

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

In the Matter of Missouri-American Water)
Company's Request for Authority to)
Implement a General Rate Increase for)
Water and Sewer Services Provided in)
Missouri Service Areas.)

Case No. WR-2010-0131
Case No. SR-2010-0135

STAFF'S TEST YEAR, TRUE-UP, AND CONSOLIDATION RECOMMENDATIONS

COMES NOW the Staff of the Missouri Public Service Commission (“Staff”), by and through the undersigned counsel, and for its Test Year, True-Up, and Consolidation Recommendations states as follows:

1. Staff does not object to Missouri-American Water Company’s (“MAWC” or “Company”) proposed test year, the twelve months ending June 30, 2009.

2. Staff proposes that the test year be updated for known and measurable changes through December 31, 2009. The Company has not requested an update for known and measurable changes to the test year data. However, Staff states that an update to the test year information for known and measurable changes provides more current data, on which Staff bases its direct testimony.

3. The Staff states that it does not yet have a position as to the Company’s request for a true-up audit and hearing, with a stated list of accounts trued-up to April 30, 2010. Until the Staff conducts its initial audit of the Company’s books and records, the Staff cannot determine the necessity for a true-up or which accounts to true-up. The Company explains, in its *Recommendation Concerning Test Year and Request For True-Up Audit and Hearing*, that it requests a true-up as of April 30, 2010, because MAWC anticipates placing approximately \$57.7 million of plant into service between July 1, 2009, and April 30, 2010.

4. Based on MAWC's true-up date of April 30, 2010, the Staff expects the Company to close out its books on or about May 10, 2010. Due to the dates reserved for the evidentiary hearing (May 17-21, 2010 and May 24-28, 2010) and the dates reserved for any required true-up hearing (June 16-18, 2010), the Staff presents a concern for adequate time to complete any required true-up audit.

5. At this time, the Staff can not definitively determine whether or not to recommend a true-up, and cannot provide an informed recommendation to the Commission until after the completion of a substantial portion of the audit of the Company's books and records.

6. The Staff proposes to investigate the necessity of a true-up audit and hearing during its initial audit and make a final recommendation to the Commission on this matter in its direct testimony filed in this case. Therefore, the Staff requests that the Commission allow the Staff to file a statement of its position as to the necessity of MAWC's true-up request simultaneously with its revenue requirement direct testimony filing in this case.

7. Further, in support for consolidating the two above-styled causes, the Staff recommends consolidation because both cases involve MAWC and the same questions of law and fact for the Commission's decision.

WHEREFORE, the Staff offers this recommendation for the Commission's information and consideration and prays that the Commission will accept its Test Year, True-Up, and Consolidation Recommendations.

Respectfully submitted,

/s/ Jennifer Hernandez

Jennifer Hernandez

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Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 11th day of December 2009.

/s/ Jennifer Hernandez