

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES
FOR THE TEST YEAR ENDED DECEMBER 31, 2007

Customer Classification (1)	Cost of Service		Revenues, Present Rates		Revenues, Proposed Rates		Proposed Increase	
	Amount (Schedule B) (2)	Percent (3)	Amount (4)	Percent (5)	Amount (6)	Percent (7)	Amount (8)	Percent Increase (9)
Residential	\$ 2,204,539	61.3%	\$ 1,712,671	56.7%	\$ 2,203,134	61.3%	\$ 490,463	28.6%
Commercial	555,840	15.4%	548,887	18.3%	559,375	15.5%	10,488	1.9%
Industrial	74,316	2.1%	67,401	2.2%	73,164	2.0%	5,763	8.6%
Public Authority	447,995	12.4%	389,205	12.9%	443,159	12.3%	53,954	13.9%
Sales for Resale	240,113	6.7%	217,419	7.2%	241,058	6.7%	23,639	10.9%
Private Fire Service	77,342	2.1%	80,162	2.7%	80,162	2.2%	-	0.0%
Public Fire Service	-	0.0%	-	0.0%	\$0	0.0%	-	-
Total Sales	3,600,145	100.0%	3,015,745	100.0%	3,600,052	100.0%	584,307	19.4%
Other Revenues	77,492		77,492		77,492		-	0.0%
Total	\$ 3,677,637		\$ 3,093,237		\$ 3,677,544		\$ 584,307	18.9%

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Residential (4)	Commercial (5)	Industrial (6)	Public Authorities (7)	Sales for Resale (8)	Private (9)	Fire Protection Public (10)
OPERATION AND MAINTENANCE EXPENSES									
SOURCE OF SUPPLY EXPENSES									
Super & Eng Oper SS	2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Labor & Exp Oper SS	2	3,452	1,776	635	101	554	375	3	9
Labor & Exp Oper SS	2	2,366	1,217	435	69	380	257	2	6
Purchased Water	1	0	0	0	0	0	0	0	0
TOTAL SS EXPENSE - OPERATION		5,818	2,992	1,070	170	934	631	5	15
Misc Exp Oper SS	2								
Misc Exp Oper SS	2	87,436	44,968	16,079	2,562	14,042	9,487	70	227
Rents Oper SS	2	0	0	0	0	0	0	0	0
Super & Eng Maint SS	2	0	0	0	0	0	0	0	0
Struct & Improve Maint SS	2	0	0	0	0	0	0	0	0
Struct & Improve Maint SS	2	0	0	0	0	0	0	0	0
Collect & Impound Maint SS	2	0	0	0	0	0	0	0	0
Collect & Impound Maint SS	2	0	0	0	0	0	0	0	0
Lake, River & Oth Maint SS	2	0	0	0	0	0	0	0	0
Lake, River & Oth Maint SS	2	0	0	0	0	0	0	0	0
Wells & Springs Maint SS	2	0	0	0	0	0	0	0	0
Wells & Springs Maint SS	2	2,713	1,395	499	79	436	294	2	7
Infillt Gall & Tunnels Maint SS	2	0	0	0	0	0	0	0	0
Infillt Gall & Tunnels Maint SS	2	0	0	0	0	0	0	0	0
Supply Mains Maint SS	2	0	0	0	0	0	0	0	0
Supply Mains Maint SS	2	0	0	0	0	0	0	0	0
Misc Plant Maint SS	2	0	0	0	0	0	0	0	0
Misc Plant Maint SS	2	8,340	4,289	1,534	244	1,339	905	7	22
TOTAL SS EXPENSE - MAINTENANCE		98,489	50,653	18,112	2,886	15,817	10,686	79	256
TOTAL SS EXPENSE		104,307	53,645	19,182	3,056	16,752	11,317	83	271
POWER AND PUMPING EXPENSES									
Super & Eng Oper P	6	0	0	0	0	0	0	0	0
Fuel for Power Prod	1	0	0	0	0	0	0	0	0
Labor & Exp Oper Pwr Prod	6	0	0	0	0	0	0	0	0
Labor & Exp Oper Pwr Prod	6	0	0	0	0	0	0	0	0
Purch Fuel/Power for Pump	1	0	0	0	0	0	0	0	0
Labor & Exp Oper Pump	6	233	120	43	7	37	25	0	1
Labor & Exp Oper Pump	6	0	0	0	0	0	0	0	0
Expenses Transferred	6	0	0	0	0	0	0	0	0
Misc Exp Oper P	6	0	0	0	0	0	0	0	0
Rents Oper P	6	0	0	0	0	0	0	0	0
TOTAL PUMPING EXPENSE - OPERATION		233	120	43	7	37	25	0	1

MISSOURI-AMERICAN WATER COMPANY
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COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Residential (4)	Commercial (5)	Industrial (6)	Public Authorities (7)	Sales for Resale (8)	Private (9)	Fire Protection Public (10)
Super & Eng Maint P	6	0	0	0	0	0	0	0	0
Struct & Improve Maint P	6	0	0	0	0	0	0	0	0
Power Prod Equip Maint P	6	0	0	0	0	0	0	0	0
Pump Equip Maint P	6	0	0	0	0	0	0	0	0
Pump Equip Maint P	6	0	0	0	0	0	0	0	0
Pump Equip Maint P	6	1,129	579	207	33	181	122	1	0
TOTAL PUMPING EXPENSES - MAINTENANCE		1,129	579	207	33	181	122	1	5
TOTAL PUMPING EXPENSES		1,362	699	250	40	218	147	2	6
WATER TREATMENT									
Super & Eng Oper WT	2	5	2	1	0	1	1	0	0
Chemicals	1	30,090	14,476	5,690	1,059	4,968	3,722	39	135
Labor & Exp Oper WT	2	26,630	13,696	4,897	780	2,889	2,889	21	69
Misc Exp Oper WT	2	8,167	4,200	1,502	239	1,312	886	7	21
Misc Exp Oper WT	2	38,829	19,970	7,141	1,138	6,236	4,213	31	101
Misc Exp Oper WT	1	0	0	0	0	0	0	0	0
Misc Exp Oper WT	2	5,772	2,969	1,061	169	927	626	5	15
Rents Oper WT	2	0	0	0	0	0	0	0	0
TOTAL WT EXPENSE - OPERATION		109,492	55,313	20,292	3,386	17,720	12,337	103	342
Super & Eng Maint WT	2	924	475	170	27	148	100	1	2
Struct & Improve Maint WT	2	4,907	2,524	902	144	788	532	4	13
WT Equip Maint WT	2	534	275	98	16	86	58	0	1
WT Equip Maint WT	2	12,066	6,206	2,219	354	1,938	1,309	10	31
TOTAL WT EXPENSE - MAINTENANCE		33,053	16,999	6,078	968	5,308	3,586	26	86
TOTAL WT EXPENSE		51,485	26,479	9,468	1,509	8,268	5,586	41	134
TOTAL WT EXPENSE		160,977	81,792	29,760	4,894	25,988	17,923	144	476
TRANSMISSION AND DISTRIBUTION EXPENSES									
Super & Eng Oper TD	11	26	13	3	0	3	2	1	4
Storage Facility Exp	5	0	0	0	0	0	0	0	0
Storage Facility Exp	5	0	0	0	0	0	0	0	0
TD Lines Exp	7	92,627	36,171	12,551	1,788	10,986	6,984	5,095	19,053
TD Lines Exp	7	487	190	66	9	58	37	27	100
Meter Expense	9	23,443	17,596	2,968	319	2,454	105	0	0
Meter Expense	9	0	0	0	0	0	0	0	0
Customer Install Exp	10	5,597	4,607	546	21	173	5	245	0
Customer Install Exp	10	0	0	0	0	0	0	0	0
Misc Exp Oper TD	11	18,225	8,737	2,408	319	2,039	1,064	800	2,858

