

Adjustment for Labor Expenses
For the Test Year Ended December 31, 2007

Missouri-American Water Company
Case No. WR-2008-XXXX

Schedule CAS-15
Page 1 of 26

Line #

Narrative Discussion of Proposed Adjustment for Labor Expenses

The Company has calculated its pro forma labor expense by using the December 31, 2007 employee levels plus planned additions through September 2008. Overtime labor was based on the three year average of overtime hours by job classification. Overtime wage was calculated by taking the average wage that would be in effect by September 2008 by job classification. Labor rates used for union personnel reflect those rates that will be in effect by September 2008 based on contractual agreements. Labor rates for non union personnel are based on projected rates that will be in effect on April 1, 2008. Gross labor dollars were allocated to O&M expense based on the difference between the historical three year average of capital charged by district and total labor from 2007-2005. The pro forma corporate employee labor is allocated to each district (operation) based on the number of customers.

Calculation of Pro forma Adjustment for Labor Expenses

		Brunswick BRU	Jefferson City JFC	Joplin JOP	Mexico MEX	Parkville Water PKW	St Charles SCH	St Joseph SJO	
		\$ 118,893	\$ 952,653	\$ 1,668,199	\$ 356,798	\$ 301,655	\$ 1,085,411	\$ 1,880,304	
Pro forma amount									
Per books amount		132,449	854,106	1,293,041	298,795	236,551	847,216	1,505,484	
Pro forma adjustment		\$ (13,556)	\$ 98,547	\$ 375,158	\$ 58,003	\$ 65,104	\$ 238,195	\$ 374,820	
		St Louis STL	Warrensburg WAR	Warren Cty Water WCW	Parkville Sewer PKS	Cedar Hill Sewer CDH	Warren Cty Sewer WCS	Total	
		\$ 20,893,532	\$ 318,110	\$ 40,557	\$ 4,368	\$ 59,683	\$ 49,868	\$ -	\$ 27,730,028
Pro forma amount									
Per books amount		17,324,494	267,034	27,630	6,034	41,603	81,597	22,916,034	
Pro forma adjustment		\$ 3,569,038	\$ 51,076	\$ 12,927	\$ (1,666)	\$ 18,080	\$ (31,729)	\$ -	\$ 4,813,994

Responsible: Thakadijil

Adjustment for Group Insurance Expenses
For the Test Year Ended December 31, 2007

Missouri-American Water Company
Case No. WR-2008-XXXX

Schedule CAS-15
Page 2 of 26

Line #

Narrative Discussion of Proposed Adjustment for Group Insurance Expenses

The Company has calculated its pro forma Group Insurance expense based on expected changes in employee levels by September 2008, benefit levels and rates in effect January 1, 2008. The pro forma corporate employee cost is allocated to each district (operation) by number of employees. OPEB cost was based on the latest actuarial information provided by the Company actuary and the payment of \$500 into a VEBA fund for union employees not eligible for post-retirement benefits.

Calculation of pro forma Adjustment for Group Insurance Expenses

	Brunswick BRU	Jefferson City JFC	Joplin JOP	Mexico MEX	Parkville Water PKW	St Charles SCH	St Joseph SJO
Pro forma amount	\$ 31,859	\$ 220,145	\$ 448,320	\$ 105,359	\$ 87,170	\$ 285,555	\$ 541,741
Per books amount	21,864	160,482	344,879	66,108	49,288	238,011	396,325
Pro forma adjustment	\$ 9,995	\$ 59,663	\$ 103,441	\$ 39,251	\$ 37,882	\$ 47,544	\$ 145,416
	St Louis STL	Warrensburg WAR	Warren Cty Water WCW	Parkville Sewer PKS	Cedar Hill Sewer CDH	Warren Cty Sewer WCS	Total
Pro forma amount	\$5,452,602	\$94,024	\$10,922	\$1,183	\$15,924	\$10,419	\$ 7,305,224
Per books amount	5,243,121	60,726	4,392	1,757	6,078	4,392	6,597,423
Pro forma adjustment	\$209,481	\$33,298	\$6,530	(\$574)	\$9,846	\$6,027	\$ 707,801

Responsible: Thakadivil

Adjustment for Pension Expenses
For the Test Year Ended December 31, 2007

Missouri-American Water Company
Case No. WR-2008-XXXX

Schedule CAS-15
Page 3 of 26

Line #

Narrative Discussion of Proposed Adjustment for Pension Expenses

The Company has calculated its pro forma pension expense based on the current actuarial report. The pro forma level also includes the defined contribution plan of 5.25% of base salary for employees hired on or after 1/1/06. The pro forma cost for corporate employees is allocated to each district (operation) by payroll.

Calculation of pro forma Adjustment for Pension Expenses

		Brunswick	Jefferson City	Joplin	Mexico	Parkville Water	St Charles	St Joseph	
		BRU	JFC	JOP	MEX	PKW	SCH	SJO	
Pro forma amount	\$	8,449	\$ 61,639	\$ 106,194	\$ 20,888	\$ 24,493	\$ 95,665	\$ 115,358	
Per books amount		12,216	78,583	128,361	28,644	25,435	101,974	136,546	
Pro forma adjustment	\$	(3,767)	\$ (16,944)	\$ (22,167)	\$ (7,756)	\$ (942)	\$ (6,309)	\$ (21,188)	
		St Louis	Warrensburg	Warren Cty Water	Parkville Sewer	Cedar Hill Sewer	Warren Cty Sewer	Total	
		STL	WAR	WCW	PKS	CDH	WCS		
Pro forma amount	\$	2,127,709	\$ 23,951	\$ 3,254	\$ 513	\$ 2,816	\$ 7,377	\$ -	\$ 2,598,306
Per books amount		2,088,769	25,216	4,851	746	3,098	8,210		2,642,649
Pro forma adjustment	\$	\$38,940	\$ (1,265)	\$ (1,597)	\$ (233)	\$ (282)	\$ (833)	\$ -	\$ (44,343)

Responsible: Grubb

Adjustment to 401K Expense
For the Test Year Ended December 31, 2007

Missouri-American Water Company
Case No. WR-2008-XXXX

Schedule CAS-15
Page 4 of 26

Line #

Narrative Discussion of Proposed Adjustment to 401K Expense

The Company has calculated its pro forma 401k expense based on changes in employee levels expected to occur by September 2008. Contribution rates for new employees are based on the average of the employee contribution rate for employees hired on or after January 1, 2006. The pro forma cost for corporate employees is allocated to each district (operation) by number of customers.

