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December 7, 2007  
Data Center  
Missouri Public  
Service Commission

Aqua Missouri, Inc.  
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December 7, 2007

Secretary of the Commission  
Missouri Public Service Commission  
Attn: Data Center  
P.O. Box 360  
Jefferson City, MO 65102

RE: Aqua Missouri, Inc.

Requests for Increases in Annual Sewer and Water System Operating Revenues  
MPSC Sewer Utility and Water Utility Small Company Rate Increase Procedures

Dear Secretary:

Aqua Missouri, Inc. (the company) holds a certificate of public convenience and necessity granted by the Missouri Public Service Commission (the Commission), under which the Company provides sewer collection and treatment services, through its Jefferson City division in Cole and Callaway Counties, serving 1,626 customers in the communities of Jefferson City, Holts Summit, New Bloomfield and Eugene, and through its Maplewood division in Pettis County serving 386 customers in the community of Sedalia. For both divisions, customer rates for sewer service were last changed in September, 2006.

In addition, the company provides water supply and distribution services through its (1) Maplewood division in Pettis County, serving 390 customers in the community of Sedalia and (2) Lake Carmel division in Cole County serving 48 customers in the community of Eugene. For both divisions, customer rates for water service were last changed in September, 2006, and both are on the same rate structure.

Pursuant to 4 CSR 240-3.330, the Commission's rules pertaining to rate increase requests made by small sewer utilities, the Company is hereby requesting an increase of \$700,892 in its annual sewer operating revenues for its Jefferson City division. Based upon current customer rates and customer numbers, this increase represents changes of approximately 126.5% in the Company's annual sewer operating revenues. Details by customer class are as follows:

<u>Customer Classification</u>	<u>Current</u>	<u>Proposed</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Residential	539,793	1,234,754	694,961	128.75%
Commercial	4,607	10,538	5,931	128.75%
Miscellaneous	<u>9,815</u>	<u>9,815</u>	<u>-</u>	<u>0.00%</u>
TOTAL	<u>554,215</u>	<u>1,255,107</u>	<u>700,892</u>	<u>126.47%</u>

For the Maplewood division, the Company is hereby requesting an increase of \$43,290 in its annual sewer operating revenues. Based upon current customer rates and customer numbers, this increase represents changes of approximately 34.3% in the Company's annual sewer operating revenues. Details by customer class are as follows:

<u>Customer Classification</u>	<u>Current</u>	<u>Proposed</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Residential	83,709	113,623	29,914	35.74%
Commercial	37,431	50,807	13,376	35.74%
Miscellaneous	<u>5,024</u>	<u>5,024</u>	<u>-</u>	<u>0.00%</u>
TOTAL	<u>126,164</u>	<u>169,454</u>	<u>43,290</u>	<u>34.31%</u>

Pursuant to 4 CSR 240-3.635, the Commission's rules pertaining to rate increase requests for small water utilities, the Company is hereby requesting an increase of \$63,331 in its annual water operating revenues for its Maplewood and Lake Carmel customers. Based upon current customer rates and customer numbers, this increase represents changes of approximately 49.6% in the Company's annual water operating revenues. Details by customer class are as follows:

<u>Customer Classification</u>	<u>Current</u>	<u>Proposed</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Residential	83,757	126,013	42,256	50.45%
Commercial	41,772	62,846	21,074	50.45%
Miscellaneous	<u>2,140</u>	<u>2,140</u>	<u>-</u>	<u>0.00%</u>
TOTAL	<u>127,669</u>	<u>191,000</u>	<u>63,331</u>	<u>49.61%</u>

The Company understands that the design of its customers rates, its service charges, its customer service practices, its general business practices and its general tariff provisions will also be reviewed during the Commission Staff's review of the rate increase request, and may thus be the subject of Staff recommendations at the conclusion of the rate increase process.

The specific reasons for the requested increase in the Company's annual operating revenues for sewer and water service include primarily increases in the utility plant investment, increases in the operation and maintenance expenses, depreciation and taxes.

Attached to this letter are schedules that outline the details supporting the company's request for additional revenue for both water and sewer.

The Company is current on the payment of its Commission annual assessments, since all past and current assessments have been paid in full, and on the filing of its Commission annual reports. Additional, the Company will remain current on these items during the processing of this rate increase request.

Thank-you for your attention to this important matter, and please contact me at your convenience if you need additional information regarding this request.

Sincerely,  
AQUA MISSOURI, INC.

