

Exhibit No.:	
Issues:	Security Cost AAO, Corporate Allocation, Triumph Foods, LLC, Consolidated Billing, Revenue Impact of Water Utilization, True-Up Rebuttal, Revenue Annualization for Customers in True-Up
Witness:	Edward J. Grubb
Exhibit Type:	Surrebuttal & True-Up Rebuttal
Sponsoring Party:	Missouri-American Water Company
Case No.:	WR-2007-0216 SR-2007-0217
Date:	July 27, 2007

MISSOURI PUBLIC SERVICE COMMISSION

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

**SURREBUTTAL TESTIMONY
&
TRUE-UP REBUTTAL**

OF

EDWARD J. GRUBB

ON BEHALF OF

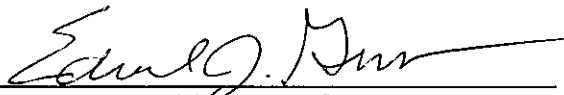
MISSOURI-AMERICAN WATER COMPANY

**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)	CASE NO. WR-2007-0216
RATES FOR WATER AND SEWER)	CASE NO. SR-2007-0217
SERVICE)	

AFFIDAVIT OF EDWARD J. GRUBB

Edward J. Grubb, being first duly sworn, deposes and says that he is the witness who sponsors the accompanying testimony entitled "Surrebuttal Testimony of Edward J. Grubb"; that said testimony were 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.



Edward J. Grubb

State of Missouri
County of St. Louis
SUBSCRIBED and sworn to
Before me this 31st 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

**SURREBUTTAL TESTIMONY
EDWARD J. GRUBB
MISSOURI-AMERICAN WATER COMPANY
CASE NO. WR-2007-0216**

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1 **Surrebuttal Testimony & True-Up Rebuttal**

2 **Edward J. Grubb**

3
4 **I. WITNESS INTRODUCTION**

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

6 A. Edward J. Grubb, Manager Rates and Regulation for American Water, 727
7 Craig Road, St. Louis, Missouri 63141.

8
9 **Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY IN THIS**
10 **PROCEEDING?**

11 A. Yes, I have submitted direct and rebuttal testimony in this proceeding.

12
13 **Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?**

14 A. The purpose of my surrebuttal testimony is to discuss on behalf of MAWC:

- 15 1. Security Cost AAO;
- 16 2. Corporate Allocation;
- 17 3. Triumph Food, LLC Tariff
- 18 4. Consolidated Billing;
- 19 5. Revenue Impact of Water Utilization;
- 20 6. True-Up Rebuttal;
- 21 7. Revenue Annualization for Customers in True-up;

1 II. SECURITY COST AAO

2 **Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY ON**
3 **THIS ISSUE?**

4 A. Staff Witness Rackers has recommended to the Commission that the
5 Company not be allowed to recover a return on the unamortized balance of
6 MAWC's deferred security costs. The Staff concurs that the costs be
7 amortized over a 10-year period to provide a return of the costs.

8
9 **Q. PLEASE BRIEFLY DISCUSS THE SECURITY COSTS IN QUESTION.**

10 A. In Case No. WO-2002-273, the Commission authorized the Company to defer
11 certain costs associated with security measures taken by the Company in the
12 aftermath of the September 11, 2001 terrorist attacks (the Security accounting
13 authority order or AAO). The Company was authorized to defer the costs for
14 a two-year period ending on September 11, 2003. The Company was also
15 authorized to amortize the costs over a 10-year period. The Company began
16 amortizing the costs in December 2002 upon receipt of the Commission's
17 Report and Order.

18
19 **Q. DO YOU AGREE WITH THE STAFF'S PROPOSAL TO EXCLUDE FROM**
20 **RATE BASE THE UNAMORTIZED BALANCE OF THE DEFERRED**
21 **SECURITY COSTS?**

22 A. No, I do not.
23

1 **Q. WHY DO YOU DISAGREE WITH THE STAFF RECOMMENDATION?**

2 A. The Company incurred the costs to provide security to its production and
3 distribution systems, its offices, its customers and its employees. The
4 Company incurred these costs with the sole purpose of continuing to provide
5 safe and adequate water service to its customers.

