

Exhibit No.: \_\_\_\_\_

Issues: True-Up

Witness: James E. Salser

Exhibit Type: True-Up Direct

Sponsoring Party: MAWC

Case No.: WR-2000-281

SR-2000-282

Date: June 15, 2000

**MISSOURI PUBLIC SERVICE COMMISSION**

**CASE NO. WR-2000-281**

**CASE NO. SR-2000-282**

**FILED<sup>2</sup>**

**JUN 15 2000**

*Missouri Public  
Service Commission*

**DIRECT TESTIMONY**

**REGARDING TRUE-UP**

**OF**

**JAMES E. SALSER**

**ON BEHALF OF**

**MISSOURI-AMERICAN WATER COMPANY**

**JEFFERSON CITY, MISSOURI**

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

In the Matter of Missouri-American Water )  
Company's tariff sheets designed to implement ) Case No. WR-2000-281  
general rate increases for water and sewer )  
service provided to customers in the Missouri )  
service area of the Company. )

County of Cole )  
State of Missouri ) ss

AFFIDAVIT OF JAMES E. SALSER

James E. Salser, being first duly sworn, deposes and says that he is the witness who sponsors the accompanying testimony entitled "Direct Testimony Regarding True-Up of James E. Salser"; that said testimony was prepared by him and/or under his direction and supervision; that if inquiries were made as to the facts in said testimony and schedules, he would respond as therein set forth; and that the aforesaid testimony and schedules are true and correct to the best of his knowledge, information, and belief.

James E. Salser

Subscribed and sworn to before me this 14<sup>th</sup> day of June, 2000.

Robbin Henley Griffith  
Notary Public

My Commission expires:

**ROBBIN HENLEY GRIFFITH**  
A Notary Public of  
Miller County, Missouri  
My Commission Expires 12/28/2001

**DIRECT TESTIMONY  
REGARDING TRUE-UP  
JAMES E. SALSER  
MISSOURI-AMERICAN WATER COMPANY  
CASE NO. WR-2000-281  
CASE NO. SR-2000-282**

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**WITNESS INTRODUCTION**

1       **Q.   PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND EMPLOYER.**

2       A.   My name is James E. Salser, my business address is Box 157AA Route 2,  
3       Ravenswood, WV 26164 and I am self-employed.

4       **Q.   ARE YOU THE SAME JAMES E. SALSER THAT PREVIOUSLY FILED**  
5       **DIRECT, REBUTTAL AND SURREBUTTAL TESTIMONY IN THIS CASE?**

6       A.   Yes.

**PURPOSE**

8       **Q.   WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY REGARDING**  
9       **TRUE-UP?**

10      A.   My testimony will support the revenue, expense and investment items which  
11      Missouri-American Water Company (“MAWC”) proposes to true-up as of April 30,  
12      2000.

13      **Q.   HAS THE MISSOURI PUBLIC SERVICE COMMISSION (“COMMISSION”)**  
14      **AUTHORIZED A TRUE-UP AUDIT AND HEARING IN THIS**  
15      **PROCEEDING?**

16      A.   Yes. On February 1, 2000, the Commission issued its Order Concerning Test Year,  
17      True-Up, Accounting Authority Order, and Local Public Hearings. This Order,  
18      among other things, directed that a true-up audit be conducted with respect to certain  
19      enumerated items as of April 30, 2000.

**SCHEDULES SPONSORED**

21      **Q.   ARE YOU SPONSORING ANY SCHEDULES?**

1 A. Yes. I am sponsoring Schedules JES-1 through JES-3, which consist of the  
2 following:

<u>Schedule</u>	<u>Description</u>
JES-1	Total Water Company with supporting totals for each district
JES-2	Total Water Rate Base with supporting totals for each district
JES-3	Total Water Operating Income with supporting totals for each district

10 **Q. WERE THESE SCHEDULES PREPARED BY YOU OR UNDER YOUR**  
11 **SUPERVISION?**

12 A. Yes, they were.

13 **Q. WHAT IS THE SOURCE OF THE INFORMATION FOUND ON THESE**  
14 **SCHEDULES?**

15 A. The information is taken from MAWC's financial books and records at April 30,  
16 2000, as well as from information provided by the Commission Staff. The books and  
17 records are maintained in accordance with the Uniform System of Accounts for Class  
18 A water utilities prescribed by the National Association of Regulatory Utility  
19 Commissioners ("NARUC"), and are audited annually by an independent accounting  
20 firm which certifies that such books and records are maintained in accordance with  
21 generally accepted accounting principals.

22 **Q. WHAT ITEMS HAVE BEEN ADDRESSED IN THIS TRUE-UP?**

23 A. Those items enumerated in the Commission's Order dated February 1, 2000.

1 **Q. PLEASE BRIEFLY DESCRIBE SCHEDULE JES-1.**

2 A. Schedule JES-1 in column 1 reflects the Staff's revenue requirement \$10,775,422  
3 utilizing the mid-point of the Staff's recommendation on return on equity ("ROE").  
4 Column 2 shows a revenue requirement using Staff's mid-point on ROE and the  
5 Company's adjusted related to Staff's capacity adjustment, Staff's AFUDC rate  
6 proposal, the Company's Accounting Authority Order ("AAO") request and  
7 Company's proposed property tax on the St. Joseph treatment plant and related  
8 facilities. This results in a increased revenue requirement of \$12,788,590 at the mid-  
9 point of Staff's ROE. Column 3 includes all of the adjustments in Column 2, but  
10 instead reflects the Company's proposed ROE. This results in a revenue requirement  
11 increase of \$14,807,313. Included in Schedule JES-1 are the calculations by district.

