

Line #

Narrative Discussion of Proposed Adjustment for Labor Expenses

The Company has calculated its pro forma labor expense by using the June 30, 2006 manpower levels plus planned additions through May, 2007. Overtime labor was based on the test year by job classification. Labor rates used for union personnel reflect those rates that will be in effect by May 2007 based on contractual agreements. Labor rates for non union personnel are based on projected rates that will be in effect on April 1, 2007. Gross labor dollars were allocated to O&M expense based on the 2006 budget O&M rates by job classification. Corporate employee labor was allocated to each district (operation) based on the number of customers.

Calculation of Pro forma Adjustment for Labor Expenses

	Brunswick BRU	Jefferson City JFC	Joplin JOP	Mexico MEX	Parkville Water PKW	St Charles SCH	St Joseph SJO
Pro forma amount	\$ 113,667	\$ 764,565	\$ 1,499,633	\$ 277,353	\$ 236,211	\$ 931,820	\$ 1,705,161
Per books amount	83,568	748,523	1,054,719	289,489	218,391	712,009	1,374,516
Pro forma adjustment	\$ 30,099	\$ 16,042	\$ 444,914	\$ (12,137)	\$ 17,821	\$ 219,811	\$ 330,644
	St Louis STL	Warrensburg WAR	Warren City Water WCW	Parkville Sewer PKS	Cedar Hill Sewer CDH	Warren City Sewer WCS	Total
Pro forma amount	\$ 16,325,313	\$ 253,380	\$ 49,718	\$ 2,458	\$ 49,202	\$ 38,059	\$ 22,246,540
Per books amount	14,864,363	212,447	15,983	4,773	52,190	67,264	19,698,236
Pro forma adjustment	\$ 1,460,950	\$ 40,932	\$ 33,735	\$ (2,315)	\$ (2,988)	\$ (29,205)	\$ 2,548,304

Responsible: Petry

Adjustment for Group Insurance Expenses
For the Test Year Ended June 30, 2006

Missouri-American Water Company
Case No. WR-2007-XXXX and Case No. SR-2007-XXX

Schedule CAS-15
Page 2 of 23

Line #

Narrative Discussion of Proposed Adjustment for Group Insurance Expenses

The Company has calculated its pro forma Group Insurance expense based on expected changes in manpower levels by May 2007, benefit levels and rates in effect January 1, 2007. Corporate employee costs were allocated to each district (operation) based on appropriate factors noted in the labor discussion. OPEB cost was based on the latest actuarial information provided by the Company actuary and the payment of \$500 into a VEBA fund for union employees not eligible for post-retirement benefits.

Calculation of pro forma Adjustment for Group Insurance Expenses

	Brunswick BRU	Jefferson City JFC	Joplin JOP	Mexico MEX	Parkville Water PKW	St Charles SCH	St Joseph SJO
Pro forma amount	\$ 37,486	\$ 227,038	\$ 418,021	\$ 94,081	\$ 54,571	\$ 298,803	\$ 503,477
Per books amount	22,104	165,379	286,757	67,364	44,407	224,533	386,653
Pro forma adjustment	\$ 15,383	\$ 61,659	\$ 131,264	\$ 26,717	\$ 10,164	\$ 74,270	\$ 116,824
	St Louis STL	Warrensburg WAR	Warren Cty Water WCW	Parkville Sewer PKS	Cedar Hill Sewer CDH	Warren Cty Sewer WCS	Total
Pro forma amount	\$ 4,216,157	\$ 92,364	\$ 16,237	\$ 610	\$ 16,973	\$ 14,450	\$ 5,990,269
Per books amount	3,003,191	56,936	0	0	10,866	0	4,268,190
Pro forma adjustment	\$ 1,212,965	\$ 35,428	\$ 16,237	\$ 610	\$ 6,107	\$ 14,450	\$ 1,722,078

Responsible: Petry

Adjustment for Pension Expenses
For the Test Year Ended June 30, 2006

Missouri-American Water Company
Case No. WR-2007-XXXX and Case No. SR-2007-XXX

Schedule CAS-15
Page 3 of 23

Line #

Narrative Discussion of Proposed Adjustment for Pension Expenses

The Company has calculated its pro forma pension expense based on the current actuarial report. The pro forma level also includes the defined contribution plan of 5.25% of base salary for full time union employees hired on or after 1/1/01 and full time nonunion employees hired on or after 1/1/06.

Calculation of pro forma Adjustment for Pension Expenses

	Brunswick BRU	Jefferson City JFC	Joplin JOP	Mexico MEX	Parkville Water PKW	St Charles SCH	St Joseph SJO
Pro forma amount	\$ 12,203	\$ 84,621	\$ 173,379	\$ 29,966	\$ 25,430	\$ 113,353	\$ 190,082
Per books amount	13,983	105,682	180,105	44,442	27,915	143,152	248,098
Pro forma adjustment	\$ (1,780)	\$ (21,061)	\$ (6,726)	\$ (14,477)	\$ (2,485)	\$ (29,799)	\$ (58,016)
	St Louis STL	Warrensburg WAR	Warren City Water WCW	Parkville Sewer PKS	Cedar Hill Sewer CDH	Warren City Sewer WCS	Total
Pro forma amount	\$ 1,858,783	\$ 31,083	\$ 5,267	\$ 241	\$ 5,269	\$ 4,071	\$ 2,533,747
Per books amount	1,952,530	36,600	0	0	6,890	0	2,759,397
Pro forma adjustment	\$ (93,747)	\$ (5,517)	\$ 5,267	\$ 241	\$ (1,621)	\$ 4,071	\$ (225,650)

