

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the matter of the tariff filing of Algonquin)	
Water Resources of Missouri, LLC to)	
implement a general rate increase for water)	Case No. WR-2006-0425
and sewer service provided to customers in its)	
Missouri service areas.)	

**STAFF'S RECOMMENDATION REGARDING
TEST YEAR AND TRUE-UP**

COMES NOW the Staff of the Missouri Public Service Commission and, for its Recommendation Regarding Test Year, states to the Commission as follows:

1. On May 12, 2006, the Commission issued its Suspension Order and Notice, in which it directed Algonquin Water Resources of Missouri, LLC to file its recommendations regarding the proper test year and any recommendation for a true-up audit and hearing by no later than May 22, 2006. The Commission also ordered the Staff to file its recommendations regarding test year and true-up by no later than June 8, 2006.

2. Algonquin filed its pleading recommending that the Commission establish the twelve months ending September 30, 2005 as the test year, to be adjusted and updated for known and measurable changes through September 30, 2006, and stating that it did not intend to request a true-up audit and hearing.

3. On June 20, 2006, the Commission granted the Staff's request to extend the time for filing its recommendations regarding the test year to June 26, 2006.

4. As a result of discussions at the prehearing conference on June 19, and subsequent discussions, the Staff concurs with Algonquin's recommendation regarding the test year and update, and recommends that no true-up audit and hearing be ordered.

WHEREFORE, the Staff respectfully submits this Recommendation Regarding Test Year and True-up.

Respectfully submitted,

/s/ Keith R. Krueger

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Certificate of Service

I hereby certify that a copy of the foregoing has been mailed, hand-delivered, transmitted by facsimile or electronically-mailed to all counsel of record this 26th day of June 2006.

/s/ Keith R. Krueger