12 **Q. PLEASE BRIEFLY DESCRIBE SCHEDULE JES-2.**

13 A. Schedule JES-2 is a calculation of the Company's rate base as of April 30, 2000, to  
14 include adjusted Staff's capacity adjustment, the Staff's AFUDC rate proposal and  
15 the Company's AAO proposal. Rate base calculations by district are included in  
16 Schedule JES-2. This schedule includes the projects discussed in the Direct  
17 testimony Regarding True-Up of Company Witness Robert L. Amman, Jr.

18 **Q. PLEASE BRIEFLY DESCRIBE SCHEDULE JES-3.**

19 A. Schedule JES-3 is an income statement at present rates for the Company as of April  
20 30, 2000. Column 1 represents the Staff's utility operating income of \$6,336.027.  
21 Column 2 represents the adjustments proposed by the Company related to the  
22 capacity adjustment depreciation, the amortization of the deferred depreciation  
23 related to the Company's proposed AAO, the amortization of the post-in-service

1 AFUDC related to the Company's AAO proposal and the property tax assessment  
2 for related to the St. Joseph treatment plant and related facilities. Calculations by  
3 district are included in Schedule JES-3.

4 **Q. DO YOUR SCHEDULES CONTAIN A CAPITAL STRUCTURE**  
5 **CALCULATED AS OF APRIL 30, 2000?**

6 A. No. The capital structure as of April 30, 2000 was previously presented in my  
7 Surrebuttal Testimony.

8 **Q. DOES THIS COMPLETE YOUR DIRECT TESTIMONY REGARDING**  
9 **TRUE-UP?**

10 A. Yes, it does.

**MISSOURI-AMERICAN WATER COMPANY**  
**Test Year Ending September 30, 1999 as True-up Through April 30, 2000**  
**Total Water**

	Staff	Company	Company
	10.13%	10.13%	11.65%
	ROE	ROE	ROE
Net Original Cost Rate Base	157,193,002	163,496,961	163,496,961
Rate of Return	<u>8.23%</u>	<u>8.23%</u>	<u>8.91%</u>
Net Operating Income Requirement	12,936,984	13,455,800	14,567,580
Net Operating Income Available	<u>6,336,027</u>	<u>5,492,276</u>	<u>5,492,276</u>
Additional Net Operating Income Requirement	6,600,957	7,963,524	9,075,304
Income Tax Requirement	4,539,985	4,539,985	5,421,061
Test Year Current Income Tax	<u>427,081</u>	<u>(223,740)</u>	<u>(223,740)</u>
Additional Current Income Tax Requirement	<u>4,112,904</u>	<u>4,763,725</u>	<u>5,644,801</u>
Gross Revenue Requirement before Uncollectible	10,713,861	12,727,249	14,720,105
Uncollectible	<u>61,561</u>	<u>61,341</u>	<u>87,208</u>
Gross Revenue Requirement including Uncollectible	<u><b>10,775,422</b></u>	<u><b>12,788,590</b></u>	<u><b>14,807,313</b></u>



**MISSOURI-AMERICAN WATER COMPANY**  
**Test Year Ending September 30, 1999 as True-up Through April 30, 2000**  
**Brunswick District**

	Staff 10.13% ROE	Company 10.13% ROE	Company 11.65% ROE
Net Original Cost Rate Base	805,387	805,387	805,387
Rate of Return	<u>8.23%</u>	<u>8.23%</u>	<u>8.91%</u>
Net Operating Income Requirement	66,283	66,283	71,760
Net Operating Income Available	<u>(115,951)</u>	<u>(115,951)</u>	<u>(115,951)</u>
Additional Net Operating Income Requirement	182,234	182,234	187,711
Income Tax Requirement	25,738	25,738	29,151
Test Year Current Income Tax	<u>(87,808)</u>	<u>(87,808)</u>	<u>(87,808)</u>
Additional Current Income Tax Requirement	<u>113,546</u>	<u>113,546</u>	<u>116,959</u>
Gross Revenue Requirement before Uncollectible	295,780	295,780	304,670
Uncollectible	<u>1,334</u>	<u>1,334</u>	<u>1,374</u>
Gross Revenue Requirement including Uncollectible	<u><u>297,114</u></u>	<u><u>297,114</u></u>	<u><u>306,044</u></u>

**MISSOURI-AMERICAN WATER COMPANY**  
**Test Year Ending September 30, 1999 as True-up Through April 30, 2000**  
**Joplin District**