Calculation of pro forma Adjustment to 401K Expense

		Brunswick BRU	Jefferson City JFC	Joplin JOP	Mexico MEX	Parkville Water PKW	St Charles SCH	St Joseph SJO	
Pro forma amount	\$	2,531	\$ 17,320	\$ 24,571	\$ 6,123	\$ 5,021	\$ 21,357	\$ 25,081	
Per books amount		3,940	13,975	20,138	5,515	3,882	15,971	20,719	
Pro forma adjustment	\$	(1,409)	\$ 3,345	\$ 4,433	\$ 608	\$ 1,139	\$ 5,386	\$ 4,362	
		St Louis STL	Warrensburg WAR	Warren Cty Water WCW	Parkville Sewer PKS	Cedar Hill Sewer CDH	Warren Cty Sewer WCS	Total	
Pro forma amount	\$	\$371,663	\$7,678	\$104	\$50	\$75	\$1,193	\$ -	\$ 482,767
Per books amount		426,266	7,931	436	115	26	1,065	519,979	
Pro forma adjustment	\$	(\$54,603)	(\$253)	(\$332)	(\$65)	\$49	\$128	\$ -	(\$37,212)

Responsible: Thakadiyil

Adjustment for Payroll Taxes Expenses
For the Test Year Ended December 31, 2007

Missouri-American Water Company
Case No. WR-2008-XXXX

Schedule CAS-15
Page 5 of 26

Line #

Narrative Discussion of Proposed Adjustment for Payroll Taxes Expenses

The Company has calculated its pro forma payroll tax expense based on the changes in labor as of September 2008 and applying current payroll tax rates. The pro forma cost of corporate employees is allocated to each district (operation) by number of customers.

Calculation of pro forma Adjustment for Payroll Taxes Expenses

	Brunswick BRU	Jefferson City JFC	Joplin JOP	Mexico MEX	Parkville Water PKW	St Charles SCH	St Joseph SJO	
Pro forma amount	\$ 8,945	\$ 73,935	\$ 127,872	\$ 27,479	\$ 22,676	\$ 81,612	\$ 144,159	
Per books amount	10,063	68,070	102,482	23,444	18,046	67,755	119,426	
Pro forma adjustment	\$ (1,118)	\$ 5,865	\$ 25,390	\$ 4,035	\$ 4,630	\$ 13,857	\$ 24,733	
	St Louis STL	Warrensburg WAR	Warren Cty Water WCW	Parkville Sewer PKS	Cedar Hill Sewer CDH	Warren Cty Sewer WCS	Total	
Pro forma amount	\$1,590,841	\$23,799	\$3,195	\$317	\$4,687	\$3,899	\$ 2,113,417	
Per books amount	1,403,573	20,936	2,173	471	3,276	6,452	1,846,167	
Pro forma adjustment	\$187,268	\$2,863	\$1,022	(\$154)	\$1,411	(\$2,553)	\$ 267,250	

Responsible: Thakadiyl

**Adjustment of Fuel & Power Expense
For the Test Year Ended December 31, 2007**

Missouri-American Water Company
Case No. WR-2008-XXXX

Schedule CAS-15
Page 6 of 26

Line #

Narrative Discussion of Proposed Adjustment of Fuel & Power Expense

The Company purchases fuel & electricity for operations from several utility suppliers. The pro forma adjustment was calculated based upon five suppliers. AmerenUE, The Empire District Electric Company, Kansas City Power and Light, Cuivre River Electric Corp. and Aquila Inc. which have changed or will be changing rates. Aquila increased rates 6.7% effective May 31, 2007, and the fuel adjustment clause is to increase 2.5% on March 1, 2008. AmerenUE rates increased 2.1% effective June 4, 2007. Empire District rates increased 9.96% effective January 1, 2007. Cuivre River Electric rates are expected to increase 11% in April, 2008. Kansas City Power & Light rates increased by 8.4% January 1, 2008

The pro forma adjustment was calculated by multiplying test year cost for the months of the increase by the overall percentage increase. Fuel and Power was also adjusted to reflect the proforma sales adjustment.

