

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

In the Matter of the Petition of Missouri-)	
American Water Company For Approval)	<u>Case No. WO-2009-0379</u>
to Change its Infrastructure System)	Tariff File No. JW-2009-0751
Replacement Surcharge (ISRS))	

REVISED BALANCES TO STAFF RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission (Staff) and for its *Revised Balances to Staff Recommendation* states to the Missouri Public Service Commission (Commission) as follows:

1. On June 19, 2009 Staff filed its Recommendation in response to Missouri-American Water Company's (MAWC) filed *Petition to Change its Infrastructure System Replacement Surcharge (ISRS)* (Petition).

2. Staff's Recommendation specifically requested the Commission issue an order which: "3. Approves the Staff's determination that the Company is entitled to receive ISRS surcharge revenues in the amount of \$2,558,291, as shown in Attachment A hereto, *subject to replacement of estimated ISRS plant with actual balances and recalculation of the associated revenue requirement items.*" Recommendation at 2, emphasis added.

3. Staff received the actual amounts for ISRS investment placed in service in April and May, and has recalculated the associated revenue requirement items, attached hereto as Revised Attachment A (Staff's ISRS Revenue Requirements Calculation). Therefore, Staff also revised its original ISRS Rate Design Calculation, attached hereto as Revised Attachment B.

4. Due to the replacement of estimated ISRS plant with actual balances and the recalculation of the associated revenue requirement items, Staff revises its recommendation and determines that MAWC is entitled to receive ISRS surcharge revenues in the revised amount of \$2,652,705.

5. Staff recommends the Commission issue an order that:

1. Finds that MAWC's filed Petition is in compliance with the requirements of sections 393.1000 to 393.1006 RSMo (Cumm Supp 2008);
2. Approves MAWC's Petition to implement ISRS rate schedules; and
3. Approves Staff's revised determination that the Company is entitled to receive ISRS surcharge revenues in the amount of \$2,652,705, as shown in Revised Attachment A.

WHEREFORE, the Staff respectfully requests that the Commission issue an order consistent with the revised calculations and recommendations set out herein.

Respectfully submitted,

/s/Shelley Syler Brueggemann

Shelley Syler Brueggemann

Deputy General Counsel

Missouri Bar No. 52173

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Missouri Public Service Commission
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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed or hand-delivered, transmitted by facsimile or emailed to all counsel of record this 2nd day of July, 2009.

/s/Shelley Syler Brueggemann

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

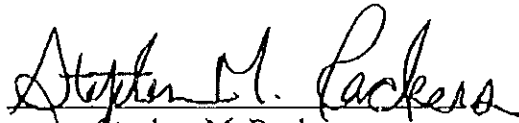
In the Matter of Petition of Missouri-)
American Water Company for Approval to)
Change its Infrastructure System)
Replacement Surcharge (ISRS))
)

Case No. WO-2009-0379

AFFIDAVIT OF STEPHEN M. RACKERS

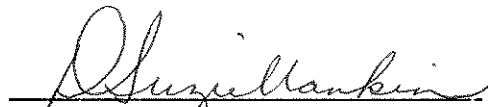
STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW Stephen M. Rackers, of lawful age, on his oath states the following: (1) that he is a member of the Staff of the Missouri Public Service Commission; (2) that he participated in the preparation of the following Revised Attachment A and Revised Attachment B to the Staff Recommendation; (3) that he has knowledge of these Revised Attachments; and (4) that the matters set forth in Revised Attachment A and Revised Attachment B are true and correct to the best of his knowledge and belief.


Stephen M. Rackers

Subscribed and sworn to before me this 2nd day of July, 2009.

D. SUZIE MANKIN
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: December 08, 2012
Commission Number: 08412071


Notary Public

Missouri-American Water Company
Case No. WO-2009-0379
ISRS Revenue Requirements Calculation
St. Louis District

	ISRS REVENUE REQUIREMENT
<u>ISRS Activity:</u>	
<u>Water Utility Plant Projects--Replacement Mains, and Associated Valves and Hydrants (RM) RSMo 393.1000 (8a):</u>	
<u>Task Orders Placed in Service (TOPS):</u>	
STLC-Replacement Mains and Associated Valves and Hydrants	\$ 20,680,437
Net Contributions in Aid of Construction	(20,726)
Deferred Taxes	(4,036,318)
Accumulated Depreciation	(199,907)
Total Net 393.1000 (8a)	\$ 16,423,486
<u>Water Utility Plant Projects--Main Cleanings and Relinings (RM) RSMo 393.1000 (8b):</u>	
<u>Task Orders Placed in Service (TOPS):</u>	
STLC-Main Cleanings and Relinings	0
Net Contributions in Aid of Construction	0
Deferred Taxes	0
Accumulated Depreciation	0
Total Net 393.1000 (8a)	0
<u>Water Utility Plant Projects--Facilities Relocations (FR) RSMo 393.1000 (8c):</u>	
<u>Task Orders Placed in Service (TOPS):</u>	
STLC-Relocated Facilities	\$ 3,867,188
Net Contributions in Aid of Construction	(1,209,161)
Deferred Taxes	(517,258)
Accumulated Depreciation	(37,986)
Total Net 393.1000 (8c)	\$ 2,102,783
Total ISRS Rate Base	\$ 18,526,269
Overall Rate Of Return per Last Order	8.01%
UOI Required	1,483,209
Income Tax Conversion Factor	1.623077
Revenue Req. Before Interest Deductability	\$ 2,407,362
Total ISRS Rate Base	\$ 18,526,269
Embedded Cost of Debt per Last Order	3.207%
Interest Expense Deduction	594,225
Combined Federal and State Income Tax Rate	38.388630%
Income Tax Reduction due to Interest	228,115
Tax Conversion Factor	1.623077
Revenue Req Impact - Interest Deductability	\$ 370,248
Total Revenue Requirement on Capital	\$ 2,037,114
Depreciation Expense	311,883
Property Taxes	44,231
Add Under Collection from Previous ISRS	259,477
Total ISRS Revenues	\$ 2,652,705
Allocation of Revenue by Class	
Mains less than or equal to 12"	Rate A & Oth \$ 2,346,742
Mains greater than 12"	Rate A & Oth \$ 281,945
	Total Rate A & Oth \$ 2,628,687
	Rate J \$ 15,451
	Rate B \$ 8,567
Grand Total Revenues Collected in Proposed ISRS	\$ 2,652,705

Missouri-American Water Company
Case No. WO-2009-0379
Tariff Rates
ISRS Rate Design Calculations
St. Louis District

	ISRS Recovery Revenue Requirement	Sales (CCF)	Rate per CCF	Rate per 1000 Gallons
Rate A & Oth	2,628,687	53,911,327	\$ 0.0488	\$ 0.0651
Rate B	8,567	2,482,523	\$ 0.0035	\$ 0.0047
Rate J	<u>15,451</u>	6,194,592	\$ 0.0025	\$ 0.0033
Total	2,652,705			