPOSES OF THIS CASE?

A. \$1,505,751. Schedule RWT-4 shows this total and the breakdown by district.

Q. PLEASE EXPLAIN HOW PUBLIC COUNSEL DETERMINED THIS AMOUNT TO BE THE APPROPRIATE LEVEL.

A. Public Counsel used a two-year average (2005 & 2006) of actual net write-offs. Public Counsel believes that this normalized level of expense reflects an appropriate level of actual net write-offs which as discussed previously have experienced a variation of less than \$65,000 during the last three years. In order to be conservative, I did not include the 2004 level in determination of the average which results in a slightly higher recommendation than if a three-year average was proposed. The 2004 level of actual net write-offs was the lowest of the three years, albeit it should be recognized that 2005 and 2006 levels were not significantly higher.

Q. HAS PUBLIC COUNSEL ANALYZED ANY ADDITIONAL DATA WITH RESPECT TO NET WRITE-OFF COSTS?

A. Yes. Public Counsel has looked at the similar data for the first four month of 2007 and compared that information to the same months for the prior five years. That analysis shows that for 2007, the Company has experienced \$490,737 of net write-offs. The average for the same four months for

2005 and 2006 was \$587,849. If 2004 is included in the average, the average for the three-year period is \$538,687.

Q. DID PUBLIC COUNSEL ANALYZE THE ACTUAL NET WRITE-OFFS BY DISTRICT TO DETERMINE IF THE DISTRICT SPECIFIC EXPERIENCE MIRRORED THE TOTAL COMPANY EXPERIENCE?

A. Yes. This analysis is attached to my testimony as Schedule RWT-3. While some districts experienced very slight increases on an absolute dollar basis in 2006 as compared to 2004 and 2005, specifically St. Louis, St. Charles, and Jefferson City districts other large districts experienced a decline, specifically St. Joseph, Warrensburg, Mexico, and Joplin. For the districts with very minimal increase in absolute dollars occurred, it should be recognized that those districts experienced a decline in terms of net write-offs as a percentage of revenue because revenues increased significantly.

Q. PLEASE EXPLAIN HOW PUBLIC COUNSEL BELIEVES FLUCTUATING LEVELS OF EXPENSE SHOULD BE ADDRESSED IN THE REGULATORY PROCESS.

A. An analysis should be performed that looks at the cause of the fluctuations and any measurements thereof. The regulatory process should then utilize a level that allows the utility the opportunity to collect a stream of equal annual revenues over a period of years so that over that time the stream of revenues is adequate to recover the actual cost of service assuming prudent management actions. This process is often referred to in regulation as the normalization process.

1 **Q. WHAT WOULD BE THE RESULT IF THE COMMISSION USED A NON-**
2 **NORMALIZED LEVEL OF COST FOR A COST OF SERVICE ITEM THAT**
3 **FLUCTUATES FROM YEAR TO YEAR?**

4 A. Either the ratepayers would be harmed and the stockholders unjustly enriched or the ratepayers would
5 be unjustly enriched and the stockholders would be harmed. For example, if the Commission would
6 have set the rates at a level equal to the 2006 year accrual at the beginning of that year, \$1,914,223,
7 the ratepayers would have paid in revenues for the year that provided excess cash to the Company of
8 \$414,425. Conversely, using the 2003 actual net write-offs rate of \$1,186,412 to set rates for the
9 subsequent years would have resulted in the ratepayer inadequately funding the actual experience for
10 each year since 2003 absent a rate change. Neither result is desirable if this Commission is to set just
11 and reasonable rates.

12 **Q. WOULD THE SAME RESULT OCCUR IF YOU USED THE ACTUAL NET WRITE-**
13 **OFFS FOR ANY ONE YEAR AS THE BASIS FOR SETTING RATES?**

14 A. Yes.

15 **Q. PLEASE SUMMARIZE YOUR TESTIMONY?**

16 A. The actual level of Bad Debt Expense is reflected by looking at the cash flows associated with the
17 collection of billed revenues. While generally accepted accounting principles (GAAP) require that
18 estimates (accruals) be recorded on the income statements in the period the revenues are billed,
19 GAAP also requires the actual cash collection process be recorded on the balance sheet. Ratemaking
20 should be based on actual events not estimates. Therefore Public Counsel has performed an analysis
21 of the actual cash collection process and recommends this Commission adjust the overall cost of
22 service to reflect a two-year average as shown on Schedule RWT-4. This adjustment is calculated
23 using the same method for all districts.