Responsible: Grubb

Adjustment to 401K Expense
For the Test Year Ended June 30, 2006

Missouri-American Water Company
Case No. WR-2007-XXXX and Case No. SR-2007-XXX

Schedule CAS-15
Page 4 of 23

Line #

Narrative Discussion of Proposed Adjustment to 401K Expense

The Company has calculated its pro forma 401k expense based on changes in manpower levels expected to occur by May 2007. Contribution rates for new employees were assumed to correspond to the rates of personnel in the same job classification in each district. The pro forma for corporate employees was then allocated to each district.

Calculation of pro forma Adjustment to 401K Expense

	Brunswick BRU	Jefferson City JFC	Joplin JOP	Mexico MEX	Parkville Water PKW	St Charles SCH	St Joseph SJO
Pro forma amount	\$ 1,495	\$ 15,703	\$ 28,379	\$ 4,468	\$ 3,521	\$ 21,945	\$ 21,251
Per books amount	1,150	11,796	12,611	3,751	2,381	7,179	10,028
Pro forma adjustment	\$ 346	\$ 3,907	\$ 15,769	\$ 717	\$ 1,141	\$ 14,766	\$ 11,223
	St Louis STL	Warrensburg WAR	Warren Cty Water WCW	Parkville Sewer PKS	Cedar Hill Sewer CDH	Warren Cty Sewer WCS	Total
Pro forma amount	\$ 354,317	\$ 7,160	\$ 1,331	\$ 55	\$ 13	\$ 9	\$ 459,647
Per books amount	306,341	3,621	278	82	(108)	1,039	360,148
Pro forma adjustment	\$ 47,976	\$ 3,539	\$ 1,053	\$ (27)	\$ 121	\$ (1,030)	\$ 99,499

Responsible: Petry

Adjustment for Payroll Taxes Expenses
For the Test Year Ended June 30, 2006

Missouri-American Water Company
Case No. WR-2007-XXXX and Case No. SR-2007-XXX

Schedule CAS-15
Page 5 of 23

Line #

Narrative Discussion of Proposed Adjustment for Payroll Taxes Expenses

The Company has calculated its pro forma payroll tax expense based on the changes in labor as of May 2007 and applying current payroll tax rates. The pro forma cost of corporate employees is allocated to each district (operation).

Calculation of pro forma Adjustment for Payroll Taxes Expenses

	Brunswick BRU	Jefferson City JFC	Joplin JOP	Mexico MEX	Parkville Water PKW	St Charles SCH	St Joseph SJO
Pro forma amount	\$ 9,034	\$ 60,616	\$ 118,500	\$ 22,037	\$ 18,455	\$ 73,702	\$ 135,358
Per books amount	6,867	62,312	91,185	24,109	17,457	61,500	117,515
Pro forma adjustment	\$ 2,168	\$ (1,696)	\$ 27,315	\$ (2,072)	\$ 998	\$ 12,202	\$ 17,842
	St Louis STL	Warrensburg WAR	Warren Cty Water WCW	Parkville Sewer PKS	Cedar Hill Sewer CDH	Warren Cty Sewer WCS	Total
Pro forma amount	\$ 1,282,788	\$ 19,998	\$ 3,970	\$ 197	\$ 3,908	\$ 3,062	\$ -
Per books amount	1,274,860	18,284	1,235	379	4,344	5,225	1,685,272
Pro forma adjustment	\$ 7,928	\$ 1,714	\$ 2,735	\$ (182)	\$ (435)	\$ (2,163)	\$ -
							\$ 66,353

Responsible: Petry

Adjustment of Fuel & Power Expense
For the Test Year Ended June 30, 2006

Missouri-American Water Company
Case No. WR-2007-XXXX and Case No. SR-2007-XXX

Schedule CAS-15
Page 6 of 23

Line #

Narrative Discussion of Proposed Adjustment of Fuel & Power Expense

The Company purchased fuel & electricity for operations from several utility suppliers. The pro forma adjustment was calculated based upon three suppliers. AmerenUE, The Empire District Electric, and Aquila Electric which have changed or will be changing rates. Aquila Electric increased rates 2.1% effective March 26, 2006. AmerenUE filed a 25% rate increase. Their rates have been suspended until June 4, 2007. Empire District Electric filed for a 15% increase to be effective January, 2007.

The pro forma adjustment was calculated by multiplying test year cost for the months of the increase by the overall percentage increase. Fuel and Power was also adjusted to reflect the proforma sales adjustment.

