

Adjustment for Labor Expenses
For the Test Year Ended December 31, 2002

Line #

Narrative Discussion of Proposed Adjustment for Labor Expenses

The Company has calculated its pro forma labor expense by using the December 31, 2002 manpower levels plus planned additions through November 1, 2003. Overtime labor included was based on a three year average of overtime hours by job classification. Labor rates used for union personnel reflect those rates that will be in effect by November 1, 2003 based on contractual agreements. Labor rates for non union personnel are based on rates that went into effect on April 1, 2003. Gross labor dollars were allocated to O&M expense based on the actual test year O&M rates by job classification. Corporate employee labor was allocated to each district (operation) based on an allocation factor appropriate for the department, i.e. human resources was based on employees.

Calculation of Pro forma Adjustment for Labor Expenses

	Brunswick BRU	Jefferson City JFC	Joplin JOP	Mexico MEX	Parkville Water PKW	St Charles SCH	St Joseph SJO	
Pro forma amount	\$ 83,719	\$ 755,794	\$ 1,395,110	\$ 341,647	\$ 288,165	\$ 767,619	\$ 1,787,648	
Per books amount	83,701	728,487	1,311,020	284,408	295,144	658,382	1,579,956	
Pro forma adjustment	\$ 18	\$ 27,308	\$ 84,090	\$ 57,239	\$ (6,979)	\$ 109,237	\$ 207,692	
	St. Louis STL	Warrensburg WAR	Parkville Sewer PKS					Total
Pro forma amount	\$ 19,090,333	\$ 262,790	\$ 1,712	\$ -	\$ -	\$ -	\$ -	\$ 24,774,537
Per books amount	17,744,452	240,159	1,720					22,927,429
Pro forma adjustment	\$ 1,345,881	\$ 22,631	\$ (8)	\$ -	\$ -	\$ -	\$ -	\$ 1,847,108

Responsible: Grubb

Narrative Discussion of Proposed Adjustment for Group Insurance Expenses

The Company has calculated its pro forma Group Insurance expense based on expected changes in manpower levels by November 1, 2003, benefit levels and rates in effect January 1, 2003, and plan changes expected to occur before November 1, 2003. Corporate employee costs were allocated to each district (operation) based on appropriate factors noted in the labor discussion. OPEB cost was based on the latest actuarial information provided by the Company actuary. An additional adjustment was made to reflect the amortization of the unrecognized gains and losses. The Company agreed to make this adjustment for the determination of the revenue requirement in this proceeding. The pro forma cost for OPEB also reflects the amortization of regulatory asset per prior Commission approval.

Calculation of pro forma Adjustment for Group Insurance Expenses

	Brunswick	Jefferson City	Joplin	Mexico	Parkville Water	St Charles	St Joseph	
	BRU	JFC	JOP	MEX	PKW	SCH	SJO	
Pro forma amount	\$ 20,594	\$ 174,984	\$ 321,653	\$ 92,326	\$ 65,789	\$ 181,791	\$ 463,295	
Per books amount	15,736	199,207	287,910	74,980	64,263	226,322	462,163	
Pro forma adjustment	\$ 4,858	\$ (24,223)	\$ 33,743	\$ 17,346	\$ 1,526	\$ (44,531)	\$ 1,132	
	St Louis	Warrensburg	Parkville Sewer					Total
	STL	WAR	PKS					
Pro forma amount	\$ 4,559,017	\$ 65,785	\$ 220	\$ -	\$ -	\$ -	\$ -	\$ 5,945,454
Per books amount	2,849,322	64,695	533	-	-	-	-	4,245,131
Pro forma adjustment	\$ 1,709,695	\$ 1,090	\$ (313)	\$ -	\$ -	\$ -	\$ -	\$ 1,700,323

Responsible: Grubb

Narrative Discussion of Proposed Adjustment for Pension Expenses

The Company has calculated its pro forma pension expense based on the changes in labor and applying a pension rate taken from the latest actuarial study provided to the Company by its actuary. The pro forma level also includes the allocated portion of FAS87 cost for the Service Company.

Calculation of pro forma Adjustment for Pension Expenses

	Brunswick BRU	Jefferson City JFC	Joplin JOP	Mexico MEX	Parkville Water PKW	St Charles SCH	St Joseph SJO	
Pro forma amount	\$ 11,925	\$ 118,837	\$ 226,275	\$ 53,523	\$ 47,032	\$ 147,628	\$ 293,277	
Per books amount	1,979	35,320	76,357	17,161	16,720	91,904	108,288	
Pro forma adjustment	\$ 9,946	\$ 83,517	\$ 149,918	\$ 36,362	\$ 30,312	\$ 55,724	\$ 184,989	
	St Louis STL	Warrensburg WAR	Parkville Sewer PKS					Total
Pro forma amount	\$ 3,195,807	\$ 44,863	\$ 367	\$ -	\$ -	\$ -	\$ -	\$ 4,139,534
Per books amount	909,122	20,739	362					1,277,952
Pro forma adjustment	\$ 2,286,685	\$ 24,124	\$ 5	\$ -	\$ -	\$ -	\$ -	\$ 2,861,582

Responsible: Grubb

Line #

Narrative Discussion of Proposed Adjustment for 401K/EIP Expenses

The Company has calculated it's pro forma 401k and Employee Investment Program expenses based on changes in manpower levels expected to occur by November 1, 2003. Contribution rates for new employees were assumed to correspond to the rates of personnel in the same job classification in each district. The pro forma for corporate employees was then allocated to each district. The Employee Investment Plan replaces the Employee Stock Ownership Plan which was discontinued in January 2003.

