

Exhibit No.: _____

Issues: True-Up

Witness: James E. Salser

Exhibit Type: True-Up Rebuttal

Sponsoring Party: MAWC

Case No.: WR-2000-281

SR-2000-282

Date: June 21, 2000

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. WR-2000-281

CASE NO. SR-2000-282

FILED²

JUN 21 2000

REBUTTAL TESTIMONY

REGARDING TRUE-UP

*Missouri Public
Service Commission*

OF

JAMES E. SALSER

ON BEHALF OF

MISSOURI-AMERICAN WATER COMPANY

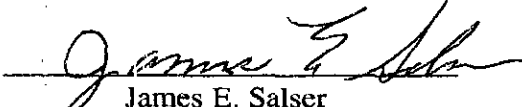
JEFFERSON CITY, MISSOURI

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

IN THE MATTER OF MISSOURI-AMERICAN)	
WATER COMPANY FOR AUTHORITY TO)	
FILE TARIFFS REFLECTING INCREASED RATES)	CASE NO. WR-2000-281
FOR WATER AND SEWER SERVICE IN THE)	CASE NO. SR-2000-282
MISSOURI SERVICE AREA OF THE COMPANY)	

AFFIDAVIT OF JAMES E. SALSER

James E. Salser, being first duly sworn, deposes and says that he is the witness who sponsors the accompanying testimony entitled "Rebuttal Testimony regarding true-up of James E. Salser"; that said testimony and schedules were prepared by him and/or under his direction and supervision; that if inquires were made as to the facts in said testimony and schedules, he would respond as therein set forth; and that the aforesaid testimony and schedules are true and correct to the best of his knowledge.


James E. Salser

State of Missouri
County of St. Louis
SUBSCRIBED and sworn to
before me this 21st day of June 2000.


Notary Public, Sharon K. Lee

My commission expires:
SHARON K. LEE, NOTARY PUBLIC
STATE OF MISSOURI, ST. LOUIS COUNTY
MY COMMISSION EXPIRES FEBRUARY 21, 2003

**REBUTTAL TESTIMONY
REGARDING TRUE-UP
JAMES E. SALSER
MISSOURI-AMERICAN WATER COMPANY
CASE NO. WR-2000-281
CASE NO. SR-2000-282**

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WITNESS INTRODUCTION

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

2 A. My name is James E. Salser, my business address is Box 157AA Route 2,
3 Ravenswood, WV 26164 and I am self-employed.

4 **Q. ARE YOU THE SAME JAMES E. SALSER THAT PREVIOUSLY FILED**
5 **DIRECT TESTIMONY REGARDING TRUE-UP IN THIS CASE?**

6 A. Yes, I am.

PURPOSE

7
8 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY**
9 **REGARDING TRUE-UP?**

10 A. My testimony will respond to the True-Up Direct Testimony of Roberta A. McKiddy
11 and Doyle L. Gibbs and the Accounting Schedules filed on behalf of the Missouri
12 Public Service Commission Staff.

SCHEDULES SPONSORED

13
14 **Q. HAVE YOU REVIEWED THE TESTIMONY AND SCHEDULES**
15 **DESCRIBED ABOVE?**

16 A. Yes, I have.

17 **Q. AS A RESULT OF THAT REVIEW, DO YOU HAVE ANY CHANGES TO**
18 **SCHEDULES JES-1 THROUGH JES-3 WHICH WERE ATTACHED TO**
19 **YOUR DIRECT TESTIMONY REGARDING TRUE-UP?**

20 A. Yes. It is necessary for me to amend my schedules in order to tie them to the Staff

1 True-Up schedules. Also, I have amended my schedules to address the issues of
2 deferred taxes and property taxes.

3 **Q. HAS THE "DEFERRED TAXES" ISSUE TO WHICH YOU REFER BEEN**
4 **HEARD BY THE COMMISSION IN THIS CASE?**

5 A. Yes. This issue was described in the Proposed List of Issues as "Deferred Taxes"
6 and was heard by the Commission on June 16, 2000. However, my initial true-up
7 schedules did not include an adjustment for this issue.

8 **Q. PLEASE DESCRIBE PROPERTY TAX ISSUE TO WHICH YOU REFER.**

9 A. This is related to the St. Joseph treatment plant and related facilities. The property
10 taxes are amounts that have been assessed by the county assessor of Buchanan
11 County and will be assessed by the county assessor of Andrew County.

12 **Q. WHY IS IT APPROPRIATE TO INCLUDE THE PROPERTY TAXES IN**
13 **THE TRUE-UP?**

14 A. The amounts are a known and measurable consequence of the construction of the St.
15 Joseph treatment plant and related facilities. These facilities were completed and
16 place into service during the true-up period ordered by the Commission.