Calculation of pro forma Adjustment of Fuel & Power Expense

	Brunswick BRU	Jefferson City JFC	Joplin JOP	Mexico MEX	Parkville Water PKW	St Charles SCH	St Joseph SJO	
Pro forma amount	\$ 9,680	\$ 275,886	\$ 681,266	\$ 215,159	\$ 188,092	\$ 36,400	\$ 589,205	
Per books amount	14,155	212,576	645,157	178,775	158,463	29,237	594,193	
Pro forma adjustment	\$ (4,475)	\$ 63,310	\$ 36,109	\$ 36,384	\$ 29,629	\$ 7,163	\$ (4,988)	
	St Louis STL	Warrensburg WAR	Warren Cty Water WCV	Parkville Sewer PKS	Cedar Hill Sewer CDH	Warren Cty Sewer WCS	Total	
Pro forma amount	\$ 7,363,188	\$ 137,635	\$ 7,510	\$ -	\$ 20,124	\$ 5,526	\$ -	\$ 9,529,671
Per books amount	5,988,945	128,538	7,336	0	16,101	5,526	7,979,001	
Pro forma adjustment	\$ 1,374,243	\$ 9,097	\$ 174	\$ -	\$ 4,023	\$ -	\$ -	\$ 1,550,670

Responsible: Petry

Adjustment of Chemical Expense

For the Test Year Ended June 30, 2006

Missouri-American Water Company

Case No. WR-2007-XXXX and Case No. SR-2007-XXX

Schedule CAS-15

Page 7 of 23

Line #

Narrative Discussion of Proposed Adjustment of Chemical Expense

The Company purchases the majority of its chemicals through contracts that are negotiated once a year. The pro forma adjustment uses the latest contracted prices. In certain circumstances chemicals may be purchased without a contract. For these circumstances, the pro forma expense reflects an estimated price based upon recent purchases or bids. The pro forma adjustment also reflects an average pounds per thousand gallons to adjust the usage to reflect a normal level. Chemicals was also adjusted to incorporate the pro forma sales adjustment and the transfer of water to St. Charles from the St. Louis District.

Calculation of pro forma Adjustment of Chemical Expense

	Brunswick BRU	Jefferson City JFC	Joplin JOP	Mexico MEX	Parkville Water PKW	St Charles SCH	St Joseph SJO	
Pro forma amount	\$ 5,117	\$ 326,563	\$ 455,848	\$ 64,439	\$ 99,952	\$ -	\$ 730,060	
Per books amount	10,257	226,183	234,636	49,764	109,172	(0)	613,887	
Pro forma adjustment	\$ (5,140)	\$ 100,380	\$ 221,212	\$ 14,675	\$ (9,220)	\$ 0	\$ 116,173	
	St Louis STL	Warrensburg WAR	Warren City Water WCW	Parkville Sewer PKS	Cedar Hill Sewer CDH	Warren City Sewer WCS	Total	
Pro forma amount	\$ 4,848,891	\$ 29,804	\$ 2,249	\$ -	\$ -	\$ -	\$ 6,562,923	
Per books amount	5,743,378	25,311	3,511	0	0	0	7,016,099	
Pro forma adjustment	\$ (894,487)	\$ 4,493	\$ (1,262)	\$ -	\$ -	\$ -	\$ (453,176)	

Responsible: Petry

Adjustment of Purchased Water Expense
For the Test Year Ended June 30, 2006

Missouri-American Water Company
Case No. WR-2007-XXXX and Case No. SR-2007-XXX

Schedule CAS-15
Page 8 of 23

Line #

Narrative Discussion of Proposed Adjustment of Purchased Water Expense

The Company purchases water from the City of St Louis, and the City of Kansas City. The water purchased from the City of St Louis is delivered to St Louis and St Charles customers, and the City of Kansas City water is delivered to Parkville customers. Included in the St. Charles purchased water expenses are the production costs related to the purchase of water from the St. Louis district. A \$200,000 annual contract from the City of St Louis is reflected in the purchased water for St. Louis. A pro forma adjustment for Parkville was made to account for the change in test year system delivery and pro forma system delivery. Water purchased from Public Water District #2 was to supplement the Jefferson City supply.

Calculation of pro forma Adjustment of Purchased Water Expense

	Brunswick BRU	Jefferson City JFC	Joplin JOP	Mexico MEX	Parkville Water PKW	St Charles SCH	St Joseph SJO
Pro forma amount	\$ -	\$ 2,212	\$ -	\$ -	\$ 58,184	\$ 711,384	\$ -
Per books amount	0	1,830	0	0	54,807	0	0
Pro forma adjustment	\$ -	\$ 382	\$ -	\$ -	\$ 3,377	\$ 711,384	\$ -
	St Louis STL	Warrensburg WAR	Warren Cty Water WCW	Parkville Sewer PKS	Cedar Hill Sewer CDH	Warren Cty Sewer WCS	Total
Pro forma amount	\$ 215,786	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 987,566
Per books amount	229,714	0	0	0	0	0	286,351
Pro forma adjustment	\$ (13,928)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 701,215

Responsible: Petry

Adjustment of Waste Disposal Expense
For the Test Year Ended June 30, 2006

Missouri-American Water Company
Case No. WR-2007-XXXX and Case No. SR-2007-XXX

Schedule CAS-15
Page 9 of 23

Line #

Narrative Discussion of Proposed Adjustment of Waste Disposal Expense

The Pro Forma adjustment for Waste Disposal Expense was calculated by applying anticipated costs on the anticipated bids for the removal of residue from the settling lagoons for the water operations. The Pro Forma Adjustment for Waste Disposal Expense for the sewer operation was calculated by applying the latest known amounts from the waste disposal invoice times the number of customers and annualizing for 12-months, to the 2006 Test Year per book amount.