Direct Testimony of
Russell W. Trippensee
Case No. WR-2007-0216

1 || Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

2 || A. Yes.

Direct Testimony
Russell W. Trippensee
Case No. WR-2007-0216

Missouri Power & Light Company, Steam Dept., Case No. HR-82-179
Missouri Power & Light Company, Electric Dept., Case No. ER-82-180
Missouri Edison Company, Electric Dept., Case No. ER-79-120
Southwestern Bell Telephone Company, Case No. TR-79-213
Doniphan Telephone Company, Case No. TR-80-15
Empire District Electric Company, Case No. ER-83-43
Missouri Power & Light Company, Gas Dept., Case No. GR-82-181
Missouri Public Service Company, Electric Dept., Case No. ER-81-85
Missouri Water Company, Case No. WR-81-363
Osage Natural Gas Company, Case No. GR-82-127
Missouri Utilities Company, Electric Dept., Case No. ER-82-246
Missouri Utilities Company, Gas Dept., Case No. GR-82-247
Missouri Utilitites Company, Water Dept., Case No. WR-82-248
Laclede Gas Company, Case No. GR-83-233
Great River Gas Company, Case No. GR-85-136 (OPC)
Northeast Missouri Rural Telephone Company, Case No. TR-85-23 (OPC)
United Telephone Company, Case No. TR-85-179 (OPC)
Kansas City Power & Light Company, Case No. ER-85-128 (OPC)
Arkansas Power & Light Company, Case No. ER-85-265 (OPC)
KPL/Gas Service Company, GR-86-76 (OPC)
Missouri Cities Water Company, Case Nos. WR-86-111, SR-86-112 (OPC)
Union Electric Company, Case No. EC-87-115 (OPC)
Union Electric Company, Case No. GR-87-62 (OPC)
St. Joseph Light and Power Company, Case Nos. GR-88-115, HR-88-116 (OPC)
St. Louis County Water Company, Case No. WR-88-5 (OPC)
West Elm Place Corporation, Case No. SO-88-140 (OPC)
United Telephone Long Distance Company, Case No. TA-88-260 (OPC)
Southwestern Bell Telephone Company, Case No. TC-89-14, et al. (OPC)
Osage Utilities, Inc., Case No. WM-89-93 (OPC)
GTE North Incorporated, Case Nos. TR-89-182, TR-89-238, TC-90-75 (OPC)
Contel of Missouri, Inc., Case No. TR-89-196 (OPC)
The Kansas Power and Light Company, Case No. GR-90-50 (OPC)
Southwestern Bell Telephone Company, Case No. TO-89-56 (OPC)
Capital City Water Company, Case No. WR-90-118 (OPC)
Laclede Gas Company, Case No. GR-90-120 (OPC)
Southwestern Bell Telephone Company, Case No. TR-90-98 (OPC)

