

PARKVILLE WATER DISTRICT

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES
FOR THE TEST YEAR ENDED JUNE 30, 2006

Customer Classification (1)	Cost of Service		Revenues, Present Rates		Revenues, Proposed Rates		Proposed Increase	
	Amount (Schedule B) (2)	Percent (3)	Amount (4)	Percent (5)	Amount (6)	Percent (7)	Amount (8)	Percent Increase (9)
Residential	\$ 3,013,232	72.8%	\$ 2,313,628	70.4%	\$ 2,897,735	70.4%	\$ 584,107	25.2%
Commercial	755,998	18.2%	654,724	19.9%	820,046	19.9%	165,322	25.3%
Industrial	27,618	0.7%	29,634	0.9%	37,112	0.9%	7,478	25.2%
Public Authority	57,634	1.4%	47,145	1.4%	59,045	1.4%	11,900	25.2%
Sales for Resale	208,382	5.0%	159,292	4.8%	199,494	4.8%	40,202	25.2%
Private Fire Service	80,528	1.9%	85,380	2.6%	106,936	2.6%	21,556	25.2%
Public Fire Service	-	0.0%	\$0	0.0%	\$0	0.0%	-	0.0%
Total Sales	4,143,392	100.0%	3,289,803	100.0%	4,120,368	100.0%	830,565	25.2%
Other Revenues	35,193		35,193		35,193		-	0.0%
Total	\$ 4,178,585		\$ 3,324,996		\$ 4,155,561		\$ 830,565	25.0%

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Residential (4)	Commercial (5)	Industrial (6)	Public Authorities (7)	Sales for Resale (8)	Private (9)	Fire Protection Public (10)
OPERATION AND MAINTENANCE EXPENSES									
SOURCE OF SUPPLY EXPENSES									
Super & Eng Oper SS	2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Labor & Exp Oper SS	2	0	0	0	0	0	0	0	0
Labor & Exp Oper SS	2	743	541	138	6	9	48	0	1
Purchased Water	1	58,184	37,261	13,615	692	902	5,429	52	233
TOTAL SS EXPENSE - OPERATION		58,927	37,802	13,753	698	911	5,477	53	234
Misc Exp Oper SS	2	0	0	0	0	0	0	0	0
Misc Exp Oper SS	2	1,225	891	227	10	15	79	0	2
Rents Oper SS	2	360	262	67	3	4	23	0	1
Super & Eng Maint SS	2	0	0	0	0	0	0	0	0
Struct & Improve Maint SS	2	0	0	0	0	0	0	0	0
Struct & Improve Maint SS	2	0	0	0	0	0	0	0	0
Collect & Impound Maint SS	2	0	0	0	0	0	0	0	0
Collect & Impound Maint SS	2	0	0	0	0	0	0	0	0
Lake, River & Oth Maint SS	2	0	0	0	0	0	0	0	0
Lake, River & Oth Maint SS	2	0	0	0	0	0	0	0	0
Wells & Springs Maint SS	2	144	105	27	1	2	9	0	0
Wells & Springs Maint SS	2	0	0	0	0	0	0	0	0
Infil Gall & Tunnels Maint SS	2	0	0	0	0	0	0	0	0
Infil Gall & Tunnels Maint SS	2	0	0	0	0	0	0	0	0
Supply Mains Maint SS	2	0	0	0	0	0	0	0	0
Supply Mains Maint SS	2	0	0	0	0	0	0	0	0
Misc Plant Maint SS	2	229	166	42	2	3	15	0	0
Misc Plant Maint SS	2	(587)	(427)	(109)	(5)	(7)	(38)	(0)	(1)
TOTAL SS EXPENSE - MAINTENANCE		1,370	997	254	11	17	89	1	2
TOTAL SS EXPENSE		60,297	38,799	14,007	709	928	5,566	53	236
POWER AND PUMPING EXPENSES									
Super & Eng Oper P	6	0	0	0	0	0	0	0	0
Fuel for Power Prod	1	0	0	0	0	0	0	0	0
Labor & Exp Oper Pwr Prod	6	(6)	(5)	(1)	(0)	(0)	(0)	(0)	(0)
Labor & Exp Oper Pwr Prod	6	0	0	0	0	0	0	0	0
Purch Fuel/Power for Pump	1	118,011	75,574	27,614	1,404	1,829	11,010	106	472
Labor & Exp Oper Pump	6	3,600	2,527	644	27	42	225	22	112
Labor & Exp Oper Pump	6	0	0	0	0	0	0	0	0
Expenses Transferred	6	0	0	0	0	0	0	0	0
Misc Exp Oper P	6	684	480	122	5	8	43	4	21
Rents Oper P	6	0	0	0	0	0	0	0	0
TOTAL PUMPING EXPENSE - OPERATION		122,288	78,576	28,380	1,437	1,880	11,278	132	606

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Residential (4)	Commercial (5)	Industrial (6)	Public Authorities (7)	Sales for Resale (8)	Private (9)	Fire Protection Public (10)
Super & Eng Maint P	6	0	0	0	0	0	0	0	0
Struct & Improve Maint P	6	0	0	0	0	0	0	0	0
Power Prod Equip Maint P	6	0	0	0	0	0	0	0	0
Pump Equip Maint P	6	0	0	0	0	0	0	0	0
Pump Equip Maint P	6	1,489	1,045	266	11	18	93	9	46
TOTAL PUMPING EXPENSES - MAINTENANCE	6	1,498	1,052	268	11	18	94	9	47
TOTAL PUMPING EXPENSES		123,787	79,628	28,648	1,448	1,897	11,372	141	652
WATER TREATMENT									
Super & Eng Oper WT	2	0	0	0	0	0	0	0	0
Chemicals	1	99,952	64,009	23,389	1,189	1,549	9,326	90	400
Labor & Exp Oper WT	2	43,498	31,649	8,065	344	535	2,819	17	70
Labor & Exp Oper WT	2	6,151	4,476	1,140	49	76	399	2	10
Misc Exp Oper WT	2	7,505	5,461	1,391	59	92	486	3	12
Misc Exp Oper WT	1	23	15	5	0	0	2	0	0
Misc Exp Oper WT	2	6,815	4,958	1,263	54	84	442	3	11
Rents Oper WT	2	0	0	0	0	0	0	0	0
TOTAL WT EXPENSE - OPERATION		163,944	110,568	35,254	1,695	2,336	13,473	116	502
Super & Eng Maint WT	2	6,048	4,401	1,121	48	74	392	2	10
Struct & Improve Maint WT	2	0	0	0	0	0	0	0	0
WT Equip Maint WT	2	8,643	6,289	1,602	68	106	560	3	14
TOTAL WT EXPENSE - MAINTENANCE	2	9,850	7,167	1,826	78	121	638	4	16
TOTAL WT EXPENSE		24,541	17,856	4,550	194	302	1,590	10	39
TOTAL WT EXPENSE		188,486	128,424	39,804	1,889	2,638	15,063	125	542
TRANSMISSION AND DISTRIBUTION EXPENSES									
Super & Eng Oper TD	11	0	0	0	0	0	0	0	0
Storage Facility Exp	5	0	0	0	0	0	0	0	0
Storage Facility Exp	5	(17)	(10)	(3)	(0)	(0)	(1)	(0)	(1)
TD Lines Exp	7	5,243	2,823	831	31	56	277	200	1,024
TD Lines Exp	7	2,158	1,162	342	13	23	114	82	421
Meter Expense	9	40	31	7	0	1	0	0	0
Meter Expense	9	313	242	59	1	7	4	0	0
Customer Install Exp	10	0	0	0	0	0	0	0	0
Customer Install Exp	10	0	0	0	0	0	0	0	0

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Residential (4)	Commercial (5)	Industrial (6)	Public Authorities (7)	Sales for Resale (8)	Private (9)	Fire Protection Public (10)
Misc Exp Oper TD	11	30,354	16,670	4,848	179	340	1,545	1,108	5,664
Misc Exp Oper TD	11	60,086	32,999	9,596	355	673	3,058	2,193	11,212
Misc Exp Oper TD	11	12,060	6,623	1,926	71	135	614	440	2,250
Rents Oper TD	11	0	0	0	0	0	0	0	0
TOTAL T & D EXPENSE OPERATION		110,237	60,541	17,605	650	1,235	5,611	4,024	20,570
Super & Eng Maint TD	12	0	0	0	0	0	0	0	0
Struct & Improve Maint TD	12	0	0	0	0	0	0	0	0
Struct & Improve Maint TD	12	0	0	0	0	0	0	0	0
Dist Res Stand Maint TD	5	0	0	0	0	0	0	0	0
TD Main Maint TD	7	3,000	1,616	476	18	32	158	115	586
TD Main Maint TD	7	0	0	0	0	0	0	0	0
Fire Main Maint TD	8	0	0	0	0	0	0	0	0
Fire Main Maint TD	8	0	0	0	0	0	0	0	0
Services Maint TD	10	0	0	0	0	0	0	0	0
Services Maint TD	10	0	0	0	0	0	0	0	0
Meters Maint TD	9	0	0	0	0	0	0	0	0
Meters Maint TD	9	0	0	0	0	0	0	0	0
Hydrants Maint TD	8	0	0	0	0	0	0	0	0
Hydrants Maint TD	8	0	0	0	0	0	0	0	0
Misc Plant Maint TD	12	4,573	2,463	725	27	49	241	175	893
Mat and Sup Maint TD	12	44,279	23,844	7,018	266	474	2,338	1,691	8,648
Misc Maint TD	12	244	131	39	1	3	13	9	48
Amort Def Maint TD	5	24,143	14,896	4,684	167	319	1,531	418	2,129
TOTAL T & D EXPENSE - MAINTENANCE		76,240	42,951	12,941	479	876	4,281	2,408	12,304
TOTAL T & D EXPENSE		186,477	103,492	30,546	1,130	2,111	9,893	6,431	32,874
CUSTOMER ACCOUNTS									
Supervision CA	13	0	0	0	0	0	0	0	0
Meter Reading Exp CA	14	24,749	22,534	1,977	49	171	17	0	0
Meter Reading Exp CA	14	(23)	(21)	(2)	(0)	(0)	(0)	0	0
Meter Reading Exp CA	14	(50)	(46)	(4)	(0)	(0)	(0)	0	0
Cust Rec & Collection CA	13	27,995	25,039	2,198	56	190	20	493	0
Cust Rec & Collection CA	13	22,850	20,437	1,794	46	155	16	402	0
Uncollectible Accts	13	28,517	25,506	2,239	57	194	20	502	0
Misc Cust Accts Exp CA	13	0	0	0	0	0	0	0	0
Misc Cust Accts Exp CA	13	0	0	0	0	0	0	0	0
Misc Cust Accts Exp CA	13	5,509	4,927	432	11	37	4	97	0
Cust Serv & Info Exp CA	13	(20)	(18)	(2)	(0)	(0)	(0)	(0)	0
TOTAL CUSTOMER ACCOUNTING EXPENSE		109,527	98,359	8,632	219	747	77	1,493	0

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Residential (4)	Commercial (5)	Industrial (6)	Public Authorities (7)	Sales for Resale (8)	Private (9)	Fire Protection Public (10)
ADMINISTRATIVE AND GENERAL EXPENSES									
Salaries AG	15	76,612	53,077	11,124	414	789	3,164	1,563	6,481
Other Supplies & Exp AG	15	2,523	1,748	366	14	26	104	51	213
Other Supplies & Exp AG	15	21,088	14,609	3,062	114	217	871	430	1,784
Other Supplies & Exp AG	15	25,107	17,394	3,645	136	259	1,037	512	2,124
Mgmt Fees-Corporate/Shared Service Center	15	214,465	148,581	31,140	1,158	2,209	8,857	4,375	18,144
Mgmt Fees-Call Center	13	7,859	7,029	617	16	53	6	138	0
Mgmt Fees-Belleville Lab	2	9,892	7,197	1,834	78	122	641	4	16
Mgmt Fees- Financial ITS	15	74,742	51,781	10,853	404	770	3,087	1,525	6,323
Mgmt Fees- Customer Billings ITS	13	(3)	(2)	(0)	(0)	(0)	(0)	(0)	0
Mgmt Fees-Other ITS	15	970	672	141	5	10	40	20	82
Outside Services AG	15	10,144	7,028	1,473	55	104	419	207	858
Outside Services AG	15	58,615	40,608	8,511	317	604	2,421	1,196	4,959
Property Insurance	15	0	0	0	0	0	0	0	0
Ins Gen Liab Oper AG	15	34,430	23,853	4,999	186	355	1,422	702	2,913
Ins Work Comp AG	16	9,312	6,719	1,338	50	95	376	146	588
Ins Other Oper AG	15	13,136	9,101	1,907	71	135	543	268	1,111
Property Insurance	15	917	636	133	5	9	38	19	78
Injuries & Damages	16	59	42	8	0	1	2	1	4
Employee Pension & Benefits	16	54,571	39,373	7,842	295	557	2,205	857	3,443
Employee Pension & Benefits	16	25,430	18,348	3,654	137	259	1,027	399	1,605
Employee Pension & Benefits	16	2,016	1,455	290	11	21	81	32	127
Reg Commission Exp	15	3,386	2,346	492	18	35	140	69	286
Rents AG	15	2,606	1,806	378	14	27	108	53	220
Goodwill Advertising Exp	15	146	101	21	1	1	6	3	12
Misc Exp AG	15	19,010	13,170	2,760	103	196	785	388	1,608
Research & Development	15	0	0	0	0	0	0	0	0
TOTAL A & G OPERATIONS		667,031	466,670	96,589	3,600	6,854	27,380	12,958	52,980
General Plant Maint AG	15	0	0	0	0	0	0	0	0
General Plant Maint AG	15	4,134	2,864	600	22	43	171	84	350
TOTAL A & G EXPENSE - MAINTENANCE		4,134	2,864	600	22	43	171	84	350
TOTAL A & G EXPENSE		671,165	469,534	97,190	3,622	6,896	27,550	13,042	53,330
Total Operation & Maintenance Expenses		1,339,739	918,235	218,827	9,017	15,218	69,520	21,287	87,634

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Residential (4)	Commercial (5)	Industrial (6)	Public Authorities (7)	Sales for Resale (8)	Private (9)	Fire Protection Public (10)
DEPRECIATION EXPENSE									
Struct & Imp SS	2	437	318	81	3	5	28	0	1
Struct & Imp P	6	475	333	85	4	6	30	3	15
Struct & Imp WT	2	9,725	7,076	1,803	77	120	630	4	16
Struct & Imp TD	7	3,150	1,696	499	19	34	166	120	615
Struct & Imp Offices	15	1,752	1,214	254	9	18	72	36	148
Struct & Imp Store, Shop, Gar	15	1,191	825	173	6	12	49	24	101
Struct & Imp Misc	15	5,640	3,907	819	30	58	233	115	477
Collect & Impounding	1	0	0	0	0	0	0	0	0
Lake, River & Other Intakes	2	0	0	0	0	0	0	0	0
Wells & Springs	2	4,126	3,002	765	33	51	267	2	7
Supply Mains	2	2,686	1,954	498	21	33	174	1	4
Power Generation Equip Othe	6	0	0	0	0	0	0	0	0
Pump Equip Electric	6	15,569	10,926	2,785	118	184	975	95	486
Pump Equip Diesel	6	150	105	27	1	2	9	1	5
Pump Equip Hydraulic	6	954	670	171	7	11	60	6	30
Pump Equip Other	6	683	479	122	5	8	43	4	21
WT Equip Non-Media	2	50,817	36,974	9,421	401	625	3,293	20	81
WT Equip Filter Media	2	1,482	1,078	275	12	18	96	1	2
Dist Reservoirs & Standpipe	5	23,216	14,324	4,504	160	306	1,472	402	2,048
Elevated Tanks & Standpipes	5	1,923	1,186	373	13	25	122	33	170
Ground Level Facilities	5	1,179	727	229	8	16	75	20	104
TD Mains Not Classified by	7	111,780	60,194	17,717	671	1,196	5,902	4,270	21,831
TD Mains 4 & Less	4	3,972	1,913	602	21	41	197	196	1,001
TD Mains 6 to 8"	4	35,542	17,121	5,388	192	366	1,759	1,756	8,960
TD Mains 10 to 16"	3	67,764	47,292	12,048	508	793	4,215	474	2,433
TD Mains 18 & Grtr	3	0	0	0	0	0	0	0	0
Fire Mains	8	1,224	0	0	0	0	0	0	1,224
Services	10	(6,289)	(5,311)	(596)	(16)	(58)	(11)	(296)	0
Meters Bronze Case	9	(3,605)	(2,793)	(676)	(14)	(78)	(45)	0	0
Meters Plastic Case	9	0	0	0	0	0	0	0	0
Meters Other	9	1,495	1,158	280	6	32	19	0	0
Meters Other-Rem Rdr Unts	9	0	0	0	0	0	0	0	0
Meter Installations	9	26,961	20,887	5,052	102	585	334	0	0
Meter Installation Other	9	0	0	0	0	0	0	0	0
Hydrants	8	8,410	0	0	0	0	0	0	8,410
Utility Plant Acquisition Adjustment	17	0	0	0	0	0	0	0	0
Other P/E WT Res Hand Equip	2	0	0	0	0	0	0	0	0
Other P/E TD	11	401	220	64	2	4	20	15	75
Other P/E CPS	15	0	0	0	0	0	0	0	0
Office Furniture & Equip	15	3,561	2,467	517	19	37	147	73	301
Comp & Periph Equip	15	16,702	11,571	2,425	90	172	690	341	1,413
Computer Software	15	24,476	16,957	3,554	132	252	1,011	499	2,071
Comp Software Personal	15	229	159	33	1	2	9	5	19
Data Handling Equipment	15	10,432	7,227	1,515	56	107	431	213	883

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Residential (4)	Commercial (5)	Industrial (6)	Public Authorities (7)	Sales for Resale (8)	Private (9)	Fire Protection Public (10)
Other Office Equipment	15	1,619	1,122	235	9	17	67	33	137
Trans Equip Lt Duty Trks	15	3,553	2,462	516	19	37	147	72	301
Trans Equip Hvy Duty Trks	15	0	0	0	0	0	0	0	0
Trans Equip Autos	15	2,164	1,499	314	12	22	89	44	183
Trans Equip Other	15	0	0	0	0	0	0	0	0
Stores Equipment	15	333	231	48	2	3	14	7	28
Tools, Shop, Garage Equip	15	5,339	3,699	775	29	55	221	109	452
Tools, Shop, Garage Equip Oth	15	0	0	0	0	0	0	0	0
Laboratory Equipment	2	6,828	4,968	1,266	54	84	442	3	11
Laboratory Equip Other	2	0	0	0	0	0	0	0	0
Power Operated Equipment	15	27	19	4	0	0	1	1	2
Comm Equip Non-Telephone	15	2,712	1,879	394	15	28	112	55	229
Comm Equip Telephone	15	18	12	3	0	0	1	0	2
Misc Equipment	15	28,595	19,811	4,152	154	295	1,181	583	2,419
Other Tangible Property	15	0	0	0	0	0	0	0	0
Total Depreciation Expense		479,398	301,561	78,516	2,996	5,525	24,747	9,340	56,714
Amort-Other UP	18	628	390	101	4	7	31	13	81
Taxes Other Than Income									
Utility Reg Assessment Fee	19	14,452	9,298	2,344	91	168	727	280	1,543
Property Taxes	18	369,658	229,742	59,663	2,218	4,325	18,187	7,948	47,575
FUTA	16	281	203	40	2	3	11	4	18
FICA	16	18,114	13,069	2,603	98	185	732	284	1,143
SUTA	16	61	44	9	0	1	2	1	4
Other Taxes & Licenses	15	6,757	4,681	981	36	70	279	138	572
Gross Receipts Tax	19	0	0	0	0	0	0	0	0
Total Taxes, Other Than Income		409,321	257,037	65,640	2,445	4,750	19,939	8,656	50,855
Income Taxes	18	547,022	339,974	88,289	3,282	6,400	26,913	11,761	70,402
Utility Income Available for Return	18	1,402,477	871,639	226,360	8,415	16,409	69,002	30,153	180,499
Total Cost of Service		4,178,585	2,688,837	677,734	26,159	48,309	210,152	81,210	446,184
Less: Other Water Revenues	19	35,193	22,643	5,708	222	408	1,770	683	3,759
Revenue Contribution	19	0	0	0	0	0	0	0	0
Total Other Water Revenues		35,193	22,643	5,708	222	408	1,770	683	3,759
Total Cost of Service Related to Sales of Water		\$ 4,143,392	\$ 2,666,193	\$ 672,025	\$ 25,937	\$ 47,901	\$ 208,362	\$ 80,528	\$ 442,425
Reallocation of Public Fire	20	0	347,039	83,972	1,681	9,733	0	0	(442,425)
Total		\$ 4,143,392	\$ 3,013,232	\$ 755,998	\$ 27,618	\$ 57,634	\$ 208,362	\$ 80,528	\$ -

**MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT**

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS

FACTOR 1. ALLOCATION OF COSTS WHICH VARY WITH THE AMOUNT OF WATER CONSUMED.

Factors are based on the pro forma test year average daily consumption for each customer classification.

Customer Classification (1)	Average Daily Consumption, Thousand Gallons (2)	Allocation Factor (3)
Residential	1,448	0.6404
Commercial	529	0.2340
Industrial	27	0.0119
Other Public Authority	35	0.0155
Sales for Resale	211	0.0933
Private Fire Protection	2	0.0009
Public Fire Protection	9	0.0040
Total	2,261	1.0000

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the factors for average daily consumption (Factor 1) and the factors derived from maximum day extra capacity demand for each customer classification, as follows:

Customer Classification (1)	Average Daily Consumption		Maximum Day Extra Capacity		Allocation Factor (6)=(3)+(5)
	Allocation Factor 1 (2)	Weighted Factor (3)=(2)x 0.4000	Allocation Factor (4)	Weighted Factor (5)=(4)x 0.6000	
Residential	0.6404	0.2561	0.7859	0.4715	0.7276
Commercial	0.2340	0.0936	0.1530	0.0918	0.1854
Industrial	0.0119	0.0048	0.0051	0.0031	0.0079
Other Public Authority	0.0155	0.0062	0.0101	0.0061	0.0123
Sales for Resale	0.0933	0.0373	0.0459	0.0275	0.0648
Private Fire Protection	0.0009	0.0004			0.0004
Public Fire Protection	0.0040	0.0016			0.0016
Total	1.0000	0.4000	1.0000	0.6000	1.0000

The derivation of the maximum day extra capacity factors in column 4 and the basis for the column 3 and 5 weightings are presented on the following page.

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND
MAXIMUM DAY EXTRA CAPACITY FUNCTIONS, cont.

Customer Classification	Average Daily Consumption, Thousand Gal.	Maximum Day Extra Capacity		
		Factor*	Rate of Flow, Thousand Gal. Per Day	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	1,448	1.5	2,172	0.7859
Commercial	529	0.8	423	0.1530
Industrial	27	0.5	14	0.0051
Other Public Authority	35	0.8	28	0.0101
Sales for Resale	211	0.6	127	0.0459
Total	<u>2,250</u>		<u>2,764</u>	<u>1.0000</u>

The weighting of the factors is based on the maximum day ratio of 2.20, based on a review of maximum day ratios experienced during the period 1990 through 2005 (see Schedule D).

	Maximum Day Ratio	Weight
Average Day	1.00	0.4000
Maximum Day Extra Capacity	<u>1.50</u>	<u>0.6000</u>
Total	<u>2.50</u>	<u>1.0000</u>

* Ratio of maximum day to average day minus 1.0.

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY
AND FIRE PROTECTION FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification (1)	Average Daily Consumption		Maximum Day Extra Capacity		Fire Protection		Allocation Factor (8)=(3)+(5)+(7)
	Allocation Factor (2)	Weighted Factor (3)=(2) X 0.3836	Allocation Factor (4)	Weighted Factor (5)=(4) X 0.5753	Allocation Factor (6)	Weighted Factor (7)=(6) X 0.0411	
Residential	0.6404	0.2457	0.7859	0.4522			0.6979
Commercial	0.2340	0.0898	0.1530	0.0880			0.1778
Industrial	0.0119	0.0046	0.0051	0.0029			0.0075
Other Public Authority	0.0155	0.0059	0.0101	0.0058			0.0117
Sales for Resale	0.0933	0.0358	0.0459	0.0264			0.0622
Private Fire Protection	0.0009	0.0003			0.1636	0.0067	0.0070
Public Fire Protection	0.0040	0.0015			0.8364	0.0344	0.0359
Total	1.0000	0.3836	1.0000	0.5753	1.0000	0.0411	1.0000

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum day ratio of 2.50 and the average daily system sendout for 2005 of 2.238 MGD. The system demand for fire protection is 2,000 Gallons per minute for 2 hours.

	Ratio	Rate of Flow, (GPD)	Weight
Average Day	1.00	2,238,000	0.3836
Maximum Day Extra Capacity	<u>1.50</u>	<u>3,357,000</u>	<u>0.5753</u>
Subtotal	<u><u>2.50</u></u>	5,595,000	0.9589
Fire Protection		<u>240,000</u>	<u>0.0411</u>
Total		<u><u>5,835,000</u></u>	<u><u>1.0000</u></u>

The public and private fire protection allocation factors in column 6 on the previous page are based on the relative potential demands (see Schedule E).

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification (1)	Average Hourly Consumption			Maximum Hour Extra Capacity			Fire Protection		
	Thousand Gallons (2)	Allocation Factor (3)	Weighted Factor (4)=(3) X 0.2332	Allocation Factor (5)	Weighted Factor (6)=(5) X 0.4666	Allocation Factor (7)	Weighted Factor (8)=(7) X 0.3002	Allocation Factor (9)=(4)+(6)+(8)	
Residential	60.3	0.6402	0.1492	0.7127	0.3325			0.4817	
Commercial	22.0	0.2335	0.0545	0.2080	0.0971			0.1516	
Industrial	1.1	0.0117	0.0027	0.0057	0.0027			0.0054	
Other Public Authority	1.5	0.0159	0.0037	0.0142	0.0066			0.0103	
Sales for Resale	8.8	0.0934	0.0218	0.0594	0.0277			0.0495	
Private Fire Protection	0.1	0.0011	0.0003			0.1636	0.0491	0.0494	
Public Fire Protection	0.4	0.0042	0.0010			0.8364	0.2511	0.2521	
Total	94.2	1.0000	0.2332	1.0000	0.4666	1.0000	0.3002	1.0000	1.0000

The maximum hour extra capacity factors in column 5 are determined on the following page.

**MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT**

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND
MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum hour ratio of 3.0 and the average daily system sendout for 2005 of 2.238 MGD. The system demand for fire protection is 2,000 gallons per minute.

	Ratio	Rate of Flow, (GPM)	Weight
Average Hour	1.00	1,554	0.2332
Maximum Hour Extra Capacity	2.00	3,108	0.4666
Subtotal	3.00	4,662	0.6998
Fire Protection		2,000	0.3002
Total		6,662	1.0000

The maximum hour extra capacity factors in column 5 of the previous page are determined as follows:

Customer Classification	Average Hourly Consumption Thousand Gal.	Maximum Hour Extra Capacity		
		Factor*	1,000 Gallons Per Hour	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	60.3	3.5	211.1	0.7127
Commercial	22.0	2.8	61.6	0.2080
Industrial	1.1	1.5	1.7	0.0057
Other Public Authority	1.5	2.8	4.2	0.0142
Sales for Resale	8.8	2.0	17.6	0.0594
Total	93.7		296.2	1.0000

* Ratio of Maximum Hour To Average Hour Minus 1.0.

The public and private fire protection allocation factors in column 7 on the previous page are based on the relative potential demands (see Schedule E).

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES.

Factors are based on the weighting of the average hourly consumption, the maximum hour extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification (1)	Average Hourly Consumption			Maximum Hour Extra Capacity			Fire Protection		
	Thousand Gallons (2)	Allocation Factor (3)	Weighted Factor (4)=(3) X (5)	Allocation Factor (5)	Weighted Factor (6)=(5) X (7)	Allocation Factor (7)	Weighted Factor (8)=(7) X (9)=(4)+(6)+(8)	Allocation Factor (9)=(4)+(6)+(8)	Allocation Factor (9)=(4)+(6)+(8)
Residential	60.3	0.6402	0.1913	0.7127	0.4257			0.6170	
Commercial	22.0	0.2335	0.0697	0.2080	0.1243			0.1940	
Industrial	1.1	0.0117	0.0035	0.0057	0.0034			0.0069	
Other Public Authority	1.5	0.0159	0.0047	0.0142	0.0085			0.0132	
Sales for Resale	8.8	0.0934	0.0279	0.0594	0.0355			0.0634	
Private Fire Protection	0.1	0.0011	0.0003			0.1636	0.0170	0.0173	
Public Fire Protection	0.4	0.0042	0.0013			0.8364	0.0869	0.0882	
Total	94.2	1.0000	0.2987	1.0000	0.5974	1.0000	0.1039	1.0000	1.0000

The weighting of the factors is based on the ratio of the capacity required for a 2 hour demand of fire flow, as related to total storage capacity. The calculation is shown on the following page.

MISSOURI-AMERICAN WATER COMPANY
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FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES, cont.

The weighting of the factors is based on the ratio of the capacity required for a 2 hour demand of fire flow, as related to total storage capacity.

$$\text{Fire Protection Weight} = \frac{2,000 \text{ GPM} \times 60 \text{ Min.} \times 2 \text{ Hrs.}}{2,310,000 \text{ Gallons}} = 0.1039$$

$$\text{General Service Weight} = 1.0000 - 0.1039 = 0.8961$$

The weighting of the average hourly consumption and maximum hour extra demand for general service is based on the maximum hour ratio, as follows:

	Maximum Hour Ratio	Percent	Weight
Average Hour	1.00	33.33	0.2987
Extra Capacity Maximum Hour	<u>2.00</u>	<u>66.67</u>	<u>0.5974</u>
Total	<u><u>3.00</u></u>	<u><u>100.00</u></u>	<u><u>0.8961</u></u>

**MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT**

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH POWER AND PUMPING FACILITIES.

Factors are based on the weighting of the maximum daily consumption, Factor 2, the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

Customer Classification	Maximum Daily Consumption		Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		Allocation Factor
	Allocation Factor 2	Weighted Factor	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	
(1)	(2)	(3)=(2)X 0.1358	(4)	(5)=(4)X 0.8642	(6)	(7)=(6)X 0.0000	(8)=(3)+ (5)+(7)
Residential	0.7276	0.0987	0.6979	0.6031	0.4817	0.0000	0.7018
Commercial	0.1854	0.0252	0.1778	0.1537	0.1516	0.0000	0.1789
Industrial	0.0079	0.0011	0.0075	0.0065	0.0054	0.0000	0.0076
Other Public Authority	0.0123	0.0017	0.0117	0.0101	0.0103	0.0000	0.0118
Sales for Resale	0.0648	0.0088	0.0622	0.0538	0.0495	0.0000	0.0626
Private Fire Protection	0.0004	0.0001	0.0070	0.0060	0.0494	0.0000	0.0061
Public Fire Protection	0.0016	0.0002	0.0359	0.0310	0.2521	0.0000	0.0312
Total	<u>1.0000</u>	<u>0.1358</u>	<u>1.0000</u>	<u>0.8642</u>	<u>1.0000</u>	<u>0.0000</u>	<u>1.0000</u>

The weighting of the factors is based on the horsepower of pumps associated with maximum day facilities, maximum day and fire facilities, and maximum hour facilities, as follows:

	Horsepower of Pumps	Weight
Associated with Maximum Day	165	0.1358
Associated with Maximum Day and Fire	1,050	0.8642
Associated with Maximum Hour	<u>0</u>	<u>0.0000</u>
Total	<u>1,215</u>	<u>1.0000</u>

**MISSOURI-AMERICAN WATER COMPANY
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FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 7. ALLOCATION OF COSTS ASSOCIATED WITH TRANSMISSION AND DISTRIBUTION MAINS.

Factors are based on the weighting of the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

Customer Classification	Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		Allocation Factor
	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	
(1)	(2)	(3)=(2)X 0.2626	(4)	(5)=(4)X 0.7374	(6)=(3)+(5)
Residential	0.6979	0.1833	0.4817	0.3552	0.5385
Commercial	0.1778	0.0467	0.1516	0.1118	0.1585
Industrial	0.0075	0.0020	0.0054	0.0040	0.0060
Other Public Authority	0.0117	0.0031	0.0103	0.0076	0.0107
Sales for Resale	0.0622	0.0163	0.0495	0.0365	0.0528
Private Fire Protection	0.0070	0.0018	0.0494	0.0364	0.0382
Public Fire Protection	0.0359	0.0094	0.2521	0.1859	0.1953
Total	<u>1.0000</u>	<u>0.2626</u>	<u>1.0000</u>	<u>0.7374</u>	<u>1.0000</u>

The weighting of the factors is based on the total footage of mains, designated as either transmission mains or distribution mains, as follows:

	Total Footage of Mains	Weight
Transmission Mains	114,534	0.2626
Distribution Mains	<u>321,700</u>	<u>0.7374</u>
Total	<u>436,234</u>	<u>1.0000</u>

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 8. ALLOCATION OF COSTS ASSOCIATED WITH FIRE HYDRANTS.

Costs are assigned directly to Public Fire Protection.

Customer Classification <u> </u> (1)	Allocation Factor <u> </u> (3)
Public Fire Protection	<u>1.0000</u>
Total	<u><u>1.0000</u></u>

FACTOR 9. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

Factors are based on the relative cost of meters by size and customer classification, as developed on the following page and summarized below.

Customer Classification <u> </u> (1)	5/8" Dollar Equivalents <u> </u> (2)	Allocation Factor <u> </u> (3)
Residential	5,358	0.7747
Commercial	1,296	0.1874
Industrial	26	0.0038
Other Public Authority	150	0.0217
Sales for Resale	86	0.0124
Private Fire	<u>0</u>	<u>0.0000</u>
Total	<u><u>6,916</u></u>	<u><u>1.0000</u></u>

MISSOURI-AMERICAN WATER COMPANY
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BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS

Meter Size (1)	5/8" Dollar Equivalent (2)	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Total	
		Number of Meters (3)	Weighting (4)=(2)X(3)	Number of Meters (5)	Weighting (6)=(2)X(5)	Number of Meters (7)	Weighting (8)=(2)X(7)	Number of Meters (9)	Weighting (10)=(2)X(9)	Number of Meters (11)	Weighting (12)=(2)X(11)	Number of Meters (13)	Weighting (14)
5/8	1.0	4,686	4,686	261	261	6	6	17	17	0	0	4,970	4,970
3/4	1.3	0	0	0	0	0	0	0	0	0	0	0	0
1	1.7	308	524	74	126	0	0	4	7	0	0	386	657
1-1/2	3.5	20	70	30	105	2	7	7	25	0	0	59	207
2	4.3	7	30	53	228	3	13	8	34	0	0	71	305
3	19.0	1	19	17	323	0	0	1	19	3	57	22	418
4	29.3	1	29	2	59	0	0	0	0	1	29	4	117
6	48.4	0	0	4	194	0	0	1	48	0	0	5	242
8	112.9	0	0	0	0	0	0	0	0	0	0	0	0
Total		5,023	5,358	441	1,296	11	26	38	150	4	86	5,517	6,916

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 10. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

Factors are based on the relative cost of services by size and customer classification, as developed on the following page and summarized below.

Customer Classification	3/4" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	5,098	0.8445
Commercial	572	0.0948
Industrial	15	0.0025
Other Public Authority	56	0.0093
Sales for Resale	11	0.0018
Private Fire Protection	284	0.0471
Total	6,036	1.0000

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

BASIS FOR ALLOCATING SERVICE COSTS TO CUSTOMER CLASSIFICATIONS

Residential	Commercial		Industrial		Other Public Authority		Sales for Resale		Private Fire Protection		Total	
Number of Services (3)	Number of Services (5)	Weighting (4)=(2)X(3) (6)=(2)X(5)	Number of Services (7)	Weighting (8)=(2)X(7)	Number of Services (9)	Weighting (10)=(2)X(9)	Number of Services (11)	Weighting (12)=(2)X(11)	Number of Services (13)	Weighting (14)=(2)X(11)	Number of Services (15)	Weighting (16)
4,686	261	261	6	6	17	17	0	0	0	0	4,970	4,970
308	74	87	0	0	4	5	0	0	0	0	386	452
20	30	47	2	3	7	11	0	0	0	0	59	93
7	53	108	3	6	8	16	0	0	6	12	77	156
1	17	46	0	0	1	3	3	8	1	3	23	63
1	2	6	0	0	0	0	1	3	8	23	12	35
0	4	17	0	0	1	4	0	0	38	161	43	182
0	0	0	0	0	0	0	0	0	8	56	8	56
0	0	0	0	0	0	0	0	0	3	29	3	29
0	0	0	0	0	0	0	0	0	0	0	0	0
5,023	441	572	11	15	38	56	4	11	64	284	5,581	6,036

**MISSOURI-AMERICAN WATER COMPANY
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FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 11. ALLOCATION OF TRANSMISSION AND DISTRIBUTION OPERATION SUPERVISION AND ENGINEERING AND MISCELLANEOUS EXPENSES.

Factors are based on transmission and distribution operation expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Operating Expenses	Allocation Factor
(1)	(2)	(3)
Residential	\$ 4,248	0.5492
Commercial	1,236	0.1597
Industrial	46	0.0059
Other Public Authority	87	0.0112
Sales for Resale	394	0.0509
Private Fire Protection	282	0.0365
Public Fire Protection	1,444	0.1866
Total	<u>7,736</u>	<u>1.0000</u>

FACTOR 12. ALLOCATION OF TRANSMISSION AND DISTRIBUTION MAINTENANCE SUPERVISION AND ENGINEERING, STRUCTURES AND IMPROVEMENTS, AND OTHER EXPENSES.

Factors are based on transmission and distribution maintenance expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	\$ 1,616	0.5385
Commercial	476	0.1585
Industrial	18	0.0060
Other Public Authority	32	0.0107
Sales for Resale	158	0.0528
Private Fire Protection	115	0.0382
Public Fire Protection	586	0.1953
Total	<u>\$3,000</u>	<u>1.0000</u>

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 13. ALLOCATION OF BILLING AND COLLECTING COSTS.

Factors are based on the total number of customers.

Customer Classification	Total Customers	Allocation Factor
(1)	(2)	(3)
Residential	5,023	0.8944
Commercial	441	0.0785
Industrial	11	0.0020
Other Public Authority	38	0.0068
Sales for Resale	4	0.0007
Private Fire Protection	99	0.0176
Public Fire Protection	0	0.0000
Total	5,616	1.0000

FACTOR 14. ALLOCATION OF METER READING COSTS.

Factors are based on the number of metered customers.

Customer Classification	Total Metered Customers	Allocation Factor
(1)	(2)	(3)
Residential	5,023	0.9105
Commercial	441	0.0799
Industrial	11	0.0020
Other Public Authority	38	0.0069
Sales for Resale	4	0.0007
Total	5,517	1.0000

**MISSOURI-AMERICAN WATER COMPANY
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FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

**FACTOR 15. ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES AND CASH
WORKING CAPITAL.**

Factors are based on the allocation of all other operation and maintenance expenses excluding purchased water, power, chemicals and waste disposal.

Customer Classification <u>(1)</u>	Operation & Maintenance Expenses <u>(2)</u>	Allocation Factor <u>(3)</u>
Residential	\$271,842	0.6928
Commercial	57,014	0.1452
Industrial	2,108	0.0054
Other Public Authority	4,041	0.0103
Sales for Resale	16,203	0.0413
Private Fire Protection	7,996	0.0204
Public Fire Protection	<u>33,199</u>	<u>0.0846</u>
Total	<u><u>\$392,404</u></u>	<u><u>1.0000</u></u>

**MISSOURI-AMERICAN WATER COMPANY
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FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 16. ALLOCATION OF LABOR RELATED TAXES AND BENEFITS.

Factors are based on the allocation of direct labor expense.

Customer Classification <u>(1)</u>	Direct Labor Expense <u>(2)</u>	Allocation Factor <u>(3)</u>
Residential	\$170,430	0.7215
Commercial	33,952	0.1437
Industrial	1,277	0.0054
Other Public Authority	2,408	0.0102
Sales for Resale	9,536	0.0404
Private Fire Protection	3,708	0.0157
Public Fire Protection	<u>14,901</u>	<u>0.0631</u>
Total	<u><u>\$236,211</u></u>	<u><u>1.0000</u></u>

FACTOR 17. ALLOCATION OF ORGANIZATION, FRANCHISES AND CONSENTS,
MISCELLANEOUS INTANGIBLE PLANT AND OTHER RATE BASE ELEMENTS.

Factors are based on the allocation of the original cost less depreciation other than those items being allocated, as follows:

Customer Classification <u>(1)</u>	Original Cost Less Depreciation <u>(2)</u>	Allocation Factor <u>(3)</u>
Residential	\$11,152,478	0.6222
Commercial	2,891,891	0.1613
Industrial	108,198	0.0060
Other Public Authority	208,749	0.0116
Sales for Resale	880,553	0.0491
Private Fire Protection	384,546	0.0215
Public Fire Protection	<u>2,300,594</u>	<u>0.1283</u>
Total	<u><u>\$17,927,011</u></u>	<u><u>1.0000</u></u>

**MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT**

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 18. ALLOCATION OF INCOME TAXES AND INCOME AVAILABLE FOR RETURN.

Factors are based on the allocation of the original cost measure of value rate base as shown on the following pages and summarized below.

Customer Classification	Original Cost Measure of Value	Allocation Factor
(1)	(2)	(3)
Residential	\$10,230,835	0.6215
Commercial	2,657,048	0.1614
Industrial	99,457	0.0060
Other Public Authority	191,872	0.0117
Sales for Resale	809,378	0.0492
Private Fire Protection	353,630	0.0215
Public Fire Protection	2,118,778	0.1287
Total	<u>\$16,460,998</u>	<u>1.0000</u>

FACTOR 19. ALLOCATION OF REGULATORY COMMISSION EXPENSES, ASSESSMENTS AND OTHER WATER REVENUES.

The factors are based on the allocation of the total cost of service, excluding those items being allocated.