	Staff 10.13% ROE	Company 10.13% ROE	Company 11.65% ROE
Net Original Cost Rate Base	19,490,060	19,625,535	19,625,535
Rate of Return	<u>8.23%</u>	<u>8.23%</u>	<u>8.91%</u>
Net Operating Income Requirement	1,604,032	1,615,182	1,748,635
Net Operating Income Available	<u>2,099,412</u>	<u>2,099,412</u>	<u>2,099,412</u>
Additional Net Operating Income Requirement	(495,380)	(484,230)	(350,777)
Income Tax Requirement	482,763	482,763	569,655
Test Year Current Income Tax	<u>791,423</u>	<u>789,447</u>	<u>789,447</u>
Additional Current Income Tax Requirement	<u>(308,660)</u>	<u>(306,684)</u>	<u>(219,792)</u>
Gross Revenue Requirement before Uncollectible	(804,040)	(790,914)	(570,569)
Uncollectible	<u>(8,914)</u>	<u>(22,040)</u>	<u>(6,326)</u>
Gross Revenue Requirement including Uncollectible	<u><u>(812,954)</u></u>	<u><u>(812,954)</u></u>	<u><u>(576,895)</u></u>

**MISSOURI-AMERICAN WATER COMPANY**  
**Test Year Ending September 30, 1999 as True-up Through April 30, 2000**  
**Mexico District**

	Staff 10.13% ROE	Company 10.13% ROE	Company 11.65% ROE
Net Original Cost Rate Base	11,305,591	11,305,591	11,305,591
Rate of Return	<u>8.23%</u>	<u>8.23%</u>	<u>8.91%</u>
Net Operating Income Requirement	930,450	930,450	1,007,328
Net Operating Income Available	<u>134,512</u>	<u>134,512</u>	<u>134,512</u>
Additional Net Operating Income Requirement	795,938	795,938	872,816
Income Tax Requirement	317,791	317,791	365,692
Test Year Current Income Tax	<u>(178,140)</u>	<u>(178,140)</u>	<u>(178,140)</u>
Additional Current Income Tax Requirement	<u>495,931</u>	<u>495,931</u>	<u>543,832</u>
Gross Revenue Requirement before Uncollectible	1,291,869	1,291,869	1,416,648
Uncollectible	<u>7,389</u>	<u>7,389</u>	<u>8,103</u>
Gross Revenue Requirement including Uncollectible	<u><u>1,299,258</u></u>	<u><u>1,299,258</u></u>	<u><u>1,424,751</u></u>

**MISSOURI-AMERICAN WATER COMPANY**  
**Test Year Ending September 30, 1999 as True-up Through April 30, 2000**  
**Parkville Water District**

	Staff 10.13% ROE	Company 10.13% ROE	Company 11.65% ROE
Net Original Cost Rate Base	8,230,987	8,230,987	8,230,987
Rate of Return	<u>8.23%</u>	<u>8.23%</u>	<u>8.91%</u>
Net Operating Income Requirement	677,410	677,410	733,381
Net Operating Income Available	<u>16,055</u>	<u>16,055</u>	<u>16,055</u>
Additional Net Operating Income Requirement	661,355	661,355	717,326
Income Tax Requirement	237,980	237,980	272,854
Test Year Current Income Tax	<u>(174,095)</u>	<u>(174,095)</u>	<u>(174,095)</u>
Additional Current Income Tax Requirement	<u>412,075</u>	<u>412,075</u>	<u>446,949</u>
Gross Revenue Requirement before Uncollectible	1,073,430	1,073,430	1,164,275
Uncollectible	<u>5,025</u>	<u>5,025</u>	<u>5,451</u>
Gross Revenue Requirement including Uncollectible	<u><u>1,078,455</u></u>	<u><u>1,078,455</u></u>	<u><u>1,169,726</u></u>

**MISSOURI-AMERICAN WATER COMPANY**  
**Test Year Ending September 30, 1999 as True-up Through April 30, 2000**  
**St. Charles District**

	Staff 10.13% ROE	Company 10.13% ROE	Company 11.65% ROE
Net Original Cost Rate Base	24,295,000	24,295,000	24,295,000
Rate of Return	<u>8.23%</u>	<u>8.23%</u>	<u>8.91%</u>
Net Operating Income Requirement	1,999,479	1,999,479	2,164,685
Net Operating Income Available	<u>1,869,150</u>	<u>1,869,150</u>	<u>1,869,150</u>
Additional Net Operating Income Requirement	130,329	130,329	295,535
Income Tax Requirement	760,705	760,705	863,641
Test Year Current Income Tax	<u>679,500</u>	<u>679,500</u>	<u>679,500</u>
Additional Current Income Tax Requirement	<u>81,205</u>	<u>81,205</u>	<u>184,141</u>
Gross Revenue Requirement before Uncollectible	211,534	211,534	479,676
Uncollectible	<u>489</u>	<u>489</u>	<u>1,108</u>
Gross Revenue Requirement including Uncollectible	<u><u>212,023</u></u>	<u><u>212,023</u></u>	<u><u>480,784</u></u>

SCHEDULE JES 1-6

**MISSOURI-AMERICAN WATER COMPANY**  
**Test Year Ending September 30, 1999 as True-up Through April 30, 2000**  
**St. Joseph District**