6 In prior AAO cases, the Commission has found that the exclusion of the
7 deferral from rate base represents a sharing of the costs. The Company
8 believes that the Commission can use this standard if the deferral represents
9 amounts that are both a benefit to the ratepayers and the shareholders.
10 There are instances where a deferral only benefits the ratepayers while other
11 deferrals benefit both the ratepayer and the shareholder. In the case of the
12 Security AAO, the benefits are solely accruing to the ratepayers. The security
13 expenditures were made to protect our customers and the assets that serve
14 them. Therefore, rate base treatment of the unamortized balance is
15 appropriate.

16
17 **Q. IN YOUR DISCUSSION ABOVE REGARDING THE SHARING BETWEEN**
18 **THE RATEPAYER AND THE SHAREHOLDER, HAS THE COMPANY**
19 **EVER PRESENTED AN OPPORTUNITY FOR THIS COMMISSION TO**
20 **SHARE A CUSTOMER BENEFIT WITH THE COMPANY?**

21 A. Yes. The Commission had an opportunity to do so in a St. Louis County
22 Water Company rate case (Case No. WR-2000-844). In that case, the
23 Company proposed to the Commission that the customers share the actual

1 savings resulting from the merger/acquisition with the Company. The
2 Commission denied that request. Since the Commission has denied this type
3 of request, we believe that a more careful review of rate base treatment for
4 deferrals should be made with an eye towards affording an opportunity to
5 recover the full cost of deferrals.

6 7 **III. CORPORATE ALLOCATION**

8 **Q. WHAT SUBJECTS DOES CITY OF JOPLIN WITNESS LESLIE JONES**
9 **DISCUSS IN HER REBUTTAL TESTIMONY?**

10 A. Ms. Jones takes issue with the allocation used by the Staff for Administrative
11 and General Operating Expenses, depreciation, and chemical expenses.

12
13 **Q. WHAT DOES MS. JONES ALLEGE IN REGARD TO ADMINSTRATIVE**
14 **AND GENERAL OPERATING EXPENSES?**

15 A. Ms. Jones believes that the allocation factors used by Staff for Administrative
16 and General Operating Expenses are inappropriate. She indicates her belief
17 that the appropriate factor should be "Length of the Main."

18
19 **Q. WHAT IS MS. JONES' BASIS FOR THIS BELIEF?**

1 A. She indicates that her factor is more appropriate based on her opinion and
2 experience. However, she offers no other evidence or calculation to support
3 her opinion.

4
5 **Q. WHAT IS MS. JONES DISAGREEMENT WITH THE ALLOCATION OF**
6 **DEPRECIATION EXPENSES?**

7 A. She states that the depreciation rates of the Staff are excessive for
8 normalization based upon the assets of the Joplin District. She further states
9 that the depreciation amount should be reduced to reflect the actual age and
10 value of the assets in the Joplin District.

11 **Q. DO YOU AGREE WITH THIS ASSERTION?**

12 A. No. Ms. Jones' recommendation should be rejected as she has offered no
13 evidence or data to support her opinion that the depreciation rates should be
14 reduced for the actual age and value of the Joplin assets. She offers no
15 evidence of the age of the Joplin assets or rationale as to why the age and
16 level of the depreciation rates should be tied together.

17
18 **Q. WHAT DOES MS. JONES SUGGEST IN REGARD TO CHEMICAL**
19 **EXPENSE?**

20 A. Ms. Jones attempts to identify an adjustment for chemical expense to reflect
21 her position that the chemical usage for the test year was above the average
22 for the last year.

1 **Q. WOULD THIS BE AN APPROPRIATE ADJUSTMENT?**

2 A. No. Ms. Jones fails to recognize that both the Staff and the Company
3 included a weather normalization adjustment in our direct cases which
4 normalized the chemical usage for the test year. Because water usage, and
5 therefore chemical usage and expense, vary with the weather, adjustments
6 have already been made in an attempt to tie chemical expense to "normal"
7 weather.