Customer Classification	Total Cost of Service	Allocation Factor
(1)	(2)	(3)
Residential	\$2,679,632	0.6435
Commercial	675,520	0.1622
Industrial	26,076	0.0063
Other Public Authority	48,148	0.0116
Sales for Resale	209,503	0.0503
Private Fire Protection	80,862	0.0194
Public Fire Protection	444,360	0.1067
Total	<u>\$4,164,100</u>	<u>1.0000</u>

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Residential (4)	Commercial (5)	Industrial (6)	Public Authorities (7)	Sales for Resale (8)	Private (9)	Fire Protection Public (10)
RATE BASE									
Organization	17	\$ 2,152	\$ 1,339	\$ 347	\$ 13	\$ 25	\$ 106	\$ 46	\$ 276
Franchises	17	13	8	2	0	0	1	0	2
Land & Ld Rights SS	2	1,735	1,262	322	14	21	112	1	3
Land & Ld Rights P	6	0	0	0	0	0	0	0	0
Land & Ld Rights WT	2	432	314	80	3	5	28	0	1
Land & Ld Rights TD	7	35,898	19,331	5,690	215	384	1,895	1,371	7,011
Land & Land Rights AG	15	142	98	21	1	1	6	3	12
Struct & Imp SS	2	10,954	7,970	2,031	87	135	710	4	18
Struct & Imp P	6	8,805	6,179	1,575	67	104	551	54	275
Struct & Imp Pumps (STL)	6	0	0	0	0	0	0	0	0
Struct & Imp Pump Boosters	6	0	0	0	0	0	0	0	0
Struct & Imp WT	2	383,330	278,911	71,069	3,028	4,715	24,840	153	613
Struct & Imp WT Nth Plt (ST	2	0	0	0	0	0	0	0	0
Struct & Imp WT Ctrl Plt 1	2	0	0	0	0	0	0	0	0
Struct & Imp WT Ctrl Plt 3	2	0	0	0	0	0	0	0	0
Struct & Imp WT Sth Plt (ST	2	0	0	0	0	0	0	0	0
Struct & Imp WT Meramec (ST	2	0	0	0	0	0	0	0	0
Struct & Imp TD	7	131,237	70,671	20,801	787	1,404	6,929	5,013	25,631
Struct & Imp TD Spec Cross	7	0	0	0	0	0	0	0	0
Struct & Imp Offices	15	36,980	25,620	5,369	200	381	1,527	754	3,129
Struct & Imp Leasehold	15	0	0	0	0	0	0	0	0
Struct & Imp Leasehold	15	0	0	0	0	0	0	0	0
Struct & Imp Store,Shop,Gar	15	19,036	13,188	2,764	103	196	786	388	1,610
Struct & Imp Misc	15	519,741	360,077	75,466	2,807	5,353	21,465	10,603	43,970
Collect & Impounding	1	0	0	0	0	0	0	0	0
Lake, River & Other Intakes	2	0	0	0	0	0	0	0	0
Wells & Springs	2	0	0	0	0	0	0	0	0
Supply Mains	2	129,080	93,919	23,931	1,020	1,588	8,364	52	207
Supply Mains Nth Plt (STL)	2	123,342	89,744	22,868	974	1,517	7,993	49	197
Supply Mains Ctrl Plt (STL)	2	0	0	0	0	0	0	0	0
Supply Mains Sth Plt (STL)	2	0	0	0	0	0	0	0	0
Supply Mains Meramec Plt (S	2	0	0	0	0	0	0	0	0
Power Generation Equip Othe	6	0	0	0	0	0	0	0	0
Boiler Plant Equipment P	6	0	0	0	0	0	0	0	0
Pump Equip Steam	6	0	0	0	0	0	0	0	0
Pump Equip Electric	6	544,460	382,102	97,404	4,138	6,425	34,083	3,321	16,987
Pump Equip Elec Pre46 (STL)	6	0	0	0	0	0	0	0	0
Pump Equip Elec Post46 (STL)	6	0	0	0	0	0	0	0	0
Pump Equip Elec Boosters Po	6	0	0	0	0	0	0	0	0
Pump Equip Diesel	6	12,525	8,790	2,241	95	148	784	76	391
Pump Equip Diesel Stratman\	6	0	0	0	0	0	0	0	0
Pump Equip Diesel Ctrl Plt	6	0	0	0	0	0	0	0	0
Pump Equip Hydraulic	6	81,548	57,230	14,589	620	962	5,105	497	2,544
Pump Equip Other	6	57,879	40,619	10,355	440	683	3,623	353	1,806

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Residential (4)	Commercial (5)	Industrial (6)	Public Authorities (7)	Sales for Resale (8)	Fire Protection Private (9)	Public (10)
WT Equip Non-Media	2	1,794,936	1,305,995	332,781	14,180	22,078	116,312	718	2,872
WT Equip Non-Med North (STL)	2	0	0	0	0	0	0	0	0
WT Equip Non Media Ctrl 1 &	2	0	0	0	0	0	0	0	0
WT Equip Non Media Ctrl 3 (	2	0	0	0	0	0	0	0	0
WT Equip Non Media Sth (STL	2	0	0	0	0	0	0	0	0
WT Equip Non Media Mer (STL	2	0	0	0	0	0	0	0	0
WT Equip Filter Media	2	68,399	49,767	12,681	540	841	4,432	27	109
Dist Reservoirs & Standpipe	5	913,526	563,646	177,224	6,303	12,059	57,918	15,804	80,573
Elevated Tanks & Standpipes	5	49,925	30,804	9,685	344	659	3,165	864	4,403
Ground Level Facilities	5	51,076	31,514	9,909	352	674	3,238	884	4,505
TD Mains Not Classified by	7	4,531,096	2,439,995	718,179	27,187	48,483	239,242	173,088	884,923
TD Mains 4 & Less "	4	178,191	85,834	27,014	962	1,835	8,820	8,803	44,922
TD Mains 6 to 8" "	4	1,843,164	887,852	279,424	9,953	18,985	91,237	91,052	464,862
TD Mains 10 to 16" "	3	3,081,081	2,150,287	547,816	23,108	36,049	191,643	21,568	110,611
TD Mains 18 & Grtr "	3	0	0	0	0	0	0	0	0
TD Mains AC 4 (STL) "	4	0	0	0	0	0	0	0	0
TD Mains CI <10 1900-28 (S"	4	0	0	0	0	0	0	0	0
TD Mains CI <10 1929-56 (S"	4	0	0	0	0	0	0	0	0
TD Mains CI <10 1957-93 (S"	4	0	0	0	0	0	0	0	0
TD Mains CI 12 (STL) "	3	0	0	0	0	0	0	0	0
TD Mains CI 16 (STL) "	3	0	0	0	0	0	0	0	0
TD Mains DI 6-8 (STL) "	4	0	0	0	0	0	0	0	0
TD Mains DI 12 (STL) "	3	0	0	0	0	0	0	0	0
TD Mains DI 16 & >(STL) "	3	0	0	0	0	0	0	0	0
TD Mains Galve 1 (STL) "	4	0	0	0	0	0	0	0	0
TD Mains LJ 20 (STL) "	3	0	0	0	0	0	0	0	0
Fire Mains	8	72,599	0	0	0	0	0	0	72,599
Services	10	807,691	682,095	76,569	2,019	7,512	1,454	38,042	0
Meters Bronze Case	9	448,694	347,603	84,085	1,705	9,737	5,564	0	0
Meters Plastic Case	9	0	0	0	0	0	0	0	0
Meters Other	9	(2,448)	(1,896)	(459)	(9)	(53)	(30)	0	0
Meters Other-Rem Rdr Units	9	0	0	0	0	0	0	0	0
Meter Installations	9	888,515	688,333	166,508	3,376	19,281	11,018	0	0
Meter Installation Other	9	0	0	0	0	0	0	0	0
Hydrants	8	480,387	0	0	0	0	0	0	480,387
Other P/E Intangible	2	0	0	0	0	0	0	0	0
Other P/E WT Res Hand Equip	2	0	0	0	0	0	0	0	0
Other P/E TD	2	14,553	10,589	2,698	115	179	943	6	23
Other P/E CPS	2	20,246	14,731	3,754	160	249	1,312	8	32
Office Furniture & Equip	15	15,917	11,027	2,311	86	164	657	325	1,347
Comp & Periph Equip	15	59,627	41,310	8,658	322	614	2,463	1,216	5,044
Computer Software	15	(64,014)	(44,349)	(9,295)	(346)	(659)	(2,644)	(1,306)	(5,416)
Comp Software Personal	15	67	46	10	0	1	3	1	6
Data Handling Equipment	15	127,239	88,151	18,475	687	1,311	5,255	2,596	10,764
Other Office Equipment	15	23,706	16,424	3,442	128	244	979	484	2,006

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Residential (4)	Commercial (5)	Industrial (6)	Public Authorities (7)	Sales for Resale (8)	Private (9)	Fire Protection Public (10)
Trans Equip Lt Duty Trks	15	22,791	15,790	3,309	123	235	941	465	1,928
Trans Equip Hvy Duty Trks	15	0	0	0	0	0	0	0	0
Trans Equip Autos	15	(5,078)	(3,518)	(737)	(27)	(52)	(210)	(104)	(430)
Trans Equip Other	15	(17,258)	(11,956)	(2,506)	(93)	(178)	(713)	(352)	(1,460)
Stores Equipment	15	1,569	1,087	228	8	16	65	32	133
Tools Shop, Garage Equip	15	106,723	73,938	15,496	576	1,099	4,408	2,177	9,029
Tools Shop, Garage Equip Oth	15	0	0	0	0	0	0	0	0
Laboratory Equipment	2	50,573	36,797	9,376	400	622	3,277	20	81
Laboratory Equip Other	2	0	0	0	0	0	0	0	0
Power Operated Equipment	15	(127)	(88)	(18)	(1)	(1)	(5)	(3)	(11)
Comm Equip Non-Telephone	15	9,268	6,421	1,346	50	95	383	189	784
Comm Equip Telephone	15	(412)	(285)	(60)	(2)	(4)	(17)	(8)	(35)
Misc Equipment	15	257,664	178,510	37,413	1,391	2,654	10,642	5,256	21,798
Other Tangible Property	17	0	0	0	0	0	0	0	0
Total Utility Plant in Service		17,929,176	11,153,825	2,892,241	108,211	208,774	880,660	384,593	2,300,872
Other Rate Base Items									
Add:									
Other Utility Plant Adjustments	17	0	0	0	0	0	0	0	0
Cash Working Capital	15	0	0	0	0	0	0	0	0
Materials and Supplies	15	7,903	5,475	1,148	43	81	326	161	669
Prepayments	15	8,180	5,667	1,188	44	84	338	167	692
OP&B's Contributed to External Fund	16	49,910	36,010	7,172	270	509	2,016	784	3,149
Premature Retirement	17	0	0	0	0	0	0	0	0
Regulatory Deferrals	17	90,986	56,611	14,676	546	1,055	4,467	1,956	11,674
Less:									
Accumulated Deferred ITC (3%)	17	0	0	0	0	0	0	0	0
Deferred Income Taxes	17	(1,468,251)	(913,546)	(236,829)	(8,810)	(17,032)	(72,091)	(31,567)	(188,377)
Pensions	16	(156,906)	(113,208)	(22,547)	(847)	(1,600)	(6,339)	(2,463)	(9,901)
Total Other Rate Base Elements		(1,468,178)	(922,990)	(235,193)	(8,755)	(16,902)	(71,282)	(30,963)	(182,094)
Total Original Cost Measure of Value		\$ 16,460,998	\$ 10,230,835	\$ 2,657,048	\$ 99,457	\$ 191,872	\$ 809,378	\$ 353,630	\$ 2,118,778

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE DISTRICT

SUMMARY OF AVERAGE DAILY SEND OUT AND MAXIMUM DAILY USAGE
FOR THE YEARS 1990-2005

Year	Average Daily Send out (MGD)	Maximum Daily Use		
		MGD	Ratio to Average	Highest Use Day
(1)	(2)	(3)	(4)	(5)
1990	N/A	2.867	N/A	N/A
1991	N/A	2.950	N/A	N/A
1992	N/A	2.700	N/A	N/A
1993	N/A	2.310	N/A	N/A
1994	1.710	3.200	1.87	N/A
1995	1.627	3.319	2.04	N/A
1996	1.764	3.200	1.81	N/A
1997	1.860	3.106	1.67	7/26/1997
1998	1.719	3.360	1.95	7/19/1998
1999	1.893	4.200	2.22	7/18/1999
2000	2.229	4.582	2.06	7/16/2000
2001	2.146	4.783	2.23	7/22/2001
2002	2.349	5.088	2.17	7/26/2002
2003	2.488	6.626	2.66	8/23/2003
2004	2.087	4.630	2.22	8/18/2004
2005	2.238	5.328	2.38	8/2/2005

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

BASIS FOR ALLOCATING DEMAND RELATED COSTS OF FIRE SERVICE
TO PRIVATE AND PUBLIC FIRE PROTECTION CUSTOMER CLASSIFICATIONS

Description (1)	Restrictive Diameters Squared (2)	Quantity (3)	Relative Demand (4)=(2)x(3)	Allocation Factor (5)
<u>PRIVATE FIRE PROTECTION</u>				
<u>Fire Lines</u>				
2 -inch	4.00	6	24	
3 -inch	9.00	1	9	
4 -inch	16.00	8	128	
6 -inch	36.00	38	1,368	
8 -inch	64.00	8	512	
10 -inch	100.00	3	300	
12 -inch	144.00	0	0	
Private Hydrants	32.75	<u>35</u>	<u>1,146</u>	
Total Private Fire Protection		<u>99</u>	<u>3,487</u>	0.1636
<u>PUBLIC FIRE PROTECTION</u>				
<u>Hydrant</u>	<u>Nozzle Sizes</u>			
6" Valve	2- 2-1/2" & 1- 4.5"	38	1,245	
6" Valve	2- 2-1/2" & 1- 4"	<u>582</u>	<u>16,587</u>	
Total Public Fire Protection		<u>620</u>	<u>17,832</u>	0.8364
Total Fire Protection		<u><u>719</u></u>	<u><u>21,319</u></u>	<u><u>1.0000</u></u>

ST. CHARLES DISTRICT

MISSOURI-AMERICAN WATER COMPANY
ST. CHARLES DISTRICT

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES
FOR THE TEST YEAR ENDED JUNE 30, 2006

Customer Classification (1)	Cost of Service		Revenues, Present Rates		Revenues, Proposed Rates		Proposed Increase	
	Amount (Schedule B) (2)	Percent (3)	Amount (4)	Percent (5)	Amount (6)	Percent (7)	Amount (8)	Percent Increase (9)
Residential	\$ 10,112,716	88.6%	\$ 7,749,744	86.4%	\$ 9,706,789	86.3%	\$ 1,957,045	25.3%
Commercial	952,783	8.3%	921,076	10.3%	1,153,582	10.4%	232,506	25.2%
Industrial	2,072	0.0%	2,429	0.0%	3,043	0.0%	614	25.3%
Public Authority	167,045	1.5%	165,791	1.8%	207,637	1.8%	41,846	25.2%
Sales for Resale	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Private Fire Service	186,315	1.6%	136,606	1.5%	170,822	1.5%	34,216	25.0%
Public Fire Service	-	0.0%	\$0	0.0%	\$0	0.0%	-	0.0%
Total Sales	11,420,930	100.0%	8,975,646	100.0%	11,241,873	100.0%	2,266,227	25.2%
Other Revenues	265,173		265,173		265,173		-	0.0%
Total	\$ 11,686,102		\$ 9,240,819		\$ 11,507,046		\$ 2,266,227	24.5%

MISSOURI-AMERICAN WATER COMPANY
ST. CHARLES DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Residential (4)	Commercial (5)	Industrial (6)	Public Authorities (7)	Sales for Resale (8)	Private (9)	Fire Protection Public (10)
OPERATION AND MAINTENANCE EXPENSES									
SOURCE OF SUPPLY EXPENSES									
Super & Eng Oper SS	2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Labor & Exp Oper SS	2	0	0	0	0	0	0	0	0
Labor & Exp Oper SS	2	738	650	75	0	11	0	0	1
Purchased Water	1	711,384	602,542	90,203	285	14,370	0	640	3,344
TOTAL SS EXPENSE - OPERATION		712,122	603,192	90,278	285	14,381	0	641	3,345
Misc Exp Oper SS	2	0	0	0	0	0	0	0	0
Misc Exp Oper SS	2	9	8	1	0	0	0	0	0
Rents Oper SS	2	0	0	0	0	0	0	0	0
Super & Eng Maint SS	2	0	0	0	0	0	0	0	0
Struct & Improve Maint SS	2	0	0	0	0	0	0	0	0
Struct & Improve Maint SS	2	0	0	0	0	0	0	0	0
Collect & Impound Maint SS	2	0	0	0	0	0	0	0	0
Collect & Impound Maint SS	2	0	0	0	0	0	0	0	0
Lake, River & Oth Maint SS	2	0	0	0	0	0	0	0	0
Lake, River & Oth Maint SS	2	0	0	0	0	0	0	0	0
Wells & Springs Maint SS	2	0	0	0	0	0	0	0	0
Wells & Springs Maint SS	2	0	0	0	0	0	0	0	0
Infil Gall & Tunnels Maint SS	2	0	0	0	0	0	0	0	0
Infil Gall & Tunnels Maint SS	2	0	0	0	0	0	0	0	0
Supply Mains Maint SS	2	0	0	0	0	0	0	0	0
Supply Mains Maint SS	2	0	0	0	0	0	0	0	0
Misc Plant Maint SS	2	268	236	27	0	4	0	0	1
Misc Plant Maint SS	2	3,284	2,895	333	1	48	0	1	6
TOTAL SS EXPENSE - MAINTENANCE		3,552	3,139	362	1	52	0	1	7
TOTAL SS EXPENSE		715,683	606,331	90,640	286	14,433	0	642	3,352
POWER AND PUMPING EXPENSES									
Super & Eng Oper P	6	0	0	0	0	0	0	0	0
Fuel for Power Prod	1	0	0	0	0	0	0	0	0
Labor & Exp Oper Pwr Prod	6	0	0	0	0	0	0	0	0
Labor & Exp Oper Pwr Prod	6	0	0	0	0	0	0	0	0
Purch Fuel/Power for Pump	1	37,059	31,389	4,699	15	749	0	33	174
Labor & Exp Oper Pump	6	31,537	26,223	3,069	6	448	0	271	1,520
Labor & Exp Oper Pump	6	0	0	0	0	0	0	0	0
Expenses Transferred	6	0	0	0	0	0	0	0	0
Misc Exp Oper P	6	0	0	0	0	0	0	0	0
Rents Oper P	6	0	0	0	0	0	0	0	0
TOTAL PUMPING EXPENSE - OPERATION		68,595	57,611	7,768	21	1,196	0	305	1,694

MISSOURI-AMERICAN WATER COMPANY
ST. CHARLES DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Residential (4)	Commercial (5)	Industrial (6)	Public Authorities (7)	Sales for Resale (8)	Private (9)	Fire Protection Public (10)
Super & Eng Maint P	6	0	0	0	0	0	0	0	0
Struct & Improve Maint P	6	0	0	0	0	0	0	0	0
Struct & Improve Maint P	6	0	0	0	0	0	0	0	0
Power Prod Equip Maint P	6	1,831	1,522	178	0	26	0	16	88
Power Prod Equip Maint P	6	0	0	0	0	0	0	0	0
Pump Equip Maint P	6	35,119	29,202	3,417	7	499	0	302	1,693
Pump Equip Maint P	6	105	87	10	0	1	0	1	5
TOTAL PUMPING EXPENSES - MAINTENANCE		37,055	30,812	3,605	7	526	0	319	1,786
TOTAL PUMPING EXPENSES		105,651	88,423	11,373	29	1,723	0	623	3,480
WATER TREATMENT									
Super & Eng Oper WT	2	0	0	0	0	0	0	0	0
Chemicals	1	(2)	(2)	(0)	(0)	(0)	0	(0)	(0)
Labor & Exp Oper WT	2	19	16	2	0	0	0	0	0
Labor & Exp Oper WT	2	369	325	37	0	5	0	0	1
Misc Exp Oper WT	2	(1,309)	(1,154)	(133)	(0)	(19)	0	(1)	(2)
Misc Exp Oper WT	1	100	85	13	0	2	0	0	0
Misc Exp Oper WT	2	(13)	(12)	(1)	(0)	(0)	0	0	(0)
Rents Oper WT	2	0	0	0	0	0	0	0	0
TOTAL WT EXPENSE - OPERATION		(836)	(740)	(82)	(0)	(12)	0	(0)	(1)
Super & Eng Maint WT	2	0	0	0	0	0	0	0	0
Struct & Improve Maint WT	2	0	0	0	0	0	0	0	0
Struct & Improve Maint WT	2	0	0	0	0	0	0	0	0
WT Equip Maint WT	2	0	0	0	0	0	0	0	0
WT Equip Maint WT	2	898	791	91	0	13	0	0	2
TOTAL WT EXPENSE - MAINTENANCE		898	791	91	0	13	0	0	2
TOTAL WT EXPENSE		62	51	9	0	1	0	0	0
TRANSMISSION AND DISTRIBUTION EXPENSES									
Super & Eng Oper TD	11	217	155	17	0	3	0	7	35
Storage Facility Exp	5	0	0	0	0	0	0	0	0
Storage Facility Exp	5	2,769	1,788	231	1	37	0	108	605
TD Lines Exp	7	244,466	166,579	20,780	49	3,227	0	8,116	45,715
TD Lines Exp	7	7,359	5,014	626	1	97	0	244	1,376
Meter Expense	9	81	72	7	0	2	0	0	0
Meter Expense	9	(132)	(118)	(11)	(0)	(4)	0	0	0
Customer Install Exp	10	39,471	36,586	1,654	4	197	0	1,030	0
Customer Install Exp	10	0	0	0	0	0	0	0	0
Misc Exp Oper TD	11	77,481	55,322	6,137	15	938	0	2,503	12,567

MISSOURI-AMERICAN WATER COMPANY
ST. CHARLES DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Residential (4)	Commercial (5)	Industrial (6)	Public Authorities (7)	Sales for Resale (8)	Private (9)	Fire Protection Public (10)
Misc Exp Oper TD	11	609	435	48	0	7	0	20	99
Misc Exp Oper TD	11	4,473	3,194	354	1	54	0	144	726
Rents Oper TD	11	0	0	0	0	0	0	0	0
TOTAL T & D EXPENSE OPERATION		376,795	269,028	29,842	71	4,559	0	12,172	61,123
Super & Eng Maint TD	12	0	0	0	0	0	0	0	0
Struct & Improve Maint TD	12	0	0	0	0	0	0	0	0
Struct & Improve Maint TD	12	0	0	0	0	0	0	0	0
Dist Res Stand Maint TD	5	0	0	0	0	0	0	0	0
TD Main Maint TD	7	32,109	21,879	2,729	6	424	0	1,066	6,004
TD Main Maint TD	7	0	0	0	0	0	0	0	0
Fire Main Maint TD	8	0	0	0	0	0	0	0	0
Fire Main Maint TD	8	0	0	0	0	0	0	0	0
Services Maint TD	10	17,884	16,576	749	2	89	0	467	0
Services Maint TD	10	10	9	0	0	0	0	0	0
Meters Maint TD	9	10,370	9,235	856	1	279	0	0	0
Meters Maint TD	9	0	0	0	0	0	0	0	0
Hydrants Maint TD	8	8,347	0	0	0	0	0	0	0
Hydrants Maint TD	8	0	0	0	0	0	0	0	8,347
Misc Plant Maint TD	12	29,636	20,573	1,870	3	341	0	661	0
Mat and Sup Maint TD	12	53,998	37,485	3,407	5	621	0	1,204	6,188
Misc Maint TD	12	361	251	23	0	4	0	8	11,275
Amort Def Maint TD	5	(5,143)	(3,322)	(428)	(1)	(68)	0	(200)	75
TOTAL T & D EXPENSE - MAINTENANCE		147,572	102,687	9,206	17	1,690	0	3,206	(1,123)
TOTAL T & D EXPENSE		524,367	371,715	39,048	88	6,248	0	15,378	91,889
CUSTOMER ACCOUNTS									
Supervision CA	13	16,571	15,907	530	0	38	0	96	0
Meter Reading Exp CA	14	163,197	157,567	5,255	0	375	0	0	0
Meter Reading Exp CA	14	0	0	0	0	0	0	0	0
Meter Reading Exp CA	14	(29)	(28)	(1)	0	(0)	0	0	0
Cust Rec & Collection CA	13	143,765	138,000	4,600	0	331	0	834	0
Cust Rec & Collection CA	13	120,044	115,230	3,841	0	276	0	696	0
Uncollectible Accts	13	140,975	135,322	4,511	0	324	0	818	0
Misc Cust Accts Exp CA	13	1,496	1,436	48	0	3	0	9	0
Misc Cust Accts Exp CA	13	0	0	0	0	0	0	0	0
Misc Cust Accts Exp CA	13	11,639	11,172	372	0	27	0	68	0
Cust Serv & Info Exp CA	13	1,908	1,831	61	0	4	0	11	0
TOTAL CUSTOMER ACCOUNTING EXPENSE		599,566	576,437	19,219	0	1,379	0	2,531	0

MISSOURI-AMERICAN WATER COMPANY
ST. CHARLES DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Residential (4)	Commercial (5)	Industrial (6)	Public Authorities (7)	Sales for Resale (8)	Private (9)	Fire Protection Public (10)
ADMINISTRATIVE AND GENERAL EXPENSES									
Salaries AG	15	77,953	65,723	4,256	8	561	0	1,208	6,197
Other Supplies & Exp AG	15	41	35	2	0	0	0	1	3
Other Supplies & Exp AG	15	63,769	53,764	3,482	6	459	0	988	5,070
Other Supplies & Exp AG	15	77,044	64,955	4,207	8	555	0	1,194	6,125
Mgmt Fees-Corporate/Shared Service Center	15	1,161,383	979,162	63,412	116	8,362	0	18,001	92,330
Mgmt Fees-Call Center	13	42,561	40,854	1,362	0	98	0	247	0
Mgmt Fees-Belleville Lab	2	53,566	47,208	5,437	16	782	0	21	102
Mgmt Fees- Financial ITS	15	404,746	341,242	22,099	40	2,914	0	6,274	32,177
Mgmt Fees- Customer Billings ITS	13	(15)	(14)	(0)	0	(0)	0	(0)	0
Mgmt Fees-Other ITS	15	5,251	4,427	287	1	38	0	81	417
Outside Services AG	15	43,161	36,389	2,357	4	311	0	669	3,431
Outside Services AG	15	95,928	80,877	5,238	10	691	0	1,487	7,626
Property Insurance	15	0	0	0	0	0	0	0	0
Ins Gen Liab Oper AG	15	183,145	154,410	10,000	18	1,319	0	2,839	14,560
Ins Work Comp AG	16	36,735	30,071	2,215	4	309	0	654	3,482
Ins Other Oper AG	15	69,874	58,911	3,815	7	503	0	1,083	5,555
Property Insurance	15	5,158	4,348	282	1	37	0	80	410
Injuries & Damages	16	237	194	14	0	2	0	4	22
Employee Pension & Benefits	16	298,803	244,601	18,018	30	2,510	0	5,319	28,327
Employee Pension & Benefits	16	113,353	92,791	6,835	11	952	0	2,018	10,746
Employee Pension & Benefits	16	30,073	24,617	1,813	3	253	0	535	2,851
Reg Commission Exp	15	16,948	14,289	925	2	122	0	263	1,347
Rents AG	15	11,510	9,704	628	1	83	0	178	915
Goodwill Advertising Exp	15	774	653	42	0	6	0	12	62
Misc Exp AG	15	201,957	170,270	11,027	20	1,454	0	3,130	16,056
Research & Development	15	0	0	0	0	0	0	0	0
TOTAL A & G OPERATIONS		2,993,955	2,519,479	167,752	306	22,319	0	46,287	237,812
General Plant Maint AG	15	0	0	0	0	0	0	0	0
General Plant Maint AG	15	24,833	20,937	1,356	2	179	0	385	1,974
TOTAL A & G EXPENSE - MAINTENANCE		24,833	20,937	1,356	2	179	0	385	1,974
TOTAL A & G EXPENSE		3,018,788	2,540,416	169,108	308	22,498	0	46,672	239,786
Total Operation & Maintenance Expenses		4,964,117	4,183,373	329,396	711	46,282	0	65,847	338,508

MISSOURI-AMERICAN WATER COMPANY
ST. CHARLES DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Residential (4)	Commercial (5)	Industrial (6)	Public Authorities (7)	Sales for Resale (8)	Private (9)	Public (10)
DEPRECIATION EXPENSE									
Struct & Imp P	6	40,105	33,347	3,902	8	569	0	345	1,933
Struct & Imp WT	2	3,515	3,098	357	1	51	0	1	7
Struct & Imp TD	7	20,126	13,714	1,711	4	266	0	668	3,764
Struct & Imp Offices	15	8,876	7,483	485	1	64	0	138	706
Struct & Imp Store,Shop,Gar	15	2,764	2,330	151	0	20	0	43	220
Struct & Imp Misc	15	10	8	1	0	0	0	0	1
Collect & Impounding	1	0	0	0	0	0	0	0	0
Lake, River & Other Intakes	2	0	0	0	0	0	0	0	0
Wells & Springs	2	0	0	0	0	0	0	0	0
Supply Mains	2	0	0	0	0	0	0	0	0
Power Generation Equip Othe	6	6,089	5,063	592	1	86	0	52	293
Pump Equip Electric	6	45,592	37,910	4,436	9	647	0	392	2,198
Pump Equip Other	7	625	426	53	0	8	0	21	117
WT Equip Non-Media	2	347	306	35	0	5	0	0	1
Dist Reservoirs & Standpipe	5	35,764	23,100	2,979	7	476	0	1,391	7,811
Elevated Tanks & Standpipes	5	2,906	1,877	242	1	39	0	113	635
Ground Level Facilities	5	0	0	0	0	0	0	0	0
TD Mains Not Classified by	7	234,633	159,879	19,944	47	3,097	0	7,790	43,876
TD Mains 4 & Less "	4	7,188	4,588	591	1	94	0	289	1,624
TD Mains 6 to 8" "	4	111,209	70,985	9,141	22	1,457	0	4,471	25,133
TD Mains 10 to 16" "	3	218,476	178,866	20,580	44	2,949	0	2,425	13,611
TD Mains 18 & Grtr "	3	108,883	89,143	10,257	22	1,470	0	1,209	6,783
Fire Mains	8	3,992	0	0	0	0	0	0	3,992
Services	10	(202,061)	(187,290)	(8,466)	(20)	(1,010)	0	(5,274)	0
Meters Bronze Case	9	(10,824)	(9,639)	(893)	(1)	(291)	0	0	0
Meters Plastic Case	9	0	0	0	0	0	0	0	0
Meters Other	9	5,561	4,952	459	1	150	0	0	0
Meters Other-Rem Rdr Units	9	0	0	0	0	0	0	0	0
Meter Installations	9	88,242	78,580	7,280	9	2,374	0	0	0
Meter Installation Other	9	0	0	0	0	0	0	0	0
Hydrants	8	51,696	0	0	0	0	0	0	51,696
Utility Plant Acquisition Adjustment	17	0	0	0	0	0	0	0	0
Other P/E WT Res Hand Equip	2	0	0	0	0	0	0	0	0
Other P/E TD	7	98	67	8	0	1	0	0	18
Other P/E CPS	15	0	0	0	0	0	0	0	0
Office Furniture & Equip	15	19,881	16,593	1,075	2	142	0	305	1,565
Comp & Periph Equip	15	59,659	50,299	3,257	6	430	0	925	4,743
Computer Software	15	93,283	78,647	5,093	9	672	0	1,446	7,416
Comp Software Personal	15	18,932	15,962	1,034	2	136	0	293	1,505
Data Handling Equipment	15	0	0	0	0	0	0	0	0
Other Office Equipment	15	56	47	3	0	0	0	1	4
Trans Equip Lt Duty Trks	15	2,553	2,152	139	0	18	0	40	203
Trans Equip Hvy Duty Trks	15	0	0	0	0	0	0	0	0
Trans Equip Autos	15	1,188	1,002	65	0	9	0	18	94

MISSOURI-AMERICAN WATER COMPANY
ST. CHARLES DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Residential (4)	Commercial (5)	Industrial (6)	Public Authorities (7)	Sales for Resale (8)	Private (9)	Fire Protection Public (10)
Trans Equip Other	15	0	0	0	0	0	0	0	0
Stores Equipment	15	68	57	4	0	0	0	0	0
Tools, Shop, Garage Equip	15	15,725	13,258	859	2	113	0	244	5
Tools, Shop, Garage Equip Oth	15	0	0	0	0	0	0	0	1,250
Laboratory Equipment	2	452	398	46	0	7	0	0	0
Laboratory Equip Other	2	0	0	0	0	0	0	0	1
Power Operated Equipment	15	5,200	4,384	284	1	37	0	81	0
Comm Equip Non-Telephone	15	1,196	1,008	65	0	9	0	19	413
Comm Equip Telephone	15	423	357	23	0	3	0	7	95
Misc Equipment	16	10,030	8,211	605	1	84	0	179	34
Other Tangible Property	15	267,591	225,606	14,610	27	1,927	0	4,148	951
Total Depreciation Expense		1,279,849	936,773	101,007	206	16,109	0	21,782	21,273
Amort-Other UP	18	2,008	1,487	161	0	27	0	38	294
Taxes Other Than Income									
Utility Reg Assessment Fee	19	65,817	51,594	4,877	13	763	0	1,073	7,497
Property Taxes	18	687,463	509,067	55,272	137	9,281	0	13,062	100,645
FUTA	16	1,209	989	73	0	10	0	22	115
FICA	16	72,105	59,025	4,348	7	606	0	1,283	6,836
SUTA	16	388	318	23	0	3	0	7	37
Other Taxes & Licenses	15	35,944	30,304	1,963	4	259	0	557	2,858
Gross Receipts Tax	19	0	0	0	0	0	0	0	0
Total Taxes, Other Than Income		862,927	651,298	66,556	162	10,922	0	16,004	117,986
Income Taxes	18	1,283,916	950,740	103,227	257	17,333	0	24,394	187,965
Utility Income Available for Return	18	3,293,285	2,438,678	264,780	659	44,459	0	62,572	482,137
Total Cost of Service		11,686,102	9,162,348	865,128	1,995	135,133	0	190,637	1,330,862
Less: Other Water Revenues	19	265,173	207,869	19,649	53	3,076	0	4,322	30,203
Revenue Contribution	19	0	0	0	0	0	0	0	0
Total Other Water Revenues		265,173	207,869	19,649	53	3,076	0	4,322	30,203
Total Cost of Service Related to Sales of Water		\$ 11,420,930	\$ 8,954,479	\$ 845,478	\$ 1,942	\$ 132,057	\$ -	\$ 186,315	\$ 1,300,659
Reallocation of Public Fire	20	0	1,158,237	107,304	130	34,988	0	0	(1,300,659)
Total		\$ 11,420,930	\$ 10,112,716	\$ 952,783	\$ 2,072	\$ 167,045	\$ -	\$ 186,315	\$ -

**MISSOURI-AMERICAN WATER COMPANY
ST. CHARLES DISTRICT**

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS

FACTOR 1. ALLOCATION OF COSTS WHICH VARY WITH THE AMOUNT OF WATER CONSUMED.

Factors are based on the pro forma test year average daily consumption for each customer classification.

Customer Classification	Average Daily Consumption, Thousand Gallons	Allocation Factor
(1)	(2)	(3)
Residential	7,649	0.8470
Commercial	1,145	0.1268
Industrial	4	0.0004
Other Public Authority	182	0.0202
Sales for Resale	0	0.0000
Private Fire Protection	8	0.0009
Public Fire Protection	42	0.0047
Total	9,030	1.0000

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the factors for average daily consumption (Factor 1) and the factors derived from maximum day extra capacity demand for each customer classification, as follows:

Customer Classification	Average Daily Consumption		Maximum Day Extra Capacity		Allocation Factor
	Allocation Factor 1	Weighted Factor	Allocation Factor	Weighted Factor	
(1)	(2)	(3)=(2)x 0.4000	(4)	(5)=(4)x 0.6000	(6)=(3)+(5)
Residential	0.8470	0.3387	0.9045	0.5426	0.8813
Commercial	0.1268	0.0507	0.0846	0.0508	0.1015
Industrial	0.0004	0.0002	0.0001	0.0001	0.0003
Other Public Authority	0.0202	0.0081	0.0108	0.0065	0.0146
Sales for Resale	0.0000	0.0000	0.0000	0.0000	0.0000
Private Fire Protection	0.0009	0.0004			0.0004
Public Fire Protection	0.0047	0.0019			0.0019
Total	1.0000	0.4000	1.0000	0.6000	1.0000

The derivation of the maximum day extra capacity factors in column 4 and the basis for the column 3 and 5 weightings are presented on the following page.

**MISSOURI-AMERICAN WATER COMPANY
ST. CHARLES DISTRICT**

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND
MAXIMUM DAY EXTRA CAPACITY FUNCTIONS, cont.

Customer Classification	Average Daily Consumption, Thousand Gal.	Maximum Day Extra Capacity		
		Factor*	Rate of Flow, Thousand Gal. Per Day	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	7,649	1.6	12,238	0.9045
Commercial	1,145	1.0	1,145	0.0846
Industrial	4	0.5	2	0.0001
Other Public Authority	182	0.8	146	0.0108
Sales for Resale	0	0.6	0	0.0000
Total	8,980		13,531	1.0000

The weighting of the factors is based on the maximum day ratio of 2.50, based on a review of maximum day ratios experienced during the period 1990 through 2005 (see Schedule D).

	Maximum Day Ratio	Weight
Average Day	1.00	0.4000
Maximum Day Extra Capacity	1.50	0.6000
Total	2.50	1.0000

* Ratio of maximum day to average day minus 1.0.

MISSOURI-AMERICAN WATER COMPANY
ST. CHARLES DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY
AND FIRE PROTECTION FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Daily Consumption		Maximum Day Extra Capacity		Fire Protection		Allocation Factor
	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	
(1)	(2)	(3)=(2) X 0.3714	(4)	(5)=(4) X 0.5572	(6)	(7)=(6) X 0.0714	(8)=(3)+(5)+(7)
Residential	0.8470	0.3147	0.9045	0.5040			0.8187
Commercial	0.1268	0.0471	0.0846	0.0471			0.0942
Industrial	0.0004	0.0001	0.0001	0.0001			0.0002
Other Public Authority	0.0202	0.0075	0.0108	0.0060			0.0135
Sales for Resale	0.0000	0.0000	0.0000	0.0000			0.0000
Private Fire Protection	0.0009	0.0003			0.1511	0.0108	0.0111
Public Fire Protection	0.0047	0.0017			0.8489	0.0606	0.0623
Total	1.0000	0.3714	1.0000	0.5572	1.0000	0.0714	1.0000

MISSOURI-AMERICAN WATER COMPANY
ST. CHARLES DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum day ratio of 2.50 and the average daily system sendout for 2005 of 9.990 MGD. The system demand for fire protection is 8,000 Gallons per minute for 4 hours.

	<u>Ratio</u>	<u>Rate of Flow, (GPD)</u>	<u>Weight</u>
Average Day	1.00	9,990,000	0.3714
Maximum Day Extra Capacity	<u>1.50</u>	<u>14,985,000</u>	<u>0.5572</u>
Subtotal	<u>2.50</u>	24,975,000	0.9286
Fire Protection		<u>1,920,000</u>	<u>0.0714</u>
Total		<u>26,895,000</u>	<u>1.0000</u>

The public and private fire protection allocation factors in column 6 on the previous page are based on the relative potential demands (see Schedule E).

MISSOURI-AMERICAN WATER COMPANY
ST. CHARLES DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification (1)	Average Hourly Consumption			Maximum Hour Extra Capacity			Fire Protection		
	Thousand Gallons (2)	Allocation Factor (3)	Weighted Factor (4)=(3) X 0.2297	Allocation Factor (5)	Weighted Factor (6)=(5) X 0.5054		Allocation Factor (7)	Weighted Factor (8)=(7) X 0.2649	Allocation Factor (9)=(4)+(6)+(8)
Residential	318.7	0.8469	0.1946	0.8779	0.4437				0.6383
Commercial	47.7	0.1268	0.0291	0.1051	0.0531				0.0822
Industrial	0.2	0.0005	0.0001	0.0002	0.0001				0.0002
Other Public Authority	7.6	0.0202	0.0046	0.0168	0.0085				0.0131
Sales for Resale	0.0	0.0000	0.0000	0.0000	0.0000				0.0000
Private Fire Protection	0.3	0.0008	0.0002				0.1511	0.0400	0.0402
Public Fire Protection	1.8	0.0048	0.0011				0.8489	0.2249	0.2260
Total	376.3	1.0000	0.2297	1.0000	0.5054		1.0000	0.2649	1.0000

The maximum hour extra capacity factors in column 5 are determined on the following page.

**MISSOURI-AMERICAN WATER COMPANY
ST. CHARLES DISTRICT**

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

**FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND
MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS, cont.**

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum hour ratio of 3.20 and the average daily system sendout for 2005 of 9.990 MGD. The system demand for fire protection is 8,000 gallons per minute.

	Ratio	Rate of Flow, (GPM)	Weight
Average Hour	1.00	6,938	0.2297
Maximum Hour Extra Capacity	<u>2.20</u>	<u>15,264</u>	<u>0.5054</u>
Subtotal	<u><u>3.20</u></u>	<u>22,202</u>	<u>0.7351</u>
Fire Protection		<u>8,000</u>	<u>0.2649</u>
Total		<u><u>30,202</u></u>	<u><u>1.0000</u></u>

The maximum hour extra capacity factors in column 5 of the previous page are determined as follows:

Customer Classification	Average Hourly Consumption Thousand Gal.	Maximum Hour Extra Capacity		
		Factor*	1,000 Gallons Per Hour	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	318.7	3.5	1,115.5	0.8779
Commercial	47.7	2.8	133.6	0.1051
Industrial	0.2	1.5	0.3	0.0002
Other Public Authority	7.6	2.8	21.3	0.0168
Sales for Resale	<u>0.0</u>	<u>2.0</u>	<u>0.0</u>	<u>0.0000</u>
Total	<u><u>374.2</u></u>		<u><u>1,270.7</u></u>	<u><u>1.0000</u></u>

* Ratio of Maximum Hour To Average Hour Minus 1.0.

The public and private fire protection allocation factors in column 7 on the previous page are based on the relative potential demands (see Schedule E).

MISSOURI-AMERICAN WATER COMPANY
ST. CHARLES DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES.

Factors are based on the weighting of the average hourly consumption, the maximum hour extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity			Fire Protection		Allocation Factor (9)=(4)+(6)+(8)
	Thousand Gallons (2)	Allocation Factor (3)	Weighted Factor (4)=(3) X	Allocation Factor (5)	Weighted Factor (6)=(5) X	Allocation Factor (7)	Weighted Factor (8)=(7) X		
(1)			0.2325		0.5115		0.2560		
Residential	318.7	0.8469	0.1969	0.8779	0.4490				0.6459
Commercial	47.7	0.1268	0.0295	0.1051	0.0538				0.0833
Industrial	0.2	0.0005	0.0001	0.0002	0.0001				0.0002
Other Public Authority	7.6	0.0202	0.0047	0.0168	0.0086				0.0133
Sales for Resale	0.0	0.0000	0.0000	0.0000	0.0000				0.0000
Private Fire Protection	0.3	0.0008	0.0002			0.1511	0.0387		0.0389
Public Fire Protection	1.8	0.0048	0.0011			0.8489	0.2173		0.2184
Total	376.3	1.0000	0.2325	1.0000	0.5115	1.0000	0.2560		1.0000

The weighting of the factors is based on the ratio of the capacity required for a 4 hour demand of fire flow, as related to total storage capacity. The calculation is shown on the following page.

MISSOURI-AMERICAN WATER COMPANY
ST. CHARLES DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES, cont.

The weighting of the factors is based on the ratio of the capacity required for a 4 hour demand of fire flow, as related to total storage capacity.

$$\text{Fire Protection Weight} = \frac{8,000 \text{ GPM} \times 60 \text{ Min.} \times 4 \text{ Hrs.}}{7,500,000 \text{ Gallons}} = 0.2560$$

$$\text{General Service Weight} = 1.0000 - 0.2560 = 0.7440$$

The weighting of the average hourly consumption and maximum hour extra demand for general service is based on the maximum hour ratio, as follows:

	Maximum Hour Ratio	Percent	Weight
Average Hour	1.00	31.25	0.2325
Extra Capacity Maximum Hour	<u>2.20</u>	<u>68.75</u>	<u>0.5115</u>
Total	<u><u>3.20</u></u>	<u><u>100.00</u></u>	<u><u>0.7440</u></u>

**MISSOURI-AMERICAN WATER COMPANY
ST. CHARLES DISTRICT**

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH POWER AND PUMPING FACILITIES.