	Staff 10.13% ROE	Company 10.13% ROE	Company 11.65% ROE
Net Original Cost Rate Base	84,291,458	90,459,942	90,459,942
Rate of Return	<u>8.23%</u>	<u>8.23%</u>	<u>8.91%</u>
Net Operating Income Requirement	6,937,187	7,444,853	8,059,981
Net Operating Income Available	<u>1,893,846</u>	<u>1,050,095</u>	<u>1,050,095</u>
Additional Net Operating Income Requirement	5,043,341	6,394,758	7,009,886
Income Tax Requirement	2,443,088	2,443,088	3,010,971
Test Year Current Income Tax	<u>(699,301)</u>	<u>(1,348,146)</u>	<u>(1,348,146)</u>
Additional Current Income Tax Requirement	<u>3,142,389</u>	<u>3,791,234</u>	<u>4,359,117</u>
Gross Revenue Requirement before Uncollectible	8,185,730	10,185,992	11,369,003
Uncollectible	<u>52,814</u>	<u>65,720</u>	<u>73,352</u>
Gross Revenue Requirement including Uncollectible	<u><u>8,238,544</u></u>	<u><u>10,251,712</u></u>	<u><u>11,442,355</u></u>

**MISSOURI-AMERICAN WATER COMPANY**  
**Test Year Ending September 30, 1999 as True-up Through April 30, 2000**  
**Warrensburg District**

	Staff 10.13% ROE	Company 10.13% ROE	Company 11.65% ROE
Net Original Cost Rate Base	8,774,519	8,774,519	8,774,519
Rate of Return	<u>8.23%</u>	<u>8.23%</u>	<u>8.91%</u>
Net Operating Income Requirement	722,143	722,143	781,810
Net Operating Income Available	<u>439,003</u>	<u>439,003</u>	<u>439,003</u>
Additional Net Operating Income Requirement	283,140	283,140	342,807
Income Tax Requirement	271,920	271,920	309,097
Test Year Current Income Tax	<u>95,502</u>	<u>95,502</u>	<u>95,502</u>
Additional Current Income Tax Requirement	<u>176,418</u>	<u>176,418</u>	<u>213,595</u>
Gross Revenue Requirement before Uncollectible	459,558	459,558	556,402
Uncollectible	<u>3,424</u>	<u>3,424</u>	<u>4,146</u>
Gross Revenue Requirement including Uncollectible	<u><u>462,982</u></u>	<u><u>462,982</u></u>	<u><u>560,548</u></u>

SCHEDULE JES 1-8

**MISSOURI-AMERICAN WATER COMPANY**  
**Rate Base as of April 30, 2000**  
**Water Districts**

	Rate Base Per Staff	Proforma Adjustments	Proforma Rate Base
<u>Utility Plant in Service</u>			
Utility Plant in Service	223,072,015		223,072,015
Capacity Disallowance		2,271,756	2,271,756
AFUDC Disallowance		1,257,930	1,257,930
Accumulated Provision for Depreciation	(25,537,101)	-	(25,537,101)
Accumulated Provision for Amortization Post AFUDC	(71,296)	-	(71,296)
Other Utility Plant Adjustments		2,032,840	2,032,840
		-	0
Net Utility Plant	197,463,618	5,562,526	203,026,144
Less:			
Customer Advances	6,344,527	-	6,344,527
Contributions in Aid of Construction	23,628,590	-	23,628,590
Accumulated Deferred ITC (3%)	62,531	-	62,531
Deferred Income Taxes	7,630,341	-	7,630,341
Pre-merger Missouri-Cities	1,823,905	-	1,823,905
Pension Liability	1,316,959	-	1,316,959
Subtotal	40,806,853	0	40,806,853
Add:			
Cash Working Capital	(75,900)	-	(75,900)
Materials and Supplies	429,465	-	429,465
Prepayments	152,904	-	152,904
OPEB's Contributed to External Fund	1,146,741	-	1,146,741
Subtotal	1,653,210	0	1,653,210
Less:			
Interest Offset	(856,526)	(30,676)	(887,202)
Federal Income Tax	(222,369)	(8,023)	(230,392)
State Income Tax	(38,078)	(1,370)	(39,448)
Subtotal	(1,116,973)	(40,069)	(1,157,042)
Total Original Cost Rate Base	157,193,002	5,522,457	162,715,459



**MISSOURI-AMERICAN WATER COMPANY**  
**Rate Base as of April 30, 2000**  
**Brunswick District**

	<b>Rate Base Per Staff</b>	<b>Proforma Adjustments</b>	<b>Proforma Rate Base</b>
<b><u>Utility Plant in Service</u></b>			
Utility Plant in Service	1,488,883		1,488,883
Capacity Disallowance			
AFUDC Disallowance			
Accumulated Provision for Depreciation	(446,616)		(446,616)
Accumulated Provision for Amortization Post AFUDC	0		0
Other Utility Plant Adjustments			0
<b>Net Utility Plant</b>	<b>1,042,267</b>	<b>0</b>	<b>1,042,267</b>
<b>Less:</b>			
Customer Advances	876		876
Contributions in Aid of Construction	159,327		159,327
Accumulated Deferred ITC (3%)	0		0
Deferred Income Taxes	40,060		40,060
Pre-merger Missouri-Cities	46,313		46,313
Pension Liability	27,430		27,430
Subtotal	<b>274,006</b>	<b>0</b>	<b>274,006</b>
<b>Add:</b>			
Cash Working Capital	10,658		10,658
Materials and Supplies	5,630		5,630
Prepayments	3,185		3,185
OPEB's Contributed to External Fund	23,885		23,885
Subtotal	<b>43,358</b>	<b>0</b>	<b>43,358</b>
<b>Less:</b>			
Interest Offset	14.89589% (4,559)		(4,559)
Federal Income Tax	6.43014% (1,430)		(1,430)
State Income Tax	6.95616% (243)		(243)
Subtotal	<b>(6,232)</b>	<b>0</b>	<b>(6,232)</b>
<b>Total Original Cost Rate Base</b>	<b>805,387</b>	<b>0</b>	<b>805,387</b>