Calculation of pro forma Adjustment of Fuel & Power Expense

	Brunswick BRU	Jefferson City JFC	Joplin JOP	Mexico MEX	Parkville Water PKW	St Charles SCH	St Joseph SJO	
Pro forma amount	\$ 14,049	\$ 206,054	\$ 865,005	\$ 192,310	\$ 186,968	\$ 37,377	\$ 720,376	
Per books amount	13,034	207,737	724,471	195,536	172,582	37,431	702,718	
Pro forma adjustment	\$ 1,015	\$ (1,683)	\$ 140,534	\$ (3,226)	\$ 14,386	\$ (54)	\$ 17,658	
	St Louis STL	Warrensburg WAR	Warren Cty Water WCW	Parkville Sewer PKS	Cedar Hill Sewer CDH	Warren Cty Sewer WCS	Total	
Pro forma amount	\$ 6,823,261	\$ 184,579	\$ 7,091	\$ -	\$ 15,895	\$ 13,578	\$ -	\$ 9,266,543
Per books amount	6,724,551	171,389	6,351	0	15,783	12,321	8,983,904	
Pro forma adjustment	\$98,710	\$13,190	\$740	\$0	\$112	\$1,257	\$ -	\$ 282,639

Responsible: Pety

Adjustment of Chemical Expense
For the Test Year Ended December 31, 2007

Missouri-American Water Company
Case No. WR-2008-XXXX

Schedule CAS-15
Page 7 of 26

Line #

Narrative Discussion of Proposed Adjustment of Chemical Expense

The Company purchases the majority of its chemicals through contracts that are negotiated once a year. The pro forma adjustment uses the latest contracted prices. In certain circumstances, chemicals may be purchased without a contract. For these circumstances, the pro forma expense reflects an estimated price based upon recent purchases or bids. The pro forma adjustment also reflects an average pounds per thousand gallons to adjust the usage to reflect a normal level. Chemicals were also adjusted to incorporate the pro forma sales adjustment.

Calculation of pro forma Adjustment of Chemical Expense

	Brunswick BRU	Jefferson City JFC	Joplin JOP	Mexico MEX	Parkville Water PKW	St Charles SCH	St Joseph SJO	
Pro forma amount	\$7,742	\$234,719	\$259,069	\$58,377	\$117,548	\$0	\$739,670	
Per books amount	8,383	240,921	292,791	60,976	111,539	0	663,964	
Pro forma adjustment	\$ (541)	\$ (6,202)	\$ (33,722)	\$ (2,599)	\$ 6,009	\$ -	\$ 75,706	
	St Louis STL	Warrensburg WAR	Warren Cty Water WCW	Parkville Sewer PKS	Cedar Hill Sewer CDH	Warren Cty Sewer WCS	Total	
Pro forma amount	\$7,044,404	\$30,090	\$2,081	\$0	\$0	\$0	8,493,700	
Per books amount	6,424,183	28,965	4,250	0	0	0	7,835,972	
Pro forma adjustment	\$620,221	\$1,125	\$ (2,169)	\$0	\$0	\$0	\$ -	657,728

Responsible: Petry

Adjustment of Purchased Water Expense
For the Test Year Ended December 31, 2007

Missouri-American Water Company
Case No. WR-2008-XXXX

Schedule CAS-15
Page 8 of 26

Line #

Narrative Discussion of Proposed Adjustment of Purchased Water Expense

The Company purchases water primarily from the City of St Louis, and the City of Kansas City. The water purchased from the City of St Louis is delivered to St Louis and St Charles customers, and the City of Kansas City water is delivered to Parkville customers. A pro forma adjustment for St Louis and Parkville was made to account for the change in test year system delivery and pro forma delivery.

Calculation of pro forma Adjustment of Purchased Water Expense

	Brunswick BRU	Jefferson City JFC	Joplin JOP	Mexico MEX	Parkville Water PKW	St Charles SCH	St Joseph SJO	
Pro forma amount	\$0	\$0	\$0	\$0	\$102,457	\$0	\$0	
Per books amount	0	11,129	0	0	100,325	76,087	0	
Pro forma adjustment	\$0	(\$11,129)	\$0	\$0	\$2,132	(\$76,087)	\$0	
	St Louis STL	Warrensburg WAR	Warren Cty Water WCW	Parkville Sewer PKS	Cedar Hill Sewer CDH	Warren Cty Sewer WCS	Total	
Pro forma amount	\$231,552	\$0	\$0	\$0	\$143	\$0	\$334,152	
Per books amount	240,661	0	0	0	143	0	428,345	
Pro forma adjustment	(\$9,109)	\$0	\$0	\$0	\$0	\$0	(\$9,193)	

Responsible: Petry

Adjustment of Waste Disposal Expense
For the Test Year Ended December 31, 2007

Missouri-American Water Company
Case No. WR-2008-XXXX

Schedule CAS-15
Page 9 of 26

Line #

Narrative Discussion of Proposed Adjustment of Waste Disposal Expense

The Pro Forma adjustment for Waste Disposal Expense was calculated by applying anticipated costs on the bids for the removal of residue from the settling lagoons for the operations except for Parkville Sewer. That Pro Forma Adjustment was calculated by applying the latest known amounts from the waste disposal invoice times the number of customers and annualizing for 12-months, to the 2007 Test Year per book amount.

Calculation of pro forma Adjustment of Waste Disposal Expense

	Brunswick BRU	Jefferson City JFC	Joplin JOP	Mexico MEX	Parkville Water PKW	St Charles SCH	St Joseph SJO	
Pro forma amount	\$4,713	\$0	\$33,510	\$50,500	\$0	\$0	\$296,976	
Per books amount	1,250	0	21,769	54,001	0	0	263,702	
Pro forma adjustment	\$3,463	\$0	\$11,741	(\$3,501)	\$0	\$0	\$33,274	
	St Louis STL	Warrensburg WAR	Warren City Water WCW	Parkville Sewer PKS	Cedar Hill Sewer CDH	Warren City Sewer WCS	Total	
Pro forma amount	\$447,401	\$0	\$0	\$40,517	\$17,220	\$23,802	\$ -	\$ 914,640
Per books amount	377,904	0	0	39,693	26,000	1,600		785,919
Pro forma adjustment	\$69,497	\$0	\$0	\$824	(\$8,780)	\$22,202	\$ -	\$ 128,721

Responsible: Petry

Adjustment of Regulatory Expense
For the Test Year Ended December 31, 2007

Missouri-American Water Company
Case No. WR-2008-XXXX

Schedule CAS-15
Page 10 of 26

Line #

Narrative Discussion of Proposed Adjustment of Regulatory Expense

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

#REF!