MISSOURI-AMERICAN WATER COMPANY

WARRENSBURG DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Residential (4)	Commercial (5)	Industrial (6)	Public Authorities (7)	Sales for Resale (8)	Private (9)	Fire Protection Public (10)
Misc Exp Oper TD	11	53,179	25,494	7,025	931	5,951	3,106	2,335	8,338
Misc Exp Oper TD	11	18,890	9,056	2,495	331	2,114	1,103	829	2,962
Rents Oper TD	11	0	0	0	0	0	0	0	0
TOTAL T & D EXPENSE OPERATION		212,474	101,864	28,062	3,717	23,778	12,406	9,331	33,316
Super & Eng Maint TD	12	0	0	0	0	0	0	0	0
Struct & Improve Maint TD	12	0	0	0	0	0	0	0	0
Struct & Improve Maint TD	12	0	0	0	0	0	0	0	0
Dist Res Stand Maint TD	5	705	262	90	12	79	49	45	168
TD Main Maint TD	7	9,074	3,543	1,230	175	1,076	684	499	1,867
TD Main Maint TD	7	1,440	562	195	28	171	109	79	296
Fire Main Maint TD	8	0	0	0	0	0	0	0	0
Fire Main Maint TD	8	0	0	0	0	0	0	0	0
Services Maint TD	10	6,070	4,996	592	22	188	5	265	0
Services Maint TD	10	0	0	0	0	0	0	0	0
Meters Maint TD	9	2,702	2,028	342	37	283	12	0	0
Meters Maint TD	9	0	0	0	0	0	0	0	0
Hydrants Maint TD	8	7,966	0	0	0	0	0	0	0
Hydrants Maint TD	8	1,172	0	0	0	0	0	0	7,966
Misc Plant Maint TD	12	0	0	0	0	0	0	0	1,172
Mat and Sup Maint TD	12	105,806	41,381	8,898	995	6,528	3,121	3,227	41,656
Misc Maint TD	12	0	0	0	0	0	0	0	0
Amort Def Maint TD	5	1,735	645	222	30	194	121	111	413
TOTAL T & D EXPENSE - MAINTENANCE		136,670	53,419	11,569	1,299	8,518	4,101	4,226	53,537
TOTAL T & D EXPENSE		349,144	155,283	39,631	5,016	32,296	16,508	13,557	86,853
CUSTOMER ACCOUNTS									
Supervision CA	13	0	0	0	0	0	0	0	0
Meter Reading Exp CA	14	40,469	35,896	3,590	81	886	16	0	0
Meter Reading Exp CA	14	0	0	0	0	0	0	0	0
Meter Reading Exp CA	14	10	9	1	0	0	0	0	0
Cust Rec & Collection CA	13	3,988	3,498	350	8	86	2	45	0
Cust Rec & Collection CA	13	30,407	26,670	2,667	61	657	12	341	0
Uncollectible Accts	13	34,619	30,365	3,036	69	748	14	388	0
Misc Cust Accts Exp CA	13	4,816	4,224	422	10	104	2	54	0
Misc Cust Accts Exp CA	13	1,927	1,690	169	4	42	1	22	0
Misc Cust Accts Exp CA	13	6,975	6,118	612	14	151	3	78	0
Cust Serv & Info Exp CA	13	0	0	0	0	0	0	0	0
TOTAL CUSTOMER ACCOUNTING EXPENSE		123,212	108,470	10,846	246	2,674	49	927	0

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Residential (4)	Commercial (5)	Industrial (6)	Public Authorities (7)	Sales for Resale (8)	Private (9)	Fire Protection Public (10)
ADMINISTRATIVE AND GENERAL EXPENSES									
Salaries AG	15	51,471	27,980	6,825	885	5,296	3,068	1,065	6,352
Other Supplies & Exp AG	15	3,208	1,744	425	55	330	191	66	396
Other Supplies & Exp AG	15	21,934	11,923	2,908	377	2,257	1,307	454	2,707
Other Supplies & Exp AG	15	14,546	7,907	1,929	250	1,497	867	301	1,795
Mgmt Fees-Admin	15	247,807	134,708	32,859	4,262	25,499	14,769	5,130	30,579
Mgmt Fees-Customer Service	13	94,536	82,918	8,291	189	2,042	38	1,059	0
Mgmt Fees-Belleville Lab	2	9,252	4,759	1,702	271	1,486	1,004	7	24
Mgmt Fees-Employee	15	40,703	22,126	5,397	700	4,188	2,426	843	5,023
Outside Services AG	15	17,401	9,459	2,307	299	1,791	1,037	360	2,147
Outside Services AG	15	4,643	2,524	616	80	478	277	96	573
Property Insurance	15	0	0	0	0	0	0	0	0
Ins Gen Liab Oper AG	15	42,395	23,046	5,622	729	4,362	2,527	878	5,232
Ins Work Comp AG	16	10,379	5,733	1,347	169	1,039	572	266	1,253
Ins Other Oper AG	15	9,400	5,110	1,246	162	967	560	195	1,160
Property Insurance	15	2,930	1,593	389	50	301	175	61	362
Injuries & Damages	16	108	60	14	2	11	6	3	13
Employee Pension & Benefits	16	94,024	51,939	12,204	1,533	9,412	5,181	2,407	11,349
Employee Pension & Benefits	16	23,951	13,231	3,109	390	2,398	1,320	613	2,891
Employee Pension & Benefits	16	16,904	9,338	2,194	276	1,692	931	433	2,040
Reg Commission Exp	15	7,563	4,111	1,003	130	778	451	157	933
Rents AG	15	3,957	2,151	525	68	407	236	82	488
Goodwill Advertising Exp	15	985	535	131	17	101	59	20	122
Misc Exp AG	15	32,391	17,608	4,295	557	3,333	1,931	671	3,997
Research & Development	15	0	0	0	0	0	0	0	0
TOTAL A & G OPERATIONS		750,488	440,501	95,338	11,453	69,666	38,931	15,165	79,434
General Plant Maint AG	15	0	0	0	0	0	0	0	0
General Plant Maint AG	15	3,561	1,936	472	61	366	212	74	439
TOTAL A & G EXPENSE - MAINTENANCE		3,561	1,936	472	61	366	212	74	439
TOTAL A & G EXPENSE		754,049	442,437	95,810	11,514	70,033	39,143	15,239	79,874
Total Operation & Maintenance Expenses		1,493,051	842,326	195,479	24,767	147,961	85,088	29,951	167,480