17 **Q. ARE YOU SPONSORING SCHEDULES WHICH ADDRESS THESE**
18 **ISSUES?**

19 A. Yes. I am sponsoring Schedules JES-4 through JES-6, which consist of the
20 following:

<u>Schedule</u>	<u>Description</u>
JES-4	Total Water Company with supporting totals for each district

1 JES-5 Total Water Rate Base with supporting totals for each
2 district

3 JES-6 Total Water Operating Income with supporting totals
4 for each district

5 **Q. WERE THESE SCHEDULES PREPARED BY YOU OR UNDER YOUR**
6 **SUPERVISION?**

7 A. Yes, they were.

8 **Q. WHAT IS THE SOURCE OF THE INFORMATION FOUND ON THESE**
9 **SCHEDULES?**

10 A. The same sources as were described in my Direct Testimony Regarding True-Up.

11 **Q. PLEASE BRIEFLY DESCRIBE SCHEDULE JES-4.**

12 A. Schedule JES-4 in column 1 reflects the Staff's revenue requirement \$10,771,130
13 utilizing the mid-point of the Staff's recommendation on return on equity ("ROE").
14 Column 2 shows a revenue requirement using Staff's mid-point on ROE and the
15 Company's adjustments related to Staff's capacity adjustment, Staff's AFUDC rate
16 proposal, the Company's Accounting Authority Order ("AAO") request and
17 Company's proposed property tax on the St. Joseph treatment plant and related
18 facilities. This results in a revenue requirement of \$12,816,143 at the mid-point of
19 Staff's ROE. Column 3 includes all of the adjustments in Column 2, but instead
20 reflects the Company's proposed ROE. This results in a revenue requirement of
21 \$14,646,961. Included in Schedule JES-4 are the calculations by district.

22 **Q. PLEASE BRIEFLY DESCRIBE SCHEDULE JES-5.**

23 A. Schedule JES-5 is a calculation of the Company's rate base as of April 30, 2000, to

1 include adjustments for Staff's capacity adjustment, the Staff's AFUDC rate proposal
2 and the Company's AAO proposal. Rate base calculations by district are included in
3 Schedule JES-5. This schedule includes the projects discussed in the Direct
4 Testimony Regarding True-Up of Company Witness Robert L. Amman, Jr.

5 **Q. PLEASE BRIEFLY DESCRIBE SCHEDULE JES-6.**

6 A. Schedule JES-6 is an income statement at present rates for the Company as of April
7 30, 2000. Column 1 represents the Staff's utility operating income of \$6,336,566.
8 Column 2 represents the adjustments proposed by the Company related to the
9 capacity adjustment depreciation, the amortization of the deferred depreciation
10 related to the Company's proposed AAO, the amortization of the post-in-service
11 AFUDC related to the Company's AAO proposal and the property tax assessment
12 for related to the St. Joseph treatment plant and related facilities. Calculations by
13 district are included in Schedule JES-6.

14 **Q. DO YOU AGREE WITH THE CAPITAL STRUCTURE PRESENTED IN**
15 **STAFF WITNESS MCKIDDY'S TRUE-UP DIRECT TESTIMONY?**

16 A. Yes. Ms. McKiddy accurately describes the capital structure of Missouri-American
17 Water Company as of April 30, 2000.

18 **Q. DOES THIS COMPLETE YOUR REBUTTAL TESTIMONY REGARDING**
19 **TRUE-UP?**

20 A. Yes, it does.

MISSOURI-AMERICAN WATER COMPANY
Test Year Ending September 30, 1999 as True-up Through April 30, 2000
Total Water

	Staff 10.13% ROE	Company Adjust- ments with Staff 10.13% ROE	Company Adjust- ments with 11.65% ROE
Net Orginal Cost Rate Base	157,167,572	164,849,603	164,849,603
Rate of Return	8.23%	8.23%	8.91%
Net Operating Income Requirement	12,934,891	13,567,123	14,688,099
Net Operating Income Available	6,336,566	5,716,582	5,716,582
Additional Net Operating Income Requirement	6,598,325	7,850,541	8,971,517
Income Tax Requirement	4,538,801	4,776,247	5,474,700
Test Year Current Income Tax	427,541	(115,242)	(115,242)
Additional Current Income Tax Requirement	4,111,260	4,891,489	5,589,942
Gross Revenue Requirement before Uncollectible	10,709,585	12,742,030	14,561,459
Uncollectible	61,545	74,113	85,502
Gross Revenue Requirement including Uncollectible	10,771,130	12,816,143	14,646,961
Gross Revenue Requirement per Staff Phase-in	2,868,770		

MISSOURI-AMERICAN WATER COMPANY
Test Year Ending September 30, 1999 as True-up Through April 30, 2000
Brunswick District

	Staff 10.13% ROE	Company Adjust- ments with Staff 10.13% ROE	Company Adjust- ments with 11.65% ROE
Net Original Cost Rate Base	805,489	851,461	851,461
Rate of Return	<u>8.23%</u>	<u>8.23%</u>	<u>8.91%</u>
Net Operating Income Requirement	66,292	70,075	75,865
Net Operating Income Available	<u>(115,955)</u>	<u>(115,284)</u>	<u>(115,284)</u>
Additional Net Operating Income Requirement	182,247	185,359	191,149
Income Tax Requirement	25,763	27,032	30,639
Test Year Current Income Tax	<u>(87,791)</u>	<u>(88,461)</u>	<u>(88,461)</u>
Additional Current Income Tax Requirement	<u>113,554</u>	<u>115,493</u>	<u>119,100</u>
Gross Revenue Requirement before Uncollectible	295,801	300,852	310,249
Uncollectible	<u>1,334</u>	<u>1,357</u>	<u>1,399</u>
Gross Revenue Requirement including Uncollectible	<u><u>297,135</u></u>	<u><u>302,209</u></u>	<u><u>311,648</u></u>
Gross Revenue Requirement per Staff Phase-in	<u><u>29,880</u></u>		

