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STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION

At a session of the Public Service  
Commission held at its office  
in Jefferson City on the 24th  
day of June, 1997.

In the Matter of Missouri-American Water Company's )  
Tariff Designed to Increase Rates for Water Service ) Case No. WR-97-237,  
Provided to Customers in the Missouri Service Area ) et al.  
of the Company. )  
)

**ORDER DIRECTING TRUE-UP AND SCHEDULING TRUE-UP HEARING**

Missouri-American Water Company (Missouri-American or the company) submitted proposed tariff sheets to the Missouri Public Service Commission on December 13, 1996, designed to implement rate increases for water and sewer service provided to customers in the company's Missouri service area. The Commission suspended the tariff effective date and established a procedural schedule. The Commission established a test year consisting of the twelve (12) month period ending December 31, 1996, to be updated through March 31, 1997. The company was directed to file a proposal regarding the need for a true-up audit and hearing by January 22; all other parties were directed to file their own proposals or responses to the company's proposal no later than May 29.

The company filed a Motion for True-up Audit and Hearing on January 22, proposing that the following items of revenue, expense, and investment be trued up through July 31: residential and commercial customers/revenues (associated revenues and production costs), fuel and power expenses (related to new facilities), capital structure, chemicals, rate base, employee levels and wage rates, tank painting, purchased water

expense, property tax, and depreciation expense. Missouri-American proposed that a true-up hearing be scheduled for mid-September.

The Staff of the Commission (Staff) filed its True-up Recommendation on May 29 proposing that the Commission true up, through July 31, all significant items relating to revenue, expense, capital structure, and rate base occurring on or before that date. No other true-up recommendations were filed.

The Commission finds that a true-up of the significant items relating to revenue, expense, capital structure, and rate base through July 31 is appropriate and reasonable in order to maintain the proper relationship between these major factors. Staff shall file its true-up schedules no later than September 5. The Commission will conduct a true-up hearing on September 16.

**IT IS THEREFORE ORDERED:**

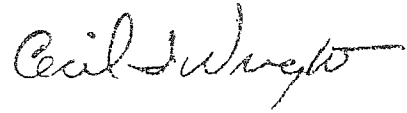
1. That the Commission Staff shall complete a true-up audit of all significant factors relating to revenue, expense, capital structure, and rate base through July 31, 1997. Staff shall file the resulting schedules no later than September 5, 1997.

2. That the Commission shall conduct a true-up hearing beginning at 10:00 a.m. on September 16, 1997, in the Commission's hearing room on the fifth floor of the Harry S Truman State Office Building, 301 West High Street, Jefferson City, Missouri.

3. That anyone who wishes to attend the true-up hearing who has special needs as addressed by the Americans With Disabilities Act should contact the Missouri Public Service Commission at least ten (10) days before the true-up hearing at one of the following numbers: Consumer Services Hotline - 1-800-392-4211 or TDD Hotline - 1-800-829-7541.

4. That this order shall become effective on the date hereof.

**BY THE COMMISSION**

A handwritten signature in cursive script, appearing to read "Cecil I. Wright".

**Cecil I. Wright  
Executive Secretary**

( S E A L )

Zobrist, Chm., Crumpton,  
Drainer, Murray and Lumpe,  
CC., concur.

ALJ: Wickliffe