

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

In the matter of the tariff filing of)
Algonquin Water Resources of Missouri,)
LLC to implement a general rate increase)
for water and sewer service provided to)
customers in its Missouri service areas.)

Case No. WR-2006-0425

STAFF'S AMENDED RECONCILIATION OF ISSUES HEARD

COMES NOW the Staff of the Missouri Public Service Commission and, for its Amended Reconciliation of Issues Heard, states to the Missouri Public Service Commission as follows:

1. On July 5, 2006, the Commission issued its Order Setting Procedural Schedule, in which it ordered the Staff to file its Reconciliation of Issues to be Heard by no later than January 17, 2007. The Staff filed this reconciliation on January 17, as ordered.

2. At the evidentiary hearing on this case, Staff witness James A. Merciel, Jr. amended his Surrebuttal Testimony with regard to the Excess Capacity issue. As a result of this change, the Staff's determination of Algonquin's revenue requirement has increased. Consequently, the Staff's previous "EMS run" (which shows the Staff's calculation of the revenue requirement) needed to be revised. The Staff has therefore filed the revised, current Accounting Schedules, as Exhibit 28. Furthermore, the Staff's previously filed Reconciliation of Issues to be Heard no longer accurately reflects the differences in the positions of the parties.

3. The Staff has therefore prepared an Amended Reconciliation of Issues Heard, a copy of which is attached hereto as Appendix A. This reconciliation consists of two documents, the first reconciling the Staff's proposed revenue requirement for the water service that Algonquin

provides with the Company's proposed revenue requirement for water service, and the second reconciling the Staff's proposed revenue requirement for the sewer service that Algonquin provides with the Company's proposed revenue requirement for sewer service.

WHEREFORE, the Staff submits this Amended Reconciliation of Issues Heard for the Commission's information.

Respectfully submitted,

/s/ Keith R. Krueger

Keith R. Krueger
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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 electronically mailed to all counsel of record this 26th day of January 2007.

/s/ Keith R. Krueger

Algonquin Water Company

Case No. WR-06-425

Revenue Requirement Reconciliation

Line No.						
1	Algonquin - Revenue Requirement					736,758
2						
3	Rate of Return & Capital Structure					
4						
5	Value of Capital Structure Issue - Staff / Company				(34,225)	
6	Capital Structure impact on Interest Expense Deduction				\$0	
7	Rev. Req. Value of Return on Equity				(\$51,007)	
8						
9	Sub-Total Rate of Return and Capital Structure Differences					(\$85,232)
10						
11	Rate Base Issues :					
12						
13	Update Plant to Sept. 30				\$24,112	
14	Adjust Test Year to Agree to Staff				(\$40,826)	
15	Disallow Const. Cost Overruns				(\$12,205)	
16	To Reclassify Excess Capacity				(\$14,895)	
17	Other Plant Differences				(\$107,728)	
18	Adj. Reserve for Staff Adjustments				\$11,472	
19	Other Reserve Differences				\$71,492	
20	Cash Working Capital				\$0	
21	Materials & Supplies				\$0	
22	Prepayments				(\$212)	
23	Unamortized Rate Case Expense				(\$8,200)	
24	Contributions in aid of Construction				(\$69,111)	
25						
26	Sub Total - Rate Base Issues					(\$146,101)
27						
28	Income Statement - Revenue Issues					
29						
30	Booked Revenue - Unadjusted				\$85,174	
31	Annualize Water Revenue				(\$74,558)	
32	Eliminate Transfer Fee				(\$1,229)	
33	Eliminate Reconnection Fee				\$366	
34	Annualize Irrigation Revenue				(\$89,401)	
35	Annualize Other Income				(\$1,662)	
36	Update Revenue to September 30				\$784	
37						
38	Sub Total - Revenue Adjustments					(\$80,525)
39						
40	Income Statement - Expense Issues					
41						
42	Total Expenses - Unadjusted				(85,367)	
43	Annualize Payroll Expense				(38,263)	
44	Annualize PSC Assessment				(975)	
45	Annualize Rental Expense				4,020	
46	Annualize Postage Expense				485	
47	Annualize Phone Expense				599	
48	Annualize Property Taxes				10,854	
49	Annualize Electric Pumping Expense				(1,286)	
50	Eliminate Test Year Group Medical Costs				(2,736)	
51	Amortize Rate Case Expense				(28,237)	
52	To Remove Test Year Professional Fees				(4,232)	
53	To Eliminate Customer Relations Expense				(6,791)	
54	Annualize Depreciation Expense				(50,809)	
55						
56						(\$202,738)
57	Income Tax Differences					
63	Difference in Current Income Tax Rate				29,994	
64	Algonquin - Current Tax on Negative Taxable Income				119,235	
65	Add Tax Factor Gross Up Difference				(256,731)	
67						
68	Sub Total - Income Tax Differences					(\$107,503)
69						
70						
71						
71	Total Value of All Issues					(\$622,098)
72						
73	Staff Revenue Requirement					\$114,660
74						

Algonquin Sewer Company

Case No. SR-06-425

Revenue Requirement Reconciliation

Line No.

1	Algonquin - Revenue Requirement					336,509
2						
3	Rate of Return & Capital Structure					
4						
5	Value of Capital Structure Issue - Staff / Company				(12,922)	
6	Capital Structure impact on Interest Expense Deduction				\$0	
7	Rev. Req. Value of Return on Equity				(\$19,258)	
8						
9	Sub-Total Rate of Return and Capital Structure Differences					(\$32,180)
10						
11	Rate Base Issues :					
12						
13	Update Plant to Sept. 30				(\$1,005)	
14	Adjust Test Year to Agree to Staff				(\$4,315)	
15	Other Plant Differences				(\$61,867)	
16	Adj. Reserve for Staff Adjustments				(\$15,746)	
17	Other Reserve Differences				\$64,384	
18	Cash Working Capital				\$0	
19	Materials & Supplies				\$0	
20	Prepayments				(\$177)	
21	Unamortized Rate Case Expense				(\$5,471)	
22	Contributions in aid of Construction				(\$22,759)	
23						
24	Sub Total - Rate Base Issues					(\$46,956)
25						
26	Income Statement - Revenue Issues					
27						
28	Booked Revenue - Unadjusted				\$17,612	
29	Annualize Water Revenue				(\$24,873)	
30						
31	Sub Total - Revenue Adjustments					(\$7,260)
32						
33	Income Statement - Expense Issues					
34						
35	Total Expenses - Unadjusted				(49,692)	
36	Annualize Payroll Expense				(313)	
37	Annualize PSC Assessment				(6,474)	
38	Annualize Rental Expense				877	
39	Annualize Postage Expense				209	
40	Annualize Phone Expense				(381)	
41	Annualize Property Taxes				4,673	
42	Eliminate Professional Fees				(2,771)	
44	Amortize Rate Case Expense				(18,839)	
45	Annualize Depreciation Expense				(22,250)	
46						
47						(\$94,961)
48	Income Tax Differences					
49	Algonquin - Current Tax on Negative Taxable Income				77,208	
50	Add Tax Factor Gross Up Difference				(117,092)	
51						
52	Sub Total - Income Tax Differences					(\$39,884)
53						
54						
55	Total Value of All Issues					(\$221,241)
56						
57	Staff Revenue Requirement					\$115,269
58						=====