A handwritten signature in black ink, appearing to read "Terry J. Rakocy". The signature is fluid and cursive, with the first name "Terry" and last name "Rakocy" clearly distinguishable.

Terry J. Rakocy  
President

Copies: Jim Russo, Water and Sewer Department  
Lewis Mills, Office of the Public Counsel

Attachments

Aqua Missouri  
CU-S- Index

<u>Schedule No.</u>	<u>Schedule Name</u>
CU-S-SUM	Summary of Maplewood and Jefferson City Rate Requests
MAP-S-1	Proposed Revenue Requirement
MAP-S-2	Cost of Service
MAP-S-3	Rate Base Summary
MAP-S-4	Revenue and Proposed Rate Changes
MAP-S-5	Revenue and Expense Adjustments
MAP-S-6	Income Taxes
JEFF-S-1	Proposed Revenue Requirement
JEFF-S-2	Cost of Service
JEFF-S-3	Rate Base Summary
JEFF-S-4	Revenue and Proposed Rate Changes
JEFF-S-5	Revenue and Expense Adjustments
JEFF-S-6	Income Taxes
CU-S-7	Plant Detail
CU-S-8	Depreciation Reserve
CU-S-9	Weighted Cost of Capital

Aqua Missouri  
Maplewood and Jefferson City-Sewer  
Proposed Revenue Requirement

Schedule CU-S-SUM  
Page 1 of 1

<u>Line No.</u>		<u>Maplewood</u>	<u>Jefferson City</u>	<u>Total</u>
1	Total Rate Base	327,781	1,958,016	2,285,797
2				
3	Weighted Cost of Capital	<u>8.37%</u>	<u>8.37%</u>	<u>8.37%</u>
4				
5	Required Return	27,428	163,841	191,269
6				
7	Test Year net operating income	<u>1,048</u>	<u>(263,265)</u>	<u>(262,217)</u>
8				
9	Operating income deficiency	26,380	427,106	453,486
10				
11	State income tax	2,706	43,806	46,511
12				
13	Federal income tax	<u>14,204</u>	<u>229,980</u>	<u>244,185</u>
14				
15	Total Revenue Increase	<u>43,290</u>	<u>700,892</u>	<u>744,182</u>
16				
17	Percent Increase	<u>34.31%</u>	<u>126.47%</u>	<u>109.38%</u>
18				
19	Current Revenue	<u>126,164</u>	<u>554,215</u>	<u>680,379</u>
20	New annual revenue	<u>169,454</u>	<u>1,255,107</u>	<u>1,424,561</u>

Aqua Missouri  
Maplewood-Sewer  
Proposed Revenue Requirement

Schedule MAP-S-1  
Page 1 of 1

<u>Line No.</u>		
1	Total Rate Base	327,781
2		
3	Weighted Cost of Capital	<u>8.37%</u>
4		
5	Required Return	27,428
6		
7	Test Year net operating income	<u>1,048</u>
8		
9	Operating income deficiency	26,380
10		
11	State income tax	2,706
12		
13	Federal income tax	<u>14,204</u>
14		
15	Total Revenue Increase	<u>43,290</u>
16		
17	Percent Increase	<u>34.31%</u>
18		
19	Current Revenue	<u>126,164</u>
20	New annual revenue	<u>169,454</u>
21		
22		
23	<u>Computation of Income Tax Gross-Up Factors:</u>	
24	Operating Income before tax	100.00%
25	State income tax rate	<u>6.25%</u>
26	Operating income after state inc tax	93.75%
27	Times Federal income tax rate	<u>35.00%</u>
28	Federal tax	32.81%
29	Plus state income tax rate	<u>6.25%</u>
30	Effective tax rate	<u>39.06%</u>
31		
32	Reciprocal	<u>60.94%</u>

