

Exhibit No.:
Issues: Relief Requested and Summary of
Witnesses, Reason for Rate Request,
Test Year and Company's Request for
True-Up, Revenues, Pensions, OPEBs,
Regulatory Expense, Service Company
Support Services, Main Break
Expenses, Tank Painting Costs, Hydrant
Painting Costs, Income Taxes,
Depreciation Rates, Pension/OPEB
Tracker, Corporate Allocations, Costs to
Provide Billing Data to MSD, Rate
Design
Witness: Edward J. Grubb
Exhibit Type: Direct- PUBLIC
Sponsoring Party: Missouri-American Water Company
Case No.: WR-2008-XXXX
SR-2008-XXX
Date: March 31, 2008

MISSOURI PUBLIC SERVICE COMMISSION

**CASE NO. WR-2008-XXXX
CASE NO. SR-2008-XXXX**

DIRECT TESTIMONY

OF

EDWARD J. GRUBB

ON BEHALF OF


MISSOURI-AMERICAN WATER COMPANY

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

IN THE MATTER OF MISSOURI-AMERICAN)	
WATER COMPANY FOR AUTHORITY TO)	
FILE TARIFFS REFLECTING INCREASED)	CASE NO. WR-2008-XXXX
RATES FOR WATER AND SEWER)	CASE NO. SR-2008-XXX
SERVICE)	

AFFIDAVIT OF EDWARD J. GRUBB

Edward J. Grubb, being first duly sworn, deposes and says that he is the witness who sponsors the accompanying testimony entitled "Direct Testimony of Edward J. Grubb"; that said testimony and schedules were prepared by him and/or under his direction and supervision; that if inquires were made as to the facts in said testimony and schedules, he would respond as therein set forth; and that the aforesaid testimony and schedules are true and correct to the best of his knowledge.


Edward J. Grubb

State of Missouri
County of St. Louis
SUBSCRIBED and sworn to
Before me this 20th day of March 2008.



Notary Public

My commission expires:

Staci A. Olsen
Notary Public - Notary Seal
State of Missouri
St. Charles County
Commission # 05519210
My Commission Expires: March 20, 2009

**DIRECT TESTIMONY
EDWARD J. GRUBB
MISSOURI-AMERICAN WATER COMPANY
CASE NO. WR.2008.XXXX
CASE NO. SR.2008.XXXX**

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DIRECT TESTIMONY

EDWARD J. GRUBB

WITNESS INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Edward J. Grubb, and my business address is 727 Craig Road,
St. Louis, Missouri 63141.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am employed by American Water Service Company, Inc. as the Director,
Rates and Regulations for the Central Region and I am also the Assistant
Treasurer for Missouri- American Water Company ("Company" or "MAWC").

**Q. WOULD YOU PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND
AND BUSINESS EXPERIENCE?**

A. My background and qualifications are summarized in Schedule EJG-1 of this
testimony.

Q. HAVE YOU PREVIOUSLY PARTICIPATED IN REGULATORY MATTERS?

A. Yes, I have prepared rate cases and presented testimony before the
Maryland Public Service Commission, West Virginia Public Service
Commission, Tennessee Public Service Commission, Illinois Commerce
Commission, Kentucky Public Service Commission, Iowa Utilities Board,

1 Indiana Utility Regulatory Commission, Public Utility Commission of Ohio, and
2 this Commission.

3
4 **PURPOSE OF TESTIMONY**

5 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

6 **A.** The purpose of my testimony is to discuss on behalf of MAWC:

- 7 1) Relief Requested and Summary of Witnesses;
8 2) Reasons for Rate Request;
9 3) The Test Year and the Company's Request for a True-up;
10 4) Revenues;
11 5) Pensions;
12 6) OPEBs;
13 7) Regulatory Expense;
14 8) Service Company Support Services;
15 9) Main Break Expense;
16 10) Tank Painting Costs;
17 11) Hydrant Painting Costs;
18 12) Income Taxes;
19 13) Depreciation Rates;
20 14) Pension/OPEB Tracker
21 15) Corporate Allocations;
22 16) MSD Cost Analysis; and,
23 17) Rate Design.

1 **Q. MR. GRUBB, ARE YOU SPONSORING ANY SCHEDULES?**

2 A. I am sponsoring Schedules EJG-1, EJG-2, and EJG-3.

3

4 **Q. WILL YOU BE TESTIFYING TO ANY OTHER SCHEDULES?**

5 A. Yes. Don Petry is sponsoring all of the Company's Accounting Schedules
6 (CAS). These schedules consist of a Rate Increase Summary, Rate Base,
7 Income Statement, Summary of Adjustments, and a Bill Analysis at Present
8 and Proposed Rates. I will be testifying in support of specific schedules
9 within the CAS, which will be identified later in my testimony. I will also
10 present and comment on the results of the cost analysis concerning the
11 provision of water usage data to the St. Louis Metropolitan Sewer District.

12

13 **Q. WERE THESE SCHEDULES PREPARED BY YOU OR UNDER YOUR**
14 **SUPERVISION?**

15 A. Yes, they were.

16

17 **Q. WHAT IS THE SOURCE OF THE INFORMATION FOUND ON THE**
18 **SCHEDULES?**

19 A. The historical and pro forma information contained in these schedules is
20 taken from MAWC's financial books and records at December 31, 2007, and
21 other Company sources. The books and records are maintained in
22 accordance with the Uniform System of Accounts for Class A water utilities
23 prescribed by the National Association of Regulatory Utility Commissioners
24 (NARUC), and are audited annually by an independent accounting firm which

1 certifies that such books and records are maintained in accordance with
2 generally accepted accounting principals.

3
4 **(1) RELIEF REQUESTED AND SUMMARY OF WITNESSES**

5 **Q. WHAT RELIEF IS MAWC SEEKING IN THIS CASE?**

6 A. MAWC is seeking a rate increase to produce additional annual water
7 revenues of \$49.6 million, or an overall 26.4% increase, and additional annual
8 sewer revenues of \$133,011, or an overall 28.7% increase.

9 **Q. WHAT WITNESSES WILL BE FILING DIRECT TESTIMONY IN SUPPORT**
10 **OF MAWC'S PROPOSED RATE INCREASE AND TARIFF SHEETS AND**
11 **WHAT SUBJECTS WILL THEY BE ADDRESSING?**

12 A. 1) Frank Kartmann, Vice President Operations, will testify regarding the
13 operations of the Company.

14 2) Kevin Dunn, Director, Engineering, will testify concerning capital additions
15 since the last rate case and, specifically, the additions and improvements to
16 the Joplin Treatment Plant since the last case.

17 3) Donald Petry, Financial Analyst III, will testify concerning production costs,
18 Insurance Other Than Group, property taxes and other selected proforma
19 operating expense adjustments.

20 4) Scott Rungren, Financial Analyst III, will testify to the capital structure,
21 including proforma rates for debt and preferred stock. He has incorporated a
22 proposed 11.25% return on equity which will be supported by Ms. Ahern.

1 5) Pete Thakadiyil, Financial Analyst II, will testify to proforma labor, payroll
2 taxes, group insurance, 401k and incentive compensation expense
3 adjustments.

4 6) Tyler Bernsen, Financial Analyst II, will testify to rate base, depreciation
5 expense and other selected proforma operating expense adjustments.

6 7) Pauline Ahern, Consultant with AUS, will testify concerning cost of equity.

7 8) Paul Herbert, Consultant with Gannett Fleming, will testify to a Cost of
8 Service Study and Tariff Design.

9 9) Professor Edward Spitznagel, Consultant, will testify on the usage trend
10 and weather normalization for all the districts.

11 **(2) REASONS FOR RATE REQUEST**

12 **Q. WHEN WERE MAWC'S BASE RATES LAST ADDRESSED IN A GENERAL**
13 **RATE CASE?**

14 A. The Commission addressed the Company's base rates by its Order issued in
15 Case No. WR-2007-0216, on October 4, 2007. The Commission's Order
16 approved an increase in base rates of \$28,463,584 for MAWC. As a result of
17 the change in the base rates, the Infrastructure System Replacement
18 Surcharge ("ISRS") and the St. Joseph Property Tax Surcharge were reset to
19 zero. Thus, the Company's net increase in revenues was approximately
20 \$21.4 million or 12.3%.

21 **Q. SINCE BASE RATES WERE ADDRESSED IN CASE NO. WR-2007-0216,**
22 **HAS THERE BEEN ADJUSTMENTS TO MAWC'S RATES?**

1 A. No. However, the Company does have an application pending before the
2 Commission requesting a change in the infrastructure system replacement
3 surcharge (ISRS). The Company anticipates receiving an Order on this
4 request before the end of May 2008. The ISRS was authorized by the
5 Missouri General Assembly in 2003 for the Company's St. Louis District only.

6 **Q. PLEASE DESCRIBE THE RATE INCREASE REQUESTED BY MAWC IN**
7 **THIS PROCEEDING.**

8 A. MAWC seeks a rate increase that would produce additional annual water
9 revenues of approximately \$49.6 million, or approximately 26.4%. The
10 Company also seeks an increase in sewer rates to produce additional annual
11 revenues of approximately \$133,000 or a 28.7% increase.

12 **Q. WHY DOES THE COMPANY SEEK A RATE INCREASE?**

13 A. In 2007, the Company's actual earned return on equity was 4.13% and on a
14 proforma basis expects to earn a return on equity of 2.68%. This actual and
15 proforma equity return is 712 and 857 basis points below the current cost of
16 common equity recommended by Ms. Ahern in this case. We have filed this
17 case to reverse this deficiency and to provide the Company with an
18 opportunity to start to earn better and more appropriate returns. The
19 Company's ability to provide water service is dependent on a consistent level
20 of adequate earnings. Adequate earnings are those which justify the
21 investment of capital in the Company. Revenues must be sufficient to cover
22 operating expenses, such as employee payroll and benefits, insurance, taxes,
23 depreciation, and costs associated with maintenance and operation, and,
24 thereafter, provide for the payment of capital costs which include interest and

1 dividends. Revenues generated by the current rates the Company is
2 authorized to charge for water and sewer service will not adequately
3 accomplish this task. On a pro forma, present rates basis, the Company's
4 earned return on its rate base investment is only 4.49% versus the proposed
5 level of 8.60%. Therefore, a water rate increase of approximately \$49.6
6 million and a sewer rate increase of approximately \$133,000 is being
7 requested.

8 **Q. WHAT ARE THE REASONS FOR THE COMPANY FILING A REQUEST**
9 **FOR AN INCREASE IN RATES?**

10 **A.** The water rate increase is primarily due to the following factors:

- 11 • **Infrastructure investments** - Across the state, the Company has invested
12 approximately \$149 million in the communities it serves since the true-up date
13 in the last case -- including replacing and installing water lines, meters,
14 hydrants and improvements at water treatment, pumping and storage
15 facilities, all of which enhance customer service and support local economic
16 development.
- 17 • **Property taxes and Depreciation** – Increases in utility plant also result in
18 higher property tax and deprecation expenses.
- 19 • **Increases in operating costs** - MAWC has experienced continued
20 increases in costs for labor and labor related costs, chemicals, fuel and power
21 and other operating costs since the last rate order.
- 22 • **Rate of Return** - Like all water utilities, MAWC must continually invest in the
23 water plants, towers and pipelines that serve our communities. In order to

1 attract the capital needed to fund these improvements, the Company must
2 earn a fair rate of return. This rate increase will allow MAWC to earn a fair
3 rate of return which will allow us to continue with infrastructure investment
4 needs across the state.