Direct Testimony
Russell W. Trippensee
Case No. WR-2007-0216

Empire District Electric Company, Case No. ER-90-138 (OPC)
Associated Natural Gas Company, Case No. GR-90-152 (OPC)
Southwestern Bell Telephone Company, Case No. TO-91-163 (OPC)
Union Electric Company, Case No. ED-91-122 (OPC)
Missouri Public Service, Case Nos. EO-91-358 and EO-91-360 (OPC)
The Kansas Power and Light Company, Case No. GR-91-291 (OPC)
Southwestern Bell Telephone Co., Case No. TO-91-163 (OPC)
Union Electric Company, EM-92-225 and EM-92-253 (OPC)
Southwestern Bell Telephone Company, TO-93-116(OPC) (OPC)
Missouri Public Service Company, ER-93-37, (January, 1993) (OPC)
Southwestern Bell Telephone Company, TO-93-192, TC-93-224 (OPC)
Saint Louis County Water Company, WR-93-204 (OPC)
United Telephone Company of Missouri, TR-93-181 (OPC)
Raytown Water Company, WR-94-300 (OPC)
Empire District Electric Company, ER-94-174 (OPC)
Raytown Water Company, WR-94-211 (OPC)
Missouri Gas Energy, GR-94-343 (OPC)
Capital City Water Company, WR-94-297 (OPC)
Southwestern Bell Telephone Company, TR-94-364 (OPC)
Missouri Gas Energy, GR-95-33 (OPC)
St. Louis County Water Company, WR-95-145 (OPC)
Missouri Gas Energy, GO-94-318 (OPC)
Alltel Telephone Company of Missouri, TM-95-87 (OPC)
Southwestern Bell Telephone Company, TR-96-28 (OPC)
Steelville Telephone Exchange, Inc., TR-96-123 (OPC)
Union Electric Company, EM-96-149 (OPC)
Imperial Utilites Corporation, SC-96-247 (OPC)
Laclede Gas Company, GR-96-193 (OPC)
Missouri Gas Energy, GR-96-285 (OPC)
St. Louis County Water Company, WR-96-263 (OPC)
Village Water and Sewer Company, Inc. WM-96-454 (OPC)
Empire District Electric Company, ER-97-82 (OPC)
UtiliCorp d/b/a Missouri Public Service Company, GR-95-273 (OPC)
Associated Natural Gas, GR-97-272 (OPC)
Missouri Public Service, ER-97-394, ET-98-103 (OPC)
Missouri Gas Energy, GR-98-140 (OPC)

Direct Testimony
Russell W. Trippensee
Case No. WR-2007-0216

St. Louis County Water, WO-98-223 (OPC)
United Water Missouri, WA-98-187 (OPC)
Kansas City Power & Light/Western Resources, Inc. EM-97-515 (OPC)
St. Joseph Light & Power Company, HR-99-245 (OPC)
St. Joseph Light & Power Company, GR-99-246 (OPC)
St. Joseph Light & Power Company, ER-99-247 (OPC)
AmerenUE, EO-96-14, (prepared statement) (OPC)
Missouri American Water Company, WR-2000-281 (OPC)
Missouri American Water Company, SR-2000-282 (OPC)
UtiliCorp United Inc./St. Joseph Light & Power Company, EM-2000-292 (OPC)
UtiliCorp United Inc./Empire District Electric Company, EM-2000-369 (OPC)
St. Joseph Light & Power Company, EO-2000-845 (OPC)
St. Louis County Water Company, WR-2000-844 (OPC)
Union Electric Company, EO-2001-245 (OPC)
Laclede Gas Company, GM-2001-342 (OPC)
Empire District Electric Company, ER-2001-299 (OPC)
Missouri-American Water Company, et. al., WM-2001-309 (OPC)
AmerenUE, EC-2002-152, GC-2002-153 (OPC)
UtiliCorp United Inc., ER-2001-672 (OPC)
Aquila, Inc., GO-2002-175 (OPC)
AmerenUE, ER-2002-001 (OPC)
Laclede Gas Company, GA-2002-429 (OPC)
AmerenUE, GR-2003-0517 (OPC)
Algonquin Water Resources of Missouri & Silverleaf Resort, Inc. WO-2005-0206 (OPC)
Kansas City Power & Light Company, Case No. EO-2005-0329 (OPC)
Empire District Electric Company, Case No. ER-2006-0315 (OPC)
Kansas City Power & Light Company, Case No. ER-2006-0314 (OPC)
Atmos Energy Corporation, Case No. GR-2006-0387 (OPC)
Missouri Gas Energy, Case No. GR-2006-0422 (OPC)
Aquila, Inc., ER-2007-0004 (OPC)
Missouri American Water Company, WR-2007-0216, (OPC)

Office of the Public Counsel
Missouri American Water Company
WR-2007-0216
Uncollectible Expense Normalized - Water by District