Aqua Missouri  
CU-Maplewood-Sewer  
Cost of Service

Schedule MAP-S-2  
Page 1 of 1

Line No.		9/30/07 Test Year	Adjustments	Adj. Ref.	Proforma Present	Rate Inc. Adjustment	Proforma Proposed
1	<u>Operating Revenues</u>	119,631	6,533	#10	126,164	43,290	169,454
2							
3	<u>Operations and Maintenance</u>						
4	Salaries and Wages	16,251	12,300	#1	28,551		28,551
5	Employee Pensions and Benefits	4,518	4,402	#2	8,920		8,920
6	Purchased Water				-		-
7	Sludge Removal				-		-
8	Power	4,119	1,103	#3	5,222		5,222
9	Chemicals				-		-
10	Supplies	3,281			3,281		3,281
11	Engineering				-		-
12	Accounting	763			763		763
13	Legal				-		-
14	Management fees	11,022			11,022		11,022
15	Other Outside Services	4,154			4,154		4,154
16	Leases	1,434			1,434		1,434
17	Transportation	11,978	1,110	#4	13,088		13,088
18	Insurance	2,763			2,763		2,763
19	Other Expenses	14,523			14,523		14,523
20	Bad Debts	552	189	#6	741		741
21	Subtotal O&M Expenses	75,358			94,462		94,462
22	Depreciation Expense	-	29,724	#5	29,724		29,724
23	Amortization of CIAC		(12,786)	#5	(12,786)		(12,786)
24	Amortization Expense	9,430			9,430		9,430
25	Taxes Other than Income Taxes	10,761	766	#7	11,527		11,527
26	Subtotal-Total exp. before Inc. Tax	95,549			132,358		132,358
27	Income Taxes	-			(7,242)		9,668
28							
29	Total Cost of Service	95,549			125,116		142,026
30							
31	Operating Income	24,082			1,048		27,428
32							
33							
34	Rate Base	327,781					327,781
35	Return on Rate Base	7.3%					8.37%
36							
37							
38							
39							
40							
41							
42							
43							
44							

Aqua Missouri  
Maplewood-Sewer  
Rate Base Summary

Schedule MAP-S-3  
Page 1 of 1

<u>Line No.</u>		<u>9/30/07</u> <u>Actual</u>	<u>Adjustments</u>	<u>Adjusted</u>
1	Rate Base Component			
2	Utility Plant in Service	681,868	38,800	720,668
3	Accumulated Provision for Depreciation	(132,181)		(132,181)
4				
5	Allocation from Admin	<u>28,645</u>		<u>28,645</u>
6				
7	Net Utility Plant	578,332	38,800	617,132
8				
9	Less:			-
10				-
11	Contributions in Aid of Construction	(325,679)		(325,679)
12	Accum Amort of CIAC	44,577		44,577
13	Deferred Taxes	<u>(8,249)</u>		<u>(8,249)</u>
14				
15				
16	Total Original Cost Rate Base	<u>288,981</u>	<u>38,800</u>	<u>327,781</u>
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				

Aqua Missouri  
Maplewood-Sewer  
Revenue and Proposed Rate Changes

Schedule MAP-S-4  
Page 1 of 1

<u>Line No.</u>	<u>Customer Classification</u>	<u>Current</u>	<u>Proposed</u>	<u>Dollar Change</u>	<u>Percent Change</u>
1	Residential	83,709	113,623	29,914	35.74%
2	Commercial	37,431	50,807	13,376	35.74%
3					
8			-		
9	Miscellaneous	5,024	5,024	-	0.00%
10			-		
11	TOTAL	126,164	169,454	43,290	34.31%
12					
13					
14	<u>Tariff Changes</u>				
15	Residential-minimum	4.15	5.63	1.48	35.74%
16	Commercial minimum	4.15	5.63	1.48	35.74%
17	Residential-commodity	3.33	4.52	1.19	35.74%
18	Commercial-commodity	3.33	4.52	1.19	35.74%
19					
<u>Bill Data</u>	<u>Revenue Proof:</u>				
383 cust.	Residential-minimum	19,073	25,889	6,816	35.74%
3 cust.	Commercial minimum	149	203	53	35.74%
19,410,000	Residential-commodity	64,635	87,733	23,098	35.74%
11,196,000	Commercial-commodity	37,283	50,606	13,323	35.74%
Total		121,141	164,431	43,290	35.74%

Line No.

1	<b>Adjustment #1-Labor:</b>	
2	2008 Budgeted Labor	28,551
3	Less: Test year labor	(16,251)
4	Adjustment	12,300
5		
6	To adjust 9/30/07 test year labor to 2008 budgeted labor due to wage increases and	
7	a full work force	
8		

9		
10	<b>Adjustment #2- Benefits</b>	
11	2008 Budgeted Benefits	8,920
12	Less: Test year benefits	(4,518)
13	Adjustment	4,402
14	To adjust 9/30/07 test year benefits to 2008 budgeted benefits due to cost	
15	increases and a full work force	
16		

17		
18	<b>Adjustment #3-Power</b>	
19	2008 Budgeted Power	5,222
20	Less: Test Year Power	(4,119)
21	Adjustment Needed	1,103
22		
23		
24	To adjust 9/30/07 test year power to 2008 budgeted amount	
25		
26		

27		
28		
29	<b>Adjustment #4- Transportation</b>	
30	2008 Budgeted Transportation	13,088
31	Less: Test Year Transportation	(11,978)
32	Adjustment Needed	1,110
33		
34	To adjust 9/30/07 test year transportation to 2008 budgeted amount due to	
35	fuel, maintenance and vehicle lease costs	
36		
37		

38  
39

Line No.