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Residential (4)	Commercial (5)	Industrial (6)	Public Authorities (7)	Sales for Resale (8)	Private (9)	Public (10)
DEPRECIATION EXPENSE									
Struct & Imp SS	2	1,302	670	239	38	209	141	1	3
Struct & Imp P	6	3,309	1,698	607	97	530	358	4	15
Struct & Imp WT	2	18,820	9,679	3,461	551	3,022	2,042	15	49
Struct & Imp TD	7	10,360	4,046	1,404	200	1,229	781	570	2,131
Struct & Imp Offices	15	3,229	1,755	428	56	332	192	67	398
Struct & Imp Store, Shop, Gar	15	21	11	3	0	2	1	0	3
Struct & Imp Misc	15	368	200	49	6	38	22	8	45
Collect & Impounding	1	0	0	0	0	0	0	0	0
Lake, River & Other Intakes	2	0	0	0	0	0	0	0	0
Wells & Springs	2	14,173	7,289	2,606	415	2,276	1,538	11	37
Supply Mains	2	2,923	1,503	538	86	469	317	2	8
Power Generation Equip	6	106	54	19	3	17	11	0	0
Power Generation Equip Othe	6	0	0	0	0	0	0	0	0
Pump Equip Electric	6	8,284	4,251	1,519	242	1,327	896	11	38
Pump Equip Diesel	6	0	0	0	0	0	0	0	0
Pump Equip Other	6	309	159	57	9	50	33	0	1
WT Equip Non-Media	2	95,867	49,304	17,630	2,809	15,396	10,402	77	249
Dist Reservoirs & Standpipe	5	14,811	5,510	1,891	258	1,656	1,031	943	3,522
Elevated Tanks & Standpipes	5	1,309	487	167	23	146	91	83	311
Ground Level Facilities	5	0	0	0	0	0	0	0	0
TD Mains Not Classified by	7	21,443	8,373	2,906	414	2,543	1,617	1,179	4,411
TD Mains 4 & Less "	4	1,549	566	194	26	170	106	103	383
TD Mains 6 to 8"	4	33,683	12,315	4,227	576	3,702	2,304	2,230	8,330
TD Mains 10 to 16"	3	58,789	28,636	10,247	1,628	8,948	6,044	694	2,593
TD Mains 18 & Grtr "	3	20	10	3	1	3	2	0	1
Fire Mains	8	1,780	0	0	0	0	0	0	1,780
Services	10	55,170	45,416	5,385	204	1,705	50	2,411	0
Meters Bronze Case	9	12,045	9,041	1,525	164	1,261	54	0	0
Meters Plastic Case	9	0	0	0	0	0	0	0	0
Meters Other	9	3,200	2,402	405	44	335	14	0	0
Meters Other-Rem Rdr Unts	9	0	0	0	0	0	0	0	0
Meter Installations	9	24,377	18,297	3,086	332	2,552	110	0	0
Meter Installation Other	9	0	0	0	0	0	0	0	0
Hydrants	8	15,635	0	0	0	0	0	0	15,635
Utility Plant Acquisition Adjustment	17	0	0	0	0	0	0	0	0
Other P/E WT Res Hand Equip	2	0	0	0	0	0	0	0	0
Other P/E TD	7	0	0	0	0	0	0	0	0
Other P/E CPS	15	0	0	0	0	0	0	0	0
Office Furniture & Equip	15	586	319	78	10	60	35	12	72
Comp & Periph Equip	15	11,444	6,221	1,517	197	1,178	682	237	1,412
Computer Software	15	14,081	7,654	1,867	242	1,449	839	291	1,738
Comp Software Personal	15	264	144	35	5	27	16	5	33
Data Handling Equipment	15	0	0	0	0	0	0	0	0

MISSOURI-AMERICAN WATER COMPANY

WARRENSBURG DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Residential (4)	Commercial (5)	Industrial (6)	Public Authorities (7)	Sales for Resale (8)	Private (9)	Fire Protection Public (10)
Other Office Equipment	15	8	4	1	0	1	0	0	1
Trans Equip Lt Duty Trks	15	0	0	0	0	0	0	0	0
Trans Equip Hvy Duty Trks	15	0	0	0	0	0	0	0	0
Trans Equip Autos	15	0	0	0	0	0	0	0	0
Trans Equip Other	15	0	0	0	0	0	0	0	0
Stores Equipment	15	0	0	0	0	0	0	0	0
Tools, Shop, Garage Equip	15	1,047	569	139	18	108	62	22	129
Tools, Shop, Garage Equip Oth	15	0	0	0	0	0	0	0	0
Laboratory Equipment	2	2,245	1,155	413	66	361	244	2	6
Laboratory Equip Other	2	0	0	0	0	0	0	0	0
Power Operated Equipment	15	4,194	2,280	556	72	432	250	87	518
Comm Equip Non-Telephone	15	649	353	86	11	67	39	13	80
Remote Control & Instr	15	258	140	34	4	27	15	5	32
Comm Equip Telephone	15	173	94	23	3	18	10	4	21
Misc Equipment	15	3,380	1,837	448	58	348	201	70	417
Other Tangible Property	15	336	183	45	6	35	20	7	41
Total Depreciation Expense		441,547	232,626	63,839	8,873	52,028	30,571	9,166	44,444
Amort-Other UP	18	1,975	977	290	42	243	148	45	230
Amort-Intangible Fin	2	2,479	1,275	456	73	398	269	2	6
Taxes Other Than Income									
Utility Reg Assessment Fee	19	21,408	11,286	2,999	409	2,411	1,428	460	2,415
Property Taxes	18	195,493	96,691	28,737	4,125	24,085	14,603	4,477	22,775
FUTA	16	508	281	66	8	51	28	13	61
FICA	16	22,279	12,307	2,892	363	2,230	1,228	570	2,689
SUTA	16	1,012	559	131	16	101	56	26	122
Other Taxes & Licenses	15	1,829	994	243	31	188	109	38	226
Gross Receipts Tax	19	0	0	0	0	0	0	0	0
Total Taxes, Other Than Income		242,529	122,118	35,068	4,953	29,066	17,452	5,584	28,288
Income Taxes									
Utility Income Available for Return	18	420,058	207,761	61,749	8,863	51,751	31,378	9,619	48,937
Total Cost of Service		1,075,997	532,188	158,172	22,704	132,563	80,377	24,640	125,354
Less: Other Water Revenues		3,677,637	1,939,270	515,053	70,274	414,009	245,282	79,008	414,739
Revenue Contribution	19	77,492	40,854	10,857	1,480	8,726	5,169	1,666	8,741
Total Other Water Revenues		77,492	40,854	10,857	1,480	8,726	5,169	1,666	8,741
Total Cost of Service Related to Sales of Water		\$ 3,600,145	\$ 1,898,416	\$ 504,197	\$ 68,794	\$ 405,284	\$ 240,113	\$ 77,342	\$ 405,998
Reallocation of Public Fire	20	0	306,122	51,643	5,522	42,711	0	0	(405,998)
Total		\$ 3,600,145	\$ 2,204,539	\$ 555,840	\$ 74,316	\$ 447,995	\$ 240,113	\$ 77,342	\$ -

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS

FACTOR 1. ALLOCATION OF COSTS WHICH VARY WITH THE AMOUNT OF WATER CONSUMED.

Factors are based on the pro forma test year average daily consumption for each customer classification.

Customer Classification (1)	Average Daily Consumption, Thousand Gallons (2)	Allocation Factor (3)
Residential	1,081	0.4811
Commercial	425	0.1891
Industrial	79	0.0352
Other Public Authority	371	0.1651
Sales for Resale	278	0.1237
Private Fire Protection	3	0.0013
Public Fire Protection	10	0.0045
Total	2,247	1.0000

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the factors for average daily consumption (Factor 1) and the factors derived from maximum day extra capacity demand for each customer classification, as follows:

Customer Classification (1)	Average Daily Consumption		Maximum Day Extra Capacity		Allocation Factor (6)=(3)+(5)
	Allocation Factor 1 (2)	Weighted Factor (3)=(2)x 0.5882	Allocation Factor (4)	Weighted Factor (5)=(4)x 0.4118	
Residential	0.4811	0.2830	0.5615	0.2313	0.5143
Commercial	0.1891	0.1112	0.1766	0.0727	0.1839
Industrial	0.0352	0.0207	0.0208	0.0086	0.0293
Other Public Authority	0.1651	0.0971	0.1543	0.0635	0.1606
Sales for Resale	0.1237	0.0728	0.0868	0.0357	0.1085
Private Fire Protection	0.0013	0.0008			0.0008
Public Fire Protection	0.0045	0.0026			0.0026
Total	1.0000	0.5882	1.0000	0.4118	1.0000

The derivation of the maximum day extra capacity factors in column 4 and the basis for the column 3 and 5 weightings are presented on the following page.