Calculation of pro forma Adjustment for 401K/EIP Expenses

	Brunswick BRU	Jefferson City JFC	Joplin JOP	Mexico MEX	Parkville Water PKW	St Charles SCH	St Joseph SJO	
Pro forma amount	\$ 2,587	\$ 28,819	\$ 33,919	\$ 6,590	\$ 7,964	\$ 20,851	\$ 40,840	
Per books amount	2,616	29,938	38,159	5,169	7,669	18,865	39,682	
Pro forma adjustment	\$ (29)	\$ (1,119)	\$ (4,240)	\$ 1,421	\$ 295	\$ 1,986	\$ 1,158	
	St Louis STL	Warrensburg WAR	Parkville Sewer PKS					Total
Pro forma amount	\$ 604,839	\$ 6,188	\$ 66	\$ -	\$ -	\$ -	\$ -	752,663
Per books amount	534,723	6,259	62	-	-	-	-	683,142
Pro forma adjustment	\$ 70,116	\$ (71)	\$ 4	\$ -	\$ -	\$ -	\$ -	69,521

Responsible: Grubb

Adjustment for Payroll Taxes Expenses
For the Test Year Ended December 31, 2002

Line #

Narrative Discussion of Proposed Adjustment for Payroll Taxes Expenses

The Company has calculated its pro forma payroll tax expense based on the changes in labor and applying current payroll tax rates. The pro forma cost of corporate employees is allocated to each district (operation) appropriately

Calculation of pro forma Adjustment for Payroll Taxes Expenses

	Brunswick	Jefferson City	Joplin	Mexico	Parkville Water	St Charles	St Joseph	
	BRU	JFC	JOP	MEX	PKW	SCH	SJO	
Pro forma amount	\$ 6,355	\$ 58,098	\$ 105,415	\$ 26,245	\$ 21,548	\$ 57,887	\$ 135,180	
Per books amount	6,485	57,968	101,744	20,833	23,523	51,798	122,313	
Pro forma adjustment	\$ (130)	\$ 130	\$ 3,671	\$ 5,412	\$ (1,975)	\$ 6,089	\$ 12,867	
	St Louis	Warrensburg	Parkville S					
	STL	WAR	PKS					
Pro forma amount	\$ 1,443,476	\$ 19,627	\$ 109	\$ -	\$ -	\$ -	\$ -	Total
Per books amount	1,383,463	18,495	132	-	-	-	-	1,873,940
Pro forma adjustment	\$ 60,013	\$ 1,132	\$ (23)	\$ -	\$ -	\$ -	\$ -	1,786,754
								87,186

Responsible: Grubb

Line #

Narrative Discussion of Proposed Adjustment of Fuel & Power Expense

The Company purchased fuel & electricity for operations from several utility suppliers. The pro forma adjustment was calculated based upon two suppliers. AmerenUE and The Empire District Electric, which have changed rates. AmerenUE's tariff includes rate reductions effective April 1, 2002 and 2003. The rate reduction for 2002 varies from 2.58% to 4.34% depending on the type of service. In 2003 the rates will be reduced between 1.46% and 3.24%. Empire District increased rates 5% effective December 1, 2002.

The pro forma adjustment for Ameren UE bills was calculated by multiplying bills over \$1,000 paid in 2002 by an overall rate reduction percentage based upon type of service as specified within the Ameren UE tariff. The rate reduction percentage effective 4/1/2002 was multiplied by the bills paid from January to March 2002. The rate reduction percentages effective 4/1/2003 and 4/1/2004 were multiplied by the total bills paid in 2002.

The pro forma adjustment for Empire bills was calculated by multiplying bills over \$500 paid in 2002 by an overall increase percentage. All of the Empire bills paid in 2002 did not include the new rate increase. Fuel and power was also adjusted to incorporate the pro forma sales adjustment.