**MISSOURI-AMERICAN WATER COMPANY**  
**Rate Base as of April 30, 2000**  
**Joplin District**

	Rate Base Per Staff	Proforma Adjustments	Proforma Rate Base
<u>Utility Plant in Service</u>			
Utility Plant in Service	33,740,663		33,740,663
Capacity Disallowance			
AFUDC Disallowance			
Accumulated Provision for Depreciation	(7,617,353)		(7,617,353)
Accumulated Provision for Amortization	(71,296)		(71,296)
Post AFUDC			0
Other Utility Plant Adjustments			0
Net Utility Plant	26,052,014	0	26,052,014
Less:			
Customer Advances	1,135,835		1,135,835
Contributions in Aid of Construction	3,176,634		3,176,634
Accumulated Deferred ITC (3%)	18,772		18,772
Deferred Income Taxes	2,238,505		2,238,505
Pre-merger Missouri-Cities			
Pension Liability	330,731		330,731
Subtotal	6,900,477	0	6,900,477
Add:			
Cash Working Capital	41,919		41,919
Materials and Supplies	105,697		105,697
Prepayments	38,399		38,399
OPEB's Contributed to External Fund	287,983		287,983
Subtotal	473,998	0	473,998
Less:			
Interest Offset	14.38630% (106,548)		(106,548)
Federal Income Tax	5.92055% (24,701)		(24,701)
State Income Tax	6.44658% (4,226)		(4,226)
Subtotal	(135,475)	0	(135,475)
Total Original Cost Rate Base	19,490,060	0	19,625,535

**MISSOURI-AMERICAN WATER COMPANY**  
**Rate Base as of April 30, 2000**  
**Mexico District**

	<b>Rate Base Per Staff</b>	<b>Proforma Adjustments</b>	<b>Proforma Rate Base</b>
<u>Utility Plant in Service</u>			
Utility Plant in Service	14,303,808		14,303,808
Capacity Disallowance			
AFUDC Disallowance			
Accumulated Provision for Depreciation	(1,339,810)		(1,339,810)
Accumulated Provision for Amortization	0		0
Post AFUDC			0
Other Utility Plant Adjustments			0
 Net Utility Plant	<u>12,963,998</u>	<u>0</u>	<u>12,963,998</u>
 Less:			
Customer Advances	167,624		167,624
Contributions in Aid of Construction	819,817		819,817
Accumulated Deferred ITC (3%)	0		0
Deferred Income Taxes	380,401		380,401
Pre-merger Missouri-Cities	249,760		249,760
Pension Liability	91,065		91,065
Subtotal	<u>1,708,667</u>	<u>0</u>	<u>1,708,667</u>
 Add:			
Cash Working Capital	25,859		25,859
Materials and Supplies	16,629		16,629
Prepayments	10,573		10,573
OPEB's Contributed to External Fund	79,295		79,295
Subtotal	<u>132,356</u>	<u>0</u>	<u>132,356</u>
 Less:			
Interest Offset	14.55342%	(62,523)	(62,523)
Federal Income Tax	6.08767%	(16,719)	(16,719)
State Income Tax	6.61370%	(2,854)	(2,854)
Subtotal		<u>(82,096)</u>	<u>(82,096)</u>
 Total Original Cost Rate Base	<u>11,305,591</u>	<u>0</u>	<u>11,305,591</u>

**MISSOURI-AMERICAN WATER COMPANY**  
**Rate Base as of April 30, 2000**  
**Parkville Water District**

	<b>Rate Base Per Staff</b>	<b>Proforma Adjustments</b>	<b>Proforma Rate Base</b>
<u>Utility Plant in Service</u>			
Utility Plant in Service	14,266,876		14,266,876
Capacity Disallowance			
AFUDC Disallowance			
Accumulated Provision for Depreciation	(2,095,067)		(2,095,067)
Accumulated Provision for Amortization	0		0
Post AFUDC			0
Other Utility Plant Adjustments			0
 Net Utility Plant	<u>12,171,809</u>	<u>0</u>	<u>12,171,809</u>
 Less:			
Customer Advances	1,385,040		1,385,040
Contributions in Aid of Construction	1,933,198		1,933,198
Accumulated Deferred ITC (3%)	0		0
Deferred Income Taxes	292,425		292,425
Pre-merger Missouri-Cities	238,144		238,144
Pension Liability	73,308		73,308
Subtotal	<u>3,922,115</u>	<u>0</u>	<u>3,922,115</u>
 Add:			
Cash Working Capital	(47,426)		(47,426)
Materials and Supplies	13,775		13,775
Prepayments	8,511		8,511
OPEB's Contributed to External Fund	63,833		63,833
Subtotal	<u>38,693</u>	<u>0</u>	<u>38,693</u>
 Less:			
Interest Offset	14.04932% (43,943)		(43,943)
Federal Income Tax	5.58356% (11,483)		(11,483)
State Income Tax	6.10959% (1,974)		(1,974)
Subtotal	<u>(57,400)</u>	<u>0</u>	<u>(57,400)</u>
 Total Original Cost Rate Base	<u>8,230,987</u>	<u>0</u>	<u>8,230,987</u>