MISSOURI-AMERICAN WATER COMPANY
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FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND
MAXIMUM DAY EXTRA CAPACITY FUNCTIONS, cont.

Customer Classification (1)	Average Daily Consumption, Thousand Gal. (2)	Maximum Day Extra Capacity		
		Factor* (3)	Rate of Flow, Thousand Gal. Per Day (4)=(2)x(3)	Allocation Factor (5)
Residential	1,081	1.0	1,081	0.5615
Commercial	425	0.8	340	0.1766
Industrial	79	0.5	40	0.0208
Other Public Authority	371	0.8	297	0.1543
Sales for Resale	278	0.6	167	0.0868
Total	2,234		1,925	1.0000

The weighting of the factors is based on the maximum day ratio of 1.70, based on a review of maximum day ratios experienced during the period 1990 through 2007 (see Schedule D).

	Maximum Day Ratio	Weight
Average Day	1.00	0.5882
Maximum Day Extra Capacity	0.70	0.4118
Total	1.70	1.0000

* Ratio of maximum day to average day minus 1.0.

MISSOURI-AMERICAN WATER COMPANY
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FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY
AND FIRE PROTECTION FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification (1)	Average Daily Consumption		Maximum Day Extra Capacity		Fire Protection		Allocation Factor (8)=(3)+(5)+(7)
	Allocation Factor (2)	Weighted Factor (3)=(2) X 0.5572	Allocation Factor (4)	Weighted Factor (5)=(4) X 0.3901	Allocation Factor (6)	Weighted Factor (7)=(6) X 0.0527	
Residential	0.4811	0.2681	0.5615	0.2190			0.4871
Commercial	0.1891	0.1054	0.1766	0.0689			0.1743
Industrial	0.0352	0.0196	0.0208	0.0081			0.0277
Other Public Authority	0.1651	0.0920	0.1543	0.0602			0.1522
Sales for Resale	0.1237	0.0689	0.0868	0.0339			0.1028
Private Fire Protection	0.0013	0.0007			0.2112	0.0111	0.0118
Public Fire Protection	0.0045	0.0025			0.7888	0.0416	0.0441
Total	<u>1.0000</u>	<u>0.5572</u>	<u>1.0000</u>	<u>0.3901</u>	<u>1.0000</u>	<u>0.0527</u>	<u>1.0000</u>

MISSOURI-AMERICAN WATER COMPANY
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FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum day ratio of 1.70 and the average daily system sendout for 2007 of 2,540 MGD. The system demand for fire protection is 2,000 Gallons per minute for 2 hours.

	<u>Ratio</u>	<u>Rate of Flow, (GPD)</u>	<u>Weight</u>
Average Day	1.00	2,540,000	0.5572
Maximum Day Extra Capacity	<u>0.70</u>	<u>1,778,000</u>	<u>0.3901</u>
Subtotal	<u>1.70</u>	4,318,000	0.9473
Fire Protection		<u>240,000</u>	<u>0.0527</u>
Total		<u>4,558,000</u>	<u>1.0000</u>

The public and private fire protection allocation factors in column 6 on the previous page are based on the relative potential demands (see Schedule E).

MISSOURI-AMERICAN WATER COMPANY
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FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		Allocation Factor (9)=(4)+(6)+(8)
	Thousand Gallons (2)	Allocation Factor (3)	Weighted Factor (4)=(3) X 0.2752	Allocation Factor (5)	Weighted Factor (6)=(5) X 0.4128	Allocation Factor (7)	Weighted Factor (8)=(7) X 0.3120	
Residential	45.0	0.4807	0.1323	0.5652	0.2333			0.3656
Commercial	17.7	0.1891	0.0520	0.1780	0.0735			0.1255
Industrial	3.3	0.0353	0.0097	0.0179	0.0074			0.0171
Other Public Authority	15.5	0.1656	0.0456	0.1557	0.0643			0.1099
Sales for Resale	11.6	0.1239	0.0341	0.0832	0.0343			0.0684
Private Fire Protection	0.1	0.0011	0.0003			0.2112	0.0659	0.0662
Public Fire Protection	0.4	0.0043	0.0012			0.7888	0.2461	0.2473
Total	93.6	1.0000	0.2752	1.0000	0.4128	1.0000	0.3120	1.0000

The maximum hour extra capacity factors in column 5 are determined as follows:

MISSOURI-AMERICAN WATER COMPANY
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FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND
MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum hour ratio of 2.5 and the average daily system sendout for 2005 of 2.488 MGD. The system demand for fire protection is 2,000 gallons per minute.

	<u>Ratio</u>	<u>Rate of Flow, (GPM)</u>	<u>Weight</u>
Average Hour	1.00	1,764	0.2752
Maximum Hour			
Extra Capacity	<u>1.50</u>	<u>2,646</u>	<u>0.4128</u>
Subtotal	<u>2.50</u>	4,410	0.6880
Fire Protection		<u>2,000</u>	<u>0.3120</u>
Total		<u>6,410</u>	<u>1.0000</u>

The maximum hour extra capacity factors in column 5 of the previous page are determined as follows:

<u>Customer Classification</u>	<u>Average Hourly Consumption Thousand Gal.</u>	<u>Maximum Hour Extra Capacity</u>		
		<u>Factor*</u>	<u>1,000 Gallons Per Hour</u>	<u>Allocation Factor</u>
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	45.0	3.5	157.5	0.5652
Commercial	17.7	2.8	49.6	0.1780
Industrial	3.3	1.5	5.0	0.0179
Other Public Authority	15.5	2.8	43.4	0.1557
Sales for Resale	<u>11.6</u>	<u>2.0</u>	<u>23.2</u>	<u>0.0832</u>
Total	<u>93.1</u>		<u>278.7</u>	<u>1.0000</u>

* Ratio of Maximum Hour To Average Hour Minus 1.0.

The public and private fire protection allocation factors in column 7 on the previous page are based on the relative potential demands (see Schedule E).

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5: ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES.

Factors are based on the weighting of the average hourly consumption, the maximum hour extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour			Allocation Factor (9)=(4)+(6)+(8)	
	Thousand Gallons (2)	Allocation		Extra Capacity		Fire Protection		
		Factor (3)	Weighted Factor (4)=(3) X 0.2800	Factor (5)	Weighted Factor (6)=(5) X 0.4200	Factor (7)		Weighted Factor (8)=(7) X 0.3000
Residential	45.0	0.4807	0.1346	0.5652	0.2374		0.3720	
Commercial	17.7	0.1891	0.0529	0.1780	0.0748		0.1277	
Industrial	3.3	0.0353	0.0099	0.0179	0.0075		0.0174	
Other Public Authority	15.5	0.1656	0.0464	0.1557	0.0654		0.1118	
Sales for Resale	11.6	0.1239	0.0347	0.0832	0.0349		0.0696	
Private Fire Protection	0.1	0.0011	0.0003			0.2112	0.0637	
Public Fire Protection	0.4	0.0043	0.0012			0.7888	0.2378	
Total	93.6	1.0000	0.2800	1.0000	0.4200	1.0000	1.0000	

The weighting of the factors is based on the ratio of the capacity required for a 2 hour demand of fire flow, as related to total storage capacity. The calculation is shown on the following page.