MISSOURI-AMERICAN WATER COMPANY
Test Year Ending September 30, 1999 as True-up Through April 30, 2000
Joplin District

	Staff 10.13% ROE	Company Adjust- ments with Staff 10.13% ROE	Company Adjust- ments with 11.65% ROE
Net Orginal Cost Rate Base	19,491,941	19,491,940	19,491,940
Rate of Return	8.23%	8.23%	8.91%
Net Operating Income Requirement	1,604,187	1,604,187	1,736,732
Net Operating Income Available	2,099,441	2,099,441	2,099,441
Additional Net Operating Income Requirement	(495,254)	(495,254)	(362,709)
Income Tax Requirement	482,810	482,810	565,396
Test Year Current Income Tax	791,392	791,392	791,392
Additional Current Income Tax Requirement	(308,582)	(308,582)	(225,996)
Gross Revenue Requirement before Uncollectible	(803,836)	(803,836)	(588,705)
Uncollectible	(8,913)	(8,913)	(6,527)
Gross Revenue Requirement including Uncollectible	<u>(812,749)</u>	<u>(812,749)</u>	<u>(595,232)</u>
Gross Revenue Requirement per Staff Phase-in	<u>(635,808)</u>		

MISSOURI-AMERICAN WATER COMPANY
Test Year Ending September 30, 1999 as True-up Through April 30, 2000
Mexico District

	Staff 10.13% ROE	Company Adjust- ments with Staff 10.13% ROE	Company Adjust- ments with 11.65% ROE
Net Original Cost Rate Base	11,306,701	11,554,669	11,554,669
Rate of Return	8.23%	8.23%	8.91%
Net Operating Income Requirement	930,541	950,949	1,029,521
Net Operating Income Available	134,489	138,107	138,107
Additional Net Operating Income Requirement	796,052	812,842	891,414
Income Tax Requirement	317,978	324,823	373,779
Test Year Current Income Tax	(178,023)	(181,641)	(181,641)
Additional Current Income Tax Requirement	496,001	506,464	555,420
Gross Revenue Requirement before Uncollectible	1,292,053	1,319,306	1,446,834
Uncollectible	7,393	7,548	8,278
Gross Revenue Requirement including Uncollectible	1,299,446	1,326,854	1,455,112
Gross Revenue Requirement per Staff Phase-in	340,884		

MISSOURI-AMERICAN WATER COMPANY
Test Year Ending September 30, 1999 as True-up Through April 30, 2000
Parkville Water District

	Staff 10.13% ROE	Company Adjust- ments with Staff 10.13% ROE	Company Adjust- ments with 11.65% ROE
Net Orginal Cost Rate Base	8,231,735	8,585,154	8,585,154
Rate of Return	8.23%	8.23%	8.91%
Net Operating Income Requirement	677,472	706,558	764,937
Net Operating Income Available	16,060	19,505	19,505
Additional Net Operating Income Requirement	661,412	687,053	745,432
Income Tax Requirement	238,024	250,555	286,930
Test Year Current Income Tax	(174,086)	(177,531)	(177,531)
Additional Current Income Tax Requirement	412,110	428,086	464,461
Gross Revenue Requirement before Uncollectible	1,073,522	1,115,139	1,209,893
Uncollectible	5,036	5,231	5,664
Gross Revenue Requirement including Uncollectible	1,078,558	1,120,370	1,215,557
Gross Revenue Requirement per Staff Phase-in	292,519		

MISSOURI-AMERICAN WATER COMPANY
Test Year Ending September 30, 1999 as True-up Through April 30, 2000
St. Charles District

	Staff 10.13% ROE	Company Adjust- ments with Staff 10.13% ROE	Company Adjust- ments with 11.65% ROE
Net Orginal Cost Rate Base	24,297,209	25,326,276	25,326,276
Rate of Return	8.23%	8.23%	8.91%
Net Operating Income Requirement	1,999,660	2,084,353	2,256,571
Net Operating Income Available	1,869,205	1,884,217	1,884,217
Additional Net Operating Income Requirement	130,455	200,136	372,354
Income Tax Requirement	760,671	789,077	896,381
Test Year Current Income Tax	679,388	664,376	664,376
Additional Current Income Tax Requirement	81,283	124,701	232,005
Gross Revenue Requirement before Uncollectible	211,738	324,837	604,359
Uncollectible	489	750	1,396
Gross Revenue Requirement including Uncollectible	212,227	325,587	605,755
Gross Revenue Requirement per Staff Phase-in	212,227		

MISSOURI-AMERICAN WATER COMPANY
Test Year Ending September 30, 1999 as True-up Through April 30, 2000
St. Joseph District

	Staff 10.13% ROE	Company Adjust- ments with Staff 10.13% ROE	Company Adjust- ments with 11.65% ROE
Net Orginal Cost Rate Base	84,259,978	90,013,835	90,013,835
Rate of Return	8.23%	8.23%	8.91%
Net Operating Income Requirement	6,934,596	7,408,139	8,020,233
Net Operating Income Available	1,894,323	1,247,921	1,247,921
Additional Net Operating Income Requirement	5,040,273	6,160,218	6,772,312
Income Tax Requirement	2,441,635	2,623,081	3,004,462
Test Year Current Income Tax	(698,841)	(1,215,207)	(1,215,207)
Additional Current Income Tax Requirement	3,140,476	3,838,288	4,219,669
Gross Revenue Requirement before Uncollectible	8,180,749	9,998,506	10,991,981
Uncollectible	52,782	64,510	70,920
Gross Revenue Requirement including Uncollectible	8,233,531	10,063,016	11,062,901
Gross Revenue Requirement per Staff Phase-in	2,166,086		

