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Date: Exhibit No.: _____
Issues: Updated Test Year
Witness: Larry W. Loos
Exhibit Type: Direct
Sponsoring Party: Algonquin Water Resources of
Missouri, LLC
Case No.: WR-2006-0425

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. WR-2006-0425

UPDATED DIRECT TESTIMONY

OF

LARRY W. LOOS

ON BEHALF OF

ALGONQUIN WATER RESOURCES OF MISSOURI, LLC

JEFFERSON CITY, MISSOURI

1 **Before the Missouri Public Service Commission**

2 **Cases Nos. WR-2006-0425**

3 **Updated Direct Testimony of Larry W. Loos**

4
5 **Q. Please state your name and business address.**

6 A. Larry W. Loos, 11401 Lamar, Overland Park, KS 66211.

7 **Q. Are you the same Larry W. Loos who filed direct testimony in this**
8 **proceeding on May 5, 2006?**

9 A. Yes, I am.

10 **Q. What is the purpose of your updated direct testimony?**

11 A. In its Order Establishing Procedural Schedule issued on July 5, 2006, the
12 Commission required Algonquin Water Resources of Missouri, LLC
13 ("Algonquin" or "Company") to update its revenue requirements to reflect the
14 test year updated for known and measurable items through September 30,
15 2006. The purpose of this testimony is to present updated schedules for
16 revenue requirements prepared under my supervision and direction on behalf
17 of Algonquin based on a test year ending September 30, 2006.

18 **Q. Have you prepared any schedules to support the updated test year?**

19 A. Yes, I have.

20 **Q. Please describe these schedules.**

21 A. The schedules attached to this testimony are updates to the following
22 schedules attached to my May 5, 2006 testimony:

- 1 • LWL-2 – Customers, Sales, and Sales Revenue
- 2 • LWL-3 - Proposed Adjustments to Book Balances
- 3 • LWL-4 – Cost of Capital
- 4 • LWL-5 – Proforma Adjustments
- 5 • LWL-S – Revenue Requirements – Sewer
- 6 • LWL-W – Revenue Requirements – Water

7 The schedules are in the same general format as the schedules submitted
8 with my May 5, 2006 testimony. Differences between these schedules and
9 my original schedules relate to implications of the September 30, 2006
10 update. I have identified each of these schedules as updated. I have
11 included with this testimony only those schedules affected by the update to
12 the test year.

13 **Q. As a result of the update in test year, does Algonquin propose a change**
14 **in the originally filed proposed rates?**

15 A. No, Algonquin's request for rate relief remains unchanged.

16 **Q. Are there any significant changes in the indicated revenue deficiency as**
17 **a result of the change in test year?**

18 A. No. Considering the magnitude of the required increases, the updated test
19 year does not represent a significant departure. The revenue deficiency set
20 forth in Schedules LWL-S and LWL-W for the original test year are 241% and
21 269% respectively. For the updated test year, the revenue deficiencies
22 amount to 293% and 329%, respectively.

1 **Q. How does the update to the test year affect the rates proposed by**
2 **Algonquin?**

3 A. As I previously indicated, Algonquin does not propose to change its filed rate
4 as a result of the higher revenue deficiencies indicated using the updated test
5 year. The rates proposed for water and sewer service have not changed.
6 However, based on the changes to rate base and the updated revenues and
7 expenses, the rate of return realized by Algonquin under the proposed rates
8 is significantly reduced. The rate of return under proposed rates for sewer
9 service falls to 6.46% based on use of the updated test year. Under the
10 proposed water rates the rate of return amounts to 7.24%.

11 **Q. Does this conclude your direct testimony regarding the updated test**
12 **year?**

13 A. Yes, it does