Calculation of pro forma Adjustment of Fuel & Power Expense

	Brunswick	Jefferson City	Joplin	Mexico	Parkville Water	St Charles	St Joseph	
	BRU	JFC	JOP	MEX	PKW	SCH	SJO	
Pro forma amount	\$ 10,844	\$ 232,342	\$ 510,297	\$ 166,709	\$ 138,302	\$ 62,820	\$ 565,808	
Per books amount	10,979	233,712	455,684	150,223	144,134	63,613	549,796	
Pro forma adjustment	\$ (135)	\$ (1,370)	\$ 54,613	\$ 16,486	\$ (5,832)	\$ (793)	\$ 36,012	
	St Louis	Warrensburg	Parkville Sewer					
	STL	WAR	PKS					
Pro forma amount	\$ 6,137,764	\$ 156,084	\$ -	\$ -	\$ -	\$ -	\$ -	Total
Per books amount	6,059,149	144,301	0					8,000,970
Pro forma adjustment	\$ 78,615	\$ 11,783	\$ -	\$ -	\$ -	\$ -	\$ -	7,811,591
								189,379

Responsible: Bade

Adjustment of Chemical Expense
For the Test Year Ended December 31, 2002

Line #

Narrative Discussion of Proposed Adjustment of Chemical Expense

The Company purchases the majority of its chemicals through contracts that are negotiated once a year. The pro forma adjustment uses the latest contracted prices. In certain circumstances chemicals may be purchased without a contract. For these circumstances, the pro forma expense reflects an estimated price based upon recent purchases or bids. The pro forma adjustment also reflects anticipated changes in the treatment process causing the usage to increase or decrease from 2002 usages. If there are no anticipated changes to the treatment process then an average pounds per thousand gallons is used to adjust the usage to reflect a normal level. Chemicals was also adjusted to incorporate the pro forma sales adjustment.

Calculation of pro forma Adjustment of Chemical Expense

	Brunswick	Jefferson City	Joplin	Mexico	Parkville Water	St Charles	St Joseph	
	<u>BRU</u>	<u>JFC</u>	<u>JOP</u>	<u>MEX</u>	<u>PKW</u>	<u>SCH</u>	<u>SJO</u>	
Pro forma amount	\$ 6,454	\$ 172,202	\$ 97,076	\$ 64,399	\$ 81,779	\$ -	\$ 309,425	
Per books amount	5,681	160,351	96,091	52,051	86,432	4,567	694,777	
Pro forma adjustment	\$ 773	\$ 11,851	\$ 985	\$ 12,348	\$ (4,653)	\$ (4,567)	\$ (385,352)	
	St Louis	Warrensburg	Parkville Sewer					Total
	<u>STL</u>	<u>WAR</u>	<u>PKS</u>					
Pro forma amount	\$ 4,003,191	\$ 27,246	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,761,772
Per books amount	3,982,747	23,174	15					5,105,886
Pro forma adjustment	\$ 20,444	\$ 4,072	\$ (15)	\$ -	\$ -	\$ -	\$ -	\$ (344,114)

Responsible: Bade

Adjustment of Purchased Water Expense
For the Test Year Ended December 31, 2002

Missouri-American Water Company
Case No. WR-2003-XXX

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Narrative Discussion of Proposed Adjustment of Purchased Water Expense

The Company purchases water from the City of St Louis, St Charles County, and the City of Kansas City. The water purchased from the City of St Louis is delivered to St Louis and St Charles customers, the St Charles County Government water is delivered to St Charles customers, and the City of Kansas City water is delivered to Parkville customers. A pro forma adjustment was made to eliminate all water purchases from the St Charles County Government with the exception of \$150,000 for possible summer load purchases and replace it with Company produced water. Also included in the St. Charles purchased water expenses is the production costs related to the purchases of water from the St. Louis district. A \$200,000 annual contract from the City of St Louis is reflected in the purchased water for St. Louis. A pro forma adjustment for Parkville was made to account for the change in test year system delivery and pro forma system delivery.

Calculation of pro forma Adjustment of Purchased Water Expense

	Brunswick	Jefferson City	Joplin	Mexico	Parkville Water	St Charles	St Joseph	
	<u>BRU</u>	<u>JFC</u>	<u>JOP</u>	<u>MEX</u>	<u>PKW</u>	<u>SCH</u>	<u>SJO</u>	
Pro forma amount	\$ -	\$ -	\$ -	\$ -	\$ 102,995	\$ 676,058	\$ -	
Per books amount	0	0	0	0	107,353	1,757,128	0	
Pro forma adjustment	\$ -	\$ -	\$ -	\$ -	\$ (4,358)	\$ (1,081,070)	\$ -	
	St Louis	Warrensburg	Parkville Sewer					Total
	<u>STL</u>	<u>WAR</u>	<u>PKS</u>					
Pro forma amount	\$ 206,302	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	985,355
Per books amount	6,302	0	0					1,870,783
Pro forma adjustment	\$ 200,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (885,428)

Responsible: Bade

Line #

Narrative Discussion of Proposed Adjustment of Waste Disposal Expense

The Pro Forma adjustment for Waste Disposal Expense was calculated by applying anticipated costs on the anticipated bids for the removal of residue from the settling lagoons for the water operations. The Pro Forma Adjustment for Waste Disposal Expense for the sewer operation was calculated by applying the latest known amounts from the waste disposal invoice times the number of customers and annualizing for 12-months, to the 2002 Test Year per book amount.

