

BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

In the matter of the tariff filing of Algonquin Water) Case No. WR-2006-0425
Resources of Missouri, LLC to implement a general) Tariff No. JW-2006-0847
rate increase for water and sewer service provided) Case No. SR-2006-0426
to customers in its Missouri service areas.) Tariff No. JS-2006-0848

OFFICE OF THE PUBLIC COUNSEL'S PROPOSED ALTERNATE TEST YEAR AND OBJECTION TO THE COMPANY'S PROPOSED TEST YEAR

The Office of the Public Counsel objects to the test year proposed by Algonquin Water Resources of Missouri, LLC, and proposes an alternative test year of the twelve months that ends June 30, 2006 with updates if circumstances indicate that an update of costs is reasonable and appropriate.

1. Algonquin Water Resources of Missouri, LLC, filed a tariff sheet designed to produce an annual water revenue increase of approximately \$584,390, and an annual sewer revenue increase of approximately \$309,272. The Commission suspended the tariff for a period of 120 days plus six months from June 4, 2006, to April 2, 2007.
2. Algonquin recommended that the Commission establish the test year as the twelve months that ended September 30, 2005, as the test year in both its water and sewer cases, adjusted and updated for all material known and measurable changes through September 30, 2006. Algonquin stated that it does not intend to request a true-up audit and hearing.
3. Public Counsel objects to this proposed test year and proposes an alternative test year.

4. As an alternative, Public Counsel recommends that the Commission establish the test year as the twelve months that ended June 30, 2006. Public Counsel suggests that update recommendations would be made at a later time, if circumstances dictate that an update of costs is appropriate. Public Counsel submits that this test period is more realistic than the Company's proposal to determine the proper amounts of rate base, expenses and revenues to calculate the revenue requirement.

Respectfully submitted.
OFFICE OF THE PUBLIC COUNSEL

/s/ **Michael F. Dandino**

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was mailed, emailed and/or hand delivered this 8th day of June, 2006 to the attorneys of record.

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/s/ **Michael F. Dandino**