Factors are based on the weighting of the maximum daily consumption, Factor 2, the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

Customer Classification	Maximum Daily Consumption		Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		Allocation Factor
	Allocation Factor 2	Weighted Factor	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	
(1)	(2)	(3)=(2)X 0.7144	(4)	(5)=(4)X 0.1084	(6)	(7)=(6)X 0.1772	(8)=(3)+ (5)+(7)
Residential	0.8813	0.6296	0.8187	0.0887	0.6383	0.1132	0.8315
Commercial	0.1015	0.0725	0.0942	0.0102	0.0822	0.0146	0.0973
Industrial	0.0003	0.0002	0.0002	0.0000	0.0002	0.0000	0.0002
Other Public Authority	0.0146	0.0104	0.0135	0.0015	0.0131	0.0023	0.0142
Sales for Resale	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Private Fire Protection	0.0004	0.0003	0.0111	0.0012	0.0402	0.0071	0.0086
Public Fire Protection	0.0019	0.0014	0.0623	0.0068	0.2260	0.0400	0.0482
Total	1.0000	0.7144	1.0000	0.1084	1.0000	0.1772	1.0000

The weighting of the factors is based on the horsepower of pumps associated with maximum day facilities, maximum day and fire facilities, and maximum hour facilities, as follows:

	Horsepower of Pumps	Weight
Associated with Maximum Day	1,351	0.7144
Associated with Maximum Day and Fire	205	0.1084
Associated with Maximum Hour	335	0.1772
Total	1,891	1.0000

**MISSOURI-AMERICAN WATER COMPANY
ST. CHARLES DISTRICT**

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 7. ALLOCATION OF COSTS ASSOCIATED WITH TRANSMISSION AND DISTRIBUTION MAINS.

Factors are based on the weighting of the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

Customer Classification	Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		Allocation Factor
	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	
	(2)	(3)=(2)X 0.2380	(4)	(5)=(4)X 0.7620	
Residential	0.8187	0.1950	0.6383	0.4864	0.6814
Commercial	0.0942	0.0224	0.0822	0.0626	0.0850
Industrial	0.0002	0.0000	0.0002	0.0002	0.0002
Other Public Authority	0.0135	0.0032	0.0131	0.0100	0.0132
Sales for Resale	0.0000	0.0000	0.0000	0.0000	0.0000
Private Fire Protection	0.0111	0.0026	0.0402	0.0306	0.0332
Public Fire Protection	0.0623	0.0148	0.2260	0.1722	0.1870
Total	<u>1.0000</u>	<u>0.2380</u>	<u>1.0000</u>	<u>0.7620</u>	<u>1.0000</u>

The weighting of the factors is based on the total footage of mains, designated as either transmission mains or distribution mains, as follows:

	Total Footage of Mains	Weight
Transmission Mains	590,244	0.2380
Distribution Mains	<u>1,889,762</u>	<u>0.7620</u>
Total	<u>2,480,006</u>	1.0000

**MISSOURI-AMERICAN WATER COMPANY
ST. CHARLES DISTRICT**

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 8. ALLOCATION OF COSTS ASSOCIATED WITH FIRE HYDRANTS.

Costs are assigned directly to Public Fire Protection.

Customer Classification <u> </u> (1)	Allocation Factor <u> </u> (3)
Public Fire Protection	<u>1.0000</u>
Total	<u><u>1.0000</u></u>

FACTOR 9. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

Factors are based on the relative cost of meters by size and customer classification, as developed on the following page and summarized below.

Customer Classification <u> </u> (1)	5/8" Dollar Equivalents <u> </u> (2)	Allocation Factor <u> </u> (3)
Residential	29,379	0.8905
Commercial	2,722	0.0825
Industrial	4	0.0001
Other Public Authority	889	0.0269
Sales for Resale	0	0.0000
Private Fire	<u>0</u>	<u>0.0000</u>
Total	<u><u>32,994</u></u>	<u><u>1.0000</u></u>

MISSOURI-AMERICAN WATER COMPANY
ST. CHARLES DISTRICT

BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS

Meter Size (1)	5/8" Dollar Equivalent (2)	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Total	
		Number of Meters (3)	Weighting (4)=(2)X(3)	Number of Meters (5)	Weighting (6)=(2)X(5)	Number of Meters (7)	Weighting (8)=(2)X(7)	Number of Meters (9)	Weighting (10)=(2)X(9)	Number of Meters (11)	Weighting (12)=(2)X(11)	Number of Meters (13)	Weighting (14)
5/8	1.0	27,171	27,171	391	391	0	0	6	6	0	0	27,568	27,568
3/4	1.3	1	1	0	0	0	0	0	0	0	0	1	1
1	1.7	1,191	2,025	200	340	0	0	5	9	0	0	1,396	2,374
1-1/2	3.5	31	109	174	609	0	0	5	18	0	0	210	736
2	4.3	17	73	163	701	1	4	24	103	0	0	205	881
3	19.0	0	0	6	114	0	0	14	266	0	0	20	380
4	29.3	0	0	10	293	0	0	10	293	0	0	20	586
6	48.4	0	0	1	48	0	0	4	194	0	0	5	242
8	112.9	0	0	2	226	0	0	0	0	0	0	2	226
Total		28,411	29,379	947	2,722	1	4	68	889	0	0	29,427	32,994

**MISSOURI-AMERICAN WATER COMPANY
ST. CHARLES DISTRICT**

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 10. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

Factors are based on the relative cost of services by size and customer classification, as developed on the following page and summarized below.

Customer Classification	3/4" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	28,649	0.9269
Commercial	1,296	0.0419
Industrial	2	0.0001
Other Public Authority	153	0.0050
Sales for Resale	0	0.0000
Private Fire Protection	806	0.0261
Total	30,906	1.0000

MISSOURI-AMERICAN WATER COMPANY
ST. CHARLES DISTRICT

BASIS FOR ALLOCATING SERVICE COSTS TO CUSTOMER CLASSIFICATIONS

Service Size (1)	3/4" Dollar Equivalent (2)	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Private Fire Protection		Total	
		Number of Services (3)	Weighting (4)=(2)X(3)	Number of Services (5)	Weighting (6)=(2)X(5)	Number of Services (7)	Weighting (8)=(2)X(7)	Number of Services (9)	Weighting (10)=(2)X(9)	Number of Services (11)	Weighting (12)=(2)X(11)	Number of Services (13)	Weighting (14)=(2)X(13)	Number of Services (15)	Weighting (16)
3/4	1.00	27,172	27,172	391	391	0	0	6	6	0	0	0	0	27,569	27,569
1	1.17	1,191	1,393	200	234	0	0	5	6	0	0	0	0	1,396	1,633
1-1/2	1.58	31	49	174	275	0	0	5	8	0	0	0	0	210	332
2	2.04	17	35	163	333	1	2	24	49	0	0	12	24	217	443
3	2.73	0	0	6	16	0	0	14	38	0	0	1	3	21	57
4	2.88	0	0	10	29	0	0	10	29	0	0	18	52	38	110
6	4.24	0	0	1	4	0	0	4	17	0	0	67	284	72	305
8	6.98	0	0	2	14	0	0	0	0	0	0	58	405	60	419
10	9.50	0	0	0	0	0	0	0	0	0	0	4	38	4	38
12	12.16	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total		28,411	28,649	947	1,296	1	2	68	153	0	0	160	806	29,587	30,906

**MISSOURI-AMERICAN WATER COMPANY
ST. CHARLES DISTRICT**

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 11. ALLOCATION OF TRANSMISSION AND DISTRIBUTION OPERATION SUPERVISION AND ENGINEERING AND MISCELLANEOUS EXPENSES.

Factors are based on transmission and distribution operation expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Operating Expenses	Allocation Factor
(1)	(2)	(3)
Residential	\$ 209,922	0.7140
Commercial	23,285	0.0792
Industrial	55	0.0002
Other Public Authority	3,557	0.0121
Sales for Resale	-	0.0000
Private Fire Protection	9,498	0.0323
Public Fire Protection	47,696	0.1622
Total	294,014	1.0000

FACTOR 12. ALLOCATION OF TRANSMISSION AND DISTRIBUTION MAINTENANCE SUPERVISION AND ENGINEERING, STRUCTURES AND IMPROVEMENTS, AND OTHER EXPENSES.

Factors are based on transmission and distribution maintenance expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	\$ 47,700	0.6942
Commercial	4,335	0.0631
Industrial	9	0.0001
Other Public Authority	792	0.0115
Sales for Resale	-	0.0000
Private Fire Protection	1,533	0.0223
Public Fire Protection	14,351	0.2088
Total	\$68,720	1.0000

MISSOURI-AMERICAN WATER COMPANY
ST. CHARLES DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 13. ALLOCATION OF BILLING AND COLLECTING COSTS.

Factors are based on the total number of customers.

Customer Classification	Total Customers	Allocation Factor
(1)	(2)	(3)
Residential	28,411	0.9599
Commercial	947	0.0320
Industrial	1	0.0000
Other Public Authority	68	0.0023
Sales for Resale	0	0.0000
Private Fire Protection	173	0.0058
Public Fire Protection	0	0.0000
Total	<u>29,600</u>	<u>1.0000</u>

FACTOR 14. ALLOCATION OF METER READING COSTS.

Factors are based on the number of metered customers.

Customer Classification	Total Metered Customers	Allocation Factor
(1)	(2)	(3)
Residential	28,411	0.9655
Commercial	947	0.0322
Industrial	1	0.0000
Other Public Authority	68	0.0023
Sales for Resale	0	0.0000
Total	<u>29,427</u>	<u>1.0000</u>

**MISSOURI-AMERICAN WATER COMPANY
ST. CHARLES DISTRICT**

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

**FACTOR 15. ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES AND CASH
WORKING CAPITAL.**

Factors are based on the allocation of all other operation and maintenance expenses excluding purchased water, power, chemicals and waste disposal.

Customer Classification <u>(1)</u>	Operation & Maintenance Expenses <u>(2)</u>	Allocation Factor <u>(3)</u>
Residential	\$1,008,943	0.8431
Commercial	65,373	0.0546
Industrial	103	0.0001
Other Public Authority	8,664	0.0072
Sales for Resale	0	0.0000
Private Fire Protection	18,501	0.0155
Public Fire Protection	<u>95,204</u>	<u>0.0795</u>
 Total	 <u><u>\$1,196,788</u></u>	 <u><u>1.0000</u></u>

MISSOURI-AMERICAN WATER COMPANY
ST. CHARLES DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 16. ALLOCATION OF LABOR RELATED TAXES AND BENEFITS.

Factors are based on the allocation of direct labor expense.

Customer Classification (1)	Direct Labor Expense (2)	Allocation Factor (3)
Residential	\$762,810	0.8186
Commercial	56,181	0.0603
Industrial	102	0.0001
Other Public Authority	7,785	0.0084
Sales for Resale	0	0.0000
Private Fire Protection	16,586	0.0178
Public Fire Protection	88,356	0.0948
Total	<u>\$931,820</u>	<u>1.0000</u>

FACTOR 17. ALLOCATION OF ORGANIZATION, FRANCHISES AND CONSENTS,
MISCELLANEOUS INTANGIBLE PLANT AND OTHER RATE BASE ELEMENTS.

Factors are based on the allocation of the original cost less depreciation other than those items being allocated, as follows:

Customer Classification (1)	Original Cost Less Depreciation (2)	Allocation Factor (3)
Residential	\$31,788,849	0.7412
Commercial	3,440,142	0.0802
Industrial	7,314	0.0002
Other Public Authority	575,326	0.0134
Sales for Resale	0	0.0000
Private Fire Protection	815,538	0.0190
Public Fire Protection	6,259,310	0.1460
Total	<u>\$42,886,479</u>	<u>1.0000</u>

MISSOURI-AMERICAN WATER COMPANY
ST. CHARLES DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 18. ALLOCATION OF INCOME TAXES AND INCOME AVAILABLE FOR RETURN.

Factors are based on the allocation of the original cost measure of value rate base as shown on the following pages and summarized below.

Customer Classification <u>(1)</u>	Original Cost Measure of Value <u>(2)</u>	Allocation Factor <u>(3)</u>
Residential	\$28,625,024	0.7405
Commercial	3,107,556	0.0804
Industrial	6,507	0.0002
Other Public Authority	520,377	0.0135
Sales for Resale	0	0.0000
Private Fire Protection	735,191	0.0190
Public Fire Protection	<u>5,658,930</u>	<u>0.1464</u>
Total	<u><u>\$38,653,585</u></u>	<u><u>1.0000</u></u>

FACTOR 19. ALLOCATION OF REGULATORY COMMISSION EXPENSES, ASSESSMENTS AND OTHER WATER REVENUES.

The factors are based on the allocation of the total cost of service, excluding those items being allocated.

Customer Classification <u>(1)</u>	Total Cost of Service <u>(2)</u>	Allocation Factor <u>(3)</u>
Residential	\$9,105,917	0.7840
Commercial	860,414	0.0741
Industrial	1,983	0.0002
Other Public Authority	134,404	0.0116
Sales for Resale	0	0.0000
Private Fire Protection	189,306	0.0163
Public Fire Protection	<u>1,322,038</u>	<u>0.1138</u>
Total	<u><u>\$11,614,062</u></u>	<u><u>1.0000</u></u>

MISSOURI-AMERICAN WATER COMPANY
ST. CHARLES DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Residential (4)	Commercial (5)	Industrial (6)	Public Authorities (7)	Sales for Resale (8)	Private (9)	Fire Protection Public (10)
RATE BASE									
Organization	17	\$ 11,448	\$ 8,485	\$ 918	\$ 2	\$ 153	\$ -	\$ 218	\$ 1,671
Franchises	17	12,572	9,318	1,008	3	168	0	239	1,836
Land & Ld Rights SS	2	5,308	4,678	539	2	77	0	2	10
Land & Ld Rights P	6	1,193	992	116	0	17	0	10	58
Land & Ld Rights WT	2	5,372	4,734	545	2	78	0	2	10
Land & Ld Rights TD	7	314,898	214,571	26,766	63	4,157	0	10,455	58,886
Land & Land Rights AG	15	0	0	0	0	0	0	0	0
Struct & Imp SS	2	0	0	0	0	0	0	0	0
Struct & Imp P	6	1,056,956	878,859	102,842	211	15,009	0	9,090	50,945
Struct & Imp Pumps (STL)	6	0	0	0	0	0	0	0	0
Struct & Imp Pump Boosters	6	0	0	0	0	0	0	0	0
Struct & Imp WT	2	198,232	174,702	20,121	59	2,894	0	79	377
Struct & Imp WT Nth Plt (ST	2	0	0	0	0	0	0	0	0
Struct & Imp WT Ctrl Plt 1	2	0	0	0	0	0	0	0	0
Struct & Imp WT Ctrl Plt 3	2	0	0	0	0	0	0	0	0
Struct & Imp WT Sth Plt (ST	2	0	0	0	0	0	0	0	0
Struct & Imp WT Meramec (ST	2	0	0	0	0	0	0	0	0
Struct & Imp TD	7	604,029	411,585	51,342	121	7,973	0	20,054	112,953
Struct & Imp TD Spec Cross	7	0	0	0	0	0	0	0	0
Struct & Imp Offices	15	232,671	196,165	12,704	23	1,675	0	3,606	18,497
Struct & Imp Leasehold	15	0	0	0	0	0	0	0	0
Struct & Imp Leasehold	15	0	0	0	0	0	0	0	0
Struct & Imp Store,Shop,Gar	15	46,974	39,604	2,565	5	338	0	728	3,734
Struct & Imp Misc	15	952	803	52	0	7	0	15	76
Collect & Impounding	1	0	0	0	0	0	0	0	0
Lake, River & Other Intakes	2	0	0	0	0	0	0	0	0
Wells & Springs	2	0	0	0	0	0	0	0	0
Supply Mains	2	0	0	0	0	0	0	0	0
Supply Mains Nth Plt (STL)	2	0	0	0	0	0	0	0	0
Supply Mains Ctrl Plt (STL)	2	0	0	0	0	0	0	0	0
Supply Mains Sth Plt (STL)	2	0	0	0	0	0	0	0	0
Supply Mains Meramec Plt (S	2	0	0	0	0	0	0	0	0
Power Generation Equip Othe	2	0	0	0	0	0	0	0	0
Boiler Plant Equipment P	6	192,971	160,455	18,776	39	2,740	0	1,660	9,301
Pump Equip Steam	6	0	0	0	0	0	0	0	0
Pump Equip Electric	6	0	0	0	0	0	0	0	0
Pump Equip Elec Pre46 (STL)	6	1,493,671	1,241,987	145,334	299	21,210	0	12,846	71,995
Pump Equip Elec Post46 (STL	6	0	0	0	0	0	0	0	0
Pump Equip Elec Boosters Po	6	0	0	0	0	0	0	0	0
Pump Equip Diesel	6	0	0	0	0	0	0	0	0
Pump Equip Diesel Stratman\	6	0	0	0	0	0	0	0	0
Pump Equip Diesel Ctrl Plt	6	0	0	0	0	0	0	0	0
Pump Equip Hydraulic	6	0	0	0	0	0	0	0	0
Pump Equip Other	6	48,528	40,351	4,722	10	689	0	417	2,339

MISSOURI-AMERICAN WATER COMPANY
ST. CHARLES DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Residential (4)	Commercial (5)	Industrial (6)	Public Authorities (7)	Sales for Resale (8)	Private (9)	Fire Protection Public (10)
WT Equip Non-Media	2	12,133	10,693	1,231	4	177	0	5	23
WT Equip Non-Med North (STL)	2	0	0	0	0	0	0	0	0
WT Equip Non Media Ctrd 1 &	2	0	0	0	0	0	0	0	0
WT Equip Non Media Ctrd 3 (	2	0	0	0	0	0	0	0	0
WT Equip Non Media Sth (STL)	2	0	0	0	0	0	0	0	0
WT Equip Non Media Mer (STL)	2	0	0	0	0	0	0	0	0
WT Equip Filter Media	2	0	0	0	0	0	0	0	0
Dist Reservoirs & Standpipe	5	960,956	620,681	80,048	192	12,781	0	37,381	209,873
Elevated Tanks & Standpipes	5	119,027	76,880	9,915	24	1,583	0	4,630	25,995
Ground Level Facilities	5	0	0	0	0	0	0	0	0
TD Mains Not Classified by	7	7,608,901	5,184,705	646,757	1,522	100,437	0	252,616	1,422,865
TD Mains 4 & Less "	4	325,019	207,460	26,717	65	4,258	0	13,066	73,454
TD Mains 6 to 8" "	4	4,894,643	3,124,251	402,340	979	64,120	0	196,765	1,106,189
TD Mains 10 to 16" "	3	9,606,749	7,865,046	904,956	1,921	129,691	0	106,635	598,500
TD Mains 18 & Grtr "	3	4,750,006	3,888,830	447,451	950	64,125	0	52,725	295,925
TD Mains AC 4 (STL) "	4	0	0	0	0	0	0	0	0
TD Mains CI <10 1900-28 (S"	4	0	0	0	0	0	0	0	0
TD Mains CI <10 1929-56 (S"	4	0	0	0	0	0	0	0	0
TD Mains CI <10 1957-93 (S"	4	0	0	0	0	0	0	0	0
TD Mains CI 12 (STL) "	3	0	0	0	0	0	0	0	0
TD Mains CI 16 (STL) "	3	0	0	0	0	0	0	0	0
TD Mains DI 6-8 (STL) "	4	0	0	0	0	0	0	0	0
TD Mains DI 12 (STL) "	3	0	0	0	0	0	0	0	0
TD Mains DI 16 & >(STL)	3	0	0	0	0	0	0	0	0
TD Mains Galve 1 (STL) "	4	0	0	0	0	0	0	0	0
TD Mains LJ 20 (STL) "	3	0	0	0	0	0	0	0	0
Fire Mains	8	245,343	0	0	0	0	0	0	0
Services	10	3,316,000	3,073,600	138,940	332	16,580	0	86,548	245,343
Meters Bronze Case	9	1,830,477	1,630,040	151,014	183	49,240	0	0	0
Meters Plastic Case	9	0	0	0	0	0	0	0	0
Meters Other	9	(15,146)	(13,488)	(1,250)	(2)	(407)	0	0	0
Meters Other-Rem Rdr Units	9	0	0	0	0	0	0	0	0
Meter Installations	9	3,102,826	2,762,888	255,967	310	83,461	0	0	0
Meter Installation Other	9	(388,359)	(345,834)	(32,040)	(39)	(10,447)	0	0	0
Hydrants	8	1,920,093	0	0	0	0	0	0	0
Other P/E Intangible	15	(306,586)	(258,483)	(16,740)	(31)	(2,207)	0	0	1,920,093
Other P/E WT Res Hand Equip	2	0	0	0	0	0	0	(4,752)	(24,374)
Other P/E TD	7	2,703	1,842	230	1	36	0	90	505
Other P/E CPS	15	(8,862)	(7,472)	(484)	(1)	(64)	0	(137)	(705)
Office Furniture & Equip	15	444,576	374,822	24,274	44	3,201	0	6,891	35,344
Comp & Periph Equip	15	192,358	162,177	10,503	19	1,385	0	2,982	15,292
Computer Software	15	(449,462)	(378,941)	(24,541)	(45)	(3,236)	0	(6,967)	(35,732)
Comp Software Personal	15	98,975	83,446	5,404	10	713	0	1,534	7,869
Data Handling Equipment	15	0	0	0	0	0	0	0	0
Other Office Equipment	15	(1,706)	(1,438)	(93)	(0)	(12)	0	(26)	(136)

MISSOURI-AMERICAN WATER COMPANY
ST. CHARLES DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Residential (4)	Commercial (5)	Industrial (6)	Public Authorities (7)	Sales for Resale (8)	Private (9)	Fire Protection Public (10)
Trans Equip Lt Duty Trks	15	16,965	14,303	926	2	122	0	263	1,349
Trans Equip Hvy Duty Trks	15	0	0	0	0	0	0	0	0
Trans Equip Autos	15	(29,602)	(24,957)	(1,616)	(3)	(213)	0	(459)	(2,353)
Trans Equip Other	15	760	641	41	0	5	0	12	60
Stores Equipment	15	(9)	(8)	(0)	(0)	(0)	0	(0)	(1)
Tools, Shop, Garage Equip	15	315,260	265,796	17,213	32	2,270	0	4,887	25,063
Tools, Shop, Garage Equip Oth	15	0	0	0	0	0	0	0	0
Laboratory Equipment	2	(953)	(840)	(97)	(0)	(14)	0	(0)	(2)
Laboratory Equip Other	2	0	0	0	0	0	0	0	0
Power Operated Equipment	15	41,085	34,639	2,243	4	296	0	637	3,266
Comm Equip Non-Telephone	15	12,676	10,687	692	1	91	0	196	1,008
Comm Equip Telephone	15	(13,219)	(11,145)	(722)	(1)	(95)	0	(205)	(1,051)
Misc Equipment	15	81,296	68,541	4,439	8	585	0	1,260	6,463
Other Tangible Property	17	647,746	480,109	51,949	130	8,680	0	12,307	94,571
Total Utility Plant in Service		43,558,245	32,286,762	3,494,018	7,449	584,328	0	828,301	6,357,388
Other Rate Base Items									
Add:									
Other Utility Plant Adjustments	17	0	0	0	0	0	0	0	0
Cash Working Capital	15	0	0	0	0	0	0	0	0
Materials and Supplies	15	128,860	108,642	7,036	13	928	0	1,997	10,244
Prepayments	15	43,514	36,687	2,376	4	313	0	674	3,459
OP&B's Contributed to External Fund	16	266,562	218,208	16,074	27	2,239	0	4,745	25,270
Premature Retirement	17	0	0	0	0	0	0	0	0
Regulatory Deferrals	17	133,598	99,023	10,715	27	1,790	0	2,538	19,505
Less:									
Accumulated Deferred ITC (3%)	17	0	0	0	0	0	0	0	0
Deferred Income Taxes	17	(4,642,560)	(3,441,065)	(372,333)	(929)	(62,210)	0	(88,209)	(677,814)
Pensions	16	(834,634)	(683,231)	(50,328)	(83)	(7,011)	0	(14,856)	(79,123)
Total Other Rate Base Elements		(4,904,660)	(3,661,738)	(386,462)	(941)	(63,951)	0	(93,110)	(698,458)
Total Original Cost Measure of Value		\$ 38,653,585	\$ 28,625,024	\$ 3,107,556	\$ 6,507	\$ 520,377	\$ -	\$ 735,191	\$ 5,658,930

MISSOURI-AMERICAN WATER COMPANY
ST. CHARLES DISTRICT

SUMMARY OF AVERAGE DAILY SEND OUT AND MAXIMUM DAILY USAGE
FOR THE YEARS 1990-2005

Year	Average Daily Send out (MGD)	Maximum Daily Use		
		MGD	Ratio to Average	Highest Use Day
(1)	(2)	(3)	(4)	(5)
1990	5.336	N/A	N/A	N/A
1991	6.749	N/A	N/A	N/A
1992	6.624	N/A	N/A	N/A
1993	6.001	10.000	1.67	6/18/1993
1994	7.158	16.543	2.31	6/15/1994
1995	8.125	18.000	2.22	7/13/1995
1996	7.343	17.573	2.39	7/7/1996
1997	8.345	18.550	2.22	7/25/1997
1998	7.802	19.001	2.44	7/19/1998
1999	8.835	20.447	2.31	7/24/1999
2000	8.290	17.570	2.12	7/9/2000
2001	8.755	19.920	2.28	8/5/2001
2002	8.970	21.350	2.38	7/21/2002
2003	8.580	21.570	2.51	8/24/2003
2004	8.753	16.100	1.84	6/30/2004
2005	9.990	21.650	2.17	7/10/2005

MISSOURI-AMERICAN WATER COMPANY
ST. CHARLES DISTRICT

BASIS FOR ALLOCATING DEMAND RELATED COSTS OF FIRE SERVICE
TO PRIVATE AND PUBLIC FIRE PROTECTION CUSTOMER CLASSIFICATIONS

Description (1)	Restrictive Diameters Squared (2)	Quantity (3)	Relative Demand* (4)=(2)x(3)	Allocation Factor (5)
<u>PRIVATE FIRE PROTECTION</u>				
Fire Lines				
2 -inch	4.00	12	48	
3 -inch	9.00	0	0	
4 -inch	16.00	18	288	
6 -inch	36.00	67	2,412	
8 -inch	64.00	58	3,712	
10 -inch	100.00	4	400	
12 -inch	144.00	0	0	
Private Hydrants	32.75	14	459	
Total Private Fire Protection		173	7,319	0.1511
<u>PUBLIC FIRE PROTECTION</u>				
Hydrant	Nozzle Sizes			
6" Valve	2- 2-1/2" & 1- 4.5"	32.75	201	6,583
6" Valve	2- 2-1/2"	12.50	2,762	34,525
Total Public Fire Protection		2,963	41,108	0.8489
Total Fire Protection		3,136	48,427	1.0000

ST. JOSEPH DISTRICT

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES
FOR THE TEST YEAR ENDED JUNE 30, 2006

Customer Classification (1)	Cost of Service		Revenues, Present Rates		Revenues, Proposed Rates		Proposed Increase	
	Amount (2)	Percent (3)	Amount (4)	Percent (5)	Amount (6)	Percent (7)	Amount (8)	Percent Increase (9)
Residential	\$ 10,600,587	50.6%	\$ 7,789,999	49.3%	\$ 9,884,475	50.0%	\$ 2,094,476	26.9%
Commercial	3,903,818	18.7%	3,092,963	19.6%	3,879,583	19.6%	786,620	25.4%
Industrial	2,921,721	14.0%	2,211,762	14.0%	2,718,194	13.7%	506,432	22.9%
Public Authority	851,423	4.1%	610,802	3.9%	760,317	3.8%	149,515	24.5%
Sales for Resale	2,408,757	11.5%	1,871,755	11.9%	2,303,257	11.6%	431,502	23.1%
Private Fire Service	229,087	1.1%	201,248	1.3%	263,147	1.3%	61,899	30.8%
Public Fire Service	-	0.0%	\$0	0.0%	\$0	0.0%	-	-
Total Sales	20,915,394	100.0%	15,778,529	100.0%	19,808,973	100.0%	4,030,444	25.5%
Other Revenues *	389,356		389,356		\$368,968		(20,388)	-5.2%
Total	\$ 21,304,750		\$ 16,167,885		\$ 20,177,941		\$ 4,010,056	24.8%

* Includes Industrial Contract Sales.

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Residential (4)	Commercial (5)	Industrial (6)	Public Authorities (7)	Sales for Resale (8)	Private (9)	Fire Protection Public (10)
OPERATION AND MAINTENANCE EXPENSES									
SOURCE OF SUPPLY EXPENSES									
Super & Eng Oper SS	2	0	0	0	0	0	0	0	0
Labor & Exp Oper SS	2	0	0	0	0	0	0	0	0
Labor & Exp Oper SS	2	62,571	24,991	12,596	11,632	2,935	10,168	44	206
Purchased Water	1	0	0	0	0	0	0	0	0
TOTAL SS EXPENSE - OPERATION		62,571	24,991	12,596	11,632	2,935	10,168	44	206
Misc Exp Oper SS	2	0	0	0	0	0	0	0	0
Misc Exp Oper SS	2	406	162	82	75	19	66	0	1
Rents Oper SS	2	0	0	0	0	0	0	0	0
Super & Eng Maint SS	2	0	0	0	0	0	0	0	0
Struct & Improve Maint SS	2	0	0	0	0	0	0	0	0
Struct & Improve Maint SS	2	0	0	0	0	0	0	0	0
Collect & Impound Maint SS	2	0	0	0	0	0	0	0	0
Collect & Impound Maint SS	2	0	0	0	0	0	0	0	0
Lake, River & Oth Maint SS	2	0	0	0	0	0	0	0	0
Lake, River & Oth Maint SS	2	0	0	0	0	0	0	0	0
Wells & Springs Maint SS	2	0	0	0	0	0	0	0	0
Wells & Springs Maint SS	2	0	0	0	0	0	0	0	0
Infil Gall & Tunnels Maint SS	2	0	0	0	0	0	0	0	0
Infil Gall & Tunnels Maint SS	2	0	0	0	0	0	0	0	0
Supply Mains Maint SS	2	0	0	0	0	0	0	0	0
Supply Mains Maint SS	2	0	0	0	0	0	0	0	0
Misc Plant Maint SS	2	12	5	2	2	1	2	0	0
Misc Plant Maint SS	2	17,004	6,792	3,423	3,161	798	2,763	12	56
TOTAL SS EXPENSE - MAINTENANCE		17,423	6,959	3,507	3,239	817	2,831	12	57
TOTAL SS EXPENSE		79,994	31,950	16,103	14,871	3,752	12,999	56	264
POWER AND PUMPING EXPENSES									
Super & Eng Oper P	6	60,858	23,680	11,928	10,942	2,775	9,543	359	1,631
Fuel for Power Prod	1	0	0	0	0	0	0	0	0
Labor & Exp Oper Pwr Prod	6	(1,259)	(490)	(247)	(226)	(57)	(197)	(7)	(34)
Labor & Exp Oper Pwr Prod	6	0	0	0	0	0	0	0	0
Purch Fuel/Power for Pump	1	582,381	211,579	115,719	122,533	26,964	102,091	641	2,854
Labor & Exp Oper Pump	6	358,711	139,574	70,307	64,496	16,357	56,246	2,116	9,613
Labor & Exp Oper Pump	6	1,183	460	232	213	54	185	7	32
Expenses Transferred	6	0	0	0	0	0	0	0	0
Misc Exp Oper P	6	5,062	1,970	992	910	231	794	30	136
Rents Oper P	6	0	0	0	0	0	0	0	0
TOTAL PUMPING EXPENSE - OPERATION		1,006,936	376,773	198,932	198,968	46,324	168,662	3,145	14,232

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Residential (4)	Commercial (5)	Industrial (6)	Public Authorities (7)	Sales for Resale (8)	Private (9)	Fire Protection Public (10)
Super & Eng Maint P	6	16,219	6,311	3,179	2,916	740	2,543	96	435
Struct & Improve Maint P	6	0	0	0	0	0	0	0	0
Struct & Improve Maint P	6	0	0	0	0	0	0	0	0
Power Prod Equip Maint P	6	0	0	0	0	0	0	0	0
Power Prod Equip Maint P	6	0	0	0	0	0	0	0	0
Pump Equip Maint P	6	0	0	0	0	0	0	0	0
Pump Equip Maint P	6	156	61	31	28	7	24	1	4
TOTAL PUMPING EXPENSES - MAINTENANCE		16,375	6,372	3,209	2,944	747	2,568	97	439
TOTAL PUMPING EXPENSES		1,023,311	383,145	202,141	201,812	47,071	171,229	3,242	14,671
WATER TREATMENT									
Super & Eng Oper WT	2	72,590	28,992	14,612	13,494	3,404	11,796	51	240
Chemicals	1	730,060	265,231	145,063	153,605	33,802	127,980	803	3,577
Labor & Exp Oper WT	2	75,969	30,342	15,293	14,123	3,563	12,345	53	251
Labor & Exp Oper WT	2	38,364	15,323	7,723	7,132	1,799	6,234	27	127
Misc Exp Oper WT	2	3,003	1,199	604	558	141	488	2	10
Misc Exp Oper WT	1	258,724	93,994	51,408	54,436	11,979	45,354	285	1,268
Misc Exp Oper WT	2	37,368	14,925	7,522	6,947	1,753	6,072	26	123
Rents Oper WT	2	0	0	0	0	0	0	0	0
TOTAL WT EXPENSE - OPERATION		1,216,077	450,006	242,226	250,294	56,441	210,269	1,247	5,595
Super & Eng Maint WT	2	10,849	4,333	2,184	2,017	509	1,763	8	36
Struct & Improve Maint WT	2	0	0	0	0	0	0	0	0
Struct & Improve Maint WT	2	0	0	0	0	0	0	0	0
WT Equip Maint WT	2	0	0	0	0	0	0	0	0
WT Equip Maint WT	2	35,337	14,114	7,113	6,569	1,657	5,742	25	117
TOTAL WT EXPENSE - MAINTENANCE		46,186	18,447	9,297	8,586	2,166	7,505	32	152
TOTAL WT EXPENSE		1,262,263	468,453	251,523	258,880	58,607	217,774	1,279	5,748
TRANSMISSION AND DISTRIBUTION EXPENSES									
Super & Eng Oper TD	11	17,590	10,462	2,860	858	573	347	630	1,859
Storage Facility Exp	5	71	26	13	10	3	9	2	8
Storage Facility Exp	5	5,036	1,842	893	720	208	671	127	575
TD Lines Exp	7	207,416	84,646	41,628	15,204	9,707	6,160	9,043	41,027
TD Lines Exp	7	24,580	10,031	4,933	1,802	1,150	730	1,072	4,862
Meter Expense	9	105,082	84,371	14,396	2,995	2,354	967	0	0
Meter Expense	9	966	776	132	28	22	9	0	0
Customer Install Exp	10	96,594	79,874	9,486	695	889	135	5,516	0
Customer Install Exp	10	(1)	(1)	(0)	(0)	(0)	(0)	(0)	0
Misc Exp Oper TD	11	16,322	9,708	2,654	797	532	322	584	1,725

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Residential (4)	Commercial (5)	Industrial (6)	Public Authorities (7)	Sales for Resale (8)	Private (9)	Fire Protection Public (10)
Misc Exp Oper TD	11	3,176	1,889	516	155	104	63	114	336
Misc Exp Oper TD	11	42,432	25,239	6,900	2,071	1,383	836	1,519	4,485
Rents Oper TD	11	0	0	0	0	0	0	0	0
M & S Oper TD Mains	11	7,177	4,269	1,167	350	234	141	257	759
TOTAL T & D EXPENSE OPERATION		526,441	313,132	85,578	25,684	17,159	10,390	18,863	55,636
Super & Eng Maint TD	12	16,560	7,616	2,689	893	586	353	498	3,925
Struct & Improve Maint TD	12	0	0	0	0	0	0	0	0
Struct & Improve Maint TD	12	229	105	37	12	8	5	7	54
Dist Res Stand Maint TD	5	0	0	0	0	0	0	0	0
TD Main Maint TD	7	104,352	42,586	20,943	7,649	4,884	3,099	4,550	20,641
TD Main Maint TD	7	13	5	3	1	1	0	1	3
Fire Main Maint TD	8	93	0	0	0	0	0	0	93
Fire Main Maint TD	8	0	0	0	0	0	0	0	0
Services Maint TD	10	4,923	4,070	483	35	45	7	281	0
Services Maint TD	10	62	51	6	0	1	0	4	0
Meters Maint TD	9	28,482	22,868	3,902	812	638	262	0	0
Meters Maint TD	9	5,196	4,172	712	148	116	48	0	0
Hydrants Maint TD	8	17,277	0	0	0	0	0	0	17,277
Hydrants Maint TD	8	0	0	0	0	0	0	0	0
Misc Plant Maint TD	12	0	0	0	0	0	0	0	0
Mat and Sup Maint TD	12	120,665	55,494	19,596	6,504	4,272	2,570	3,632	28,598
Misc Maint TD	12	100	46	16	5	4	2	3	24
Amort Def Maint TD	5	359,120	131,330	63,672	51,318	14,868	47,871	9,050	41,012
TOTAL T & D EXPENSE - MAINTENANCE		657,072	268,344	112,060	67,378	25,422	54,217	18,025	111,625
TOTAL T & D EXPENSE		1,183,513	581,476	197,638	93,062	42,581	64,607	36,888	167,261
CUSTOMER ACCOUNTS									
Supervision CA	13	44,409	39,222	4,068	173	275	27	644	0
Meter Reading Exp CA	14	289,277	259,279	26,874	1,128	1,822	174	0	0
Meter Reading Exp CA	14	2,780	2,492	258	11	18	2	0	0
Meter Reading Exp CA	14	4,422	3,964	411	17	28	3	0	0
Cust Rec & Collection CA	13	16,364	14,453	1,499	64	101	10	237	0
Cust Rec & Collection CA	13	132,493	117,018	12,136	517	821	79	1,921	0
Uncollectible Accts	13	158,660	140,128	14,533	619	984	95	2,301	0
Misc Cust Accts Exp CA	13	0	0	0	0	0	0	0	0
Misc Cust Accts Exp CA	13	0	0	0	0	0	0	0	0
Misc Cust Accts Exp CA	13	21,434	18,930	1,963	84	133	13	311	0
Cust Serv & Info Exp CA	13	(9)	(8)	(1)	(0)	(0)	(0)	(0)	0
TOTAL CUSTOMER ACCOUNTING EXPENSE		669,830	595,478	61,742	2,612	4,183	402	5,414	0

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Residential (4)	Commercial (5)	Industrial (6)	Public Authorities (7)	Sales for Resale (8)	Private (9)	Fire Protection Public (10)
ADMINISTRATIVE AND GENERAL EXPENSES									
Salaries AG	15	146,285	82,285	23,040	13,297	4,608	10,591	2,501	9,962
Other Supplies & Exp AG	15	646	363	102	59	20	47	11	44
Other Supplies & Exp AG	15	143,988	80,993	22,678	13,089	4,536	10,425	2,462	9,806
Other Supplies & Exp AG	15	77,732	43,724	12,243	7,066	2,449	5,628	1,329	5,294
Mgmt Fees-Corporate/Shared Service Center	15	1,272,315	715,677	200,390	115,653	40,078	92,116	21,757	86,645
Mgmt Fees-Call Center	13	46,557	41,119	4,265	182	289	28	675	0
Mgmt Fees-Belleville Lab	2	58,596	23,403	11,795	10,893	2,748	9,522	41	193
Mgmt Fees- Financial ITS	15	442,751	249,047	69,733	40,246	13,947	32,055	7,571	30,151
Mgmt Fees- Customer Billings ITS	13	(16)	(14)	(1)	(0)	(0)	(0)	(0)	0
Mgmt Fees-Other ITS	15	5,744	3,231	905	522	181	416	98	391
Outside Services AG	15	45,029	25,329	7,092	4,093	1,418	3,260	770	3,066
Outside Services AG	15	96,018	54,010	15,123	8,728	3,025	6,952	1,642	6,539
Property Insurance	15	0	0	0	0	0	0	0	0
Ins Gen Liab Oper AG	15	202,531	113,923	31,899	18,410	6,380	14,663	3,463	13,792
Ins Work Comp AG	16	67,221	38,410	10,715	6,010	2,144	4,591	1,069	4,282
Ins Other Oper AG	15	77,270	43,464	12,170	7,024	2,434	5,594	1,321	5,262
Property Insurance	15	7,545	4,244	1,188	686	238	546	129	514
Injuries & Damages	16	345	197	55	31	11	24	5	22
Employee Pension & Benefits	16	503,477	287,687	80,254	45,011	16,061	34,388	8,005	32,072
Employee Pension & Benefits	16	190,082	108,613	30,299	16,993	6,064	12,983	3,022	12,108
Employee Pension & Benefits	16	33,889	19,364	5,402	3,030	1,081	2,315	539	2,159
Reg Commission Exp	15	19,242	10,823	3,031	1,749	606	1,393	329	1,310
Rents AG	15	59,070	33,227	9,304	5,369	1,861	4,277	1,010	4,023
Goodwill Advertising Exp	15	2,753	1,549	434	250	87	199	47	187
Misc Exp AG	15	265,629	149,416	41,837	24,146	8,367	19,232	4,542	18,089
Research & Development	15	0	0	0	0	0	0	0	0
TOTAL A & G OPERATIONS		3,764,697	2,130,087	593,950	342,536	118,631	271,242	62,340	245,911
General Plant Maint AG	15	117	66	18	11	4	8	2	8
General Plant Maint AG	15	28,523	16,044	4,492	2,593	898	2,065	488	1,942
TOTAL A & G EXPENSE - MAINTENANCE		28,640	16,110	4,511	2,603	902	2,074	490	1,950
TOTAL A & G EXPENSE		3,793,337	2,146,196	598,461	345,139	119,533	273,316	62,830	247,862
Total Operation & Maintenance Expenses		8,012,248	4,206,697	1,327,607	916,376	275,726	740,327	109,709	435,805

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Residential (4)	Commercial (5)	Industrial (6)	Public Authorities (7)	Sales for Resale (8)	Private (9)	Fire Protection Public (10)
DEPRECIATION EXPENSE									
Struct & Imp SS	2	48,407	19,334	9,744	8,999	2,270	7,866	34	160
Struct & Imp P	6	137,109	53,349	26,873	24,652	6,252	21,499	809	3,675
Struct & Imp WT	2	442,789	176,850	89,133	82,314	20,767	71,953	310	1,461
Struct & Imp TD	7	8,530	3,481	1,712	625	399	253	372	1,687
Struct & Imp Offices	15	0	0	0	0	0	0	0	0
Struct & Imp Store, Shop, Gar	15	11,375	6,398	1,792	1,034	358	824	195	775
Struct & Imp Misc	15	17,851	10,041	2,812	1,623	562	1,292	305	1,216
Collect & Impounding	1	0	0	0	0	0	0	0	0
Lake, River & Other Intakes	2	669	267	135	124	31	109	0	2
Wells & Springs	2	681	272	137	127	32	111	0	2
Supply Mains	2	149,929	59,882	30,181	27,872	7,032	24,363	105	495
Pump Equip Electric	6	97,296	37,858	19,070	17,494	4,437	15,256	574	2,608
Pump Equip Other	6	31	12	6	6	1	5	0	1
WT Equip Non-Media	2	433,919	173,307	87,348	80,666	20,351	70,512	304	1,432
WT Equip Filter Media	2	415	166	84	77	19	67	0	1
Dist Reservoirs & Standpipe	5	35,625	13,028	6,316	5,091	1,475	4,749	898	4,068
Elevated Tanks & Standpipes	5	6,758	2,471	1,198	966	280	901	170	772
Ground Level Facilities	5	0	0	0	0	0	0	0	0
TD Mains Not Classified by	7	34,277	13,988	6,879	2,513	1,604	1,018	1,494	6,780
TD Mains 4 & Less	4	11,391	4,763	2,328	560	543	0	576	2,620
TD Mains 6 to 8"	4	128,986	53,929	26,365	6,346	6,153	0	6,527	29,667
TD Mains 10 to 16"	3	143,063	52,661	26,538	24,492	6,180	21,417	2,132	9,642
TD Mains 18 & Grtr	3	67,287	24,768	12,482	11,520	2,907	10,073	1,003	4,535
Services	10	59,804	49,452	5,873	431	550	84	3,415	0
Meters Bronze Case	9	13,934	11,188	1,909	397	312	128	0	0
Meters Plastic Case	9	2,084	1,673	286	59	47	19	0	0
Meters Other	9	7,113	5,711	974	203	159	65	0	0
Meters Other-Rem Rdr Units	9	0	0	0	0	0	0	0	0
Meter Installations	9	76,632	61,528	10,499	2,184	1,717	705	0	0
Meter Installation Other	9	0	0	0	0	0	0	0	0
Hydrants	8	29,953	0	0	0	0	0	0	29,953
Utility Plant Acquisition Adjustment	17	0	0	0	0	0	0	0	0
Other P/E WT Res Hand Equip	2	25,943	10,362	5,222	4,823	1,217	4,216	18	86
Other P/E TD	7	0	0	0	0	0	0	0	0
Other P/E CPS	15	0	0	0	0	0	0	0	0
Office Furniture & Equip	15	16,002	9,001	2,520	1,455	504	1,159	274	1,090
Comp & Periph Equip	15	80,084	45,047	12,613	7,280	2,523	5,798	1,369	5,454
Computer Software	15	135,304	76,109	21,310	12,299	4,262	9,796	2,314	9,214
Comp Software Personal	15	4,974	2,798	783	452	157	360	85	339
Data Handling Equipment	15	2,396	1,348	377	218	75	173	41	163
Other Office Equipment	15	11,975	6,736	1,886	1,089	377	867	205	815
Trans Equip Lt Duty Trks	15	15,315	8,615	2,412	1,392	482	1,109	262	1,043
Trans Equip Hvy Duty Trks	15	3,768	2,120	593	343	119	273	64	257

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Residential (4)	Commercial (5)	Industrial (6)	Public Authorities (7)	Sales for Resale (8)	Private (9)	Fire Protection Public (10)
Trans Equip Autos	15	5,410	3,043	852	492	170	392	93	368
Trans Equip Other	15	0	0	0	0	0	0	0	0
Stores Equipment	15	13,108	7,373	2,065	1,192	413	949	224	893
Tools, Shop, Garage Equip	15	32,885	18,498	5,179	2,989	1,036	2,381	562	2,239
Tools, Shop, Garage Equip Oth	15	0	0	0	0	0	0	0	0
Laboratory Equipment	2	28,006	11,186	5,638	5,206	1,313	4,551	20	92
Laboratory Equip Other	2	0	0	0	0	0	0	0	0
Power Operated Equipment	15	15,559	8,752	2,451	1,414	490	1,126	266	1,060
Comm Equip Non-Telephone	15	3,638	2,046	573	331	115	263	62	248
Comm Equip Telephone	15	1,420	799	224	129	45	103	24	97
Misc Equipment	15	9,526	5,358	1,500	866	300	690	163	649
Total Depreciation Expense		2,371,221	1,055,568	436,873	342,342	98,037	287,474	25,269	125,657
Amort-Other UP	18	3,026	1,273	571	469	130	397	27	159
Amort-Intangible Fin	2	158,908	63,468	31,988	29,541	7,453	25,823	111	524
Taxes Other Than Income									
Utility Reg Assessment Fee	19	81,759	37,953	14,651	11,275	3,229	9,386	899	4,366
Property Taxes	18	914,456	384,712	172,466	141,741	39,322	119,977	8,230	48,009
FUTA	16	1,965	1,123	313	176	63	134	31	125
FICA	16	132,731	75,843	21,157	11,866	4,234	9,066	2,110	8,455
SUTA	16	661	378	105	59	21	45	11	42
Other Taxes & Licenses	15	39,748	22,358	6,260	3,613	1,252	2,878	680	2,707
Gross Receipts Tax	19	0	0	0	0	0	0	0	0
Total Taxes, Other Than Income		1,171,321	522,366	214,954	168,729	48,121	141,485	11,961	63,704
Income Taxes	18	2,690,462	1,131,877	507,421	417,022	115,690	352,989	24,214	141,249
Utility Income Available for Return	18	6,897,565	2,901,806	1,300,881	1,069,123	296,595	904,961	62,078	362,122
Total Cost of Service		21,304,750	9,883,055	3,820,295	2,943,602	841,752	2,453,455	233,370	1,129,221
Less: Other Water Revenues	19	389,356	180,739	69,773	53,692	15,380	44,698	4,283	20,792
Revenue Contribution	19	0	0	0	0	0	0	0	0
Total Other Water Revenues		389,356	180,739	69,773	53,692	15,380	44,698	4,283	20,792
Total Cost of Service Related to Sales of Water		20,915,394	9,702,316	3,750,522	2,889,909	826,373	2,408,757	229,087	1,108,429
Reallocation of Public Fire	20	0	898,271	153,296	31,812	25,051	0	0	(1,108,429)
Total		\$ 20,915,394	\$ 10,600,587	\$ 3,903,818	\$ 2,921,721	\$ 851,423	\$ 2,408,757	\$ 229,087	\$ -

**MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT**

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS

FACTOR 1. ALLOCATION OF COSTS WHICH VARY WITH THE AMOUNT OF WATER CONSUMED.