Calculation of pro forma Adjustment of Waste Disposal Expense

	Brunswick BRU	Jefferson City JFC	Joplin JOP	Mexico MEX	Parkville Water PKW	St Charles SCH	St Joseph SJO	
Pro forma amount	\$ 3,050	\$ -	\$ -	\$ 34,500	\$ -	\$ -	\$ 100,084	
Per books amount	3,514	0	410	41,457	0	0	42,436	
Pro forma adjustment	<u>\$ (464)</u>	<u>\$ -</u>	<u>\$ (410)</u>	<u>\$ (6,957)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,648</u>	
	St Louis STL	Warrensburg WAR	Parkville Sewer PKS					Total
Pro forma amount	\$ 407,736	\$ -	\$ 35,730	\$ -	\$ -	\$ -	\$ -	581,100
Per books amount	452,113	0	34,971					574,901
Pro forma adjustment	<u>\$ (44,377)</u>	<u>\$ -</u>	<u>\$ 759</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>6,199</u>

Responsible: Bade

Line #

Narrative Discussion of Proposed Adjustment of Regulatory Expense

The Pro forma adjustment to Regulatory expense reflects a three year amortization of the estimated cost of the current rate case. The costs of the current rate case includes costs related to preparation of accounting exhibits, testimony, responding to both PSC, OPC and intervenor data requests, review and reconciliation of PSC Staff, OPC and intervenor exhibits and testimony, preparation of rebuttal and surrebuttal testimony and attending hearings, legal fees, cost of capital consultant, publication cost, cost of service study consultant, cost allocation manual consultant, depreciation study consultant, weather normalization consultant and associated travel expenses.

Calculation of pro forma Adjustment of Regulatory Expense

Pro forma amount	Brunswick BRU	Jefferson City JFC	Joplin JOP	Mexico MEX	Parkville Water PKW	St Charles SCH	St Joseph SJO	
	246	\$ 5,894	\$ 12,647	\$ 2,701	\$ 2,775	\$ 15,324	\$ 17,510	
Per books amount	512	12,281	26,353	5,629	5,782	31,931	36,485	
Pro forma adjustment	\$ (266)	\$ (6,387)	\$ (13,706)	\$ (2,928)	\$ (3,007)	\$ (16,607)	\$ (18,975)	
Pro forma amount	St Louis STL	Warrensburg WAR	Parkville Sewer PKS					Total
	184,897	\$ 3,536	\$ 49	\$ -	\$ -	\$ -	\$ -	245,579
Per books amount	385,264	7,369	102					511,708
Pro forma adjustment	\$ (200,367)	\$ (3,833)	\$ (53)	\$ -	\$ -	\$ -	\$ -	\$ (266,129)

Responsible: Maui

Line #

Narrative Discussion of Proposed Adjustment of Insurance Other Than Group Expense

The Company has calculated its pro forma Insurance Other Than Group Expense from its latest annual insurance premiums. The Company's insurance coverage includes: Property & Casualty Insurance, which consists of General & Excess Liability, Property Claims Damage, and Workmen's Compensation; and Financial Liability Insurance, which consists of Directors & Officers Liability, Fiduciary Liability, Crime, and Employment Practice Insurance. The pro forma expense also includes Retro-Premium Adjustments for payments due. The pro forma expense relating to Property & Casualty insurance and worker comp was multiplied by the O&M labor percentage factor, in order to reflect the portion of the cost to be expensed

Calculation of pro forma Adjustment of Insurance Other Than Group Expense

	Brunswick BRU	Jefferson City JFC	Joplin JOP	Mexico MEX	Parkville Water PKW	St Charles SCH	St Joseph SJO	
Pro forma amount	\$ 3,556	\$ 68,530	\$ 118,299	\$ 45,272	\$ 27,963	\$ 69,686	\$ 144,348	
Per books amount	3,080	79,201	138,936	53,763	33,876	105,236	178,187	
Pro forma adjustment	\$ 476	\$ (10,671)	\$ (20,637)	\$ (8,491)	\$ (5,913)	\$ (35,550)	\$ (33,839)	
	St Louis STL	Warrensburg WAR	Parkville Sewer PKS					Total
Pro forma amount	\$ 1,955,820	\$ 32,394	\$ 166	\$ -	\$ -	\$ -	\$ -	2,466,033
Per books amount	2,046,250	41,117	345					2,679,991
Pro forma adjustment	\$ (90,430)	\$ (8,723)	\$ (179)	\$ -	\$ -	\$ -	\$ -	\$ (213,958)

Responsible: Maul

Line #

Narrative Discussion of Proposed Adjustment of Management Fees

Test year management fees were adjusted to reflect the impact of annualizing the costs associated with moving the remaining districts of the Company to the Allon Call Center. The adjustment calculates a call center cost per customer based on actual test year expense for the St. Louis District and multiplying that cost times the total number of customer in the Company to arrive at the pro forma level of call center costs. The pro forma adjustment for this is \$986,549. Also, all information technology staff at MAWC were moved to the Service Company. The pro forma adjustment for this is \$860,524.