Calculation of pro forma Adjustment of Waste Disposal Expense

	Brunswick BRU	Jefferson City JFC	Joplin JOP	Mexico MEX	Parkville Water PKW	St Charles SCH	St Joseph SJO	
Pro forma amount	\$ 7,989	\$ -	\$ 12,500	\$ 30,000	\$ -	\$ -	\$ 258,583	
Per books amount	7,989	0	0	42,054	0	0	242,766	
Pro forma adjustment	\$ 0	\$ -	\$ 12,500	\$ (12,054)	\$ -	\$ -	\$ 15,816	
	St Louis STL	Warrensburg WAR	Warren Cty Water WCW	Parkville Sewer PKS	Cedar Hill Sewer CDH	Warren Cty Sewer WCS	Total	
Pro forma amount	\$ 377,532	\$ -	\$ -	\$ 38,869	\$ 24,000	\$ -	\$ 749,472	
Per books amount	255,013	0	0	37,693	91,030	0	676,545	
Pro forma adjustment	\$ 122,519	\$ -	\$ -	\$ 1,176	\$ (67,030)	\$ -	\$ 72,927	

Responsible: Petry

Adjustment of Regulatory Expense

For the Test Year Ended June 30, 2006

Missouri-American Water Company
Case No. WR-2007-XXXX and Case No. SR-2007-XXX

Schedule CAS-15
Page 10 of 23

Line #

Narrative Discussion of Proposed Adjustment of Regulatory Expense

The Pro forma adjustment to Regulatory expense reflects a three year amortization of the estimated cost of the current rate case. The costs of the current rate case includes costs related to preparation of accounting exhibits, testimony, responding to both PSC, OPC and intervenor data requests, review and reconciliation of PSC Staff, OPC and intervenor exhibits and testimony, preparation of rebuttal and surrebuttal testimony and attending hearings, legal fees, cost of capital consultant, publication cost, cost of service study consultant (if needed), depreciation study consultant, weather normalization consultant and associated travel expenses.

Calculation of pro forma Adjustment of Regulatory Expense

		Brunswick	Jefferson City	Joplin	Mexico	Parkville Water	St Charles	St Joseph
		BRU	JFC	JOP	MEX	PKW	SCH	SJO
Pro forma amount	\$	268	\$ 6,319	\$ 13,762	\$ 2,865	\$ 3,186	\$ 16,948	\$ 18,742
Per books amount		377	8,900	19,385	4,035	4,488	23,873	26,400
Pro forma adjustment	\$	(109)	\$ (2,581)	\$ (5,623)	\$ (1,170)	\$ (1,302)	\$ (6,925)	\$ (7,658)
		St Louis	Warrensburg	Warren Cty Water	Parkville Sewer	Cedar Hill Sewer	Warren Cty Sewer	Total
		STL	WAR	WCW	PKS	CDH	WCS	
Pro forma amount	\$	200,891	\$ 3,963	\$ 214	\$ 54	\$ 321	\$ 214	\$ 267,747
Per books amount		282,967	5,582	302	75	453	302	377,139
Pro forma adjustment	\$	(82,076)	\$ (1,619)	\$ (88)	\$ (21)	\$ (132)	\$ (88)	\$ (109,392)

Responsible: Grubb

Adjustment of Insurance Other Than Group Expense
For the Test Year Ended June 30, 2006

Missouri-American Water Company
Case No. WR-2007-XXXX and Case No. SR-2007-XXX

Schedule CAS-15
Page 11 of 23

Line #

Narrative Discussion of Proposed Adjustment of Insurance Other Than Group Expense

The Company has calculated its pro forma Insurance Other Than Group Expense from its latest annual insurance premiums. The Company's insurance coverage includes: Property & Casualty Insurance, which consists of General & Excess Liability, Property Claims Damage, and Workmen's Compensation; and Financial Liability Insurance, which consists of Directors & Officers Liability, Fiduciary Liability, Crime, and Employment Practice Insurance. The pro forma expense also includes Retro-Premium Adjustments for payments due. The pro forma expense relating to Workers Compensation was multiplied by the O&M labor percentage factor, in order to reflect the portion of the cost to be expensed

Calculation of pro forma Adjustment of Insurance Other Than Group Expense

	Brunswick BRU	Jefferson City JFC	Joplin JOP	Mexico MEX	Parkville Water PKW	St Charles SCH	St Joseph SJO
Pro forma amount	\$ 8,478	\$ 124,474	\$ 264,573	\$ 53,703	\$ 56,878	\$ 289,754	\$ 347,022
Per books amount	11,427	107,693	270,175	70,301	80,523	301,890	436,255
Pro forma adjustment	\$ (2,949)	\$ 16,781	\$ (5,603)	\$ (16,597)	\$ (23,645)	\$ (12,136)	\$ (89,233)
	St Louis STL	Warrensburg WAR	Warren Cty Water WCW	Parkville Sewer PKS	Cedar Hill Sewer CDH	Warren Cty Sewer WCS	Total
Pro forma amount	\$ 3,642,643	\$ 69,147	\$ 5,158	\$ 896	\$ 6,736	\$ 4,698	\$ 4,874,160
Per books amount	2,980,635	71,454	4,107	499	4,706	3,503	4,343,167
Pro forma adjustment	\$ 662,008	\$ (2,307)	\$ 1,051	\$ 398	\$ 2,030	\$ 1,195	\$ 530,993