MISSOURI-AMERICAN WATER COMPANY
Test Year Ending September 30, 1999 as True-up Through April 30, 2000
Warrensburg District

	Staff 10.13% ROE	Company Adjust- ments with Staff 10.13% ROE	Company Adjust- ments with 11.65% ROE
Net Orginial Cost Rate Base	8,774,519	9,026,268	9,026,268
Rate of Return	8.23%	8.23%	8.91%
Net Operating Income Requirement	722,143	742,862	804,240
Net Operating Income Available	439,003	442,675	442,675
Additional Net Operating Income Requirement	283,140	300,187	361,565
Income Tax Requirement	271,920	278,869	317,113
Test Year Current Income Tax	95,502	91,830	91,830
Additional Current Income Tax Requirement	176,418	187,039	225,283
Gross Revenue Requirement before Uncollectible	459,558	487,226	586,848
Uncollectible	3,424	3,630	4,372
Gross Revenue Requirement including Uncollectible	462,982	490,856	591,220
Gross Revenue Requirement per Staff Phase-in	462,982		

MISSOURI-AMERICAN WATER COMPANY
Rate Base as of April 30, 2000
Water Districts

	Rate Base Per Staff	Proforma Adjustments	Proforma Rate Base
<u>Utility Plant in Service</u>			
Utility Plant in Service	223,040,271		223,040,271
Capacity Disallowance		2,271,756	2,271,756
AFUDC Disallowance		1,257,930	1,257,930
Accumulated Provision for Depreciation	(25,537,101)	-	(25,537,101)
Accumulated Provision for Amortization	(71,296)	-	(71,296)
Post AFUDC		2,032,840	2,032,840
Other Utility Plant Adjustments		-	0
Net Utility Plant	<u>197,431,874</u>	<u>5,562,526</u>	<u>202,994,400</u>
Less:			
Customer Advances	6,344,527	-	6,344,527
Contributions in Aid of Construction	23,628,590	-	23,628,590
Accumulated Deferred ITC (3%)	62,531	-	62,531
Deferred Income Taxes	7,630,316	-	7,630,316
Pre-merger Missouri-Cities	1,823,905	(1,823,905)	0
Pension Liability	1,316,959	-	1,316,959
Subtotal	<u>40,806,828</u>	<u>(1,823,905)</u>	<u>38,982,923</u>
Add:			
Cash Working Capital	(75,905)	(414,363)	(490,268)
Materials and Supplies	429,465	-	429,465
Prepayments	152,904	-	152,904
OPEB's Contributed to External Fund	1,146,741	-	1,146,741
Subtotal	<u>1,653,205</u>	<u>(414,363)</u>	<u>1,238,842</u>
Less:			
Interest Offset	856,385	38,049	894,434
Federal Income Tax	217,117	16,055	233,172
State Income Tax	37,178	3,497	40,675
Subtotal	<u>1,110,680</u>	<u>57,601</u>	<u>1,168,281</u>
Total Original Cost Rate Base	<u>157,167,571</u>	<u>7,029,669</u>	<u>166,418,600</u>

MISSOURI-AMERICAN WATER COMPANY
Rate Base as of April 30, 2000
Brunswick District

	Rate Base Per Staff	Proforma Adjustments	Proforma Rate Base
<u>Utility Plant in Service</u>			
Utility Plant in Service	1,488,883		1,488,883
Capacity Disallowance			
AFUDC Disallowance			
Accumulated Provision for Depreciation	(446,616)		(446,616)
Accumulated Provision for Amortization	0		0
Post AFUDC			0
Other Utility Plant Adjustments			0
Net Utility Plant	1,042,267	0	1,042,267
Less:			
Customer Advances	876		876
Contributions in Aid of Construction	159,327		159,327
Accumulated Deferred ITC (3%)	0		0
Deferred Income Taxes	40,035		40,035
Pre-merger Missouri-Cities	46,313	(46,313)	0
Pension Liability	27,430		27,430
Subtotal	273,981	(46,313)	227,668
Add:			
Cash Working Capital	10,653		10,653
Materials and Supplies	5,630		5,630
Prepayments	3,185		3,185
OPEB's Contributed to External Fund	23,885		23,885
Subtotal	43,353	0	43,353
Less:			
Interest Offset	14.89589% 4,559	260	4,819
Federal Income Tax	6.43014% 1,359	70	1,429
State Income Tax	6.95616% 231	12	243
Subtotal	6,149	342	6,491
Total Original Cost Rate Base	805,489	45,971	851,461