8

9

IV. TRIUMPH FOODS, LLC.

10 **Q. PLEASE EXPLAIN THE DIFFERENCE BETWEEN TRIUMPH FOODS LLC**
11 **AND PREMIUM PORK.**

12 A. In December 2003, Premium Pork changed its company name to Triumph
13 Foods LLC.

14

15 **Q. ON PAGE 4 OF THE REBUTTAL TESTIMONY OF AG PROCESSING**
16 **WITNESS DONALD E. JOHNSTONE, HE EXPRESSES A "CONCERN"**
17 **WITH WHAT HE PERCEIVES AS A "DISREGARD" FOR "THE**
18 **DIFFERENCE BETWEEN THE REVENUES THAT WOULD BE DUE FROM**
19 **PREMIUM PORK UNDER THE STANDARD INDUSTRIAL RATE AND THE**
20 **LOWER CONTRACT RATE." AS AN INITIAL MATTER, WHAT ENTITY DO**
21 **YOU UNDERTSAND TO BE REFERENCED BY "PREMIUM FOODS?"**

1 A. Premium Foods was the name of a MAWC customer in St. Joseph. It
2 changed its name to Triumph Foods, LLC, on December 31, 2003. However,
3 I believe there are still references to the entity as Premium Foods.
4

5 **Q. IS THERE A STANDARD RATE FOR TRIUMPH FOODS?**

6 A. There is only one rate for Triumph Foods. That is the rate that has been
7 approved by the Missouri Public Service Commission and is referenced by
8 MAWC's tariffs.
9

10 **Q. WHAT RATE HAS BEEN APPROVED FOR TRIUMPH FOODS, LLC?**

11 A. The Commission approved MAWC's contract with Triumph Foods (then
12 Premium Pork, LLC), to include the referenced rate and an associated tariff
13 (P.S.C. Mo. No. 1, Sheet 61) by its Order Concerning Agreement and Tariffs,
14 Application to Intervene and Motion to Suspend Tariffs issued on November
15 20, 2003, in Commission Case No. WT-2004-0192.
16

17 **Q. WHAT STANDARD WAS APPLIED BY THE COMMISSION IN**
18 **CONSIDERING THIS RATE?**

19 A. The approval turned upon application of the terms of MAWC's economic
20 development rider (EDR) (P.S.C. Mo. No. 1, Sheets 49-60) that was
21 previously approved by the Commission in Case No. WT-2004-0156. That
22 tariff offers water service at a discounted rate in specified circumstances "to

1 encourage industrial and commercial development in the State of Missouri."
2 P.S.C. Mo. No. 1, Sheets 49.

3
4 **Q. WHAT WERE THE CIRCUMSTANCES SURROUNDING THE**
5 **PRESENTATION OF THE CONTRACT?**

6 A. Triumph Foods proposed to construct a pork-processing facility in the
7 Stockyards area of St. Joseph, Missouri, which were described at that time to
8 be derelict. The Stockyards was formerly the site of an extensive animal
9 slaughtering and processing operation that historically formed the economic
10 core of St. Joseph. The new facility was projected to require significant
11 investment in plant and many employees and, as a result, to have a
12 substantial payroll. The city and community of St. Joseph were said to be
13 eager to attract this entity to locate there, based upon affidavits presented to
14 the Commission.

15
16 **Q, DID THE COMMISSION FIND THAT THE CONTRACT SHOULD BE**
17 **APPROVED IN ACCORDANCE WITH MAWC'S EDR TARIFF?**

18 A. Yes. The Commission found as follows:

19 The record shows, and the Commission finds, that Premium Pork is eligible
20 for a discounted rate under the EDR Tariff because (1) it is a new industrial
21 customer locating in St. Joseph from outside the state of Missouri; (2) its
22 projected Annual Customer Load Factor equals or exceeds 55%; (3) the
23 projected Average Annual Billing Demand is at least 0.5% of total district

1 consumption; and (4) its new facility will create at least 50 new permanent
2 jobs within the district. The record further shows, and the Commission finds,
3 that Premium Pork is eligible for a rate under the Alternative Incentive
4 Provisions because the General Incentive Provisions are not sufficient in that
5 Premium Pork has a viable competitive alternative in another geographical
6 area and the availability of a competitive rate is critical to its decision to locate
7 at St. Joseph. The "viable competitive alternative" is the city of Albert Lee,
8 Minnesota, whose applicable water service rate is a fraction of that available
9 during the first year of the General Incentive Provision of the EDR Tariff.
10 Furthermore, the record does not show that the rate available at Albert Lee,
11 Minnesota, will increase annually and reach a level equivalent to the current
12 tariffed industrial rate in St. Joseph after five years. The record shows that
13 Premium Pork will not locate in St. Joseph unless a rate no higher than that
14 available at Albert Lee, Minnesota, is offered. The specific rate in question is
15 Highly Confidential. The record shows, and the Commission finds, that it is
16 less than the Maximum Rate and equal to or above the Minimum Rate
17 defined by the EDR Tariff and is thus permissible under the terms of that
18 tariff.