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FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES, cont.

The weighting of the factors is based on the ratio of the capacity required for a 2 hour demand of fire flow, as related to total storage capacity.

$$\text{Fire Protection Weight} = \frac{2,000 \text{ GPM} \times 60 \text{ Min.} \times 2 \text{ Hrs.}}{800,000 \text{ Gallons}} = 0.3000$$

$$\text{General Service Weight} = 1.0000 - 0.3000 = 0.7000$$

The weighting of the average hourly consumption and maximum hour extra demand for general service is based on the maximum hour ratio, as follows:

	Maximum Hour Ratio	Percent	Weight
Average Hour	1.00	40.00	0.2800
Extra Capacity Maximum Hour	<u>1.50</u>	<u>60.00</u>	<u>0.4200</u>
Total	<u><u>2.50</u></u>	<u><u>100.00</u></u>	<u><u>0.7000</u></u>

MISSOURI-AMERICAN WATER COMPANY
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FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH POWER AND PUMPING FACILITIES.

Factors are based on the weighting of the maximum daily consumption, Factor 2, the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

Customer Classification	Maximum Daily Consumption		Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		Allocation
	Allocation Factor 2	Weighted Factor	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	
(1)	(2)	(3)=(2)X 0.9921	(4)	(5)=(4)X 0.0000	(6)	(7)=(6)X 0.0079	(8)=(3)+ (5)+(7)
Residential	0.5143	0.5103	0.4871	0.0000	0.3656	0.0029	0.5132
Commercial	0.1839	0.1824	0.1743	0.0000	0.1255	0.0010	0.1834
Industrial	0.0293	0.0291	0.0277	0.0000	0.0171	0.0001	0.0292
Other Public Authority	0.1606	0.1593	0.1522	0.0000	0.1099	0.0009	0.1602
Sales for Resale	0.1085	0.1076	0.1028	0.0000	0.0684	0.0005	0.1081
Private Fire Protection	0.0008	0.0008	0.0118	0.0000	0.0662	0.0005	0.0013
Public Fire Protection	0.0026	0.0026	0.0441	0.0000	0.2473	0.0020	0.0046
Total	<u>1.0000</u>	<u>0.9921</u>	<u>1.0000</u>	<u>0.0000</u>	<u>1.0000</u>	<u>0.0079</u>	<u>1.0000</u>

The weighting of the factors is based on the horsepower of pumps associated with maximum day facilities, maximum day and fire facilities, and maximum hour facilities, as follows:

	Horsepower of Pumps	Weight
Associated with Maximum Day	1,010	0.9921
Associated with Maximum Day and Fire	0	0.0000
Associated with Maximum Hour	<u>8</u>	<u>0.0079</u>
Total	<u>1,018</u>	<u>1.0000</u>

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 7. ALLOCATION OF COSTS ASSOCIATED WITH TRANSMISSION AND DISTRIBUTION MAINS.

Factors are based on the weighting of the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

Customer Classification	Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		Allocation
	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	
(1)	(2)	(3)=(2)X 0.2047	(4)	(5)=(4)X 0.7953	(6)=(3)+(5)
Residential	0.4871	0.0997	0.3656	0.2908	0.3905
Commercial	0.1743	0.0357	0.1255	0.0998	0.1355
Industrial	0.0277	0.0057	0.0171	0.0136	0.0193
Other Public Authority	0.1522	0.0312	0.1099	0.0874	0.1186
Sales for Resale	0.1028	0.0210	0.0684	0.0544	0.0754
Private Fire Protection	0.0118	0.0024	0.0662	0.0526	0.0550
Public Fire Protection	0.0441	0.0090	0.2473	0.1967	0.2057
Total	1.0000	0.2047	1.0000	0.7953	1.0000

The weighting of the factors is based on the total footage of mains, designated as either transmission mains or distribution mains, as follows:

	Total Footage of Mains	Weight
Transmission Mains	111,429	0.2047
Distribution Mains	433,025	0.7953
Total	544,454	1.0000

MISSOURI-AMERICAN WATER COMPANY
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FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 8. ALLOCATION OF COSTS ASSOCIATED WITH FIRE HYDRANTS.

Costs are assigned directly to Public Fire Protection.

Customer Classification <u> </u> (1)	Allocation Factor <u> </u> (3)
Public Fire Protection	<u>1.0000</u>
Total	<u><u>1.0000</u></u>

FACTOR 9. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

Factors are based on the relative cost of meters by size and customer classification, as developed on the following page and summarized below.

Customer Classification <u> </u> (1)	5/8" Dollar Equivalents <u> </u> (2)	Allocation Factor <u> </u> (3)
Residential	6,309	0.7506
Commercial	1,064	0.1266
Industrial	114	0.0136
Other Public Authority	880	0.1047
Sales for Resale	38	0.0045
Private Fire	<u>0</u>	<u>0.0000</u>
Total	<u><u>8,405</u></u>	<u><u>1.0000</u></u>

MISSOURI-AMERICAN WATER COMPANY
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BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS

Meter Size (1)	5/8" Dollar Equivalent (2)	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Total	
		Number of Meters (3)	Weighting (4)=(2)X(3)	Number of Meters (5)	Weighting (6)=(2)X(5)	Number of Meters (7)	Weighting (8)=(2)X(7)	Number of Meters (9)	Weighting (10)=(2)X(9)	Number of Meters (11)	Weighting (12)=(2)X(11)	Number of Meters (13)	Weighting (14)
5/8	1.0	6,256	6,256	428	428	1	1	86	86	0	0	6,771	6,771
3/4	1.3	2	3	7	9	0	0	2	3	0	0	11	15
1	1.7	22	37	81	138	3	5	6	10	0	0	112	190
1-1/2	3.5	0	0	28	98	1	4	5	18	0	0	34	120
2	4.3	3	13	82	353	6	26	36	155	2	9	129	556
3	19.0	0	0	2	38	1	19	6	114	0	0	9	171
4	29.3	0	0	0	0	2	59	13	381	1	29	16	469
6	48.4	0	0	0	0	0	0	0	0	0	0	0	0
8	112.9	0	0	0	0	0	0	1	113	0	0	1	113
Total		6,283	6,309	628	1,064	14	114	155	880	3	38	7,083	8,405

MISSOURI-AMERICAN WATER COMPANY
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FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 10. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

Factors are based on the relative cost of services by size and customer classification, as developed on the following page and summarized below.