Factors are based on the pro forma test year average daily consumption for each customer classification.

Customer Classification	Average Daily Consumption, Thousand Gallons	Allocation Factor
(1)	(2)	(3)
Residential	4,493	0.3633
Commercial	2,457	0.1987
Industrial	2,603	0.2104
Other Public Authority	573	0.0463
Sales for Resale	2,168	0.1753
Private Fire Protection	14	0.0011
Public Fire Protection	61	0.0049
Total	12,369	1.0000

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the factors for average daily consumption (Factor 1) and the factors derived from maximum day extra capacity demand for each customer classification, as follows:

Customer Classification	Average Daily Consumption		Maximum Day Extra Capacity		Allocation Factor
	Allocation Factor 1	Weighted Factor	Allocation Factor	Weighted Factor	
(1)	(2)	(3)=(2)x 0.6667	(4)	(5)=(4)x 0.3333	(6)=(3)+(5)
Residential	0.3633	0.2421	0.4719	0.1573	0.3994
Commercial	0.1987	0.1325	0.2065	0.0688	0.2013
Industrial	0.2104	0.1403	0.1368	0.0456	0.1859
Other Public Authority	0.0463	0.0309	0.0481	0.0160	0.0469
Sales for Resale	0.1753	0.1169	0.1367	0.0456	0.1625
Private Fire Protection	0.0011	0.0007			0.0007
Public Fire Protection	0.0049	0.0033			0.0033
Total	1.0000	0.6667	1.0000	0.3333	1.0000

The derivation of the maximum day extra capacity factors in column 4 and the basis for the column 3 and 5 weightings are presented on the following page.

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND
MAXIMUM DAY EXTRA CAPACITY FUNCTIONS, cont.

Customer Classification	Average Daily Consumption, Thousand Gal.	Maximum Day Extra Capacity		
		Factor*	Rate of Flow, Thousand Gal. Per Day	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	4,493	1.0	4,493	0.4719
Commercial	2,457	0.8	1,966	0.2065
Industrial	2,603	0.5	1,302	0.1368
Other Public Authority	573	0.8	458	0.0481
Sales for Resale	2,168	0.6	1,301	0.1367
Total	12,294		9,520	1.0000

The weighting of the factors is based on the maximum day ratio of 1.50, based on a review of maximum day ratios experienced during the period 1990 through 2005 (see Schedule D).

	Maximum Day Ratio	Weight
Average Day	1.00	0.6667
Maximum Day Extra Capacity	0.50	0.3333
Total	1.50	1.0000

* Ratio of maximum day to average day minus 1.0.

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY
AND FIRE PROTECTION FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Daily Consumption		Maximum Day Extra Capacity		Fire Protection		Allocation Factor
	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	
(1)	(2)	(3)=(2) X 0.6143	(4)	(5)=(4) X 0.3071	(6)	(7)=(6) X 0.0786	(8)=(3)+(5)+(7)
Residential	0.3633	0.2232	0.4719	0.1449			0.3681
Commercial	0.1987	0.1221	0.2065	0.0634			0.1855
Industrial	0.2104	0.1292	0.1368	0.0420			0.1712
Other Public Authority	0.0463	0.0284	0.0481	0.0148			0.0432
Sales for Resale	0.1753	0.1077	0.1367	0.0420			0.1497
Private Fire Protection	0.0011	0.0007			0.1802	0.0142	0.0149
Public Fire Protection	0.0049	0.0030			0.8198	0.0644	0.0674
Total	1.0000	0.6143	1.0000	0.3071	1.0000	0.0786	1.0000

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum day ratio of 1.50 and the average daily system sendout for 2005 of 15.003 MGD. The system demand for fire protection is 8,000 Gallons per minute for 4 hours.

	<u>Ratio</u>	<u>Rate of Flow, (GPD)</u>	<u>Weight</u>
Average Day	1.00	15,003,000	0.6143
Maximum Day Extra Capacity	<u>0.50</u>	<u>7,501,500</u>	<u>0.3071</u>
Subtotal	<u>1.50</u>	22,504,500	0.9214
Fire Protection		<u>1,920,000</u>	<u>0.0786</u>
Total		<u>24,424,500</u>	<u>1.0000</u>

The public and private fire protection allocation factors in column 6 on the previous page are based on the relative potential demands (see Schedule E).

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification (1)	Average Hourly Consumption		Maximum Hour Extra Capacity		Fire Protection		Allocation Factor (9)=[(4)+(6)+(8)]
	Thousand Gallons (2)	Allocation Factor (3)	Allocation Factor (5)	Weighted Factor (6)=[(5) X 0.3613	Allocation Factor (7)	Weighted Factor (8)=[(7) X 0.2774	
Residential	187.2	0.5374	0.1941	0.2240			0.4181
Commercial	102.4	0.2941	0.1063	0.0981			0.2044
Industrial	31.7	0.0910	0.0329	0.0163			0.0492
Other Public Authority	23.9	0.0686	0.0248	0.0229			0.0477
Sales for Resale	0.0	0.0000	0.0000	0.0000			0.0000
Private Fire Protection	0.6	0.0017	0.0006		0.1802	0.0500	0.0506
Public Fire Protection	2.5	0.0072	0.0026		0.8198	0.2274	0.2300
Total	348.3	1.0000	0.3613	0.3613	1.0000	0.2774	1.0000

The maximum hour extra capacity factors in column 5 are determined on the following page.

**MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT**

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

**FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND
MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS, cont.**

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum hour ratio of 2.0 and the average daily system sendout for 2005 of 15.003 MGD. The system demand for fire protection is 8,000 gallons per minute.

	Ratio	Rate of Flow, (GPM)	Weight
Average Hour	1.00	10,419	0.3613
Maximum Hour Extra Capacity	1.00	10,419	0.3613
Subtotal	<u>2.00</u>	20,838	0.7226
Fire Protection		8,000	0.2774
Total		<u>28,838</u>	<u>1.0000</u>

The maximum hour extra capacity factors in column 5 of the previous page are determined as follows:

Customer Classification	Average Hourly Consumption Thousand Gal.	Maximum Hour Extra Capacity		
		Factor*	1,000 Gallons Per Hour	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	187.2	3.5	655.2	0.6202
Commercial	102.4	2.8	286.7	0.2714
Industrial	31.7	1.5	47.6	0.0451
Other Public Authority	23.9	2.8	66.9	0.0633
Sales for Resale	0.0	2.0	0.0	0.0000
Total	<u>345.2</u>		<u>1,056.4</u>	<u>1.0000</u>

* Ratio of Maximum Hour To Average Hour Minus 1.0.

The public and private fire protection allocation factors in column 7 on the previous page are based on the relative potential demands (see Schedule E).

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES.

Factors are based on the weighting of the average hourly consumption, the maximum hour extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification (1)	Average Hourly Consumption			Maximum Hour Extra Capacity			Fire Protection		
	Thousand Gallons (2)	Allocation Factor (3)	Weighted Factor (4)=(3) X 0.4316	Allocation Factor (5)	Weighted Factor (6)=(5) X 0.4316	Allocation Factor (7)	Allocation Factor (8)=(7) X 0.1368	Weighted Factor (9)=(4)+(6)+(8)	Allocation Factor
Residential	187.2	0.3631	0.1567	0.4845	0.2090				0.3657
Commercial	102.4	0.1987	0.0858	0.2120	0.0915				0.1773
Industrial	108.5	0.2105	0.0909	0.1204	0.0520				0.1429
Other Public Authority	23.9	0.0464	0.0200	0.0495	0.0214				0.0414
Sales for Resale	90.3	0.1752	0.0756	0.1336	0.0577				0.1333
Private Fire Protection	0.6	0.0012	0.0005			0.1802	0.0247	0.0252	
Public Fire Protection	2.5	0.0049	0.0021			0.8198	0.1121	0.1142	
Total	515.4	1.0000	0.4316	1.0000	0.4316	1.0000	0.1368	1.0000	

The weighting of the factors is based on the ratio of the capacity required for a 4 hour demand of fire flow, as related to total storage capacity. The calculation is shown on the following page.

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES, cont.

The weighting of the factors is based on the ratio of the capacity required for a 4 hour demand of fire flow, as related to total storage capacity.

$$\text{Fire Protection Weight} = \frac{8,000 \text{ GPM} \times 60 \text{ Min.} \times 4 \text{ Hrs.}}{14,040,000 \text{ Gallons}} = 0.1368$$

$$\text{General Service Weight} = 1.0000 - 0.1368 = 0.8632$$

The weighting of the average hourly consumption and maximum hour extra demand for general service is based on the maximum hour ratio, as follows:

	Maximum Hour Ratio	Percent	Weight
Average Hour	1.00	50.00	0.4316
Extra Capacity Maximum Hour	1.00	50.00	0.4316
Total	2.00	100.00	0.8632

Customer Classification	Average Hourly Consumption Thousand Gal.	Maximum Hour Extra Capacity		
		Factor*	1,000 Gallons Per Hour	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	187.2	3.5	655.2	0.4845
Commercial	102.4	2.8	286.7	0.2120
Industrial	108.5	1.5	162.8	0.1204
Other Public Authority	23.9	2.8	66.9	0.0495
Sales for Resale	90.3	2.0	180.6	0.1336
Total	512.3		1352.2	1.0000

* Ratio of Maximum Hour To Average Hour Minus 1.0.

**MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT**

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH POWER AND PUMPING FACILITIES.

Factors are based on the weighting of the maximum daily consumption, Factor 2, the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

Customer Classification	Maximum Daily Consumption		Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		Allocation Factor
	Allocation Factor 2	Weighted Factor	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	
(1)	(2)	(3)=(2)X 0.6555	(4)	(5)=(4)X 0.3361	(6)	(7)=(6)X 0.0084	(8)=(3)+ (5)+(7)
Residential	0.3994	0.2617	0.3681	0.1238	0.4181	0.0036	0.3891
Commercial	0.2013	0.1320	0.1855	0.0623	0.2044	0.0017	0.1960
Industrial	0.1859	0.1219	0.1712	0.0575	0.0492	0.0004	0.1798
Other Public Authority	0.0469	0.0307	0.0432	0.0145	0.0477	0.0004	0.0456
Sales for Resale	0.1625	0.1065	0.1497	0.0503	0.0000	0.0000	0.1568
Private Fire Protection	0.0007	0.0005	0.0149	0.0050	0.0506	0.0004	0.0059
Public Fire Protection	0.0033	0.0022	0.0674	0.0227	0.2300	0.0019	0.0268
Total	<u>1.0000</u>	<u>0.6555</u>	<u>1.0000</u>	<u>0.3361</u>	<u>1.0000</u>	<u>0.0084</u>	<u>1.0000</u>

The weighting of the factors is based on the horsepower of pumps associated with maximum day facilities, maximum day and fire facilities, and maximum hour facilities, as follows:

	<u>Horsepower of Pumps</u>	<u>Weight</u>
Associated with Maximum Day	2,350	0.6555
Associated with Maximum Day and Fire	1,205	0.3361
Associated with Maximum Hour	<u>30</u>	<u>0.0084</u>
Total	<u>3,585</u>	<u>1.0000</u>

**MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT**

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 7. ALLOCATION OF COSTS ASSOCIATED WITH TRANSMISSION AND DISTRIBUTION MAINS.

Factors are based on the weighting of the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

Customer Classification	Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		Allocation
	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	
(1)	(2)	(3)=(2)X 0.1983	(4)	(5)=(4)X 0.8017	(6)=(3)+(5)
Residential	0.3681	0.0729	0.4181	0.3352	0.4081
Commercial	0.1855	0.0368	0.2044	0.1639	0.2007
Industrial	0.1712	0.0339	0.0492	0.0394	0.0733
Other Public Authority	0.0432	0.0086	0.0477	0.0382	0.0468
Sales for Resale	0.1497	0.0297	0.0000	0.0000	0.0297
Private Fire Protection	0.0149	0.0030	0.0506	0.0406	0.0436
Public Fire Protection	0.0674	0.0134	0.2300	0.1844	0.1978
Total	<u>1.0000</u>	<u>0.1983</u>	<u>1.0000</u>	<u>0.8017</u>	<u>1.0000</u>

The weighting of the factors is based on the total footage of mains, designated as either transmission mains or distribution mains, as follows:

	Total Footage of Mains	Weight
Transmission Mains	649,052	0.1983
Distribution Mains	<u>2,624,707</u>	<u>0.8017</u>
Total	<u>3,273,759</u>	<u>1.0000</u>

**MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT**

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 8. ALLOCATION OF COSTS ASSOCIATED WITH FIRE HYDRANTS.

Costs are assigned directly to Public Fire Protection.

<u>Customer Classification</u> (1)	<u>Allocation Factor</u> (3)
Public Fire Protection	1.0000
Total	<u>1.0000</u>

FACTOR 9. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

Factors are based on the relative cost of meters by size and customer classification, as developed on the following page and summarized below.

<u>Customer Classification</u> (1)	<u>5/8" Dollar Equivalents</u> (2)	<u>Allocation Factor</u> (3)
Residential	29,521	0.8029
Commercial	5,037	0.1370
Industrial	1,047	0.0285
Other Public Authority	822	0.0224
Sales for Resale	339	0.0092
Private Fire	<u>0</u>	<u>0.0000</u>
Total	<u>36,766</u>	<u>1.0000</u>

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS

Meter Size (1)	5/8" Dollar Equivalent (2)	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Total	
		Number of Meters (3)	Weighting (4)=(2)X(3)	Number of Meters (5)	Weighting (6)=(2)X(5)	Number of Meters (7)	Weighting (8)=(2)X(7)	Number of Meters (9)	Weighting (10)=(2)X(9)	Number of Meters (11)	Weighting (12)=(2)X(11)	Number of Meters (13)	Weighting (14)
5/8	1.0	26,909	26,909	2,045	2,045	6	6	39	39	0	0	28,999	28,999
3/4	1.3	1,101	1,431	157	204	4	5	13	17	0	0	1,275	1,657
1	1.7	636	1,081	387	658	18	31	38	65	0	0	1,079	1,835
1-1/2	3.5	6	21	85	298	3	11	19	67	0	0	113	397
2	4.3	14	60	273	1,174	73	314	82	353	11	47	453	1,948
3	19.0	1	19	11	209	3	57	3	57	0	0	18	342
4	29.3	0	0	12	352	13	381	6	176	5	147	36	1,056
6	48.4	0	0	2	97	5	242	1	48	3	145	11	532
8	112.9	0	0	0	0	0	0	0	0	0	0	0	0
Total		28,667	29,521	2,972	5,037	125	1,047	201	822	19	339	31,984	36,766

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 10. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

Factors are based on the relative cost of services by size and customer classification, as developed on the following page and summarized below.

Customer Classification	3/4" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	28,795	0.8269
Commercial	3,419	0.0982
Industrial	251	0.0072
Other Public Authority	322	0.0092
Sales for Resale	49	0.0014
Private Fire Protection	1,990	0.0571
Total	34,826	1.0000

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

BASIS FOR ALLOCATING SERVICE COSTS TO CUSTOMER CLASSIFICATIONS

Service Size (1)	3/4" Dollar Equivalent (2)	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Private Fire Protection		Total	
		Number of Services (3)	Weighting (4)=(2)X(3)	Number of Services (5)	Weighting (6)=(2)X(5)	Number of Services (7)	Weighting (8)=(2)X(7)	Number of Services (9)	Weighting (10)=(2)X(9)	Number of Services (11)	Weighting (12)=(2)X(11)	Number of Services (13)	Weighting (14)=(2)X(11)	Number of Services (15)	Weighting (16)
3/4	1.00	28,010	28,010	2,202	2,202	10	10	52	52	0	0	0	0	30,274	30,274
1	1.17	636	744	387	453	18	21	38	44	0	0	0	0	1,079	1,262
1-1/2	1.58	6	9	85	134	3	5	19	30	0	0	0	0	113	178
2	2.04	14	29	273	557	73	149	82	167	11	22	12	24	465	948
3	2.73	1	3	11	30	3	8	3	8	0	0	1	3	19	52
4	2.88	0	0	12	35	13	37	6	17	5	14	100	288	136	391
6	4.24	0	0	2	8	5	21	1	4	3	13	168	712	179	758
8	6.98	0	0	0	0	0	0	0	0	0	0	100	698	100	698
10	9.50	0	0	0	0	0	0	0	0	0	0	15	143	15	143
12	12.16	0	0	0	0	0	0	0	0	0	0	10	122	10	122
Total		28,667	28,795	2,972	3,419	125	251	201	322	19	49	406	1,990	32,390	34,826

**MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT**

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 11. ALLOCATION OF TRANSMISSION AND DISTRIBUTION OPERATION SUPERVISION AND ENGINEERING AND MISCELLANEOUS EXPENSES.

Factors are based on transmission and distribution operation expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Operating Expenses	Allocation Factor
(1)	(2)	(3)
Residential	\$ 261,564	0.5948
Commercial	71,481	0.1626
Industrial	21,453	0.0488
Other Public Authority	14,333	0.0326
Sales for Resale	8,682	0.0197
Private Fire Protection	15,759	0.0358
Public Fire Protection	46,472	0.1057
Total	439,744	1.0000

FACTOR 12. ALLOCATION OF TRANSMISSION AND DISTRIBUTION MAINTENANCE SUPERVISION AND ENGINEERING, STRUCTURES AND IMPROVEMENTS, AND OTHER EXPENSES.

Factors are based on transmission and distribution maintenance expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	\$ 73,753	0.4599
Commercial	26,049	0.1624
Industrial	8,646	0.0539
Other Public Authority	5,685	0.0354
Sales for Resale	3,416	0.0213
Private Fire Protection	4,835	0.0301
Public Fire Protection	38,014	0.2370
Total	\$160,397	1.0000

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 13. ALLOCATION OF BILLING AND COLLECTING COSTS.

Factors are based on the total number of customers.

Customer Classification	Total Customers	Allocation Factor
(1)	(2)	(3)
Residential	28,667	0.8832
Commercial	2,972	0.0916
Industrial	125	0.0039
Other Public Authority	201	0.0062
Sales for Resale	19	0.0006
Private Fire Protection	469	0.0145
Public Fire Protection	0	0.0000
Total	<u>32,453</u>	<u>1.0000</u>

FACTOR 14. ALLOCATION OF METER READING COSTS.

Factors are based on the number of metered customers.

Customer Classification	Total Metered Customers	Allocation Factor
(1)	(2)	(3)
Residential	28,667	0.8963
Commercial	2,972	0.0929
Industrial	125	0.0039
Other Public Authority	201	0.0063
Sales for Resale	19	0.0006
Total	<u>31,984</u>	<u>1.0000</u>

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 15. ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES AND CASH
WORKING CAPITAL.

Factors are based on the allocation of all other operation and maintenance expenses excluding purchased water, power, chemicals and waste disposal.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	\$1,489,697	0.5625
Commercial	416,956	0.1575
Industrial	240,664	0.0909
Other Public Authority	83,448	0.0315
Sales for Resale	191,586	0.0724
Private Fire Protection	45,151	0.0171
Public Fire Protection	180,245	0.0681
Total	\$2,647,745	1.0000

**MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT**

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 16. ALLOCATION OF LABOR RELATED TAXES AND BENEFITS.

Factors are based on the allocation of direct labor expense.

Customer Classification	Direct Labor Expense	Allocation Factor
(1)	(2)	(3)
Residential	\$974,280	0.5714
Commercial	271,812	0.1594
Industrial	152,385	0.0894
Other Public Authority	54,313	0.0319
Sales for Resale	116,510	0.0683
Private Fire Protection	27,164	0.0159
Public Fire Protection	108,696	0.0637
Total	<u>\$1,705,161</u>	<u>1.0000</u>

**FACTOR 17. ALLOCATION OF ORGANIZATION, FRANCHISES AND CONSENTS,
MISCELLANEOUS INTANGIBLE PLANT AND OTHER RATE BASE ELEMENTS.**

Factors are based on the allocation of the original cost less depreciation other than those items being allocated, as follows:

Customer Classification	Original Cost Less Depreciation	Allocation Factor
(1)	(2)	(3)
Residential	\$37,100,891	0.4216
Commercial	16,587,366	0.1884
Industrial	13,613,886	0.1547
Other Public Authority	3,784,294	0.0430
Sales for Resale	11,517,757	0.1308
Private Fire Protection	794,623	0.0090
Public Fire Protection	4,623,818	0.0525
Total	<u>\$88,022,635</u>	1.0000

**MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT**

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 18. ALLOCATION OF INCOME TAXES AND INCOME AVAILABLE FOR RETURN.

Factors are based on the allocation of the original cost measure of value rate base as shown on the following pages and summarized below.

Customer Classification	Original Cost Measure of Value	Allocation Factor
(1)	(2)	(3)
Residential	\$34,063,952	0.4207
Commercial	15,266,609	0.1886
Industrial	12,545,652	0.1550
Other Public Authority	3,484,529	0.0430
Sales for Resale	10,618,000	0.1312
Private Fire Protection	728,765	0.0090
Public Fire Protection	4,249,828	0.0525
Total	<u>\$80,957,336</u>	<u>1.0000</u>

FACTOR 19. ALLOCATION OF REGULATORY COMMISSION EXPENSES, ASSESSMENTS AND OTHER WATER REVENUES.

The factors are based on the allocation of the total cost of service, excluding those items being allocated.

Customer Classification	Total Cost of Service	Allocation Factor
(1)	(2)	(3)
Residential	\$9,777,265	0.4642
Commercial	3,773,878	0.1792
Industrial	2,904,041	0.1379
Other Public Authority	831,222	0.0395
Sales for Resale	2,419,480	0.1149
Private Fire Protection	232,042	0.0110
Public Fire Protection	1,123,074	0.0533
Total	<u>\$21,061,001</u>	1.0000

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Residential (4)	Commercial (5)	Industrial (6)	Public Authorities (7)	Sales for Resale (8)	Private (9)	Fire Protection Public (10)
RATE BASE									
Organization	17	\$ 12,660	\$ 5,337	\$ 2,385	\$ 1,959	\$ 544	\$ 1,656	\$ 114	\$ 665
Franchises	17	0	0	0	0	0	0	0	0
Land & Ld Rights SS	2	1,414,424	564,921	284,724	262,941	66,336	229,844	990	4,668
Land & Ld Rights P	6	8,921	3,471	1,749	1,604	407	1,399	53	239
Land & Ld Rights WT	2	0	0	0	0	0	0	0	0
Land & Ld Rights TD	7	786,054	320,789	157,761	57,618	36,787	23,346	34,272	155,481
Land & Land Rights AG	15	8,112	4,563	1,278	737	256	587	139	552
Struct & Imp SS	2	1,932,594	771,878	389,031	359,269	90,639	314,047	1,353	6,378
Struct & Imp P	6	4,341,240	1,689,176	850,883	780,555	197,961	680,706	25,613	116,345
Struct & Imp Pumps (STL)	6	0	0	0	0	0	0	0	0
Struct & Imp Pump Boosters	6	0	0	0	0	0	0	0	0
Struct & Imp WT	2	20,773,203	8,296,817	4,181,646	3,861,738	974,263	3,375,645	14,541	68,552
Struct & Imp WT Nth Plt (ST	2	0	0	0	0	0	0	0	0
Struct & Imp WT Ctrl Plt 1	2	0	0	0	0	0	0	0	0
Struct & Imp WT Ctrl Plt 3	2	0	0	0	0	0	0	0	0
Struct & Imp WT Sth Plt (ST	2	0	0	0	0	0	0	0	0
Struct & Imp WT Meramec (ST	2	0	0	0	0	0	0	0	0
Struct & Imp TD	7	363,015	148,146	72,857	26,609	16,989	10,782	15,827	71,804
Struct & Imp TD Spec Cross	7	0	0	0	0	0	0	0	0
Struct & Imp Offices	15	441,210	248,181	69,491	40,106	13,898	31,944	7,545	30,046
Struct & Imp Leasehold	15	0	0	0	0	0	0	0	0
Struct & Imp Leasehold	15	0	0	0	0	0	0	0	0
Struct & Imp Store,Shop,Gar	15	173,427	97,553	27,315	15,765	5,463	12,556	2,966	11,810
Struct & Imp Misc	15	805,759	453,239	126,907	73,243	25,381	58,337	13,778	54,872
Collect & Impounding	1	0	0	0	0	0	0	0	0
Lake, River & Other Intakes	2	685,894	273,946	138,070	127,508	32,168	111,458	480	2,263
Wells & Springs	2	64,549	25,781	12,994	12,000	3,027	10,489	45	213
Supply Mains	2	8,342,997	3,332,193	1,679,445	1,550,963	391,287	1,355,737	5,840	27,532
Supply Mains Nth Plt (STL)	2	0	0	0	0	0	0	0	0
Supply Mains Ctrl Plt (STL)	2	0	0	0	0	0	0	0	0
Supply Mains Sth Plt (STL)	2	0	0	0	0	0	0	0	0
Supply Mains Meramec Plt (S	2	0	0	0	0	0	0	0	0
Power Generation Equip Othe	6	0	0	0	0	0	0	0	0
Boiler Plant Equipment P	6	0	0	0	0	0	0	0	0
Pump Equip Steam	6	0	0	0	0	0	0	0	0
Pump Equip Electric	6	4,102,802	1,596,400	804,149	737,684	187,088	643,319	24,207	109,955
Pump Equip Elec Pre46 (STL)	6	0	0	0	0	0	0	0	0
Pump Equip Elec Post46 (STL)	6	0	0	0	0	0	0	0	0
Pump Equip Elec Boosters Po	6	0	0	0	0	0	0	0	0
Pump Equip Diesel	6	0	0	0	0	0	0	0	0
Pump Equip Diesel Stratman	6	0	0	0	0	0	0	0	0
Pump Equip Diesel Ctrl Plt	6	0	0	0	0	0	0	0	0
Pump Equip Hydraulic	6	0	0	0	0	0	0	0	0

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Factor Ref.	Account	Cost of Service (3)	Residential (4)	Commercial (5)	Industrial (6)	Public Authorities (7)	Sales for Resale (8)	Fire Protection	
								Private (9)	Public (10)
6	Pump Equip Other	2,618	1,019	513	471	119	411	15	70
2	WT Equip Non-Media	15,741,726	6,287,245	3,168,809	2,926,387	738,287	2,558,030	11,019	51,948
2	WT Equip Non-Med North (STL	0	0	0	0	0	0	0	0
2	WT Equip Non Media Ctrl 1 &	0	0	0	0	0	0	0	0
2	WT Equip Non Media Ctrl 3 (	0	0	0	0	0	0	0	0
2	WT Equip Non Media Sth (STL	0	0	0	0	0	0	0	0
2	WT Equip Non Media Mer (STL	0	0	0	0	0	0	0	0
2	WT Equip Filter Media	19,566	7,815	3,939	3,637	918	3,180	14	65
5	Dist Reservoirs & Standpipe	762,873	278,983	135,257	109,015	31,583	101,691	19,224	87,120
5	Elevated Tanks & Standpipes	280,791	102,685	49,784	40,125	11,625	37,429	7,076	32,066
5	Ground Level Facilities	0	0	0	0	0	0	0	0
7	TD Mains Not Classified by	(1,729,789)	(705,927)	(347,169)	(126,794)	(80,954)	(51,375)	(75,419)	(342,152)
4	TD Mains 4 & Less "	648,995	271,345	132,655	31,931	30,967	0	32,839	149,269
4	TD Mains 6 to 8" "	6,787,539	2,837,870	1,387,373	333,947	323,766	0	343,449	1,561,134
3	TD Mains 10 to 16" "	7,440,914	2,739,000	1,380,289	1,273,884	321,447	1,113,905	110,870	501,518
3	TD Mains 18 & Grtr "	3,482,459	1,281,893	645,996	596,197	150,442	521,324	51,889	234,718
4	TD Mains AC 4 (STL) "	0	0	0	0	0	0	0	0
4	TD Mains CI <10 1900-28 (S"	0	0	0	0	0	0	0	0
4	TD Mains CI <10 1929-56 (S"	0	0	0	0	0	0	0	0
4	TD Mains CI <10 1957-93 (S"	0	0	0	0	0	0	0	0
3	TD Mains CI 12 (STL) "	0	0	0	0	0	0	0	0
3	TD Mains CI 16 (STL) "	0	0	0	0	0	0	0	0
4	TD Mains DI 6-8 (STL) "	0	0	0	0	0	0	0	0
3	TD Mains DI 12 (STL) "	0	0	0	0	0	0	0	0
3	TD Mains DI 16 & >(STL) "	0	0	0	0	0	0	0	0
4	TD Mains Galve 1 (STL) "	0	0	0	0	0	0	0	0
3	TD Mains LJ 20 (STL) "	0	0	0	0	0	0	0	0
8	Fire Mains	0	0	0	0	0	0	0	0
10	Services	2,264,277	1,872,330	222,352	16,303	20,831	3,170	129,290	0
9	Meters Bronze Case	2,496,813	2,004,691	342,063	71,159	55,929	22,971	0	0
9	Meters Plastic Case	69,596	55,879	9,535	1,983	1,559	640	0	0
9	Meters Other	(790,536)	(634,721)	(108,303)	(22,530)	(17,708)	(7,273)	0	0
9	Meters Other-Rem Rdr Units	0	0	0	0	0	0	0	0
9	Meter Installations	2,121,310	1,703,200	290,619	60,457	47,517	19,516	0	0
9	Meter Installation Other	0	0	0	0	0	0	0	0
8	Hydrants	1,619,969	0	0	0	0	0	0	1,619,969
15	Other P/E Intangible	0	0	0	0	0	0	0	0
2	Other P/E WT Res Hand Equip	1,370,337	547,313	275,849	254,746	64,269	222,680	959	4,522
7	Other P/E TD	0	0	0	0	0	0	0	0
15	Other P/E GPS	(62,172)	(34,972)	(9,792)	(5,651)	(1,958)	(4,501)	(1,063)	(4,234)
15	Office Furniture & Equip	(90,229)	(50,754)	(14,211)	(8,202)	(2,842)	(6,533)	(1,543)	(6,145)
15	Comp & Periph Equip	355,957	200,226	56,063	32,356	11,213	25,771	6,087	24,241
15	Computer Software	(412,261)	(231,897)	(64,931)	(37,475)	(12,986)	(29,848)	(7,050)	(28,075)
15	Comp Software Personal	36,715	20,652	5,783	3,337	1,157	2,658	628	2,500

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Residential (4)	Commercial (5)	Industrial (6)	Public Authorities (7)	Sales for Resale (8)	Private (9)	Fire Protection Public (10)
Data Handling Equipment	15	31,096	17,492	4,898	2,827	980	2,251	532	2,118
Other Office Equipment	15	143,408	80,667	22,587	13,036	4,517	10,383	2,452	9,766
Trans Equip Lt Duty Trks	15	181,250	101,953	28,547	16,476	5,709	13,123	3,099	12,343
Trans Equip Hvy Duty Trks	15	40,665	22,874	6,405	3,696	1,281	2,944	695	2,769
Trans Equip Autos	15	(9,715)	(5,465)	(1,530)	(883)	(306)	(703)	(166)	(662)
Trans Equip Other	15	(237,688)	(133,700)	(37,436)	(21,606)	(7,487)	(17,209)	(4,064)	(16,187)
Stores Equipment	15	144,447	81,251	22,750	13,130	4,550	10,458	2,470	9,837
Tools, Shop, Garage Equip	15	580,249	326,390	91,389	52,745	18,278	42,010	9,922	39,515
Tools, Shop, Garage Equip Oth	15	0	0	0	0	0	0	0	0
Laboratory Equipment	2	279,472	111,621	56,258	51,954	13,107	45,414	196	922
Laboratory Equip Other	2	0	0	0	0	0	0	0	0
Power Operated Equipment	15	89,279	50,219	14,061	8,115	2,812	6,464	1,527	6,080
Comm Equip Non-Telephone	15	37,028	20,828	5,832	3,366	1,166	2,681	633	2,522
Comm Equip Telephone	15	16,835	9,470	2,652	1,530	530	1,219	288	1,146
Misc Equipment	15	64,640	36,360	10,181	5,876	2,036	4,680	1,105	4,402
Other Tangible Property	17	0	0	0	0	0	0	0	0
Total Utility Plant in Service		88,035,295	37,106,229	16,589,751	13,615,845	3,784,838	11,519,413	794,737	4,624,482
Other Rate Base Items									
Add:									
Other Utility Plant Adjustments	17	0	0	0	0	0	0	0	0
Cash Working Capital	15	0	0	0	0	0	0	0	0
Materials and Supplies	15	206,757	116,301	32,584	18,794	6,513	14,969	3,536	14,080
Prepayments	15	48,119	27,067	7,579	4,374	1,516	3,484	823	3,277
OPEB's Contributed to External Fund	16	294,666	168,372	46,970	26,343	9,400	20,126	4,685	18,770
Premature Retirement	17	0	0	0	0	0	0	0	0
Regulatory Deferrals	17	278,055	117,228	52,386	43,015	11,956	36,370	2,502	14,598
Less:									
Accumulated Deferred ITC (3%)	17	(22,972)	(9,685)	(4,328)	(3,554)	(988)	(3,005)	(207)	(1,206)
Deferred Income Taxes	17	(6,959,608)	(2,934,171)	(1,311,190)	(1,076,651)	(298,263)	(910,317)	(62,636)	(365,379)
Pensions	16	(922,976)	(527,388)	(147,122)	(82,514)	(29,443)	(63,039)	(14,675)	(58,794)
Total Other Rate Base Elements		(7,077,959)	(3,042,276)	(1,323,142)	(1,070,193)	(300,309)	(901,412)	(65,972)	(374,654)
Total Original Cost Measure of Value		\$ 80,957,336	\$ 34,063,952	\$ 15,266,609	\$ 12,545,652	\$ 3,484,529	\$ 10,618,000	\$ 728,765	\$ 4,249,828

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

SUMMARY OF AVERAGE DAILY SEND OUT AND MAXIMUM DAILY USAGE
FOR THE YEARS 1990-2005

Year	Average Daily Send out (MGD)	Maximum Daily Use		
		MGD	Ratio to Average	Highest Use Day
(1)	(2)	(3)	(4)	(5)
1990	16.540	22.556	1.36	9/30/1990
1991	16.389	24.628	1.50	7/20/1991
1992	15.936	21.983	1.38	6/30/1992
1993	15.958	21.619	1.35	6/15/1993
1994	14.665	22.291	1.52	8/25/1994
1995	14.525	22.125	1.52	7/12/1995
1996	15.116	19.378	1.28	7/18/1996
1997	15.018	20.865	1.39	7/16/1997
1998	15.018	20.912	1.39	8/24/1998
1999	16.047	21.888	1.36	7/30/1999
2000	15.185	21.096	1.39	8/16/2000
2001	14.232	19.574	1.38	8/6/2001
2002	15.117	22.027	1.46	7/31/2002
2003	14.994	22.510	1.50	8/8/2003
2004	14.889	19.653	1.32	7/27/2004
2005	15.003	21.333	1.42	7/21/2005

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

BASIS FOR ALLOCATING DEMAND RELATED COSTS OF FIRE SERVICE
TO PRIVATE AND PUBLIC FIRE PROTECTION CUSTOMER CLASSIFICATIONS

Description (1)	Restrictive Diameters Squared (2)	Quantity (3)	Relative Demand* (4)=(2)x(3)	Allocation Factor (5)
<u>PRIVATE FIRE PROTECTION</u>				
<u>Fire Lines</u>				
2 -inch	4.00	12	48	
3 -inch	9.00	1	9	
4 -inch	16.00	100	1,600	
6 -inch	36.00	168	6,048	
8 -inch	64.00	100	6,400	
10 -inch	100.00	15	1,500	
12 -inch	144.00	10	1,440	
Private Hydrants	32.75	63	2,063	
Total Private Fire Protection		469	19,108	0.1802
<u>PUBLIC FIRE PROTECTION</u>				
<u>Hydrant</u>	<u>Nozzle Sizes</u>			
6" Valve	2- 2-1/2" & 1- 4.5"	141	4,618	
6" Valve	2- 2-1/2" & 1- 4"	2,888	82,308	
Total Public Fire Protection		3,029	86,926	0.8198
Total Fire Protection		3,498	106,034	1.0000

ST. LOUIS COUNTY DISTRICT

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS COUNTY DISTRICT

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES
FOR THE TEST YEAR ENDED JUNE 30, 2006

Customer Classification (1)	Cost of Service		Revenues, Present Rates		Revenues, Proposed Rates		Proposed Increase	
	Amount (Schedule B) (2)	Percent (3)	Amount (4)	Percent (5)	Amount (6)	Percent (7)	Amount (8)	Percent Increase (9)
Rate A	\$ 117,947,777	85.3%	\$ 100,449,288	86.8%	\$ 125,324,774	85.8%	\$ 24,875,486	24.8%
Rate B	2,126,085	1.5%	1,987,396	1.7%	2,573,864	1.8%	586,468	29.5%
Rate J	6,976,887	5.0%	6,158,095	5.3%	8,204,798	5.6%	2,046,703	33.2%
Rate G	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Other	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Rate F	1,023,737	0.7%	1,326,062	1.1%	1,772,725	1.2%	446,663	33.7%
Rate E	10,430,697	7.5%	6,081,874	5.1%	8,103,606	5.6%	2,021,732	33.2%
Total Sales	138,505,183	100.0%	116,002,715	100.0%	145,979,767	100.0%	29,977,052	25.8%
Other Revenues*	4,403,825		4,403,825		4,404,339		514	0.0%
Total	\$ 142,909,008		\$ 120,406,541		\$ 150,384,107		\$ 29,977,566	24.9%

* Includes Rate G and H Contract Sales.