19
20 The record also shows, and the Commission finds, that net benefits will
21 accrue to the state of Missouri if Premium Pork locates at St. Joseph in
22 the form of an annual payroll subject to income tax of at least \$7 million
23 annually during the construction phase and at least \$21 million

1 annually after the plant becomes operational, in addition to about
2 \$1.2 million annually in local taxes paid; and that another 218 jobs,
3 with an annual taxable payroll of about \$25 million, will be created by
4 2005. By 2017, Premium Pork projects that it will be paying annual
5 salaries and wages of over \$66 million, all subject to state income tax.

6
7 The record also shows, and the Commission finds, that the proposed
8 Special Service Contract provides for a reasonable contribution toward
9 "all other costs associated with the provision of service" and that this
10 contribution will constitute a benefit to the other customers of the St.
11 Joseph district because it will serve to reduce the revenue requirement
12 of the district as a whole. No other customer's rates will increase
13 because this Special Service Contract is approved. No detriments to
14 either the state of Missouri or to the other water service customers in
15 the St. Joseph district have been identified.

16
17 **Q. HOW DO YOU INTERPRET MR. JOHNSTONE'S CONCERN ABOUT THE**
18 **DISREGARD FOR THE DIFFERENCE BETWEEN THE COMMISSION-**
19 **APPROVED RATE BEING CHARGED TRIUMPH FOODS AND THE RATE**
20 **GENERAL TARIFF RATE?**

21 **A.** Mr. Johnstone seems to suggest that perhaps the Commission should impute
22 additional revenues associated with Triumph Foods as a part of setting
23 MAWC'S rates. Imputing revenues during the rate setting process requires

1 the assumption that MAWC has received revenues that do not really exist,
2 thereby lowering the amount of revenues the rates are designed to produce.

3
4 **Q. WOULD THIS BE APPROPRIATE IN REGARD TO TRIUMPH FOODS?**

5 A. No.

6
7 **Q. WHY NOT?**

8 A. MAWC is charging Triumph Foods the rate that has been approved by the
9 Commission and, therefore, a rate that is presumed to be just and
10 reasonable. I am not familiar with any situation where the Commission has
11 imputed revenues based upon the substitution of a new rate for the tariff rate.

12
13 **Q. DOES PROVIDING SERVICE TO TRIUMPH FOODS AT THE APPROVED
14 RATE PROVIDE A BENEFIT TO ST. JOSEPH CUSTOMERS?**

15 A. The Commission has certainly found that to be the case. It stated that the
16 approved rate would "constitute a benefit to the other customers of the St.
17 Joseph district because it will serve to reduce the revenue requirement of the
18 district as a whole" and that "no other customer's rates will increase because
19 this Special Service Contract is approved." Additionally, the Commission
20 found that "no detriments to either the state of Missouri or to the other water
21 service customers in the St. Joseph district have been identified." An
22 assumption in the EDR process is that without the agreed to rate, Triumph
23 Foods would likely have located elsewhere.

1
2 **Q. IS THERE A REMEDY IF THE TRIUMPH FOODS' RATE IS FOUND TO NO**
3 **LONGER BE A BENEFIT TO THE PUBLIC?**

4 A. Yes. The EDR tariff ((P.S.C. Mo. No. 1, Sheet no. 54-55), and therefore the
5 contract requires the following acknowledgement:

6 . . . that: (1) the Commission's Staff and the Office of the Public
7 Counsel have the right to request a Commission review of the
8 continued appropriateness of the alternative rate set forth in the
9 contract after the initial five years of the contract, with the
10 purpose of such a review being to determine whether the
11 alternative rate continues to be in the best interest of all
12 customers in the Company's service territory; (2) the
13 Commission, acting on its own volition, may also open an
14 inquiry in this regard; (3) if, upon such review(s), the
15 Commission finds that the contract, as implemented, no longer
16 serves the public interest, it may allow the Company to continue
17 providing service under the contract after adjusting rate
18 conditions to restore the interests of the Company's other
19 customers in the service territory, or it may direct the Company
20 to terminate the contract; and (4) the results of any review(s)
21 conducted under these provisions shall be implemented in a
22 general rate proceeding.