MISSOURI-AMERICAN WATER COMPANY
Rate Base as of April 30, 2000
Joplin District

	Rate Base Per Staff	Proforma Adjustments	Proforma Rate Base
<u>Utility Plant in Service</u>			
Utility Plant in Service	33,740,663		33,740,663
Capacity Disallowance			
AFUDC Disallowance			
Accumulated Provision for Depreciation	(7,617,353)		(7,617,353)
Accumulated Provision for Amortization	(71,296)		(71,296)
Post AFUDC			0
Other Utility Plant Adjustments			0
Net Utility Plant	26,052,014	0	26,052,014
Less:			
Customer Advances	1,135,835		1,135,835
Contributions in Aid of Construction	3,176,634		3,176,634
Accumulated Deferred ITC (3%)	18,772		18,772
Deferred Income Taxes	2,238,505		2,238,505
Pre-merger Missouri-Cities			
Pension Liability	330,731		330,731
Subtotal	6,900,477	0	6,900,477
Add:			
Cash Working Capital	41,919		41,919
Materials and Supplies	105,697		105,697
Prepayments	38,399		38,399
OPEB's Contributed to External Fund	287,983		287,983
Subtotal	473,998	0	473,998
Less:			
Interest Offset	14.38630% 106,558		106,558
Federal Income Tax	5.92055% 23,087		23,087
State Income Tax	6.44658% 3,950		3,950
Subtotal	133,595	0	133,595
Total Original Cost Rate Base	19,491,941	0	19,491,940
	19,491,940		

MISSOURI-AMERICAN WATER COMPANY
Rate Base as of April 30, 2000
Mexico District

		Rate Base Per Staff	Proforma Adjustments	Proforma Rate Base
<u>Utility Plant in Service</u>				
Utility Plant in Service		14,303,808		14,303,808
Capacity Disallowance				
AFUDC Disallowance				
Accumulated Provision for Depreciation		(1,339,810)		(1,339,810)
Accumulated Provision for Amortization		0		0
Post AFUDC				0
Other Utility Plant Adjustments				0
Net Utility Plant		<u>12,963,998</u>	<u>0</u>	<u>12,963,998</u>
Less:				
Customer Advances		167,624		167,624
Contributions in Aid of Construction		819,817		819,817
Accumulated Deferred ITC (3%)		0		0
Deferred Income Taxes		380,401		380,401
Pre-merger Missouri-Cities		249,760	(249,760)	0
Pension Liability		91,065		91,065
Subtotal		<u>1,708,667</u>	<u>(249,760)</u>	<u>1,458,907</u>
Add:				
Cash Working Capital		25,859		25,859
Materials and Supplies		16,629		16,629
Prepayments		10,573		10,573
OPEB's Contributed to External Fund		79,295		79,295
Subtotal		<u>132,356</u>	<u>0</u>	<u>132,356</u>
Less:				
Interest Offset	14.55342%	62,530	1,371	63,901
Federal Income Tax	6.08767%	15,765	360	16,125
State Income Tax	6.61370%	2,691	61	2,752
Subtotal		<u>80,986</u>	<u>1,792</u>	<u>82,778</u>
Total Original Cost Rate Base		<u>11,306,701</u>	<u>247,968</u>	<u>11,554,669</u>

MISSOURI-AMERICAN WATER COMPANY
Rate Base as of April 30, 2000
Parkville Water District

	Rate Base Per Staff	Proforma Adjustments	Proforma Rate Base
<u>Utility Plant in Service</u>			
Utility Plant in Service	14,266,876		14,266,876
Capacity Disallowance			
AFUDC Disallowance			
Accumulated Provision for Depreciation	(2,095,067)		(2,095,067)
Accumulated Provision for Amortization			
Post AFUDC			
Other Utility Plant Adjustments			
Net Utility Plant	<u>12,171,809</u>	<u>0</u>	<u>12,171,809</u>
Less:			
Customer Advances	1,385,040		1,385,040
Contributions in Aid of Construction	1,933,198		1,933,198
Accumulated Deferred ITC (3%)			
Deferred Income Taxes	292,425		292,425
Pre-merger Missouri-Cities	238,144	(238,144)	0
Pension Liability	73,308		73,308
Subtotal	<u>3,922,115</u>	<u>(238,144)</u>	<u>3,683,971</u>
Add:			
Cash Working Capital	(47,426)		(47,426)
Materials and Supplies	13,775		13,775
Prepayments	8,511		8,511
OPEB's Contributed to External Fund	63,833		63,833
Subtotal	<u>38,693</u>	<u>0</u>	<u>38,693</u>
Less:			
Interest Offset	14.04932% 43,947	1,261	45,208
Federal Income Tax	5.58356% 10,842	605	11,447
State Income Tax	6.10959% 1,864	104	1,968
Subtotal	<u>56,653</u>	<u>1,970</u>	<u>58,623</u>
Total Original Cost Rate Base	<u>8,231,735</u>	<u>236,174</u>	<u>8,585,154</u>

MISSOURI-AMERICAN WATER COMPANY
Rate Base as of April 30, 2000
St. Charles District

	Rate Base Per Staff	Proforma Adjustments	Proforma Rate Base
<u>Utility Plant in Service</u>			
Utility Plant in Service	51,070,236		51,070,236
Capacity Disallowance			
AFUDC Disallowance			
Accumulated Provision for Depreciation	(8,628,251)		(8,628,251)
Accumulated Provision for Amortization	0		0
Post AFUDC			0
Other Utility Plant Adjustments			0
Net Utility Plant	<u>42,441,985</u>	<u>0</u>	<u>42,441,985</u>
Less:			
Customer Advances	2,083,553		2,083,553
Contributions in Aid of Construction	13,437,407		13,437,407
Accumulated Deferred ITC (3%)	0		0
Deferred Income Taxes	1,274,101		1,274,101
Pre-merger Missouri-Cities	1,036,157	(1,036,157)	0
Pension Liability	202,174		202,174
Subtotal	<u>18,033,392</u>	<u>(1,036,157)</u>	<u>16,997,235</u>
Add:			
Cash Working Capital	(228,052)		(228,052)
Materials and Supplies	87,434		87,434
Prepayments	23,473		23,473
OPEB's Contributed to External Fund	176,043		176,043
Subtotal	<u>58,898</u>	<u>0</u>	<u>58,898</u>
Less:			
Interest Offset	14.03562% 129,590	5,489	135,079
Federal Income Tax	5.56986% 34,720	1,367	36,087
State Income Tax	6.09589% 5,971	235	6,206
Subtotal	<u>170,281</u>	<u>7,091</u>	<u>177,372</u>
Total Original Cost Rate Base	<u>24,297,209</u>	<u>1,029,066</u>	<u>25,326,276</u>