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS COUNTY DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Rate A (4)	Rate B (5)	Rate J (6)	Rate G (7)	Other (8)	Rate F (9)	Fire Protection Rate E (10)
OPERATION AND MAINTENANCE EXPENSES									
SOURCE OF SUPPLY EXPENSES									
Super & Eng Oper SS	2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Labor & Exp Oper SS	2	195,696	170,412	6,497	18,063	0	0	117	607
Labor & Exp Oper SS	2	124,795	108,671	4,143	11,519	0	0	75	387
Purchased Water	1	215,786	179,167	8,027	27,081	0	0	237	1,273
TOTAL SS EXPENSE - OPERATION		536,277	458,250	18,668	56,662	0	0	430	2,267
Misc Exp Oper SS	2	372,000	323,938	12,350	34,336	0	0	223	1,153
Misc Exp Oper SS	2	131	114	4	12	0	0	0	0
Rents Oper SS	2	0	0	0	0	0	0	0	0
Super & Eng Maint SS	2	0	0	0	0	0	0	0	0
Struct & Improve Maint SS	2	5,619	4,893	187	519	0	0	3	17
Collect & Impound Maint SS	2	0	0	0	0	0	0	0	0
Lake, River & Oth Maint SS	2	70,912	61,750	2,354	6,545	0	0	43	220
Lake, River & Oth Maint SS	2	0	0	0	0	0	0	0	0
Wells & Springs Maint SS	2	0	0	0	0	0	0	0	0
Wells & Springs Maint SS	2	0	0	0	0	0	0	0	0
Infillt Gall & Turnels Maint SS	2	0	0	0	0	0	0	0	0
Supply Mains Maint SS	2	0	0	0	0	0	0	0	0
Misc Plant Maint SS	2	103,511	90,137	3,437	9,554	0	0	62	321
Misc Plant Maint SS	2	116,095	101,096	3,854	10,716	0	0	70	360
TOTAL SS EXPENSE - MAINTENANCE		668,268	581,927	22,186	61,681	0	0	401	2,072
TOTAL SS EXPENSE		1,204,544	1,040,178	40,854	118,344	0	0	831	4,338
POWER AND PUMPING EXPENSES									
Super & Eng Oper P	6	0	0	0	0	0	0	0	0
Fuel for Power Prod	1	0	0	0	0	0	0	0	0
Labor & Exp Oper Pwr Prod	6	11,117	9,587	366	1,016	0	0	23	125
Labor & Exp Oper Pwr Prod	6	0	0	0	0	0	0	0	0
Purch Fuel/Power for Pump	1	7,093,927	5,890,087	263,894	890,288	0	0	7,803	41,854
Labor & Exp Oper Pump	6	922,267	795,363	30,343	84,295	0	0	1,937	10,329
Labor & Exp Oper Pump	6	0	0	0	0	0	0	0	0
Expenses Transferred	6	0	0	0	0	0	0	0	0
Misc Exp Oper P	6	100,592	86,751	3,309	9,194	0	0	211	1,127
Rents Oper P	6	0	0	0	0	0	0	0	0
TOTAL PUMPING EXPENSE - OPERATION		8,127,903	6,781,788	297,912	984,793	0	0	9,975	53,435

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS COUNTY DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Rate A (4)	Rate B (5)	Rate J (6)	Rate G (7)	Other (8)	Rate F (9)	Fire Protection Rate E (10)
Super & Eng Maint P	6	21,910	18,895	721	2,003	0	0	46	245
Struct & Improve Maint P	6	374,237	322,742	12,312	34,205	0	0	786	4,191
Power Prod Equip Maint P	6	223,342	192,610	7,348	20,413	0	0	469	2,501
Pump Equip Maint P	6	42,862	36,964	1,410	3,918	0	0	90	480
Pump Equip Maint P	6	78,064	67,322	2,568	7,135	0	0	164	874
TOTAL PUMPING EXPENSES - MAINTENANCE		740,415	638,534	24,360	67,674	0	0	1,555	8,293
TOTAL PUMPING EXPENSES		8,868,317	7,420,322	322,272	1,052,467	0	0	11,530	61,727
WATER TREATMENT									
Super & Eng Oper WT	2	74,451	64,832	2,472	6,872	0	0	45	231
Chemicals	1	4,848,894	4,026,037	180,379	608,536	0	0	5,334	28,608
Labor & Exp Oper WT	2	1,575,061	1,371,563	52,292	145,378	0	0	945	4,883
Labor & Exp Oper WT	2	129,368	112,654	4,295	11,941	0	0	78	401
Misc Exp Oper WT	2	(155,426)	(135,345)	(5,160)	(14,346)	0	0	(93)	(482)
Misc Exp Oper WT	1	379,059	314,733	14,101	47,572	0	0	417	2,236
Misc Exp Oper WT	2	43,503	37,882	1,444	4,015	0	0	26	135
Rents Oper WT	2	0	0	0	0	0	0	0	0
TOTAL WT EXPENSE - OPERATION		6,894,910	5,792,355	249,823	809,968	0	0	6,751	36,012
Super & Eng Maint WT	2	45,253	39,406	1,502	4,177	0	0	27	140
Struct & Improve Maint WT	2	49,960	43,505	1,659	4,611	0	0	30	155
Struct & Improve Maint WT	2	0	0	0	0	0	0	0	0
WT Equip Maint WT	2	483,898	421,378	16,065	44,664	0	0	290	1,500
WT Equip Maint WT	2	427,572	372,330	14,195	39,465	0	0	257	1,325
TOTAL WT EXPENSE - MAINTENANCE		1,006,683	876,619	33,422	92,917	0	0	604	3,121
TOTAL WT EXPENSE		7,901,592	6,668,974	283,245	902,885	0	0	7,355	39,133
TRANSMISSION AND DISTRIBUTION EXPENSES									
Super & Eng Oper TD	11	998,037	919,891	4,391	24,552	0	0	16,168	33,035
Storage Facility Exp	5	8,920	6,965	257	679	0	0	163	856
Storage Facility Exp	5	0	0	0	0	0	0	0	0
TD Lines Exp	7	638,376	582,263	4,022	15,896	0	0	5,809	30,387
TD Lines Exp	7	1,564,812	1,427,265	9,858	38,964	0	0	14,240	74,485
Meter Expense	9	513,958	487,129	0	22,152	0	0	4,677	0
Meter Expense	9	0	0	0	0	0	0	0	0
Customer Install Exp	10	466,932	439,149	0	934	0	0	26,849	0
Customer Install Exp	10	335	315	0	1	0	0	19	0
Misc Exp Oper TD	11	367,362	338,598	1,616	9,037	0	0	5,951	12,160
Misc Exp Oper TD	11	0	0	0	0	0	0	0	0
Misc Exp Oper TD	11	462,474	426,263	2,035	11,377	0	0	7,492	15,308
Rents Oper TD	11	52,503	48,392	231	1,292	0	0	851	1,738
TOTAL T & D EXPENSE OPERATION		5,073,710	4,676,230	22,411	124,882	0	0	82,219	167,969

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS COUNTY DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Rate A (4)	Rate B (5)	Rate J (6)	Rate G (7)	Other (8)	Rate F (9)	Fire Protection Rate E (10)
Super & Eng Maint TD	12	102,310	76,630	307	2,005	0	0	1,668	21,679
Struct & Improve Maint TD	12	6,589	4,935	20	129	0	0	109	1,396
Struct & Improve Maint TD	12	0	0	0	0	0	0	0	0
Dist Res Stand Maint TD	5	18,726	14,621	539	1,425	0	0	343	1,798
TD Main Maint TD	7	0	0	0	0	0	0	0	0
TD Main Maint TD	7	832,721	759,525	5,246	20,735	0	0	7,578	39,638
Fire Main Maint TD	8	278	0	0	0	0	0	0	278
Services Maint TD	10	355,718	334,553	0	711	0	0	20,454	0
Services Maint TD	10	0	0	0	0	0	0	0	0
Meters Maint TD	9	336,073	318,530	0	14,485	0	0	3,058	0
Meters Maint TD	9	0	0	0	0	0	0	0	0
Hydrants Maint TD	8	362,123	0	0	0	0	0	0	362,123
Hydrants Maint TD	8	0	0	0	0	0	0	0	0
Misc Plant Maint TD	12	3,836,980	2,873,898	11,511	75,205	0	0	63,310	813,056
Mat and Sup Maint TD	12	1,129,074	845,676	3,387	22,130	0	0	18,630	239,251
Misc Maint TD	12	(77,855)	(58,313)	(234)	(1,526)	0	0	(1,285)	(16,497)
Amort Def Maint TD	5	546,806	426,946	15,748	41,612	0	0	10,007	52,493
Permits TD	12	80,945	60,628	243	1,587	0	0	1,336	17,152
TOTAL T & D EXPENSE - MAINTENANCE		7,530,488	5,657,629	36,768	178,498	0	0	125,227	1,532,367
TOTAL T & D EXPENSE		12,604,198	10,333,859	59,178	303,379	0	0	207,446	1,700,336
CUSTOMER ACCOUNTS									
Supervision CA	13	0	0	0	0	0	0	0	0
Meter Reading Exp CA	14	998,307	997,609	0	699	0	0	0	0
Meter Reading Exp CA	14	(172)	(172)	0	(0)	0	0	0	0
Meter Reading Exp CA	14	(356)	(356)	0	(0)	0	0	0	0
Cust Rec & Collection CA	13	460,498	454,604	0	322	0	0	5,572	0
Cust Rec & Collection CA	13	1,436,524	1,418,137	0	1,006	0	0	17,382	0
Uncollectible Accts	13	1,610,836	1,590,218	0	1,128	0	0	19,491	0
Misc Cust Accts Exp CA	13	130,878	129,203	0	92	0	0	1,584	0
Misc Cust Accts Exp CA	13	0	0	0	0	0	0	0	0
Misc Cust Accts Exp CA	13	97,129	95,885	0	68	0	0	1,175	0
Cust Serv & Info Exp CA	13	(75)	(74)	0	(0)	0	0	(1)	0
TOTAL CUSTOMER ACCOUNTING EXPENSE		4,733,569	4,685,053	0	3,313	0	0	45,203	0

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS COUNTY DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Rate A (4)	Rate B (5)	Rate J (6)	Rate G (7)	Other (8)	Rate F (9)	Fire Protection Rate E (10)
ADMINISTRATIVE AND GENERAL EXPENSES									
Salaries AG	15	2,523,128	2,186,795	26,493	89,319	0	0	28,764	191,758
Other Supplies & Exp AG	15	52,687	45,664	553	1,865	0	0	601	4,004
Other Supplies & Exp AG	15	747,473	647,835	7,848	26,461	0	0	8,521	56,808
Other Supplies & Exp AG	15	887,123	768,869	9,315	31,404	0	0	10,113	67,421
Mgmt Fees-Corporate/Shared Service Center	15	13,653,064	11,833,110	143,357	483,318	0	0	155,645	1,037,633
Mgmt Fees-Call Center	13	500,339	493,935	0	350	0	0	6,054	0
Mgmt Fees-Belleville Lab	2	629,717	548,358	20,907	58,123	0	0	378	1,952
Mgmt Fees- Financial ITS	15	4,758,144	4,123,884	49,961	168,438	0	0	54,243	361,619
Mgmt Fees- Customer Billings ITS	13	(171)	(169)	0	(0)	0	0	0	0
Mgmt Fees-Other ITS	15	61,728	53,500	648	2,185	0	0	704	4,691
Outside Services AG	15	787,426	682,462	8,268	27,875	0	0	8,977	59,844
Outside Services AG	15	1,009,954	875,327	10,605	35,752	0	0	11,513	76,756
Property Insurance	15	0	0	0	0	0	0	0	0
Ins Gen Liab Oper AG	15	2,170,838	1,881,465	22,794	76,848	0	0	24,748	164,984
Ins Work Comp AG	16	643,583	544,471	7,401	25,357	0	0	7,466	58,888
Ins Other Oper AG	15	828,222	717,820	8,696	29,319	0	0	9,442	62,945
Property Insurance	15	63,859	55,346	671	2,261	0	0	728	4,853
Injuries & Damages	16	45,705	38,666	526	1,801	0	0	530	4,182
Employee Pension & Benefits	16	4,216,157	3,566,869	48,486	166,117	0	0	48,907	385,778
Employee Pension & Benefits	16	1,858,783	1,572,531	21,376	73,236	0	0	21,562	170,079
Employee Pension & Benefits	16	694,529	587,572	7,987	27,364	0	0	8,057	63,549
Reg Commission Exp	15	200,891	174,113	2,109	7,112	0	0	2,290	15,268
Rents AG	15	338,302	293,206	3,552	11,976	0	0	3,857	25,711
Goodwill Advertising Exp	15	17,315	15,007	182	613	0	0	197	1,316
Misc Exp AG	15	639,934	554,631	6,719	22,654	0	0	7,295	48,635
Research & Development	15	0	0	0	0	0	0	0	0
TOTAL A & G OPERATIONS		37,328,731	32,261,267	408,453	1,369,747	0	0	420,588	2,868,675
General Plant Maint AG	15	26	23	0	1	0	0	0	2
General Plant Maint AG	15	252,814	219,114	2,655	8,950	0	0	2,882	19,214
TOTAL A & G EXPENSE - MAINTENANCE		252,840	219,136	2,655	8,951	0	0	2,882	19,216
TOTAL A & G EXPENSE		37,581,571	32,480,403	411,108	1,378,698	0	0	423,471	2,887,891
Total Operation & Maintenance Expenses		72,893,792	62,628,789	1,116,657	3,759,086	0	0	695,835	4,693,425

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS COUNTY DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Rate A (4)	Rate B (5)	Rate J (6)	Rate G (7)	Other (8)	Rate F (9)	Fire Protection Rate E (10)
DEPRECIATION EXPENSE									
Struct & Imp SS	2	137,379	119,630	4,561	12,680	0	0	82	426
Struct & Imp P	6	8,919	7,692	293	815	0	0	19	100
Struct & Imp Pumps (STL)	6	144,340	124,479	4,749	13,193	0	0	303	1,617
Struct & Imp Pump Boosters	6	75,560	65,163	2,486	6,906	0	0	159	846
Struct & Imp WT	2	205,136	178,632	6,811	18,934	0	0	123	636
Struct & Imp WT Nth Plt (ST	2	103,678	90,283	3,442	9,569	0	0	62	321
Struct & Imp WT Ctrl Plt 1	2	48,645	42,360	1,615	4,490	0	0	29	151
Struct & Imp WT Ctrl Plt 3	2	393,609	342,755	13,068	36,330	0	0	236	1,220
Struct & Imp WT Sth Plt (ST	2	40,153	34,965	1,333	3,706	0	0	24	124
Struct & Imp WT Meramec (ST	2	168,295	146,551	5,587	15,534	0	0	101	522
Struct & Imp TD	7	468,653	427,458	2,953	11,669	0	0	4,265	22,308
Struct & Imp TD Spec Cross	7	16,630	15,168	105	414	0	0	151	792
Struct & Imp Offices	15	0	0	0	0	0	0	0	0
Struct & Imp Leasehold	15	16,055	13,915	169	568	0	0	183	1,220
Struct & Imp Leasehold	15	94,563	81,958	993	3,348	0	0	1,078	7,187
Struct & Imp Store, Shop, Gar	15	73,569	63,762	772	2,604	0	0	839	5,591
Struct & Imp Misc	15	26,330	22,820	276	932	0	0	300	2,001
Collect & Impounding	1	0	0	0	0	0	0	0	0
Lake, River & Other Intakes	2	0	0	0	0	0	0	0	0
Wells & Springs	2	0	0	0	0	0	0	0	0
Supply Mains	2	63	55	2	6	0	0	0	0
Supply Mains Nth Plt (STL)	2	3,956	3,445	131	365	0	0	2	12
Supply Mains Ctrl Plt (STL)	2	63,285	55,091	2,100	5,839	0	0	38	196
Supply Mains Sth Plt (STL)	2	5,433	4,731	180	501	0	0	3	17
Supply Mains Meramec Plt (S	2	21,153	18,420	702	1,952	0	0	13	66
Power Generation Equip Othe	6	0	0	0	0	0	0	0	0
Boiler Plant Equipment P	6	0	0	0	0	0	0	0	0
Pump Equip Steam	6	0	0	0	0	0	0	0	0
Pump Equip Electric	6	9,510	8,201	313	869	0	0	0	0
Pump Equip Elec Pre46 (STL)	6	10,228	8,821	337	935	0	0	20	107
Pump Equip Elec Post46 (STL	6	514,018	443,289	16,911	46,981	0	0	21	115
Pump Equip Elec Boosters Po	6	17,396	15,002	572	1,590	0	0	1,079	5,757
Pump Equip Diesel	6	0	0	0	0	0	0	37	195
Pump Equip Diesel Stratman\	6	5,240	4,519	172	479	0	0	0	0
Pump Equip Diesel Ctrl Plt	6	42,810	36,919	1,408	3,913	0	0	11	59
Pump Equip Hydraulic	6	0	0	0	0	0	0	90	479
Pump Equip Other	6	408	352	13	37	0	0	0	0
WT Equip Non-Media	2	35,521	30,932	1,179	3,279	0	0	1	5
WT Equip Non-Med North (STL	2	152,915	133,158	5,077	14,114	0	0	21	110
WT Equip Non Media Ctrl 1 &	2	48,057	41,848	1,595	4,436	0	0	92	474
WT Equip Non Media Ctrl 3 (	2	464,448	404,441	15,420	42,869	0	0	29	149
WT Equip Non Media Sth (STL	2	55,990	48,756	1,859	5,168	0	0	279	1,440
WT Equip Non Media Mer (STL	2	156,681	136,438	5,202	14,462	0	0	34	174
WT Equip Filter Media	2	20,577	17,918	683	1,899	0	0	94	486
Dist Reservoirs & Standpipe	5	0	0	0	0	0	0	12	64
								0	0

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS COUNTY DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Rate A (4)	Rate B (5)	Rate J (6)	Rate G (7)	Other (8)	Rate F (9)	Rate E (10)
Elevated Tanks & Standpipes	5	52,204	40,761	1,503	3,973	0	0	955	5,012
Ground Level Facilities	5	210,499	164,358	6,062	16,019	0	0	3,852	20,208
TD Mains Not Classified by	7	336,494	306,916	2,120	8,379	0	0	3,062	16,017
TD Mains 4 & Less	4	0	0	0	0	0	0	0	0
TD Mains 6 to 8"	4	0	0	0	0	0	0	0	0
TD Mains 10 to 16"	3	0	0	0	0	0	0	0	0
TD Mains 18 & Grtr	3	0	0	0	0	0	0	0	0
TD Mains AC 4 (STL)	4	29,390	27,312	0	270	0	0	288	1,519
TD Mains CI <10 1900-28 (S")	4	31,405	29,185	0	289	0	0	308	1,624
TD Mains CI <10 1929-56 (S")	4	240,298	223,309	0	2,211	0	0	2,355	12,423
TD Mains CI <10 1957-93 (S")	4	695,477	646,307	0	6,398	0	0	6,816	35,956
TD Mains CI 12 (STL)	3	150,974	127,135	4,846	13,482	0	0	891	4,620
TD Mains CI 16 (STL)	3	237,138	199,694	7,612	21,176	0	0	1,399	7,256
TD Mains DI 6-8 (STL)	4	3,463,314	3,218,458	0	31,862	0	0	33,940	179,053
TD Mains DI 12 (STL)	3	813,674	685,195	26,119	72,661	0	0	4,801	24,898
TD Mains DI 16 & >(STL)	3	1,367,201	1,151,320	43,887	122,091	0	0	8,066	41,836
TD Mains Galve 1 (STL)	4	371	345	0	3	0	0	4	19
TD Mains LJ 20 (STL)	3	49,496	41,681	1,589	4,420	0	0	292	1,515
TD Mains PL 6-8in (STL)	4	12,936	12,021	0	119	0	0	127	669
TD Mains PL 12in (STL)	3	5,184	4,365	166	463	0	0	31	159
Fire Mains	8	0	0	0	0	0	0	0	0
Services	10	(2,837,026)	(2,668,223)	0	(5,674)	0	0	(163,129)	0
Meters Bronze Case	9	0	0	0	0	0	0	0	0
Meters Plastic Case	9	0	0	0	0	0	0	0	0
Meters Other	9	564,782	535,300	0	24,342	0	0	0	0
Meters Other-Rem Rdr Units	9	111,481	105,662	0	4,805	0	0	5,140	0
Meter Installations	9	50,134	47,517	0	2,161	0	0	1,014	0
Meter Installation Other	9	214,047	202,874	0	9,225	0	0	456	0
Hydrants	8	592,484	0	0	0	0	0	1,948	0
Utility Plant Acquisition Adjustment	17	0	0	0	0	0	0	0	592,484
Other P/E WT Res Hand Equip	2	0	0	0	0	0	0	0	0
Other P/E TD	7	0	0	0	0	0	0	0	0
Other P/E CPS	15	0	0	0	0	0	0	0	0
Office Furniture & Equip	15	367,920	318,876	3,863	13,024	0	0	0	0
Comp & Periph Equip	15	1,217,280	1,055,017	12,781	43,092	0	0	4,194	27,962
Computer Software	15	1,501,261	1,301,143	15,763	53,145	0	0	13,877	92,513
Comp Software Personal	15	14,468	12,539	152	512	0	0	17,114	114,096
Data Handling Equipment	15	0	0	0	0	0	0	165	1,100
Other Office Equipment	15	11,192	9,700	118	396	0	0	0	0
Trans Equip Lt Duty Trks	15	1,907	1,653	20	68	0	0	128	851
Trans Equip Hvy Duty Trks	15	356,807	309,245	3,746	12,631	0	0	22	145
Trans Equip Autos	15	14,085	12,207	148	499	0	0	4,068	27,117
Trans Equip Other	15	0	0	0	0	0	0	161	1,070
Stores Equipment	15	8,890	7,705	93	315	0	0	0	0
Tools, Shop, Garage Equip	15	49,319	42,745	518	1,746	0	0	101	676
Tools, Shop, Garage Equip Oth	15	166,578	144,373	1,749	5,897	0	0	562	3,748
Laboratory Equipment	2	89,993	78,366	2,988	8,306	0	0	1,899	12,660
								54	279

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS COUNTY DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Rate A (4)	Rate B (5)	Rate J (6)	Rate G (7)	Other (8)	Rate F (9)	Fire Protection Rate E (10)
Laboratory Equip Other	2	19,181	16,703	637	1,770	0	0	12	59
Power Operated Equipment	15	39,831	34,522	418	1,410	0	0	454	3,027
Comm Equip Non-Telephone	15	59,679	51,724	627	2,113	0	0	680	4,536
Comm Equip Telephone	15	2,453	2,126	26	87	0	0	28	186
Misc Equipment	15	23,679	20,523	249	838	0	0	270	1,800
Other Tangible Property	17	11,738	9,913	176	560	0	0	81	1,008
Total Depreciation Expense		13,997,401	11,720,498	241,049	776,472	0	0	(33,684)	1,293,067
Amort-Other UP	18	20,742	17,525	311	989	0	0	143	1,773
Amort-Intangible Fin	2	110,764	96,453	3,677	10,223	0	0	66	343
Taxes Other Than Income									
Utility Reg Assessment Fee	19	807,121	687,264	12,430	40,679	0	0	5,973	60,776
Property Taxes	18	7,053,541	5,959,537	105,803	336,454	0	0	48,669	603,078
FUTA	16	18,987	16,063	218	748	0	0	220	1,737
FICA	16	1,269,219	1,073,759	14,596	50,007	0	0	14,723	116,134
SUTA	16	(5,418)	(4,584)	(62)	(213)	0	0	(63)	(496)
Other Taxes & Licenses	15	426,045	369,253	4,473	15,082	0	0	4,857	32,379
Gross Receipts Tax	19	0	0	0	0	0	0	0	0
Total Taxes, Other Than Income		9,569,495	8,101,292	137,458	442,757	0	0	74,379	813,609
Income Taxes	18	12,969,686	10,958,088	194,545	618,654	0	0	89,491	1,108,908
Utility Income Available for Return	18	33,347,129	28,174,989	500,207	1,590,658	0	0	230,095	2,851,180
Total Cost of Service		142,909,008	121,697,634	2,193,904	7,198,839	0	0	1,056,326	10,762,305
Less: Other Water Revenues	19	1,595,131	1,358,254	24,565	80,395	0	0	11,804	120,113
Contract Sales	19	2,808,694	2,391,603	43,254	141,558	0	0	20,784	211,495
Revenue Contribution	19	0	0	0	0	0	0	0	0
Total Other Water Revenues		4,403,825	3,749,857	67,819	221,953	0	0	32,588	331,608
Total Cost of Service Related to Sales of Water		\$ 138,505,183	\$ 117,947,777	\$ 2,126,085	\$ 6,976,887	\$ -	\$ -	\$ 1,023,737	\$ 10,430,697

**MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS COUNTY DISTRICT**

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS

FACTOR 1. ALLOCATION OF COSTS WHICH VARY WITH THE AMOUNT OF WATER CONSUMED.

Factors are based on the pro forma test year average daily consumption for each customer classification.

Customer Classification (1)	Average Daily Consumption, Thousand Gallons (2)	Allocation Factor (3)
Rate A	109,515	0.8303
Rate B	4,911	0.0372
Rate J	16,555	0.1255
Rate G	0	0.0000
Other	0	0.0000
Rate F	149	0.0011
Rate E	781	0.0059
Total	131,911	1.0000

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the factors for average daily consumption (Factor 1) and the factors derived from maximum day extra capacity demand for each customer classification, as follows:

Customer Classification (1)	Average Daily Consumption		Maximum Day Extra Capacity		Allocation Factor (6)=(3)+(5)
	Allocation Factor 1 (2)	Weighted Factor (3)=(2)x 0.5263	Allocation Factor (4)	Weighted Factor (5)=(4)x 0.4737	
Rate A	0.8303	0.4369	0.9158	0.4339	0.8708
Rate B	0.0372	0.0196	0.0288	0.0136	0.0332
Rate J	0.1255	0.0661	0.0554	0.0262	0.0923
Rate G	0.0000	0.0000	0.0000	0.0000	0.0000
Other	0.0000	0.0000	0.0000	0.0000	0.0000
Rate F	0.0011	0.0006			0.0006
Rate E	0.0059	0.0031			0.0031
Total	1.0000	0.5263	1.0000	0.4737	1.0000

The derivation of the maximum day extra capacity factors in column 4 and the basis for the column 3 and 5 weightings are presented on the following page.

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS COUNTY DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND
MAXIMUM DAY EXTRA CAPACITY FUNCTIONS, cont.

Customer Classification	Average Daily Consumption, Thousand Gal.	Maximum Day Extra Capacity		
		Factor*	Rate of Flow, Thousand Gal. Per Day	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Rate A	109,515	1.0	109,515	0.9158
Rate B	4,911	0.7	3,438	0.0288
Rate J	16,555	0.4	6,622	0.0554
Rate G	0	0.5	0	0.0000
Other	0	0.0	0	0.0000
Total	130,981		119,575	1.0000

The weighting of the factors is based on the maximum day ratio of 1.90, based on a review of maximum day ratios experienced during the period 1999 through 2005 (see Schedule D).

	Maximum Day Ratio	Weight
Average Day	1.00	0.5263
Maximum Day Extra Capacity	0.90	0.4737
Total	1.90	1.0000

* Ratio of maximum day to average day minus 1.0.

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS COUNTY DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY
AND FIRE PROTECTION FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Daily Consumption		Maximum Day Extra Capacity		Fire Protection		Allocation Factor
	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	
(1)	(2)	(3)=(2) X	(4)	(5)=(4) X	(6)	(7)=(6) X	(8)=(3)+(5)+(7)
		0.5090		0.4581		0.0329	
Rate A	0.8303	0.4226	0.9158	0.4195			0.8421
Rate B	0.0372	0.0189	0.0288	0.0132			0.0321
Rate J	0.1255	0.0639	0.0554	0.0254			0.0893
Rate G	0.0000	0.0000	0.0000	0.0000			0.0000
Other	0.0000	0.0000	0.0000	0.0000			0.0000
Rate F	0.0011	0.0006			0.1598	0.0053	0.0059
Rate E	0.0059	0.0030			0.8402	0.0276	0.0306
Total	1.0000	0.5090	1.0000	0.4581	1.0000	0.0329	1.0000

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS COUNTY DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum day ratio of 1.90 and the average daily system sendout for 2005 of 185.871 MGD. The system demand for fire protection is 20,000 Gallons per minute for 10 hours.

	<u>Ratio</u>	<u>Rate of Flow, (GPD)</u>	<u>Weight</u>
Average Day	1.00	185,871,000	0.5090
Maximum Day Extra Capacity	<u>0.90</u>	<u>167,283,900</u>	<u>0.4581</u>
Subtotal	<u>1.90</u>	353,154,900	0.9671
Fire Protection		<u>12,000,000</u>	<u>0.0329</u>
Total		<u>365,154,900</u>	<u>1.0000</u>

The public and private fire protection allocation factors in column 6 on the previous page are based on the relative potential demands (see Schedule E).

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS COUNTY DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification (1)	Average Hourly Consumption			Maximum Hour Extra Capacity			Fire Protection		
	Thousand Gallons (2)	Allocation Factor (3)	Weighted Factor (4)=(3) X 0.3766	Allocation Factor (5)	Weighted Factor (6)=(5) X 0.5650	Allocation Factor (7)	Weighted Factor (8)=(7) X 0.0584	Allocation Factor (9)=(4)+(6)+(8)	
Rate A	4,563.1	0.9769	0.3679	0.9936	0.5614			0.9293	
Rate B	0.0	0.0000	0.0000	0.0000	0.0000			0.0000	
Rate J	69.0	0.0148	0.0056	0.0064	0.0036			0.0092	
Rate G	0.0	0.0000	0.0000	0.0000	0.0000			0.0000	
Other	0.0	0.0000	0.0000	0.0000	0.0000			0.0000	
Rate F	6.2	0.0013	0.0005			0.1598	0.0093	0.0098	
Rate E	32.5	0.0070	0.0026			0.8402	0.0491	0.0517	
Total	<u>4,670.8</u>	<u>1.0000</u>	<u>0.3766</u>	<u>1.0000</u>	<u>0.5650</u>	<u>1.0000</u>	<u>0.0584</u>	<u>1.0000</u>	

The maximum hour extra capacity factors in column 5 are determined as follows:

**MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS COUNTY DISTRICT**

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND
MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum hour ratio of 2.5 and the average daily system sendout for 2005 of 185.871 MGD. The system demand for fire protection is 20,000 gallons per minute.

	<u>Ratio</u>	<u>Rate of Flow, (GPM)</u>	<u>Weight</u>
Average Hour	1.00	129,077	0.3766
Maximum Hour Extra Capacity	<u>1.50</u>	<u>193,616</u>	<u>0.5650</u>
Subtotal	<u>2.50</u>	322,693	0.9416
Fire Protection		<u>20,000</u>	<u>0.0584</u>
Total		<u>342,693</u>	<u>1.0000</u>

The maximum hour extra capacity factors in column 5 of the previous page are determined as follows:

<u>Customer Classification</u>	<u>Average Hourly Consumption Thousand Gal.</u>	<u>Maximum Hour Extra Capacity</u>		
		<u>Factor*</u>	<u>1,000 Gallons Per Hour</u>	<u>Allocation Factor</u>
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Rate A	4,563.1	3.5	15,970.9	0.9936
Rate B	0.0	2.5	0.0	0.0000
Rate J	69.0	1.5	103.5	0.0064
Rate G	0.0	2.0	0.0	0.0000
Other	<u>0.0</u>	0.0	<u>0.0</u>	<u>0.0000</u>
Total	<u>4,632.1</u>		<u>16,074.4</u>	<u>1.0000</u>

* Ratio of Maximum Hour To Average Hour Minus 1.0.

The public and private fire protection allocation factors in column 7 on the previous page are based on the relative potential demands (see Schedule E).

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS COUNTY DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES.

Factors are based on the weighting of the average hourly consumption, the maximum hour extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification (1)	Average Hourly Consumption		Maximum Hour Extra Capacity		Fire Protection	
	Thousand Gallons (2)	Allocation Factor (3)	Allocation Factor (5)	Weighted Factor (6)=(5) X 0.5329	Allocation Factor (7)	Weighted Factor (8)=(7) X 0.1118
						Allocation Factor (9)=(4)+(6)+(8)
Rate A	4,563.1	0.8303	0.9117	0.4858		0.7808
Rate B	204.6	0.0372	0.0292	0.0156		0.0288
Rate J	689.8	0.1255	0.0591	0.0315		0.0761
Rate G	0.0	0.0000	0.0000	0.0000		0.0000
Other	0.0	0.0000	0.0000	0.0000		0.0000
Rate F	6.2	0.0011			0.1598	0.0179
Rate E	32.5	0.0059			0.8402	0.0939
Total	5,496.2	1.0000	1.0000	0.5329	1.0000	0.1118
						1.0000

The weighting of the factors is based on the ratio of the capacity required for a 10 hour demand of fire flow, as related to total storage capacity. The calculation is shown on the following page.

**MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS COUNTY DISTRICT**

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES, cont.

The weighting of the factors is based on the ratio of the capacity required for a 10 hour demand of fire flow, as related to total storage capacity.

$$\text{Fire Protection Weight} = \frac{20,000 \text{ GPM} \times 60 \text{ Min.} \times 10 \text{ Hrs.}}{107,320,000 \text{ Gallons}} = 0.1118$$

$$\text{General Service Weight} = 1.0000 - 0.1118 = 0.8882$$

The weighting of the average hourly consumption and maximum hour extra demand for general service is based on the maximum hour ratio, as follows:

	Maximum Hour Ratio	Percent	Weight
Average Hour	1.00	40.00	0.3553
Extra Capacity Maximum Hour	1.50	60.00	0.5329
Total	<u>2.50</u>	<u>100.00</u>	<u>0.8882</u>

Customer Classification	Average Hourly Consumption Thousand Gal.	Maximum Hour Extra Capacity		Allocation Factor
		1,000 Gallons Factor*	Per Hour	
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Rate A	4,563.1	3.5	15,970.9	0.9117
Rate B	204.6	2.5	511.5	0.0292
Rate J	689.8	1.5	1,034.7	0.0591
Rate G	-	2.0	0.0	0.0000
Other	-	0.0	0.0	0.0000
Total	<u>5,457.5</u>		<u>17,517.1</u>	<u>1.0000</u>

* Ratio of maximum day to average day minus 1.0.

**MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS COUNTY DISTRICT**

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH POWER AND PUMPING FACILITIES.

Factors are based on the weighting of the maximum daily consumption, Factor 2, the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

Customer Classification	Maximum Daily Consumption		Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		Allocation Factor
	Allocation Factor 2	Weighted Factor	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	
(1)	(2)	(3)=(2)X 0.7055	(4)	(5)=(4)X 0.2945	(6)	(7)=(6)X 0.0000	(8)=(3)+ (5)+(7)
Rate A	0.8708	0.6144	0.8421	0.2480	0.9293	0.0000	0.8624
Rate B	0.0332	0.0234	0.0321	0.0095	0.0000	0.0000	0.0329
Rate J	0.0923	0.0651	0.0893	0.0263	0.0092	0.0000	0.0914
Rate G	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Other	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Rate F	0.0006	0.0004	0.0059	0.0017	0.0098	0.0000	0.0021
Rate E	0.0031	0.0022	0.0306	0.0090	0.0517	0.0000	0.0112
Total	<u>1.0000</u>	<u>0.7055</u>	<u>1.0000</u>	<u>0.2945</u>	<u>1.0000</u>	<u>0.0000</u>	<u>1.0000</u>

The weighting of the factors is based on the horsepower of pumps associated with maximum day facilities, maximum day and fire facilities, and maximum hour facilities, as follows:

	<u>Horsepower of Pumps</u>	<u>Weight</u>
Associated with Maximum Day	43,023	0.7055
Associated with Maximum Day and Fire	17,955	0.2945
Associated with Maximum Hour	<u>0</u>	<u>0.0000</u>
Total	<u>60,978</u>	<u>1.0000</u>

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS COUNTY DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 7. ALLOCATION OF COSTS ASSOCIATED WITH TRANSMISSION AND DISTRIBUTION MAINS.

Factors are based on the weighting of the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

Customer Classification	Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		Allocation Factor
	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	
(1)	(2)	(3)=(2)X 0.1956	(4)	(5)=(4)X 0.8044	(6)=(3)+(5)
Rate A	0.8421	0.1646	0.9293	0.7475	0.9121
Rate B	0.0321	0.0063	0.0000	0.0000	0.0063
Rate J	0.0893	0.0175	0.0092	0.0074	0.0249
Rate G	0.0000	0.0000	0.0000	0.0000	0.0000
Other	0.0000	0.0000	0.0000	0.0000	0.0000
Rate F	0.0059	0.0012	0.0098	0.0079	0.0091
Rate E	0.0306	0.0060	0.0517	0.0416	0.0476
Total	<u>1.0000</u>	<u>0.1956</u>	<u>1.0000</u>	<u>0.8044</u>	<u>1.0000</u>

The weighting of the factors is based on the total footage of mains, designated as either transmission mains or distribution mains, as follows:

	Total Footage of Mains	Weight
Transmission Mains	4,267,601	0.1956
Distribution Mains	<u>17,551,169</u>	<u>0.8044</u>
Total	<u>21,818,770</u>	1.0000

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS COUNTY DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 8. ALLOCATION OF COSTS ASSOCIATED WITH FIRE HYDRANTS.

Costs are assigned directly to Rate E.

Customer Classification	Allocation Factor
(1)	(3)
Rate E	1.0000
Total	1.0000

FACTOR 9. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

Factors are based on the relative cost of meters by size and customer classification, as developed on the following page and summarized below.

Customer Classification	5/8" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Rate A	326,511	0.9478
Rate B	0	0.0000
Rate J	14,838	0.0431
Rate G	0	0.0000
Other	0	0.0000
Rate F	3,149	0.0091
Total	344,498	1.0000

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS COUNTY DISTRICT

BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS

Meter Size (1)	5/8" Dollar Equivalent (2)	Rate A		Rate B		Rate J		Rate G		Other		Rate F		Total	
		Number of Meters (3)	Weighting (4)=(2)X(3)	Number of Meters (5)	Weighting (6)=(2)X(5)	Number of Meters (7)	Weighting (8)=(2)X(7)	Number of Meters (9)	Weighting (10)=(2)X(9)	Number of Meters (11)	Weighting (12)=(2)X(11)	Number of Services (13)	Weighting (14)=(2)X(11)	Number of Meters (15)	Weighting (16)
5/8	1.0	295,892	295,892	0	0	4	4	0	0	0	0	35	35	295,931	295,931
3/4	1.2	16,562	19,875	0	0	1	1	0	0	0	0	2,434	2,921	18,997	22,797
1	1.9	2,696	5,122	0	0	3	6	0	0	0	0	31	59	2,730	5,187
1-1/2	5.0	278	1,390	0	0	12	60	0	0	0	0	2	10	292	1,460
2	6.5	495	3,218	0	0	50	325	0	0	0	0	19	124	564	3,667
3	36.6	1	37	0	0	31	1,135	0	0	0	0		0	32	1,172
4	78.8	0	0	0	0	60	4,728	0	0	0	0		0	60	4,728
6	147.8	4	591	0	0	34	5,025	0	0	0	0		0	38	5,616
8	193.1	2	386	0	0	14	2,703	0	0	0	0		0	16	3,089
10	283.8	0	0	0	0	3	851	0	0	0	0		0	3	851
12	400.0	0	0	0	0	0	0	0	0	0	0		0	0	0
Total		315,930	326,511	0	0	212	14,838	0	0	0	0	2,521	3,149	318,663	344,498

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS COUNTY DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 10. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

Factors are based on the relative cost of services by size and customer classification, as developed on the following page and summarized below.

Customer Classification	3/4" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Rate A	317,091	0.9405
Rate B	0	0.0000
Rate J	659	0.0020
Rate G	0	0.0000
Other	0	0.0000
Rate F	19,384	0.0575
Total	337,134	1.0000

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS COUNTY DISTRICT

BASIS FOR ALLOCATING SERVICE COSTS TO CUSTOMER CLASSIFICATIONS

Service Size (1)	3/4" Dollar Equivalent (2)	Rate A		Rate B		Rate J		Rate G		Other		Rate F		Total	
		Number of Services (3)	Weighting (4)=(2)X(3)	Number of Services (5)	Weighting (6)=(2)X(5)	Number of Services (7)	Weighting (8)=(2)X(7)	Number of Services (9)	Weighting (10)=(2)X(9)	Number of Services (11)	Weighting (12)=(2)X(11)	Number of Services (13)	Weighting (14)=(2)X(13)	Number of Services (15)	Weighting (16)
3/4	1.00	312,454	312,454	0	0	5	5	0	0	0	0	0	0	312,459	312,459
1	1.17	2,696	3,154	0	0	3	4	0	0	0	0	0	0	2,699	3,158
1-1/2	1.58	278	439	0	0	12	19	0	0	0	0	0	0	290	458
2	2.04	495	1,010	0	0	50	102	0	0	0	0	128	261	673	1,373
3	2.73	1	3	0	0	31	85	0	0	0	0	0	0	32	88
4	2.88	0	0	0	0	60	173	0	0	0	0	484	1,394	544	1,567
6	4.24	4	17	0	0	34	144	0	0	0	0	1,960	8,310	1,998	8,471
8	6.98	2	14	0	0	14	98	0	0	0	0	1,184	8,264	1,200	8,376
10	9.50	0	0	0	0	3	29	0	0	0	0	37	352	40	381
12	12.16	0	0	0	0	0	0	0	0	0	0	66	803	66	803
Total		315,930	317,091	0	0	212	659	0	0	0	0	3,859	19,384	320,001	337,134

**MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS COUNTY DISTRICT**

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

**FACTOR 11. ALLOCATION OF TRANSMISSION AND DISTRIBUTION OPERATION SUPERVISION
AND ENGINEERING AND MISCELLANEOUS EXPENSES.**

Factors are based on transmission and distribution operation expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Operating Expenses	Allocation Factor
(1)	(2)	(3)
Rate A	\$ 2,943,087	0.9217
Rate B	14,137	0.0044
Rate J	78,624	0.0246
Rate G	-	0.0000
Other	-	0.0000
Rate F	51,757	0.0162
Rate E	105,728	0.0331
	<u>3,193,333</u>	<u>1.0000</u>
Total	<u>3,193,333</u>	<u>1.0000</u>

**FACTOR 12. ALLOCATION OF TRANSMISSION AND DISTRIBUTION MAINTENANCE SUPERVISION
AND ENGINEERING, STRUCTURES AND IMPROVEMENTS, AND OTHER EXPENSES.**

Factors are based on transmission and distribution maintenance expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Rate A	\$ 1,427,229	0.7490
Rate B	5,785	0.0030
Rate J	37,356	0.0196
Rate G	-	0.0000
Other	-	0.0000
Rate F	31,433	0.0165
Rate E	403,836	0.2119
	<u>\$1,905,639</u>	<u>1.0000</u>
Total	<u>\$1,905,639</u>	<u>1.0000</u>

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS COUNTY DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 13. ALLOCATION OF BILLING AND COLLECTING COSTS.

Factors are based on the total number of customers.

Customer Classification	Total Customers	Allocation Factor
(1)	(2)	(3)
Rate A	315,930	0.9872
Rate B	0	0.0000
Rate J	212	0.0007
Rate G	0	0.0000
Other	0	0.0000
Rate F	3,859	0.0121
Rate E	0	0.0000
Total	<u>320,001</u>	<u>1.0000</u>

FACTOR 14. ALLOCATION OF METER READING COSTS.

Factors are based on the number of metered customers.

Customer Classification	Total Metered Customers	Allocation Factor
(1)	(2)	(3)
Rate A	315,930	0.9993
Rate B	0	0.0000
Rate J	212	0.0007
Rate G	0	0.0000
Other	0	0.0000
Total	<u>316,142</u>	<u>1.0000</u>

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS COUNTY DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 15. ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES AND CASH
WORKING CAPITAL.

Factors are based on the allocation of all other operation and maintenance expenses excluding purchased water, power, chemicals and waste disposal.

Customer Classification <u>(1)</u>	Operation & Maintenance Expenses <u>(2)</u>	Allocation Factor <u>(3)</u>
Rate A	\$19,738,362	0.8667
Rate B	239,147	0.0105
Rate J	806,911	0.0354
Rate G	0	0.0000
Other	0	0.0000
Rate F	258,573	0.0114
Rate E	<u>1,731,562</u>	<u>0.0760</u>
Total	<u><u>\$22,774,555</u></u>	<u><u>1.0000</u></u>

**MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS COUNTY DISTRICT**

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 16. ALLOCATION OF LABOR RELATED TAXES AND BENEFITS.

Factors are based on the allocation of direct labor expense.