- 5 • **Reduced Sales** - The Company continues to see a decline in overall sales
6 of the Company. This overall decline is supported by the direct testimony of
7 Professor Spitznagel.

8
9 **(3) TEST YEAR AND COMPANY'S REQUEST FOR A TRUE-UP**

10 **Q. MR. GRUBB, WHAT TEST YEAR HAS MAWC USED IN THIS RATE**
11 **CASE?**

12 A. MAWC has used a historical test year ending December 31, 2007, adjusted
13 for changes that are known and measurable at this time and will be effective
14 by the time new rates are anticipated to go into effect.

15
16 **Q. IS THE COMPANY PROPOSING A TRUE-UP IN THIS CASE?**

17 A. Yes. If prospective rates are to be set that properly reflect the cost of
18 providing service, a true-up of rate base and related operating revenues and
19 costs at a point in time as close as possible to the operation of law date
20 should be permitted. Otherwise, the new rates will not be sufficient to cover
21 all of MAWC's expenses and investments which have been incurred to
22 provide safe and adequate service. In this case, the Company is proposing a
23 true-up at September 30, 2008, for the following components of its revenue
24 requirement: rate base, capital structure, and revenues (using customers at

1 September 2008). Expenses MAWC proposes to true-up are labor and labor
2 related, fuel and power, chemical, purchased water, waste disposal, rate case
3 expense, property taxes, depreciation, PSC Assessment Fees and income
4 taxes. The specific items MAWC proposes to true-up will be set forth in its
5 Motion for True-Up.

6
7 **(4) REVENUES**

8 **Q. PLEASE EXPLAIN THE COMPANY'S ADJUSTMENT TO THE TEST YEAR**
9 **LEVEL OF REVENUES.**

10 **A.** The adjustments to the test year level of revenues can be characterized as
11 follows:

- 12 1) Eliminate from or adjust the test year for items that will not recur or are
13 reflected in other adjustments.
- 14 2) Annualize revenues for the level of residential and commercial customers
15 as of the end of the true-up period.
- 16 3) Normalize the sales level for specific customer classes and usage
17 declines as supported by a detailed analysis performed by Professor
18 Spitznagel.
- 19 4) Adjust for known and measurable changes for specific larger customers
20 whose sales need to be annualized, increased, reduced, or eliminated.
- 21 5) Adjust for the level of current rates associated with the Infrastructure
22 System Replacement Surcharge and the Property Tax Surcharge.
- 23 6) Reflect the impact of annualizing revenues for the change in base rates
24 authorized by the Commission in Case No. WR-2007-0216.

1 7) Adjust for the level of current rates of competitive tariff customers in St.
2 Louis and St. Joseph.

3 8) Reflect an annual level of revenues resulting from the Paradise Valley
4 acquisition.

5
6 **Q. BEFORE YOU BEGIN EXPLAINING THE ADJUSTMENTS TO REVENUES,**
7 **PLEASE BRIEFLY DESCRIBE SCHEDULE CAS-13 and CAS-14.**

8 A. Schedules CAS-13 and CAS-14 present to the Commission a summary and
9 detail by district of the Company's pro forma test year revenues at both
10 present and proposed rates. Since the Company's current tariffs are based
11 on district-specific rates, included in the schedule reference is a three-digit
12 alpha abbreviation that identifies the district. Attached to the testimony of Mr.
13 Petry is a schedule that identifies and matches the district to the alpha
14 abbreviation. Schedule CAS-13 for each district is a summary by revenue
15 class with CAS-14 providing the detail by revenue class. The proposed rates
16 are primarily based on a cost of service study and other rate design
17 adjustments that I will address further in my direct testimony.

18 **Q. PLEASE CONTINUE WITH YOUR DISCUSSION OF THE REVENUE**
19 **ADJUSTMENTS.**

20 A. As shown on Schedule CAS-9 for each of the districts, unbilled revenue is
21 being eliminated to reflect the Company's adjustment for the annualizing and
22 normalizing of customers and sales as of the true-up date.

23 The next adjustment shown on the schedule is labeled Bill Analysis and Other
24 Adjustments. These adjustments are related to the bill analysis and will

1 adjust the per book revenues to the bill analysis. One example of an
2 adjustment is to adjust and eliminate correcting journal entries made in the
3 books. This column for the St. Joseph and St. Louis Districts also reflects the
4 elimination of \$629,904 and \$7,975,971 of revenues from per books related to
5 the Property Tax and ISRS. As noted earlier, these surcharges were set to
6 zero by the Company when the Commission authorized an increase in base
7 rates in its Final Order in Case No. WR-2007-0216, dated October 4, 2007.

8 The next level of adjustments shown and labeled Normalization and
9 Customer Adjustments reflects the number of customers anticipated at the
10 true-up date and the use of a normalized level of sales. The level of
11 normalized sales will be based on the use of a simple average of historical
12 data, a trend line regression, or normal weather and the current trend of
13 customer usage per day anticipated for 2008. Professor Spitznagel identifies
14 which method is used for each district's residential and commercial classes.
15 For all other customer classes, actual test year sales were used with the
16 exception of the adjustment that I discuss starting on page 12.

17
18 As noted earlier, the Company has again contracted the services of Professor
19 Edward Spitznagel from Washington University. Professor Spitznagel has
20 performed a detailed statistical analysis of the residential and commercial
21 class customers for St. Louis, St. Charles, St. Joseph, and Joplin districts.
22 Based on his analysis, Professor Spitznagel has made recommendations to
23 the Company regarding the appropriate level of "normal" usage per day, per
24 customer for the revenue classes noted above with the exception of Joplin's

1 residential, St. Charles and St. Joseph's commercial and St. Louis' monthly
2 commercial. Professor Spitznagel has provided a detailed discussion in his
3 direct testimony regarding his study and why some of the customer classes
4 that he reviewed did not produce significant correlation to warrant a
5 recommendation. In the cases of the noted customer classes for Joplin, St.
6 Charles, St. Joseph and St. Louis, where Professor Spitznagel did not provide
7 a weather normalized recommendation, the Company is recommending either
8 a simple historical average or a trend line regression analysis.

9
10 The final level of adjustments shown on CAS-9 for each of the districts is
11 labeled Other Adjustments. These adjustments reflect specific impacts on the
12 Company's revenues based on known and measurable changes for specific
13 customers. Shown below is a discussion of the adjustments by District.

14 1) The Brunswick District has identified the loss of Chariton County Water
15 District No. 2 as a Sale for Resale customer. This adjustment eliminates
16 associated revenues at present rates in the amount of \$83,245. The
17 adjustment is incorporated in Schedule CAS-9-BRU. The Water District
18 has indicated to the Company that it may discontinue taking water from
19 the Company and begin taking water from another supplier who offers
20 softened water.

21 2) The Company has competitive tariffs with Triumph Foods in St. Joseph,
22 and with C-1 Water District and the City of Kirkwood in the St. Louis
23 District. During the test year, the Company increased the rates to these
24 customers based on the contracts. The Company is proposing to

1 annualize the revenues based on the rate change during the test year.
2 For Triumph Foods, the Company has increased revenues by \$13,182.
3 For C-1 and Kirkwood, the Company has increased revenues \$32,008 and
4 \$102,822, respectively

5 3) The Company has included the impact of the acquisition of Paradise
6 Valley into its rate case. Included in the St. Louis District's revenues is
7 \$47,705 for this acquisition.

8 4) The Company has included additional sales to an industrial customer in
9 the St. Joseph District. A total of \$68,976 in additional revenues has been
10 added to present rate revenues.

11 5) The final adjustment to revenues is to reduce revenues by \$380,801 for
12 reduced revenues from the Metropolitan Sewer District ("MSD") related to
13 providing billing data to MSD. In the last rate case, the Company and
14 MSD agreed to lower the amount to be billed to MSD for providing billing
15 data to MSD. This adjustment reduces test year revenues to a proforma
16 level of \$350,000 per the stipulation in the last rate case. I provide
17 additional direct testimony on this issue later on in my testimony.

18 6) The Company has increased present rate revenues in Joplin by \$21,046
19 to reflect the addition of a large commercial customer who is projected to
20 begin taking water in August 2008.

21 7) The Company has increased present rate revenues in Joplin by \$39,907
22 to reflect an increase in the minimum take or pay contract with Webb City.

23 8) St. Louis District revenues were reduced \$23,668 to reflect the impact of
24 implementing the consolidated bill tariff for two customers.

1
2 **(5) PENSION**

3 **Q. PLEASE DESCRIBE THE ADJUSTMENT TO OPERATING EXPENSES**
4 **RELATED TO PENSION.**

5 A. Missouri American has included in its pro forma pension expense the actual
6 cost related to the FAS 87 accrual which is supported by American Water's
7 latest actuarial report. Starting in 2006, nonunion employees hired before
8 January 1, 2006, and union employees hired before January 1, 2001, are
9 included as participants in the Company's defined benefit pension plan. The
10 FAS 87 Pension cost is based on actuarial studies conducted annually by
11 Towers Perrin for the defined benefit participants. For employees in the
12 defined contribution plan, a rate of 5.25% of base salary is used to calculate
13 the expense. The total costs for pension were reduced by the amounts
14 anticipated to be capitalized based on the payroll adjustment supported by
15 Mr. Thakadiyil. A copy of the pension actuarial study is included in the
16 workpapers. The pro forma expense is \$2,598,306. Additional details and
17 comments are found on Schedule CAS-15, page 3.

18
19 **(6) OPEBs**

20 **Q. PLEASE DESCRIBE THE ADJUSTMENT TO OPERATING EXPENSES**
21 **RELATED TO OTHER POST-RETIREMENT EMPLOYMENT BENEFITS**
22 **("OPEBs").**

23 A. The Company used the most recent actuarial report prepared for
24 American Water by Towers Perrin to calculate the pro forma cost and, like

pensions, the percent to be expensed from the labor adjustment was applied to arrive at the pro forma expense. As a result of the recent union negotiations, union employees who are not eligible for post-retirement benefits were provided an annual \$500 contribution that is to be paid into a VEBA account for the employee to pay for medical costs after retirement. The proforma OPEB expense is \$2,218,579 and is included on Schedule CAS-15, page 2 as a part of the Group Insurance expense adjustment.

(7) REGULATORY EXPENSE

Q. PLEASE DESCRIBE THE ADJUSTMENT TO OPERATING EXPENSES RELATED TO REGULATORY EXPENSE.

A. The purpose of this adjustment is to annualize rate case expense for the costs related to this rate filing. Estimated costs related to the rate filing include legal fees, consultant's cost, travel expenses, and other expenses. It is being proposed that these costs be amortized over a three-year period. The pro forma expense is \$484,806. The proforma cost includes the unamortized balance of the costs from Case No. WR-2007-0216. The details of this adjustment can be found at Schedule CAS-15, page 10.

