

Exhibit No.:
Issue: *Bad Debt Expense*
Witness: *Kofi Agyenim Boateng*
Sponsoring Party: *MoPSC Staff*
Type of Exhibit: *Surrebuttal Testimony*
Case Nos.: *WR-2008-0311*
& SR-2008-0312
Date Testimony Prepared: *October 16, 2008*

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

SURREBUTTAL TESTIMONY

OF

KOFI AGYENIM BOATENG

MISSOURI-AMERICAN WATER COMPANY

CASE NOS. WR-2008-0311 & SR-2008-0312
(Consolidated)

Jefferson City, Missouri
October 2008

SURREBUTTAL TESTIMONY

OF

KOFI AGYENIM BOATENG

MISSOURI-AMERICAN WATER COMPANY

CASE NO. WR-2008-0311 & SR-2008-0312

(Consolidated)

Q. Please state your name and business address.

A. "Kofi" Agyenim Boateng, Governor Office Building, P. O. Box 360, Jefferson City, Missouri 65102.

Q. By whom are you employed and in what capacity?

A. I am a Utility Regulatory Auditor with the Missouri Public Service Commission (Commission).

Q. Are you the same Kofi Agyenim Boateng who has previously assisted in the filing of the Staff Report on Cost of Service in Case No. WR-2008-0311?

A. Yes.

Q. What is the purpose of your Surrebuttal Testimony?

A. The purpose of my testimony is to respond to the Rebuttal Testimony of Missouri-American Water Company's (MAWC or Company) witness Donald J. Petry with regard to bad debt expense.

BAD DEBT EXPENSE

Q. Beginning on page 1, line 29 and continuing on page 2 of his Corrected Rebuttal Testimony, Mr. Petry of MAWC stated what according to him are the issue differences between Staff and Company on bad debt expense as follows:

Q. WHAT IS THE ISSUE REGARDING BAD DEBT EXPENSE?

A. There are two issues between Staff and Company regarding bad debt expense. First, there is the method by which bad debt expense is normalized for purposes of the test year. Second, there is an issue as to whether or not there should be a bad debt expense attributable to the additional revenues that result from a rate increase in this case.

Does the Staff of the Commission still maintain its position in respect to how bad debt expense was normalized in the Staff's filed Cost of Service?

A. No.

Q. What is Staff's position regarding bad debt expense at this time?

A. After carefully reviewing the Company's rebuttal testimony and other available data concerning bad debt expense, the Staff has decided to adopt the Company's position of normalizing bad debt expense over a three-year period. Additionally, the Staff's analysis of the Company's past bad debt data shows some correlation between bad debt expense and revenues. For this reason, and for purposes of this proceeding only, the Staff agrees to apply a bad debt ratio to the annualized revenues resulting from this case to determine the ongoing level of bad debt expense to be included in this rate case.

Q. Is the Staff still waiting to review additional information concerning bad debt expense from the Company?

A. Yes. The Staff has some outstanding data requests that have yet to be responded to by the Company concerning bad debt expense. The Staff reserves the right to

1 further revise its position on this issue if the responses to these outstanding data requests do
2 not support Staff's current position.

3 Q. Does this conclude your Surrebuttal Testimony?

4 A. Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Missouri-American Water)
Company's request for authority to)
implement a general rate increase for water)
and sewer service provided in Missouri)
Service Areas) Case No. WR-2008-0311

AFFIDAVIT OF 'KOFI' AGYENIM BOATENG, CPA, CIA

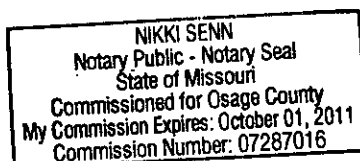
STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

"Kofi" Agyenim Boateng, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Surrebuttal Testimony in question and answer form, consisting of 3 pages to be presented in the above case; that the answers in the foregoing Surrebuttal Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of his knowledge and belief.



"Kofi" Agyenim Boateng

Subscribed and sworn to before me this 15th day of October, 2008.





Notary Public