Responsible: Grubb

**Adjustment of Support Services Fees
For the Test Year Ended June 30, 2006**

Missouri-American Water Company
Case No. WR-2007-XXXX and Case No. SR-2007-XXX

Schedule CAS-15
Page 12 of 23

Line #

Narrative Discussion of Proposed Adjustment of Support Services Fees

Test year Support Services from American Water Works Service Company were adjusted to remove one time costs in the amount of \$623,320. Reductions were also made for donations, memberships and lobbying expenses for \$84,252, and shifting two External Affairs employees labor to Missouri American in the amount of \$149,203. Increases were made for labor and overhead expenses, depreciation and interest and assets used by the Service Company, and increased audit fees for Sarbanes-Oxley.

Calculation of pro forma Adjustment of Support Services Fees

		Brunswick BRU	Jefferson City JFC	Joplin JOP	Mexico MEX	Parkville Water PKW	St Charles SCH	St Joseph SJO	
Pro forma amount	\$	26,095	\$ 615,732	\$ 1,340,948	\$ 279,102	\$ 310,417	\$ 1,652,541	\$ 1,828,438	
Per books amount		24,918	588,075	1,280,807	266,627	296,529	1,577,336	1,746,172	
Pro forma adjustment	\$	1,177	\$ 27,658	\$ 60,140	\$ 12,475	\$ 13,888	\$ 75,205	\$ 82,267	
		St Louis STL	Warrensburg WAR	Warren Cty Water WCW	Parkville Sewer PKS	Cedar Hill Sewer CDH	Warren Cty Sewer WCS	Total	
Pro forma amount	\$	19,580,395	\$ 386,211	\$ 20,406	\$ 5,219	\$ 31,314	\$ 20,406	\$ -	\$ 26,097,225
Per books amount		18,696,295	368,793	19,935	4,984	29,902	19,935		24,920,308
Pro forma adjustment	\$	884,100	\$ 17,418	\$ 471	\$ 235	\$ 1,412	\$ 471	\$ -	\$ 1,176,917

Responsible: Grubb

Adjustment of Lease Expense
For the Test Year Ended June 30, 2006

Missouri-American Water Company
Case No. WR-2007-XXXX and Case No. SR-2007-XXX

Schedule CAS-15
Page 13 of 23

Line #

Narrative Discussion of Proposed Adjustment of Lease Expense

The Company pays rental on railroad crossings, rights of way, and various office and plant equipment. The pro forma adjustment is to annualize expenses expected to be in effect as of May 2007. Office rentals increased by \$9,929. Equipment leases decreased \$83,549 primarily due to leases being bought out.

Calculation of pro forma Adjustment of Lease Expense

		Brunswick BRU	Jefferson City JFC	Joplin JOP	Mexico MEX	Parkville Water PKW	St Charles SCH	St Joseph SJO	
Pro forma amount	\$	2,642	\$ 41,711	\$ 65,650	\$ 13,069	\$ 9,601	\$ 46,801	\$ 98,098	
Per books amount		2,572	39,620	71,154	11,852	12,657	47,317	104,671	
Pro forma adjustment	\$	70	\$ 2,090	\$ (5,504)	\$ 1,217	\$ (3,056)	\$ (515)	\$ (6,574)	
		St Louis STL	Warrensburg WAR	Warren City Water WCW	Parkville Sewer PKS	Cedar Hill Sewer CDH	Warren City Sewer WCS		Total
Pro forma amount	\$	809,123	\$ 14,843	\$ 505	\$ 126	\$ 2,258	\$ 505	\$ -	1,104,931
Per books amount		873,063	13,946	527	132	915	527		1,178,954
Pro forma adjustment	\$	(63,940)	\$ 897	\$ (22)	\$ (6)	\$ 1,343	\$ (22)	\$ -	(74,023)

Responsible: Thakadivil

Adjustment for Mainbreak Expense
For the Test Year Ended June 30, 2006

Missouri-American Water Company
Case No. WR-2007-XXXX and Case No. SR-2007-XXX

Schedule CAS-15
Page 14 of 23

Line #

Narrative Discussion of Proposed Adjustment for Mainbreak Expense

The main break adjustment was calculated based on a 2 year average cost that includes 12 months ended 06/30/05 and 12 months ended 06/30/06. The number of main breaks is based on a 5 year average as of 06/30/06.