(8) SERVICE COMPANY SUPPORT SERVICES

Q. WHAT ADJUSTMENT WAS MADE TO THE COMPANY'S TEST YEAR LEVEL OF SUPPORT SERVICES?

A. Test year Support Services from American Water Works Service Company were adjusted to eliminate one-time costs associated with

1 Sarbanes-Oxley and American Water's divestiture in the amount of
2 \$4,555,094. Also eliminated or reduced were the costs associated with 1)
3 a shift of Service Company employees to MAWC (\$757,387); 2) the office
4 rent reduction for the Craig Road Office (\$27,125); 3) annualization of the
5 capitalization of the fixed asset function costs (\$154,898); and, 4) an
6 increase in office rent for the Call Center \$14,964.

7 Two additional adjustments are also being proposed. First, an adjustment
8 is being proposed to annualize employee wage increases and related
9 costs of Service Company employees. This adjustment increases costs
10 by \$416,384. And second, adjustments are being proposed to reflect
11 adjustments for Call Center (CSC), Shared Services Center (SSC) and
12 Information Technology (ITS) costs. These cost changes are for labor
13 vacancies and labor related costs and adjustments for contract labor
14 services, temporary employees, depreciation expense, telephone expense
15 and data line costs. The total amount of this adjustment is \$1,127,156.
16 As of January 1, 2008, the CSC had 21 vacancies, the SSC had 21
17 vacancies and the ITS function had 12 vacancies. Similar to MAWC's
18 labor adjustment, the Service Company is anticipating filling the vacancies
19 by the true-up being requested in the case. The increase in expense
20 associated with filling the 54 vacancies is \$1,131,515. In conjunction with
21 this adjustment, the Company is proposing to reduce temporary and
22 contract services other costs by \$370,976. Additionally the Company is
23 proposing to increase telephone expense by \$149,260 for upgrading
24 existing systems and for a projected increase in phone calls for the CSC.

1 Contract services at the CSC is being increased by \$79,543 for the
2 implementation of a behavioral analytics tool for use in call handling. Data
3 handling costs are increasing by \$38,619 to correct for a reversal of an
4 over accrual that was made in 2007. And finally, depreciation expense is
5 being increased by \$99,195 to annualize the cost. The total pro forma
6 Support Services adjustment is a reduction of \$3,936,000 from the test
7 year level expense. Details of this adjustment can be found at Schedule
8 CAS-15, page 12
9

10 **(9) MAIN BREAK EXPENSE**

11 **Q. PLEASE DESCRIBE THE ADJUSTMENT TO OPERATING EXPENSES**
12 **RELATED TO MAIN BREAK EXPENSE FOR THE ST. LOUIS**
13 **DISTRICT.**

14 **A.** The purpose of this adjustment is to annualize main break expense to a
15 normalized, pro forma level based on a review of historical main breaks
16 and the cost to repair the breaks. The Company is proposing a reduction
17 of test year main break expense for the St. Louis District in the amount of
18 \$220,190. While the Company is proposing a decrease in main break
19 incidents in the test year from 1,645 to 1,299, the cost for the paving of
20 main breaks has increased. Actual test year paving cost per main break
21 that requires paving was \$2,348. The Company is proposing an increase
22 in paving cost per break that requires concrete to be \$2,670. Mr.
23 Kartmann in his direct testimony will address the increased paving costs.
24 The details of this adjustment can be found at Schedule CAS-15, page 14.

1
2 **(10) TANK PAINTING COSTS**

3 **Q. PLEASE DESCRIBE THE ADJUSTMENT TO OPERATING EXPENSES**
4 **RELATED TO TANK PAINTING COSTS.**

5 A. The Company is proposing a proforma level of tank painting costs in the
6 amount of \$1,600,000. This represents a \$600,000 increase in the current
7 level of expense being recovered in rates. The Company is currently
8 recording a Tank Painting Tracker to reflect an annual level of expense in
9 the amount of \$1,000,000. The Company is proposing to continue the
10 tracker but increase it to the level of \$1,600,000. The Company proposes
11 to begin recording this increased tracker effective with the receipt of a
12 Commission's Order in this proceeding which would include \$1,600,000 of
13 expense in the revenue requirement. Mr. Kartmann provides additional
14 support in his direct testimony on this issue. The details of this adjustment
15 can be found at Schedule CAS-15, page 19.

16
17 **(11) HYDRANT PAINTING COSTS**

18 **Q. PLEASE DESCRIBE THE ADJUSTMENT TO OPERATING EXPENSES**
19 **RELATED TO HYDRANT PAINTING COSTS.**

20 A. The purpose of this adjustment is to reflect an annual level of hydrant
21 painting costs necessary to sand blast and paint one-third of the hydrants
22 in the St. Louis County District that were installed prior to 1980 and should
23 have lead paint removed. There are approximately 17,000 hydrants that
24 were painted with a lead based paint that the Company is proposing to

1 remove and repaint. The cost per hydrant is \$250. The Company is
2 proposing a three year program to paint the affected hydrants. The
3 annual expense being proposed is \$1.4 million. Mr. Kartmann will provide
4 additional testimony on this issue in his direct testimony. The details of
5 this adjustment can be found at Schedule CAS-15, page 25.

6
7 **(12) INCOME TAXES**

8 **Q. PLEASE EXPLAIN THE COMPANY'S CALCULATION OF ITS PRO**
9 **FORMA LEVEL OF INCOME TAXES.**

10 **A.** The Company's pro forma level of current income taxes at present rates is
11 based on deducting from revenues all operating expenses and interest
12 expense. Additional add-backs and deductions are reflected for tax-over-
13 book depreciation, non-deductible meals and preferred stock expense. The
14 resulting taxable income is then multiplied by the state and federal statutory
15 rates of 5.21% and 35%, respectively.

16 Deferred income taxes for the temporary timing difference related to tax-over-
17 book depreciation were calculated at the statutory rates. The per books level
18 of the amortization of the Deferred Investment Tax Credits ("ITC") and the
19 Deferred Taxes associated with the amortization of the regulatory assets and
20 liabilities was also included in the calculation of income taxes.

21 Income taxes at proposed rates reflect the impact of the Company's request
22 for additional revenues.

23
24 **(13) DEPRECIATION RATES**

1 **Q. DO YOU HAVE ANY COMMENTS REGARDING DEPRECIATION RATES?**

2 A. The current depreciation rates were approved by the Commission in Case
3 No. WR-2007-0216. The Company is not proposing any further changes to
4 those rates in this proceeding.
5

6 **(14) PENSION / OPEB TRACKER**

7 **Q. MR. GRUBB, IN ONE OF THE STIPULATIONS IN THE LAST RATE CASE,**
8 **THE COMPANY AGREED TO TRACK PENSION AND OPEB COSTS FOR**
9 **THE DIFFERENCE BETWEEN THE LEVEL OF COST RECOVERY IN**
10 **RATES AND THE LEVEL INDICATED BY THE COMPANY'S ACTUARIAL**
11 **REPORTS. HAS THE COMPANY COMPLIED WITH THE STIPULATION?**

12 A. Yes. Since the last case, the Company has recorded a pension regulatory
13 liability for the difference between pension costs recognized in rates and the
14 SFAS 87 calculations for pension expense. The Company is also tracking a
15 regulatory asset associated with the difference between OPEB costs
16 recognized in rates and the SFAS 106 calculation for this cost. As a result of
17 the tracker mechanism, the Company is including in rate_base a net amount
18 of \$492,505 for the Pension/OPEB TrackerS.
19

20 **(15) CORPORATE ALLOCATIONS**

21 **Q. PLEASE DISCUSS THE CORPORATE ALLOCATION FACTORS THAT**
22 **WERE USED TO ALLOCATE MAWC'S CORPORATE COSTS.**

23 A. In the last rate case, there were some differences of opinion as to the proper
24 allocators to be used to allocate various corporate MAWC costs to each of the

Districts. These allocated corporate costs were then used to calculate the revenue requirement for each district. In the last case, the Company used, the number of customers as the allocator for most expenses. Staff used payroll as its primary allocator. The City of Joplin proposed a mix of allocation factors and, initially, relied most heavily on miles of mains. The City later revised its position and proposed a mix of factors including, number of customers, payroll, miles of mains and other factors.

Q. WHAT ALLOCATION FACTORS IS THE COMPANY PROPOSING TO USE IN THIS CASE?

A. The Company has reviewed all of the Corporate costs for the test year and based on this review, has determined that for the most part, the number of customers is still the most appropriate allocator that should be used. In fact, the Company is proposing to use the number of customers as an allocator on 70% of the corporate costs. A number of costs have been allocated on a different basis. For example, Pension Expense is being allocated on payroll, OPEBs is being allocated based on the number of employees and Transportation Expense is being allocated based on the number of vehicles. Attached is Exhibit EJG-2 that shows the value of the Corporate Expenses and the allocator used along with the percentage of the Corporate Expenses that had the allocator applied.

Q. WHY DID THE COMPANY USE CUSTOMERS AS THE PRIMARY ALLOCATOR OF CORPORATE MAWC EXPENSES?

A. First, the primary purpose of allocating the corporate costs of MAWC to each district is to allocate those costs to the customers that receive the benefit from

1 the incurrence of those costs. For example, corporate labor was allocated to
2 each district based on customers because the employees are devoted to
3 providing services that ultimately benefit the customers. Customers served
4 generally do not fluctuate greatly over time. Support services from American
5 Water Service Company are also allocated to the operating companies (such
6 as MAWC) based on customers because the employees of the Service
7 Company are providing services that provide benefit to the customers.
8 Second, it is important to use an allocator that is relatively stable over time
9 and will not cause great fluctuation between rate cases.

10 **Q. WHAT ARE SOME OF THE COSTS THAT WERE NOT BASED ON**
11 **CUSTOMERS?**

12 **A.** Pension expense was based on payroll because an underlying factor for
13 pension expense is the level of payroll. Another example is Group Insurance,
14 OPEB and workers compensation expenses which are allocated based on
15 employees. These costs are driven more by employees than they are by the
16 number of customers. And finally, uncollectible expense is allocated by
17 revenues. These four allocators represent over 99% of the costs allocated.
18 Attached as Exhibit EJG-3 is a list of the corporate costs and the allocator
19 used.

20
21 **(16) COSTS TO PROVIDE BILLING DATA TO MSD**

22 **Q. THE COMPANY WAS REQUIRED TO PREPARE AN INCREMENTAL**
23 **COST STUDY FOR PROVIDING BILLING DATA TO THE ST. LOUIS**

1 **METROPOLITAN SEWER DISTRICT (MSD). HAS THE COMPANY**
2 **PREPARED SUCH A STUDY?**

3 A. Yes. The Company contracted the services of Mr. Pat Baryenbruch to
4 perform an analysis of the cost of providing water usage data services, to
5 include the incremental cost of providing such services to MSD.

