

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

EXH. 10
Schedule CAS-15
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Missouri-American Water Company
Case No. WR-2003-XXX

Narrative Discussion of Proposed Adjustment of Chemical Expense

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

Calculation of pro forma Adjustment of Chemical Expense

	Brunswick <u>BRU</u>	Jefferson City <u>JFC</u>	Joplin <u>JOP</u>	Mexico <u>MEX</u>	Parkville Water <u>PKW</u>	St Charles <u>SCH</u>	St Joseph <u>SJO</u>	
Pro forma amount	\$ 6,454	\$ 172,202	\$ 97,076	\$ 64,399	\$ 81,779	\$ -	\$ 309,425	
Per books amount	5,681	160,351	96,091	52,051	86,432	4,567	694,777	
Pro forma adjustment	\$ 773	\$ 11,851	\$ 985	\$ 12,348	\$ (4,653)	\$ (4,567)	\$ (385,352)	

	St Louis <u>STL</u>	Warrensburg <u>WAR</u>	Parkville Sewer <u>PKS</u>					Total
Pro forma amount	\$ 4,003,191	\$ 27,246	\$ -	\$ -	\$ -	\$ -	\$ -	4,761,772
Per books amount	3,982,747	23,174	15					5,105,886
Pro forma adjustment	\$ 20,444	\$ 4,072	\$ (15)	\$ -	\$ -	\$ -	\$ -	(344,114)

FILED
JAN 23 2004
Missouri Public
Service Commission

Responsible: Bade

Exhibit No. 130
Case No(s) WR-2003-0500
Date 1-8-04 Rptr RT