1 Thus, if the Commission were to find that the tariff rate no longer
2 serves the public interest, the remedy is to adjust the rate to be paid by
3 Triumph Foods. The remedy is not to impute revenue based upon a
4 rate that does not apply to Triumph Foods.

5 6 **V. CONSOLIDATED BILLING**

7 **Q. WHAT COMMENTS DO YOU HAVE REGARDING THIS ISSUE?**

8 A. The Office of Public Council is opposing the Company's proposed
9 Consolidated Billing Tariff on the grounds that there is evidence of
10 corresponding cost savings to support the tariff. The OPC also takes issue
11 that MIEC has not stated the number of customers that would qualify for the
12 tariff or the class revenue impacts.

13 14 **Q. WHAT IS THE COMPANY'S POSITION?**

15 A. The Company stands by its original proposal position that would allow
16 customers to apply for the tariff and consolidate their usage. This would allow
17 two or more accounts usages to be aggregated and combined to allow for a
18 customer to move from the Rate A tariff to the Rate J tariff.

19 20 **Q. HAS THE MIEC GROUP INDICATED TO YOU WHICH CUSTOMERS** 21 **WOULD LIKE TO TAKE ADVANTAGE OF THIS TARIFF?**

22 A. In my rebuttal testimony, I indicated that if any of Mr. Gorman's clients who do
23 qualify for the tariff and wish to be placed on the tariff, we should be notified

1 so that the Staff and Company can make the appropriate adjustments to the
2 billing determinants.

3 Mr. Gorman did contact me and informed me that three of his clients are
4 interested in being placed on the tariff. The Company is evaluating the three
5 customers and will provide the details of the impact on the billing determinant
6 to the Staff and other parties.

7
8 **VI. REVENUE IMPACT OF WATER UTILIZATION**

9 **Q. WHAT IS THE ISSUE YOU WOULD LIKE TO DISCUSS REGARDING**
10 **WEATHER NORMALIZATION?**

11 A. The Company has hired Professor Edward Spitznagel to perform a water
12 utilization and normalization study. The Staff has used the services of Mr.
13 Dennis Patterson. Each of their testimonies addresses the technical issues
14 surrounding customer usage per day. I would like to advise the Commission
15 of the dollar impact of this issue.

16
17 **Q. WHAT IS THE DOLLAR IMPACT OF THIS ISSUE BETWEEN THE**
18 **COMPANY AND THE STAFF?**

19 A. The Staff has included in present rate revenue \$2,581,886 of additional
20 revenues over and above what the Company has included for this
21 adjustment. The Company believes that the Commission should accept that
22 Company's position and reduce present rate revenue by \$2,581,886. The

1 direct, rebuttal and surrebuttal testimonies of Professor Spitznagel supports
2 the Company's position on this issue.

3
4 **VII. TRUE-UP REBUTTAL**

5 **Q. HAVE YOU REVIEWED THE SUPPLEMENTAL TRUE-UP DIRECT**
6 **TESTIMONY OF COMMISSION STAFF WITNESS STEPHEN M.**
7 **RACKERS, TRUE-UP DIRECT TESTIMONY OF COMMISSION STAFF**
8 **WITNESS DAVID MURRAY AND THE COMMISISON STAFF'S TRUE-UP**
9 **DIRECT ACCOUNTING SCHEDULES?**

10 **A.** Yes, I have.

11
12 **Q. WHAT ITEMS DID YOU ANTICIPATE WOULD BE SUBJECT TO THE MAY**
13 **31, 2007 TRUE-UP?**

14 **A.** Utility Plant in Service; Accumulated Depreciation; Contributions in Aid of
15 Construction; Customer Advances; Deferred Income Taxes, Including ITC;
16 Regulatory Asset; Revenues; Production Costs Related to Customers;
17 Property Taxes; Labor and Benefits (MAWC and AWWWS); Rate Case
18 Expense; MSD Revenue, if necessary; Capital Structure; Postage; PSC Fee
19 Assessment; and, Depreciation Expense.