6 **Q. WHAT ARE THE RESULTS OF THE STUDY?**

7 A. The results of the study are contained in a Report prepared by Mr.
8 Baryenbruch entitled, "*Analysis of Cost for Water Usage Data Services*
9 *Provided to Metropolitan St. Louis Sewer District Twelve Months Ending*
10 *December 31, 2007*" which is attached to my testimony as Schedule EJG-4
11 (Proprietary). Briefly, Mr. Baryenbruch determined that MAWC's 2007 total
12 cost of producing this data for its own needs was * * for the St.
13 Louis District customers. These costs include a recovery of the capital costs
14 and operating costs associated with the Company's meter reading and
15 processing of the data for billing purposes. Mr. Baryenbruch determined that
16 the incremental cost of furnishing water usage and customer identification
17 data to MSD was * * per year. In addition, Mr. Baryenbruch determined
18 an allocation of operating costs between MAWC and MSD on the basis of
19 which utility (i.e., MAWC and MSD) directly benefits from the data. In that

case, the annual amount to be charged to MSD would exceed * *.

By way of comparison, the current amount that MAWC is charging MSD for these services is \$350,000 per year.

Q. WHAT IS MAWC'S PROPOSAL IN THIS CASE?

A. MAWC is proposing no change in the existing amount it charges to MSD for the provision of water usage and customer billing data. Therefore, for purposes of this case, MAWC has included \$350,000 in annual revenue to be received from MSD.

Q. WHAT IF THE COMMISSION DETERMINES THAT MSD SHOULD BE CHARGED EITHER INCREMENTAL COSTS OR SOMETHING DIFFERENT THAN IT IS CURRENTLY BEING CHARGED FOR THESE SERVICES?

A. If, for example, the Commission determines that MAWC should recover no more than its incremental costs of providing this data to MSD (i.e., * *), then MAWC will experience a revenue shortfall of approximately * * which will have to be spread to and recovered in general water service rates from customers in the St. Louis Metro Area . If, on the other hand, the Commission determines that MSD should recover an allowable share of MAWC's total costs and that allocation is greater than the \$350,000, then MAWC would receive more revenues than it currently receives from MSD.

1 Thus, the general water service rates for customers in the St. Louis Metro
2 Area should be reduced accordingly.

3
4 **(17) RATE DESIGN**

5 **Q. MR. GRUBB, HAS MAWC PREPARED A COST OF SERVICE STUDY FOR**
6 **THIS RATE CASE?**

7 A. Yes. MAWC has contracted the services of Paul Herbert of Gannett Fleming
8 to prepare a cost of service and rate design analysis. Mr. Herbert has
9 prepared and filed direct testimony and schedules to support the cost of
10 service study and rate design. Mr. Herbert prepared his study based on the
11 Base-Extra Capacity Method of cost allocation. The Company provided Mr.
12 Herbert the following guidelines regarding rate design: (1) Maintain district
13 specific pricing for each district's rate structure and taking into account a
14 revenue contribution for several small districts as discussed below; (2) merge
15 the rates for St. Charles and Warren County Water into the rate structure of
16 the former St. Louis County district to form the St. Louis Metro Area district
17 rates; (3) determine the unit cost per public fire hydrant in the St. Louis Metro
18 Area so that public fire protection costs can be recovered from each customer
19 in a similar manner as the current practice in St. Louis County; (4) design two
20 sets of customer charges – one uniform structure by meter size applicable for
21 all districts excluding the St. Louis Metro Area and one structure by meter
22 size for the St. Louis Metro Area alone; (5) for districts other than St. Louis
23 Metro, use a one-block structure for the residential class and two- to four-

1 block structures for non-residential classes; and (6) design the customer
2 charges and volumetric rates so that proposed revenues by customer
3 classification move toward or approximate the indicated cost of service in
4 each district. Attached is Exhibit EJG-5 which shows a schedule of present
5 and proposed rates for each operating area of the Company.

6 **Q. BASED ON THE COMPANY'S COST OF SERVICE STUDY AND**
7 **PROPOSED RATE DESIGN, WHAT ARE THE OVERALL INCREASES IN**
8 **REVENUES BY DISTRICT AND CUSTOMER CLASSES WITHIN EACH**
9 **DISTRICT THAT ARE BEING PROPOSED.**

10 A. Please refer to the Company's minimum filing requirements which are
11 attached to the direct testimony of Mr. Petry.

12 **Q. YOU HAVE NOTED THAT THE COMPANY IS PROPOSING TO MERGE**
13 **THE RATES OF THE ST. LOUIS, ST. CHARLES AND WARREN COUNTY**
14 **WATER DISTRICTS. WHY IS THE COMPANY PROPOSING THIS?**

15 A. The Company is proposing to merge the rates for these three districts
16 together to reflect the fact that the three systems are either physically
17 connected or are integrated from an operational and management
18 perspective. Currently, the St. Louis operation provides nearly 100% of the
19 water to the St. Charles system and thus the two systems are already
20 connected. The Warren County Water system, while it is not physically

1 connected to either the St. Charles or St. Louis systems, is operated and
2 managed by the St. Charles and St. Louis employees.

3 **Q. IT APPEARS THAT AS A RESULT OF MERGING THE RATES OF ST.**
4 **LOUIS, ST. CHARLES AND WARREN COUNTY WATER INTO ONE**
5 **“RATE AREA”, THAT THE CUSTOMERS OF ST. CHARLES WILL**
6 **EXPERIENCE A MUCH GREATER INCREASE IN THEIR RATES THAN**
7 **THE OTHER CUSTOMERS OF THE ST. LOUIS METRO AREA. WOULD**
8 **YOU PLEASE COMMENT?**

9 A. Yes. The current rates for the St. Charles District currently do not include any
10 treatment plant costs associated with the provision of water services. In the
11 last rate case, only the incremental costs (i.e. fuel and power and chemicals)
12 for the production of water from the St. Louis District were included in the
13 rates for St. Charles. If the treatment plant costs were included in St. Charles’
14 rates in the last rate case, the proposed increase in this case would be lower
15 than the overall increase of 28.9% for the St. Louis Metro Area.

16 **Q. IS THE COMPANY PROPOSING A REVENUE CONTRIBUTION AMONG**
17 **DISTRICTS AS A PART OF ITS RATE DESIGN?**

18 A. Yes, it is. The Company has included a revenue contribution for the
19 Brunswick District, Parkville Water District, Cedar Hill Sewer District and

1 Warren County Sewer District in the amounts of \$390,896, \$623,083,
2 \$345,572 and \$669,187, respectively. The revenue contribution is being
3 provided by the St. Louis Metro Area District. The rates being proposed for
4 the Jefferson City, Joplin, Mexico, Warrensburg and Parkville Sewer Districts
5 are based on each district's revenue requirement. The Company's proposal
6 for the revenue contribution was based on the belief that the smaller districts
7 should receive a revenue contribution if their rate increase, on a pure district
8 specific basis, was significantly above the overall increase for the Company.

9 **Q. HOW WERE THE PROPOSED RATES DEVELOPED FOR THE THREE**
10 **SEWER DISTRICTS?**

11 A. The Company did not perform a cost of service study for the three sewer
12 districts because the three operations are comprised mainly of residential and
13 commercial customers. The Company is proposing an across the board
14 increase separately within each sewer district based on the proposed revenue
15 increase for the district.

16 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

17 A. Yes, it does.

EDWARD J. GRUBB

Edward J. Grubb is the Rates and Regulation Manager for the Central Region of American Water. Mr. Grubb is also the Assistant Treasurer for Missouri American Water Company.

As Rates and Regulation Manager, his main responsibilities are to:

- 1) Plan and oversee the preparation and presentation of all rate increase applications and supporting documents and exhibits as prescribed by management policies, guidelines and regulatory commission requirements;
- 2) Oversee rate analyses and studies to evaluate the effect of proposed rates on the revenues, rate of return and tariff structure of the company;
- 3) Oversee the implementation of rate orders, including development of the revised tariff pricing necessary to produce the proposed revenue level;
- 4) Oversee the preparation of Company budgets and analyses;
- 5) Oversee the review of Company financial statements;
- 6) Oversee employee relations in the Regional Finance Department, including the recommendation regarding personnel changes and the training and evaluation of assigned personnel;
- 7) Provide support for financial analysis of proposed acquisitions and expansion of service territory, including preparation of applicable Commission filings;
- 8) Assure that policies, procedures, programs, standards of performance, and approved objectives are adhered to and/or achieved including those involving safety, affirmative action, community relations, and labor relations.

Mr. Grubb has prepared rate cases and presented testimony before the Maryland Public Service Commission, West Virginia Public Service Commission, Tennessee Public Service Commission, Illinois Commerce Commission, Kentucky Public Service Commission, Iowa Utilities Board, Public Utility Commission of Ohio, Missouri Public Service Commission, Indiana Utility Regulatory Commission and the Virginia State Corporation Commission.

In June 1978, Mr. Grubb was awarded a Bachelor of Science Degree in Business Administration from Drexel University with a major in accounting. In May 1989, he was awarded a Masters of Business Administration from the University of West Virginia College of Graduate Studies. In September 1993, Mr. Grubb successfully completed the Certified Management Accounting program and received his certificate as a Certified Management Accountant (CMA). And, in January 1998, he successfully completed the Certified in Financial Management (CFM) program and received his certificate as a CFM from the Institute of Management Accountants.

Mr. Grubb began his career in 1978 with American Water Works Service Co., Inc. as an Internal Auditor. As an Internal Auditor, he conducted financial and procedural audits of American System operating companies. In 1983, Mr. Grubb was promoted to Rate Analyst. In 1984, he was promoted to Revenue Requirement Specialist and in 1988, Mr. Grubb was promoted to Assistant Director - Rates and Revenue. In these three positions, he has assisted, prepared and presented testimony and accounting exhibits before regulatory bodies concerning rate increase applications and other matters.

In January 1998, Mr. Grubb was promoted to the position of Comptroller of Kentucky-American Water Company. In his capacity as Comptroller, Mr. Grubb was responsible for all aspects of the accounting and regulation for the Company, including the preparation of financial statements, tax returns, and regulatory filings. In October 2000, Mr. Grubb was promoted to the Director, Rates and Planning with Missouri-American Water. In March 2008, Mr. Grubb was appointed to his current position.