Customer Classification <u>(1)</u>	3/4" Dollar Equivalents <u>(2)</u>	Allocation Factor <u>(3)</u>
Residential	6,290	0.8232
Commercial	746	0.0976
Industrial	28	0.0037
Other Public Authority	236	0.0309
Sales for Resale	7	0.0009
Private Fire Protection	<u>334</u>	<u>0.0437</u>
Total	<u><u>7,641</u></u>	<u><u>1.0000</u></u>

MISSOURI-AMERICAN WATER COMPANY
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BASIS FOR ALLOCATING SERVICE COSTS TO CUSTOMER CLASSIFICATIONS

Service Size (1)	3/4" Dollar Equivalent (2)	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Private Fire Protection		Total	
		Number of Services (3)	Weighting (4)=(2)X(3)	Number of Services (5)	Weighting (6)=(2)X(5)	Number of Services (7)	Weighting (8)=(2)X(7)	Number of Services (9)	Weighting (10)=(2)X(9)	Number of Services (11)	Weighting (12)=(2)X(11)	Number of Services (13)	Weighting (14)=(2)X(13)	Number of Services (15)	Weighting (16)
3/4	1.00	6,258	6,258	435	435	1	1	88	88	0	0	0	0	6,782	6,782
1	1.17	22	26	81	95	3	4	6	7	0	0	0	0	112	132
1-1/2	1.58	0	0	28	44	1	2	5	8	0	0	0	0	34	54
2	2.04	3	6	82	167	6	12	36	73	2	4	5	10	134	272
3	2.73	0	0	2	5	1	3	6	16	0	0	1	3	10	27
4	2.88	0	0	0	0	2	6	13	37	1	3	18	52	34	98
6	4.24	0	0	0	0	0	0	0	0	0	0	31	131	31	131
8	6.98	0	0	0	0	0	0	1	7	0	0	17	119	18	126
10	9.50	0	0	0	0	0	0	0	0	0	0	2	19	2	19
12	12.16	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total		6,283	6,290	628	746	14	28	155	236	3	7	74	334	7,157	7,641

MISSOURI-AMERICAN WATER COMPANY
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FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 11. ALLOCATION OF TRANSMISSION AND DISTRIBUTION OPERATION SUPERVISION AND ENGINEERING AND MISCELLANEOUS EXPENSES.

Factors are based on transmission and distribution operation expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Operating Expenses	Allocation Factor
(1)	(2)	(3)
Residential	\$ 58,565	0.4794
Commercial	16,131	0.1321
Industrial	2,137	0.0175
Other Public Authority	13,671	0.1119
Sales for Resale	7,131	0.0584
Private Fire Protection	5,366	0.0439
Public Fire Protection	19,154	0.1568
Total	122,154	1.0000

FACTOR 12. ALLOCATION OF TRANSMISSION AND DISTRIBUTION MAINTENANCE SUPERVISION AND ENGINEERING, STRUCTURES AND IMPROVEMENTS, AND OTHER EXPENSES.

Factors are based on transmission and distribution maintenance expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	\$ 11,392	0.3911
Commercial	2,449	0.0841
Industrial	274	0.0094
Other Public Authority	1,796	0.0617
Sales for Resale	859	0.0295
Private Fire Protection	888	0.0305
Public Fire Protection	11,468	0.3937
Total	\$29,129	1.0000

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 13. ALLOCATION OF BILLING AND COLLECTING COSTS.

Factors are based on the total number of customers.

Customer Classification	Total Customers	Allocation Factor
(1)	(2)	(3)
Residential	6,283	0.8771
Commercial	628	0.0877
Industrial	14	0.0020
Other Public Authority	155	0.0216
Sales for Resale	3	0.0004
Private Fire Protection	80	0.0112
Public Fire Protection	0	0.0000
Total	<u>7,163</u>	<u>1.0000</u>

FACTOR 14. ALLOCATION OF METER READING COSTS.

Factors are based on the number of metered customers.

Customer Classification	Total Metered Customers	Allocation Factor
(1)	(2)	(3)
Residential	6,283	0.8870
Commercial	628	0.0887
Industrial	14	0.0020
Other Public Authority	155	0.0219
Sales for Resale	3	0.0004
Total	<u>7,083</u>	<u>1.0000</u>

MISSOURI-AMERICAN WATER COMPANY
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FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 15. ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES AND CASH
WORKING CAPITAL.

Factors are based on the allocation of all other operation and maintenance expenses excluding purchased water, power, chemicals and waste disposal.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	\$385,412	0.5436
Commercial	93,980	0.1326
Industrial	12,194	0.0172
Other Public Authority	72,960	0.1029
Sales for Resale	42,223	0.0596
Private Fire Protection	14,673	0.0207
Public Fire Protection	87,470	0.1234
Total	<u>\$708,912</u>	<u>1.0000</u>

MISSOURI-AMERICAN WATER COMPANY
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FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 16. ALLOCATION OF LABOR RELATED TAXES AND BENEFITS.

Factors are based on the allocation of direct labor expense.

Customer Classification	Direct Labor Expense	Allocation Factor
(1)	(2)	(3)
Residential	\$175,746	0.5524
Commercial	41,283	0.1298
Industrial	5,169	0.0163
Other Public Authority	31,833	0.1001
Sales for Resale	17,525	0.0551
Private Fire Protection	8,154	0.0256
Public Fire Protection	38,400	0.1207
Total	<u>\$318,110</u>	<u>1.0000</u>

FACTOR 17. ALLOCATION OF ORGANIZATION, FRANCHISES AND CONSENTS,
MISCELLANEOUS INTANGIBLE PLANT AND OTHER RATE BASE ELEMENTS.

Factors are based on the allocation of the original cost less depreciation other than those items being allocated, as follows:

Customer Classification	Original Cost Less Depreciation	Allocation Factor
(1)	(2)	(3)
Residential	\$7,735,350	0.4947
Commercial	2,297,929	0.1469
Industrial	330,080	0.0211
Other Public Authority	1,926,859	0.1232
Sales for Resale	1,167,989	0.0747
Private Fire Protection	358,348	0.0229
Public Fire Protection	1,821,060	0.1165
Total	<u>\$15,637,614</u>	<u>1.0000</u>

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 18. ALLOCATION OF INCOME TAXES AND INCOME AVAILABLE FOR RETURN.

Factors are based on the allocation of the original cost measure of value rate base as shown on the following pages and summarized below.

Customer Classification	Original Cost Measure of Value	Allocation Factor
(1)	(2)	(3)
Residential	\$6,189,397	0.4946
Commercial	1,838,581	0.1470
Industrial	264,088	0.0211
Other Public Authority	1,541,504	0.1232
Sales for Resale	934,380	0.0747
Private Fire Protection	286,574	0.0229
Public Fire Protection	1,457,072	0.1165
Total	<u>\$12,511,596</u>	<u>1.0000</u>

FACTOR 19. ALLOCATION OF REGULATORY COMMISSION EXPENSES, ASSESSMENTS AND OTHER WATER REVENUES.

The factors are based on the allocation of the total cost of service, excluding those items being allocated.

