

Missouri-American Water Company
Brief Summary of Common Equity Cost Rate

No.	Principal Methods	Proxy Group of Six AUS Utility Reports Water Companies	Proxy Group of Eight AUS Utility Reports Gas Distribution Companies
1.	Discounted Cash Flow Model (DCF) (1)	11.73 %	8.68 %
2.	Risk Premium Model (RPM) (2)	11.12	10.85
3.	Capital Asset Pricing Model (CAPM) (3)	11.58	10.49
4.	Comparable Earnings Model (CEM) (4)	13.75	NMF
5.	Indicated Common Equity Cost Rate before Adjustment for Business Risk	12.15 %	10.35 %
6.	Business Risk Adjustment (5)	<u>0.05</u>	<u>0.15</u>
7.	Range of Indicated Common Equity Cost Rate After Adjustment for Business Risk	12.20 %	10.50 %
8.	Financial / Credit Risk Adjustment (6)	<u>0.32</u>	<u>0.21</u>
9.	Range of Indicated Common Equity Cost Rate After Adjustment for Business and Financial / Credit Risk	<u>12.52 %</u>	<u>10.71 %</u>
10.	Recommended Common Equity Cost Rate	<u>11.60%</u>	

- Notes: (1) From Schedule PMA-7.
 (2) From page 1 of Schedule PMA-11.
 (3) From page 1 Schedule PMA-12.
 (4) From pages 2 and 3 of Schedule PMA-14 of this Exhibit.
 (5) Business risk adjustment to reflect Missouri-American Water Company's greater business risk due to its small size relative to the proxy groups as detailed in Ms. Ahern's accompanying direct testimony.
 (6) Financial / credit risk adjustment to reflect Missouri-American Water Company's greater financial / credit risk relative to the proxy groups as detailed in Ms. Ahern's accompanying direct testimony.

MAWC Exhibit No. 134
 Date 5-17-10 Reporter XF
 File No. WR-2010-0131