

**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 and sewer service provided to)
customers in its Missouri service areas.)

Case No. WR-2006-0425

CASE RECONCILIATION

COMES NOW the Staff of the Missouri Public Service Commission and, for its Case Reconciliation, states to the Commission as follows:

1. On July 5, 2006, the Commission issued its Order Setting Procedural Schedule, in which it ordered the Staff to file its Case Reconciliation by no later than December 8, 2008. The Commission subsequently modified the procedural schedule, but did not change the deadline for filing the Case Reconciliation.

2. In compliance with the Commission's order, attached hereto is the Staff's Case Reconciliation. This reconciliation consists of two documents, the first reconciling the Staff's proposed revenue requirement for the water service that Algonquin provides with the Company's proposed revenue requirement for water service, and the second reconciling the Staff's proposed revenue requirement for the sewer service that Algonquin provides with the Company's proposed revenue requirement for sewer service.

WHEREFORE, the Staff submits this Case Reconciliation for the Commission's information.

Respectfully submitted,

/s/ Keith R. Krueger

Keith R. Krueger
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Certificate of Service

I hereby certify that copies of the foregoing have been mailed or hand-delivered, transmitted by facsimile or e-mailed to all counsel of record as shown on the attached service list this 8th day of December 2006.

/s/ Keith R. Krueger

Water Case Reconciliation

1	Algonquin - Revenue Requirement									\$736,758
2	Rate of Return & Capital Structure									
3	Value of Capital Structure Issue - Staff / Company							(\$32,683)		
4	Capital Structure Impact on Interest Expense Deduction							\$0		
5	Rev. Req. Value of Return on Equity							(\$48,709)		
6	Sub-Total Rate of Return and Capital Structure Differences									(\$81,392)
	Rate Base Issues									
7	Update Plant to 09/30/06							\$21,590		
8	Adjust Test Year to Agree to Staff							(\$38,987)		
9	Disallow Const. Cost Overruns							(\$13,513)		
10	To Reclassify Excess Capacity							(\$34,418)		
11	Booked Plant in Service							(\$103,371)		
12	Adj. Reserve for Staff Adjustments							\$10,975		
13	Booked Depreciation Reserve							\$68,271		
14	Prepayments							(\$202)		
15	Unamortized Rate Case Expense							(\$7,830)		
16	Contributions in aid of Construction							(\$68,607)		
17	Sub Total - Rate Base Issues									(\$166,093)
	Income Statement - Revenue Issues									
18	Booked Revenue - Unadjusted							\$75,571		
19	Annualize Water Revenue							(\$71,198)		
20	Eliminate Transfer Fee							\$2,721		
21	Eliminate Reconnection Fee							\$1,598		
22	Annualize Irrigation Revenue							(\$97,014)		
23	Eliminate Other Income							\$6,129		
24	Sub Total - Revenue Adjustments									(\$82,194)
	Income Statement - Expense Issues									
25	Total Expenses - Unadjusted							(\$81,521)		
26	Annualize Payroll Expense							(\$31,711)		
27	Annualize PSC Assessment							(\$931)		
28	Annualize Rental Expense							\$3,839		
29	Annualize Postage Expense							\$463		
30	Annualize Phone Expense							\$572		
31	Annualize Property Taxes							\$10,365		
32	Annualize Electric Pumping Expense							(\$1,228)		
33	Amortize Rate Case Expense							(\$26,964)		
34	Annualize Depreciation Expense							(\$56,648)		
35	Sub Total - Expense Issues									(\$183,764)
	Income Tax Issues									
36	Algonquin - Current Tax on Negative Taxable Income							\$143,910		
37	Add Tax Factor Gross Up Difference							(\$278,360)		
38	Sub Total - Effective Tax Rate and Tax Gross Up Difference									(\$134,450)
39	Total Value of All Issues									(\$647,892)
40	Staff Revenue Requirement									\$88,866

Sewer Case Reconciliation

1	Algonquin - Revenue Requirement									\$336,509
	Rate of Return & Capital Structure									
2	Value of Capital Structure Issue - Staff / Company							(\$12,900)		
3	Capital Structure Impact on Interest Expense Deduction							\$0		
4	Rev. Req. Value of Return on Equity							(\$19,226)		
5	Sub-Total Rate of Return and Capital Structure Differences									(\$32,127)
	Rate Base Issues									
6	Update Plant to 09/30/06							(\$4,690)		
7	Adjust Test Year to Agree to Staff							(\$4,308)		
8	Booked Plant in Service							(\$61,765)		
9	Adj. Reserve for Staff Adjustments							(\$15,648)		
10	Booked Depreciation Reserve							\$64,135		
11	Prepayments							(\$177)		
12	Unamortized Rate Case Expense							(\$5,462)		
13	Contributions in aid of Construction							(\$22,722)		
14	Sub Total - Rate Base Issues									(\$50,637)
	Income Statement - Revenue Issues									
15	Booked Revenue - Unadjusted							\$17,583		
16	Annualize Water Revenue							(\$24,832)		
17	Sub Total - Revenue Adjustments									(\$7,248)
18	Income Statement - Expense Issues									
19	Total Expenses - Unadjusted							(\$49,610)		
20	Annualize Payroll Expense							(\$5,364)		
21	Annualize PSC Assessment							(\$6,464)		
22	Annualize Rental Expense							\$876		
23	Annualize Postage Expense							\$209		
24	Annualize Phone Expense							(\$380)		
25	Annualize Property Taxes							\$4,665		
26	Amortize Rate Case Expense							(\$18,808)		
27	Annualize Depreciation Expense							(\$23,483)		
28	Sub-Total Expense Issues									(\$98,359)
	Income Tax Issues									
29	Algonquin - Current Tax on Negative Taxable Income							\$77,081		
30	Add Tax Factor Gross Up Difference							(\$117,454)		
31	Sub Total - Effective Tax Rate and Tax Gross Up Difference									(\$40,373)
32	Total Value of All Issues									(\$228,744)
33	Staff Revenue Requirement									\$107,765