	Brunswick BRU	Jefferson City JFC	Joplin JOP	Mexico MEX	Parkville Water PKW	St Charles SCH	St Joseph SJO
Pro forma amount	\$ 485	\$ 11,393	\$ 25,452	\$ 5,236	\$ 5,963	\$ 31,367	\$ 34,421
Per books amount	81	1,888	4,219	1,168	1,188	5,198	6,204
Pro forma adjustment	\$ 404	\$ 9,505	\$ 21,233	\$ 4,068	\$ 4,775	\$ 26,169	\$ 28,217
	St Louis STL	Warrensburg WAR	Warren City Water WCW	Parkville Sewer PKS	Cedar Hill Sewer CDH	Warren City Sewer WCS	Total
Pro forma amount	\$361,326	\$7,563	\$436	\$97	\$630	\$436	\$ 484,806
Per books amount	59,881	1,553	72	16	105	72	81,645
Pro forma adjustment	301,445	6,010	364	81	525	364	403,161

Responsible: Grubb

Adjustment of Insurance Other Than Group Expense
For the Test Year Ended December 31, 2007

Missouri-American Water Company
Case No. WR-2008-XXXX

Schedule CAS-15
Page 11 of 26

Line #

Narrative Discussion of Proposed Adjustment of Insurance Other Than Group Expense

The Company has calculated its pro forma Insurance Other Than Group Expense from its latest annual insurance premiums. The Company's insurance coverage includes: Property & Casualty Insurance, which consists of General & Excess Liability, Property Claims Damage, and Workmen's Compensation; and Financial Liability Insurance, which consists of Directors & Officers Liability, Fiduciary Liability, Crime, and Employment Practice Insurance. The pro forma expenses for each category were multiplied by the O&M percentage factors that were agreed upon with Staff in case No. WR-2007-0216.

Calculation of pro forma Adjustment of Insurance Other Than Group Expense

		Brunswick BRU	Jefferson City JFC	Joplin JOP	Mexico MEX	Parkville Water PKW	St Charles SCH	St Joseph SJO	
Pro forma amount	\$	7,732	\$ 102,858	\$ 226,281	\$ 46,470	\$ 50,585	\$ 253,490	\$ 298,109	
Per books amount		8,932	131,789	290,928	59,499	62,353	318,848	380,020	
Pro forma adjustment	\$	(1,200)	\$ (28,931)	\$ (64,647)	\$ (13,029)	\$ (11,768)	\$ (65,358)	\$ (81,911)	
		St Louis STL	Warrensburg WAR	Warren City Water WCW	Parkville Sewer PKS	Cedar Hill Sewer CDH	Warren City Sewer WCS	Total	
Pro forma amount		\$3,285,369	\$62,174	\$3,501	\$1,070	\$5,739	\$3,487	\$ 4,346,866	
Per books amount		3,860,804	77,941	4,583	1,182	6,607	4,583	5,208,069	
Pro forma adjustment	\$	(\$575,435)	(\$15,767)	(\$1,082)	(\$112)	(\$868)	(\$1,096)	-\$ (861,203)	

Responsible: Petry

Adjustment of Support Services Fees
For the Test Year Ended December 31, 2007

Missouri-American Water Company
Case No. WR-2008-XXXX

Schedule CAS-15
Page 12 of 26

Line #

Narrative Discussion of Proposed Adjustment of Support Services Fees

Test year Support Services from American Water Works Service Company were adjusted for the following items: 1) Eliminate one time costs in the amount of \$4,555,094 associated with Sarbanes-Oxley and American Water's divestiture; 2) Eliminate costs associated with the shift of Service Company employee labor to Missouri American in the amount of \$757,387; 3) Reduce office rent for 727 Craig Road office space allocations to Service Company in the amount of \$27,125; 4) Increase labor and overhead expenses in the amount of \$416,384 for merit wage adjustments; 5) Decrease expense for capitalized cost in the amount of \$154,898 related to the fixed asset system; 6) Reduce the Alton Call Center office space allocation adjustment of \$14,964 for a lease reduction and 7) Adjust Call Center, Shared Service Center and ITS labor and related costs along with costs associated with contract services, temporary employees, telephone, maintenance and depreciation. The amount of the net adjustments is \$911,317, \$168,719 and \$1,206,911, respectively.

Calculation of pro forma Adjustment of Support Services Fees

		Brunswick BRU	Jefferson City JFC	Joplin JOP	Mexico MEX	Parkville Water PKW	St Charles SCH	St Joseph SJO	
	\$	25,144	\$ 579,323	\$ 1,294,046	\$ 265,775	\$ 303,490	\$ 1,595,022	\$ 1,750,541	
Pro forma amount									
Per books amount		29,080	671,757	1,500,547	308,253	351,872	1,849,511	2,029,811	
Pro forma adjustment	\$	(3,936)	\$ (92,434)	\$ (206,501)	\$ (42,478)	\$ (48,382)	\$ (254,489)	\$ (279,270)	
		St Louis STL	Warrensburg WAR	Warren City Water WCW	Parkville Sewer PKS	Cedar Hill Sewer CDH	Warren City Sewer WCS	Total	
	\$	18,870,620	\$383,576	\$22,630	\$5,030	\$32,688	\$19,361	\$ 25,147,246	
Pro forma amount									
Per books amount		21,804,426	444,931	26,172	5,817	37,805	23,264	29,083,246	
Pro forma adjustment									
	\$	(2,933,806)	\$ (61,355)	\$ (3,542)	\$ (787)	\$ (5,117)	\$ (3,903)	\$ -	(3,936,000)

Responsible: Grubb

Adjustment of Lease Expense
For the Test Year Ended December 31, 2007

Missouri-American Water Company
Case No. WR-2008-XXXX

Schedule CAS-15
Page 13 of 26

Line #

Narrative Discussion of Proposed Adjustment of Lease Expense

The Company pays rental on railroad crossings, rights of way, and various office and plant equipment. The pro forma adjustment is to annualize expenses expected to be in effect as of September 2008. Also included in the adjustment is the allocation of the Craig Road office location rent. Missouri-American will receive a larger allocation of the Craig Road office rent due to an increase in Missouri-American employees at this location.

