

**BEFORE THE PUBLIC SERVICE COMMISSION**

**OF THE STATE OF MISSOURI**

In the Matter of the General Rate Increase for )  
Natural Gas Service Provided by Missouri ) Case No. WR-2008-0311  
American Water Company. ) & SR-2008-0312  
)

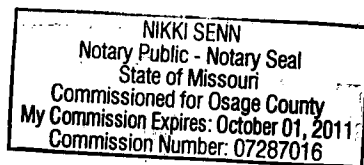
**AFFIDAVIT OF KIMBERLY K. BOLIN**

STATE OF MISSOURI )  
) ss.  
COUNTY OF COLE )

Kimberly K. Bolin, of lawful age, on her oath states: that she has participated in the preparation of the foregoing Revised Page 1 of the Staff's Report; that she has knowledge of the matters set forth in such Revised Page 1; and that such matters are true to the best of her knowledge and belief.

Kimberly K. Bolin  
Kimberly K. Bolin

Subscribed and sworn to before me this 28<sup>th</sup> day of August, 2008.



Nikki Senn  
Notary Public

# **COST OF SERVICE REPORT**

## **I. Executive Summary**

The Staff has conducted a review, in the consolidated Case Nos. WR-2008-0311 and SR-2008-0312, of all cost of service components (capital structure and return on rate base, rate base, depreciation expense and operating expenses) which comprise Missouri-American Water Company's (Missouri-American, MAWC or Company) Missouri jurisdictional revenue requirement. This audit was in response to Missouri-American's application to increase its gross annual water revenues in the amount of \$49,622,515 and its gross annual sewer revenues in the amount of \$133,012, filed on March 31, 2008.

The Staff's recommended increase in revenue requirement is based upon a test year of the twelve months ending December 31, 2007, with a test year update period ending March 31, 2008. Major elements of the revenue requirement calculation for Missouri-American were measured through March 31, 2008, in the Staff's case. The Staff's recommended revenue requirement for MAWC at the midpoint of its return on equity range (ROE) of 10.10% is approximately \$27,712,413; this includes an estimated true-up allowance amount of \$14,372,009.

The impact of the Staff's recommended revenue requirement for each retail rate customer class will be proposed in the Staff's rate design testimony that is to be filed on September 3, 2008.

## **II. Background of Missouri-American**

Missouri-American Water Company is a Missouri corporation providing water service in and around the cities of Brunswick, Jefferson City, Joplin, Mexico, Parkville, St. Charles, St. Louis, St. Joseph, Warrensburg and in Warren County, Missouri. MAWC also provides sewer service in and around the cities of Cedar Hill, Parkville and in Warren County, Missouri. MAWC provides water service to approximately 455,967 customers and sewer service to approximately 1,088 customers.

Missouri-American is a wholly owned subsidiary of American Water Works Company, Inc., (American Water) which is the largest investor-owned U.S. water and wastewater utility