**MISSOURI-AMERICAN WATER COMPANY**  
**Rate Base as of April 30, 2000**  
**St. Charles District**

	Rate Base Per Staff	Proforma Adjustments	Proforma Rate Base
<u>Utility Plant in Service</u>			
Utility Plant in Service	51,070,236		51,070,236
Capacity Disallowance			
AFUDC Disallowance			
Accumulated Provision for Depreciation	(8,628,251)		(8,628,251)
Accumulated Provision for Amortization	0		0
Post AFUDC			0
Other Utility Plant Adjustments			0
Net Utility Plant	42,441,985	0	42,441,985
Less:			
Customer Advances	2,083,553		2,083,553
Contributions in Aid of Construction	13,437,407		13,437,407
Accumulated Deferred ITC (3%)	0		0
Deferred Income Taxes	1,274,101		1,274,101
Pre-merger Missouri-Cities	1,036,157		1,036,157
Pension Liability	202,174		202,174
Subtotal	18,033,392	0	18,033,392
Add:			
Cash Working Capital	(228,052)		(228,052)
Materials and Supplies	87,434		87,434
Prepayments	23,473		23,473
OPEB's Contributed to External Fund	176,043		176,043
Subtotal	58,898	0	58,898
Less:			
Interest Offset	14.03562%	(129,578)	(129,578)
Federal Income Tax	5.56986%	(36,616)	(36,616)
State Income Tax	6.09589%	(6,297)	(6,297)
Subtotal		(172,491)	(172,491)
Total Original Cost Rate Base	24,295,000	0	24,295,000

**MISSOURI-AMERICAN WATER COMPANY**  
**Rate Base as of April 30, 2000**  
**St. Joseph District**

	<b>Rate Base Per Staff</b>	<b>Proforma Adjustments</b>	<b>Proforma Rate Base</b>
<b><u>Utility Plant in Service</u></b>			
Utility Plant in Service	94,155,353		94,155,353
Capacity Disallowance		2,271,756	2,271,756
AFUDC Disallowance		1,257,930	1,257,930
Accumulated Provision for Depreciation	(3,331,209)		(3,331,209)
Accumulated Provision for Amortization Post AFUDC	0		0
Other Utility Plant Adjustments		2,032,840	2,032,840
			0
Net Utility Plant	90,824,144	5,562,526	96,386,670
Less:			
Customer Advances	798,553		798,553
Contributions in Aid of Construction	2,288,494		2,288,494
Accumulated Deferred ITC (3%)	43,759		43,759
Deferred Income Taxes	3,099,932		3,099,932
Pre-merger Missouri-Cities Pension Liability	530,930		530,930
Subtotal	6,761,668	0	6,761,668
Add:			
Cash Working Capital	147,749		147,749
Materials and Supplies	163,241		163,241
Prepayments	61,643		61,643
OPEB's Contributed to External Fund	462,307		462,307
Subtotal	834,940	0	834,940
Less:			
Interest Offset	14.51233% (464,841)	(30,676)	(495,517)
Federal Income Tax	6.04658% (120,529)	(8,023)	(128,552)
State Income Tax	6.57260% (20,588)	(1,370)	(21,958)
Subtotal	(605,958)	(40,069)	(646,027)
Total Original Cost Rate Base	84,291,458	5,562,526	90,459,942

**MISSOURI-AMERICAN WATER COMPANY**  
**Rate Base as of April 30, 2000**  
**Warrensburg District**

	Rate Base Per Staff	Proforma Adjustments	Proforma Rate Base
<u>Utility Plant in Service</u>			
Utility Plant in Service	14,046,196		14,046,196
Capacity Disallowance			
AFUDC Disallowance			
Accumulated Provision for Depreciation	(2,078,795)		(2,078,795)
Accumulated Provision for Amortization	0		0
Post AFUDC			0
Other Utility Plant Adjustments			0
Net Utility Plant	<u>11,967,401</u>	<u>0</u>	<u>11,967,401</u>
Less:			
Customer Advances	773,046		773,046
Contributions in Aid of Construction	1,813,713		1,813,713
Accumulated Deferred ITC (3%)	0		0
Deferred Income Taxes	304,917		304,917
Pre-merger Missouri-Cities	253,531		253,531
Pension Liability	61,321		61,321
Subtotal	<u>3,206,528</u>	<u>0</u>	<u>3,206,528</u>
Add:			
Cash Working Capital	(26,607)		(26,607)
Materials and Supplies	37,059		37,059
Prepayments	7,120		7,120
OPEB's Contributed to External Fund	53,395		53,395
Subtotal	<u>70,967</u>	<u>0</u>	<u>70,967</u>
Less:			
Interest Offset	13.35616% (44,534)		(44,534)
Federal Income Tax	4.89041% (10,891)		(10,891)
State Income Tax	5.41644% (1,896)		(1,896)
Subtotal	<u>(57,321)</u>	<u>0</u>	<u>(57,321)</u>
Total Original Cost Rate Base	<u>8,774,519</u>	<u>0</u>	<u>8,774,519</u>