1	<b>Adjustment #5-Depreciation and CIAC Amortization</b>	
2	Depreciation Expense as calculated	29,724
3	Test year depreciation expense	-
4	Adjustment	29,724
5		
6	CIAC Amortization as calculated	(12,786)
7	Test year CIAC amortization	-
8	Adjustment	(12,786)
9		
10	To adjust test year 9/30/07 Depreciation Expense and CIAC Amortization to	
11	Depreciation and Amortization Detail	
12		

13	<b>Adjustment #6- Bad Debt Costs</b>	
14	Test Year Bad Debt Expense	552
15	Adjustment for Rate Increase (Test Year times rate increase percentage)	189
16		
17	To adjust Bad Debt Expense for the impact of the proposed rate increase	
18		

19		
20	<b>Adjustment #7- Other Taxes</b>	
21	Other Taxes as budgeted	11,527
22	Less: Test Year Other Taxes	(10,761)
23	Adjustment	766
24		
25	To adjust test year 9/30/07 Other Taxes to 2008 budgeted amount due to changes in	
26	payroll taxes, property taxes, and other assessments	
27		

28		
29		
30	<b>Adjustment #8- Sludge</b>	
31	None	
32		
33		
34		
35		

36		
37	<b>Adjustment #9- Legal</b>	
38	None	
39		

<b>Adjustment #10- Revenue Adjustment</b>		
Total revenue as last allowed in 9/06 case	126,164	
Revenue per test year	(119,631)	
Adjustment needed	6,533	
To adjust test year revenue to Last Allowed.		

Aqua Missouri  
Maplewood-Sewer  
Income Taxes

Schedule MAP-S-6  
Page 1 of 1

<u>Line No.</u>		<u>Proforma</u> <u>Present</u>	<u>SIT</u>	<u>FIT</u>	<u>Proforma</u> <u>Proposed</u>	<u>SIT</u>	<u>FIT</u>
1	Operating Revenue	126,164			169,454		
2							
3	O&M Expenses	94,462			94,462		
4	Book Depreciation	29,724			29,724		
5	Taxes, Other	11,527			11,527		
6	Interest	8,990			8,990		
7	Tax depreciation greater than book						
8	Subtotal	144,704			144,704		
9	State taxable income	(18,540)			24,750		
10							
11	State income tax at 6.25%	(1,159)	(1,159)		1,547	1,547	
12							
13							
14							
15	Federal taxable income	(17,381)			23,203		
16							
17	FIT at 35%			(6,083)			8,121
18							
19							
20	Net Expense			<u>(7,242)</u>			<u>9,668</u>
21							
22							
23							
24							
25	<u>Interest Expense Calculation:</u>						
26	Test Year Rate Base	327,781			327,781		
27							
28	Times: Weighted cost of debt	<u>2.74%</u>			<u>2.74%</u>		
29		<u>8,990</u>			<u>8,990</u>		
30							

Aqua Missouri  
Jefferson City-Sewer  
Proposed Revenue Requirement

Schedule JEFF-S-1  
Page 1 of 1

<u>Line No.</u>		
1	Total Rate Base	1,958,016
2		
3	Weighted Cost of Capital	<u>8.37%</u>
4		
5	Required Return	163,841
6		
7	Test Year net operating income	<u>(263,265)</u>
8		
9	Operating income deficiency	427,106
10		
11	State income tax	43,806
12		
13	Federal income tax	<u>229,980</u>
14		
15	Total Revenue Increase	<u>700,892</u>
16		
17	Percent Increase	<u>126.47%</u>
18		
19	Current Revenue	<u>554,215</u>
20	New annual revenue	<u>1,255,107</u>
21		
22		
23	<u>Computation of Income Tax Gross-Up Factors:</u>	
24	Operating Income before tax	100.00%
25	State income tax rate	<u>6.25%</u>
26	Operating income after state inc tax	93.75%
27	Times Federal income tax rate	<u>35.00%</u>
28	Federal tax	32.81%
29	Plus state income tax rate	<u>6.25%</u>
30	Effective tax rate	<u>39.06%</u>
31		
32	Reciprocal	<u>60.94%</u>

