

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

In the Matter of Missouri-American Water	)	
Company for Authority (1) Issue up to	)	
\$200,000,000 of Unsecured Long-Term	)	
Debt and (2) to Issue and sell Additional	)	Case No. WF-2007-0279
Common Stock to, or Receive Additional	)	
Paid-in Capital from Its Parent Company in an	)	
Aggregate Amount up to \$105,000,000	)	

**MISSOURI-AMERICAN WATER COMPANY'S RESPONSE TO STAFF
RECOMMENDATION**

COMES NOW Missouri-American Water Company ("MAWC" or the "Applicant") and for its response to the Staff Recommendation in the captioned matter, states as follows:

1. On March 26, 2007, Staff filed its Recommendation in this case. Essentially, Staff recommends that the Company's Application be approved subject to four (4) conditions.

2. On March 27, 2007, the Commission issued its Order Establishing Time for Response directing that any party that wished to respond to the Staff Recommendation file a response by no later than April 2, 2007.

3. With respect to each condition proposed by Staff, the Company provides the following response:

- That nothing in the Commission's order shall be considered a finding by the Commission of the value of this transaction for rate making purposes, which includes, but is not limited to the capital structure, and that the Commission reserves the right to consider the rate making treatment to be afforded these financing transactions and their effect on cost of capital, in any later proceeding.

COMPANY RESPONSE: This proposed condition is largely consistent with paragraph 19 of MAWC's Application. Consequently, Applicant has no objection.

- **That the Company¹ file with the Commission any information concerning communication with credit rating agencies concerning the proposed financing.**

COMPANY RESPONSE: MAWC is reluctant to file of record on the Commission's EFIS confidential communications that it may have with credit rating agencies, however, it does not object to submitting that information as concerns a particular authorized financing directly to the Commission's Financial Analysis Department and, if the condition is adopted, Applicant will handle the matter in that fashion. With that minor caveat, Applicant does not object to the proposed condition.

- **That the Company file with the Commission all final terms and conditions of the proposed financing, including, but not limited to, the aggregate proceeds received, price information, and estimated expenses.**

COMPANY RESPONSE: This proposed condition is largely consistent with the commitments made by MAWC in paragraph 23 of the Application. Consequently, Applicant has no objection.

- **That the Company file with the Commission, upon refunding of any outstanding debt, the net present value calculations indicating the amount of interest cost savings.**

COMPANY RESPONSE: MAWC does not object to submitting this information to the Commission's Financial Analysis Department as may be applicable.

4. Applicant also has reviewed the memorandum filed as an attachment to the Staff Recommendation. Applicant's acquiescence and the conditions proposed by Staff, as qualified above, should not be construed as

¹ The "Company" as used in the Staff Recommendation is a short-hand reference to MAWC. See, Staff supporting memorandum, p. 3 of 6, first full paragraph.

MAWC's acquiescence in or an adoption of any of the statements, analysis or rationales contained in Staff's supporting memorandum. Rather, that document is strictly a Staff work product.

WHEREFORE, having fully responded to the Staff's Recommendation, the Company rests.

Respectfully submitted,

BRYDON, SWEARENGEN & ENGLAND

By: 

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ATTORNEYS FOR APPLICANT MISSOURI-
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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the above and foregoing document was electronically transmitted, sent by U.S. Mail, postage prepaid, or hand-delivered, on this 2nd day of April, 2007, to:

Missouri Public Service Commission
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