Calculation of pro forma Adjustment of Management Fees

	Brunswick BRU	Jefferson City JFC	Joplin JOP	Mexico MEX	Parkville Water PKW	St Charles SCH	St Joseph SJO	
Pro forma amount	\$ 12,380	\$ 297,127	\$ 637,585	\$ 136,182	\$ 139,897	\$ 772,529	\$ 882,714	
Per books amount	7,529	180,653	387,654	82,799	85,059	469,701	536,694	
Pro forma adjustment	\$ 4,851	\$ 116,474	\$ 249,931	\$ 53,383	\$ 54,838	\$ 302,828	\$ 346,020	
	St Louis STL	Warrensburg WAR	Parkville Sewer PKS					Total
Pro forma amount	\$ 9,321,108	\$ 178,276	\$ 2,476	\$ -	\$ -	\$ -	\$ -	12,380,274
Per books amount	8,673,213	108,393	1,506	-	-	-	-	10,533,201
Pro forma adjustment	\$ 647,895	\$ 69,883	\$ 970	\$ -	\$ -	\$ -	\$ -	1,847,073

Responsible: Grubb

Line #

Narrative Discussion of Proposed Adjustment of Lease Expense

The Company pays rental on railroad crossings, rights of way, and various office and plant equipment. The pro forma adjustment is to annualized expenses expected to be in effect by the rate order date. Office rentals decreased by \$121,421 mostly due to the new lease signed by the Corporate office in St. Louis. The increase in software and maintenance related to software of \$116,429 is mostly due to the use of ORCOM across the entire state. Equipment leases decreased \$7,659.

Calculation of pro forma Adjustment of Lease Expense

	Brunswick BRU	Jefferson City JFC	Joplin JOP	Mexico MEX	Parkville Water PKW	St Charles SCH	St Joseph SJO	
Pro forma amount	\$ 4,040	\$ 59,481	\$ 105,021	\$ 21,457	\$ 23,005	\$ 77,419	\$ 145,680	
Per books amount	1,293	64,614	94,733	15,813	20,190	62,899	84,136	
Pro forma adjustment	\$ 2,747	\$ (5,133)	\$ 10,288	\$ 5,644	\$ 2,815	\$ 14,520	\$ 61,544	
	St Louis STL	Warrensburg WAR	Parkville Sewer PKS					Total
Pro forma amount	\$ 1,312,963	\$ 20,673	\$ 200	\$ -	\$ -	\$ -	\$ -	1,769,939
Per books amount	1,420,961	17,550	404	-	-	-	-	1,782,593
Pro forma adjustment	\$ (107,998)	\$ 3,123	\$ (204)	\$ -	\$ -	\$ -	\$ -	\$ (12,654)

Responsible: Bade

Line #

Narrative Discussion of Proposed Adjustment for Mainbreak Expense

The mainbreak adjustment, excluding paying costs, was calculated based on a 2 year average cost by account. It included 12 months ended 12/31/02 and 12 months ended 10/31/01. Expenses for November and December of 2001 related to main breaks are not available. The costs were not recorded in a manner that would allow us to separate them from other day to day expenses, therefore 12 months ending 10/31/01 was used for the second year of history. The number of main breaks is based on a 5 year average as of 3/21/03.

The paying expense was derived by taking the percent of breaks that would require paying times the average costs per break. The percent of breaks that would require paying was computed by dividing the number of breaks requiring paying (including contractor breaks) by the total number of breaks (including contractor breaks) for Jan 2000 through March 2003. We then added up the actual paying invoices paid from Jan 2002 through March 2003 and the number of holes it pertained to. Taking the total number of holes divided by the total of the invoices we reached our average cost per break.

Calculation of pro forma Adjustment for Mainbreak Expense

	Brunswick BRU	Jefferson City JFC	Joplin JOP	Mexico MEX	Parkville Water PKW	St Charles SCH	St Joseph SJO	
Pro forma amount	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Per books amount	0	0	0	0	0	0	0	0
Pro forma adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
	St Louis STL	Warrensburg WAR	Parkville Sewer PKS					Total
Pro forma amount	\$ 4,569,420	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	4,569,420
Per books amount	3,504,571	0	0					3,504,571
Pro forma adjustment	\$ 1,064,849	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	1,064,849

Responsible: Maul

Line #

Narrative Discussion of Proposed Adjustment of Employee Expense

The Company has calculated its pro forma Employee Expense by dividing the total employee expenses for the three years ended 1999, 2000, and 2001 by the number of employees at the respective year-end, resulting in an average cost per employee. The calculated cost per employee was multiplied by the pro forma number of employees to get pro forma Employee Expense.

