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June 10, 2003

Secretary  
Public Service Commission  
P. O. Box 360  
Jefferson City, MO 65102

**FILED**<sup>4</sup>

JUN 10 2003

**RE: Case No. WR-2003-0500**

**Missouri Public  
Service Commission**

Dear Secretary:

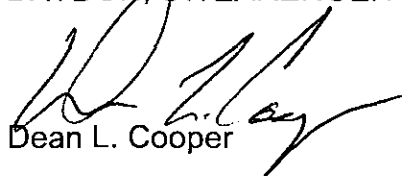
Enclosed for filing in the above-referenced proceeding please find an original and eight copies of a Recommendation Concerning Proper Test Year and a Motion for True-Up Audit and Hearing filed on behalf of Missouri-American Water Company. Please stamp the enclosed extra copy of each "filed" and return same to me.

If you have any questions concerning this matter, then please do not hesitate to contact me. Thank you very much for your attention to this matter.

Sincerely,

BRYDON, SWEARENGEN & ENGLAND P.C.

By:

  
Dean L. Cooper

DLC/tli

Enclosures

cc: Cliff Snodgrass  
Ruth O'Neill  
Jan Bond  
Lisa C. Langeneckert  
Stuart Conrad

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

**Missouri Public  
Service Commission**

In the Matter of the General Rate Increase            )  
for Water and Sewer Service Provided                )  
by Missouri-American Water Company.                )        Case No. WR-2003-0500

**MOTION FOR TRUE-UP AUDIT AND HEARING**

COMES NOW Missouri-American Water Company (“MAWC” or “Company”) and for its Motion for True-Up Audit and Hearing, states to the Missouri Public Service Commission (“Commission”) as follows:

1. MAWC requests that the Commission order a true-up audit and hearing in this case for the purpose of recognizing in MAWC’s revenue requirement and rates, certain revenues, expenses and investments, as well as certain isolated items that will be known as of the end of the November 2003 accounting period. In its prepared direct testimony and schedules and in its Recommendation Concerning Proper Test Year, the Company recommends a Test Year consisting of the twelve months ended December 31, 2002.

2. In this motion, the Company seeks inclusion in its revenue requirement and rates of certain revenues that will be experienced, expenses that will be incurred, investments that will be made and certain items that will be known on or before the end of November 2003. The items of revenue, expense and investment which the company proposes to True-Up are as follows:

- Plant in service and other rate base items
- Customers/Revenues (associated revenues, production costs and uncollectible expense)
- Any change in the Commission’s annual assessment
- Fuel and Power Expenses

- Capital Structure
- Chemicals
- Waste Disposal
- Rate case expenses
- Employee Levels and Wage Rates and related benefits
- Depreciation Expense
- Income Taxes
- Purchased Water Expense
- Property Tax
- One Call Expenses
- Deferred Security Expenses

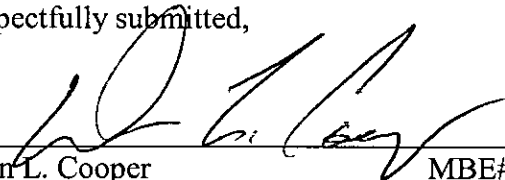
4. MAWC believes that it would be appropriate for Staff to perform an audit on these items as soon as the books for November 2003 are closed. MAWC believes that such an audit could start as early as November 26, 2003. A true-up hearing, if necessary, could then be scheduled well in advance of the operation of law date.

5. The Company believes that it is reasonable and appropriate to grant a true-up audit and hearing for the above-enumerated items because these items represent significant changes in revenues, expenses and investments which will have occurred, or be known and measurable, no later than the end of the November 2003 accounting period (or nearly five months prior to when rates to be set in this proceeding will, in all likelihood, become effective). The Company's request for true-up represents a complete list of revenues, expenses and rate base and, thus, is designed to prevent any improper mismatch in the Company's overall revenue requirement. If, on the other hand, the

Company's request for true-up audit and hearing is denied and the above-enumerated items of revenues, expenses and investments are not taken into account in the setting of its rates, the Company will be denied an opportunity to earn the authorized rate of return which the Commission determines is appropriate in this proceeding.

WHEREFORE, in light of the foregoing, the Company respectfully requests that the Commission issue its order granting a true-up audit and hearing as requested herein and such other orders as are appropriate in the circumstances.

Respectfully submitted,



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Dean L. Cooper MBE#36592  
William R. England, III MBE#23975  
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ATTORNEYS FOR MISSOURI-AMERICAN  
WATER COMPANY

Certificate of Service

I hereby certify that a true and correct copy of the above and foregoing document was sent by U.S. Mail, postage prepaid, or hand-delivered on this 10th day of June, 2003, to the following:

Cliff Snodgrass  
Missouri Public Service Commission  
Governor State Office Building, 8<sup>th</sup> Floor  
Jefferson City, MO 65101

Ruth O'Neill  
Office of the Public Counsel  
Governor State Office Building, 6<sup>th</sup> Floor  
Jefferson City, MO 65101

Jan Bond  
Diekemper, Hammond, et al.  
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Kansas City, MO 64111

Lisa C. Langeneckert  
720 Olive Street, Suite 2400  
St. Louis, MO 63101-2313



A handwritten signature in cursive script, appearing to read "Lisa C. Langeneckert", is written over a horizontal line.