

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

In the Matter of Missouri-American Water )  
Company's Request for Authority to )  
Implement a General Rate Increase for )  
Water and Sewer Services Provided in )  
Missouri Service Areas. )

Case Nos.    **WR-2011-0337**  
**SR-2011-0338**

**RECONCILIATION**

**COMES NOW** the Staff of the Missouri Public Service Commission (Staff), by and through the undersigned counsel, and submits to the Missouri Public Service Commission (Commission) the following Reconciliation:

1.     On August 3, 2011, the Commission issued an *Order Modifying Procedural Schedule (Order)*. The *Order* established a modified Procedural Schedule, including a Reconciliation to be filed by Staff in a specified format on February 9, 2012.
2.     Pursuant to that *Order*, please find attached and incorporated by reference herein, the Reconciliation.
3.     This Reconciliation is based on a comparison of Staff's revenue requirement positions as of February 6, 2012.

**WHEREFORE**, Staff respectfully submits this *Reconciliation* in compliance with the Commission's *Order Modifying Procedural Schedule* dated August 3, 2011.

Respectfully submitted,

/s/ Rachel M. Lewis

Rachel M. Lewis  
Deputy Counsel  
Missouri Bar No. 56073

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**CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been mailed or hand-delivered, transmitted by facsimile or by electronic mail to all counsel of record on this 9th day of February, 2012.

/s/ Rachel M. Lewis

**Missouri-American Water Company**  
**Total Company**  
**WR 2011-0337**  
**Revenue Requirement Reconciliation**  
**February 9, 2012**

Line No.		Staff	OPC	MIEC
1	<b>MAWC Revenue Requirement</b>	<b>42,888,713</b>		
2				
3	<b>Rate of Return &amp; Capital Structure</b>			
4	Value of Capital Structure Issue (Staff/Company - MIEC/Staff)	(5,373,010)		3,511,270
5	Capital Structure Impact on Interest Expense Deduction	(538,676)		
6	Rev. Req. Value of Return on Equity	(9,122,686)		(128,071)
7				
8	<b>Rate Base Issues</b>			
9	Plant In Service Difference	(8,113,696)		
10	Loma Linda Water Acquisition		(485)	
11	Aqua Water & Sewer Acquisition		(104,053)	
12	Roark Water & Sewer Acquisition		(2,138,588)	
13	Depreciation Reserve Difference	2,158,718		
14	Cash Working Capital	(664,613)		
15	OPEB Tracker	420,407		
16	Tank Painting Tracker	(73,742)		
17	Regulatory Deferral	(49,837)		
18	OPEB's Contributed to External Fund	(137,555)		
19	Income Tax Offsets	55,858		
20	Interest Expense Offset	(245,550)		
21	CIAC	1,006,418		
22	Customer Advances	477,379		
23	Deferred Income Tax	155,986		
24	Accumulated Deferred ITC (3%)	(233)		
25	Accrued Pension Liability	(747,185)		
26				
27	<b>Income Statement - Revenue Issues</b>			
28	Infrastructure Replacement Surcharge (ISRS)	1,756,611		
29	Residential	(3,293,636)		
30	St. Louis Metro Residential Revenues (MIEC Usage/Company Cust. Nos.)			(5,493,396)
31	Commercial	1,685,164		
32	St. Louis Metro Commercial Revenues (MIEC Usage/Company Cust. Nos.)			(2,502,624)
33	Industrial	825,497		
34	Private Fire Protection	66,451		
35	Public Fire Protection	564,024		
36	Contracted Industrial	(756,531)		
37	Capitol Complex	(4,244)		
38	Other Public Authorities	85,282		
39	Sales for Resale	43,580		
40	Other Water/Sewer Revenue - Oper. Rev.	(472,505)		
41				

**Missouri-American Water Company**  
**Total Company**  
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Line No.		Staff	OPC	MIEC
42	<b>Income Statement - Expense Issues</b>			
43	Test Year Differences	28		
44	To Annualize Purchased Water Expense	745		
45	To Annualize Fuel & Power Expense	80,786		
46	St. Louis Metro Fuel & Power Expense (MIEC Sales/Water Losses)			(818,026)
47	To Annualize Chemical Expense	15,672		
48	St. Louis Metro Chemical Expense (MIEC Sales/Water Losses)			(946,438)
49	To Annualize Main Break Expense	177,992		
50	To Annualize Tank Painting Expense	(189,565)		
51	To Amortize Tank Painting Tracker	269,072		
52	To Annualize Bad Debt Expense	40,621		
53	To Annualize Service Company Expense			
54	Service Company Annual Incentive Plan (AIP) Expense	(1,564,400)	(410,979)	
55	Eliminate Service Company Employees AIP FICA and 401(k) Match		(90,930)	
56	Service Company Long Term Incentive Plan Expense	(847,285)		
57	To Annualize Belleville Lab Expense	(603,619)		
58	To Annualize Remaining Service Company Expense	(709,661)		
59	To Annualize Insurance Other than Group	(32,453)		
60	To Annualize Group Insurance	841,593		
61	To Annualize 401(k) Employer Expense	(62,844)		
62	Eliminate MAWC Employees AIP 401(k) Match		(1,915)	
63	To Adjust Pension Expense	620,968		
64	To Annualize OPEB Expenses	(256,744)		
65	To Include DCP Expense	19,522		
66	To Include Current PSC Assessment	(158,914)		
67	To Annualize PSC Assessment	(274,078)		
68	To Normalize Rate Case Expense	(306,405)		
69	To Normalize Transportation Expense	296,860		
70	To Annualize Corporate Franchise Tax	(27,352)		
71	To Normalize Property Tax Expense	146		
72	To Annualize Waste Disposal Expense	128,245		
73	To Annualize Payroll			
74	MAWC Annual Incentive Plan (AIP) Expense	(445,653)	(560,018)	
75	To Annualize Remaining Payroll	(404,277)		
76	To Adjust Payroll Taxes	(163,289)		
77	Eliminate MAWC Employees AIP FICA Match		(50,594)	
78	To Annualize Depreciation Expense	(1,509,444)		
79	Advertising, Promotion, Contributions	(118,789)		
80	To Remove Test Year Chemical Expense	(248,007)		
81				
82	Impact on Income Tax Expense of Depreciation Difference	(22,732)		
83				
84	Difference in Tax Timing Differences - Current Tax	(12,094,509)		
85	Difference in Deferred Taxes	13,278,661		
86	Amortization of ITC	(315,603)		
87	Difference in Tax Rates	871,784		
88				
89	<b>Tax Factor Gross Up Difference</b>	<b>(7,663,392)</b>		
90				
91	Unreconciled Difference	(166)		
92				
93	<b>Total Value of All Issues</b>	<b>(31,668,815)</b>	<b>(3,357,562)</b>	<b>(6,377,285)</b>
94				
95	<b>Revenue Requirement (Without True-Up)</b>	<b>11,219,899</b>	<b>7,862,337</b>	<b>4,842,614</b>