Aqua Missouri  
Jefferson City-Sewer  
Cost of Service

Schedule JEFF-S-2  
Page 1 of 1

Line No.		<u>9/30/07</u> <u>Test Year</u>	<u>Adjustments</u>	<u>Adj.</u> <u>Ref.</u>	<u>Proforma</u> <u>Present</u>	<u>Rate Inc.</u> <u>Adjustment</u>	<u>Proforma</u> <u>Proposed</u>
1	Operating Revenues	571,626	(17,411)	#11	554,215	700,892	1,255,107
2							
3	Operations and Maintenance						
4	Salaries and Wages	233,079	23,306	#1	256,385		256,385
5	Employee Pensions and Benefits	67,099	12,433	#2	79,532		79,532
6	Purchased Water				-		-
7	Sludge Removal	53,114	27,714	#9	80,828		80,828
8	Power	59,626	1,678	#3	61,304		61,304
9	Chemicals	3,361			3,361		3,361
10	Supplies	15,121			15,121		15,121
11	Engineering	2,880			2,880		2,880
12	Accounting	3,176			3,176		3,176
13	Legal	33,536	15,203	#10	48,739		48,739
14	Management fees	45,525			45,525		45,525
15	Other Outside Services	25,979	1,500	#5	27,479		27,479
16	Leases	6,597			6,597		6,597
17	Transportation	51,846	3,962	#4	55,808		55,808
18	Insurance	11,645			11,645		11,645
19	Other Expenses	112,160			112,160		112,160
20	Bad Debts	9,986	12,629	#7	22,615		22,615
21	Subtotal O&M Expenses	734,730			833,155		833,155
22	Depreciation Expense	164,833	(19,901)	#6	144,932		144,932
23	Amortization of CIAC	(68,458)	13,834	#6	(54,624)		(54,624)
24	Amortization Expense	40,085			40,085		40,085
25	Taxes Other than Income Taxes	60,445	(3,328)	#8	57,117		57,117
26	Subtotal-Total exp. before Inc. Tax	931,635			1,020,665		1,020,665
27	Income Taxes	-			(203,185)		70,601
28							
29	Total Cost of Service	931,635			817,480		1,091,266
30							
31	Operating Income	(360,009)			(263,265)		163,841
32							
33							
34	Rate Base	1,958,016					1,958,016
35	Return on Rate Base	-18.4%					8.37%
36							
37							
38							
39							
40							
41							
42							
43							
44							

Aqua Missouri  
Jefferson City-Sewer  
Rate Base Summary

Schedule JEFF-S-3  
Page 1 of 1

<u>Line No.</u>		<u>9/30/07</u> <u>Actual</u>	<u>Adjustments</u>	<u>Adjusted</u>
1	<u>Rate Base Component</u>			
2	Utility Plant in Service	2,987,611	735,500	3,723,111
3	Accumulated Provision for Depreciation	(564,297)		(564,297)
4				-
5	Allocation from Admin	<u>122,358</u>		<u>122,358</u>
6				
7	Net Utility Plant	2,545,672	735,500	3,281,172
8				
9	Less:			-
10				-
11	Contributions in Aid of Construction	(1,465,051)		(1,465,051)
12	Accumulated Amort. Of CIAC	191,124		191,124
13				
14	Deferred Taxes	<u>(49,229)</u>		<u>(49,229)</u>
15				
16	Total Original Cost Rate Base	<u>1,222,516</u>	<u>735,500</u>	<u>1,958,016</u>
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				

Aqua Missouri  
Jefferson City-Sewer  
Revenue and Proposed Rate Changes

Schedule JEFF-S-4  
Page 1 of 1

<u>Line No.</u>	<u>Customer Classification</u>	<u>Current</u>	<u>Proposed</u>	<u>Dollar Change</u>	<u>Percent Change</u>
1	Residential	539,793	1,234,754	694,961	128.75%
2	Commercial	4,607	10,538	5,931	128.75%
3					
4	Miscellaneous	9,815	9,815	-	0.00%
5					
6	TOTAL	554,215	1,255,107	700,892	126.47%
7					
8					
9	<u>Tariff Changes</u>				
10	Residential-flat rate	27.75	63.48	35.73	128.75%
11	Commercial-flat rate	27.75	63.48	35.73	128.75%
12	Commercial-metered	3.965	9.070	5.10	128.75% (over 7000 gallons)
13	Mobile Home flat rate	23.58	53.94	30.36	128.75%
14	Multi-family -flat rate	23.58	53.94	30.36	128.75%
15					
16	<u>Revenue Proof:</u>				
17	Flat rate 1621 residential customers	539,793	1,234,754	694,961	128.75%
18	Metered 5 commercial customers-minimum	1,665	3,809	2,144	128.75%
19	Metered Commercial consumption	2,942	6,730	3,788	128.75%
20	over minimum				
21	(1,162,000 gallons, less				
22	420,000 in minimum)				
23	Total commercial	4,607	10,538	5,931	
24					
25					

Line No.

