

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

In the Matter of Missouri-American	)	
Water Company's Request for Authority to	)	Case Nos. WR-2011-0337
Implement a General Rate Increase for	)	SR-2011-0338
Water and Sewer Service Provided in	)	
Missouri Service Areas.	)	

**THE OFFICE OF THE PUBLIC COUNSEL'S RESPONSE TO  
MISSOURI-AMERICAN'S MOTION FOR TRUE-UP DATE**

COMES NOW the Office of the Public Counsel (Public Counsel) and for its Recommendations Regarding Test Year and True-Up states as follows:

1. On July 26, 2011, Missouri-American Water Company (Missouri-American) filed its *Motion for True-Up Date* with the Missouri Public Service Commission (Commission). In its filing, Missouri-American requested an Order from the Commission adopting a test year consisting of the twelve months ended December 31, 2010, including known and measurable changes, as trued-up through December 31, 2011.
2. Public Counsel has no objection to Missouri-American's request to establish the twelve months ending December 31, 2010 as the test year for this pending rate increase request. However, Public Counsel now states that it opposes Missouri-American's request to include known and measurable changes as trued-up through December 31, 2011.
3. In order to ensure that rates are just and reasonable, a thorough audit of the utility is required. In its Motion, Missouri-American states that it believes that a true-up audit could start as early as January 23, 2012.

4. According to the *Order Modifying Procedural Schedule* issued by the Commission on August 3, 2011, true-up direct testimony is to be filed on March 9, 2012, and the true-up hearing is to be held March 29-30, 2012. This means that an entire year's worth of books and records must be audited, the audit results reviewed by the parties and testimony prepared in less than two months - while at the same time parties are preparing for the evidentiary hearing to be held February 21-March 2, 2012. This could lead to confusion and a strain on the scarce resources of the parties.

5. Additionally the January 23, 2012, date for starting the true-up audit is just an estimate by Missouri-American. It seems unrealistic that a company the size of Missouri-American will be able to close its books for 2011 and have them available for auditing a mere twenty-three days after the end of the calendar year. Therefore, Public Counsel is concerned that there is a high probability that end-of-year books and records will not be available for auditing until much later than Missouri-American suggests. If this occurs, given the timeframe for this case, the only choices available may be to either delay the proceedings or perform a much less thorough audit. Neither choice is acceptable.

6. Public Counsel believes a true-up date of December 31, 2011, will lead to unnecessary confusion and potential delay in an already complex and time-consuming rate increase request case. As an alternative, Public Counsel suggests that a true-up date of October 31, 2011, would allow sufficient time to allow a thorough audit and review before the scheduled true-up testimony filing dates and hearing.

WHEREFORE, Public Counsel respectfully submits its Response.

Respectfully submitted,

OFFICE OF THE PUBLIC COUNSEL

**/s/ Christina L. Baker**

By: \_\_\_\_\_

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**CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been mailed, emailed or hand-delivered to the following this 4<sup>th</sup> day of August 2011:

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