**Missouri American Water
Test Year Ended: December 2007
Corporate Expense Allocation Factors Used**

Allocator Used	Corporate Exp Test Year (1)	% of Expenses Allocated
Customers	40,069,798	70.15%
Employees	10,622,132	18.60%
Revenues	2,343,002	4.10%
Total O&M Expenses	61,728	0.11%
Total Payroll	3,731,770	6.53%
Vehicles	291,702	0.51%
Total	57,120,132	100.00%

(1) Excludes Income Taxes

Missouri American Water					
2008 Rate Case					
Allocators for Corporate MAWC Expenses					
168 Line	Subaccounts	Description	NARUC 76	2007 Test Year	Proposed Allocator
	501200.12	Labor Oper P	624	746	Customers
	501200.1305	Labor Oper WT Super/Eng	640	241	Customers
	501200.1405	Labor Oper TD Super/Eng	660	1,386	Customers
	501200.1415	Labor Oper TD Lines	662	78,989	Customers
	501200.16	Labor Oper AG	920	893,145	Customers
	501200.1601	Labor Oper AG Dir/Off	920	6,969	Customers
	501200.23	Labor Maint WT	650	422	Customers
	501200.2420	Labor Maint TD Mains	673	1,311	Customers
	501200.2435	Labor Maint TD Meters	676	2,549	Customers
	501711	IP-Off-Annual-P/R JE	920	4,656	Customers
	501711.16	Incen Plan-Off-Annual	920	122,208	Customers
P09	510100.11	Purchased Water-Outside	602	(519)	Total O&M Expenses
P10	515100.11	Purch Power SS	603	-	Total O&M Expenses
	515100.16	Purch Power AG	921	1,211	Total O&M Expenses
P11	518000.13	Chemicals WT	641	-	Total O&M Expenses
P12	511100.13	Waste Disposal Exp WT	643	-	Total O&M Expenses
P13	534000.16	Contr Svc-Mgmt Oper AG	923	-	Customers
	534600.16	Mmgt Fees-Corporate	923	18,078,162	Customers
	534620.16	Mmgt Fees Bsn Change-Corp	923	(3,619)	Customers
	534650.16	Mmgt Fees P13880-Corp	923	4,454,236	Customers
	534700.16	Mmgt Fees-Region	923	6,353,833	Customers
	534750.16	Mmgt Fees P13880-Region	923	197,758	Customers
P14	504100.16	Group Ins Oper AG	926	7,310,184	Employees
	505100.16	PBOP Oper AG	926	1,473,405	Employees
P15	506100.16	Pension Oper AG	926	3,731,770	Total Payroll
P16	566100.16	Reg Comm Amort Rate Case	928	79,820	Customers
	566110.16	Rate Case Exp not auth	928	525	Customers
P17	557000.16	Ins Gen Liab Oper AG	924	3,284,780	Customers
	558000.16	Ins Work Comp AG	924	1,838,543	Employees
	559000.16	Ins Other Oper AG	924	786,716	Customers
P18	520100.15	M & S Oper CA	905	-	Revenues
	570100.15	Uncollectible Accounts	904	1,386,957	Revenues
	570100.16	Uncollectible Accounts-M	904	(107,289)	Revenues
	575000.15	Misc Oper CA	905	(5)	Revenues
	575100.15	Bank Service Charges CA	903	286,139	Customers
	575200.15	Collection Agencies CA	903	72,964	Customers
	575420.15	Forms CA	903	388,385	Customers
	575660.15	Postage CA	903	1,120,276	Customers
P19	541000.11	Rents-Real Prop Oper SS	604	-	Total O&M Expenses
	541000.16	Rents-Real Prop Oper AG	931	(6)	Customers
	541400.16	Rents-Equipment Oper AG	931	2,878	Customers
P20	520100.16	M & S Oper AG	921	8,673	Customers
	575002.16	Misc General Office	921	1,458	Customers
	575100.16	Bank Service Charges AG	921	2,993	Customers
	575260.16	Credit Line Fees	921	4,707	Customers
	575261.AW46	Credit Line Fees In-AW46	921	192,011	Customers
	575280.16	Dues/Membership Deduct	921	4,041	Customers
	575281.16	Dues/Membership Nondeduct	921	60	Customers
	575340	Empl Exp AG-P/R JE	921	706	Customers
	575340.16	Employee Expenses AG	921	39,748	Customers
	575342.16	Empl Exp Conf/Registration AG	921	2,783	Customers

Missouri American Water					
2008 Rate Case					
Allocators for Corporate MAWC Expenses					
168 Line	Subaccounts	Description	NARUC No	2007 Test Year	Proposed Allocator
	575350.16	Meals & Travel Deduct	921	10,619	Customers
	575351.16	Meals & Travel Nonded (Mth-end	921	8,577	Customers
	575620.16	Office & Admin Supplies AG	921	10,553	Customers
	575660.16	Postage AG	921	1,324	Customers
	575670.16	Relocation Expenses	921	73,996	Customers
	575740.16	Telephone AG	921	178,567	Customers
	575741.16	Cell Phone AG	921	(3,553)	Customers
	575775.16	Trade Shows AG	921	368	Customers
	575880.16	Misc Charges - P13880	921	(830,252)	Customers
P21	504500.16	Other Welf Oper AG	926	18,618	Customers
	504610.16	Employee Awards AG	926	1,429	Customers
	504620.16	Employee Physical Exam AG	926	2,018	Customers
	504660.16	Tuition Aid AG	926	365	Customers
	504670.16	Training AG	926	5,592	Customers
	507100.16	401k Oper AG	926	19,689	Customers
	508101.16	DCP Oper AG	926	9,971	Customers
	508102.16	Retiree Med Oper AG	926	(2,377)	Customers
	520100.13	M & S Oper WT	643	62	Total O&M Expenses
	532000.16	Contr Svc-Acctg Oper AG	923	415,181	Customers
	533000.16	Contr Svc-Legal Oper AG	923	320,373	Customers
	535000.14	Contr Svc-Other Oper TD	923	47,195	Total O&M Expenses
	535000.16	Contr Svc-Other Oper AG	923	314,167	Customers
	550000.16	Trans Oper AG	9302	94,125	Vehicles
	550000.24	Transport Maint TD	662	65	Vehicles
	550001.16	Trans Oper AG Lease Cost	9302	6,532	Vehicles
	550002.16	Trans Oper AG Lease Fuel	9302	2,467	Vehicles
	550003.16	Trans Oper AG Lease Maint	9302	1,869	Vehicles
	556000.16	Ins Vehicle Oper AG	924	186,644	Vehicles
	575000.16	Misc Oper AG	921	220,040	Customers
	575030.16	Advertising	9301	5,203	Customers
	575120.16	Bill Inserts AG	9302	23,813	Customers
	575130.16	Brochures and Handouts	9302	16,241	Customers
	575140.16	Charitable Contrib Deduct	9302	76,160	Customers
	575220.16	Community Relations	9302	42,444	Customers
	575240.16	Co Dues/Membership Deduct	9302	230,495	Customers
	575242.16	Co Dues Deduct AWWA	9302	(4)	Customers
	575275.16	Discounts Available	921	(29,946)	Customers
	575400.16	Bus Services Proj Exp	921	39,801	Customers
	575490.16	Injuries and Damages	925	7,857	Total O&M Expenses
	575545.13	Lab Supplies WT	642	1,829	Total O&M Expenses
	575560.16	Lobbying Expenses	9302	25,365	Customers
	575625.16	Overnight Shipping AG	921	2,138	Customers
	575640.16	Penalties Nondeduct	9302	(22,347)	Customers
	575710.16	Security Service AG	921	6,526	Customers
	575711.16	Add'l Security Costs AG	921	-	Customers
	575715.16	Software Licenses & Support	9302	280,178	Customers
	575740.14	Telephone TD	665	108	Total O&M Expenses
	575780.11	Trash Removal SS	601	20	Total O&M Expenses
	575790.16	Trustee Fees AG	921	36,622	Customers
	575998.16	PCard Undistributed	601	11,864	Customers
P25	620000.21	Mat and Sup Maint SS	617	-	Total O&M Expenses
	620000.26	Mat and Sup Maint AG	932	248	Customers

Missouri American Water					
2008 Rate Case					
Allocators for Corporate MAWC Expenses					
168 Line	Subaccounts	Description	NARUC 76	2007 Test Year	Proposed Allocator
	635000.26	Contr Svc-Other Maint AG	923	8,991	Customers
	675000.21	Misc Maint SS	617	1,289	Total O&M Expenses
	675000.26	Misc Maint AG	932	218,012	Customers
	675050.24	Amort Def Maint TD	678	166,667	Customers
	675400.21	Instruments SS	617	2,553	Total O&M Expenses
	675400.23	Instruments WT	652	123	Total O&M Expenses
P27	680110	Depr Exp-General	403	1,251,323	Customers
	680111	Depr Exp-Cost Removal / Salvage	403	(1,614)	Customers
P28	680310	Amort-Intangible Fin	406	158,893	Customers
	680540	Amort-Reg Asset AFUDC	405	119,985	Customers
	680620	Amort-Reg Asset	405	6,612	Customers
P29	685100	Utility Reg Assessment Fee	4081	1,063,339	Revenues
	685320	FUTA	4081	6,736	Customers
	685325	FICA	4081	56,040	Customers
	685350	SUTA	4081	4,557	Customers
	685430	Other Taxes and Licenses	4081	80,881	Customers
P30	690210	SIT-Current	4091	615,758	Utility Operating Income
	690220.002	SIT-PrYr Adj Over Accr	4091	(78,913)	Utility Operating Income
	690720.002	Def SIT-PY Adj Liab	4101	82,479	Utility Operating Income
	690730.001	Def SIT-Reg Asset	4101	37,857	Utility Operating Income
	690730.002	Def SIT-Reg Liab	4101	19,660	Utility Operating Income
	690750.002	Def SIT-Other Liab	4101	1,019,250	Utility Operating Income
P31	690110	FIT-Current	4091	4,504,531	Utility Operating Income
	690120.002	FIT-PrYr Adj Over Accr	4091	(247,959)	Utility Operating Income
	690620.002	Def FIT-PY Adj Liab	4101	258,483	Utility Operating Income
	690630.001	Def FIT-Reg Asset	4101	197,931	Utility Operating Income
	690630.002	Def FIT-Reg Liab	4101	(19,449)	Utility Operating Income
	690650.002	Def FIT-Other Liab	4101	4,044,657	Utility Operating Income
	695220	ITC Restored - 3%	4122	(3,048)	Utility Operating Income
	695230	ITC Restored - 4%	4122	(1,692)	Utility Operating Income
	695240	ITC Restored - 10%	4122	(23,748)	Utility Operating Income
Total				\$ 67,525,929	

Missouri-American Water Company

Analysis Of Costs For
Water Usage Data Services Provided To
Metropolitan St. Louis Sewer District

12 Months Ending December 31, 2007

Baryenbruch & Company, LLC



The remainder of this schedule is proprietary

Missouri-American Water Company									
Rates File									
2008 Rate Case									
Present Rates for General Water Service									
Brunswick Operations									
Proposed Rates for General Water Service									
Brunswick Operations									
Current Rates									
10/22/2007									
Rates for General Water Service									
Service Charge									
Monthly									
5/8"	\$11.48								
3/4"	14.70								
1"	20.83								
1-1/2"	36.22								
2"	54.68								
3"	97.72								
4"	159.22								
6"	312.97								
8"	497.44								
10"	845.02								
12"	1,393.89								
Proposed Rates									
Rates for General Water Service									
Service Charge									
Monthly									
5/8"	\$13.00								
3/4"	\$16.65								
1"	\$23.60								
1-1/2"	\$41.00								
2"	\$61.90								
3"	\$110.70								
4"	\$180.30								
6"	\$354.40								
8"	\$563.30								
10"	\$956.90								
12"	\$1,578.40								
Consumption: 1000 GALLONS									
Monthly									
1st 000 Gal									
For the Next									
For the Next									
For all over									
100									
1,900									
3,000									
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Missouri-American Water Company
Rates File
2008 Rate Case

