

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

CONCURRING OPINION OF CHAIRMAN JEFF DAVIS

This case is one of first impression for this Commission in that a small water company opted not to make use of the small company rate case procedures. The practice should be the exception rather than the norm exercised by parties seeking a rate increase because of the impact it has on the ratepaying customers.

For example, the Commission estimates Algonquin's rate case expense at roughly \$175,000.00. Assuming Algonquin has 1,000 customers and we pro-rate those costs out over seven years, then each customer is paying roughly \$25.00 per year for the next seven years just to cover Algonquin's rate case expense. Incurring legal fees of this magnitude is not in the best interest of Missouri ratepayers and to allow this to occur on a widespread basis would not be good public policy.

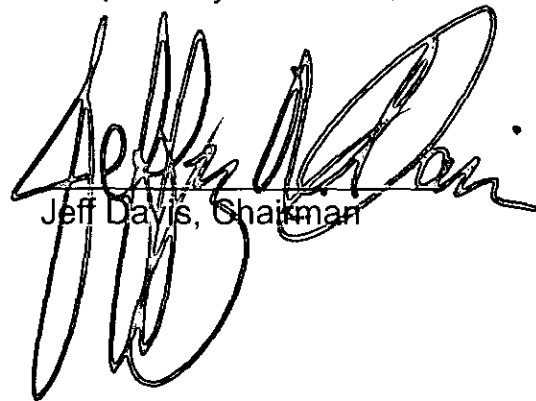
That being said, Aqua Missouri's small company rate case and other recent small company rate cases demonstrate the process is far from perfect. The companies, the Commission staff and this Commission all have some work to do in this area.

The facts of this particular case warranted Algonquin's filing of a formal rate case in that the company was seeking its first rate increase in fifteen years and there was an irreconcilable difference of opinion over the amount of plant to be included in Algonquin's

rate base. Ultimately, this case should resolve the larger issues between Algonquin, the PSC staff and the OPC, so that Algonquin should at least attempt using the informal process in its next rate case.

In conclusion, Algonquin and other small utilities should at least make an attempt to use the informal rate case process in the future and the PSC staff is expected to give good faith consideration to those proposals.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Jeff Davis". The signature is stylized with large, sweeping loops and is positioned over the printed name "Jeff Davis, Chairman".

Jeff Davis, Chairman

Dated at Jefferson City, Missouri,
on this 13th day of March, 2007.