Calculation of pro forma Adjustment of Lease Expense

		Brunswick	Jefferson City	Joplin	Mexico	Parkville Water	St Charles	St Joseph	
		BRU	JFC	JOP	MEX	PKW	SCH	SJO	
Pro forma amount	\$	577	\$ 17,811	\$ 61,028	\$ 10,303	\$ 7,067	\$ 41,412	\$ 87,444	
Per books amount		519	38,008	57,349	23,930	9,764	38,862	84,191	
Pro forma adjustment	\$	58	\$ (20,197)	\$ 3,679	\$ (13,627)	\$ (2,697)	\$ 2,550	\$ 3,253	
		St Louis	Warrensburg	Warren Cty Water	Parkville Sewer	Cedar Hill Sewer	Warren Cty Sewer	Total	
		STL	WAR	WCW	PKS	CDH	WCS		
Pro forma amount	\$735,119	\$12,061	\$506	\$112	\$4,223	\$506	\$	\$ 978,170	
Per books amount	609,355	11,810	468	104	1,351	469		876,180	
Pro forma adjustment	\$125,764	\$251	\$38	\$8	\$2,872	\$37	\$	101,990	

Responsible: Bernsen

Adjustment for Mainbreak Expense
For the Test Year Ended December 31, 2007

Missouri-American Water Company
Case No. WR-2008-XXXX

Schedule CAS-15
Page 14 of 26

Line #

Narrative Discussion of Proposed Adjustment for Mainbreak Expense

The main break adjustment was calculated based on a 5 year average of actual main breaks ending December 2007. The number of main breaks is based on the 5 year average as of 12/31/07 is 1,299. The proforma average cost per break is \$1,814. This is an increase over the test year level cost of \$1,566. The increase in the average cost to repair a main break is being driven by recent increases in the cost for paving. The Company is proposing a paving cost of \$2,670 per break that requires paving. Actual test year paving cost per break was \$2,348. Mr. Kartmann in his direct testimony will address the reason for the increased cost for paving.

Calculation of pro forma Adjustment for Mainbreak Expense

	Brunswick BRU	Jefferson City JFC	Joplin JOP	Mexico MEX	Parkville Water PKW	St Charles SCH	St Joseph SJO	
Pro forma amount	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Per books amount	0	0	0	0	0	0	0	
Pro forma adjustment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
	St Louis STL	Warrensburg WAR	Warren Cty Water WCW	Parkville Sewer PKS	Cedar Hill Sewer CDH	Warren Cty Sewer WCS	Total	
Pro forma amount	\$2,356,182	\$0	\$0	\$0	\$0	\$0	\$	2,356,182
Per books amount	2,576,372	0	0	0	0	0		2,576,372
Pro forma adjustment	(\$220,190)	\$0	\$0	\$0	\$0	\$0	\$	(\$220,190)

Responsible: Grubb

Transportation Expense
For the Test Year Ended December 31, 2007

Missouri-American Water Company
Case No. WR-2008-XXXX

Schedule CAS-15
Page 15 of 26

Line #

Narrative Discussion of Proposed Transportation Expense

The Company has calculated its pro forma Transportation expense based on changes in leased vehicle levels expected to occur by April 2007. For vehicles not yet ordered, costs were based on recently ordered vehicles of the same type. Corporate vehicles were allocated to each district.

Calculation of pro forma Transportation Expense

		Brunswick	Jefferson City	Joplin	Mexico	Parkville Water	St Charles	St Joseph	
		BRU	JFC	JOP	MEX	PKW	SCH	SJO	
Pro forma amount	\$	3,729	\$ 33,140	\$ 86,488	\$ 15,543	\$ 7,541	\$ 88,992	\$ 105,538	
Per books amount		4,422	28,002	42,618	15,579	6,739	66,332	75,035	
Pro forma adjustment	\$	(693)	\$ 5,138	\$ 43,870	\$ (37)	\$ 802	\$ 22,661	\$ 30,503	
		St Louis	Warrensburg	Warren Cty Water	Parkville Sewer	Cedar Hill Sewer	Warren Cty Sewer	Total	
		STL	WAR	WCW	PKS	CDH	WCS		
Pro forma amount	\$1,277,433	\$4,440	\$6	\$11	\$33,986	\$5	\$	1,656,853	
Per books amount	1,031,895	6,127	3	5	4	3		1,276,765	
Pro forma adjustment	\$245,538	(\$1,687)	\$3	\$6	\$33,982	\$3	\$	380,088	

Responsible: Bernsen

Adjustment to Telephone Expense
For the Test Year Ended December 31, 2007

Missouri-American Water Company
Case No. WR-2008-XXXX

Schedule CAS-15
Page 16 of 26

Line #

Adjustment to Telephone Expense

In May, 2008, data circuits in Jefferson City, St Joseph, and Joplin will be upgraded to improve network performance. Additionally, the Company has an initiative to reduce telephone expense in all districts beginning in April, 2008. This adjustment annualizes the related ongoing expense.