Present Rates for General Water Service
Jefferson City Operations

Current Rates	
10/22/2007	
Rates for General Water Service	
Service Charge	Monthly
5/8"	\$10.41
3/4"	11.39
1"	13.36
1-1/2"	18.29
2"	24.18
3"	37.97
4"	57.66
6"	106.85
8"	

Proposed Rates for General Water Service
Jefferson City Operations

Proposed Rates	
Rates for General Water Service	
Service Charge	Monthly
5/8"	\$13.00
3/4"	\$14.22
1"	\$16.68
1-1/2"	\$22.84
2"	\$30.20
3"	\$47.42
4"	\$72.01
6"	\$133.43
8"	\$260.00
10"	\$520.00

Consumption: 1000 GALLONS

Monthly	Residential	Commercial	Industrial	OPA	OWU
1st 000 Gal	\$3,4323	\$3,4323	\$3,4323	\$3,4323	\$3,4323
For the Next	\$2,2969	\$2,2969	\$2,2969	\$2,2969	\$2,2969
For the Next					
For all over					

Consumption: 1000 GALLONS

Monthly	Residential	Commercial	Industrial	OPA	OWU
1st 000 Gal	\$4,0800	\$3,7700	\$3,7700	\$3,7700	\$3,7700
For the Next	\$4,0800	\$2,3000	\$2,3000	\$2,3000	\$2,3000
For the Next	\$0,0000	\$0,0000	\$0,0000	\$0,0000	\$0,0000
For all over	\$0,0000	\$0,0000	\$0,0000	\$0,0000	\$0,0000

Rate	
Private Fire Service	Each: on Private Property
Fire Outlets	2" 117.20
	3" 263.87
	4" 469.05
	6" 1,055.30
	8" 1,875.96
	10" 2,931.25
	12" 0.00
Public Fire Protection	0.00
Coin Operated Vending Machine	Per 100 Gallon \$0.25

Rate	
Private Fire Service	Each: on Private Property
Fire Outlets	2" 117.20
	3" 263.87
	4" 469.05
	6" 1,055.30
	8" 1,875.96
	10" 2,931.25
	12" 0.00
Public Fire Protection	0.00
Coin Operated Vending Machine	Per 100 Gallon \$0.25

MISSOURI STATE PENITENTIARY - Interruptible Rate
Minimum Annual Rate \$17,800.39 includes 5,598 '000 Gallons
Monthly Usage Rate:

'000 Gal	Monthly Service Charge per Meter Size:
For the 1st 0 to 236.25	\$4.04
For all over 236.25	\$2.31

MISSOURI STATE PENITENTIARY - Interruptible Rate
Minimum Annual Rate \$20,806.88 includes 5,598 '000 Gallons
Monthly Usage Rate:

'000 Gal	Monthly Service Charge per Meter Size:
For the 1st 0 to 236.25	\$4.2400
For all over 236.25	\$2.4300

CAPITOL COMPLEX - Interruptible Rate
Minimum Annual Rate \$7,128.30 includes 1,530 '000 Gal
Monthly Usage Rate:

'000 Gal	Monthly Service Charge per Meter Size:
0 - 127.5	\$4,6500
127.5 - 236.25	\$3,7900
For all over 236.25	\$2,3100

CAPITOL COMPLEX - Interruptible Rate
Minimum Annual Rate \$8,332.27 includes 1,530 '000 Gallons
Monthly Usage Rate:

'000 Gal	Monthly Service Charge per Meter Size:
0 - 127.5	\$4,8900
127.5 - 236.25	\$3,9800
For all over 236.25	\$2,4300

RATE E - PUBLIC WATER SUPPLY DISTRICT NO. 2
Rate per '000 gallons \$1.99

RATE E - PUBLIC WATER SUPPLY DISTRICT NO. 2
Rate per '000 gallons 2.32

Missouri-American Water Company
Rates File
2008 Rate Case

**Present Rates for General Water Service
Joplin Operations**

Proposed Rates for General Water Service Joplin Operations

[illegible]

Missouri-American Water Company
Rates File
2008 Rate Case

**Present Rates for General Water Service
Mexico Operations**

Proposed Rates for General Water Service Mexico Operations

[illegible]

Missouri-American Water Company
Rates File
2008 Rate CasePresent Rates for General Water Service
Parkville Water OperationsProposed Rates for General Water Service
Parkville Water Operations

Current Rates 10/22/2007		Proposed Rates	
Rates for General Water Service		Rates for General Water Service	
Service Charge	Monthly	Service Charge	Monthly
5/8"	\$8.55	5/8"	\$13.00
3/4"	10.94	3/4"	\$16.65
1"	15.51	1"	\$23.60
1-1/2"	26.96	1-1/2"	\$41.00
2"	40.71	2"	\$61.90
3"	72.74	3"	\$110.70
4"	118.52	4"	\$180.30
6"	232.97	6"	\$354.40
8"	370.30	8"	\$563.30
10"	629.04	10"	\$956.90
12"	1,037.62	12"	\$1,578.40
Consumption: 1000 GALLONS		Consumption: 1000 GALLONS	
1st 000 Gal	Monthly	1st 000 Gal	Monthly
For the Next	100	For the Next	100
For the Next	1,900	For the Next	1,900
	3,000	For the Next	3,000
	For all over		For all over
	\$1.370100		\$5.5200
Private Fire Service		Private Fire Service	
Each: on Private Property		Each: on Private Property	
Fire Outlets	2"	Fire Outlets	2"
	3"		3"
	4"		4"
	6"		6"
	8"		8"
	10"		10"
	12"		12"
Public Fire Protection		Public Fire Protection	
Coin Operated Vending Machine	Per 100 Gallon	Coin Operated Vending Machine	Per 100 Gallon
	\$0.425		\$0.425
Industrial		Industrial	
Rate	Per Month	Rate	Per Month
\$98.68		\$98.68	
14.14		\$14.14	
24.30		\$24.30	
38.56		\$38.56	
79.07		\$79.07	
136.06		\$136.06	
209.13		\$209.13	
298.18		\$298.18	
0.00		\$0.00	
Commercial		Commercial	
Rate	Per Annum	Rate	Per Annum
\$1,184.16		\$1,184.16	
169.68		\$169.68	
281.60		\$281.60	
462.72		\$462.72	
948.84		\$948.84	
1,632.72		\$1,632.72	
2,509.56		\$2,509.56	
3,578.16		\$3,578.16	
0.00		\$0.00	
Residential		Residential	
Rate	Per Month	Rate	Per Month
\$98.68		\$98.68	
14.14		\$14.14	
24.30		\$24.30	
38.56		\$38.56	
79.07		\$79.07	
136.06		\$136.06	
209.13		\$209.13	
298.18		\$298.18	
0.00		\$0.00	
OWU		OWU	
Rate	Per Month	Rate	Per Month
\$4,296,500		\$4,296,500	
\$2,636,600		\$2,636,600	
\$2,034,600		\$2,034,600	
\$1,370,100		\$1,370,100	
OPA		OPA	
Rate	Per Month	Rate	Per Month
\$4,296,500		\$4,296,500	
\$2,636,600		\$2,636,600	
\$2,034,600		\$2,034,600	
\$1,370,100		\$1,370,100	
Industrial		Industrial	
Rate	Per Month	Rate	Per Month
\$4,296,500		\$4,296,500	
\$2,636,600		\$2,636,600	
\$2,034,600		\$2,034,600	
\$1,370,100		\$1,370,100	
Commercial		Commercial	
Rate	Per Month	Rate	Per Month
\$4,296,500		\$4,296,500	
\$2,636,600		\$2,636,600	
\$2,034,600		\$2,034,600	
\$1,370,100		\$1,370,100	
Residential		Residential	
Rate	Per Month	Rate	Per Month
\$4,296,500		\$4,296,500	
\$2,636,600		\$2,636,600	
\$2,034,600		\$2,034,600	
\$1,370,100		\$1,370,100	
OWU		OWU	
Rate	Per Month	Rate	Per Month
\$4,296,500		\$4,296,500	
\$2,636,600		\$2,636,600	
\$2,034,600		\$2,034,600	
\$1,370,100		\$1,370,100	

Missouri-American Water Company
Rates File
2008 Rate Case

2008 Rate Case

**Present Rates for General Water Service
St Joseph Operations**

Proposed Rates for General Water Service St Joseph Operations

[illegible]

Missouri-American Water Company
Rates File
2008 Rate Case

Present Rates for General Water Service
Warrensburg Operations

Current Rates 10/22/2007	
Rates for General Water Service Service Charge	Monthly
5/8"	\$8.73
3/4"	11.17
1"	15.83
1-1/2"	27.52
2"	41.55
3"	74.25
4"	120.97
6"	237.78
8"	377.94
10"	642.03
12"	1,059.05

Proposed Rates for General Water Service
Warrensburg Operations

Proposed Rates	
Rates for General Water Service Service Charge	Monthly
5/8"	\$13.00
3/4"	\$16.65
1"	\$23.60
1-1/2"	\$41.00
2"	\$61.90
3"	\$110.70
4"	\$180.30
6"	\$354.40
8"	\$563.30
10"	\$956.90
12"	\$1,578.40

Consumption: 1000 GALLONS

Monthly	
1st 000 Gal	OWU \$5,1780
For the Next	\$2,9018
For the Next	\$2,2237
For all over	\$1,5076

Consumption: 1000 GALLONS

Monthly	
1st 000 Gal	OWU \$5,1780
For the Next	\$2,9018
For the Next	\$2,2237
For all over	\$1,5076

Industrial

Commercial	\$2,7000
Residential	\$3,0900
For the Next	\$3,0900
For the Next	\$3,0900
For all over	\$3,0900

OPA

Commercial	\$2,7000
Residential	\$3,0900
For the Next	\$3,0900
For the Next	\$3,0900
For all over	\$3,0900

OWU

Commercial	\$2,7000
Residential	\$3,0900
For the Next	\$3,0900
For the Next	\$3,0900
For all over	\$3,0900

Private Fire Service

Each: on Private Property

Rate	
Fire Outlets	Per Month
2"	\$98.45
3"	14.26
4"	24.49
6"	38.86
8"	79.69
10"	137.13
12"	210.77

Private Fire Service

Each: on Private Property

Rate	
Fire Outlets	Per Month
2"	\$99.45
3"	\$14.26
4"	\$24.49
6"	\$38.86
8"	\$79.69
10"	\$137.13
12"	\$210.77

Rate

Per Month

Commercial	\$2,7000
Residential	\$3,0900
For the Next	\$3,0900
For the Next	\$3,0900
For all over	\$3,0900

OPA

Per Month

Commercial	\$2,7000
Residential	\$3,0900
For the Next	\$3,0900
For the Next	\$3,0900
For all over	\$3,0900

OWU

Per Month

Commercial	\$2,7000
Residential	\$3,0900
For the Next	\$3,0900
For the Next	\$3,0900
For all over	\$3,0900