Calculation of pro forma Adjustment of Employee Expense

	Brunswick BRU	Jefferson City JFC	Joplin JOP	Mexico MEX	Parkville Water PKW	St Charles SCH	St Joseph SJO	
Pro forma amount	\$ 455	\$ 11,869	\$ 20,842	\$ 5,088	\$ 5,098	\$ 16,863	\$ 17,437	
Per books amount	981	8,446	16,387	3,480	3,480	8,952	21,859	
Pro forma adjustment	<u>\$ (526)</u>	<u>\$ 3,423</u>	<u>\$ 4,455</u>	<u>\$ 1,608</u>	<u>\$ 1,618</u>	<u>\$ 7,911</u>	<u>\$ (4,422)</u>	
	St Louis STL	Warrensburg WAR	Parkville Sewer PKS					Total
Pro forma amount	\$ 410,973	\$ 6,137	\$ 188	\$ -	\$ -	\$ -	\$ -	494,951
Per books amount	230,848	2,974	0					297,408
Pro forma adjustment	<u>\$ 180,125</u>	<u>\$ 3,163</u>	<u>\$ 188</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>197,543</u>

Responsible: Maul

Line #

Narrative Discussion of Proposed Adjustment of Transportation Expense

The Company is adjusting its test year transportation expense based on a three year average. Included in the calculation is the adjustment to eliminate depreciation expense as a component of transportation and to eliminate a non-recurring write-off of a vehicle maintenance reserve account. The Company's pro forma depreciation expense (page 22) of this schedule includes the depreciation on Company vehicles in that adjustment.

The St. Louis Operation had utilized a heavy duty vehicle maintenance reserve account that dated back to 1979. This reserve was intended to accrue for major maintenance dollars related to heavy duty equipment used by the Company. The reserve was discontinued in 1995 with a balance of \$130,758 that was never cleared. This pro forma adjustment eliminates the write-off of the reserve as this write-off is considered to be a one-time item and is a non-recurring item.

Calculation of pro forma Adjustment of Transportation Expense

	Brunswick BRU	Jefferson City JFC	Joplin JOP	Mexico MEX	Parkville Water PKW	St Charles SCH	St Joseph SJO	
Pro forma amount	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Per books amount	0	0	0	0	0	0	0	
Pro forma adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
	St Louis STL	Warrensburg WAR	Parkville Sewer PKS					Total
Pro forma amount	\$ 1,116,589	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	1,116,589
Per books amount	1,014,817	0	0					1,014,817
Pro forma adjustment	\$ 101,772	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	101,772

Responsible: Maui

Line #

Narrative Discussion of Proposed Adjustment of Property Tax Expense

The Company has developed its pro forma property tax expense based on its latest actual property tax bills. The pro forma property tax was calculated by dividing the 2002 property tax bills by December 31, 2001 utility plant in service and materials & supplies producing a property tax rate per \$1 of taxable property base. This rate was multiplied by the true-up utility plant in service and materials & supplies to determine the pro forma property tax expense.

Calculation of pro forma Adjustment of Property Tax Expense

	Brunswick BRU	Jefferson City JFC	Joplin JOP	Mexico MEX	Parkville Water PKW	St Charles SCH	St Joseph SJO	
Pro forma amount	\$ 13,031	\$ 220,864	\$ 341,340	\$ 134,136	\$ 463,473	\$ 728,397	\$ 1,054,407	
Per books amount	10,973	174,230	270,159	125,208	367,988	610,131	996,044	
Pro forma adjustment	\$ 2,058	\$ 46,634	\$ 71,181	\$ 8,928	\$ 95,485	\$ 118,266	\$ 58,363	
	St Louis STL	Warrensburg WAR	Parkville Sewer PKS					Total
Pro forma amount	\$ 7,370,139	\$ 192,241	\$ 992	\$ -	\$ -	\$ -	\$ -	\$ 10,519,020
Per books amount	6,186,947	175,605	0	-	-	-	-	8,917,285
Pro forma adjustment	\$ 1,183,192	\$ 16,636	\$ 992	\$ -	\$ -	\$ -	\$ -	\$ 1,601,735

Responsible: Maul

Line #

Narrative Discussion of Proposed Adjustment of PSC Assessment Expense

The pro forma adjustment to the Public Service Commission Fee was calculated by applying the latest known assessment rate to the pro forma operating revenues at present and proposed rates.

Calculation of pro forma Adjustment of PSC Assessment Expense

	Brunswick BRU	Jefferson City JFC	Joplin JOP	Mexico MEX	Parkville Water PKW	St Charles SCH	St Joseph SJO	
Pro forma amount	\$ 898	\$ 17,799	\$ 35,292	\$ 11,217	\$ 12,761	\$ 38,017	\$ 73,870	
Per books amount	803	19,271	41,352	8,833	9,073	50,105	57,251	
Pro forma adjustment	\$ 95	\$ (1,472)	\$ (6,060)	\$ 2,384	\$ 3,688	\$ (12,088)	\$ 16,619	
	St Louis STL	Warrensburg WAR	Parkville Sewer PKS					Total
Pro forma amount	\$ 514,755	\$ 10,831	\$ (18)	\$ -	\$ -	\$ -	\$ -	715,422
Per books amount	604,549	11,563	161					802,961
Pro forma adjustment	\$ (89,794)	\$ (732)	\$ (179)	\$ -	\$ -	\$ -	\$ -	(87,539)

Responsible: Maul

Adjustment of Tank Painting Expense
For the Test Year Ended December 31, 2002

Line #

Narrative Discussion of Proposed Adjustment of Tank Painting Expense

The pro forma adjustment for Tank Painting Expense is based upon applying the estimated cost to paint both the interior and the exterior of each tank and adding to it the cost to perform inspections on the tanks. These costs are then amortized over an eight (8) year life for the interior and a twelve (12) year life for the exterior.