Customer Classification	Total Cost of Service	Allocation Factor
(1)	(2)	(3)
Residential	\$1,923,873	0.5272
Commercial	511,051	0.1401
Industrial	69,735	0.0191
Other Public Authority	410,821	0.1126
Sales for Resale	243,404	0.0667
Private Fire Protection	78,392	0.0215
Public Fire Protection	411,391	0.1128
Total	<u>\$3,648,666</u>	<u>1.0000</u>

MISSOURI-AMERICAN WATER COMPANY

WARRENSBURG DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Residential (4)	Commercial (5)	Industrial (6)	Public Authorities (7)	Sales for Resale (8)	Private (9)	Fire Protection Public (10)
RATE BASE									
Organization	17	\$	\$	\$	\$	\$	\$	\$	\$
Franchises	17	2,855	1,412	419	60	352	213	65	333
Land & Ld Rights SS	17	5,083	2,515	747	107	626	380	116	592
Land & Ld Rights P	2	9,981	5,133	1,836	292	1,603	1,083	8	26
Land & Ld Rights WT	6	0	0	0	0	0	0	0	0
Land & Ld Rights TD	2	511	263	94	15	82	55	0	1
Land & Land Rights AG	7	147,093	57,440	19,931	2,839	17,445	11,091	8,090	30,257
Struct & Imp SS	15	2,222	1,208	295	38	229	132	46	274
Struct & Imp P	2	47,575	24,468	8,749	1,394	7,641	5,162	38	124
Struct & Imp Pumps (STL)	6	150,940	77,462	27,682	4,407	24,181	16,317	196	694
Struct & Imp Pump Boosters	6	0	0	0	0	0	0	0	0
Struct & Imp Pump WT	6	0	0	0	0	0	0	0	0
Struct & Imp WT Nth Plt (ST	2	1,028,038	528,720	189,056	30,122	165,103	111,542	822	2,673
Struct & Imp WT Ctrl Plt 1	2	0	0	0	0	0	0	0	0
Struct & Imp WT Ctrl Plt 3	2	0	0	0	0	0	0	0	0
Struct & Imp WT Sth Plt (ST	2	0	0	0	0	0	0	0	0
Struct & Imp WT Meramec (ST	2	0	0	0	0	0	0	0	0
Struct & Imp TD	7	372,159	145,328	50,428	7,183	44,138	28,061	20,469	76,553
Struct & Imp TD Spec Cross	7	0	0	0	0	0	0	0	0
Struct & Imp AG	15	0	0	0	0	0	0	0	0
Struct & Imp Offices	15	74,892	40,712	9,931	1,288	7,706	4,464	1,550	9,242
Gen Structures HVAC	15	0	0	0	0	0	0	0	0
Struct & Imp Leasehold	15	7	4	1	0	1	0	0	1
Struct & Imp Leasehold	15	0	0	0	0	0	0	0	0
Struct & Imp Store Shop Gar	15	864	470	115	15	89	52	18	107
Struct & Imp Misc	15	15,007	8,158	1,990	258	1,544	894	311	1,852
Collect & Impounding	1	0	0	0	0	0	0	0	0
Lake, River & Other Intakes	2	0	0	0	0	0	0	0	0
Wells & Springs	2	693,423	356,628	127,521	20,317	111,364	75,236	555	1,803
Supply Mains	2	128,754	66,218	23,678	3,772	20,678	13,970	103	335
Supply Mains Nth Plt (STL)	2	0	0	0	0	0	0	0	0
Supply Mains Ctrl Plt (STL)	2	0	0	0	0	0	0	0	0
Supply Mains Sth Plt (STL)	2	0	0	0	0	0	0	0	0
Supply Mains Meramec Plt (S	2	0	0	0	0	0	0	0	0
Power Generation Equip	6	5,089	2,612	933	149	815	550	7	23
Power Generation Equip Othe	6	(544)	(279)	(100)	(16)	(87)	(59)	(1)	(3)
Boiler Plant Equipment P	6	0	0	0	0	0	0	0	0
Pump Equip Steam	6	0	0	0	0	0	0	0	0
Pump Equip Electric	6	483,624	248,196	88,697	14,122	77,477	52,280	629	2,225
Pump Equip Elec Pre46 (STL)	6	0	0	0	0	0	0	0	0
Pump Equip Elec Post46 (STL)	6	0	0	0	0	0	0	0	0
Pump Equip Elec Boosters Po	6	0	0	0	0	0	0	0	0
Pump Equip Diesel	6	0	0	0	0	0	0	0	0
Pump Equip Diesel Stratman)	6	0	0	0	0	0	0	0	0
Pump Equip Diesel Ctrl Plt	6	0	0	0	0	0	0	0	0

MISSOURI-AMERICAN WATER COMPANY

WARRENSBURG DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Residential (4)	Commercial (5)	Industrial (6)	Public Authorities (7)	Sales for Resale (8)	Private (9)	Fire Protection Public (10)
Pump Equip Hydraulic	6	0	0	0	0	0	0	0	0
Pump Equip Other	6	6,782	3,481	1,244	198	1,086	733	9	31
Pump Equip WT	6	0	0	0	0	0	0	0	0
Pump Equip TD	6	0	0	0	0	0	0	0	0
WT Equip Non-Media	2	2,632,783	1,354,040	484,169	77,141	422,825	285,657	2,106	6,845
WT Equip Non-Med North (STL)	2	0	0	0	0	0	0	0	0
WT Equip Non-Media Ctrl 1 &	2	0	0	0	0	0	0	0	0
WT Equip Non-Media Ctrl 3 (	2	0	0	0	0	0	0	0	0
WT Equip Non-Media Sth (STL)	2	0	0	0	0	0	0	0	0
WT Equip Non-Media Mer (STL)	2	0	0	0	0	0	0	0	0
WT Equip Filter Media	2	(2,411)	(1,240)	(443)	(71)	(387)	(262)	0	0
Dist Reservoirs & Standpipe	5	429,958	159,944	54,906	7,481	48,069	29,925	27,388	102,244
Elevated Tanks & Standpipes	5	51,191	19,043	6,537	891	5,723	3,563	3,261	12,173
Ground Level Facilities	5	0	0	0	0	0	0	0	0
TD Mains Not Classified by	7	1,918,511	749,178	259,958	37,027	227,535	144,656	105,518	394,638
TD Mains 4 & Less	4	63,814	23,331	8,009	1,091	7,013	4,365	4,225	15,781
TD Mains 6 to 8"	4	1,394,498	509,828	175,009	23,846	153,255	95,384	92,316	344,859
TD Mains 10 to 16"	3	2,481,746	1,208,859	432,568	68,744	377,722	255,124	29,285	109,445
TD Mains 18 & Grtr	3	869	423	151	24	132	89	10	38
TD Mains AC 4 (STL)	4	0	0	0	0	0	0	0	0
TD Mains CI <10 1900-28 (S"	4	0	0	0	0	0	0	0	0
TD Mains CI <10 1929-56 (S"	4	0	0	0	0	0	0	0	0
TD Mains CI <10 1957-93 (S"	4	0	0	0	0	0	0	0	0
TD Mains CI 12 (STL)	3	0	0	0	0	0	0	0	0
TD Mains CI 16 (STL)	3	0	0	0	0	0	0	0	0
TD Mains DI 6-8 (STL)	4	0	0	0	0	0	0	0	0
TD Mains DI 12 (STL)	3	0	0	0	0	0	0	0	0
TD Mains DI 16 & >(STL)	3	0	0	0	0	0	0	0	0
TD Mains Galve 1 (STL)	4	0	0	0	0	0	0	0	0
TD Mains LJ 20 (STL)	3	0	0	0	0	0	0	0	0
TD Mains DI 4in (STL)	4	0	0	0	0	0	0	0	0
Fire Mains	8	101,223	0	0	0	0	0	0	0
Services	10	1,272,043	1,047,146	124,151	4,707	39,306	1,145	55,588	101,223
Meters Bronze Case	9	441,824	331,633	55,935	6,009	46,259	1,988	0	0
Meters Plastic Case	9	0	0	0	0	0	0	0	0
Meters Other	9	(37,679)	(28,282)	(4,770)	(512)	(3,945)	(170)	0	0
Meters Other-Rem Rdr Units	9	0	0	0	0	0	0	0	0
Meter Installations	9	828,427	621,818	104,879	11,267	86,736	3,728	0	0
Meter Installation Other	9	0	0	0	0	0	0	0	0
Meter Vaults	9	0	0	0	0	0	0	0	0
Hydrants	8	573,102	0	0	0	0	0	0	0
Other P/E Intangible	15	9,529	5,180	1,264	164	981	568	197	573,102
									1,176