Public Fire Protection

Rate	Per Month
2"	\$98.45
3"	14.26
4"	24.49
6"	38.86
8"	79.69
10"	137.13
12"	210.77

Public Fire Protection

Rate	Per Month
2"	\$99.45
3"	\$14.26
4"	\$24.49
6"	\$38.86
8"	\$79.69
10"	\$137.13
12"	\$210.77

Coin Operated Vending Machine

Rate	Per Month
2"	\$98.45
3"	14.26
4"	24.49
6"	38.86
8"	79.69
10"	137.13
12"	210.77

Coin Operated Vending Machine

Rate	Per Month
2"	\$99.45
3"	\$14.26
4"	\$24.49
6"	\$38.86
8"	\$79.69
10"	\$137.13
12"	\$210.77

Coin Operated Vending Machine

Rate	Per Month
2"	\$99.45
3"	\$14.26
4"	\$24.49
6"	\$38.86
8"	\$79.69
10"	\$137.13
12"	\$210.77

Proposed Rates for General Water Service St. Louis County Operations																							Proposed Rates for General Water Service St. Louis County Operations																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																									
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Rate A	Rate B	Rate C-1	Rate F	Rate H	Rate J	Rate K	Proposed Rates																Rate A	Rate B	Rate G	Rate F	Rate H	Rate J	Rate K	Proposed Rates																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																		
5/8"	3/4"	1"	1-1/2"	2"	3"	4"	5"	6"	8"	10"	12"	Quarterly	5/8"	3/4"	1"	1-1/2"	2"	3"	4"	5"	6"	8"	10"	12"	Quarterly	5/8"	3/4"	1"	1-1/2"	2"	3"	4"	5"	6"	8"	10"	12"	Quarterly	5/8"	3/4"	1"	1-1/2"	2"	3"	4"	5"	6"	8"	10"	12"	Quarterly																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																													
\$6.98	\$7.80	\$8.40	\$9.40	\$10.40	\$11.40	\$12.40	\$13.40	\$14.40	\$15.40	\$16.40	\$17.40	\$18.40	\$19.40	\$20.40	\$21.40	\$22.40	\$23.40	\$24.40	\$25.40	\$26.40	\$27.40	\$28.40	\$29.40	\$30.40	\$31.40	\$32.40	\$33.40	\$34.40	\$35.40	\$36.40	\$37.40	\$38.40	\$39.40	\$40.40	\$41.40	\$42.40	\$43.40	\$44.40	\$45.40	\$46.40	\$47.40	\$48.40	\$49.40	\$50.40	\$51.40	\$52.40	\$53.40	\$54.40	\$55.40	\$56.40	\$57.40	\$58.40	\$59.40	\$60.40	\$61.40	\$62.40	\$63.40	\$64.40	\$65.40	\$66.40	\$67.40	\$68.40	\$69.40	\$70.40	\$71.40	\$72.40	\$73.40	\$74.40	\$75.40	\$76.40	\$77.40	\$78.40	\$79.40	\$80.40	\$81.40	\$82.40	\$83.40	\$84.40	\$85.40	\$86.40	\$87.40	\$88.40	\$89.40	\$90.40	\$91.40	\$92.40	\$93.40	\$94.40	\$95.40	\$96.40	\$97.40	\$98.40	\$99.40	\$100.40	\$101.40	\$102.40	\$103.40	\$104.40	\$105.40	\$106.40	\$107.40	\$108.40	\$109.40	\$110.40	\$111.40	\$112.40	\$113.40	\$114.40	\$115.40	\$116.40	\$117.40	\$118.40	\$119.40	\$120.40	\$121.40	\$122.40	\$123.40	\$124.40	\$125.40	\$126.40	\$127.40	\$128.40	\$129.40	\$130.40	\$131.40	\$132.40	\$133.40	\$134.40	\$135.40	\$136.40	\$137.40	\$138.40	\$139.40	\$140.40	\$141.40	\$142.40	\$143.40	\$144.40	\$145.40	\$146.40	\$147.40	\$148.40	\$149.40	\$150.40	\$151.40	\$152.40	\$153.40	\$154.40	\$155.40	\$156.40	\$157.40	\$158.40	\$159.40	\$160.40	\$161.40	\$162.40	\$163.40	\$164.40	\$165.40	\$166.40	\$167.40	\$168.40	\$169.40	\$170.40	\$171.40	\$172.40	\$173.40	\$174.40	\$175.40	\$176.40	\$177.40	\$178.40	\$179.40	\$180.40	\$181.40	\$182.40	\$183.40	\$184.40	\$185.40	\$186.40	\$187.40	\$188.40	\$189.40	\$190.40	\$191.40	\$192.40	\$193.40	\$194.40	\$195.40	\$196.40	\$197.40	\$198.40	\$199.40	\$200.40	\$201.40	\$202.40	\$203.40	\$204.40	\$205.40	\$206.40	\$207.40	\$208.40	\$209.40	\$210.40	\$211.40	\$212.40	\$213.40	\$214.40	\$215.40	\$216.40	\$217.40	\$218.40	\$219.40	\$220.40	\$221.40	\$222.40	\$223.40	\$224.40	\$225.40	\$226.40	\$227.40	\$228.40	\$229.40	\$230.40	\$231.40	\$232.40	\$233.40	\$234.40	\$235.40	\$236.40	\$237.40	\$238.40	\$239.40	\$240.40	\$241.40	\$242.40	\$243.40	\$244.40	\$245.40	\$246.40	\$247.40	\$248.40	\$249.40	\$250.40	\$251.40	\$252.40	\$253.40	\$254.40	\$255.40	\$256.40	\$257.40	\$258.40	\$259.40	\$260.40	\$261.40	\$262.40	\$263.40	\$264.40	\$265.40	\$266.40	\$267.40	\$268.40	\$269.40	\$270.40	\$271.40	\$272.40	\$273.40	\$274.40	\$275.40	\$276.40	\$277.40	\$278.40	\$279.40	\$280.40	\$281.40	\$282.40	\$283.40	\$284.40	\$285.40	\$286.40	\$287.40	\$288.40	\$289.40	\$290.40	\$291.40	\$292.40	\$293.40	\$294.40	\$295.40	\$296.40	\$297.40	\$298.40	\$299.40	\$300.40	\$301.40	\$302.40	\$303.40	\$304.40	\$305.40	\$306.40	\$307.40	\$308.40	\$309.40	\$310.40	\$311.40	\$312.40	\$313.40	\$314.40	\$315.40	\$316.40	\$317.40	\$318.40	\$319.40	\$320.40	\$321.40	\$322.40	\$323.40	\$324.40	\$325.40	\$326.40	\$327.40	\$328.40	\$329.40	\$330.40	\$331.40	\$332.40	\$333.40	\$334.40	\$335.40	\$336.40	\$337.40	\$338.40	\$339.40	\$340.40	\$341.40	\$342.40	\$343.40	\$344.40	\$345.40	\$346.40	\$347.40	\$348.40	\$349.40	\$350.40	\$351.40	\$352.40	\$353.40	\$354.40	\$355.40	\$356.40	\$357.40	\$358.40	\$359.40	\$360.40	\$361.40	\$362.40	\$363.40	\$364.40	\$365.40	\$366.40	\$367.40	\$368.40	\$369.40	\$370.40	\$371.40	\$372.40	\$373.40	\$374.40	\$375.40	\$376.40	\$377.40	\$378.40	\$379.40	\$380.40	\$381.40	\$382.40	\$383.40	\$384.40	\$385.40	\$386.40	\$387.40	\$388.40	\$389.40	\$390.40	\$391.40	\$392.40	\$393.40	\$394.40	\$395.40	\$396.40	\$397.40	\$398.40	\$399.40	\$400.40	\$401.40	\$402.40	\$403.40	\$404.40	\$405.40	\$406.40	\$407.40	\$408.40	\$409.40	\$410.40	\$411.40	\$412.40	\$413.40	\$414.40	\$415.40	\$416.40	\$417.40	\$418.40	\$419.40	\$420.40	\$421.40	\$422.40	\$423.40	\$424.40	\$425.40	\$426.40	\$427.40	\$428.40	\$429.40	\$430.40	\$431.40	\$432.40	\$433.40	\$434.40	\$435.40	\$436.40	\$437.40	\$438.40	\$439.40	\$440.40	\$441.40	\$442.40	\$443.40	\$444.40	\$445.40	\$446.40	\$447.40	\$448.40	\$449.40	\$450.40	\$451.40	\$452.40	\$453.40	\$454.40	\$455.40	\$456.40	\$457.40	\$458.40	\$459.40	\$460.40	\$461.40	\$462.40	\$463.40	\$464.40	\$465.40	\$466.40	\$467.40	\$468.40	\$469.40	\$470.40	\$471.40	\$472.40	\$473.40	\$474.40	\$475.40	\$476.40	\$477.40	\$478.40	\$479.40	\$480.40	\$481.40	\$482.40	\$483.40	\$484.40	\$485.40	\$486.40	\$487.40	\$488.40	\$489.40	\$490.40	\$491.40	\$492.40	\$493.40	\$494.40	\$495.40	\$496.40	\$497.40	\$498.40	\$499.40	\$500.40	\$501.40	\$502.40	\$503.40	\$504.40	\$505.40	\$506.40	\$507.40	\$508.40	\$509.40	\$510.40	\$511.40	\$512.40	\$513.40	\$514.40	\$515.40	\$516.40	\$517.40	\$518.40	\$519.40	\$520.40	\$521.40	\$522.40	\$523.40	\$524.40	\$525.40	\$526.40	\$527.40	\$528.40	\$529.40	\$530.40	\$531.40	\$532.40	\$533.40	\$534.40	\$535.40	\$536.40	\$537.40	\$538.40	\$539.40	\$540.40	\$541.40	\$542.40	\$543.40	\$544.40	\$545.40	\$546.40	\$547.40	\$548.40	\$549.40	\$550.40	\$551.40	\$552.40	\$553.40	\$554.40	\$555.40	\$556.40	\$557.40	\$558.40	\$559.40	\$560.40	\$561.40	\$562.40	\$563.40	\$564.40	\$565.40	\$566.40	\$567.40	\$568.40	\$569.40	\$570.40	\$571.40	\$572.40	\$573.40	\$574.40	\$575.40	\$576.40	\$577.40	\$578.40	\$579.40	\$580.40	\$581.40	\$582.40	\$583.40	\$584.40	\$585.40	\$586.40	\$587.40	\$588.40	\$589.40	\$590.40	\$591.40	\$592.40	\$593.40	\$594.40	\$595.40	\$596.40	\$597.40	\$598.40	\$599.40	\$600.40	\$601.40	\$602.40	\$603.40	\$604.40	\$605.40	\$606.40	\$607.40	\$608.40	\$609.40	\$610.40	\$611.40	\$612.40	\$613.40	\$614.40	\$615.40	\$616.40	\$617.40	\$618.40	\$619.40	\$620.40	\$621.40	\$622.40	\$623.40	\$624.40	\$625.40	\$626.40	\$627.40	\$628.40	\$629.40	\$630.40	\$631.40	\$632.40	\$633.40	\$634.40	\$635.40	\$636.40	\$637.40	\$638.40	\$639.40	\$640.40	\$641.40	\$642.40	\$643.40	\$644.40	\$645.40	\$646.40	\$647.40	\$648.40	\$649.40	\$650.40	\$651.40	\$652.40	\$653.40	\$654.40	\$655.40	\$656.40	\$657.40	\$658.40	\$659.40	\$660.40	\$661.40	\$662.40	\$663.40	\$664.40	\$665.40	\$666.40	\$667.40	\$668.40	\$669.40	\$670.40	\$671.40	\$672.40	\$673.40	\$674.40	\$675.40	\$676.40	\$677.40	\$678.40	\$679.40	\$680.40	\$681.40	\$682.40	\$683.40	\$684.40	\$685.40	\$686.40	\$687.40	\$688.40	\$689.40	\$690.40	\$691.40	\$692.40	\$693.40	\$694.40	\$695.40	\$696.40	\$697.40	\$698.40	\$699.40	\$700.40	\$701.40	\$702.40	\$703.40	\$704.40	\$705.40	\$706.40	\$707.40	\$708.40	\$709.40	\$710.40	\$711.40	\$712.40	\$713.40	\$714.40	\$715.40	\$716.40	\$717.40	\$718.40	\$719.40	\$720.40	\$721.40	\$722.40	\$723.40	\$724.40	\$725.40	\$726.40	\$727.40	\$728.40	\$729.40	\$730.40	\$731.40	\$732.40	\$733.40	\$734.40	\$735.40	\$736.40	\$737.40	\$738.40	\$739.40	\$740.40	\$741.40	\$742.40	\$743.40	\$744.40	\$745.40	\$746.40	\$747.40	\$748.40	\$749.40	\$750.40	\$751.40	\$752.40	\$753.40	\$754.40	\$755.40	\$756.40	\$757.40	\$758.40	\$759.40	\$760.40	\$761.40	\$762.40	\$763.40	\$764.40	\$765.40	\$766.40	\$767.40	\$768.40	\$769.40	\$770.40	\$771.40	\$772.40	\$773.40	\$774.40	\$775.40	\$776.40	\$777.40	\$778.40	\$779.40	\$780.40	\$781.40	\$782.40	\$783.40	\$784.40	\$785.40	\$786.40	\$787.40	\$788.40	\$789.40	\$790.40	\$791.40	\$792.40	\$793.40	\$794.40	\$795.40	\$796.40	\$797.40	\$798.40	\$799.40	\$800.40	\$801.40	\$802.40	\$803.40	\$804.40	\$805.40	\$806.40	\$807.40	\$808.40	\$809.40	\$810.40	\$811.40	\$812.40	\$813.40	\$814.40	\$815.40	\$816.40	\$817.40	\$818.40	\$819.40	\$820.40	\$821.40	\$822.40	\$823.40	\$824.40	\$825.40	\$826.40	\$827.40	\$828.40	\$829.40	\$830.40	\$831.40	\$832.40	\$833.40	\$834.40	\$835.40	\$836.40	\$837.40	\$838.40	\$839.40	\$840.40	\$841.40	\$842.40	\$843.40	\$844.40	\$845.40	\$846.40	\$847.40	\$848.40	\$849.40	\$850.40	\$851.40	\$852.40	\$853.40	\$854.40	\$855.40	\$856.40	\$857.40	\$858.40	\$859.40	\$860.40	\$861.40	\$862.40	\$863.40	\$864.40	\$865.40	\$866.40	\$867.40	\$868.40	\$869.40	\$870.40	\$871.40	\$872.40	\$873.40	\$874.40	\$875.40	\$876.40	\$877.40	\$878.40	\$879.40	\$880.40	\$881.40	\$882.40	\$883.40	\$884.40	\$885.40	\$886.40	\$887.40	\$888.40	\$889.40	\$890.40	\$891.40	\$892.40	\$893.40	\$894.40	\$895.40	\$896.40	\$897.40	\$898.40	\$899.40	\$900.40	\$901.40	\$902.40	\$903.40	\$904.40	\$905.40	\$906.40	\$907.40	\$908.40	\$909.40	\$910.40	\$911.40	\$912.40	\$913.40	\$914.40	\$915.40	\$916.40	\$917.40	\$918.40	\$919.40	\$920.40	\$921.40	\$922.40	\$923.40	\$924.40	\$925.40	\$926.40	\$927.40	\$928.40	\$929.40	\$930.40	\$931.40	\$932.40	\$933.40	\$934.40	\$935.40	\$936.40	\$937.40	\$938.40	\$939.40	\$940.40	\$941.40	\$942.40	\$943.40	\$944.40	\$945.40	\$946.40	\$947.40	\$948.40	\$949.40	\$950.40	\$951.40	\$952.40	\$953.40	\$954.40	\$955.40	\$956.40	\$957.40	\$958.40	\$959.40	\$960.40	\$961.40	\$962.40	\$963.40	\$964.40	\$965.40	\$966.40	\$967.40	\$968.40	\$969.40	\$970.40	\$971.40	\$972.40	\$973.40	\$974.40	\$975.40	\$976.40	\$977.40	\$978.40	\$979.40	\$980.40	\$981.40	\$982.40	\$983.40	\$984.40	\$985.40	\$986.40	\$987.40	\$988.40	\$989.40	\$990.40	\$991.40	\$992.40	\$993.40	\$994.40	\$995.40	\$996.40	\$997.40	\$998.40	\$999.40	\$1000.40	\$1001.40	\$1002.40	\$1003.40	\$1004.40	\$1005.40	\$1006.40	\$1007.40	\$1008.40	\$1009.40	\$1010.40	\$1011.40	\$1012.40	\$1013.40	\$1014.40	\$1015.40	\$1016.40	\$1017.40	\$1018.40	\$1019.40	\$1020.40	\$1021.40	\$1022.40	\$1023.40	\$1024.40	\$1025.40	\$1026.40	\$1027.40	\$1028.40	\$1029.40	\$1030.40	\$1031.40	\$1032.40	\$1033.40	\$1034.40	\$1035.40	\$1036.40	\$1037.40	\$1038.40	\$1039.40	\$1040.40	\$1041.40	\$1042.40	\$1043.40	\$1044.40	\$1045.40	\$1046.40	\$1047.40	\$1048.40	\$1049.40	\$1050.40	\$1051.40	\$1052.40	\$1053.40	\$1054.40	\$1055.40	\$1056.40	\$1057.40	\$1058.40	\$1059.40	\$1060.40	\$1061.40	\$1062.40	\$1063.40	\$1064.40	\$1065.40	\$1066.40	\$1067.40	\$1068.40	\$1069.40	\$1070.40	\$1071.40	\$1072.40	\$1073.40	\$1074.40	\$1075.40	\$1076.40	\$1077.40	\$1078