Calculation of pro forma Adjustment of Tank Painting Expense

	Brunswick BRU	Jefferson City JFC	Joplin JOP	Mexico MEX	Parkville Water PKW	St Charles SCH	St Joseph SJO	
Pro forma amount	\$ 3,142	\$ 19,619	\$ 60,391	\$ 25,438	\$ 31,353	\$ 40,955	\$ 143,830	
Per books amount	0	0	353,112	2,944	0	0	0	
Pro forma adjustment	\$ 3,142	\$ 19,619	\$ (292,721)	\$ 22,494	\$ 31,353	\$ 40,955	\$ 143,830	
	St Louis STL	Warrensburg WAR	Parkville Sewer PKS					Total
Pro forma amount	\$ 543,553	\$ 20,156	\$ -	\$ -	\$ -	\$ -	\$ -	888,437
Per books amount	0	0	0					356,056
Pro forma adjustment	\$ 543,553	\$ 20,156	\$ -	\$ -	\$ -	\$ -	\$ -	532,381

Responsible: Maul

Adjustment of Amortization of Premature Property Retirement
For the Test Year Ended December 31, 2002

Line #

Narrative Discussion of Proposed Adjustment of Amortization of Premature Property Retirement

The Company is proposing to amortize the premature property retirement over a 20 year period. The premature property retirement relates to the old St. Joseph treatment plant.

Calculation of pro forma Adjustment of Amortization of Premature Property Retirement

	Brunswick		Jefferson City		Joplin		Mexico		Parkville Water		St Charles		St Joseph		
	BRU		JFC		JOP		MEX		PKW		SCH		SJO		
Pro forma amount	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	158,893	
Per books amount	\$	0	\$	0	\$	0	\$	0	\$	0	\$	0	\$	0	
Pro forma adjustment	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	158,893	
	St Louis		Warrensburg		Parkville Sewer										
	STL		WAR		PKS										
Pro forma amount	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	Total
Per books amount	\$	0	\$	0	\$	0									158,893
Pro forma adjustment	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	0
	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	158,893

Responsible: Grubb

Line #

Narrative Discussion of Proposed Adjustment of Uncollectible Expense at present water rates

Pro Forma uncollectible accounts expense at present and at proposed rates was calculated by applying the two-year average ratio of net-charge offs to water revenues to the pro forma present rate water revenues and to the pro forma proposed rate water revenues. Shown below is the calculation of the pro forma adjustment. The adjustment at proposed rates is calculated by multiplying the proposed revenue increase by the average rate of net-chargeoffs.

Calculation of pro forma Adjustment of Uncollectible Expense at present water rates

	Brunswick BRU	Jefferson City JFC	Joplin JOP	Mexico MEX	Parkville Water PKW	St Charles SCH	St Joseph SJO	
Pro forma amount	\$ 1,863	\$ 40,174	\$ 125,972	\$ 26,342	\$ 11,268	\$ 22,861	\$ 114,729	
Per books amount	1,981	38,312	117,402	31,335	14,939	28,747	126,683	
Pro forma adjustment	\$ (118)	\$ 1,862	\$ 8,570	\$ (4,993)	\$ (3,671)	\$ (5,886)	\$ (11,954)	
	St Louis STL	Warrensburg WAR	Parkville Sewer PKS					Total
Pro forma amount	\$ 848,564	\$ 25,306	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,217,080
Per books amount	1,019,596	25,781	0					1,404,776
Pro forma adjustment	\$ (171,032)	\$ (475)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (187,696)

Responsible: Maul

Narrative Discussion of Proposed Adjustment of Depreciation Expense

The calculation is based on the true-up utility plant in service (UPIs) through November 30, 2003. The depreciation rates for the Brunswick, Joplin, Mexico, Parkville, St. Charles, St. Joseph and Warrensburg districts are based on new depreciation rates developed by Mr. John Spanos, Consultant with Gannett Fleming. Depreciation rates for the St. Louis and Jefferson City Districts were used from recent rate cases

Calculation of pro forma Adjustment of Depreciation Expense

	Brunswick	Jefferson City	Joplin	Mexico	Parkville Water	St Charles	St Joseph	
	BRU	JFC	JOP	MEX	PKW	SCH	SJO	
Pro forma amount	\$ 48,009	\$ 409,404	\$ 1,006,117	\$ 348,940	\$ 381,820	\$ 1,157,013	\$ 2,553,379	
Per books amount	43,236	377,344	829,105	365,869	322,890	915,581	2,715,831	
Pro forma adjustment	\$ 4,773	\$ 32,060	\$ 177,012	\$ (16,929)	\$ 58,930	\$ 241,432	\$ (162,452)	
	St Louis	Warrensburg	Parkville Sewer					Total
	STL	WAR	PKS					
Pro forma amount	\$ 21,108,234	\$ 345,573	\$ 910	\$ -	\$ -	\$ -	\$ -	27,359,399
Per books amount	18,344,212	323,774	894	-	-	-	-	24,238,736
Pro forma adjustment	\$ 2,764,022	\$ 21,799	\$ 16	\$ -	\$ -	\$ -	\$ -	\$ 3,120,663

Responsible: Roesch

Line #

Narrative Discussion of Proposed Adjust One Call Cost

As discussed by Company witness Deters the pro forma reflects the addition of one call expenses in various districts.

