Exhibit No.:	
Issues:	Vehicle Leases, Franchise Tax
Witness:	Peter J. Thakadiyil
Exhibit Type:	Rebuttal
Sponsoring Party:	Missouri-American Water Company
Case No.:	WR-2007-0216, SR-2007-0217
Date:	July 13, 2007

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. WR-2007-0216
SR-2007-0217

REBUTTAL TESTIMONY

OF

PETER J. THAKADIYIL

ON BEHALF OF

MISSOURI-AMERICAN WATER COMPANY

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

IN THE MATTER OF MISSOURI-AMERICAN WATER COMPANY FOR AUTHORITY TO FILE TARIFFS REFLECTING INCREASED RATES FOR WATER AND SEWER SERVICE	)))))	**CASE NO. WR-2007-0216** **CASE NO. SR-2007-0216**

AFFIDAVIT OF PETER J. THAKADIYIL

Peter J. Thakadiyil, being first duly sworn, deposes and says that he is the witness who sponsors the accompanying testimony entitled "Rebuttal Testimony of Peter J. Thakadiyil"; that said testimony was prepared by him and/or under his direction and supervision; that if inquires were made as to the facts in said testimony, he would respond as therein set forth; and that the aforesaid testimony is true and correct to the best of his knowledge.

Peter J. Thakadiyil

State of Missouri
County of St. Louis
SUBSCRIBED and sworn to
Before me this 9th **day of** July **2007.**

Notary Public

My commission expires:

Staci A. Olsen
Notary Public - Notary Seal
State of Missouri
St. Charles County
Commission # 05519210
My Commission Expires: March 20, 2009

REBUTTAL TESTIMONY
PETER J. THAKADIYIL
MISSOURI-AMERICAN WATER COMPANY
CASE NO. WR-2007-0216
SR-2007-0217

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REBUTTAL TESTIMONY

PETER J. THAKADIYIL

Q. PLEASE STATE YOUR NAME, TITLE AND BUSINESS ADDRESS.

A. My name is Peter J. Thakadiyil, and my business address is 727 Craig Road, St. Louis, Missouri 63141.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am employed by American Water Works Service Company ("Service Company") as a Financial Analyst in Rates & Regulation. The Service Company is a subsidiary of American Water Works Company, Inc. ("American") that provides shared services to American's water utility subsidiaries.

Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY IN THIS PROCEEDING?

A. Yes, I have submitted direct testimony in this proceeding on behalf of Missouri-American Water Company ("MAWC" or "Company").

Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

A. The purpose of my rebuttal testimony is to respond to the following two Missouri Commission Staff ("Staff") adjustments on behalf of MAWC:

1) Vehicle Leases; and,

2) Franchise Tax.

VEHICLE LEASES

Q. PLEASE DESCRIBE THE COMPANY'S ORGINIAL FILING.

A. In the Company's initial filing, the Company calculated its pro forma adjustment to vehicle expense using gross cost for its pro forma and gross cost for its per books. This caused a slight overstatement of the revenue requirement.

Q. PLEASE DESCRIBE STAFF'S ADJUSTMENT TO VEHICLE LEASES.

A. Based on the Company's initial filing, Staff witness Jeremy Hagemeyer used the Company's per book balance which represents gross costs. Staff calculated its pro forma adjustment with O&M percentages to the Company's gross level of vehicle expense. Thus, Staff's adjustment understated the pro forma adjustment.

Q. WHAT IS THE APPROPRIATE METHODOLGY FOR THE ADJUSTMENT?

A. The per books amount should be based on the O&M expense portion of the gross vehicle expense. The pro forma amount should be based upon the True-Up O&M expenses incurred by the Company.

Q. WHAT IMPACT DOES THIS CHANGE HAVE UPON STAFF'S REVENUE REQUIREMENT?

A. It will increase Staff's revenue requirement by $565,492.

FRANCHISE TAX

Q. PLEASE DESCRIBE THE COMPANY'S ORIGINAL FILING.

A. The franchise tax adjustment is based on the product of the pro forma level of total assets and the current tax rate.

Q. PLEASE DESCRIBE STAFF'S ADJUSMENT TO FRANCHISE TAX.

A. Staff Witness Edward Began sponsors the adjustment in which Staff used the Company's test year franchise tax as its pro forma level of expense. Also, Staff reduced the Company's Other Taxes and Licenses account by $273,177 to reflect the total franchise tax paid during the test year.

Q. DO YOU AGREE WITH STAFF'S ADJUSMENT?

A. No. The adjustment should only be based on the pro forma level of franchise tax. The pro forma level of expense should reflect the increased amount of total assets multiplied by the tax rate.

Q. WHAT IMPACT WOULD CORRECTING THIS ADJUSTMENT HAVE ON STAFF'S REVENUE REQUIREMENT?

A. This increases Staff's revenue requirement by $41,958.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.