

**Missouri American Water  
Tracker Mechanism OPEBs and Pensions  
Case No. WR-2007-0216**

**OPEB**

The OPEB tracker mechanism represents the difference between the allocated and funded FAS 106 cost, as calculated by the Company's actuary, and the recalculated and allocated FAS 106 cost included in rates in this case. This difference results from the elimination of the corridor approach for amortizing unrecognized net gains and losses and a reduction in the amortization period. Instead of utilizing a corridor with a longer amortization period, the total net unrecognized gains and losses will be amortized over ten years. A regulatory asset or liability will be established to accumulate the amount of the tracker and the balance will be an addition or reduction to rate base in the next general rate proceeding. The continuation of the tracker and disposition of amounts accumulated will be reviewed in the next general rate proceeding. Over time, the regulatory asset and liability balances are expected to offset each other.

**Pensions**

The Pensions tracker mechanism represents the difference between the allocated FAS 87 cost, as calculated by the Company's actuary, and the recalculated and allocated FAS 87 cost included in rates in this case. This difference results from the elimination of the corridor approach for amortizing unrecognized net gains and losses and a reduction in the amortization period. Instead of utilizing a corridor with a longer amortization period, the total net unrecognized gains and losses will be amortized over ten years. A regulatory asset or liability will be established to accumulate the amount of the tracker and the balance will be an addition or reduction to rate base in the next general rate proceeding. The continuation of the tracker and disposition of amounts accumulated will be reviewed in the next general rate proceeding. Over time, the regulatory asset and liability balances are expected to offset each other.