

**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

Tariff File No. YW-2007-0650

Tariff File No. YS-2007-0651

RECOMMENDATION FOR APPROVAL OF TARIFF SHEETS

COMES NOW the Staff of the Missouri Public Service Commission (Staff), by and through counsel, and for its Recommendation for Approval of Tariff Sheets (Recommendation) states the following to the Missouri Public Service Commission (Commission).

1. On March 13, 2007 (unless noted otherwise, all dates herein refer to the year 2007), the Commission issued its **Report and Order** (Order) in this case, which became effective on March 23. In its Order, the Commission rejected the proposed water and sewer service tariff sheets that Algonquin Water Resources of Missouri, LLC (Company) filed on May 5, 2006 (Tariff File No. JW-2006-0847 and Tariff File No. JS-2006-0848), but also directed the Company to file proposed water and sewer service tariff sheets in compliance with the Order.

2. On March 20, the Company submitted one proposed water service tariff sheet and one proposed sewer service tariff sheet intended to be in compliance with the Commission's Order. The subject tariff sheets bore an issue date of March 20 and a proposed effective date of April 19. Upon receipt of the tariff filing, the water service tariff sheet was assigned Tariff File No. YW-2007-0650 and the sewer tariff sheet was assigned Tariff File No. YS-2007-0651.

3. Also on March 20, the Company filed Algonquin's Motion for Expedited Treatment and for Approval of Tariff Sheets on Less Than Thirty Days' Notice (Motion). In this Motion, the Company requested that the subject tariff sheets be approved to be effective for

service rendered on and after April 2, or as soon thereafter as the Commission believes it to be reasonable and just, and set forth its arguments as to why it believes expedited approval of the tariff sheets is justified.

4. On March 28, at the request of the Staff, the Company filed substitute tariff sheets replacing the tariff sheets it filed on March 20. The substitute tariff sheets include different rates than the rates that were included in the tariff sheets filed on March 20. The need for these substitute tariff sheets was driven by the final calculation of the revenue increases needed for the Company's sewer and water operations, consistent with the Commission's Order, and the subsequent calculation of the customer rates needed to collect the subject revenues.

5. The Staff has reviewed the substitute tariff sheets the Company filed on March 28, and is of the opinion that those tariff sheets are in compliance with the Order referenced in Paragraph 1 above.

6. Additionally, the Staff believes that the Company's request for approval of the subject tariff sheets on less than 30-days notice is reasonable in this instance for the reasons stated in the above-referenced Company Motion, and thus believes that good cause exists for such approval pursuant to Section 393.140(11), RSMo. However, the Staff does note that the Office of the Public Counsel (OPC) has filed an objection to the requested expedited approval of the subject tariff sheets, as well as an application for rehearing of the Commission's Order. As a result, the Staff recommends that the Commission issue its order regarding expedited treatment in conjunction with its ruling on the OPC's application for rehearing.

7. The Staff has also reviewed the status of the Company's assessment payments and annual report submissions and notes that the Company has no delinquencies in regard to either of these matters. The assessment information reviewed covers fiscal years 2000 – 2007, and the

annual report information reviewed covers calendar years 2002 – 2005. Additionally, the Staff notes that the Company's March 20 and March 28 tariff filings do not affect any other matter pending before the Commission with regard to the Company.

8. Attached hereto is the affidavit of Staff member Dale W. Johansen, Manager of the Water & Sewer Department, wherein he verifies that he conducted the review of the subject tariff sheets, the review of the status of the Company's annual report submissions and assessment payments, and the review of other cases before the Commission, and that he participated in the preparation of this Recommendation.

WHEREFORE, the Staff respectfully recommends that the Commission issue an order that approves the revised water service and sewer service tariff sheets currently pending in Tariff File Nos. YW-2007-0650 and YS-2007-0651, to be effective for service rendered on and after April 2, or as soon thereafter as reasonably possible.

Respectfully Submitted,

/s/ **Keith R. Krueger**

Keith R. Krueger
Deputy General Counsel
Missouri Bar No. 23857

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Missouri Public Service Commission

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CERTIFICATE OF SERVICE

I hereby certify that copies of this Recommendation have been mailed with first-class postage, hand-delivered, transmitted by facsimile or transmitted via e-mail to all counsel and/or parties of record this 28th day of March 2007.

/s/ *Keith R. Krueger*

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

AFFIDAVIT OF DALE W. JOHANSEN

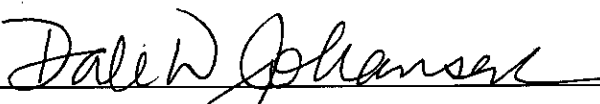
STATE OF MISSOURI)

) SS

CASE NO. WR-2006-0425


COUNTY OF COLE)

COMES NOW Dale W. Johansen, being of lawful age, and on his oath states the following: (1) that he is the Manager of the Missouri Public Service Commission's Water & Sewer Department; (2) that he conducted the review of the tariff filings made by Algonquin Water Resources of Missouri (Company) that are the subject of the foregoing Recommendation for Approval of Tariff Sheets (Recommendation); (3) that he conducted the review of the status of the Company's annual report submissions and assessment payments, as discussed in the foregoing Recommendation; (4) that he conducted the review of other Commission cases possibly involving the Company, as discussed in the foregoing Recommendation; (5) that he participated in the preparation of the foregoing Recommendation; and (6) that the information presented in the foregoing Recommendation is true and correct to the best of his knowledge, information and belief.



Dale W. Johansen

Subscribed and sworn to before me this 28th day of March 2007.



Notary Public

My Commission Expires:

June 7, 2008