line #			Charge-Offs	Collections	Net Cash Uncollectibles	Revenues	
2002							
1	3501	St Louis	\$ 834,799.97	\$ 60,531.64	\$ 774,268.33	\$ 114,056,571.37	0.6788%
2	3503	St Joseph	180,385.57	16,089.44	164,296.13	17,406,767.97	0.9439%
3	3504	Parkville	14,578.58	1,979.73	12,598.85	2,981,742.57	0.4225%
4	3506	Warrensburg	25,843.77	1,838.71	24,005.06	2,415,868.32	0.9936%
5	3508	Brunswick	1,953.12	124.87	1,828.25	198,401.07	0.9215%
6	3509	St Charles	28,961.29	2,023.76	26,937.53	8,512,646.33	0.3164%
7	3510	Mexico	34,880.32	2,218.40	32,661.92	2,514,623.93	1.2989%
8	3511	Joplin	162,878.04	-	162,878.04	7,673,699.77	2.1225%
9	3512	Jefferson City	46,814.06	1,131.07	45,682.99	3,951,208.03	1.1562%
10			<u>\$ 1,331,094.72</u>	<u>\$ 85,937.62</u>	<u>\$ 1,245,157.10</u>	<u>\$ 159,711,529.36</u>	<u>0.7796%</u>
11							
12	2003						
13	3501	St Louis	\$ 907,731.04	\$ 135,798.13	\$ 771,932.91	\$ 105,938,763.22	0.7287%
14	3503	St Joseph	180,173.25	12,746.83	167,426.42	15,699,673.66	1.0664%
15	3504	Parkville	14,951.80	1,668.59	13,283.21	3,110,547.44	0.4270%
16	3506	Warrensburg	23,915.30	3,588.89	20,326.41	2,276,194.89	0.8930%
17	3508	Brunswick	1,318.54	136.31	1,182.23	190,219.27	0.6215%
18	3509	St Charles	28,749.88	3,712.10	25,037.78	7,920,341.68	0.3161%
19	3510	Mexico	22,677.39	1,509.83	21,167.56	2,371,554.06	0.8926%
20	3511	Joplin	125,833.37	6,552.02	119,281.35	7,563,438.68	1.5771%
21	3512	Jefferson City	48,780.77	2,005.79	46,774.98	3,827,715.34	1.2220%
22			<u>\$ 1,354,131.34</u>	<u>\$ 167,718.49</u>	<u>\$ 1,186,412.85</u>	<u>\$ 148,898,448.24</u>	<u>0.7968%</u>
23							
24	2004						
25	3501	St Louis	\$1,190,200.39	\$ 118,715.66	\$ 1,071,484.73	\$ 109,471,234.43	0.9788%
26	3503	St Joseph	180,592.06	25,340.88	155,251.18	15,526,318.80	0.9999%
27	3504	Parkville	\$12,340.27	1,778.12	10,562.15	2,818,521.39	0.3747%
28	3506	Warrensburg	19,177.80	3,402.03	15,775.77	2,183,839.97	0.7224%
29	3508	Brunswick	2,259.19	168.06	2,091.13	175,994.99	1.1882%
30	3509	St Charles	30,495.80	5,027.08	25,468.72	8,265,138.31	0.3081%
31	3510	Mexico	27,721.13	3,216.54	24,504.59	2,407,797.90	1.0177%