**MISSOURI-AMERICAN WATER COMPANY**  
**Pro Forma Utility Operating Income as of April 30, 2000**  
**Water Districts**

	<u>Per Staff</u>	<u>Company Adjustments</u>	<u>Adjusted to Company</u>
Revenues	30,473,792	-	30,473,792
Operation and Maintenance Adjustments	15,505,003 -	- -	15,505,003 -
Adjusted Operation and Maintenance	<u>15,505,003</u>	<u>-</u>	<u>15,505,003</u>
Depreciation	5,142,638	30,962	5,173,600
	-	14,714	14,714
Amortization	77,537	-	77,537
Adjustments	-	-	-
	-	56,078	56,078
	<u>77,537</u>	<u>56,078</u>	<u>133,615</u>
Taxes Other Than Income Adjustments	2,346,168 -	- -	2,346,168 -
Property Taxes	-	1,400,000	1,400,000
Total Taxes Other Than Income	<u>2,346,168</u>	<u>1,400,000</u>	<u>3,746,168</u>
Income Taxes:			
Current Federal Income Tax	369,084	(568,257)	(191,646)
Current State Income Tax	57,997	(89,298)	(30,118)
Deferred Income Tax Expense	674,400	5,556	679,956
ITC Amortization	(35,062)	-	(35,062)
Total Income Taxes	<u>1,066,419</u>	<u>(651,999)</u>	<u>423,130</u>
Utility Operating Income	<u>6,336,027</u>	<u>(835,041)</u>	<u>5,492,276</u>

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**MISSOURI-AMERICAN WATER COMPANY**  
**Pro Forma Utility Operating Income as of April 30, 2000**  
**Brunswick District**

	<u>Per Staff</u>	<u>Company Adjustments</u>	<u>Adjusted to Company</u>
Revenues	112,039		112,039
Operation and Maintenance Adjustments	246,815		246,815
Adjusted Operation and Maintenance	<u>246,815</u>	<u>-</u>	<u>246,815</u>
Depreciation	40,654		40,654
Amortization Adjustments	1,615		1,615
	<u>1,615</u>	<u>-</u>	<u>1,615</u>
Taxes Other Than Income Adjustments	16,974		16,974
Property Taxes			-
			-
Total Taxes Other Than Income	<u>16,974</u>	<u>-</u>	<u>16,974</u>
Income Taxes:			
Current Federal Income Tax		(75,883)	(75,883)
Current State Income Tax	(87,808)	(11,925)	(11,925)
Deferred Income Tax Expense	(87,810)	9,740	9,740
ITC Amortization	2	-	-
Total Income Taxes	5.21	<u>(78,068)</u>	<u>(78,068)</u>
Utility Operating Income	<u>(115,951)</u>	<u>-</u>	<u>(115,951)</u>

**MISSOURI-AMERICAN WATER COMPANY**  
**Pro Forma Utility Operating Income as of April 30, 2000**  
**Joplin District**

	<u>Per Staff</u>	<u>Company Adjustments</u>	<u>Adjusted to Company</u>
Revenues	7,491,426		7,491,426
Operation and Maintenance Adjustments	3,284,096		3,284,096 - - - -
Adjusted Operation and Maintenance	<u>3,284,096</u>	<u>-</u>	<u>3,284,096</u>
Depreciation	792,315		792,315
Amortization Adjustments	19,472		19,472 - -
	<u>19,472</u>	<u>-</u>	<u>19,472</u>
Taxes Other Than Income Adjustments	397,405		397,405 -
Property Taxes			-
Total Taxes Other Than Income	<u>397,405</u>	<u>-</u>	<u>397,405</u>
Income Taxes:			
Current Federal Income Tax	683,946		683,946
Current State Income Tax	791,423	107,477	107,477
Deferred Income Tax Expense	791,395	119,678	119,678
ITC Amortization	28	(12,375)	(12,375)
Total Income Taxes	72.94	<u>898,726</u>	<u>898,726</u>
	4750.58925		
Utility Operating Income	<u>2,099,412</u>	<u>-</u>	<u>2,099,412</u>

**MISSOURI-AMERICAN WATER COMPANY**  
**Pro Forma Utility Operating Income as of April 30, 2000**  
**Mexico District**

	<u>Per Staff</u>	<u>Company Adjustments</u>	<u>Adjusted to Company</u>
Revenues	1,557,551		1,557,551
Operation and Maintenance Adjustments	1,102,159		1,102,159
Adjusted Operation and Maintenance	<u>1,102,159</u>	<u>-</u>	<u>1,102,159</u>
Depreciation	364,154		364,154
Amortization Adjustments	5,362		5,362
	<u>5,362</u>	<u>-</u>	<u>5,362</u>
Taxes Other Than Income Adjustments	74,885		74,885
Property Taxes			-
Total Taxes Other Than Income	<u>74,885</u>	<u>-</u>	<u>74,885</u>
Income Taxes:			
Current Federal Income Tax	(153,948)		(153,948)
Current State Income Tax	(178,140)	(24,192)	(24,192)
Deferred Income Tax Expense	791,395	54,619	54,619
ITC Amortization	(969,535)	-	-
Total Income Taxes	<u>#####</u>	<u>-</u>	<u>(123,521)</u>
Utility Operating Income	4750.58925		
	<u>134,512</u>	<u>-</u>	<u>134,512</u>

