

**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

STAFF’S RESPONSE TO MOTION FOR TRUE-UP DATE

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 *Response to MAWC’s Motion for True-Up Date (Response)*:

1. On July 26, 2011, Missouri-American Water Company (MAWC or Company) filed a *Motion for True-Up Date (Motion)* seeking to establish a true-up date as of December 31, 2011.
2. In its *Motion*, MAWC proposes a test year of twelve months ended December 31, 2010, adjusted for changes that are known and measurable at this time and which will be effective by the time new rates are anticipated. Staff does not object to the test year proposed by MAWC.
3. Along with a the proposal of a true-up date, MAWC also provides in its *Motion* an extensive list of revenue, expense and investment which the Company proposes to True-Up.
4. With the True-Up Direct Testimony due on March 15, 2011 and with Staff ‘s expectation that the Company will close out its books on or about January 23, 2012, Staff does not object to the True-Up date ending December 31, 2011.
5. However, Staff recommends that the True-Up items for all of MAWC’s districts, including newly acquired districts, should be limited to the following:

- Plant in Service
- Accumulated Depreciation Reserve
- Accumulated Deferred Income Taxes
- Customer Advances
- Contributions in Aid of Construction
- Materials and Supplies
- Prepayments
- Tank Painting Tracker Balance
- Pension Tracker Balance
- OPEB Tracker Balance
- Other Deferred Regulatory Assets and Liabilities
- Related Cash Working Capital Impact
- Capital Structure
- Cost of Debt
- Cost of Preferred Stock
- Customer Growth
- Payroll – Employee levels, wage rate and related benefits
- Rate Case Expense
- Bad Debt Expense
- Depreciation and Amortization Expense
- Pension and OPEB Expense
- Injuries and Damages
- Property Taxes
- PSC Assessment
- Related Income Tax Impact

6. True-up should not amount to a re-litigation of the entire case, and if MAWC desires such an extensive True-Up, then the interval between book close and True-Up Direct Testimony is inadequate.

WHEREFORE, Staff respectfully submits its *Response* to the Commission for its information and consideration.

Respectfully submitted,

/s/ Rachel M. Lewis

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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 5th day of August, 2011.

/s/ Rachel M. Lewis