Calculation of pro forma Adjustment for Mainbreak Expense

	Brunswick BRU	Jefferson City JFC	Joplin JOP	Mexico MEX	Parkville Water PKW	St Charles SCH	St Joseph SJO	
Pro forma amount	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Per books amount	0	0	0	0	0	0	0	
Pro forma adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
	St Louis STL	Warrensburg WAR	Warren Cty Water WCW	Parkville Sewer PKS	Cedar Hill Sewer CDH	Warren Cty Sewer WCS	Total	
Pro forma amount	\$ 2,100,046	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,100,046	
Per books amount	1,836,339	0	0	0	0	0	1,836,339	
Pro forma adjustment	\$ 263,707	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 263,707	

Responsible: Grubb

**Adjustment of Transportation Expense
For the Test Year Ended June 30, 2006**

Missouri-American Water Company
Case No. WR-2007-XXXX and Case No. SR-2007-XXX

Schedule CAS-15
Page 15 of 23

Line #

Narrative Discussion of Proposed Adjustment of Transportation Expense

The Company has calculated its pro forma Transportation expense based on changes in leased vehicle levels expected to occur by April 2007. For vehicles not yet ordered, costs were based on recently ordered vehicles of the same type. Corporate vehicles were allocated to each district.

Calculation of pro forma Adjustment of Transportation Expense

	Brunswick BRU	Jefferson City JFC	Joplin JOP	Mexico MEX	Parkville Water PKW	St Charles SCH	St Joseph SJO
Pro forma amount	\$ 12,156	\$ 74,052	\$ 64,315	\$ 31,847	\$ 13,697	\$ 127,793	\$ 137,418
Per books amount	68	37,652	54,373	17,101	3,020	71,329	93,759
Pro forma adjustment	\$ 12,088	\$ 36,400	\$ 9,943	\$ 14,746	\$ 10,677	\$ 56,464	\$ 43,659
	St Louis STL	Warrensburg WAR	Warren City Water WCW	Parkville Sewer PKS	Cedar Hill Sewer CDH	Warren City Sewer WCS	Total
Pro forma amount	\$ 1,471,686	\$ 6,444	\$ -	\$ -	\$ -	\$ -	\$ 1,939,407
Per books amount	1,063,208	8,273	0	1,085	0	0	1,349,867
Pro forma adjustment	\$ 408,478	\$ (1,829)	\$ -	\$ (1,085)	\$ -	\$ -	\$ 589,540

Responsible: Thakadiyil

Adjustment of STEP Costs

For the Test Year Ended June 30, 2006

Missouri-American Water Company
Case No. WR-2007-XXX and Case No. SR-2007-XXXSchedule CAS-15
Page 16 of 23

Line #

Adjustment of STEP Costs

Standardized Technology Enabled Processes (STEP) is being eliminated as a nonrecurring expense.

Calculation of pro forma Adjustment of STEP Costs

	Brunswick BRU	Jefferson City JFC	Joplin JOP	Mexico MEX	Parkville Water PKW	St Charles SCH	St Joseph SJO
Pro forma amount	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Per books amount	2,194	51,778	112,771	23,476	26,108	138,879	153,579
Pro forma adjustment	\$ (2,194)	\$ (51,778)	\$ (112,771)	\$ (23,476)	\$ (26,108)	\$ (138,879)	\$ (153,579)
	St Louis STL	Warrensburg WAR	Warren Cty Water WCW	Parkville Sewer PKS	Cedar Hill Sewer CDH	Warren Cty Sewer WCS	Total
Pro forma amount	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Per books amount	1,646,146	32,471	1,755	439	2,633	1,755	2,193,984
Pro forma adjustment	\$ (1,646,146)	\$ (32,471)	\$ (1,755)	\$ (439)	\$ (2,633)	\$ (1,755)	\$ (2,193,984)

Responsible: Grubb

Adjustment of Property Tax Expense
For the Test Year Ended June 30, 2006

Missouri-American Water Company
Case No. WR-2007-XXXX and Case No. SR-2007-XXX

Schedule CAS-15
Page 17 of 23

Line #

Narrative Discussion of Proposed Adjustment of Property Tax Expense

The Company has developed its pro forma property tax expense based on its latest actual property tax bills. The pro forma property tax was calculated by dividing the 2005 property tax bills by June 30, 2006 utility plant in service and materials & supplies producing a property tax rate per \$1 of taxable property base. This rate was multiplied by the true-up utility plant in service and materials & supplies as of May 31, 2007 to determine the pro forma property tax expense.

Calculation of pro forma Adjustment of Property Tax Expense

		Brunswick	Jefferson City	Joplin	Mexico	Parkville Water	St Charles	St Joseph
		BRU	JFC	JOP	MEX	PKW	SCH	SJO
Pro forma amount	\$	22,775	\$ 252,978	\$ 404,897	\$ 150,997	\$ 369,658	\$ 687,463	\$ 914,456
Per books amount		19,148	245,816	357,893	128,521	329,218	697,727	814,843
Pro forma adjustment	\$	3,627	\$ 7,162	\$ 47,004	\$ 22,476	\$ 40,440	\$ (10,264)	\$ 99,613
		St Louis	Warrensburg	Warren Cty Water	Parkville Sewer	Cedar Hill Sewer	Warren Cty Sewer	Total
		STL	WAR	WCV	PKS	CDH	WCS	
Pro forma amount	\$	7,053,541	\$ 189,032	\$ 7,054	\$ 3,291	\$ 219,862	\$ 18,590	\$ -
Per books amount		6,418,610	155,063	7,414	1	3	5	9,174,262
Pro forma adjustment	\$	634,931	\$ 33,969	\$ (360)	\$ 3,290	\$ 219,859	\$ 18,585	\$ -
								1,120,332

Responsible: Grubb

Adjustment of PSC Assessment Expense
For the Test Year Ended June 30, 2006

Missouri-American Water Company
Case No. WR-2007-XXXX and Case No. SR-2007-XXX

Schedule CAS-15
Page 18 of 23

Line #

Narrative Discussion of Proposed Adjustment of PSC Assessment Expense

The pro forma adjustment to the Public Service Commission Fee was calculated by deducting the test year expense from the 2007 assessment.