**MISSOURI-AMERICAN WATER COMPANY**  
**Pro Forma Utility Operating Income as of April 30, 2000**  
**Parkville Water District**

	<u>Per Staff</u>	<u>Company Adjustments</u>	<u>Adjusted to Company</u>
Revenues	1,514,285		1,514,285
Operation and Maintenance Adjustments	1,022,940		1,022,940
Adjusted Operation and Maintenance	<u>1,022,940</u>	<u>-</u>	<u>1,022,940</u>
Depreciation	310,013		310,013
Amortization Adjustments	4,316		4,316
	<u>4,316</u>	<u>-</u>	<u>4,316</u>
Taxes Other Than Income Adjustments	265,852		265,852
Property Taxes			-
			-
Total Taxes Other Than Income	<u>265,852</u>	<u>-</u>	<u>265,852</u>
Income Taxes:			
Current Federal Income Tax	(150,452)		(150,452)
Current State Income Tax	(174,095)	(23,643)	(23,643)
Deferred Income Tax Expense	(174,107)	69,204	69,204
ITC Amortization	12	-	-
Total Income Taxes	31.26	<u>(104,891)</u>	<u>(104,891)</u>
Utility Operating Income	4750.58925	<u>-</u>	<u>16,055</u>

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**MISSOURI-AMERICAN WATER COMPANY**  
**Pro Forma Utility Operating Income as of April 30, 2000**  
**St. Charles District**

	<u>Per Staff</u>	<u>Company Adjustments</u>	<u>Adjusted to Company</u>
Revenues	7,941,428		7,941,428
Operation and Maintenance Adjustments	3,391,994		3,391,994
Adjusted Operation and Maintenance	<u>3,391,994</u>	<u>-</u>	<u>3,391,994</u>
Depreciation	807,891		807,891
Amortization Adjustments	11,903		11,903
	<u>11,903</u>	<u>-</u>	<u>11,903</u>
Taxes Other Than Income Adjustments	874,114		874,114
Property Taxes			0
			0
Total Taxes Other Than Income	<u>874,114</u>	<u>-</u>	<u>874,114</u>
Income Taxes:			
Current Federal Income Tax		587,222	587,222
Current State Income Tax	679,500	92,278	92,278
Deferred Income Tax Expense	679,471	306,876	306,876
ITC Amortization	29	-	-
Total Income Taxes	75.54	<u>986,376</u>	<u>986,376</u>
Utility Operating Income	<u>1,869,150</u>	<u>-</u>	<u>1,869,150</u>

**MISSOURI-AMERICAN WATER COMPANY**  
**Pro Forma Utility Operating Income as of April 30, 2000**  
**St. Joseph District**

	<u>Per Staff</u>	<u>Company Adjustments</u>	<u>Adjusted to Company</u>
Revenues	9,989,687		9,989,687
Operation and Maintenance Adjustments	5,698,544		5,698,544
Adjusted Operation and Maintenance	<u>5,698,544</u>	<u>-</u>	<u>5,698,544</u>
Depreciation	2,507,303	30,962	2,538,265
Deferred Depreciation		14,714	14,714
Amortization	31,259		31,259
Adjustments			
Post AFUDC		56,078	56,078
	<u>31,259</u>	<u>56,078</u>	<u>87,337</u>
Taxes Other Than Income	523,139		523,139
Adjustments			
Property Taxes		1,400,000	1,400,000
Total Taxes Other Than Income	<u>523,139</u>	<u>1,400,000</u>	<u>1,923,139</u>
Income Taxes:			
Current Federal Income Tax	(604,334)	(568,257)	(1,165,064)
Current State Income Tax	(699,301)	(94,967)	(89,298)
Deferred Income Tax Expense	(699,227)	57,584	5,556
ITC Amortization	(74)	(22,687)	(22,687)
Total Income Taxes	<u>(192,77)</u>	<u>(664,404)</u>	<u>(1,307,693)</u>
	4750.58925		
Utility Operating Income	<u>1,893,846</u>	<u>(835,041)</u>	<u>1,050,095</u>

**MISSOURI-AMERICAN WATER COMPANY**  
**Pro Forma Utility Operating Income as of April 30, 2000**  
**Warrensburg District**

	<u>Per Staff</u>	<u>Company Adjustments</u>	<u>Adjusted to Company</u>
Revenues	1,867,376		1,867,376
Operation and Maintenance Adjustments	758,455		758,455
Adjusted Operation and Maintenance	<u>758,455</u>	<u>-</u>	<u>758,455</u>
Depreciation	320,308		320,308
Amortization Adjustments	3,610		3,610
	<u>3,610</u>	<u>-</u>	<u>3,610</u>
Taxes Other Than Income Adjustments	193,799		193,799
Property Taxes			0
			0
			0
Total Taxes Other Than Income	<u>193,799</u>	<u>-</u>	<u>193,799</u>
Income Taxes:			
Current Federal Income Tax		82,533	82,533
Current State Income Tax	95,502	12,969	12,969
Deferred Income Tax Expense	95,502	56,699	56,699
ITC Amortization	-	-	-
Total Income Taxes	-	<u>152,201</u>	<u>152,201</u>
Utility Operating Income	4750.58925	<u>-</u>	<u>439,003</u>