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December 20, 1999

FILED³

DEC 20 1999

Missouri Public
Service Commission

Mr. Dale Hardy Roberts
Public Service Commission
P. O. Box 360
Jefferson City, MO 65102

**RE: Missouri-American Water Company - Consolidated Case Nos. WR-2000-281
SR-2000-282**

Dear Mr. Roberts:

Enclosed for filing in the above-referenced proceeding please find an original and fourteen copies of MAWC's Reply to the Office of the Public Counsel's Recommendation Concerning Test Year and Recommendation Concerning True-Up Audit and Hearing. Please stamp the enclosed extra copy "filed" and return same to me.

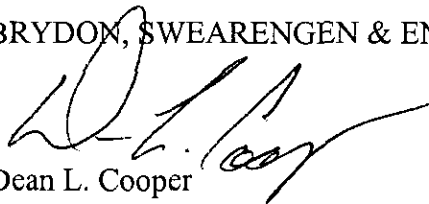
If you have any questions concerning this matter, then please do not hesitate to contact me. Thank you very much for your attention to this matter.

Sincerely,

BRYDON, SWEARENGEN & ENGLAND P.C.

By:

Dean L. Cooper



DLC/rhg
Enclosures

cc: Office of the Public Counsel
Mr. Keith Krueger
Ms. Shannon Cook
Mr. Louis Leonatti
Mr. Jim Fischer
Mr. Leland Curtis
Mr. Brent Stewart
Mr. Chuck Brown

Mr. Joseph Moreland
Mr. Stu Conrad
Ms. Lisa Robertson
Ms. Diana M. Vuylsteke

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

FILED²

DEC 20 1999

**Missouri Public
Service Commission**

In the Matter of Missouri-American)	
Water Company's Tariff Sheets Designed)	
to Implement General Rate Increases for)	Case No. WR-2000-281
Water and Sewer Service provided to)	Case No. SR-2000-282
Customers in the Missouri Service Area)	
of the Company.)	

**MAWC'S REPLY TO THE OFFICE OF THE PUBLIC COUNSEL'S
RECOMMENDATION CONCERNING TEST YEAR AND
RECOMMENDATION CONCERNING TRUE-UP AUDIT AND HEARING**

COMES NOW Missouri-American Water Company ("MAWC" or "Company") and, for its Reply to the Office of the Public Counsel's ("OPC") Recommendation Concerning Test Year and Recommendation Concerning True-Up Audit and Hearing, states to the Missouri Public Service Commission ("Commission") as follows:

1. On November 19, 1999, along with its Direct Testimony (excluding rate design testimony which was filed on November 29, 1999), MAWC filed its Recommendation Concerning Proper Test Year; Motion for True-Up Audit and Hearing; and Motion for Accounting Authority Order.
2. On December 7, 1999, the OPC filed its response to MAWC's motions concerning the test year and true-up audit and hearing.
3. MAWC previously filed a reply to intervenors Ag Processing Inc., A Cooperative ("AGP"), Friskies Petcare, A Division of Nestle USA ("Friskies") and Wire Rope Corporation of America Inc.'s ("Wire Rope") Suggestions in Opposition concerning test year a true-up audit and hearing on December 9, 1999.
4. First, MAWC will refer the Commission to its December 9, 1999, reply and ask that

the Commission consider this reply when addressing the concerns and arguments made by the OPC as to the reasonableness of the periods chosen and the parties' opportunity to audit expenses associated with the St. Joseph treatment plant and facilities.

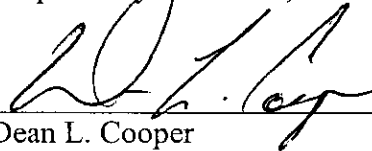
5. Second, the OPC's suggestions that the Commission wait to issue an order concerning true-up until Staff, OPC and intervenor direct testimony has been filed poses serious concerns for the Company. As indicated by MAWC's direct testimony, a significant element of MAWC's proposal is the St. Joseph treatment plant and facilities. These facilities are scheduled to be operational and used to service no later than April 30, 2000. The opportunity to present this project to the Commission as part of MAWC's revenue requirement is critical to the Company and represents a substantial investment. By December 31, 1999, approximately \$65 million (or 87% of the total cost) will have been spent on this project.

6. In its opposition to MAWC's Motion for Accounting Authority Order, the OPC has argued that the "Company had complete control over the design and timing of [the St. Joseph project] as well as complete control over the timing of this rate case." (OPC Response to AAO, p. 2). It is somewhat disingenuous to now argue that although the Company has "complete control over the timing of this rate case," that somehow its true-up proposal may not provide enough time to be included in this rate case. MAWC has shown in its earlier response that the proposed true-up provides weeks more time between the end of the true-up period and the operation of law date than the five true-ups ordered by the Commission in other rate cases over the last few years.

WHEREFORE, MAWC respectfully requests that the Commission issue its order adopting the test year and true-up audit and hearing as proposed by the Company and grant such further orders

as are appropriate in the circumstances.

Respectfully submitted,



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ATTORNEYS FOR MISSOURI-AMERICAN
WATER COMPANY

Certificate of Service

I hereby certify that a true and correct copy of the above and foregoing document was sent by U.S. Mail, postage prepaid, or hand-delivered on this 20th day of December, 1999, to the following:

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