Calculation of pro forma Adjustment to Telephone Expense

	Brunswick BRU	Jefferson City JFC	Joplin JOP	Mexico MEX	Parkville Water PKW	St Charles SCH	St Joseph SJO	
Pro forma amount	\$583	\$3,732	\$5,718	\$5,987	(\$542)	(\$11,655)	\$16,646	
Per books amount	900	5,142	9,968	9,413	3,360	8,871	13,627	
Pro forma adjustment	(\$317)	(\$1,410)	(\$4,249)	(\$3,426)	(\$3,902)	(\$20,526)	\$3,019	
	St Louis STL	Warrensburg WAR	Warren Cty Water WCW	Parkville Sewer PKS	Cedar Hill Sewer CDH	Warren Cty Sewer WCS	Total	
Pro forma amount	-\$187,460	\$3,699	\$499	-\$63	\$137	-\$286	\$ -	(163,005)
Per books amount	48,988	8,648	784	0	549	0		110,251
Pro forma adjustment	(\$236,448)	(\$4,949)	(\$286)	(\$63)	(\$412)	(\$286)	\$ -	(273,257)

Responsible: Petry

Adjustment of Property Tax Expense
For the Test Year Ended December 31, 2007

Missouri-American Water Company
Case No. WR-2008-XXXX

Schedule CAS-15
Page 17 of 26

Line #

Narrative Discussion of Proposed Adjustment of Property Tax Expense

The Company has developed its pro forma property tax expense based on its latest actual property tax bills. The pro forma property tax was calculated by dividing the 2007 property tax bills by December 31, 2006 utility plant in service and materials & supplies producing a property tax rate per \$1 of taxable property base. This rate was multiplied by the true-up utility plant in service and materials & supplies as of December 31, 2007 to determine the pro forma property tax expense.

Calculation of pro forma Adjustment of Property Tax Expense

	Brunswick BRU	Jefferson City JFC	Joplin JOP	Mexico MEX	Parkville Water PKW	St Charles SCH	St Joseph SJO	
	\$29,384	\$246,852	\$550,470	\$137,152	\$554,626	\$688,956	\$983,230	
Pro forma amount								
Per books amount	26,637	212,132	446,659	127,609	444,943	652,498	958,065	
Pro forma adjustment	\$2,747	\$34,720	\$103,811	\$9,543	\$109,683	\$36,458	\$25,165	
	St Louis STL	Warrensburg WAR	Warren City Water WCW	Parkville Sewer PKS	Cedar Hill Sewer CDH	Warren City Sewer WCS	Total	
	\$7,685,379	\$195,493	\$12,419	\$1,587	\$28,765	\$30,031	\$ -	\$ 11,144,344
Pro forma amount								
Per books amount	7,083,557	162,271	11,419	0	0	0		10,125,790
Pro forma adjustment	\$601,822	\$33,222	\$1,000	\$1,587	\$28,765	\$30,031	\$ -	\$ 1,018,554

Responsible: Petry

Adjustment of PSC Assessment Expense
For the Test Year Ended December 31, 2007

Missouri-American Water Company
Case No. WR-2008-XXXX

Schedule CAS-15
Page 18 of 26

Line #

Narrative Discussion of Proposed Adjustment of PSC Assessment Expense

The pro forma adjustment to the Public Service Commission Fee was calculated by applying the last known assessment rate to pro forma present rate revenues.

Calculation of pro forma Adjustment of PSC Assessment Expense

	Brunswick BRU	Jefferson City JFC	Joplin JOP	Mexico MEX	Parkville Water PKW	St Charles SCH	St Joseph SJO	
Pro forma amount	\$ 1,463	\$ 35,806	\$ 91,204	\$ 24,537	\$ 26,083	\$ 70,453	\$ 145,009	
Per books amount	1,170	24,350	52,316	16,056	18,927	57,101	106,394	
Pro forma adjustment	\$ 293	\$ 11,456	\$ 38,888	\$ 8,481	\$ 7,156	\$ 13,352	\$ 38,615	
	St Louis STL	Warrensburg WAR	Warren Cty Water WCW	Parkville Sewer PKS	Cedar Hill Sewer CDH	Warren Cty Sewer WCS	Total	
Pro forma amount	\$ 882,796	\$ 21,408	\$ 1,313	\$ 18,882	\$ 3,934	\$ 9,349	\$ 1,332,237	
Per books amount	769,007	15,206	744	1,276	319	532	1,063,398	
Pro forma adjustment	\$ 113,789	\$ 6,202	\$ 569	\$ 17,606	\$ 3,615	\$ 8,817	\$ 268,839	

Responsible: Bernsen

**Adjustment of Tank Painting Expense
For the Test Year Ended December 31, 2007**

**Missouri-American Water Company
Case No. WR-2008-XXXX**

**Schedule CAS-15
Page 19 of 26**

Line #

Narrative Discussion of Proposed Adjustment of Tank Painting Expense

The pro forma adjustment for Tank Painting Expense is based upon performing a specific level of tank inspections and tank painting projects. The Company's current revenue requirement includes an annual level of \$1,000,000 for tank painting and inspections. This was a result of the stipulation that the Company and the parties agreed to in Case No. WR-2007-0216. The Company is currently recording a tracker for tank painting and inspection costs. It is anticipated that the Company will record \$1,000,000 of annual cost and expend in excess of this accrual for 2008. The Company is proposing in the current case to increase the amount of the tank painting tracker to \$1,600,000. This tracker will start in March 2009 which will coincide with the implementation of new rates in this case.