MISSOURI-AMERICAN WATER COMPANY
Rate Base as of April 30, 2000
St. Joseph District

	Rate Base Per Staff	Proforma Adjustments	Proforma Rate Base
<u>Utility Plant in Service</u>			
Utility Plant in Service	94,123,609		94,123,609
Capacity Disallowance		2,271,756	2,271,756
AFUDC Disallowance		1,257,930	1,257,930
Accumulated Provision for Depreciation	(3,331,209)		(3,331,209)
Accumulated Provision for Amortization	0		0
Post AFUDC		2,032,840	2,032,840
Other Utility Plant Adjustments			0
Net Utility Plant	90,792,400	5,562,526	96,354,926
Less:			
Customer Advances	798,553		798,553
Contributions in Aid of Construction	2,288,494		2,288,494
Accumulated Deferred ITC (3%)	43,759		43,759
Deferred Income Taxes	3,099,932		3,099,932
Pre-merger Missouri-Cities Pension Liability	530,930		530,930
Subtotal	6,761,668	0	6,761,668
Add:			
Cash Working Capital	147,749	(414,363)	(266,614)
Materials and Supplies	163,241		163,241
Prepayments	61,643		61,643
OPEB's Contributed to External Fund	462,307		462,307
Subtotal	834,940	(414,363)	420,577
Less:			
Interest Offset	14.51233% 464,667	28,390	493,057
Federal Income Tax	6.04658% 120,453	13,722	134,175
State Income Tax	6.57260% 20,575	2,512	23,087
Subtotal	605,695	44,624	650,319
Total Original Cost Rate Base	84,259,978	5,148,163	90,013,835

MISSOURI-AMERICAN WATER COMPANY
Rate Base as of April 30, 2000
Warrensburg District

	Rate Base Per Staff	Proforma Adjustments	Proforma Rate Base
<u>Utility Plant in Service</u>			
Utility Plant in Service	14,046,196		14,046,196
Capacity Disallowance			
AFUDC Disallowance			
Accumulated Provision for Depreciation	(2,078,795)		(2,078,795)
Accumulated Provision for Amortization	0		0
Post AFUDC			0
Other Utility Plant Adjustments			0
Net Utility Plant	<u>11,967,401</u>	<u>0</u>	<u>11,967,401</u>
Less:			
Customer Advances	773,046		773,046
Contributions in Aid of Construction	1,813,713		1,813,713
Accumulated Deferred ITC (3%)	0		0
Deferred Income Taxes	304,917		304,917
Pre-merger Missouri-Cities	253,531	(253,531)	0
Pension Liability	61,321		61,321
Subtotal	<u>3,206,528</u>	<u>(253,531)</u>	<u>2,952,997</u>
Add:			
Cash Working Capital	(26,607)		(26,607)
Materials and Supplies	37,059		37,059
Prepayments	7,120		7,120
OPEB's Contributed to External Fund	53,395		53,395
Subtotal	<u>70,967</u>	<u>0</u>	<u>70,967</u>
Less:			
Interest Offset	13.35616% 44,534	1,278	45,812
Federal Income Tax	4.89041% 10,891	(69)	10,822
State Income Tax	5.41644% 1,896	573	2,469
Subtotal	<u>57,321</u>	<u>1,782</u>	<u>59,103</u>
Total Original Cost Rate Base	<u>8,774,519</u>	<u>251,749</u>	<u>9,026,268</u>

MISSOURI-AMERICAN WATER COMPANY
Pro Forma Utility Operating Income as of April 30, 2000
Water Districts

	<u>Per Staff</u>	<u>Company Adjustments</u>	<u>Adjusted to Company</u>
Revenues	30,473,792	-	30,473,792
Operation and Maintenance	15,505,003	-	15,505,003
Adjustments	-	-	-
	-	-	-
Adjusted Operation and Maintenance	<u>15,505,003</u>	<u>-</u>	<u>15,505,003</u>
Depreciation	5,141,701	67,017	5,208,718
	-	14,714	14,714
Amortization	77,537	-	77,537
Adjustments	-	-	-
	-	56,078	56,078
	<u>77,537</u>	<u>56,078</u>	<u>133,615</u>
Taxes Other Than Income	2,346,168	-	2,346,168
Adjustments	-	-	-
Property Taxes	-	1,047,958	1,047,958
Total Taxes Other Than Income	<u>2,346,168</u>	<u>1,047,958</u>	<u>3,394,126</u>
Income Taxes:			
Current Federal Income Tax	369,479	(469,071)	(99,594)
Current State Income Tax	58,062	(73,712)	(15,649)
Deferred Income Tax Expense	674,338	(8,285)	666,053
ITC Amortization	(35,062)	-	(35,062)
Total Income Taxes	<u>1,066,817</u>	<u>(551,068)</u>	<u>515,748</u>
Utility Operating Income	<u>6,336,566</u>	<u>(619,985)</u>	<u>5,716,582</u>