Customer Classification <u>(1)</u>	Direct Labor Expense <u>(2)</u>	Allocation Factor <u>(3)</u>
Rate A	\$13,809,432	0.8460
Rate B	188,121	0.0115
Rate J	643,874	0.0394
Rate G	0	0.0000
Other	0	0.0000
Rate F	189,413	0.0116
Rate E	1,494,474	0.0915
Total	<u>\$16,325,313</u>	<u>1.0000</u>

**FACTOR 17. ALLOCATION OF ORGANIZATION, FRANCHISES AND CONSENTS,
MISCELLANEOUS INTANGIBLE PLANT AND OTHER Rate Base ELEMENTS.**

Factors are based on the allocation of the original cost less depreciation other than those items being allocated, as follows:

Customer Classification <u>(1)</u>	Original Cost Less Depreciation <u>(2)</u>	Allocation Factor <u>(3)</u>
Rate A	\$370,852,738	0.8445
Rate B	6,586,930	0.0150
Rate J	20,951,300	0.0477
Rate G	0	0.0000
Other	0	0.0000
Rate F	3,032,877	0.0069
Rate E	37,716,820	0.0859
Total	<u>\$439,140,664</u>	<u>1.0000</u>

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS COUNTY DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 18. ALLOCATION OF INCOME TAXES AND INCOME AVAILABLE FOR RETURN.

Factors are based on the allocation of the original cost measure of value Rate Base as shown on the following pages and summarized below.

Customer Classification	Original Cost Measure of Value	Allocation Factor
(1)	(2)	(3)
Rate A	\$330,710,064	0.8449
Rate B	5,866,772	0.0150
Rate J	18,650,464	0.0477
Rate G	0	0.0000
Other	0	0.0000
Rate F	2,695,603	0.0069
Rate E	33,475,322	0.0855
Total	<u>\$391,398,225</u>	<u>1.0000</u>

FACTOR 19. ALLOCATION OF REGULATORY COMMISSION EXPENSES, ASSESSMENTS AND OTHER WATER REVENUES.

The factors are based on the allocation of the total cost of service, excluding those items being allocated.

Customer Classification	Total Cost of Service	Allocation Factor
(1)	(2)	(3)
Rate A	\$120,836,258	0.8515
Rate B	2,179,365	0.0154
Rate J	7,151,049	0.0504
Rate G	0	0.0000
Other	0	0.0000
Rate F	1,048,063	0.0074
Rate E	10,686,261	0.0753
Total	<u>\$141,900,996</u>	<u>1.0000</u>

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS COUNTY DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Rate A (4)	Rate B (5)	Rate J (6)	Rate G (7)	Other (8)	Rate F (9)	Rate E (10)
Rate Base									
Organization	17	\$	\$ 132,768	\$ 2,358	\$ 7,499	\$ -	\$ -	\$ 1,085	\$ 13,505
Franchises	17	0	0	0	0	0	0	0	0
Land & Ld Rights SS	2	91,400	79,591	3,034	8,436	0	0	55	283
Land & Ld Rights P	6	284,588	245,429	9,363	26,011	0	0	598	3,187
Land & Ld Rights WT	2	1,494,922	1,301,778	49,631	137,981	0	0	897	4,634
Land & Ld Rights TD	7	3,998,413	3,646,952	25,190	99,560	0	0	36,386	190,324
Land & Land Rights AG	15	0	0	0	0	0	0	0	0
Struct & Imp SS	2	3,155,148	2,747,503	104,751	291,220	0	0	1,893	9,781
Struct & Imp P	6	238,286	205,498	7,840	21,779	0	0	500	2,669
Struct & Imp Pumps (STL)	6	2,378,382	2,051,117	78,249	217,384	0	0	4,995	26,638
Struct & Imp Pump Boosters	6	1,936,129	1,669,718	63,699	176,962	0	0	4,066	21,685
Struct & Imp WT	2	11,384,095	9,913,270	377,952	1,050,752	0	0	6,830	35,291
Struct & Imp WT Nth Plt (ST	2	3,297,014	2,871,040	109,461	304,314	0	0	1,978	10,221
Struct & Imp WT Crl Plt 1	2	478,933	417,055	15,901	44,206	0	0	287	1,485
Struct & Imp WT Crl Plt 3	2	11,116,877	9,680,576	369,080	1,026,088	0	0	6,670	34,462
Struct & Imp WT Sth Plt (ST	2	931,479	811,132	30,925	85,976	0	0	559	2,888
Struct & Imp WT Meramec (ST	2	5,047,894	4,395,706	167,590	465,921	0	0	3,029	15,648
Struct & Imp TD	7	20,209,099	18,432,719	127,317	503,207	0	0	183,903	961,953
Struct & Imp TD Spec Cross	7	(65,915)	(60,121)	(415)	(1,641)	0	0	(600)	(3,138)
Struct & Imp Offices	15	(183,305)	(158,870)	(1,925)	(6,489)	0	0	(2,090)	(13,931)
Struct & Imp Leasehold	15	241,586	209,383	2,537	8,552	0	0	2,754	18,361
Struct & Imp Leasehold	15	1,031,377	893,894	10,829	36,511	0	0	11,758	78,385
Struct & Imp Store,Shop,Gar	15	1,433,860	1,242,726	15,056	50,759	0	0	16,346	108,973
Struct & Imp Misc	15	1,059,310	918,104	11,123	37,500	0	0	12,076	80,508
Collect & Impounding	1	0	0	0	0	0	0	0	0
Lake, River & Other Intakes	2	0	0	0	0	0	0	0	0
Wells & Springs	2	0	0	0	0	0	0	0	0
Supply Mains	2	8,348	7,269	277	771	0	0	5	26
Supply Mains Nth Plt (STL)	2	80,093	69,745	2,659	7,393	0	0	48	248
Supply Mains Crl Plt (STL)	2	2,022,967	1,761,600	67,163	186,720	0	0	1,214	6,271
Supply Mains Sth Plt (STL)	2	8,754	7,623	291	808	0	0	5	27
Supply Mains Meramec Plt (S	2	619,395	539,360	20,564	57,169	0	0	372	1,920
Power Generation Equip Othe	6	(5,541)	(4,779)	(182)	(506)	0	0	(12)	(62)
Boiler Plant Equipment P	6	0	0	0	0	0	0	0	0
Pump Equip Steam	6	0	0	0	0	0	0	0	0
Pump Equip Electric	6	817,649	705,140	26,901	74,733	0	0	1,717	9,158
Pump Equip Elec Pre46 (STL)	6	860,418	742,024	28,308	78,642	0	0	1,807	9,637
Pump Equip Elec Post46 (STL	6	12,384,568	10,680,451	407,452	1,131,950	0	0	26,008	138,707
Pump Equip Elec Boosters Po	6	(247,563)	(213,516)	(8,145)	(22,629)	0	0	(520)	(2,773)
Pump Equip Diesel	6	0	0	0	0	0	0	0	0
Pump Equip Diesel Stratman)	6	188,768	162,794	6,210	17,253	0	0	396	2,114
Pump Equip Diesel Crl Plt	6	470,648	405,887	15,484	43,017	0	0	988	5,271
Pump Equip Hydraulic	6	0	0	0	0	0	0	0	0
Pump Equip Other	6	22,182	19,130	730	2,027	0	0	47	248
WT Equip Non-Media	2	1,639,336	1,427,534	54,426	151,311	0	0	984	5,082
WT Equip Non-Med North (STL	2	3,329,607	2,899,422	110,543	307,323	0	0	1,998	10,322

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS COUNTY DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Rate A (4)	Rate B (5)	Rate J (6)	Rate G (7)	Other (8)	Rate F (9)	Rate E (10)
WT Equip Non Media Ctrl 1 &	2	30,660	26,699	1,018	2,830	0	0	18	95
WT Equip Non Media Ctrl 3 (	2	12,282,870	10,695,923	407,791	1,133,709	0	0	7,370	38,077
WT Equip Non Media Sth (STL	2	648,906	565,067	21,544	59,894	0	0	389	2,012
WT Equip Non Media Mer (STL	2	3,008,164	2,619,509	99,871	277,654	0	0	1,805	9,325
WT Equip Filter Media	2	977,930	851,581	32,467	90,263	0	0	587	3,032
Dist Reservoirs & Standpipe	5	0	0	0	0	0	0	0	0
Elevated Tanks & Standpipes	5	1,556,388	1,215,228	44,824	118,441	0	0	28,482	149,413
Ground Level Facilities	5	4,634,596	3,618,693	133,476	352,693	0	0	84,813	444,921
TD Mains Not Classified by	7	25,073,263	22,869,323	157,962	624,324	0	0	228,167	1,193,487
TD Mains 4 & Less "	4	0	0	0	0	0	0	0	0
TD Mains 6 to 8" "	4	0	0	0	0	0	0	0	0
TD Mains 10 to 16" "	3	0	0	0	0	0	0	0	0
TD Mains 18 & Grtr "	3	0	0	0	0	0	0	0	0
TD Mains AC 4 (STL) "	4	963,100	895,008	0	8,861	0	0	0	0
TD Mains CI <10 1900-28 (S"	4	849,544	789,481	0	7,816	0	0	9,438	49,792
TD Mains CI <10 1929-56 (S"	4	2,211,414	2,055,067	0	20,345	0	0	8,326	43,921
TD Mains CI <10 1957-93 (S"	4	12,872,871	11,962,759	0	118,430	0	0	21,672	114,330
TD Mains CI 12 (STL) "	3	4,714,222	3,969,846	151,327	420,980	0	0	126,154	665,527
TD Mains CI 16 (STL) "	3	6,061,457	5,104,353	194,573	541,288	0	0	27,814	144,255
TD Mains DI 6-8 (STL) "	3	118,150,039	109,796,831	0	1,086,980	0	0	35,763	185,481
TD Mains DI 12 (STL) "	4	29,708,212	25,017,285	953,634	2,652,943	0	0	1,157,870	6,108,357
TD Mains DI 16 & >(STL)	3	54,643,322	46,015,142	1,754,051	4,879,649	0	0	175,278	909,071
TD Mains Galve 1 (STL) "	4	(48,578)	(45,144)	0	(447)	0	0	322,396	1,672,086
TD Mains LJ 20 (STL) "	3	1,771,548	1,491,821	56,867	158,199	0	0	(476)	(2,511)
TD Mains PL 6-8in (STL) "	4	382,854	355,787	0	3,522	0	0	10,452	54,209
TD Mains PL 12in (STL) "	3	159,790	134,559	5,129	14,269	0	0	3,752	19,794
Fire Mains	8	0	0	0	0	0	0	943	4,890
Services	10	17,151	16,130	0	34	0	0	0	0
Meters Bronze Case	9	0	0	0	0	0	0	986	0
Meters Plastic Case	9	0	0	0	0	0	0	0	0
Meters Other	9	0	0	0	0	0	0	0	0
Meters Other-Rem Rdr Units	9	13,585,466	12,857,349	0	584,672	0	0	123,446	0
Meter Installations	9	2,038,652	1,932,234	0	87,866	0	0	18,552	0
Meter Installation Other	9	1,006,717	954,166	0	43,390	0	0	9,161	0
Hydrants	9	3,871,569	3,669,473	0	166,865	0	0	35,231	0
Other P/E Intangible	8	22,354,274	0	0	0	0	0	0	22,354,274
Other P/E WT Res Hand Equip	15	0	0	0	0	0	0	0	0
Other P/E TD	2	0	0	0	0	0	0	0	0
Other P/E CPS	7	0	0	0	0	0	0	0	0
Office Furniture & Equip	15	430,744	373,326	4,523	15,248	0	0	4,910	32,737
Comp & Periph Equip	15	8,729,186	7,565,586	91,656	309,013	0	0	99,513	663,418
Computer Software	15	3,950,414	3,423,824	41,479	139,845	0	0	45,035	300,231
Comp Software Personal	15	6,417,480	5,562,030	67,384	227,179	0	0	73,159	487,728
Data Handling Equipment	15	88,707	76,882	931	3,140	0	0	1,011	6,742
Other Office Equipment	15	0	0	0	0	0	0	0	0
Trans Equip Lt Duty Trks	15	112,473	97,480	1,181	3,982	0	0	1,282	8,548
Trans Equip Hvy Duty Trks	15	(782,343)	(678,057)	(8,215)	(27,695)	0	0	(8,919)	(59,458)
	15	788,781	683,636	8,282	27,923	0	0	8,992	59,947

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS COUNTY DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Rate A (4)	Rate B (5)	Rate J (6)	Rate G (7)	Other (8)	Rate F (9)	Fire Protection Rate E (10)
Trans Equip Autos	15	(8,775)	(7,605)	(92)	(311)	0	0	(100)	(667)
Trans Equip Other	15	0	0	0	0	0	0	0	0
Stores Equipment	15	417,728	362,045	4,386	14,788	0	0	4,762	31,747
Tools, Shop, Garage Equip	15	371,032	321,573	3,896	13,135	0	0	4,230	28,198
Tools, Shop, Garage Equip Oth	15	1,831,894	1,587,703	19,235	64,849	0	0	20,884	139,224
Laboratory Equipment	2	433,289	377,308	14,385	39,993	0	0	260	1,343
Laboratory Equip Other	2	88,374	76,956	2,934	8,157	0	0	53	274
Power Operated Equipment	15	129,187	111,966	1,356	4,573	0	0	1,473	9,818
Comm Equip Non-Telephone	15	464,205	402,326	4,874	16,433	0	0	5,292	35,280
Comm Equip Telephone	15	79,043	68,507	830	2,798	0	0	901	6,007
Misc Equipment	15	333,673	289,194	3,504	11,812	0	0	3,804	25,359
Other Tangible Property	17	(7,507)	(6,340)	(113)	(358)	0	0	(52)	(645)
Total Utility Plant in Service		439,290,372	370,979,166	6,589,175	20,958,441	0	0	3,033,910	37,729,680
Other Rate Base Items									
Add:									
Other Utility Plant Adjustments	17	0	0	0	0	0	0	0	0
Cash Working Capital	15	5,662,000	4,907,255	59,451	200,435	0	0	64,547	430,312
Materials and Supplies	15	2,410,307	2,089,013	25,308	85,325	0	0	27,477	183,183
Prepayments	15	515,772	447,020	5,416	18,258	0	0	5,880	39,199
OPEB's Contributed to External Fund	16	0	0	0	0	0	0	0	0
Premature Retirement	17	0	0	0	0	0	0	0	0
Regulatory Deferrals	17	1,933,487	1,632,830	29,002	92,227	0	0	13,341	166,087
Less: Accumulated Amortization	17	(386,257)	(326,194)	(5,794)	(18,424)	0	0	(2,665)	(33,179)
Accumulated Deferred ITC (3%)	17	0	0	0	0	0	0	0	0
Deferred Income Taxes	17	(48,134,475)	(40,649,564)	(722,017)	(2,296,014)	0	0	(332,128)	(4,134,751)
Pensions	16	(9,892,981)	(8,369,462)	(113,769)	(389,783)	0	0	(114,759)	(905,208)
Total Other Rate Base Elements		(47,892,147)	(40,269,102)	(722,403)	(2,307,977)	0	0	(338,306)	(4,254,358)
Total Original Cost Measure of Value		\$ 391,398,225	\$ 330,710,064	\$ 5,866,772	\$ 18,650,464	\$ -	\$ -	\$ 2,695,603	\$ 33,475,322

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS COUNTY DISTRICT

SUMMARY OF AVERAGE DAILY SEND OUT AND MAXIMUM DAILY USAGE
FOR THE YEARS 1999-2005

Year	Average Daily Send out (MGD)	Maximum Daily Use		
		MGD	Ratio to Average	Highest Use Day
(1)	(2)	(3)	(4)	(5)
1999	167.199	317.210	1.90	7/22/1999
2000	158.813	258.520	1.63	7/11/2000
2001	164.312	274.090	1.67	8/21/2001
2002	166.256	309.430	1.86	8/5/2002
2003	167.899	322.790	1.92	8/23/2003
2004	171.808	268.970	1.57	7/22/2004
2005	185.871	333.620	1.79	6/25/2005

**MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS COUNTY DISTRICT**

**BASIS FOR ALLOCATING DEMAND RELATED COSTS OF FIRE SERVICE
TO PRIVATE AND PUBLIC FIRE PROTECTION CUSTOMER CLASSIFICATIONS**

<u>Description</u> (1)	<u>Restrictive Diameters Squared</u> (2)	<u>Quantity</u> (3)	<u>Relative Demand</u> (4)=(2)x(3)	<u>Allocation Factor</u> (5)
<u>PRIVATE FIRE PROTECTION</u>				
<u>Fire Lines</u>				
2 -inch	4.00	128	512	
3 -inch	9.00	-	0	
4 -inch	16.00	484	7,744	
6 -inch	36.00	1,960	70,560	
8 -inch	64.00	1,184	75,776	
10 -inch	100.00	37	3,700	
12 -inch	144.00	65	9,360	
20 -inch	400.00	1	400	
Private Hydrants	32.75	-	0	
Total Rate F		<u>3,859</u>	<u>168,052</u>	0.1598
<u>PUBLIC FIRE PROTECTION</u>				
<u>Hydrant</u>	<u>Nozzle Sizes</u>			
6" Valve	2- 2-1/2" & 1- 4.5"	32.75	738	24,170
6" Valve	2- 2-1/2" & 1- 4"	28.50	<u>30,147</u>	<u>859,190</u>
Total Rate E		<u>30,885</u>	<u>883,360</u>	0.8402
Total Fire Protection		<u><u>34,744</u></u>	<u><u>1,051,412</u></u>	<u><u>1.0000</u></u>

WARREN COUNTY WATER DISTRICT

MISSOURI-AMERICAN WATER COMPANY
WARREN COUNTY WATER OPERATIONS

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES
FOR THE TEST YEAR ENDED JUNE 30, 2006

Customer Classification (1)	Cost of Service		Revenues, Present Rates		Revenues, Proposed Rates		Proposed Increase	
	Amount (Schedule B) (2)	Percent (3)	Amount (4)	Percent (5)	Amount (6)	Percent (7)	Amount (8)	Percent Increase (9)
Residential	\$ 300,938	99.4%	\$ 111,571	98.8%	\$ 139,716	98.8%	\$ 28,145	25.2%
Commercial	1,790	0.6%	1,355	1.2%	1,696	1.2%	341	25.2%
Industrial	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Public Authority	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Sales for Resale	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Private Fire Service	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Public Fire Service	-	0.0%	\$0	0.0%	\$0	0.0%	-	0.0%
Total Sales	302,728	100.0%	112,926	100.0%	141,412	100.0%	28,486	25.2%
Other Revenues	-	-	-	-	-	-	-	0.0%
Total	\$ 302,728	-	\$ 112,926	-	\$ 141,412	-	\$ 28,486	25.2%

MISSOURI-AMERICAN WATER COMPANY

WARREN COUNTY WATER OPERATIONS

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Residential (4)	Commercial (5)	Industrial (6)	Public Authorities (7)	Sales for Resale (8)	Fire Protection Private (9)	Public (10)
OPERATION AND MAINTENANCE EXPENSES									
SOURCE OF SUPPLY EXPENSES									
Super & Eng Oper SS	2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Labor & Exp Oper SS	2	0	0	0	0	0	0	0	0
Labor & Exp Oper SS	2	13	13	0	0	0	0	0	0
Purchased Water	1	0	0	0	0	0	0	0	0
TOTAL SS EXPENSE - OPERATION		13	13	0	0	0	0	0	0
Misc Exp Oper SS	2	7,595	7,489	71	0	0	0	0	35
Misc Exp Oper SS	2	0	0	0	0	0	0	0	0
Rents Oper SS	2	0	0	0	0	0	0	0	0
Super & Eng Maint SS	2	0	0	0	0	0	0	0	0
Struct & Improve Maint SS	2	0	0	0	0	0	0	0	0
Struct & Improve Maint SS	2	0	0	0	0	0	0	0	0
Collect & Impound Maint SS	2	0	0	0	0	0	0	0	0
Collect & Impound Maint SS	2	0	0	0	0	0	0	0	0
Lake, River & Oth Maint SS	2	0	0	0	0	0	0	0	0
Lake, River & Oth Maint SS	2	0	0	0	0	0	0	0	0
Wells & Springs Maint SS	2	0	0	0	0	0	0	0	0
Wells & Springs Maint SS	2	0	0	0	0	0	0	0	0
Infiltr Gall & Tunnels Maint SS	2	0	0	0	0	0	0	0	0
Infiltr Gall & Tunnels Maint SS	2	0	0	0	0	0	0	0	0
Supply Mains Maint SS	2	0	0	0	0	0	0	0	0
Supply Mains Maint SS	2	0	0	0	0	0	0	0	0
Misc Plant Maint SS	2	0	0	0	0	0	0	0	0
Misc Plant Maint SS	2	0	0	0	0	0	0	0	0
TOTAL SS EXPENSE - MAINTENANCE		(0)	(0)	(0)	0	0	0	0	(0)
TOTAL SS EXPENSE		7,595	7,490	71	0	0	0	0	35
POWER AND PUMPING EXPENSES		7,609	7,503	71	0	0	0	0	35
Super & Eng Oper P	6	0	0	0	0	0	0	0	0
Fuel for Power Prod	1	0	0	0	0	0	0	0	0
Labor & Exp Oper Pwr Prod	6	0	0	0	0	0	0	0	0
Labor & Exp Oper Pwr Prod	6	0	0	0	0	0	0	0	0
Purch Fuel/Power for Pump	1	(86)	(84)	(1)	0	0	0	0	(1)
Labor & Exp Oper Pump	6	0	0	0	0	0	0	0	0
Labor & Exp Oper Pump	6	0	0	0	0	0	0	0	0
Expenses Transferred	6	0	0	0	0	0	0	0	0
Misc Exp Oper P	6	0	0	0	0	0	0	0	0
Rents Oper P	6	0	0	0	0	0	0	0	0
TOTAL PUMPING EXPENSE - OPERATION		(86)	(84)	(1)	0	0	0	0	(1)

Schedule B-WCW

MISSOURI-AMERICAN WATER COMPANY

WARREN COUNTY WATER OPERATIONS

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Residential (4)	Commercial (5)	Industrial (6)	Public Authorities (7)	Sales for Resale (8)	Private (9)	Fire Protection Public (10)
Super & Eng Maint P	6	0	0	0	0	0	0	0	0
Struct & Improve Maint P	6	0	0	0	0	0	0	0	0
Power Prod Equip Maint P	6	0	0	0	0	0	0	0	0
Pump Equip Maint P	6	0	0	0	0	0	0	0	0
Pump Equip Maint P	6	0	0	0	0	0	0	0	0
TOTAL PUMPING EXPENSES - MAINTENANCE		0	0	0	0	0	0	0	0
TOTAL PUMPING EXPENSES		(86)	(84)	(1)	0	0	0	0	(1)
WATER TREATMENT									
Super & Eng Oper WT	2	0	0	0	0	0	0	0	0
Chemicals	1	2,249	2,197	26	0	0	0	0	26
Labor & Exp Oper WT	2	0	0	0	0	0	0	0	0
Misc Exp Oper WT	2	49	49	0	0	0	0	0	0
Misc Exp Oper WT	1	(0)	(0)	(0)	0	0	0	0	(0)
Misc Exp Oper WT	2	1	1	(0)	0	0	0	0	0
Rents Oper WT	2	(0)	(0)	(0)	0	0	0	0	(0)
TOTAL WT EXPENSE - OPERATION		2,299	2,246	27	0	0	0	0	26
Super & Eng Maint WT									
Struct & Improve Maint WT	2	0	0	0	0	0	0	0	0
WT Equip Maint WT	2	0	0	0	0	0	0	0	0
TOTAL WT EXPENSE - MAINTENANCE		16	16	0	0	0	0	0	0
TOTAL WT EXPENSE		2,315	2,262	27	0	0	0	0	26
TRANSMISSION AND DISTRIBUTION EXPENSES									
Super & Eng Oper TD	11	0	0	0	0	0	0	0	0
Storage Facility Exp	5	0	0	0	0	0	0	0	0
TD Lines Exp	7	49,718	25,466	0	0	0	0	0	24,253
TD Lines Exp	7	1,399	717	0	0	0	0	0	682
Meter Expense	9	0	0	0	0	0	0	0	0
Customer Install Exp	10	(1)	(1)	(0)	0	0	0	0	0
Customer Install Exp	10	0	0	0	0	0	0	0	0
Misc Exp Oper TD	11	(1)	(1)	(0)	0	0	0	0	0

MISSOURI-AMERICAN WATER COMPANY
WARREN COUNTY WATER OPERATIONS
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Residential (4)	Commercial (5)	Industrial (6)	Public Authorities (7)	Sales for Resale (8)	Fire Protection Private (9)	Public (10)
Misc Exp Oper TD	11	0	0	0	0	0	0	0	0
Misc Exp Oper TD	11	27	14	0	0	0	0	0	13
Rents Oper TD	11	0	0	0	0	0	0	0	0
TOTAL T & D EXPENSE OPERATION		51,142	26,194	(0)	0	0	0	0	24,948
Super & Eng Maint TD	12	0	0	0	0	0	0	0	0
Struct & Improve Maint TD	12	0	0	0	0	0	0	0	0
Struct & Improve Maint TD	12	0	0	0	0	0	0	0	0
Dist Res Stand Maint TD	5	0	0	0	0	0	0	0	0
TD Main Maint TD	7	0	0	0	0	0	0	0	0
TD Main Maint TD	7	0	0	0	0	0	0	0	0
Fire Main Maint TD	8	0	0	0	0	0	0	0	0
Fire Main Maint TD	8	0	0	0	0	0	0	0	0
Services Maint TD	10	0	0	0	0	0	0	0	0
Services Maint TD	10	0	0	0	0	0	0	0	0
Meters Maint TD	9	0	0	0	0	0	0	0	0
Meters Maint TD	9	0	0	0	0	0	0	0	0
Hydrants Maint TD	8	0	0	0	0	0	0	0	0
Hydrants Maint TD	8	0	0	0	0	0	0	0	0
Misc Plant Maint TD	12	0	0	0	0	0	0	0	0
Mat and Sup Maint TD	12	2,873	1,472	0	0	0	0	0	0
Misc Maint TD	12	0	0	0	0	0	0	0	1,402
Amort Def Maint TD	5	0	0	0	0	0	0	0	0
TOTAL T & D EXPENSE - MAINTENANCE		2,873	1,472	0	0	0	0	0	1,402
TOTAL T & D EXPENSE		54,016	27,666	(0)	0	0	0	0	26,350
CUSTOMER ACCOUNTS									
Supervision CA	13	0	0	0	0	0	0	0	0
Meter Reading Exp CA	14	0	0	0	0	0	0	0	0
Meter Reading Exp CA	14	0	0	0	0	0	0	0	0
Meter Reading Exp CA	14	0	0	0	0	0	0	0	0
Cust Rec & Collection CA	13	0	0	0	0	0	0	0	0
Cust Rec & Collection CA	13	(13,798)	(13,733)	(65)	0	0	0	0	0
Uncollectible Accts	13	3,044	3,029	14	0	0	0	0	0
Misc Cust Accts Exp CA	13	0	0	0	0	0	0	0	0
Misc Cust Accts Exp CA	13	0	0	0	0	0	0	0	0
Misc Cust Accts Exp CA	13	2	2	0	0	0	0	0	0
Cust Serv & Info Exp CA	13	(0)	(0)	(0)	0	0	0	0	0
TOTAL CUSTOMER ACCOUNTING EXPENSE		(10,752)	(10,702)	(51)	0	0	0	0	0

MISSOURI-AMERICAN WATER COMPANY
WARREN COUNTY WATER OPERATIONS
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Residential (4)	Commercial (5)	Industrial (6)	Public Authorities (7)	Sales for Resale (8)	Private (9)	Fire Protection Public (10)
ADMINISTRATIVE AND GENERAL EXPENSES									
Salaries AG	15	0	0	0	0	0	0	0	0
Other Supplies & Exp AG	15	0	0	0	0	0	0	0	0
Other Supplies & Exp AG	15	446	215	0	0	0	0	0	231
Other Supplies & Exp AG	15	369	178	0	0	0	0	0	191
Mgmt Fees-Corporate/Shared Service Center	15	7,270	3,501	3	0	0	0	0	3,766
Mgmt Fees-Call Center	13	266	265	1	0	0	0	0	0
Mgmt Fees-Belleville Lab	2	335	331	3	0	0	0	0	2
Mgmt Fees- Financial ITS	15	2,534	1,220	1	0	0	0	0	1,312
Mgmt Fees- Customer Billings ITS	13	(0)	(0)	(0)	0	0	0	0	0
Mgmt Fees-Other ITS	15	33	16	0	0	0	0	0	17
Outside Services AG	15	732	352	0	0	0	0	0	379
Outside Services AG	15	1	1	0	0	0	0	0	1
Property Insurance	15	0	0	0	0	0	0	0	0
Ins Gen Liab Oper AG	15	2,315	1,115	1	0	0	0	0	1,199
Ins Work Comp AG	16	1,960	1,004	0	0	0	0	0	956
Ins Other Oper AG	15	883	425	0	0	0	0	0	457
Property Insurance	15	0	0	0	0	0	0	0	0
Injuries & Damages	16	4	2	0	0	0	0	0	2
Employee Pension & Benefits	16	16,237	8,317	0	0	0	0	0	7,920
Employee Pension & Benefits	16	5,267	2,698	0	0	0	0	0	2,569
Employee Pension & Benefits	16	1,383	708	0	0	0	0	0	675
Reg Commision Exp	15	214	103	0	0	0	0	0	111
Rents AG	15	59	28	0	0	0	0	0	30
Goodwill Advertising Exp	15	10	5	0	0	0	0	0	5
Misc Exp AG	15	340	164	0	0	0	0	0	176
Research & Development	15	0	0	0	0	0	0	0	0
TOTAL A & G OPERATIONS		40,657	20,647	10	0	0	0	0	20,000
General Plant Maint AG	15	0	0	0	0	0	0	0	0
General Plant Maint AG	15	238	115	0	0	0	0	0	124
TOTAL A & G EXPENSE - MAINTENANCE		238	115	0	0	0	0	0	124
TOTAL A & G EXPENSE		40,896	20,762	11	0	0	0	0	20,123
Total Operation & Maintenance Expenses		93,997	47,407	56	0	0	0	0	46,534

MISSOURI-AMERICAN WATER COMPANY
WARREN COUNTY WATER OPERATIONS
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Residential (4)	Commercial (5)	Industrial (6)	Public Authorities (7)	Sales for Resale (8)	Fire Protection Private (9)	Public (10)
DEPRECIATION EXPENSE									
Struct & Imp SS	2	0	0	0	0	0	0	0	0
Struct & Imp P	6	0	0	0	0	0	0	0	0
Struct & Imp WT	2	1,248	1,231	12	0	0	0	0	6
Struct & Imp TD	7	44	23	0	0	0	0	0	21
Struct & Imp Offices	15	0	0	0	0	0	0	0	0
Struct & Imp Store, Shop, Gar	15	0	0	0	0	0	0	0	0
Struct & Imp Misc	15	0	0	0	0	0	0	0	0
Collect & Impounding	1	0	0	0	0	0	0	0	0
Lake, River & Other Intakes	2	0	0	0	0	0	0	0	0
Wells & Springs	2	21,343	21,046	198	0	0	0	0	98
Supply Mains	2	0	0	0	0	0	0	0	0
Power Generation Equip Othe	6	0	0	0	0	0	0	0	0
Pump Equip Electric	6	3,013	2,971	28	0	0	0	0	14
Pump Equip Diesel	6	0	0	0	0	0	0	0	0
Pump Equip Other	6	0	0	0	0	0	0	0	0
WT Equip Non-Media	2	434	428	4	0	0	0	0	2
Dist Reservoirs & Standpipe	5	0	0	0	0	0	0	0	0
Elevated Tanks & Standpipes	5	372	305	0	0	0	0	0	67
Ground Level Facilities	5	0	0	0	0	0	0	0	0
TD Mains Not Classified by	7	371	190	0	0	0	0	0	0
TD Mains 4 & Less	4	650	333	0	0	0	0	0	181
TD Mains 6 to 8"	4	2,312	1,184	0	0	0	0	0	317
TD Mains 6 to 10in (TN)"	4	141	72	0	0	0	0	0	1,128
TD Mains 10 to 16"	3	0	0	0	0	0	0	0	69
TD Mains 18 & Grtr	3	0	0	0	0	0	0	0	0
Fire Mains	8	0	0	0	0	0	0	0	0
Services	10	1,220	1,214	6	0	0	0	0	0
Meters Bronze Case	9	2,385	2,374	11	0	0	0	0	0
Meters Plastic Case	9	0	0	0	0	0	0	0	0
Meters Other	9	357	355	2	0	0	0	0	0
Meters Other-Rem Rdr Unts	9	0	0	0	0	0	0	0	0
Meter Installations	9	535	532	3	0	0	0	0	0
Meter Installation Other	9	0	0	0	0	0	0	0	0
Hydrants	8	278	0	0	0	0	0	0	0
Utility Plant Acquisition Adjustment	17	0	0	0	0	0	0	0	278
Other P/E WT Res Hand Equip	2	0	0	0	0	0	0	0	0
Other P/E TD	7	0	0	0	0	0	0	0	0
Other P/E CPS	15	0	0	0	0	0	0	0	0
Office Furniture & Equip	15	98	47	0	0	0	0	0	51
Comp & Periph Equip	15	711	342	0	0	0	0	0	368
Computer Software	15	1,136	547	0	0	0	0	0	588
Comp Software Personal	15	15	7	0	0	0	0	0	8
Data Handling Equipment	15	0	0	0	0	0	0	0	0

MISSOURI-AMERICAN WATER COMPANY
WARREN COUNTY WATER OPERATIONS
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Residential (4)	Commercial (5)	Industrial (6)	Public Authorities (7)	Sales for Resale (8)	Private (9)	Fire Protection Public (10)
Other Office Equipment	15	1	0	0	0	0	0	0	1
Trans Equip Lt Duty Trks	15	2	1	0	0	0	0	0	1
Trans Equip Hvy Duty Trks	15	0	0	0	0	0	0	0	0
Trans Equip Autos	15	15	7	0	0	0	0	0	8
Trans Equip Other	15	0	0	0	0	0	0	0	0
Stores Equipment	15	0	0	0	0	0	0	0	0
Tools, Shop, Garage Equip	15	2,752	1,325	1	0	0	0	0	0
Tools, Shop, Garage Equip Oth	15	0	0	0	0	0	0	0	1,426
Laboratory Equipment	2	0	0	0	0	0	0	0	0
Laboratory Equip Other	2	0	0	0	0	0	0	0	0
Power Operated Equipment	15	0	0	0	0	0	0	0	0
Comm Equip Non-Telephone	15	572	275	0	0	0	0	0	0
Comm Equip Telephone	15	1	0	0	0	0	0	0	296
Misc Equipment	15	309	149	0	0	0	0	0	1
Other Tangible Property	15	0	0	0	0	0	0	0	160
Total Depreciation Expense		40,315	34,962	266	0	0	0	0	0
Amort-Other UP	18	33	29	0	0	0	0	0	5,088
Taxes Other Than Income									4
Utility Reg Assessment Fee	19	800	606	4	0	0	0	0	190
Property Taxes	18	7,054	6,235	49	0	0	0	0	770
FUTA	16	10	5	0	0	0	0	0	5
FICA	16	3,932	2,014	0	0	0	0	0	1,918
SUTA	16	28	14	0	0	0	0	0	14
Other Taxes & Licenses	15	455	219	0	0	0	0	0	236
Gross Receipts Tax	19	0	0	0	0	0	0	0	0
Total Taxes, Other Than Income		12,278	9,093	53	0	0	0	0	3,132
Income Taxes	18	59,190	52,318	408	0	0	0	0	6,464
Utility Income Available for Return	18	96,915	85,663	669	0	0	0	0	10,583
Total Cost of Service		302,728	229,472	1,452	0	0	0	0	71,803
Less: Other Water Revenues	19	0	0	0	0	0	0	0	0
Revenue Contribution	19	0	0	0	0	0	0	0	0
Total Other Water Revenues		0	0	0	0	0	0	0	0
Total Cost of Service Related to Sales of Water		\$ 302,728	\$ 229,472	\$ 1,452	\$ -	\$ -	\$ -	\$ -	\$ 71,803
Reallocation of Public Fire	20	0	71,466	337	0	0	0	0	(71,803)
Total		\$ 302,728	\$ 300,938	\$ 1,790	\$ -	\$ -	\$ -	\$ -	\$ -

**MISSOURI-AMERICAN WATER COMPANY
WARREN COUNTY WATER OPERATIONS**

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS

FACTOR 1. ALLOCATION OF COSTS WHICH VARY WITH THE AMOUNT OF WATER CONSUMED.

Factors are based on the pro forma test year average daily consumption for each customer classification.

Customer Classification (1)	Average Daily Consumption, Thousand Gallons (2)	Allocation Factor (3)
Residential	84	0.9768
Commercial	1	0.0116
Industrial	0	0.0000
Other Public Authority	0	0.0000
Sales for Resale	0	0.0000
Private Fire Protection	0	0.0000
Public Fire Protection	1	0.0116
Total	86	1.0000

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the factors for average daily consumption (Factor 1) and the factors derived from maximum day extra capacity demand for each customer classification, as follows:

Customer Classification (1)	Average Daily Consumption		Maximum Day Extra Capacity		Allocation Factor (6)=(3)+(5)
	Allocation Factor 1 (2)	Weighted Factor (3)=(2)x 0.4000	Allocation Factor (4)	Weighted Factor (5)=(4)x 0.6000	
Residential	0.9768	0.3908	0.9921	0.5953	0.9861
Commercial	0.0116	0.0046	0.0079	0.0047	0.0093
Industrial	0.0000	0.0000	0.0000	0.0000	0.0000
Other Public Authority	0.0000	0.0000	0.0000	0.0000	0.0000
Sales for Resale	0.0000	0.0000	0.0000	0.0000	0.0000
Private Fire Protection	0.0000	0.0000			0.0000
Public Fire Protection	0.0116	0.0046			0.0046
Total	1.0000	0.4000	1.0000	0.6000	1.0000

The derivation of the maximum day extra capacity factors in column 4 and the basis for the column 3 and 5 weightings are presented on the following page.

MISSOURI-AMERICAN WATER COMPANY
WARREN COUNTY WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND
MAXIMUM DAY EXTRA CAPACITY FUNCTIONS, cont.

Customer Classification	Average Daily Consumption, Thousand Gal.	Maximum Day Extra Capacity		
		Factor*	Rate of Flow, Thousand Gal. Per Day	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	84	1.5	126	0.9921
Commercial	1	0.8	1	0.0079
Industrial	0	0.5	0	0.0000
Other Public Authority	0	0.8	0	0.0000
Sales for Resale	0	0.6	0	0.0000
Total	85		127	1.0000

The weighting of the factors is based on the maximum day ratio of 1.50, based on a review of maximum day ratios experienced during 2005

	Maximum Day Ratio	Weight
Average Day	1.00	0.4000
Maximum Day Extra Capacity	1.50	0.6000
Total	2.50	1.0000

* Ratio of maximum day to average day minus 1.0.

MISSOURI-AMERICAN WATER COMPANY
WARREN COUNTY WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY
AND FIRE PROTECTION FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Daily Consumption		Maximum Day Extra Capacity		Fire Protection		Allocation Factor
	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	
(1)	(2)	(3)=(2) X 0.3498	(4)	(5)=(4) X 0.5248	(6)	(7)=(6) X 0.1254	(8)=(3)+(5)+(7)
Residential	0.9768	0.3416	0.9921	0.5207			0.8623
Commercial	0.0116	0.0041	0.0079	0.0041			0.0082
Industrial	0.0000	0.0000	0.0000	0.0000			0.0000
Other Public Authority	0.0000	0.0000	0.0000	0.0000			0.0000
Sales for Resale	0.0000	0.0000	0.0000	0.0000			0.0000
Private Fire Protection	0.0000	0.0000			0.0000	0.0000	0.0000
Public Fire Protection	0.0116	0.0041			1.0000	0.1254	0.1295
Total	1.0000	0.3498	1.0000	0.5248	1.0000	0.1254	1.0000

MISSOURI-AMERICAN WATER COMPANY
WARREN COUNTY WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum day ratio of 2.5 and the average daily system sendout for 2005 of .100 MGD. The system demand for fire protection is 300 Gallons per minute for 2 hours.

	<u>Ratio</u>	<u>Rate of Flow, (GPD)</u>	<u>Weight</u>
Average Day	1.00	100,400	0.3498
Maximum Day			
Extra Capacity	<u>1.50</u>	<u>150,600</u>	<u>0.5248</u>
Subtotal	<u><u>2.50</u></u>	251,000	0.8746
Fire Protection		<u>36,000</u>	<u>0.1254</u>
Total		<u><u>287,000</u></u>	<u><u>1.0000</u></u>

The public and private fire protection allocation factors in column 6 on the previous page are based on the relative potential demands (see Schedule E).

MISSOURI-AMERICAN WATER COMPANY
WARREN COUNTY WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity			Fire Protection		Allocation Factor (9)=(4)+(6)+(8)
	Thousand Gallons (2)	Allocation Factor (3)	Weighted Factor (4)=(3) X 0.1138	Allocation Factor (5)	Weighted Factor (6)=(5) X 0.3984	Allocation Factor (7)	Weighted Factor (8)=(7) X 0.4878		
Residential	3.5	1.0000	0.1138	1.0000	0.3984			0.5122	
Commercial	0.0	0.0000	0.0000	0.0000	0.0000			0.0000	
Industrial	0.0	0.0000	0.0000	0.0000	0.0000			0.0000	
Other Public Authority	0.0	0.0000	0.0000	0.0000	0.0000			0.0000	
Sales for Resale	0.0	0.0000	0.0000	0.0000	0.0000			0.0000	
Private Fire Protection	0.0	0.0000	0.0000			0.0000	0.0000	0.0000	
Public Fire Protection	0.0	0.0000	0.0000			1.0000	0.4878	0.4878	
Total	3.5	1.0000	0.1138	1.0000	0.3984	1.0000	0.4878	1.0000	

The maximum hour extra capacity factors in column 5 are determined as follows:

**MISSOURI-AMERICAN WATER COMPANY
WARREN COUNTY WATER OPERATIONS**

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

**FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND
MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS, cont.**

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum hour ratio of 3.5 and the average daily system sendout for 2005 of .100 MGD. The system demand for fire protection is 300 gallons per minute.

	<u>Ratio</u>	<u>Rate of Flow, (GPM)</u>	<u>Weight</u>
Average Hour	1.00	70	0.1138
Maximum Hour Extra Capacity	<u>3.50</u>	<u>245</u>	<u>0.3984</u>
Subtotal	<u>4.50</u>	315	0.5122
Fire Protection		<u>300</u>	<u>0.4878</u>
Total		<u>615</u>	<u>1.0000</u>

The maximum hour extra capacity factors in column 5 of the previous page are determined as follows:

<u>Customer Classification</u>	<u>Average Hourly Consumption Thousand Gal.</u>	<u>Maximum Hour Extra Capacity</u>		
		<u>Factor*</u>	<u>1,000 Gallons Per Hour</u>	<u>Allocation Factor</u>
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	3.5	3.5	12.3	1.0000
Commercial	0.0	2.8	0.0	0.0000
Industrial	0.0	1.5	0.0	0.0000
Other Public Authority	0.0	2.8	0.0	0.0000
Sales for Resale	<u>0.0</u>	2.0	<u>0.0</u>	<u>0.0000</u>
Total	<u>3.5</u>		<u>12.3</u>	<u>1.0000</u>

* Ratio of Maximum Hour To Average Hour Minus 1.0.

The public and private fire protection allocation factors in column 7 on the previous page are based on the relative potential demands (see Schedule E).

MISSOURI-AMERICAN WATER COMPANY
WARREN COUNTY WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES.