Missouri-American Water Company
Rates File
2008 Rate Case

Present Rates for General Water Service
St Charles Operations

Current Rates 10/22/2007	
Rates for General Water Service Service Charge	Monthly
5/8"	\$7.70
3/4"	9.85
1"	13.96
1-1/2"	24.28
2"	36.65
3"	65.50
4"	106.72
6"	209.78
8"	333.44
10"	566.43
12"	934.34

Proposed Rates for General Water Service
St Charles Operations

Rates for General Water Service Service Charge	Monthly	Proposed Rates
5/8"		\$10.00
3/4"		\$10.42
1"		\$12.10
1-1/2"		\$19.14
2"		\$22.85
3"		\$87.44
4"		\$177.08
6"		\$324.91
8"		\$424.07
10"		\$619.23
12"		\$868.60

Consumption: 1000 GALLONS

Monthly	Residential	Commercial	Industrial	OPA	OWU
1st 000 Gal	100	\$2,0549	\$2,0238	\$2,6009	\$2,1256
For the Next	1,900	\$1,1512	\$1,1338	\$1,4570	\$1,1908
For the Next	3,000	\$0,8884	\$0,8747	\$1,1244	\$0,9189
For all over		\$0,5983	\$0,5892	\$0,7571	\$0,6188

Industrial	\$2,7946	OPA	\$2,7946	OWU	\$1,4230
Commercial	\$2,7946		\$2,7946		\$1,4230
Residential	\$2,7946		\$2,7946		\$1,4230
For all over	\$2,7946		\$2,7946		\$1,4230

Private Fire Service

Each: on Private Property	Rate	Rate
Fire Outlets	Per Annum	Per Month
2"	\$894.00	\$74.50
3"	128.16	10.68
4"	220.08	18.34
6"	349.32	29.11
8"	716.40	59.70
10"	1,232.64	102.72
12"	1,894.68	157.89
Public Fire Protection	2,701.44	225.12
	0.00	0.00

Private Fire Service

Each: on Private Property	Rate	Rate
Fire Outlets	Per Annum	Per Month
2"	\$894.00	\$74.50
3"	128.16	10.68
4"	220.08	18.34
6"	349.32	29.11
8"	716.40	59.70
10"	1,232.64	102.72
12"	1,894.68	157.89
Public Fire Protection	2,701.44	225.12
	\$348.05	\$29.08

Coin Operated Vending Machine

Per 100 Gallon	\$0.75
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Coin Operated Vending Machine	Per 100 Gallon
	\$0.75

Missouri-American Water Company
Rates File
2008 Rate CasePresent Rates for General Water Service
Warren County Water OperationsProposed Rates for General Water Service
Warren County Water Operations

Travis County Water Operations									
Current Rates 10/22/2007					Proposed Rates 40.50%				
Rates for General Water Service					Rates for General Water Service				
Service Charge					Service Charge				
Monthly					Monthly				
5/8"					5/8"				
3/4"					3/4"				
1"					1"				
1-1/2"					1-1/2"				
2"					2"				
3"					3"				
4"					4"				
6"					6"				
8"					8"				
10"					10"				
12"					12"				

OPA \$2.7946
OWU \$2.7946
Industrial \$2.7946
Commercial \$2.7946
Residential \$2.7946

**Present Rates for General Water Service
Cedar Hill Sewer Operations**

Proposed Rates for General Water Service **Cedar Hill Sewer Operations**

[illegible]

Missouri-American Water Company			
Rates File			
2008 Rate Case			
Present Rates for General Water Service		Proposed Rates for General Water Service	
Parkville Sewer Operations		Parkville Sewer Operations	
Parkville Sewer Operations		Parkville Sewer Operations	
Monthly		Monthly	
Current Rates		Proposed Rates	
Per Bill		Per Bill	
\$46.70		\$56.74	

Missouri-American Water Company				
Rates File				
2008 Rate Case				
Present Rates for General Water Service				
Warren County Sewer Operations				
Proposed Rates for General Water Service				
Warren County Sewer Operations				
Current Rates				
Warren County Sewer	Per Bill	Residential	Commercial	
		\$29.43	\$29.43	
Proposed Rates				
Warren County Sewer	Per Bill	Residential	Commercial	
		\$38.17	\$38.17	