

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

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| In the Matter of Missouri-American Water) | |
| Company's Request for Authority to) | |
| Implement a General Rate Increase for) | Case No. WR-2008-0311 |
| Water and Sewer Service Provided in) | |
| Missouri Service Areas.) | |

STAFF'S TEST YEAR AND TRUE-UP RECOMMENDATIONS

COMES NOW the Staff of the Missouri Public Service Commission ("Staff"), by and through counsel, and for its Test Year and True-Up Recommendations states as follows:

1. Staff has no objection to Missouri-American Water Company's ("Company") proposed test year, the twelve months ending December 31, 2007.

2. Staff proposes that the test year be updated for known and measurable changes through March 31, 2008. The Company has not requested an update for known and measurable changes to the test year data. However, Staff states that an update to the test year information for known and measurable changes provides more current data on which Staff bases its direct testimony.

3. Staff states that it does not yet have a position as to Company's request for a true-up audit and hearing, with a stated list of accounts trued-up to September 30, 2008. Until Staff has conducted its initial audit of the Company's books and records, Staff cannot know whether a true-up is indicated in this case or which accounts should be trued-up. The Company explains, in its *Recommendation Concerning Test Year and Request For True-Up Audit and Hearing*, that it requests a true-up as of September 30, 2008, because it anticipates placing approximately \$125 million of plant "into service between January 1, 2008, and September 30, 2008..." and completing special construction projects, improvements, replacements and relocations costing, in the examples given, \$66.4 million. For a true-up as of September 30, 2008, Staff expects that the

Company would close out its books on or about October 10, 2008, so Staff would not be able to review the true-up data until after that date. However, the dates reserved for an Evidentiary Hearing on September 29 to October 17, 2008, essentially preclude Staff from reviewing the data ending September 30, 2008. Staff will not have time after October 10, 2008, to audit and review the information and write testimony before the True-Up Hearing reserved for November 3 and 4, 2008. Therefore, Staff states that it will provide a statement of its position as to Company's true-up request simultaneously with its revenue requirement direct testimony filing herein.

WHEREFORE, Staff prays that the Commission will accept its Test Year and True-Up Recommendations; and grant such other and further relief as the Commission deems just in the premises.

Respectfully submitted,

/s/ Shelley Syler Brueggemann

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Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 1st day of May 2008.

/s/ Shelley Syler Brueggemann