Factors are based on the weighting of the average hourly consumption, the maximum hour extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity			Fire Protection		Allocation Factor (9)=(4)+(6)+(8)
	Thousand Gallons (2)	Allocation		Weighted Factor (4)=(3) X 0.1822	Allocation Factor (5)	Weighted Factor (6)=(5) X 0.6378	Allocation Factor (7)	Weighted Factor (8)=(7) X 0.1800	
		Factor (3)							
Residential	3.5	1.0000		0.1822	1.0000	0.6378			0.8200
Commercial	0.0	0.0000		0.0000	0.0000	0.0000			0.0000
Industrial	0.0	0.0000		0.0000	0.0000	0.0000			0.0000
Other Public Authority	0.0	0.0000		0.0000	0.0000	0.0000			0.0000
Sales for Resale	0.0	0.0000		0.0000	0.0000	0.0000			0.0000
Private Fire Protection	0.0	0.0000		0.0000			0.0000	0.0000	0.0000
Public Fire Protection	0.0	0.0000		0.0000			1.0000	0.1800	0.1800
Total	3.5	1.0000		0.1822	1.0000	0.6378	1.0000	0.1800	1.0000

The weighting of the factors is based on the ratio of the capacity required for a 2 hour demand of fire flow, as related to total storage capacity. The calculation is shown on the following page.

MISSOURI-AMERICAN WATER COMPANY
WARREN COUNTY WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES, cont.

The weighting of the factors is based on the ratio of the capacity required for a 2 hour demand of fire flow, as related to total storage capacity.

$$\text{Fire Protection Weight} = \frac{300 \text{ GPM} \times 60 \text{ Min.} \times 2 \text{ Hrs.}}{200,000 \text{ Gallons}} = 0.1800$$

$$\text{General Service Weight} : 1.0000 - 0.1800 = 0.8200$$

The weighting of the average hourly consumption and maximum hour extra demand for general service is based on the maximum hour ratio, as follows:

	Maximum Hour Ratio	Percent	Weight
Average Hour	1.00	22.22	0.1822
Extra Capacity Maximum Hour	<u>3.50</u>	<u>77.78</u>	<u>0.6378</u>
Total	<u><u>4.50</u></u>	<u><u>100.00</u></u>	<u><u>0.8200</u></u>

**MISSOURI-AMERICAN WATER COMPANY
WARREN COUNTY WATER OPERATIONS**

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH POWER AND PUMPING FACILITIES.

Factors are based on the weighting of the maximum daily consumption, Factor 2, the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

Customer Classification	Maximum Daily Consumption		Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		Allocation Factor
	Allocation Factor 2	Weighted Factor	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	
(1)	(2)	(3)=(2)X 1.0000	(4)	(5)=(4)X 0.0000	(6)	(7)=(6)X 0.0000	(8)=(3)+ (5)+(7)
Residential	0.9861	0.9861	0.8623	0.0000	0.5122	0.0000	0.9861
Commercial	0.0093	0.0093	0.0082	0.0000	0.0000	0.0000	0.0093
Industrial	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Other Public Authority	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Sales for Resale	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Private Fire Protection	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Public Fire Protection	0.0046	0.0046	0.1295	0.0000	0.4878	0.0000	0.0046
Total	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>	<u>0.0000</u>	<u>1.0000</u>	<u>0.0000</u>	<u>1.0000</u>

The weighting of the factors is based on the horsepower of pumps associated with maximum day facilities, maximum day and fire facilities, and maximum hour facilities, as follows:

	<u>Horsepower of Pumps</u>	<u>Weight</u>
Associated with Maximum Day	30	1.0000
Associated with Maximum Day and Fire	0	0.0000
Associated with Maximum Hour	<u>0</u>	<u>0.0000</u>
Total	<u>30</u>	<u>1.0000</u>

**MISSOURI-AMERICAN WATER COMPANY
WARREN COUNTY WATER OPERATIONS**

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 7. ALLOCATION OF COSTS ASSOCIATED WITH TRANSMISSION AND DISTRIBUTION MAINS.

Factors are based on the weighting of the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

Customer Classification	Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		Allocation Factor
	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	
(1)	(2)	(3)=(2)X 0.0000	(4)	(5)=(4)X 1.0000	(6)=(3)+(5)
Residential	0.8623	0.0000	0.5122	0.5122	0.5122
Commercial	0.0082	0.0000	0.0000	0.0000	0.0000
Industrial	0.0000	0.0000	0.0000	0.0000	0.0000
Other Public Authority	0.0000	0.0000	0.0000	0.0000	0.0000
Sales for Resale	0.0000	0.0000	0.0000	0.0000	0.0000
Private Fire Protection	0.0000	0.0000	0.0000	0.0000	0.0000
Public Fire Protection	0.1295	0.0000	0.4878	0.4878	0.4878
Total	1.0000	0.0000	1.0000	1.0000	1.0000

The weighting of the factors is based on the total footage of mains, designated as either transmission mains or distribution mains, as follows:

	Total Footage of Mains	Weight
Transmission Mains	0	0.0000
Distribution Mains	58,173	1.0000
Total	58,173	1.0000

**MISSOURI-AMERICAN WATER COMPANY
WARREN COUNTY WATER OPERATIONS**

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 8. ALLOCATION OF COSTS ASSOCIATED WITH FIRE HYDRANTS.

Costs are assigned directly to Public Fire Protection.

Customer Classification <u> </u> (1)	Allocation Factor <u> </u> (3)
Public Fire Protection	<u>1.0000</u>
Total	<u><u>1.0000</u></u>

FACTOR 9. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

Factors are based on the relative cost of meters by size and customer classification, as developed on the following page and summarized below.

Customer Classification <u> </u> (1)	5/8" Dollar Equivalents <u> </u> (2)	Allocation Factor <u> </u> (3)
Residential	421	0.9953
Commercial	2	0.0047
Industrial	0	0.0000
Other Public Authority	0	0.0000
Sales for Resale	0	0.0000
Private Fire	<u>0</u>	<u>0.0000</u>
Total	<u><u>423</u></u>	<u><u>1.0000</u></u>

MISSOURI-AMERICAN WATER COMPANY
WARREN COUNTY WATER OPERATIONS

BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS

Meter Size (1)	5/8" Dollar Equivalent (2)	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Total	
		Number of Meters (3)	Weighting (4)=(2)X(3)	Number of Meters (5)	Weighting (6)=(2)X(5)	Number of Meters (7)	Weighting (8)=(2)X(7)	Number of Meters (9)	Weighting (10)=(2)X(9)	Number of Meters (11)	Weighting (12)=(2)X(11)	Number of Meters (13)	Weighting (14)
5/8	1.0	421	421	2	2	0	0	0	0	0	0	423	423
3/4	1.3	0	0	0	0	0	0	0	0	0	0	0	0
1	1.7	0	0	0	0	0	0	0	0	0	0	0	0
1-1/2	3.5	0	0	0	0	0	0	0	0	0	0	0	0
2	4.3	0	0	0	0	0	0	0	0	0	0	0	0
3	19.0	0	0	0	0	0	0	0	0	0	0	0	0
4	29.3	0	0	0	0	0	0	0	0	0	0	0	0
6	48.4	0	0	0	0	0	0	0	0	0	0	0	0
8	112.9	0	0	0	0	0	0	0	0	0	0	0	0
Total		421	421	2	2	0	0	0	0	0	0	423	423

**MISSOURI-AMERICAN WATER COMPANY
WARREN COUNTY WATER OPERATIONS**

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 10. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

Factors are based on the relative cost of services by size and customer classification, as developed on the following page and summarized below.

Customer Classification	3/4" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	421	0.9953
Commercial	2	0.0047
Industrial	0	0.0000
Other Public Authority	0	0.0000
Sales for Resale	0	0.0000
Private Fire Protection	0	0.0000
Total	423	1.0000

MISSOURI-AMERICAN WATER COMPANY
WARREN COUNTY WATER OPERATIONS

BASIS FOR ALLOCATING SERVICE COSTS TO CUSTOMER CLASSIFICATIONS

Service Size (1)	3/4" Dollar Equivalent (2)	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Private Fire Protection		Total	
		Number of Services (3)	Weighting (4)=(2)X(3)	Number of Services (5)	Weighting (6)=(2)X(5)	Number of Services (7)	Weighting (8)=(2)X(7)	Number of Services (9)	Weighting (10)=(2)X(9)	Number of Services (11)	Weighting (12)=(2)X(11)	Number of Services (13)	Weighting (14)=(2)X(13)	Number of Services (15)	Weighting (16)
3/4	1.00	421	421	2	2	0	0	0	0	0	0	0	0	423	423
1	1.17	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1-1/2	1.58	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2	2.04	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3	2.73	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4	2.88	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6	4.24	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8	6.98	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10	9.50	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12	12.16	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total		421	421	2	2	0	0	0	0	0	0	0	0	423	423

**MISSOURI-AMERICAN WATER COMPANY
WARREN COUNTY WATER OPERATIONS**

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

**FACTOR 11. ALLOCATION OF TRANSMISSION AND DISTRIBUTION OPERATION SUPERVISION
AND ENGINEERING AND MISCELLANEOUS EXPENSES.**

Factors are based on transmission and distribution operation expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Operating Expenses	Allocation Factor
(1)	(2)	(3)
Residential	\$ 26,180	0.5122
Commercial	(0)	0.0000
Industrial	-	0.0000
Other Public Authority	-	0.0000
Sales for Resale	-	0.0000
Private Fire Protection	-	0.0000
Public Fire Protection	24,935	0.4878
Total	51,115	1.0000

**FACTOR 12. ALLOCATION OF TRANSMISSION AND DISTRIBUTION MAINTENANCE SUPERVISION
AND ENGINEERING, STRUCTURES AND IMPROVEMENTS, AND OTHER EXPENSES.**

Factors are based on transmission and distribution maintenance expenses other than those being allocated, however, due to no expenses in these categories, Factor 7 is used as follows:

Customer Classification	Transmission & Distribution Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
		Factor 7
Residential	\$ -	0.5122
Commercial	-	0.0000
Industrial	-	0.0000
Other Public Authority	-	0.0000
Sales for Resale	-	0.0000
Private Fire Protection	-	0.0000
Public Fire Protection	-	0.4878
Total	\$0	1.0000

MISSOURI-AMERICAN WATER COMPANY
WARREN COUNTY WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 13. ALLOCATION OF BILLING AND COLLECTING COSTS.

Factors are based on the total number of customers.

Customer Classification	Total Customers	Allocation Factor
(1)	(2)	(3)
Residential	421	0.9953
Commercial	2	0.0047
Industrial	0	0.0000
Other Public Authority	0	0.0000
Sales for Resale	0	0.0000
Private Fire Protection	0	0.0000
Public Fire Protection	0	0.0000
Total	423	1.0000

FACTOR 14. ALLOCATION OF METER READING COSTS.

Factors are based on the number of metered customers.

Customer Classification	Total Metered Customers	Allocation Factor
(1)	(2)	(3)
Residential	421	0.9953
Commercial	2	0.0047
Industrial	0	0.0000
Other Public Authority	0	0.0000
Sales for Resale	0	0.0000
Total	423	1.0000

**MISSOURI-AMERICAN WATER COMPANY
WARREN COUNTY WATER OPERATIONS**

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 15. ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES AND CASH WORKING CAPITAL.

Factors are based on the allocation of all other operation and maintenance expenses excluding purchased water, power, chemicals and waste disposal.

Customer Classification <u>(1)</u>	Operation & Maintenance Expenses <u>(2)</u>	Allocation Factor <u>(3)</u>
Residential	\$24,531	0.4816
Commercial	21	0.0004
Industrial	0	0.0000
Other Public Authority	0	0.0000
Sales for Resale	0	0.0000
Private Fire Protection	0	0.0000
Public Fire Protection	<u>26,385</u>	<u>0.5180</u>
Total	<u><u>\$50,937</u></u>	<u><u>1.0000</u></u>

**MISSOURI-AMERICAN WATER COMPANY
WARREN COUNTY WATER OPERATIONS**

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 16. ALLOCATION OF LABOR RELATED TAXES AND BENEFITS.

Factors are based on the allocation of direct labor expense.

Customer Classification	Direct Labor Expense	Allocation Factor
(1)	(2)	(3)
Residential	\$25,466	0.5122
Commercial	0	0.0000
Industrial	0	0.0000
Other Public Authority	0	0.0000
Sales for Resale	0	0.0000
Private Fire Protection	0	0.0000
Public Fire Protection	24,253	0.4878
Total	\$49,718	1.0000

FACTOR 17. ALLOCATION OF ORGANIZATION, FRANCHISES AND CONSENTS,
MISCELLANEOUS INTANGIBLE PLANT AND OTHER RATE BASE ELEMENTS.

Factors are based on the allocation of the original cost less depreciation other than those items being allocated, as follows:

Customer Classification	Original Cost Less Depreciation	Allocation Factor
(1)	(2)	(3)
Residential	\$1,087,777	0.8825
Commercial	8,462	0.0069
Industrial	0	0.0000
Other Public Authority	0	0.0000
Sales for Resale	0	0.0000
Private Fire Protection	0	0.0000
Public Fire Protection	136,283	0.1106
Total	\$1,232,522	1.0000

**MISSOURI-AMERICAN WATER COMPANY
WARREN COUNTY WATER OPERATIONS**

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 18. ALLOCATION OF INCOME TAXES AND INCOME AVAILABLE FOR RETURN.

Factors are based on the allocation of the original cost measure of value rate base as shown on the following pages and summarized below.

Customer Classification	Original Cost Measure of Value	Allocation Factor
(1)	(2)	(3)
Residential	\$1,005,392	0.8839
Commercial	7,840	0.0069
Industrial	0	0.0000
Other Public Authority	0	0.0000
Sales for Resale	0	0.0000
Private Fire Protection	0	0.0000
Public Fire Protection	124,271	0.1092
Total	<u>\$1,137,503</u>	<u>1.0000</u>

FACTOR 19. ALLOCATION OF REGULATORY COMMISSION EXPENSES, ASSESSMENTS AND OTHER WATER REVENUES.

The factors are based on the allocation of the total cost of service, excluding those items being allocated.

Customer Classification	Total Cost of Service	Allocation Factor
(1)	(2)	(3)
Residential	\$228,935	0.7583
Commercial	1,450	0.0048
Industrial	0	0.0000
Other Public Authority	0	0.0000
Sales for Resale	0	0.0000
Private Fire Protection	0	0.0000
Public Fire Protection	71,504	0.2369
Total	<u>\$301,889</u>	<u>1.0000</u>

MISSOURI-AMERICAN WATER COMPANY
WARREN COUNTY WATER OPERATIONS

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Residential (4)	Commercial (5)	Industrial (6)	Public Authorities (7)	Sales for Resale (8)	Fire Protection Private (9)	Public (10)
RATE BASE									
Organization	17	\$	145	\$	1	\$	\$	\$	16
Franchises	17		0		0		0	0	0
Land & Ld Rights SS	2		0		0		0	0	0
Land & Ld Rights P	6		0		0		0	0	0
Land & Ld Rights WT	2		0		0		0	0	0
Land & Ld Rights TD	7		0		0		0	0	0
Land & Land Rights AG	15	65,000	33,293	0	0	0	0	0	31,707
Struct & Imp SS	2	0	0	0	0	0	0	0	0
Struct & Imp P	6	0	0	0	0	0	0	0	0
Struct & Imp Pumps (STL)	6	0	0	0	0	0	0	0	0
Struct & Imp Pump Boosters	6	0	0	0	0	0	0	0	0
Struct & Imp WT	2	31,606	31,167	294	0	0	0	0	145
Struct & Imp WT Nth Pit (ST	2	0	0	0	0	0	0	0	0
Struct & Imp WT Ctrl Pit 1	2	0	0	0	0	0	0	0	0
Struct & Imp WT Ctrl Pit 3	2	0	0	0	0	0	0	0	0
Struct & Imp WT Sth Pit (ST	2	0	0	0	0	0	0	0	0
Struct & Imp WT Meramec (ST	2	0	0	0	0	0	0	0	0
Struct & Imp TD	7	966	495	0	0	0	0	0	471
Struct & Imp TD Spec Cross	7	0	0	0	0	0	0	0	0
Struct & Imp Offices	15	0	0	0	0	0	0	0	0
Struct & Imp Leasehold	15	0	0	0	0	0	0	0	0
Struct & Imp Leasehold	15	0	0	0	0	0	0	0	0
Struct & Imp Store,Shop,Gar	15	0	0	0	0	0	0	0	0
Struct & Imp Misc	15	0	0	0	0	0	0	0	0
Collect & Impounding	1	0	0	0	0	0	0	0	0
Lake, River & Other Intakes	2	0	0	0	0	0	0	0	0
Wells & Springs	2	667,771	658,489	6,210	0	0	0	0	3,072
Supply Mains	2	0	0	0	0	0	0	0	0
Supply Mains Nth Pit (STL)	2	0	0	0	0	0	0	0	0
Supply Mains Ctrl Pit (STL)	2	0	0	0	0	0	0	0	0
Supply Mains Sth Pit (STL)	2	0	0	0	0	0	0	0	0
Supply Mains Meramec Pit (S	2	0	0	0	0	0	0	0	0
Power Generation Equip Othe	6	0	0	0	0	0	0	0	0
Boiler Plant Equipment P	6	0	0	0	0	0	0	0	0
Pump Equip Steam	6	0	0	0	0	0	0	0	0
Pump Equip Electric	6	119,855	118,189	1,115	0	0	0	0	551
Pump Equip Elec Pre46 (STL)	6	0	0	0	0	0	0	0	0
Pump Equip Elec Post46 (STL	6	0	0	0	0	0	0	0	0
Pump Equip Elec Boosters Po	6	0	0	0	0	0	0	0	0
Pump Equip Diesel	6	0	0	0	0	0	0	0	0
Pump Equip Diesel Stratman\	6	0	0	0	0	0	0	0	0
Pump Equip Diesel Ctrl Pit	6	0	0	0	0	0	0	0	0
Pump Equip Hydraulic	6	0	0	0	0	0	0	0	0

MISSOURI-AMERICAN WATER COMPANY
WARREN COUNTY WATER OPERATIONS
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Residential (4)	Commercial (5)	Industrial (6)	Public Authorities (7)	Sales for Resale (8)	Fire Protection Private (9)	Public (10)
Pump Equip Other	6	0	0	0	0	0	0	0	0
WT Equip Non-Media	2	19,727	19,453	183	0	0	0	0	91
WT Equip Non-Med North (STL)	2	0	0	0	0	0	0	0	0
WT Equip Non Media Cntl 1 &	2	0	0	0	0	0	0	0	0
WT Equip Non Media Cntl 3 (	2	0	0	0	0	0	0	0	0
WT Equip Non Media Sth (STL)	2	0	0	0	0	0	0	0	0
WT Equip Non Media Mer (STL)	2	0	0	0	0	0	0	0	0
WT Equip Filter Media	2	0	0	0	0	0	0	0	0
Dist Reservoirs & Standpipe	5	0	0	0	0	0	0	0	0
Elevated Tanks & Standpipes	5	7,863	6,448	0	0	0	0	0	1,415
Ground Level Facilities	5	0	0	0	0	0	0	0	0
TD Mains Not Classified by	7	31,152	15,956	0	0	0	0	0	15,196
TD Mains 4 & Less "	4	19,699	10,090	0	0	0	0	0	9,609
TD Mains 6 to 8"	4	39,141	20,048	0	0	0	0	0	19,093
TD Mains 6 to 10in (TN)"	4	2,211	1,132	0	0	0	0	0	1,079
TD Mains 10 to 16"	3	0	0	0	0	0	0	0	0
TD Mains 18 & Grtr "	3	0	0	0	0	0	0	0	0
TD Mains AC 4 (STL) "	4	0	0	0	0	0	0	0	0
TD Mains CI <10 1900-28 (S"	4	0	0	0	0	0	0	0	0
TD Mains CI <10 1929-56 (S"	4	0	0	0	0	0	0	0	0
TD Mains CI <10 1957-93 (S"	4	0	0	0	0	0	0	0	0
TD Mains CI 12 (STL) "	3	0	0	0	0	0	0	0	0
TD Mains CI 16 (STL) "	3	0	0	0	0	0	0	0	0
TD Mains DI 6-8 (STL) "	4	0	0	0	0	0	0	0	0
TD Mains DI 12 (STL) "	3	0	0	0	0	0	0	0	0
TD Mains DI 16 & >(STL) "	3	0	0	0	0	0	0	0	0
TD Mains Galve 1 (STL) "	4	0	0	0	0	0	0	0	0
TD Mains LJ 20 (STL) "	3	0	0	0	0	0	0	0	0
Fire Mains	8	0	0	0	0	0	0	0	0
Services	10	44,803	44,592	211	0	0	0	0	0
Meters Bronze Case	9	72,431	72,091	340	0	0	0	0	0
Meters Plastic Case	9	0	0	0	0	0	0	0	0
Meters Other	9	1,706	1,698	8	0	0	0	0	0
Meters Other-Rem Rdr Unts	9	0	0	0	0	0	0	0	0
Meter Installations	9	14,325	14,258	67	0	0	0	0	0
Meter Installation Other	9	0	0	0	0	0	0	0	0
Hydrants	8	10,423	0	0	0	0	0	0	0
Other P/E Intangible	15	0	0	0	0	0	0	0	10,423
Other P/E WT Res Hand Equip	2	0	0	0	0	0	0	0	0
Other P/E TD	7	0	0	0	0	0	0	0	0
Other P/E CPS	15	228	110	0	0	0	0	0	118
Office Furniture & Equip	15	2,788	1,343	1	0	0	0	0	1,444
Comp & Periph Equip	15	2,746	1,323	1	0	0	0	0	1,422
Computer Software	15	4,843	2,332	2	0	0	0	0	2,509

MISSOURI-AMERICAN WATER COMPANY
WARREN COUNTY WATER OPERATIONS
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Residential (4)	Commercial (5)	Industrial (6)	Public Authorities (7)	Sales for Resale (8)	Fire Protection Private (9)	Fire Protection Public (10)
Comp Software Personal	15	95	46	0	0	0	0	0	49
Data Handling Equipment	15	0	0	0	0	0	0	0	0
Other Office Equipment	15	11	5	0	0	0	0	0	6
Trans Equip Lt Duty Trks	15	33	16	0	0	0	0	0	17
Trans Equip Hvy Duty Trks	15	0	0	0	0	0	0	0	0
Trans Equip Autos	15	120	58	0	0	0	0	0	62
Trans Equip Other	15	0	0	0	0	0	0	0	0
Stores Equipment	15	0	0	0	0	0	0	0	0
Tools,Shop,Garage Equip	15	66,729	32,137	27	0	0	0	0	0
Tools,Shop,Garage Equip Oth	15	0	0	0	0	0	0	0	34,566
Laboratory Equipment	2	0	0	0	0	0	0	0	0
Laboratory Equip Other	2	0	0	0	0	0	0	0	0
Power Operated Equipment	15	0	0	0	0	0	0	0	0
Comm Equip Non-Telephone	15	9,521	4,585	4	0	0	0	0	0
Comm Equip Telephone	15	25	12	0	0	0	0	0	4,932
Misc Equipment	15	(3,296)	(1,587)	(1)	0	0	0	0	13
Other Tangible Property	17	0	0	0	0	0	0	0	(1,707)
Total Utility Plant in Service		1,232,667	1,087,905	8,463	0	0	0	0	136,299
Other Rate Base Items									
Add:									
Other Utility Plant Adjustments	17	0	0	0	0	0	0	0	0
Cash Working Capital	15	5,000	2,408	2	0	0	0	0	2,590
Materials and Supplies	15	526	253	0	0	0	0	0	272
Prepayments	15	550	265	0	0	0	0	0	285
OPEB's Contributed to External Fund	16	0	0	0	0	0	0	0	0
Premature Retirement	17	0	0	0	0	0	0	0	0
Regulatory Deferrals	17	0	0	0	0	0	0	0	0
Less:									
Accumulated Deferred ITC (3%)	17	0	0	0	0	0	0	0	0
Deferred Income Taxes	17	(90,692)	(80,036)	(626)	0	0	0	0	(10,031)
Pensions	16	(10,548)	(5,403)	0	0	0	0	0	(5,145)
Total Other Rate Base Elements		(95,164)	(82,512)	(623)	0	0	0	0	(12,028)
Total Original Cost Measure of Value		\$ 1,137,503	\$ 1,005,392	\$ 7,840	\$ -	\$ -	\$ -	\$ -	\$ 124,271

**MISSOURI-AMERICAN WATER COMPANY
WARREN COUNTY WATER OPERATIONS**

**BASIS FOR ALLOCATING DEMAND RELATED COSTS OF FIRE SERVICE
TO PRIVATE AND PUBLIC FIRE PROTECTION CUSTOMER CLASSIFICATIONS**

Description (1)	Restrictive Diameters Squared (2)	Quantity (3)	Relative Demand (4)=(2)x(3)	Allocation Factor (5)
<u>PRIVATE FIRE PROTECTION</u>				
<u>Fire Lines</u>				
2 -inch	4.00	0	0	
3 -inch	9.00	0	0	
4 -inch	16.00	0	0	
6 -inch	36.00	0	0	
8 -inch	64.00	0	0	
10 -inch	100.00	0	0	
12 -inch	144.00	0	0	
Private Hydrants	32.75	0	0	
Total Private Fire Protection		0	0	0.0000
<u>PUBLIC FIRE PROTECTION</u>				
<u>Hydrant</u>	<u>Nozzle Sizes</u>			
6" Valve	2- 2-1/2" & 1- 4.5"	32.75	62	2,031
6" Valve	2- 2-1/2" & 1- 4"	28.50	0	0
Total Public Fire Protection		62	2,031	1.0000
Total Fire Protection		62	2,031	1.0000

WARRENSBURG DISTRICT

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES
FOR THE TEST YEAR ENDED JUNE 30, 2006

Customer Classification (1)	Cost of Service		Revenues, Present Rates		Revenues, Proposed Rates		Proposed Increase	
	Amount (Schedule B) (2)	Percent (3)	Amount (4)	Percent (5)	Amount (6)	Percent (7)	Amount (8)	Percent Increase (9)
Residential	\$ 1,955,526	60.4%	\$ 1,372,655	54.6%	\$ 1,719,306	54.7%	\$ 346,651	25.3%
Commercial	539,364	16.6%	500,354	20.1%	626,649	20.0%	126,295	25.2%
Industrial	66,189	2.0%	56,501	2.3%	70,758	2.3%	14,257	25.2%
Public Authority	425,775	13.1%	332,428	13.3%	416,334	13.3%	83,906	25.2%
Sales for Resale	198,380	6.1%	176,746	7.1%	221,353	7.1%	44,607	25.2%
Private Fire Service	58,328	1.8%	66,176	2.6%	82,881	2.6%	16,705	25.2%
Public Fire Service	-	0.0%	-	0.0%	\$0	0.0%	-	-
Total Sales	3,243,563	100.0%	2,504,860	100.0%	3,137,281	100.0%	632,421	25.2%
Other Revenues	72,750		72,750		72,750		-	0.0%
Total	\$ 3,316,313		\$ 2,577,610		\$ 3,210,031		\$ 632,421	24.5%

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Residential (4)	Commercial (5)	Industrial (6)	Public Authorities (7)	Sales for Resale (8)	Private (9)	Fire Protection Public (10)
OPERATION AND MAINTENANCE EXPENSES									
SOURCE OF SUPPLY EXPENSES									
Super & Eng Oper SS	2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Labor & Exp Oper SS	2	4,439	2,168	909	131	758	459	2	12
Labor & Exp Oper SS	2	2,018	986	413	59	345	209	1	6
Purchased Water	1	0	0	0	0	0	0	0	0
TOTAL SS EXPENSE - OPERATION		6,457	3,154	1,322	190	1,103	668	3	18
Misc Exp Oper SS	2	63,472	31,000	12,993	1,866	10,841	6,563	32	178
Rents Oper SS	2	2	1	0	0	0	0	0	0
Super & Eng Maint SS	2	0	0	0	0	0	0	0	0
Struct & Improve Maint SS	2	0	0	0	0	0	0	0	0
Struct & Improve Maint SS	2	308	150	63	9	53	32	0	1
Collect & Impound Maint SS	2	0	0	0	0	0	0	0	0
Collect & Impound Maint SS	2	0	0	0	0	0	0	0	0
Lake, River & Oth Maint SS	2	0	0	0	0	0	0	0	0
Lake, River & Oth Maint SS	2	0	0	0	0	0	0	0	0
Wells & Springs Maint SS	2	0	0	0	0	0	0	0	0
Wells & Springs Maint SS	2	644	315	132	19	110	67	0	2
Infil Gall & Tunnels Maint SS	2	0	0	0	0	0	0	0	0
Infil Gall & Tunnels Maint SS	2	0	0	0	0	0	0	0	0
Supply Mains Maint SS	2	0	0	0	0	0	0	0	0
Supply Mains Maint SS	2	0	0	0	0	0	0	0	0
Misc Plant Maint SS	2	2	1	0	0	0	0	0	0
Misc Plant Maint SS	2	1,192	582	244	35	204	123	0	0
TOTAL SS EXPENSE - MAINTENANCE		65,619	32,049	13,432	1,929	11,208	6,785	33	184
TOTAL SS EXPENSE		72,077	35,202	14,754	2,119	12,311	7,453	36	202
POWER AND PUMPING EXPENSES									
Super & Eng Oper P	6	0	0	0	0	0	0	0	0
Fuel for Power Prod	1	0	0	0	0	0	0	0	0
Labor & Exp Oper Pwr Prod	6	(1,163)	(567)	(237)	(34)	(198)	(120)	(1)	(6)
Labor & Exp Oper Pwr Prod	6	0	0	0	0	0	0	0	0
Purch Fuel/Power for Pump	1	(2,164)	(986)	(455)	(77)	(379)	(255)	(2)	(10)
Labor & Exp Oper Pump	6	18	9	4	1	3	2	0	0
Labor & Exp Oper Pump	6	0	0	0	0	0	0	0	0
Expenses Transferred	6	0	0	0	0	0	0	0	0
Misc Exp Oper P	6	0	0	0	0	0	0	0	0
Rents Oper P	6	0	0	0	0	0	0	0	0
TOTAL PUMPING EXPENSE - OPERATION		(3,309)	(1,544)	(689)	(110)	(574)	(373)	(3)	(16)

MISSOURI-AMERICAN WATER COMPANY

WARRENSBURG DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Residential (4)	Commercial (5)	Industrial (6)	Public Authorities (7)	Sales for Resale (8)	Fire Protection Private (9)	Public (10)
Super & Eng Maint P	6	0	0	0	0	0	0	0	0
Struct & Improve Maint P	6	0	0	0	0	0	0	0	0
Power Prod Equip Maint P	6	0	0	0	0	0	0	0	0
Pump Equip Maint P	6	0	0	0	0	0	0	0	0
Pump Equip Maint P	6	0	0	0	0	0	0	0	0
TOTAL PUMPING EXPENSES - MAINTENANCE	6	3,870	1,885	790	113	659	399	3	19
		3,870	1,885	790	113	659	399	3	19
TOTAL PUMPING EXPENSES		561	341	102	3	85	26	0	3
WATER TREATMENT									
Super & Eng Oper WT	2	0	0	0	0	0	0	0	0
Chemicals	1	29,804	13,585	6,265	1,055	5,225	3,508	27	140
Labor & Exp Oper WT	2	26,583	12,983	5,442	782	4,540	2,749	13	74
Misc Exp Oper WT	2	8,049	3,931	1,648	237	1,375	832	4	23
Misc Exp Oper WT	1	29,426	14,372	6,024	865	5,026	3,043	15	82
Misc Exp Oper WT	2	24	11	5	1	4	3	0	0
Rents Oper WT	2	2,465	1,204	505	72	421	255	1	7
TOTAL WT EXPENSE - OPERATION	2	96,352	46,086	19,887	3,012	16,591	10,389	60	326
Super & Eng Maint WT	2	868	424	178	26	148	90	0	2
Struct & Improve Maint WT	2	280	137	57	8	48	29	0	1
WT Equip Maint WT	2	0	0	0	0	0	0	0	0
WT Equip Maint WT	2	9,260	4,523	1,896	272	1,582	957	5	26
TOTAL WT EXPENSE - MAINTENANCE	2	3,245	1,585	664	95	554	336	2	9
		13,653	6,668	2,795	401	2,332	1,412	7	38
TOTAL WT EXPENSE		110,005	52,754	22,682	3,413	18,923	11,801	67	365
TRANSMISSION AND DISTRIBUTION EXPENSES									
Super & Eng Oper TD	11	0	0	0	0	0	0	0	0
Storage Facility Exp	5	175	60	24	3	20	11	7	49
TD Lines Exp	7	0	0	0	0	0	0	0	0
TD Lines Exp	7	71,645	26,287	10,668	1,383	8,898	5,080	2,551	16,779
Meter Expense	9	1,569	576	234	30	195	111	56	367
Meter Expense	9	23,734	17,855	2,962	316	2,492	109	0	0
Customer Install Exp	10	63	47	8	1	7	0	0	0
Customer Install Exp	10	2,186	1,796	212	7	66	2	102	0
Misc Exp Oper TD	11	0	0	0	0	0	0	0	0
		15,246	7,153	2,165	267	1,791	816	416	2,638

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Residential (4)	Commercial (5)	Industrial (6)	Public Authorities (7)	Sales for Resale (8)	Private (9)	Fire Protection Public (10)
Misc Exp Oper TD	11	42,680	20,025	6,061	747	5,015	2,283	1,165	7,384
Misc Exp Oper TD	11	15,542	7,292	2,207	272	1,826	832	424	2,689
Rents Oper TD	11	0	0	0	0	0	0	0	0
TOTAL T & D EXPENSE OPERATION		172,841	81,093	24,540	3,026	20,311	9,244	4,722	29,906
Super & Eng Maint TD	12	0	0	0	0	0	0	0	0
Struct & Improve Maint TD	12	0	0	0	0	0	0	0	0
Struct & Improve Maint TD	12	0	0	0	0	0	0	0	0
Dist Res Stand Maint TD	5	0	0	0	0	0	0	0	0
TD Main Maint TD	7	5,342	1,960	795	103	663	379	190	1,251
TD Main Maint TD	7	0	0	0	0	0	0	0	0
Fire Main Maint TD	8	0	0	0	0	0	0	0	0
Fire Main Maint TD	8	0	0	0	0	0	0	0	0
Services Maint TD	10	4,024	3,306	390	14	122	4	188	0
Services Maint TD	10	0	0	0	0	0	0	0	0
Meters Maint TD	9	5,872	4,417	733	78	617	27	0	0
Meters Maint TD	9	0	0	0	0	0	0	0	0
Hydrants Maint TD	8	8,433	0	0	0	0	0	0	8,433
Hydrants Maint TD	8	0	0	0	0	0	0	0	0
Misc Plant Maint TD	12	0	0	0	0	0	0	0	0
Mat and Sup Maint TD	12	73,289	29,990	5,936	601	4,339	1,268	1,173	29,983
Misc Maint TD	12	0	0	0	0	0	0	0	0
Amort Def Maint TD	5	71,403	24,534	9,854	1,228	8,218	4,598	3,035	19,936
TOTAL T & D EXPENSE - MAINTENANCE		168,363	64,207	17,709	2,024	13,959	6,276	4,586	59,603
TOTAL T & D EXPENSE		341,204	145,300	42,249	5,050	34,270	15,520	9,308	89,508
CUSTOMER ACCOUNTS									
Supervision CA	13	0	0	0	0	0	0	0	0
Meter Reading Exp CA	14	29,757	26,404	2,645	57	640	12	0	0
Meter Reading Exp CA	14	237	210	21	0	5	0	0	0
Meter Reading Exp CA	14	(22)	(20)	(2)	0	(0)	(0)	0	0
Cust Rec & Collection CA	13	2,518	2,209	221	5	53	1	28	0
Cust Rec & Collection CA	13	43,600	38,259	3,832	78	924	17	488	0
Uncollectible Accts	13	35,750	31,371	3,142	64	758	14	400	0
Misc Cust Accts Exp CA	13	4,165	3,655	366	7	88	2	47	0
Misc Cust Accts Exp CA	13	1,579	1,386	139	3	33	1	18	0
Misc Cust Accts Exp CA	13	9,594	8,418	843	17	203	4	107	0
Cust Serv & Info Exp CA	13	(1)	(1)	(0)	(0)	(0)	(0)	(0)	0
TOTAL CUSTOMER ACCOUNTING EXPENSE		127,176	111,891	11,209	232	2,705	51	1,089	0

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Residential (4)	Commercial (5)	Industrial (6)	Public Authorities (7)	Sales for Resale (8)	Private (9)	Fire Protection Public (10)
ADMINISTRATIVE AND GENERAL EXPENSES									
Salaries AG	15	39,043	20,849	5,333	617	3,975	1,979	656	5,634
Other Supplies & Exp AG	15	2,641	1,410	361	42	269	134	44	381
Other Supplies & Exp AG	15	19,372	10,345	2,646	306	1,972	982	325	2,795
Other Supplies & Exp AG	15	15,194	8,113	2,075	240	1,547	770	255	2,192
Mgmt Fees-Corporate/Shared Service Center	15	268,990	143,641	36,744	4,250	27,383	13,638	4,519	38,815
Mgmt Fees-Call Center	13	9,858	8,650	866	18	209	4	110	0
Mgmt Fees-Belleville Lab	2	12,407	6,059	2,540	365	2,119	1,283	6	35
Mgmt Fees- Financial ITS	15	93,744	50,059	12,805	1,481	9,543	4,753	1,575	13,527
Mgmt Fees- Customer Billings ITS	13	(3)	(3)	(0)	(0)	(0)	(0)	(0)	0
Mgmt Fees-Other ITS	15	1,216	649	166	19	124	62	20	175
Outside Services AG	15	8,550	4,566	1,168	135	870	433	144	1,234
Property Insurance	15	26	14	4	0	3	1	0	4
Ins Gen Liab Oper AG	15	0	0	0	0	0	0	0	0
Ins Work Comp AG	16	42,821	22,866	5,849	677	4,359	2,171	719	6,179
Ins Other Oper AG	15	9,989	5,364	1,378	161	1,044	500	166	1,375
Property Insurance	15	16,337	8,724	2,232	258	1,663	828	274	2,357
Injuries & Damages	15	1,105	590	151	17	112	56	19	159
Employee Pension & Benefits	16	91	49	13	1	9	5	2	13
Employee Pension & Benefits	16	92,364	49,599	12,746	1,487	9,652	4,627	1,533	12,718
Employee Pension & Benefits	16	31,083	16,692	4,289	500	3,248	1,557	516	4,280
Reg Commission Exp	15	10,347	5,557	1,428	167	1,081	518	172	1,425
Rents AG	15	4,263	2,276	582	67	434	216	72	615
Goodwill Advertising Exp	15	6,592	3,520	900	104	671	334	111	951
Misc Exp AG	15	2,286	1,221	312	36	233	116	38	330
Research & Development	15	26,543	14,174	3,626	419	2,702	1,346	446	3,830
TOTAL A & G OPERATIONS		714,657	384,984	98,216	11,369	73,223	36,315	11,723	99,027
General Plant Maint AG	15	0	0	0	0	0	0	0	0
General Plant Maint AG	15	3,985	2,128	544	63	406	202	67	575
TOTAL A & G EXPENSE - MAINTENANCE		3,985	2,128	544	63	406	202	67	575
TOTAL A & G EXPENSE		718,642	387,112	98,760	11,432	73,628	36,517	11,790	99,602
Total Operation & Maintenance Expenses		1,369,864	732,600	189,755	22,249	141,922	71,368	22,290	189,680

MISSOURI-AMERICAN WATER COMPANY

WARRENSBURG DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Residential (4)	Commercial (5)	Industrial (6)	Public Authorities (7)	Sales for Resale (8)	Private (9)	Fire Protection Public (10)
DEPRECIATION EXPENSE									
Struct & Imp SS	2	837	409	171	25	143	87	0	2
Struct & Imp P	6	2,637	1,285	538	77	449	272	2	13
Struct & Imp WT	2	17,905	8,745	3,665	526	3,058	1,851	9	50
Struct & Imp TD	7	4,618	1,694	688	89	574	327	164	1,082
Struct & Imp Offices	15	3,516	1,878	480	56	358	178	59	507
Struct & Imp Store, Shop, Gar	15	0	0	0	0	0	0	0	0
Struct & Imp Misc	15	0	0	0	0	0	0	0	0
Collect & Impounding	1	0	0	0	0	0	0	0	0
Lake, River & Other Intakes	2	0	0	0	0	0	0	0	0
Wells & Springs	2	0	0	0	0	0	0	0	0
Supply Mains	2	16,181	7,903	3,312	476	2,764	1,673	8	45
Power Generation Equip Other	2	2,941	1,436	602	86	502	304	1	8
Pump Equip Electric	6	129	63	26	4	22	13	0	1
Pump Equip Diesel	6	5,515	2,687	1,126	162	940	569	4	28
Pump Equip Other	6	0	0	0	0	0	0	0	0
WT Equip Non-Media	6	148	72	30	4	25	15	0	1
Dist Reservoirs & Standpipe	2	73,013	35,660	14,946	2,147	12,471	7,550	37	204
Elevated Tanks & Standpipes	5	36,542	12,556	5,043	629	4,206	2,353	1,553	10,203
Ground Level Facilities	5	1,278	439	176	22	147	82	54	357
TD Mains Not Classified by	7	0	0	0	0	0	0	0	0
TD Mains 4 & Less	4	70,852	25,996	10,550	1,367	8,800	5,023	2,522	16,594
TD Mains 6 to 8"	4	1,242	429	172	21	144	80	52	343
TD Mains 10 to 16"	3	26,204	9,048	3,634	453	3,032	1,698	1,101	7,238
TD Mains 18 & Grtr	3	16,586	7,663	3,214	463	2,682	1,622	126	816
Fire Mains	8	0	0	0	0	0	0	0	0
Services	10	1,514	0	0	0	0	0	0	1,514
Meters Bronze Case	9	7,258	5,963	704	25	220	7	340	0
Meters Plastic Case	9	108	81	13	1	11	0	0	0
Meters Other	9	0	0	0	0	0	0	0	0
Meters Other-Rem Rdr Units	9	3,467	2,608	433	46	364	16	0	0
Meter Installations	9	0	0	0	0	0	0	0	0
Meter Installation Other	9	23,140	17,408	2,888	308	2,430	106	0	0
Hydrants	8	0	0	0	0	0	0	0	0
Utility Plant Acquisition Adjustment	17	7,426	0	0	0	0	0	0	7,426
Other P/E WT Res Hand Equip	2	0	0	0	0	0	0	0	0
Other P/E TD	7	0	0	0	0	0	0	0	0
Other P/E CPS	15	0	0	0	0	0	0	0	0
Office Furniture & Equip	15	2,941	1,570	402	46	299	149	0	0
Comp & Periph Equip	15	13,177	7,037	1,800	208	1,341	668	49	424
Computer Software	15	21,018	11,224	2,871	332	2,140	1,066	221	1,901
Comp Software Personal	15	285	152	39	5	29	14	353	3,033
Data Handling Equipment	15	0	0	0	0	0	0	5	41
Other Office Equipment	15	13	7	2	0	1	0	0	0
Trans Equip Lt Duty Trks	15	5,640	3,012	770	89	574	286	95	814
Trans Equip Hvy Duty Trks	15	0	0	0	0	0	0	0	0

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Residential (4)	Commercial (5)	Industrial (6)	Public Authorities (7)	Sales for Resale (8)	Private (9)	Fire Protection Public (10)
Trans Equip Autos	15	278	148	38	4	28	14	5	40
Trans Equip Other	15	0	0	0	0	0	0	0	0
Stores Equipment	15	0	0	0	0	0	0	0	0
Tools, Shop, Garage Equip	15	3,145	1,679	430	50	320	159	53	454
Tools, Shop, Garage Equip Oth	15	0	0	0	0	0	0	0	0
Laboratory Equipment	2	4,752	2,321	973	140	812	491	2	13
Laboratory Equip Other	2	0	0	0	0	0	0	0	0
Power Operated Equipment	15	1,418	757	194	22	144	72	24	205
Comm Equip Non-Telephone	15	714	381	98	11	73	36	12	103
Comm Equip Telephone	15	118	63	16	2	12	6	2	17
Misc Equipment	15	3,591	1,918	491	57	366	182	60	518
Other Tangible Property	15	2,105	1,124	288	33	214	107	35	304
Total Depreciation Expense		382,252	175,416	60,823	7,987	49,695	27,080	6,951	54,300
Amort-Other UP	18	485	228	75	10	60	33	9	70
Taxes Other Than Income									
Utility Reg Assessment Fee	19	16,161	8,014	2,400	299	1,879	989	291	2,288
Property Taxes	18	189,032	88,732	29,319	3,781	23,553	12,684	3,686	27,277
FUTA	16	467	251	64	8	49	23	8	64
FICA	16	19,245	10,334	2,656	310	2,011	964	319	2,650
SUTA	16	286	154	40	5	30	14	5	39
Other Taxes & Licenses	15	8,404	4,488	1,148	133	856	426	141	1,213
Gross Receipts Tax	19	0	0	0	0	0	0	0	0
Total Taxes, Other Than Income		233,595	111,972	35,626	4,534	28,378	15,101	4,450	33,532
Income Taxes									
Utility Income Available for Return	18	313,739	147,269	48,661	6,275	39,092	21,052	6,118	45,272
	18	1,016,378	477,088	157,640	20,328	126,641	68,199	19,819	146,663
Total Cost of Service		3,316,313	1,644,573	492,582	61,382	385,788	202,832	59,638	469,519
Less: Other Water Revenues	19	72,750	36,077	10,803	1,346	8,461	4,452	1,309	10,301
Revenue Contribution	19	0	0	0	0	0	0	0	0
Total Other Water Revenues		72,750	36,077	10,803	1,346	8,461	4,452	1,309	10,301
Total Cost of Service Related to Sales of Water		\$ 3,243,563	\$ 1,608,496	\$ 481,778	\$ 60,036	\$ 377,327	\$ 198,380	\$ 58,328	\$ 459,217
Reallocation of Public Fire	20	0	347,030	57,586	6,154	48,447	0	0	(459,217)
Total		\$ 3,243,563	\$ 1,955,526	\$ 539,364	\$ 66,189	\$ 425,775	\$ 198,380	\$ 58,328	\$ -

**MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT**

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS

FACTOR 1. ALLOCATION OF COSTS WHICH VARY WITH THE AMOUNT OF WATER CONSUMED.