Calculation of pro forma Adjustment of PSC Assessment Expense

	Brunswick BRU	Jefferson City JFC	Joplin JOP	Mexico MEX	Parkville Water PKW	St Charles SCH	St Joseph SJO
Pro forma amount	\$ 844	\$ 22,397	\$ 45,111	\$ 15,050	\$ 18,031	\$ 48,310	\$ 88,141
Per books amount	597	17,822	34,266	11,046	14,388	39,987	69,962
Pro forma adjustment	\$ 247	\$ 4,575	\$ 10,845	\$ 4,004	\$ 3,643	\$ 8,323	\$ 18,179
	St Louis STL	Warrensburg WAR	Warren City Water WCW	Parkville Sewer PKS	Cedar Hill Sewer CDH	Warren City Sewer WCS	Total
Pro forma amount	\$ 646,662	\$ 13,872	\$ 562	\$ 3,321	\$ 10,364	\$ 4,940	\$ 917,605
Per books amount	521,027	11,154	489	1,014	3,301	1,574	726,627
Pro forma adjustment	\$ 125,635	\$ 2,718	\$ 73	\$ 2,307	\$ 7,063	\$ 3,366	\$ 190,978

Responsible: Thakadiyil

**Adjustment of Tank Painting Expense
For the Test Year Ended June 30, 2006**

Missouri-American Water Company
Case No. WR-2007-XXXX and Case No. SR-2007-XXX

Schedule CAS-15
Page 19 of 23

Line #

Narrative Discussion of Proposed Adjustment of Tank Painting Expense

The pro forma adjustment for Tank Painting Expense is based upon applying the estimated cost to paint both the interior and the exterior of each tank and adding to it the cost to perform inspections on the tanks. These costs are then amortized over primarily an eight (8) year life for the interior and twelve (12) year life for the exterior.

Calculation of pro forma Adjustment of Tank Painting Expense

	Brunswick BRU	Jefferson City JFC	Joplin JOP	Mexico MEX	Parkville Water PKW	St Charles SCH	St Joseph SJO
Pro forma amount	\$ 19,742	\$ 53,853	\$ 212,104	\$ 30,447	\$ 60,126	\$ 90,397	\$ 359,120
Per books amount	0	195,163	125,206	140,793	35,983	95,540	0
Pro forma adjustment	\$ 19,742	\$ (141,310)	\$ 86,898	\$ (110,346)	\$ 24,143	\$ (5,143)	\$ 359,120
	St Louis STL	Warrensburg WAR	Warren Cty Water WCW	Parkville Sewer PKS	Cedar Hill Sewer CDH	Warren Cty Sewer WCS	Total
Pro forma amount	\$ 1,033,774	\$ 71,403	\$ -	\$ -	\$ -	\$ -	\$ 1,930,967
Per books amount	486,968	0	0	0	0	0	1,079,653
Pro forma adjustment	\$ 546,806	\$ 71,403	\$ -	\$ -	\$ -	\$ -	\$ 851,314

Responsible: Petry

Adjustment of Franchise Tax
For the Test Year Ended June 30, 2006

Missouri-American Water Company
Case No. WR-2007-XXXX and Case No. SR-2007-XXX

Schedule CAS-15
Page 20 of 23

Line #

Narrative Discussion of Proposed Adjustment of Franchise Tax

The pro forma amount was derived from the most recent franchise tax return, filed April 15, 2006.

Calculation of pro forma Adjustment of Franchise Tax

	Brunswick BRU	Jefferson City JFC	Joplin JOP	Mexico MEX	Parkville Water PKW	St Charles SCH	St Joseph SJO
Pro forma amount	\$ 295	\$ 6,954	\$ 15,145	\$ 3,153	\$ 3,506	\$ 18,652	\$ 20,626
Per books amount	253	5,964	12,989	2,704	3,007	15,996	17,689
Pro forma adjustment	\$ 42	\$ 990	\$ 2,156	\$ 449	\$ 499	\$ 2,656	\$ 2,937
	St Louis STL	Warrensburg WAR	Warren Cty Water WCW	Parkville Sewer PKS	Cedar Hill Sewer CDH	Warren Cty Sewer WCS	Total
Pro forma amount	\$ 221,079	\$ 4,361	\$ 236	\$ 59	\$ 354	\$ 236	\$ 294,656
Per books amount	189,598	3,740	202	51	303	202	252,698
Pro forma adjustment	\$ 31,481	\$ 621	\$ 34	\$ 8	\$ 51	\$ 34	\$ 41,958

Responsible: Thakadiyil

Adjustment of Uncollectible Expense at present water rates
For the Test Year Ended June 30, 2006

Missouri-American Water Company
Case No. WR-2007-XXXX and Case No. SR-2007-XXX

Schedule CAS-15
Page 21 of 23

Line #

Narrative Discussion of Proposed Adjustment of Uncollectible Expense at present water rates

Pro Forma uncollectible accounts expense at present and at proposed rates was calculated by applying the two-year average ratio of net-charge offs to water revenues to the pro forma present rate water revenues and to the pro forma proposed rate water revenues. Shown below is the calculation of the pro forma adjustment.