Calculation of pro forma Adjustment of Tank Painting Expense

	Brunswick BRU	Jefferson City JFC	Joplin JOP	Mexico MEX	Parkville Water PKW	St Charles SCH	St Joseph SJO
Pro forma amount	\$ 2,590	\$ -	\$ 9,705	\$ -	\$ 2,590	\$ 171,300	\$ 393,150
Per books amount	167	3,917	8,750	1,800	2,050	10,783	11,833
Pro forma adjustment	\$ 2,423	\$ (3,917)	\$ 955	\$ (1,800)	\$ 540	\$ 160,517	\$ 381,317
	St Louis STL	Warrensburg WAR	Warren Cty Water WCW	Parkville Sewer PKS	Cedar Hill Sewer CDH	Warren Cty Sewer WCS	Total
Pro forma amount	\$ 1,018,930	\$ 1,735	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,600,000
Per books amount	124,217	2,600	150	33	217	150	166,667
Pro forma adjustment	\$ 894,713	\$ (865)	\$ (150)	\$ (33)	\$ (217)	\$ (150)	\$ 1,433,333

Responsible: Grubb

Adjustment of Annualize Amortization of Regulatory Assets
For the Test Year Ended December 31, 2007

Missouri-American Water Company
Case No. WR-2008-XXXX

Schedule CAS-15
Page 20 of 26

Line #

Narrative Discussion of Proposed Adjustment of Annualize Amortization of Regulatory Assets

MoAW has received authorization from the Missouri PSC in case No. WR-2007-0216 to record to a regulatory asset account the costs associated with the transition to the Customer Call Center and the Shared Services Center. These costs are to be amortized over a period of 50 years. This adjustment annualizes those costs.

Calculation of pro forma Adjustment of Annualize Amortization of Regulatory Assets

	Brunswick	Jefferson City	Joplin	Mexico	Parkville Water	St Charles	St Joseph	
	BRU	JFC	JOP	MEX	PKW	SCH	SJO	
Pro forma amount	\$159	\$3,741	\$8,358	\$1,719	\$1,958	\$10,301	\$11,304	
Per books amount	40	935	2,090	430	490	2,575	2,826	
Pro forma adjustment	\$119	\$2,806	\$6,268	\$1,289	\$1,468	\$7,726	\$8,478	
	St Louis	Warrensburg	Warren City Water	Parkville Sewer	Cedar Hill Sewer	Warren City Sewer		Total
	STL	WAR	WCW	PKS	CDH	WCS		
Pro forma amount	\$118,656	\$2,484	\$143	\$32	\$207	\$143	\$	159,205
Per books amount	29,664	621	36	8	52	36		39,803
Pro forma adjustment	\$88,992	\$1,863	\$107	\$24	\$155	\$107	\$	119,402

Responsible: Petry

Adjustment of Uncollectible Expense at present water rates
For the Test Year Ended December 31, 2007

Missouri-American Water Company
Case No. WR-2008-XXXX

Schedule CAS-15
Page 21 of 26

Line #

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

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

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

	Brunswick BRU	Jefferson City JFC	Joplin JOP	Mexico MEX	Parkville Water PKW	St Charles SCH	St Joseph SJO	
	\$1,995	\$49,880	\$122,504	\$32,684	\$35,925	\$95,264	\$196,079	
Pro forma amount								
Per books amount	1,408	29,304	62,959	19,323	22,778	68,719	127,967	
Pro forma adjustment	\$ 587	\$ 20,576	\$ 59,545	\$ 13,361	\$ 13,147	\$ 26,545	\$ 68,112	
	St Louis STL	Warrensburg WAR	Warren City Water WCW	Parkville Sewer PKS	Cedar Hill Sewer CDH	Warren City Sewer WCS	Total	
	\$1,194,489	\$28,999	\$1,572	\$560	\$2,119	\$1,121	\$ -	1,763,192
Pro forma amount								
Per books amount	925,456	18,299	896	384	1,535	639		1,279,667
Pro forma adjustment	\$ 269,033	\$ 10,700	\$ 676	\$ 176	\$ 584	\$ 482	\$ -	483,525

Responsible: Bernsen

**Adjustment of Depreciation Expense
For the Test Year Ended December 31, 2007**

Missouri-American Water Company
Case No. WR-2008-XXXX

Schedule CAS-15
Page 22 of 26

Line #

Narrative Discussion of Proposed Adjustment of Depreciation Expense

The calculation is based on the true-up utility plant in service (UPIS) balance through September 30, 2008. Depreciation rates used were per WR 2007-0216 stipulation.

Calculation of pro forma Adjustment of Depreciation Expense

	Brunswick BRU	Jefferson City JFC	Joplin JOP	Mexico MEX	Parkville Water PKW	St Charles SCH	St Joseph SJO
Pro forma amount	\$ 67,365	\$ 531,773	\$ 2,257,993	\$ 424,539	\$ 644,627	\$ 1,323,910	\$ 2,480,682
Per books amount	55,852	396,005	1,117,398	459,664	397,203	1,144,932	1,849,065
Pro forma adjustment	\$ 11,513	\$ 135,768	\$ 1,140,595	\$ (35,125)	\$ 247,424	\$ 178,978	\$ 631,617
	St Louis STL	Warrensburg WAR	Warren City Water WCW	Parkville Sewer PKS	Cedar Hill Sewer CDH	Warren City Sewer WCS	Total
Pro forma amount	\$ 15,952,511	\$ 441,547	\$ 35,974	\$ 1,307	\$ 93,062	\$ 157,320	\$ 24,412,610
Per books amount	12,328,704	350,059	42,935	5,137	46,780	93,296	18,287,030
Pro forma adjustment	\$ 3,623,807	\$ 91,488	\$ (\$6,961)	\$ (\$3,830)	\$ 46,282	\$ 64,024	\$ 6,125,580

Responsible: Bernsen

Adjustment of Postage Expense
For the Test Year Ended December 31, 2007

Missouri-American Water Company
Case No. WR-2008-XXXX

Schedule CAS-15
Page 23 of 26

Line #

Narrative Discussion of Proposed Adjustment of Postage Expense

The Pro Forma adjustment for Postage Expense was calculated by applying 2008 anticipated rates from the United States Postal Service to the number of test year mailings.