Factors are based on the pro forma test year average daily consumption for each customer classification.

Customer Classification (1)	Average Daily Consumption, Thousand Gallons (2)	Allocation Factor (3)
Residential	1,069	0.4558
Commercial	493	0.2102
Industrial	83	0.0354
Other Public Authority	411	0.1753
Sales for Resale	276	0.1177
Private Fire Protection	2	0.0009
Public Fire Protection	11	0.0047
Total	<u>2,345</u>	<u>1.0000</u>

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the factors for average daily consumption (Factor 1) and the factors derived from maximum day extra capacity demand for each customer classification, as follows:

Customer Classification (1)	Average Daily Consumption		Maximum Day Extra Capacity		Allocation Factor (6)=(3)+(5)
	Allocation Factor 1 (2)	Weighted Factor (3)=(2)x 0.5882	Allocation Factor (4)	Weighted Factor (5)=(4)x 0.4118	
Residential	0.4558	0.2682	0.5345	0.2202	0.4884
Commercial	0.2102	0.1236	0.1970	0.0811	0.2047
Industrial	0.0354	0.0208	0.0210	0.0086	0.0294
Other Public Authority	0.1753	0.1031	0.1645	0.0677	0.1708
Sales for Resale	0.1177	0.0692	0.0830	0.0342	0.1034
Private Fire Protection	0.0009	0.0005			0.0005
Public Fire Protection	0.0047	0.0028			0.0028
Total	<u>1.0000</u>	<u>0.5882</u>	<u>1.0000</u>	<u>0.4118</u>	<u>1.0000</u>

The derivation of the maximum day extra capacity factors in column 4 and the basis for the column 3 and 5 weightings are presented on the following page.

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND
MAXIMUM DAY EXTRA CAPACITY FUNCTIONS, cont.

Customer Classification (1)	Average Daily Consumption, Thousand Gal. (2)	Maximum Day Extra Capacity		
		Factor*	Rate of Flow, Thousand Gal. Per Day (4)=(2)x(3)	Allocation Factor (5)
Residential	1,069	1.0	1,069	0.5345
Commercial	493	0.8	394	0.1970
Industrial	83	0.5	42	0.0210
Other Public Authority	411	0.8	329	0.1645
Sales for Resale	276	0.6	166	0.0830
Total	2,332		2,000	1.0000

The weighting of the factors is based on the maximum day ratio of 1.70, based on a review of maximum day ratios experienced during the period 1990 through 2002 (see Schedule D).

	Maximum Day Ratio	Weight
Average Day	1.00	0.5882
Maximum Day Extra Capacity	0.70	0.4118
Total	1.70	1.0000

* Ratio of maximum day to average day minus 1.0.

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY
AND FIRE PROTECTION FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Daily Consumption		Maximum Day Extra Capacity		Fire Protection		Allocation Factor
	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	
(1)	(2)	(3)=(2) X	(4)	(5)=(4) X	(6)	(7)=(6) X	(8)=(3)+(5)+(7)
		0.5566		0.3897		0.0537	
Residential	0.4558	0.2537	0.5345	0.2083			0.4620
Commercial	0.2102	0.1170	0.1970	0.0768			0.1938
Industrial	0.0354	0.0197	0.0210	0.0082			0.0279
Other Public Authority	0.1753	0.0976	0.1645	0.0641			0.1617
Sales for Resale	0.1177	0.0655	0.0830	0.0323			0.0978
Private Fire Protection	0.0009	0.0005			0.1319	0.0071	0.0076
Public Fire Protection	0.0047	0.0026			0.8681	0.0466	0.0492
Total	1.0000	0.5566	1.0000	0.3897	1.0000	0.0537	1.0000

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum day ratio of 1.70 and the average daily system sendout for 2005 of 2.488 MGD. The system demand for fire protection is 2,000 Gallons per minute for 2 hours.

	<u>Ratio</u>	<u>Rate of Flow, (GPD)</u>	<u>Weight</u>
Average Day	1.00	2,488,000	0.5566
Maximum Day Extra Capacity	<u>0.70</u>	<u>1,741,600</u>	<u>0.3897</u>
Subtotal	<u><u>1.70</u></u>	4,229,600	0.9463
Fire Protection		<u>240,000</u>	<u>0.0537</u>
Total		<u><u>4,469,600</u></u>	<u><u>1.0000</u></u>

The public and private fire protection allocation factors in column 6 on the previous page are based on the relative potential demands (see Schedule E).

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity			Fire Protection		Allocation Factor (9)=(4)+(6)+(8)
	Thousand Gallons (2)	Allocation Factor (3)	Weighted Factor (4)=(3) X 0.2734	Allocation Factor (5)	Weighted Factor (6)=(5) X 0.4101	Allocation Factor (7)	Weighted Factor (8)=(7) X 0.3165		
Residential	44.5	0.4556	0.1245	0.5384	0.2208				0.3453
Commercial	20.5	0.2098	0.0574	0.1983	0.0813				0.1387
Industrial	3.5	0.0358	0.0098	0.0183	0.0075				0.0173
Other Public Authority	17.1	0.1750	0.0478	0.1655	0.0679				0.1157
Sales for Resale	11.5	0.1177	0.0322	0.0795	0.0326				0.0648
Private Fire Protection	0.1	0.0010	0.0003			0.1319	0.0417		0.0420
Public Fire Protection	0.5	0.0051	0.0014			0.8681	0.2748		0.2762
Total	97.7	1.0000	0.2734	1.0000	0.4101	1.0000	0.3165		1.0000

The maximum hour extra capacity factors in column 5 are determined as follows:

**MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT**

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

**FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND
MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS, cont.**

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum hour ratio of 2.5 and the average daily system sendout for 2005 of 2.488 MGD. The system demand for fire protection is 2,000 gallons per minute.

	<u>Ratio</u>	<u>Rate of Flow, (GPM)</u>	<u>Weight</u>
Average Hour	1.00	1,728	0.2734
Maximum Hour Extra Capacity	<u>1.50</u>	<u>2,592</u>	<u>0.4101</u>
Subtotal	<u>2.50</u>	4,320	0.6835
Fire Protection		<u>2,000</u>	<u>0.3165</u>
Total		<u>6,320</u>	<u>1.0000</u>

The maximum hour extra capacity factors in column 5 of the previous page are determined as follows:

<u>Customer Classification</u>	<u>Average Hourly Consumption Thousand Gal.</u>	<u>Maximum Hour Extra Capacity</u>		
		<u>Factor*</u>	<u>1,000 Gallons Per Hour</u>	<u>Allocation Factor</u>
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	44.5	3.5	155.8	0.5384
Commercial	20.5	2.8	57.4	0.1983
Industrial	3.5	1.5	5.3	0.0183
Other Public Authority	17.1	2.8	47.9	0.1655
Sales for Resale	<u>11.5</u>	2.0	<u>23.0</u>	<u>0.0795</u>
Total	<u>97.1</u>		<u>289.4</u>	<u>1.0000</u>

* Ratio of Maximum Hour To Average Hour Minus 1.0.

The public and private fire protection allocation factors in column 7 on the previous page are based on the relative potential demands (see Schedule E).

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES.

Factors are based on the weighting of the average hourly consumption, the maximum hour extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification (1)	Average Hourly Consumption			Maximum Hour Extra Capacity			Fire Protection		
	Thousand Gallons (2)	Allocation Factor (3)	Weighted Factor (4)=(3) X 0.2720	Allocation Factor (5)	Weighted Factor (6)=(5) X 0.4080		Allocation Factor (7)	Weighted Factor (8)=(7) X 0.3200	Allocation Factor (9)=(4)+(6)+(8)
Residential	44.5	0.4556	0.1239	0.5384	0.2197				0.3436
Commercial	20.5	0.2098	0.0571	0.1983	0.0809				0.1380
Industrial	3.5	0.0358	0.0097	0.0183	0.0075				0.0172
Other Public Authority	17.1	0.1750	0.0476	0.1655	0.0675				0.1151
Sales for Resale	11.5	0.1177	0.0320	0.0795	0.0324				0.0644
Private Fire Protection	0.1	0.0010	0.0003				0.1319	0.0422	0.0425
Public Fire Protection	0.5	0.0051	0.0014				0.8681	0.2778	0.2792
Total	97.7	1.0000	0.2720	1.0000	0.4080		1.0000	0.3200	1.0000

The weighting of the factors is based on the ratio of the capacity required for a 2 hour demand of fire flow, as related to total storage capacity. The calculation is shown on the following page.

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES, cont.

The weighting of the factors is based on the ratio of the capacity required for a 2 hour demand of fire flow, as related to total storage capacity.

$$\text{Fire Protection Weight} = \frac{2,000 \text{ GPM} \times 60 \text{ Min.} \times 2 \text{ Hrs.}}{750,000 \text{ Gallons}} = 0.3200$$

$$\text{General Service Weight} \quad 1.0000 \quad - \quad 0.3200 \quad = \quad 0.6800$$

The weighting of the average hourly consumption and maximum hour extra demand for general service is based on the maximum hour ratio, as follows:

	<u>Maximum Hour Ratio</u>	<u>Percent</u>	<u>Weight</u>
Average Hour	1.00	40.00	0.2720
Extra Capacity Maximum Hour	<u>1.50</u>	<u>60.00</u>	<u>0.4080</u>
Total	<u><u>2.50</u></u>	<u><u>100.00</u></u>	<u><u>0.6800</u></u>

**MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT**

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH POWER AND PUMPING FACILITIES.

Factors are based on the weighting of the maximum daily consumption, Factor 2, the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

Customer Classification	Maximum Daily Consumption		Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		Allocation Factor
	Allocation Factor 2	Weighted Factor	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	
(1)	(2)	(3)=(2)X 0.9921	(4)	(5)=(4)X 0.0000	(6)	(7)=(6)X 0.0079	(8)=(3)+ (5)+(7)
Residential	0.4884	0.4844	0.4620	0.0000	0.3453	0.0028	0.4872
Commercial	0.2047	0.2031	0.1938	0.0000	0.1387	0.0011	0.2042
Industrial	0.0294	0.0292	0.0279	0.0000	0.0173	0.0001	0.0293
Other Public Authority	0.1708	0.1695	0.1617	0.0000	0.1157	0.0009	0.1704
Sales for Resale	0.1034	0.1026	0.0978	0.0000	0.0648	0.0005	0.1031
Private Fire Protection	0.0005	0.0005	0.0076	0.0000	0.0420	0.0003	0.0008
Public Fire Protection	0.0028	0.0028	0.0492	0.0000	0.2762	0.0022	0.0050
Total	<u>1.0000</u>	<u>0.9921</u>	<u>1.0000</u>	<u>0.0000</u>	<u>1.0000</u>	<u>0.0079</u>	<u>1.0000</u>

The weighting of the factors is based on the horsepower of pumps associated with maximum day facilities, maximum day and fire facilities, and maximum hour facilities, as follows:

	<u>Horsepower of Pumps</u>	<u>Weight</u>
Associated with Maximum Day	1,010	0.9921
Associated with Maximum Day and Fire	0	0.0000
Associated with Maximum Hour	<u>8</u>	<u>0.0079</u>
Total	<u>1,018</u>	<u>1.0000</u>

**MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT**

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 7. ALLOCATION OF COSTS ASSOCIATED WITH TRANSMISSION AND DISTRIBUTION MAINS.

Factors are based on the weighting of the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

Customer Classification	Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		Allocation Factor
	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	
(1)	(2)	(3)=(2)X 0.1851	(4)	(5)=(4)X 0.8149	(6)=(3)+(5)
Residential	0.4620	0.0855	0.3453	0.2814	0.3669
Commercial	0.1938	0.0359	0.1387	0.1130	0.1489
Industrial	0.0279	0.0052	0.0173	0.0141	0.0193
Other Public Authority	0.1617	0.0299	0.1157	0.0943	0.1242
Sales for Resale	0.0978	0.0181	0.0648	0.0528	0.0709
Private Fire Protection	0.0076	0.0014	0.0420	0.0342	0.0356
Public Fire Protection	0.0492	0.0091	0.2762	0.2251	0.2342
Total	1.0000	0.1851	1.0000	0.8149	1.0000

The weighting of the factors is based on the total footage of mains, designated as either transmission mains or distribution mains, as follows:

	Total Footage of Mains	Weight
Transmission Mains	102,638	0.1851
Distribution Mains	451,735	0.8149
Total	554,373	1.0000

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 8. ALLOCATION OF COSTS ASSOCIATED WITH FIRE HYDRANTS.

Costs are assigned directly to Public Fire Protection.

Customer Classification <u> </u> (1)	Allocation Factor <u> </u> (3)
Public Fire Protection	<u>1.0000</u>
Total	<u><u>1.0000</u></u>

FACTOR 9. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

Factors are based on the relative cost of meters by size and customer classification, as developed on the following page and summarized below.

Customer Classification <u> </u> (1)	5/8" Dollar Equivalents <u> </u> (2)	Allocation Factor <u> </u> (3)
Residential	6,221	0.7523
Commercial	1,032	0.1248
Industrial	110	0.0133
Other Public Authority	868	0.1050
Sales for Resale	38	0.0046
Private Fire	<u>0</u>	<u>0.0000</u>
Total	<u><u>8,269</u></u>	<u><u>1.0000</u></u>

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS

Meter Size (1)	5/8" Dollar Equivalent (2)	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Total	
		Number of Meters (3)	Weighting (4)=(2)X(3)	Number of Meters (5)	Weighting (6)=(2)X(5)	Number of Meters (7)	Weighting (8)=(2)X(7)	Number of Meters (9)	Weighting (10)=(2)X(9)	Number of Meters (11)	Weighting (12)=(2)X(11)	Number of Meters (13)	Weighting (14)
5/8	1.0	6,172	6,172	429	429	1	1	83	83	0	0	6,685	6,685
3/4	1.3	0	0	7	9	0	0	2	3	0	0	9	12
1	1.7	21	36	80	136	3	5	6	10	0	0	110	187
1-1/2	3.5	0	0	29	102	1	4	5	18	0	0	35	124
2	4.3	3	13	74	318	5	22	34	146	2	9	118	508
3	19.0	0	0	2	38	1	19	6	114	0	0	9	171
4	29.3	0	0	0	0	2	59	13	381	1	29	16	469
6	48.4	0	0	0	0	0	0	0	0	0	0	0	0
8	112.9	0	0	0	0	0	0	1	113	0	0	1	113
Total		6,196	6,221	621	1,032	13	110	150	868	3	38	6,983	8,269

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 10. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

Factors are based on the relative cost of services by size and customer classification, as developed on the following page and summarized below.

Customer Classification	3/4" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	6,203	0.8216
Commercial	732	0.0970
Industrial	26	0.0034
Other Public Authority	229	0.0303
Sales for Resale	7	0.0009
Private Fire Protection	353	0.0468
Total	7,550	1.0000

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

BASIS FOR ALLOCATING SERVICE COSTS TO CUSTOMER CLASSIFICATIONS

Service Size (1)	3/4" Dollar Equivalent (2)	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Private Fire Protection		1
		Number of Services (3)	Weighting (4)=(2)X(3)	Number of Services (5)	Weighting (6)=(2)X(5)	Number of Services (7)	Weighting (8)=(2)X(7)	Number of Services (9)	Weighting (10)=(2)X(9)	Number of Services (11)	Weighting (12)=(2)X(11)	Number of Services (13)	Weighting (14)=(2)X(13)	Number of Services (15)
3/4	1.00	6,172	6,172	436	436	1	1	85	85	0	0	0	0	6,694
1	1.17	21	25	80	94	3	4	6	7	0	0	0	0	110
1-1/2	1.58	0	0	29	46	1	2	5	8	0	0	0	0	35
2	2.04	3	6	74	151	5	10	34	69	2	4	3	6	121
3	2.73	0	0	2	5	1	3	6	16	0	0	1	3	10
4	2.88	0	0	0	0	2	6	13	37	1	3	18	52	34
6	4.24	0	0	0	0	0	0	0	0	0	0	33	140	33
8	6.98	0	0	0	0	0	0	1	7	0	0	19	133	20
10	9.50	0	0	0	0	0	0	0	0	0	0	2	19	2
12	12.16	0	0	0	0	0	0	0	0	0	0	0	0	0
Total		6,196	6,203	621	732	13	26	150	229	3	7	76	353	7,059

**MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT**

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

**FACTOR 11. ALLOCATION OF TRANSMISSION AND DISTRIBUTION OPERATION SUPERVISION
AND ENGINEERING AND MISCELLANEOUS EXPENSES.**

Factors are based on transmission and distribution operation expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Operating Expenses	Allocation Factor
(1)	(2)	(3)
Residential	\$ 46,621	0.4692
Commercial	14,108	0.1420
Industrial	1,740	0.0175
Other Public Authority	11,678	0.1175
Sales for Resale	5,314	0.0535
Private Fire Protection	2,716	0.0273
Public Fire Protection	17,196	0.1730
Total	99,373	1.0000

**FACTOR 12. ALLOCATION OF TRANSMISSION AND DISTRIBUTION MAINTENANCE SUPERVISION
AND ENGINEERING, STRUCTURES AND IMPROVEMENTS, AND OTHER EXPENSES.**

Factors are based on transmission and distribution maintenance expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	\$ 9,683	0.4092
Commercial	1,919	0.0810
Industrial	195	0.0082
Other Public Authority	1,402	0.0592
Sales for Resale	409	0.0173
Private Fire Protection	379	0.0160
Public Fire Protection	9,684	0.4091
Total	\$23,671	1.0000

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 13. ALLOCATION OF BILLING AND COLLECTING COSTS.

Factors are based on the total number of customers.

Customer Classification	Total Customers	Allocation Factor
(1)	(2)	(3)
Residential	6,196	0.8775
Commercial	621	0.0879
Industrial	13	0.0018
Other Public Authority	150	0.0212
Sales for Resale	3	0.0004
Private Fire Protection	79	0.0112
Public Fire Protection	0	0.0000
Total	<u>7,062</u>	<u>1.0000</u>

FACTOR 14. ALLOCATION OF METER READING COSTS.

Factors are based on the number of metered customers.

Customer Classification	Total Metered Customers	Allocation Factor
(1)	(2)	(3)
Residential	6,196	0.8873
Commercial	621	0.0889
Industrial	13	0.0019
Other Public Authority	150	0.0215
Sales for Resale	3	0.0004
Total	<u>6,983</u>	<u>1.0000</u>

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 15. ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES AND CASH
WORKING CAPITAL.

Factors are based on the allocation of all other operation and maintenance expenses excluding purchased water, power, chemicals and waste disposal.

Customer Classification <u>(1)</u>	Operation & Maintenance Expenses <u>(2)</u>	Allocation Factor <u>(3)</u>
Residential	\$332,879	0.5340
Commercial	85,180	0.1366
Industrial	9,838	0.0158
Other Public Authority	63,444	0.1018
Sales for Resale	31,595	0.0507
Private Fire Protection	10,475	0.0168
Public Fire Protection	<u>89,948</u>	<u>0.1443</u>
Total	<u><u>\$623,358</u></u>	<u><u>1.0000</u></u>

**MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT**

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 16. ALLOCATION OF LABOR RELATED TAXES AND BENEFITS.

Factors are based on the allocation of direct labor expense.

Customer Classification (1)	Direct Labor Expense (2)	Allocation Factor (3)
Residential	\$136,094	0.5370
Commercial	34,958	0.1380
Industrial	4,069	0.0161
Other Public Authority	26,470	0.1045
Sales for Resale	12,686	0.0501
Private Fire Protection	4,206	0.0166
Public Fire Protection	34,897	0.1377
Total	<u>\$253,380</u>	<u>1.0000</u>

FACTOR 17. ALLOCATION OF ORGANIZATION, FRANCHISES AND CONSENTS,
MISCELLANEOUS INTANGIBLE PLANT AND OTHER RATE BASE ELEMENTS.

Factors are based on the allocation of the original cost less depreciation other than those items being allocated, as follows:

Customer Classification (1)	Original Cost Less Depreciation (2)	Allocation Factor (3)
Residential	\$6,629,894	0.4687
Commercial	2,197,286	0.1553
Industrial	283,669	0.0201
Other Public Authority	1,767,046	0.1249
Sales for Resale	952,131	0.0673
Private Fire Protection	275,943	0.0195
Public Fire Protection	2,040,385	0.1442
Total	<u>\$14,146,354</u>	<u>1.0000</u>

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 18. ALLOCATION OF INCOME TAXES AND INCOME AVAILABLE FOR RETURN.

Factors are based on the allocation of the original cost measure of value rate base as shown on the following pages and summarized below.

Customer Classification	Original Cost Measure of Value	Allocation Factor
(1)	(2)	(3)
Residential	\$5,600,870	0.4694
Commercial	1,849,788	0.1551
Industrial	238,375	0.0200
Other Public Authority	1,486,066	0.1246
Sales for Resale	800,335	0.0671
Private Fire Protection	232,304	0.0195
Public Fire Protection	1,721,583	0.1443
Total	<u>\$11,929,321</u>	<u>1.0000</u>

FACTOR 19. ALLOCATION OF REGULATORY COMMISSION EXPENSES, ASSESSMENTS AND OTHER WATER REVENUES.

The factors are based on the allocation of the total cost of service, excluding those items being allocated.

Customer Classification	Total Cost of Service	Allocation Factor
(1)	(2)	(3)
Residential	\$1,635,547	0.4958
Commercial	490,130	0.1486
Industrial	61,092	0.0185
Other Public Authority	383,917	0.1164
Sales for Resale	201,895	0.0612
Private Fire Protection	59,276	0.0180
Public Fire Protection	466,622	0.1415
Total	<u>\$3,298,479</u>	<u>1.0000</u>

MISSOURI-AMERICAN WATER COMPANY

WARRENSBURG DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Residential (4)	Commercial (5)	Industrial (6)	Public Authorities (7)	Sales for Resale (8)	Private (9)	Fire Protection Public (10)
RATE BASE									
Organization	17	\$	\$	\$	\$	\$	\$	\$	\$
Franchises	17	2,677	1,255	416	54	334	180	52	386
Land & Ld Rights SS	17	5,083	2,382	789	102	635	342	99	733
Land & Ld Rights P	2	9,981	4,875	2,043	293	1,705	1,032	5	28
Land & Ld Rights WT	6	0	0	0	0	0	0	0	0
Land & Ld Rights TD	2	511	250	105	15	87	53	0	1
Land & Land Rights AG	7	142,406	52,249	21,204	2,748	17,687	10,097	5,070	33,351
Struct & Imp SS	15	2,222	1,187	304	35	226	113	37	321
Struct & Imp P	2	32,121	15,688	6,575	944	5,486	3,321	16	90
Struct & Imp Pumps (STL)	6	51,707	25,192	10,559	1,515	8,811	5,331	41	259
Struct & Imp Pump Boosters	6	0	0	0	0	0	0	0	0
Struct & Imp WT	6	0	0	0	0	0	0	0	0
Struct & Imp WT Nth Pit (ST)	2	860,742	420,387	176,194	25,306	147,015	89,001	430	2,410
Struct & Imp WT Ctrl Pit 1	2	0	0	0	0	0	0	0	0
Struct & Imp WT Ctrl Pit 3	2	0	0	0	0	0	0	0	0
Struct & Imp WT Sth Pit (ST)	2	0	0	0	0	0	0	0	0
Struct & Imp WT Meramec (ST)	2	0	0	0	0	0	0	0	0
Struct & Imp TD	7	192,706	70,704	28,694	3,719	23,934	13,663	6,860	45,132
Struct & Imp TD Spec Cross	7	0	0	0	0	0	0	0	0
Struct & Imp Offices	15	86,562	46,224	11,824	1,368	8,812	4,389	1,454	12,491
Struct & Imp Leasehold	15	0	0	0	0	0	0	0	0
Struct & Imp Leasehold	15	0	0	0	0	0	0	0	0
Struct & Imp Store, Shop, Gar	15	0	0	0	0	0	0	0	0
Struct & Imp Misc	15	0	0	0	0	0	0	0	0
Collect & Impounding	1	0	0	0	0	0	0	0	0
Lake, River & Other Intakes	2	0	0	0	0	0	0	0	0
Wells & Springs	2	0	0	0	0	0	0	0	0
Supply Mains	2	699,390	341,582	143,165	20,562	119,456	72,317	350	1,958
Supply Mains Nth Pit (STL)	2	132,810	64,864	27,186	3,905	22,684	13,733	66	372
Supply Mains Ctrl Pit (STL)	2	0	0	0	0	0	0	0	0
Supply Mains Sth Pit (STL)	2	0	0	0	0	0	0	0	0
Supply Mains Meramec Pit (S)	2	0	0	0	0	0	0	0	0
Power Generation Equip Other	6	4,721	2,300	964	138	804	487	4	24
Boiler Plant Equipment P	6	0	0	0	0	0	0	0	0
Pump Equip Steam	6	0	0	0	0	0	0	0	0
Pump Equip Electric	6	419,311	204,288	85,623	12,286	71,451	43,231	335	2,097
Pump Equip Elec Pre46 (STL)	6	0	0	0	0	0	0	0	0
Pump Equip Elec Post46 (STL)	6	0	0	0	0	0	0	0	0
Pump Equip Elec Boosters Po	6	0	0	0	0	0	0	0	0
Pump Equip Diesel	6	0	0	0	0	0	0	0	0
Pump Equip Diesel Stratman	6	0	0	0	0	0	0	0	0
Pump Equip Diesel Ctrl Pit	6	0	0	0	0	0	0	0	0
Pump Equip Hydraulic	6	0	0	0	0	0	0	0	0
Pump Equip Other	6	7,014	3,417	1,432	206	1,195	723	6	35
WT Equip Non-Media	2	2,721,298	1,329,082	557,050	80,006	464,798	281,382	1,361	7,620

MISSOURI-AMERICAN WATER COMPANY

WARRENSBURG DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Residential (4)	Commercial (5)	Industrial (6)	Public Authorities (7)	Sales for Resale (8)	Fire Protection Private (9)	Public (10)
WT Equip Non-Med North (STL)	2	0	0	0	0	0	0	0	0
WT Equip Non Media Ctrl 1 &	2	0	0	0	0	0	0	0	0
WT Equip Non Media Ctrl 3 (	2	0	0	0	0	0	0	0	0
WT Equip Non Media Sth (STL)	2	0	0	0	0	0	0	0	0
WT Equip Non Media Mer (STL)	2	0	0	0	0	0	0	0	0
WT Equip Filter Media	2	(2,411)	(1,178)	(494)	(71)	(412)	(249)	(1)	(7)
Dist Reservoirs & Standpipe	5	1,489,523	511,800	205,554	25,620	171,444	95,925	63,305	415,875
Elevated Tanks & Standpipes	5	52,446	18,020	7,238	902	6,037	3,378	2,229	14,643
Ground Level Facilities	5	0	0	0	0	0	0	0	0
TD Mains Not Classified by	7	2,328,787	854,432	346,756	44,946	289,235	165,111	82,905	545,402
TD Mains 4 & Less "	4	48,056	16,594	6,665	831	5,560	3,114	2,018	13,273
TD Mains 6 to 8 "	4	1,020,151	352,258	141,495	17,649	118,032	66,106	42,846	281,766
TD Mains 10 to 16 "	3	643,275	297,193	124,667	17,947	104,018	62,912	4,889	31,649
TD Mains 18 & Grtr "	3	0	0	0	0	0	0	0	0
TD Mains AC 4 (STL) "	4	0	0	0	0	0	0	0	0
TD Mains CI <10 1900-28 (S"	4	0	0	0	0	0	0	0	0
TD Mains CI <10 1929-56 (S"	4	0	0	0	0	0	0	0	0
TD Mains CI <10 1957-93 (S"	4	0	0	0	0	0	0	0	0
TD Mains CI 12 (STL) "	3	0	0	0	0	0	0	0	0
TD Mains CI 16 (STL) "	3	0	0	0	0	0	0	0	0
TD Mains DI 6-8 (STL) "	4	0	0	0	0	0	0	0	0
TD Mains DI 12 (STL) "	3	0	0	0	0	0	0	0	0
TD Mains DI 16 & >(STL) "	3	0	0	0	0	0	0	0	0
TD Mains Galve 1 (STL) "	4	0	0	0	0	0	0	0	0
TD Mains LJ 20 (STL) "	3	0	0	0	0	0	0	0	0
Fire Mains	8	92,990	0	0	0	0	0	0	92,990
Services	10	1,276,980	1,049,167	123,867	4,342	38,693	1,149	59,763	0
Meters Bronze Case	9	433,397	326,044	54,088	5,764	45,507	1,994	0	0
Meters Plastic Case	9	0	0	0	0	0	0	0	0
Meters Other	9	(33,428)	(25,148)	(4,172)	(445)	(3,510)	(154)	0	0
Meters Other-Rem Rdr Units	9	0	0	0	0	0	0	0	0
Meter Installations	9	750,873	564,882	93,709	9,987	78,842	3,454	0	0
Meter Installation Other	9	0	0	0	0	0	0	0	0
Hydrants	8	521,893	0	0	0	0	0	0	521,893
Other P/E Intangible	15	0	0	0	0	0	0	0	0
Other P/E WT Res Hand Equip	2	0	0	0	0	0	0	0	0
Other P/E TD	7	0	0	0	0	0	0	0	0
Other P/E CPS	15	(14,583)	(7,787)	(1,992)	(230)	(1,485)	(739)	(245)	(2,104)
Office Furniture & Equip	15	73,576	39,290	10,050	1,163	7,490	3,730	1,236	10,617
Comp & Periph Equip	15	44,432	23,727	6,069	702	4,523	2,253	746	6,411
Computer Software	15	(106,092)	(56,653)	(14,492)	(1,676)	(10,800)	(5,379)	(1,782)	(15,309)
Comp Software Personal	15	81	43	11	1	8	4	1	12
Data Handling Equipment	15	0	0	0	0	0	0	0	0
Other Office Equipment	15	(397)	(212)	(54)	(6)	(40)	(20)	(7)	(57)
Trans Equip Lt Duty Trks	15	46,372	24,763	6,334	733	4,721	2,351	779	6,691
Trans Equip Hvy Duty Trks	15	0	0	0	0	0	0	0	0

MISSOURI-AMERICAN WATER COMPANY

WARRENSBURG DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Residential (4)	Commercial (5)	Industrial (6)	Public Authorities (7)	Sales for Resale (8)	Private (9)	Fire Protection Public (10)
Trans Equip Autos	15	(6,899)	(3,684)	(942)	(109)	(702)	(350)	(116)	(996)
Trans Equip Other	15	(34,338)	(18,336)	(4,691)	(543)	(3,496)	(1,741)	(577)	(4,955)
Stores Equipment	15	0	0	0	0	0	0	0	0
Tools, Shop, Garage Equip	15	68,203	36,421	9,317	1,078	6,943	3,458	1,146	9,842
Tools, Shop, Garage Equip Oth	15	0	0	0	0	0	0	0	0
Laboratory Equipment	2	45,376	22,162	9,288	1,334	7,750	4,692	23	127
Laboratory Equip Other	2	0	0	0	0	0	0	0	0
Power Operated Equipment	15	12,932	6,906	1,767	204	1,316	656	217	1,866
Comm Equip Non-Telephone	15	8,733	4,663	1,193	138	889	443	147	1,260
Comm Equip Telephone	15	(3,336)	(1,781)	(456)	(53)	(340)	(169)	(56)	(481)
Misc Equipment	15	26,259	14,022	3,587	415	2,673	1,331	441	3,789
Other Tangible Property	17	5,094	2,388	791	102	636	343	99	735
Total Utility Plant in Service		14,159,208	6,635,919	2,199,282	283,927	1,768,652	952,996	276,194	2,042,239
Other Rate Base Items									
Add:									
Other Utility Plant Adjustments	17	0	0	0	0	0	0	0	0
Cash Working Capital	15	257,000	137,238	35,106	4,061	26,163	13,030	4,318	37,085
Materials and Supplies	15	26,609	14,209	3,635	420	2,709	1,349	447	3,840
Prepayments	15	10,174	5,433	1,390	161	1,036	516	171	1,468
OP&B's Contributed to External Fund	16	62,129	33,363	8,574	1,000	6,492	3,113	1,031	8,555
Premature Retirement	17	0	0	0	0	0	0	0	0
Regulatory Deferrals	17	46,364	21,731	7,200	932	5,791	3,120	904	6,686
Less:									
Accumulated Deferred ITC (3%)	17	0	0	0	0	0	0	0	0
Deferred Income Taxes	17	(2,437,020)	(1,142,231)	(378,469)	(48,984)	(304,384)	(164,011)	(47,522)	(351,418)
Pensions	16	(195,143)	(104,792)	(26,930)	(3,142)	(20,392)	(9,777)	(3,239)	(26,871)
Total Other Rate Base Elements		(2,229,887)	(1,035,049)	(349,494)	(45,552)	(282,586)	(152,660)	(43,890)	(320,656)
Total Original Cost Measure of Value		\$ 11,929,321	\$ 5,600,870	\$ 1,849,788	\$ 238,375	\$ 1,486,066	\$ 800,335	\$ 232,304	\$ 1,721,583

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

SUMMARY OF AVERAGE DAILY SEND OUT AND MAXIMUM DAILY USAGE
FOR THE YEARS 1990-2005

Year	Average Daily Send out (MGD)	Maximum Daily Use		
		MGD	Ratio to Average	Highest Use Day
(1)	(2)	(3)	(4)	(5)
1990	2.048	3.225	1.57	8/28/1990
1991	2.120	3.397	1.60	8/27/1991
1992	2.225	3.348	1.50	7/1/1992
1993	2.408	3.933	1.63	8/26/1993
1994	2.287	3.636	1.59	6/20/1994
1995	2.318	3.631	1.57	8/30/1995
1996	2.287	3.421	1.50	7/18/1996
1997	2.241	3.863	1.72	7/24/1997
1998	2.393	3.792	1.58	7/21/1998
1999	2.427	3.893	1.60	7/29/1999
2000	2.472	4.075	1.65	8/29/2000
2001	2.403	3.647	1.52	8/21/2001
2002	2.548	3.769	1.48	9/8/2002
2003	2.404	4.189	1.74	8/26/2003
2004	2.262	3.162	1.40	6/8/2004
2005	2.488	4.011	1.61	8/2/2005

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

BASIS FOR ALLOCATING DEMAND RELATED COSTS OF FIRE SERVICE
TO PRIVATE AND PUBLIC FIRE PROTECTION CUSTOMER CLASSIFICATIONS

Description (1)	Restrictive Diameters Squared (2)	Quantity (3)	Relative Demand (4)=(2)x(3)	Allocation Factor (5)
<u>PRIVATE FIRE PROTECTION</u>				
<u>Fire Lines</u>				
2 -inch	4.00	3	12	
3 -inch	9.00	0	0	
4 -inch	16.00	18	288	
6 -inch	36.00	33	1,188	
8 -inch	64.00	19	1,216	
10 -inch	100.00	2	200	
12 -inch	144.00	0	0	
Private Hydrants	32.75	4	131	
Total Private Fire Protection		79	3,035	0.1319
<u>PUBLIC FIRE PROTECTION</u>				
<u>Hydrant</u>	<u>Nozzle Sizes</u>			
6" Valve	2- 2-1/2" & 1- 4.5"	58	1,900	
6" Valve	2- 2-1/2" & 1- 4"	634	18,069	
Total Public Fire Protection		692	19,969	0.8681
Total Fire Protection		771	23,004	1.0000

Chapter 8

Distributing Costs to Customer Classes

The preceding chapters of this manual have dealt with how utilities determine revenue requirements and allocate both operating- and capital-related costs to the functional components of cost of service. This chapter presents the third element in the rate-making process: how utilities distribute component costs to customer classes.

The ideal solution to developing rates for water utility customers is to assign cost responsibility to each individual customer served and to develop rates to derive that cost. Unfortunately, it is neither economically practical nor often possible to determine the cost responsibility and applicable rates for each individual customer served. However, the cost of providing service can reasonably be determined for groups or classes of customers that have similar water-use characteristics and for special customers having unusual water-use or service requirements. Rate making attempts to assign costs to classes of customers in such a manner that rates can be designed that are nondiscriminatory and closely meet the cost of providing service to such customer classes.

CUSTOMER CLASSES

In establishing customer classes, water utilities consider service characteristics, demand patterns, and whether service is provided both inside and outside the city (jurisdiction) limits. Service characteristic differences may be illustrated by recognizing that customers using treated water require facilities that raw-water customers do not need. Similarly, large-volume industrial customers, wholesale customers, and other large users tend to be served directly from major treated water transmission mains, whereas smaller users are served by both large and small mains. Utilities must sometimes consider this factor when establishing customer classes and their costs of service.

Demand patterns of various customers differ, depending on their peak-day and peak-hour rates of demand relative to average demands. For example, the residential

customer class, placing summertime lawn irrigation loads on the system, typically has a much higher peak-demand requirement, relative to the average demand, than does a petroleum refinery, which may require water on a relatively uniform basis throughout the year.

The classification of water customers as either inside or outside the city limits is related to each major group's responsibility for overall costs. As explained in a later section of this manual, this classification is critical to government-owned utilities and, in some instances, may have a bearing on investor-owned utilities.

Utilities may need to recognize certain customer classifications from an accounting standpoint because of legal requirements or customs; such requirements can be accommodated in rate studies. However, general service characteristics, demand patterns, and location with regard to city limits are generally the principal considerations in customer classification.

General Classes

Most water utilities typically have three principal customer classes: (1) residential, (2) commercial, and (3) industrial. Utilities define these general customer classes differently, but, in very broad terms, the following definitions are common:

Residential: One- and two-family dwellings, usually physically separate.

Commercial: Multifamily apartment buildings and nonresidential, nonindustrial business enterprises.

Industrial: Manufacturing and processing establishments.

Some utilities may break down these general classes into more specific groups. For example, the commercial customer group may be separated into multifamily customers and commercial customers. Similarly, the industrial customer group may be subdivided into small industry, large industry, and special, the latter typified by a petroleum refinery.

Many systems, particularly larger ones, have customers with individual water-use characteristics, service requirements, or other factors that differentiate them from other customers with regard to cost responsibility. These customers should have a separate class designation. Such classes may include large hospitals, universities, military establishments, and other such categories.

Special Classes

In addition to the general classes of service previously described, water utilities often provide service to certain special classes of customers. Three such classes are wholesale service, fire-protection service, and lawn irrigation.

Wholesale service. Wholesale service is usually defined as a situation in which water is sold to a customer through a master meter at one or more major points of delivery for resale to individual retail customers within the wholesale customer's service area. Treated-water service is provided in most cases, but occasionally raw water is provided to wholesale customers. Usually, the wholesale customer is a separate municipality or water district adjacent to the supplying utility, but it may be in an area within the jurisdiction of the supplying utility. A more detailed discussion of wholesale service considerations is provided in chapter 31 of this manual.

Fire-protection service. Fire-protection service has characteristics that are markedly different from other types of water service. The service provided is principally of a standby nature—that is, readiness to deliver relatively large

quantities of water for short periods of time at any of a large number of points in the water distribution system while the total annual quantity of water delivered is relatively small.

There are two principal approaches to determining fire-protection service costs that differ widely in both theory and application. One approach proposes that the costs of fire-protection service, in addition to those of the direct cost related to the hydrants themselves, be determined on the basis of the potential demand for water for fire-fighting purposes in relation to the total of all potential demands for water. A second approach proposes that fire-protection service costs be allocated as an incremental cost to the costs of general water service. This second approach is based on the premise that the prime function of the water utility is to supply general water service and that fire-protection service is a supplementary service. Each approach has advocates among water utility professionals. For the purposes of illustration in this manual, the first approach is used.

Costs allocated to fire-protection service as a class can be subdivided to those related to public fire-protection service and private fire-protection service. The reader should refer to chapter 30 of this manual for further discussion of fire-protection rates and charges.

Lawn irrigation. Residential lawn irrigation is characterized by the relatively high demands it places on the water system, usually during the late afternoon and early evening hours. Throughout most of the United States, lawn irrigation is very seasonal in nature; it is most pronounced during the summer months and virtually nonexistent during the winter months.

In most instances, lawn irrigation service is not separate from other service; therefore, the high-peaking characteristics of lawn irrigation need to be recognized as a part of residential-class water use characteristics. However, a separate class designation is warranted when separate metering for lawn irrigation is provided, as is often the case for automatic lawn sprinkling systems, parks, and golf courses, and where such loads are significant in the system.

Service Outside City Limits

Many government-owned utilities recognize in their rate structures the differences in costs of serving water users located outside the corporate limits of the supplying city or jurisdiction compared with those located within the corporate limits. A government-owned utility may be considered to be the property of the citizens within the city. Customers within the city are owner customers, who must bear the risks and responsibilities of utility ownership. Outside-city customers are non-owner customers and, as such, bear a different responsibility for costs than do owner customers.

The costs to be borne by outside-city (non-owner) customers are similar to those attributed to the customers (non-owners) of an investor-owned utility. Such costs include O&M expense, depreciation expense, and an appropriate return on the value of property devoted to serving the outside-city customers.

Sometimes, those who design or review water rates do not fully understand how the cash-needs approach to measuring total revenue requirements relates to the utility basis of cost allocation with regard to government-owned water systems, and why both elements are used in many rate studies.

A government-owned utility, in most cases where not regulated by a state public utility commission, determines its total revenue requirements, or costs of service, on a cash-needs basis. That is, it must develop sufficient revenue to meet cash needs for O&M expense, debt-service requirements, capital expenditures not debt-financed, and possibly other cash requirements as described in chapters 1 through 6 of this