MISSOURI-AMERICAN WATER COMPANY
Pro Forma Utility Operating Income as of April 30, 2000
Brunswick District

	<u>Per Staff</u>	<u>Company Adjustments</u>	<u>Adjusted to Company</u>
Revenues	<u>112,039</u>		<u>112,039</u>
Operation and Maintenance Adjustments	<u>246,815</u>		<u>246,815</u>
Adjusted Operation and Maintenance	<u>246,815</u>	<u>-</u>	<u>246,815</u>
Depreciation	<u>40,654</u>		<u>40,654</u>
Amortization	<u>1,615</u>		<u>1,615</u>
Adjustments			<u>-</u>
	<u>1,615</u>	<u>-</u>	<u>1,615</u>
Taxes Other Than Income	<u>16,974</u>		<u>16,974</u>
Adjustments			<u>-</u>
Property Taxes			<u>-</u>
Total Taxes Other Than Income	<u>16,974</u>	<u>-</u>	<u>16,974</u>
Income Taxes:			
Current Federal Income Tax	<u>(75,869)</u>	<u>(580)</u>	<u>(76,449)</u>
Current State Income Tax	<u>(11,922)</u>	<u>(91)</u>	<u>(12,013)</u>
Deferred Income Tax Expense	<u>9,727</u>		<u>9,727</u>
ITC Amortization	<u>-</u>		<u>-</u>
Total Income Taxes	<u>(78,064)</u>	<u>(671)</u>	<u>(78,735)</u>
Utility Operating Income	<u>(115,955)</u>	<u>671</u>	<u>(115,284)</u>

MISSOURI-AMERICAN WATER COMPANY
Pro Forma Utility Operating Income as of April 30, 2000
Joplin District

	<u>Per Staff</u>	<u>Company Adjustments</u>	<u>Adjusted to Company</u>
Revenues	<u>7,491,426</u>		<u>7,491,426</u>
Operation and Maintenance	3,284,096		3,284,096
Adjustments			-
			-
			-
			-
Adjusted Operation and Maintenance	<u>3,284,096</u>	<u>-</u>	<u>3,284,096</u>
Depreciation	792,315		792,315
Amortization	19,472		19,472
Adjustments			-
			-
	<u>19,472</u>	<u>-</u>	<u>19,472</u>
Taxes Other Than Income	397,405		397,405
Adjustments			-
Property Taxes			-
Total Taxes Other Than Income	<u>397,405</u>	<u>-</u>	<u>397,405</u>
Income Taxes:			
Current Federal Income Tax	683,919		683,919
Current State Income Tax	107,473		107,473
Deferred Income Tax Expense	119,680		119,680
ITC Amortization	(12,375)		(12,375)
Total Income Taxes	<u>898,697</u>	<u>-</u>	<u>898,697</u>
Utility Operating Income	<u>2,099,441</u>	<u>-</u>	<u>2,099,441</u>

MISSOURI-AMERICAN WATER COMPANY
Pro Forma Utility Operating Income as of April 30, 2000
Mexico District

	<u>Per Staff</u>	<u>Company Adjustments</u>	<u>Adjusted to Company</u>
Revenues	<u>1,557,551</u>		<u>1,557,551</u>
Operation and Maintenance Adjustments	<u>1,102,159</u>		<u>1,102,159</u>
Adjusted Operation and Maintenance	<u>1,102,159</u>	<u>-</u>	<u>1,102,159</u>
Depreciation	<u>364,154</u>		<u>364,154</u>
Amortization Adjustments	<u>5,362</u>		<u>5,362</u>
	<u>5,362</u>	<u>-</u>	<u>5,362</u>
Taxes Other Than Income Adjustments	<u>74,885</u>		<u>74,885</u>
Property Taxes			-
Total Taxes Other Than Income	<u>74,885</u>	<u>-</u>	<u>74,885</u>
Income Taxes:			
Current Federal Income Tax	(153,847)	(3,126)	(156,974)
Current State Income Tax	(24,176)	(491)	(24,667)
Deferred Income Tax Expense	54,525		54,525
ITC Amortization	-		-
Total Income Taxes	<u>(123,498)</u>	<u>(3,617)</u>	<u>(127,116)</u>
Utility Operating Income	<u>134,489</u>	<u>3,617</u>	<u>138,107</u>

MISSOURI-AMERICAN WATER COMPANY
Pro Forma Utility Operating Income as of April 30, 2000
Parkville Water District