Calculation of pro forma Adjustment of Uncollectible Expense at present water rates

		Brunswick BRU	Jefferson City JFC	Joplin JOP	Mexico MEX	Parkville Water PKW	St Charles SCH	St Joseph SJO	
Pro forma amount	\$	1,278	\$ 42,179	\$ 87,539	\$ 18,936	\$ 22,624	\$ 110,688	\$ 120,705	
Per books amount		1,920	45,310	98,683	20,543	22,847	121,530	134,466	
Pro forma adjustment	\$	(642)	\$ (3,131)	\$ (11,144)	\$ (1,607)	\$ (223)	\$ (10,843)	\$ (13,761)	
		St Louis STL	Warrensburg WAR	Warren City Water WCW	Parkville Sewer PKS	Cedar Hill Sewer CDH	Warren City Sewer WCS	Total	
Pro forma amount	\$	1,354,331	\$ 27,586	\$ 1,713	\$ 346	\$ 2,543	\$ 1,570	\$ -	\$ 1,792,037
Per books amount		1,440,509	28,415	1,536	384	2,304	1,536		1,919,983
Pro forma adjustment	\$	(86,178)	\$ (829)	\$ 177	\$ (38)	\$ 239	\$ 34	\$ -	\$ (127,946)

Responsible: Petry

Adjustment of Depreciation Expense
For the Test Year Ended June 30, 2006

Missouri-American Water Company
Case No. WR-2007-XXXX and Case No. SR-2007-XXX

Schedule CAS-15
Page 22 of 23

Line #

Narrative Discussion of Proposed Adjustment of Depreciation Expense

The calculation is based on the true-up utility plant in service (UPIS) through May 31, 2007. The Company used the services of John Spanos, consultant with Gannett Fleming to recommend new depreciation rates. In this case, the Company is proposing to move half way from the current depreciation approved by the Commission in Case No. WR-2003-0500 to the recommended rates of Mr. Spanos. Please refer to the Direct Testimony of Edward J. Grubb for further discussion.

Calculation of pro forma Adjustment of Depreciation Expense

	Brunswick BRU	Jefferson City JFC	Joplin JOP	Mexico MEX	Parkville Water PKW	St Charles SCH	St Joseph SJO
Pro forma amount	\$ 67,788	\$ 549,205	\$ 1,384,954	\$ 393,973	\$ 479,398	\$ 1,279,849	\$ 2,371,221
Per books amount	46,619	309,748	909,717	316,005	350,310	1,069,618	1,911,093
Pro forma adjustment	\$ 21,169	\$ 239,457	\$ 475,237	\$ 77,968	\$ 129,088	\$ 210,231	\$ 460,128
	St Louis STL	Warrensburg WAR	Warren Cty Water WCW	Parkville Sewer PKS	Cedar Hill Sewer CDH	Warren Cty Sewer WCS	Total
Pro forma amount	\$ 13,997,401	\$ 382,252	\$ 40,315	\$ 2,734	\$ 71,242	\$ 108,723	\$ 21,129,055
Per books amount	10,109,877	317,548	20,644	2,862	27,213	21,828	15,413,083
Pro forma adjustment	\$ 3,887,524	\$ 64,704	\$ 19,671	\$ (128)	\$ 44,029	\$ 86,895	\$ 5,715,972

Responsible: Thakadiji/Grubb

Adjustment of Postage Expense
For the Test Year Ended June 30, 2006

Missouri-American Water Company
Case No. WR-2007-XXXX and Case No. SR-2007-XXX

Schedule CAS-15
Page 23 of 23

Line #

Narrative Discussion of Proposed Adjustment of Postage Expense

The Pro Forma adjustment for Postage Expense was calculated by applying 2007 anticipated rates from the United States Postal Service to the number of test year mailings.

Calculation of pro forma

		Brunswick BRU	Jefferson City JFC	Joplin JOP	Mexico MEX	Parkville Water PKW	St Charles SCH	St Joseph SJO	
Pro forma amount	\$	1,183	\$ 27,922	\$ 60,814	\$ 12,660	\$ 14,079	\$ 74,893	\$ 82,820	
Per books amount		2,073	24,568	54,776	11,477	13,082	67,457	74,774	
Pro forma adjustment	\$	(890)	\$ 3,354	\$ 6,038	\$ 1,183	\$ 998	\$ 7,436	\$ 8,046	
		St Louis STL	Warrensburg WAR	Warren City Water WCW	Parkville Sewer PKS	Cedar Hill Sewer CDH	Warren City Sewer WCS	Total	
Pro forma amount	\$	887,714	\$ 17,511	\$ 947	\$ 237	\$ 1,420	\$ 947	\$ 1,183,145	
Per books amount		800,765	853	16,162	213	1,279	853	1,088,330	
Pro forma adjustment	\$	86,949	\$ 16,658	\$ (15,215)	\$ 23	\$ 141	\$ 94	\$ 114,815	

Responsible: Thakadiyil