32	3511	Joplin	119,972.82	14,107.85	105,864.97	7,745,428.91	1.3668%
33	3512	Jefferson City	40,533.02	3,875.23	36,657.79	3,830,755.97	0.9569%
34			<u>\$ 1,623,292.48</u>	<u>\$ 175,631.45</u>	<u>\$ 1,447,661.03</u>	<u>\$ 152,425,030.67</u>	<u>0.9498%</u>
35							
36	2005						
37	3501	St Louis	\$ 1,221,634.83	\$ 95,011.91	\$ 1,126,622.92	\$ 116,047,803.96	0.9708%
38	3503	St Joseph	167,554.68	22,152.98	145,401.70	15,911,096.35	0.9138%
39	3504	Parkville	17,005.44	2,070.21	14,935.23	3,030,625.28	0.4928%
40	3506	Warrensburg	25,262.82	3,953.60	21,309.22	2,403,850.83	0.8865%
41	3508	Brunswick	1,484.67	162.29	1,322.38	181,901.20	0.7270%
42	3509	St Charles	31,100.67	6,115.51	24,985.16	9,117,837.00	0.2740%
43	3510	Mexico	27,648.08	4,296.62	23,351.46	2,467,749.11	0.9463%
44	3511	Joplin	130,463.12	15,633.97	114,829.15	7,896,261.02	1.4542%
45	3512	Jefferson City	46,892.72	7,945.43	38,947.29	4,022,578.91	0.9682%
46	3514	Warren County	-	-	-	-	-
47			<u>\$ 1,669,047.03</u>	<u>\$ 157,342.52</u>	<u>\$ 1,511,704.51</u>	<u>\$ 161,079,703.66</u>	<u>0.9385%</u>
48							
49	2006						
50	3501	St Louis	\$ 1,272,370.83	\$ 117,604.51	\$ 1,154,766.32	\$ 124,397,474.39	0.9283%
51	3503	St Joseph	155,680.53	25,279.19	130,401.34	17,303,306.22	0.7536%
52	3504	Parkville	17,040.41	2,367.39	14,673.02	3,385,570.87	0.4334%
53	3506	Warrensburg	17,766.18	4,576.72	13,189.46	2,487,655.16	0.5302%
54	3508	Brunswick	1,855.97	129.06	1,726.91	191,401.16	0.9022%
55	3509	St Charles	32,289.02	3,571.85	28,717.17	9,488,838.47	0.3026%
56	3510	Mexico	23,474.21	3,943.73	19,530.48	2,481,504.71	0.7870%
57	3511	Joplin	117,445.74	20,965.09	96,480.65	8,245,726.08	1.1701%
58	3512	Jefferson City	44,726.52	4,414.32	40,312.20	4,208,087.36	0.9580%
59	3514	Warren County	-	-	-	-	-
60			<u>\$ 1,682,649.41</u>	<u>\$ 182,851.86</u>	<u>\$ 1,499,797.55</u>	<u>\$ 172,189,564.42</u>	<u>0.8710%</u>
61							
62							
63	5-Year		\$ 1,532,043.00	\$ 153,896.39	\$ 1,378,146.61	\$ 158,860,855.27	0.8675%
64	3-Year		\$ 1,658,329.64	\$ 171,941.94	\$ 1,486,387.70	\$ 161,898,099.58	0.9181%
65	2-Year		\$ 1,675,848.22	\$ 170,097.19	\$ 1,505,751.03	\$ 166,634,634.04	0.9036%

