

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION**

At a session of the Public Service Commission held at its office in Jefferson City on the 24<sup>th</sup> day of August, 2011.

In the Matter of Missouri-American Water Company's )  
Request for Authority to Implement A General Rate ) **File No. WR-2011-0337**  
Increase for Water and Sewer Service Provided in )  
Missouri Service Areas )

**ORDER REGARDING TRUE-UP PERIOD**

Issue Date: August 24, 2011

Effective Date: August 24, 2011

On July 26, 2011, Missouri American Water Company ("MAWC") filed a motion to set the test year as the twelve months ending on December 31, 2010 with a true-up date of December 31, 2011. No party objected to the test year and the Commission set the test year on August 8, 2011.

However, on August 4, 2011, the Office of the Public Counsel objected to the proposed true-up period. And, on August 5, 2011, the Commission's Staff recommended limitations on the items included in any true-up proceeding. Public Counsel is concerned that MAWC will be unable to close its books for 2011 under the time constraints for proper auditing for this case and suggests setting a true-up date of October 31, 2011. Staff, on the other hand, was not concerned with the date for true-up, but rather that it should be limited so as not to re-litigate the entire case.

On August 12, 2011, MAWC responded to the concerns raised by Public Counsel and Staff. Staff also filed a reply and MAWC and Staff have reached agreement as to the items to be included in true-up. MAWC responded to Public

Counsel's concerns stating: (1) the proposed true-up date is five months prior to the operation of law date, which is similar to its prior cases spanning the past decade; (2) because Staff, the party with the most responsibility for the audit of MAWC's books, has reached agreement with MAWC the proposed date is reasonable; and (3) failure to use the proposed date will result in eliminating approximately \$26.5 million of investment in infrastructure that will be placed in service during December of 2011.

For the reasons stated by MAWC, and because the Commission's Staff has reached agreement with MAWC as to the limitations of the scope of the true-up, the Commission finds the proposed December 31, 2011 true-up date to be reasonable and will adopt it, provided MAWC meets its stated goal of having its books and records available for auditing by January 23, 2012.

**THE COMMISSION ORDERS THAT:**

1. All known and measurable changes shall be trued-up through December 31, 2011, provided MAWC has its books and records available for auditing no later than January 23, 2012.

2. True-up shall be limited to the following items:

- Plant in Service,
- Accumulated Depreciation Reserve,
- Accumulated Deferred Income Taxes,
- Customer Advances,
- Contributions in Aid of Construction,
- Materials and Supplies,
- Prepayments,
- Tank Painting Tracker Balance,
- Pension Tracker Balance,
- OPEB Tracker Balance,
- Other Deferred Regulatory Assets and Liabilities,
- Related Cash Working Capital Impact,
- Capital Structure,
- Cost of Debt,

Cost of Preferred Stock,  
Customer Growth,  
Payroll – Employee levels, wage rate and related benefits,  
Rate Case Expense,  
Bad Debt Expense,  
Depreciation and Amortization Expense,  
Pension and OPEB Expense,  
Injuries and Damages,  
Property Taxes,  
PSC Assessment,  
Related Income Tax Impact,  
Tank Painting Expense,  
Support Services Expense (labor only),  
Platte County Waste Treatment Contract,  
Fuel and Power Expenses,  
Chemical Expense (will reflect true-up volumes of water sold, pricing will remain the same),  
Purchased Water Expense (will reflect true-up volumes of water sold, pricing will remain the same).

3. This order shall become effective immediately upon issuance.

**BY THE COMMISSION**



Steven C. Reed  
Secretary

( S E A L )

Gunn, Chm., Davis, Jarrett, and  
Kenney, CC., concur.

Stearley, Senior Regulatory Law Judge