Calculation of pro forma

	Brunswick BRU	Jefferson City JFC	Joplin JOP	Mexico MEX	Parkville Water PKW	St Charles SCH	St Joseph SJO	
Pro forma amount	\$ -	\$ 12,350	\$ 12,731	\$ -	\$ 8,500	\$ 27,141	\$ 12,125	
Per books amount	0	0	0	0	0	0	0	
Pro forma adjustment	\$ -	\$ 12,350	\$ 12,731	\$ -	\$ 8,500	\$ 27,141	\$ 12,125	
	St Louis STL	Warrensburg WAR	Parkville Sewer PKS					Total
Pro forma amount	\$ 124,575	\$ 758	\$ -	\$ -	\$ -	\$ -	\$ -	198,180
Per books amount	1,143	0	0					1,143
Pro forma adjustment	\$ 123,432	\$ 758	\$ -	\$ -	\$ -	\$ -	\$ -	197,037

Responsible: Deters

Line #

Narrative Discussion of Proposed Amortization of AAO-Security Costs

The Commission allowed the Company to defer the costs associated with its security efforts (Case No. WO-2002-273). The amortization reflects deferred amounts to be spent through May 2003 and deferred carrying costs and depreciation on capital projects placed into service. The amortization period of 10 years reflects the Commission's Report and Order in the AAO Case.

Calculation of pro forma Amortization of AAO-Security Costs

	Brunswick BRU	Jefferson City JFC	Joplin JOP	Mexico MEX	Parkville Water PKW	St Charles SCH	St Joseph SJO	
Pro forma amount	\$ 3,252	\$ 35,280	\$ 31,968	\$ 6,600	\$ 8,652	\$ 20,880	\$ 43,332	
Per books amount	64	2,116	1,479	310	276	1,040	2,415	
Pro forma adjustment	\$ 3,188	\$ 33,164	\$ 30,489	\$ 6,290	\$ 8,376	\$ 19,840	\$ 40,917	
	St Louis STL	Warrensburg WAR	Parkville Sewer PKS					Total
Pro forma amount	\$ 304,740	\$ 6,144	\$ -	\$ -	\$ -	\$ -	\$ -	460,848
Per books amount	15,900	167	0					23,767
Pro forma adjustment	\$ 288,840	\$ 5,977	\$ -	\$ -	\$ -	\$ -	\$ -	437,081

Responsible: Grubb

Line #

Narrative Discussion of Proposed Adjustment of Relocation Expense

The Company has calculated its pro forma relocation expenses by using a 3 year average from 2000 to 2002. The pro forma is then allocated to each operation based on the number of customers at December 31, 2002.

Calculation of pro forma Adjustment of Relocation Expense

Pro forma amount	Brunswick BRU	209	Jefferson City JFC	5,005	Joplin JOP	10,740	Mexico MEX	2,294	Parkville Water PKW	2,356	St Charles SCH	13,013	St Joseph SJO	14,868	
Per books amount		115		12,300		5,922		1,265		3,425		7,175		8,199	
Pro forma adjustment		94		(7,295)		4,818		1,029		(1,069)		5,838		6,669	
Pro forma amount	St Louis STL	157,005	Warrensburg WAR	3,003	Parkville Sewer PKS	42		-		-		-		-	Total
Per books amount		86,574		1,656		23									126,654
Pro forma adjustment		70,431		1,347		19		-		-		-		-	81,881

Responsible: Maul

Line #

Narrative Discussion of Proposed Adjustment of Franchise Tax

The pro forma amount was derived from the most recent franchise tax filing, sent April 15, 2003.

Calculation of pro forma Adjustment of Franchise Tax

	Brunswick BRU	Jefferson City JFC	Joplin JOP	Mexico MEX	Parkville Water PKW	St Charles SCH	St Joseph SJO	
Pro forma amount	\$ 255	\$ 6,110	\$ 13,111	\$ 2,800	\$ 2,877	\$ 15,886	\$ 18,152	
Per books amount	247	5,931	12,727	2,718	2,793	15,421	17,621	
Pro forma adjustment	\$ 8	\$ 179	\$ 384	\$ 82	\$ 84	\$ 465	\$ 531	
	St Louis STL	Warrensburg WAR	Parkville Sewer PKS					Total
Pro forma amount	\$ 191,672	\$ 3,666	\$ 51	\$ -	\$ -	\$ -	\$ -	\$ 254,580
Per books amount	186,069	3,559	49					247,135
Pro forma adjustment	\$ 5,603	\$ 107	\$ 2	\$ -	\$ -	\$ -	\$ -	\$ 7,445

Responsible: Maul