Office of the Public Counsel
Missouri American Water Company
WR-2007-0216
Uncollectible Expense Normalized - Water by District

line #			Charge-Offs	Collections	Net Cash Uncollectibles	Revenues	
1	3501	St Louis					
2		2002	\$ 834,799.97	\$ 60,531.64	774,268.33	\$ 114,056,571.37	0.6788%
3		2003	907,731.04	135,798.13	771,932.91	105,938,763.22	0.7287%
4		2004	1,190,200.39	118,715.66	1,071,484.73	109,471,234.43	0.9788%
5		2005	1,221,634.83	95,011.91	1,126,622.92	116,047,803.96	0.9708%
6		2006	1,272,370.83	117,604.51	1,154,766.32	124,397,474.39	0.9283%
7							
8	3503	St Joseph					
9		2002	\$ 180,385.57	\$ 16,089.44	\$ 164,296.13	\$ 17,406,767.97	0.9439%
10		2003	180,173.25	12,746.83	167,426.42	15,699,673.66	1.0664%
11		2004	180,592.06	25,340.88	155,251.18	15,526,318.80	0.9999%
12		2005	167,554.68	22,152.98	145,401.70	15,911,096.35	0.9138%
13		2006	155,680.53	25,279.19	130,401.34	17,303,306.22	0.7536%
14							
15							
16	3504	Parkville					
17		2002	\$ 14,578.58	\$ 1,979.73	\$ 12,598.85	\$ 2,981,742.57	0.4225%
18		2003	14,951.80	1,668.59	13,283.21	3,110,547.44	0.4270%
19		2004	12,340.27	1,778.12	10,562.15	2,818,521.39	0.3747%
20		2005	17,005.44	2,070.21	14,935.23	3,030,625.28	0.4928%
21		2006	17,040.41	2,367.39	14,673.02	3,385,570.87	0.4334%
22							
23							
24	3506	Warrensburg					
25		2002	\$ 25,843.77	\$ 1,838.71	\$ 24,005.06	\$ 2,415,868.32	0.9936%
26		2003	23,915.30	3,588.89	20,326.41	2,276,194.89	0.8930%
27		2004	19,177.80	3,402.03	15,775.77	2,183,839.97	0.7224%
28		2005	25,262.82	3,953.60	21,309.22	2,403,850.83	0.8865%
29		2006	17,766.18	4,576.72	13,189.46	2,487,655.16	0.5302%
30							
31							
32	3508	Brunswick					
33		2002	\$ 1,953.12	\$ 124.87	\$ 1,828.25	\$ 198,401.07	0.9215%
34		2003	1,318.54	136.31	1,182.23	190,219.27	0.6215%
35		2004	2,259.19	168.06	2,091.13	175,994.99	1.1882%
36		2005	1,484.67	162.29	1,322.38	181,901.20	0.7270%
37		2006	1,855.97	129.06	1,726.91	191,401.16	0.9022%
38							
39							
40	3509	St Charles					
41		2002	\$ 28,961.29	\$ 2,023.76	\$ 26,937.53	\$ 8,512,646.33	0.3164%
42		2003	28,749.88	3,712.10	25,037.78	7,920,341.68	0.3161%
43		2004	30,495.80	5,027.08	25,468.72	8,265,138.31	0.3081%
44		2005	31,100.67	6,115.51	24,985.16	9,117,837.00	0.2740%
45		2006	32,289.02	3,571.85	28,717.17	9,488,838.47	0.3026%
46							
47							
48	3510	Mexico					
49		2002	\$ 34,880.32	\$ 2,218.40	\$ 32,661.92	\$ 2,514,623.93	1.2989%
50		2003	22,677.39	1,509.83	21,167.56	2,371,554.06	0.8926%
51		2004	27,721.13	3,216.54	24,504.59	2,407,797.90	1.0177%
52		2005	27,648.08	4,296.62	23,351.46	2,467,749.11	0.9463%
53		2006	23,474.21	3,943.73	19,530.48	2,481,504.71	0.7870%
54							
55							
56	3511	Joplin					
57		2002	\$ 162,878.04	\$ -	\$ 162,878.04	\$ 7,673,699.77	2.1225%
58		2003	125,833.37	6,552.02	119,281.35	7,563,438.68	1.5771%
59		2004	119,972.82	14,107.85	105,864.97	7,745,428.91	1.3668%
60		2005	130,463.12	15,633.97	114,829.15	7,896,261.02	1.4542%
61		2006	117,445.74	20,965.09	96,480.65	8,245,726.08	1.1701%
62							
63							
64	3512	Jefferson City					
65		2002	\$ 46,814.06	\$ 1,131.07	\$ 45,682.99	\$ 3,951,208.03	1.1562%
66		2003	48,780.77	2,005.79	46,774.98	3,827,715.34	1.2220%
67		2004	40,533.02	3,875.23	36,657.79	3,830,755.97	0.9569%
68		2005	46,892.72	7,945.43	38,947.29	4,022,578.91	0.9682%
69		2006	44,726.52	4,414.32	40,312.20	4,208,087.36	0.9580%

Office of the Public Counsel
Missouri American Water Company
WR-2007-0216
Uncollectible Expense Normalized - Water by District

line #		Net Cash Uncollectibles		OPC Recommendation for Normalized Expense	Test Year per Books	Adjustment to Test Year Expense
		<u>2005</u>	<u>2006</u>			
1						
2	St Louis	\$ 1,126,622.92	\$ 1,154,766.32	\$ 1,140,694.62	\$ 1,440,509.00	\$ (299,814.38)
3	St Joseph	145,401.70	130,401.34	137,901.52	134,466.00	3,435.52
4	Parkville	14,935.23	14,673.02	14,804.13	22,847.00	(8,042.88)
5	Warrensburg	21,309.22	13,189.46	17,249.34	28,415.00	(11,165.66)
6	Brunswick	1,322.38	1,726.91	1,524.65	1,920.00	(395.36)
7	St Charles	24,985.16	28,717.17	26,851.17	121,530.00	(94,678.84)
8	Mexico	23,351.46	19,530.48	21,440.97	20,543.00	897.97
9	Joplin	114,829.15	96,480.65	105,654.90	98,683.00	6,971.90
10	Jefferson City	38,947.29	40,312.20	39,629.75	45,310.00	(5,680.26)
11		\$ 1,511,704.51	\$ 1,499,797.55	\$ 1,505,751.03	\$ 1,914,223.00	<u>\$ (408,471.97)</u>
12						\$ (408,471.97)