

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**
)
)

ORDER DIRECTING SCENARIOS

Issue Date: March 1, 2007

Effective Date: March 1, 2007

The Commission will be aided in its deliberations by receiving information concerning the impact on the revenue requirement of Algonquin Water Resources of Missouri, LLC under different scenarios. The Staff of the Commission, with the assistance and cooperation of the parties, will be ordered to file responses to the scenarios described herein. The Commission will also shorten the time for responses to the filed scenarios as ordered below.

Assumptions Common to All Scenarios

- Pre-1993 plant shall be resolved in favor of Staff.
- Post-1992 plant shall be collapsed into Excess Capacity, Construction Cost Overrun, and Contribution In Aid of Construction (CIAC).
- Excess Capacity shall be resolved in favor of Algonquin.
- Construction Cost Overrun shall be resolved in favor of Staff.
- CIAC shall be resolved in favor of Staff.
- Capital structure shall be resolved in favor of Algonquin.
- Payroll expense shall be resolved in favor of Algonquin.
- Rate design shall be resolved in favor of Algonquin.

Scenarios¹

A. Rate case expense is \$5,000.

- A.1. Return on Equity (ROE), Depreciation Expense and Rate Mitigation are all in Algonquin's favor.
- A.2. ROE is in Staff's favor, Depreciation Expense and Rate Mitigation are all in Algonquin's favor.
- A.3. ROE is in Algonquin's favor, Depreciation Expense in Staff's favor, and Rate Mitigation in Algonquin's favor.
- A.4. ROE and Depreciation Expense in Algonquin's favor, and Rate Mitigation in Staff's favor.
- A.5. ROE is in Algonquin's favor, Depreciation Expense and Rate Mitigation are in Staff's favor.
- A.6. ROE is in Staff's favor, Depreciation Expense in Algonquin's favor, and Rate Mitigation is in Staff's favor.
- A.7. ROE and Depreciation Expense are in Staff's favor, and Rate Mitigation is in Algonquin's favor.
- A.8. Return on Equity (ROE), Depreciation Expense and Rate Mitigation are all in Staff's favor.

B. The same assumptions listed in A, but with Rate Case Expense at \$174,954.

C. The same assumptions listed in A, but with Rate Case Expense at \$225,000.

Staff shall fully explain the impact on the revenue requirement of each variable described in the scenario, as well as the total revenue requirement for each scenario. Staff shall fully explain the way in which all calculations in the scenario were performed and shall also fully explain any additional assumptions made in the scenario.

¹ Although OPC and Staff are aligned on most, if not all issues, if there is an issue in which Staff and OPC differ, any reference to Staff in this order includes OPC, and requires their participation. Staff alone is mentioned for brevity's sake, not to exclude or disparage OPC in any way.

IT IS ORDERED THAT:

1. The Staff of the Commission, with the assistance and cooperation of the parties, shall file a pleading as directed above no later than 5:00 p.m., March 5, 2007.
2. Any party that disagrees with the response filed by the Staff of the Commission shall file a pleading explaining why it disagrees with Staff, and setting forth its own response, no later than 5:00 p.m., March 6, 2007.
3. This order shall become effective on March 1, 2007.

BY THE COMMISSION

A handwritten signature in black ink, appearing to read 'Colleen M. Dale', written over a horizontal line.

Colleen M. Dale
Secretary

(S E A L)

Ronald D. Pridgin, Senior Regulatory Law
Judge, by delegation of authority pursuant to
Section 386.240, RSMo 2000.

Dated at Jefferson City, Missouri,
on this 1st day of March, 2007.