MISSOURI-AMERICAN WATER COMPANY

WARRENSBURG DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Residential (4)	Commercial (5)	Industrial (6)	Public Authorities (7)	Sales for Resale (8)	Private (9)	Fire Protection Public (10)
Other P/E WT Res Hand Equip	2	0	0	0	0	0	0	0	0
Other P/E TD	7	0	0	0	0	0	0	0	0
Other P/E CPS	15	2,324	1,263	308	40	239	138	48	287
Office Furniture & Equip	15	37,671	20,478	4,995	648	3,876	2,245	780	4,649
Comp & Periph Equip	15	67,505	36,696	8,951	1,161	6,946	4,023	1,397	8,330
Computer Software	15	34,819	18,928	4,617	599	3,583	2,075	721	4,297
Comp Software Personal	15	1,068	581	142	18	110	64	22	132
Comp Software Other	15	0	0	0	0	0	0	0	0
Data Handling Equipment	15	0	0	0	0	0	0	0	0
Other Office Equipment	15	69	38	9	1	7	4	1	9
Trans Equip Lt Duty Trks	15	43,088	23,423	5,713	741	4,434	2,568	892	5,317
Trans Equip Hvy Duty Trks	15	0	0	0	0	0	0	0	0
Trans Equip Autos	15	(131)	(71)	(17)	(2)	(13)	(8)	(3)	(16)
Trans Equip Other	15	(34,338)	(18,666)	(4,553)	(591)	(3,533)	(2,047)	(711)	(4,237)
Stores Equipment	15	0	0	0	0	0	0	0	0
Tools, Shop, Garage Equip	15	13,283	7,220	1,761	228	1,367	792	275	1,639
Tools, Shop, Garage Equip Oth	15	0	0	0	0	0	0	0	0
Laboratory Equipment	2	42,618	21,919	7,837	1,249	6,844	4,624	34	111
Laboratory Equip Other	2	0	0	0	0	0	0	0	0
Power Operated Equipment	15	41,313	22,458	5,478	711	4,251	2,462	855	5,098
Comm Equip Non-Telephone	15	9,037	4,912	1,198	155	930	539	187	1,115
Remote Control & Instr	15	4,858	2,641	644	84	500	290	101	600
Comm Equip Telephone	15	(2,703)	(1,469)	(358)	(46)	(278)	(161)	(56)	(333)
Misc Equipment	15	51,289	27,881	6,801	882	5,278	3,057	1,062	6,329
Other Tangible Property	17	4,655	2,303	684	98	573	348	107	542
Total Utility Plant in Service		15,650,207	7,741,579	2,299,779	330,346	1,928,411	1,168,929	358,636	1,822,527
Other Rate Base Items									
Add:									
Other Utility Plant Adjustments	17	0	0	0	0	0	0	0	0
Cash Working Capital	15	0	0	0	0	0	0	0	0
Materials and Supplies	15	24,157	13,132	3,203	416	2,486	1,440	500	2,981
Prepayments	15	22,832	12,411	3,028	393	2,349	1,361	473	2,817
OPEB's Contributed to External Fund	16	50,322	27,798	6,532	820	5,037	2,773	1,288	6,074
Pension / OPEB Tracker	16	5,978	3,302	776	97	598	329	153	722
Regulatory Deferrals	17	34,600	17,117	5,083	730	4,263	2,585	792	4,031
Less:									
Accumulated Deferred ITC (3%)	17	0	0	0	0	0	0	0	0
Deferred Income Taxes	17	(3,188,837)	(1,577,518)	(468,440)	(67,284)	(392,865)	(238,206)	(73,024)	(371,500)
Pensions	16	(87,663)	(48,425)	(11,379)	(1,429)	(8,775)	(4,830)	(2,244)	(10,581)
Total Other Rate Base Elements		(3,138,611)	(1,552,183)	(461,196)	(66,257)	(386,906)	(234,549)	(72,062)	(365,456)
Total Original Cost Measure of Value		\$ 12,511,596	\$ 6,189,397	\$ 1,838,581	\$ 264,088	\$ 1,541,504	\$ 934,380	\$ 286,574	\$ 1,457,072

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

SUMMARY OF AVERAGE DAILY SEND OUT AND MAXIMUM DAILY USAGE
FOR THE YEARS 1990-2007

Year	Average Daily Send out (MGD)	Maximum Daily Use		
		MGD	Ratio to Average	Highest Use Day
(1)	(2)	(3)	(4)	(5)
1990	2.048	3.225	1.57	8/28/1990
1991	2.120	3.397	1.60	8/27/1991
1992	2.225	3.348	1.50	7/1/1992
1993	2.408	3.933	1.63	8/26/1993
1994	2.287	3.636	1.59	6/20/1994
1995	2.318	3.631	1.57	8/30/1995
1996	2.287	3.421	1.50	7/18/1996
1997	2.241	3.863	1.72	7/24/1997
1998	2.393	3.792	1.58	7/21/1998
1999	2.427	3.893	1.60	7/29/1999
2000	2.472	4.075	1.65	8/29/2000
2001	2.403	3.647	1.52	8/21/2001
2002	2.548	3.769	1.48	9/8/2002
2003	2.404	4.189	1.74	8/26/2003
2004	2.262	3.162	1.40	6/8/2004
2005	2.488	4.011	1.61	8/2/2005
2006	2.537	4.001	1.58	8/9/2006
2007	2.540	3.833	1.51	8/7/2007

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

BASIS FOR ALLOCATING DEMAND RELATED COSTS OF FIRE SERVICE
TO PRIVATE AND PUBLIC FIRE PROTECTION CUSTOMER CLASSIFICATIONS

Description (1)	Restrictive Diameters Squared (2)	Quantity (3)	Relative Demand (4)=(2)x(3)	Allocation Factor (5)
<u>PRIVATE FIRE PROTECTION</u>				
Fire Lines				
2 -inch	4.00	5	20	
3 -inch	9.00	0	0	
4 -inch	16.00	18	288	
6 -inch	36.00	31	1,116	
8 -inch	64.00	17	1,088	
10 -inch	100.00	2	200	
12 -inch	144.00	0	0	
Private Hydrants	26.50	6.9	183	
Total Private Fire Protection		79.9	2,895	0.2112
<u>PUBLIC FIRE PROTECTION</u>				
Hydrant	Nozzle Sizes			
5 1/4" Valve	1- 2-1/2" & 1- 4.5"	26.50	92	2,438
4 1/2" Valve	1- 2-1/2" & 1- 4.5"	20.25	321	6,500
4 1/2" Valve	1- 2-1/2"	6.25	300	1,875
Total Public Fire Protection		713	10,813	0.7888
Total Fire Protection		793	13,708	1.0000

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

CALCULATION OF CUSTOMER CHARGE

(1) Expense Related to Meters	689,772	
(2) Meter Equivalents X 12	100,860	
(3) Expense per Bill - Meter related		\$6.84
(4) Expense Related to Services	254,486	
(5) Service Equivalents X 12	87,684	
(6) Expense per Bill - Services related		2.90
(7) Expense Related to Billing and Collecting	342,900	
(8) Number of Customers X 12	85,955	
(9) Expense per Bill - Billing and Collecting		3.99
(10) Total Customer Charge (3)+(6)+(9)		\$13.73