20
21 **Q. DO YOU HAVE ANY DISAGREEMENT WITH THE AMOUNTS REFLECTED**
22 **IN THE COMMISISON STAFF'S TRUE-UP DIRECT ACCOUNTING**
23 **SCHEDULES FOR THESE IDENTIFIED ITEMS?**

1 A. I do not have any disagreements with the Staff's mathematical calculation of
2 the Revenue Requirement for the true-up. However, I would like to identify
3 the need to continue to true up the Company's rate case expense. The Staff
4 has included in its true-up \$147,256 for a three-year amortization of the costs
5 for the current rate case. I believe the Staff used the actual costs through
6 May 2007 to develop its true-up amount. Since the end of May, the Company
7 has incurred additional costs and will continue to incur costs associated with
8 completing this proceeding. The Company is providing to the Staff on a
9 monthly basis an update of the actual costs incurred for the current rate case.
10 We recommend to the Commission that these updates be included in the final
11 determination of the revenue requirement. Currently, through June, the
12 amount of rate case expense using a three-year amortization would increase
13 to \$202,581. This is based on a total cost of \$607,744 (per response to Staff
14 data request #160, updated through the end of June 2007) divided by three.

15
16 **Q. FROM MAWC'S PERSPECTIVE, ARE THERE ANY TRUE-UP ISSUES**
17 **THAT NEED TO BE ADDRESSED BY THE COMMISSION IN THIS**
18 **PROCEEDING?**

19 A. Perhaps. I have identified the rate case expense issue. I have one additional
20 issue involving the appropriate level of revenues associated with the true-up
21 level of customers that I will discuss below.

1 **VIII. REVENUE ANNUALIZATION FOR CUSTOMERS IN TRUE-UP**

2 **Q. WHAT IS THE ISSUE REGARDING THE ANNUALIZATION OF REVENUES**
3 **FOR THE TRUE-UP?**

4 A. In past rate cases, the Staff has calculated the true-up of revenues based by
5 using actual customer counts at the true-up date and multiplying the number
6 of customers by the usage per customer, per day. In the current case, the
7 Staff has used estimates of the number of customers for the St. Charles, St.
8 Louis, Joplin and St. Joseph Districts at May 2007 rather than the actual
9 customers. The Company believes that the actual number of customers is
10 more appropriate.

11
12 **Q. WHY DID THE STAFF UTILIZE AN ESTIMATE OF THE NUMBER OF**
13 **CUSTOMERS AT THE TRUE-UP DATE OF MAY 2007?**

14 A. Mr. Patterson has cited certain instances where he believed the number of
15 customers was not consistent with past levels and thus he attempted to
16 estimate the level of residential and commercial customers.

17
18 **Q. WHY DO YOU BELIEVE THE ACTUAL NUMBER OF CUSTOMERS IS**
19 **MORE APPROPRIATE TO USE IN ANNUALIZING REVENUES IN THE**
20 **TRUE-UP?**

21 A. I believe it is more appropriate simply because most accurately represents
22 the actual customers being served. This level of customer base then

1 provides for a proper matching of revenues, expenses, and investment in the
2 ratemaking formula.

3
4 **Q. WHAT COMMENTS DO YOU HAVE REGARDING THE CUSTOMER**
5 **COUNT ISSUES RAISED BY MR. PATTERSON?**

6 A. The Company has had some issues in customer counts, but I believe those
7 issues were caused by the use of a 4-4-5 accounting closing schedule. The
8 use of the 4-4-5 accounting closing schedule was stopped beginning in
9 December 2006. Since that time, the Company has reverted back to a
10 traditional calendar accounting closing schedule.

11
12 **Q. WHAT IS THE IMPACT OF THE STAFF'S USE OF ESTIMATED**
13 **CUSTOMER COUNTS?**

14 A. Staff has increased present rate revenues by \$466,235 to reflect a higher
15 level of customers than what actually existed at the true-up date of May 2007.
16 Staff used an estimated customer count of 326,635 and 18,439 for St. Louis
17 residential and commercial customers, 28,758 and 969 for St. Charles
18 residential and commercial customers, 20,512 and 3,128 for Joplin residential
19 and commercial customers and 28,578 and 2,883 for St. Joseph residential
20 and commercial customers. MAWC's records reflect actual customer counts
21 of 321,520 and 19,567 for St. Louis residential and commercial customers,
22 28,288 and 905 for St. Charles residential and commercial customers, 20,450
23 and 2,734 for Joplin residential and commercial customers and 28,647 and

1 2,956 for St. Joseph residential and commercial customers. The Company
2 recommends the revenues be reduced by \$466,235 at present rates to reflect
3 actual customers as of May 2007.

4
5 **Q: DOES THIS CONCLUDE YOUR TESTIMONY?**

6 **A: Yes.**