Calculation of pro forma

	Brunswick BRU	Jefferson City JFC	Joplin JOP	Mexico MEX	Parkville Water PKW	St Charles SCH	St Joseph SJO	
Pro forma amount	\$1,187	\$27,887	\$62,301	\$12,816	\$14,596	\$76,778	\$84,255	
Per books amount	1,120	26,326	58,814	12,099	13,779	72,482	79,610	
Pro forma adjustment	\$67	\$1,561	\$3,487	\$717	\$817	\$4,296	\$4,645	
	St Louis STL	Warrensburg WAR	Warren Cty Water WCW	Parkville Sewer PKS	Cedar Hill Sewer CDH	Warren Cty Sewer WCS	Total	
Pro forma amount	\$884,435	\$18,512	\$1,068	\$237	\$1,543	\$1,068	\$ -	\$ 1,186,684
Per books amount	835,050	18,267	1,008	224	1,456	1,008		1,121,243
Pro forma adjustment	\$49,385	\$245	\$60	\$13	\$87	\$60	\$ -	\$ 65,441

Responsible: Thakadiyil

Adjustment to Eliminate Non-Recurring Expense Adjustment
For the Test Year Ended December 31, 2007

Missouri-American Water Company
Case No. WR-2008-XXXX

Schedule CAS-15
Page 24 of 26

Line #

Narrative Discussion of Proposed Adjustment to Eliminate Non-Recurring Expense Adjustment

This proforma adjustment is to eliminate nonrecurring expenses. The adjustment includes written off construction costs and costs associated with the transfer of the National Call Center and Shared Services Center to a regulatory asset.

Calculation of pro forma Adjustment to Eliminate Non-Recurring Expense Adjustment

	Brunswick BRU	Jefferson City JFC	Joplin JOP	Mexico MEX	Parkville Water PKW	St Charles SCH	St Joseph SJO	
Pro forma amount	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Per books amount	8,853	(19,511)	(43,588)	(8,967)	(10,212)	(44,368)	(49,101)	
Pro forma adjustment	<u>(\$8,853)</u>	<u>\$19,511</u>	<u>\$43,588</u>	<u>\$8,967</u>	<u>\$10,212</u>	<u>\$44,368</u>	<u>\$49,101</u>	
	St Louis STL	Warrensburg WAR	Warren Cty Water WCW	Parkville Sewer PKS	Cedar Hill Sewer CDH	Warren Cty Sewer WCS	Total	
Pro forma amount	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Per books amount	(406,518)	(12,952)	(747)	(166)	(1,079)	(747)	(589,104)	
Pro forma adjustment	<u>\$406,518</u>	<u>\$12,952</u>	<u>\$747</u>	<u>\$166</u>	<u>\$1,079</u>	<u>\$747</u>	<u>\$589,104</u>	

Responsible: Petry

Line #

Narrative Discussion of Proposed Adjustment to Hydrant Maintenance

The Company is proposing to sand blast and paint 17,000 hydrants in the St. Louis County District that have been identified as having been previously painted with lead paint. The Company estimates a cost of \$250 per hydrant. The annual cost over three years is expected to be \$1,416,667.

Calculation of pro forma Adjustment to Hydrant Maintenance

	Brunswick BRU	Jefferson City JFC	Joplin JOP	Mexico MEX	Parkville Water PKW	St Charles SCH	St Joseph SJO	
Pro forma amount	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Per books amount	0	0	0	0	0	0	0	
Pro forma adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
	St Louis STL	Warrensburg WAR	Warren City Water WCW	Parkville Sewer PKS	Cedar Hill Sewer CDH	Warren City Sewer WCS	Total	
Pro forma amount	\$1,416,667	\$0	\$0	\$0	\$0	\$0	\$ -	\$ 1,416,667
Per books amount	0	0	0	0	0	0	0	0
Pro forma adjustment	\$1,416,667	\$0	\$0	\$0	\$0	\$0	\$ -	\$ 1,416,667

Responsible: Grubb/Kartmann

Adjustment to Franchise Fees
For the Test Year Ended December 31, 2007

Missouri-American Water Company
Case No. WR-2008-XXXX

Schedule CAS-15
Page 26 of 26

Line #

Narrative Discussion of Proposed Adjustment to Franchise Fees

The proforma adjustment for franchise fees was calculated by applying the rate from the 2007 return to total assets at 12/31/07.

Calculation of pro forma Adjustment to Franchise Fees

	Brunswick BRU	Jefferson City JFC	Joplin JOP	Mexico MEX	Parkville Water PKW	St Charles SCH	St Joseph SJO	
Pro forma amount	\$353	\$8,302	\$18,548	\$3,816	\$4,345	\$22,858	\$25,084	
Per books amount	317	7,448	16,638	3,423	3,898	20,505	22,501	
Pro forma adjustment	\$36	\$854	\$1,910	\$393	\$447	\$2,353	\$2,583	
	St Louis STL	Warrensburg WAR	Warren Cty Water WCW	Parkville Sewer PKS	Cedar Hill Sewer CDH	Warren Cty Sewer WCS	Total	
Pro forma amount	\$263,306	\$5,511	\$318	\$71	\$459	\$318	\$353,289	
Per books amount	236,199	4,944	285	63	412	285	316,918	
Pro forma adjustment	\$27,107	\$567	\$33	\$8	\$47	\$33	\$36,371	

Responsible: Petry