	<u>Per Staff</u>	<u>Company Adjustments</u>	<u>Adjusted to Company</u>
Revenues	<u>1,514,285</u>		<u>1,514,285</u>
Operation and Maintenance Adjustments	<u>1,022,940</u>		<u>1,022,940</u>
Adjusted Operation and Maintenance	<u>1,022,940</u>	<u>-</u>	<u>1,022,940</u>
Depreciation	310,013		310,013
Amortization Adjustments	4,316		4,316
	<u>4,316</u>	<u>-</u>	<u>4,316</u>
Taxes Other Than Income Adjustments	265,852		265,852
Property Taxes			-
			-
Total Taxes Other Than Income	<u>265,852</u>	<u>-</u>	<u>265,852</u>
Income Taxes:			
Current Federal Income Tax	(150,445)	(2,977)	(153,422)
Current State Income Tax	(23,641)	(468)	(24,109)
Deferred Income Tax Expense	69,190		69,190
ITC Amortization	-		-
Total Income Taxes	<u>(104,896)</u>	<u>(3,445)</u>	<u>(108,341)</u>
Utility Operating Income	<u>16,060</u>	<u>3,445</u>	<u>19,505</u>

MISSOURI-AMERICAN WATER COMPANY
Pro Forma Utility Operating Income as of April 30, 2000
St. Charles District

	<u>Per Staff</u>	<u>Company Adjustments</u>	<u>Adjusted to Company</u>
Revenues	<u>7,941,428</u>		<u>7,941,428</u>
Operation and Maintenance Adjustments	<u>3,391,994</u>		<u>3,391,994</u>
Adjusted Operation and Maintenance	<u>3,391,994</u>	<u>-</u>	<u>3,391,994</u>
Depreciation	<u>807,891</u>		<u>807,891</u>
Amortization	<u>11,903</u>		<u>11,903</u>
Adjustments			<u>0</u>
	<u>11,903</u>	<u>-</u>	<u>11,903</u>
Taxes Other Than Income	<u>874,114</u>		<u>874,114</u>
Adjustments			<u>0</u>
Property Taxes			<u>0</u>
Total Taxes Other Than Income	<u>874,114</u>	<u>-</u>	<u>874,114</u>
Income Taxes:			
Current Federal Income Tax	<u>587,125</u>	<u>(12,973)</u>	<u>574,152</u>
Current State Income Tax	<u>92,263</u>	<u>(2,039)</u>	<u>90,224</u>
Deferred Income Tax Expense	<u>306,933</u>		<u>306,933</u>
ITC Amortization	<u>-</u>		<u>-</u>
Total Income Taxes	<u>986,321</u>	<u>(15,012)</u>	<u>971,309</u>
Utility Operating Income	<u>1,869,205</u>	<u>15,012</u>	<u>1,884,217</u>

MISSOURI-AMERICAN WATER COMPANY
Pro Forma Utility Operating Income as of April 30, 2000
St. Joseph District

	<u>Per Staff</u>	<u>Company Adjustments</u>	<u>Adjusted to Company</u>
Revenues	<u>9,989,687</u>		<u>9,989,687</u>
Operation and Maintenance Adjustments	<u>5,698,544</u>		<u>5,698,544</u>
Adjusted Operation and Maintenance	<u>5,698,544</u>	<u>-</u>	<u>5,698,544</u>
Depreciation	<u>2,506,366</u>	<u>67,017</u>	<u>2,573,383</u>
Deferred Depreciation		<u>14,714</u>	<u>14,714</u>
Amortization	<u>31,259</u>		<u>31,259</u>
Adjustments			
Post AFUDC		<u>56,078</u>	<u>56,078</u>
	<u>31,259</u>	<u>56,078</u>	<u>87,337</u>
Taxes Other Than Income	<u>523,139</u>		<u>523,139</u>
Adjustments			
Property Taxes		<u>1,047,958</u>	<u>1,047,958</u>
Total Taxes Other Than Income	<u>523,139</u>	<u>1,047,958</u>	<u>1,571,097</u>
Income Taxes:			
Current Federal Income Tax	<u>(603,937)</u>	<u>(446,242)</u>	<u>(1,050,179)</u>
Current State Income Tax	<u>(94,904)</u>	<u>(70,124)</u>	<u>(165,028)</u>
Deferred Income Tax Expense	<u>57,584</u>	<u>(8,285)</u>	<u>49,299</u>
ITC Amortization	<u>(22,687)</u>		<u>(22,687)</u>
Total Income Taxes	<u>(663,944)</u>	<u>(524,651)</u>	<u>(1,188,595)</u>
Utility Operating Income	<u>1,894,323</u>	<u>(646,402)</u>	<u>1,247,921</u>

MISSOURI-AMERICAN WATER COMPANY
Pro Forma Utility Operating Income as of April 30, 2000
Warrensburg District

	<u>Per Staff</u>	<u>Company Adjustments</u>	<u>Adjusted to Company</u>
Revenues	1,867,376		1,867,376
Operation and Maintenance Adjustments	758,455		758,455
Adjusted Operation and Maintenance	<u>758,455</u>	<u>-</u>	<u>758,455</u>
Depreciation	320,308		320,308
Amortization	3,610		3,610
Adjustments			0
	<u>3,610</u>	<u>-</u>	<u>3,610</u>
Taxes Other Than Income	193,799		193,799
Adjustments			0
Property Taxes			0
			0
Total Taxes Other Than Income	<u>193,799</u>	<u>-</u>	<u>193,799</u>
Income Taxes:			
Current Federal Income Tax	82,533	(3,173)	79,359
Current State Income Tax	12,969	(499)	12,471
Deferred Income Tax Expense	56,699		56,699
ITC Amortization	-		-
Total Income Taxes	<u>152,201</u>	<u>(3,672)</u>	<u>148,529</u>
Utility Operating Income	<u>439,003</u>	<u>3,672</u>	<u>442,675</u>