1	<b>Adjustment #1-Labor:</b>	
2	2008 Budgeted Labor	256,385
3	Less: Test year labor	(233,079)
4	Adjustment	23,306
5		
6	To adjust 9/30/07 test year labor to 2008 budgeted labor due to wage increases and	
7	a full work force	
8		
9		
10	<b>Adjustment #2- Benefits</b>	
11	2008 Budgeted Benefits	79,532
12	Less: Test year benefits	(67,099)
13	Adjustment	12,433
14	To adjust 9/30/07 test year benefits to 2008 budgeted benefits due to cost	
15	increases and a full work force	
16		
17		
18	<b>Adjustment #3-Power</b>	
19	2008 Budgeted Power	61,304
20	Less: Test Year Power	(59,626)
21	Adjustment Needed	1,678
22		
23		
24	To adjust 9/30/07 test year power to 2008 budgeted amount	
25		
26		
27		
28		
29	<b>Adjustment #4- Transportation</b>	
30	2008 Budgeted Transportation	55,808
31	Less: Test Year Transportation	(51,846)
32	Adjustment Needed	3,962
33		
34	To adjust 9/30/07 test year transportation to 2008 budgeted amount due to	
35	fuel, maintenance and vehicle lease costs	
36		
37		
38		
39	<b>Adjustment #5-Outside Services</b>	
40	To adjust lab testing for anticipated 2008 increases	1,500
41		
42		
43		
44		

Line No.

1	<b>Adjustment #6-Depreciation and CIAC Amortization</b>	
2	Depreciation Expense as calculated	144,932
3	Test year depreciation expense	(164,833)
4	Adjustment	(19,901)
5		
6	CIAC Amortization as calculated	(54,624)
7	Test year CIAC amortization	68,458
8	Adjustment	13,834
9		
10	To adjust test year 9/30/07 Depreciation Expense and CIAC Amortization to	
11	Depreciation and Amortization Detail	
12		
13	<b>Adjustment #7- Bad Debt Costs</b>	
14	Test Year Bad Debt Expense	9,986
15	Adjustment for Rate Increase (Test Year times rate increase percentage)	12,629
16		
17	To adjust Bad Debt Expense for the impact of the proposed rate increase	
18		
19		
20	<b>Adjustment #8- Other Taxes</b>	
21	Other Taxes as budgeted	57,117
22	Less: Test Year Other Taxes	(60,445)
23	Adjustment	(3,328)
24		
25	To adjust test year 9/30/07 Other Taxes to 2008 budgeted amount due to changes in	
26	payroll taxes, property taxes, and other assessments	
27		
28		
29		
30	<b>Adjustment #9- Sludge</b>	
31	Sludge Removal as budgeted	80,828
32	Less: test year sludge removal	(53,114)
33	Adjustment	27,714
34	To adjust test year 9/30/07 sludge removal costs to 2008 budgeted amount due to	
35	increases in prices	
36		
37	<b>Adjustment #10- Legal</b>	
38	Legal expense as budgeted	48,739
39	Less: Test Year Legal costs	(33,536)
40	Adjustment	15,203
41	To adjust test year 9/30/07 legal costs to 2008 budgeted amount due to expected	
42	increase in legal needs	
43		
44	<b>Adjustment #11- Revenue Adjustment</b>	
45	Total revenue as last allowed in 9/06 case	554,215
46	Revenue per test year	(571,626)
47	Adjustment needed	(17,411)
48		
49	To adjust test year revenue to Last Allowed.	

Aqua Missouri  
Jefferson City-Sewer  
Income Taxes

Schedule JEFF-S-6  
Page 1 of 1

Line No.		Proforma Present	SIT	FIT	Proforma Proposed	SIT	FIT
1	Operating Revenue	554,215			1,255,107		
2							
3	O&M Expenses	833,155			833,155		
4	Book Depreciation	130,393			130,393		
5	Taxes, Other	57,117			57,117		
6	Interest	53,704			53,704		
7	Tax depreciation greater than book						
8	Subtotal	1,074,369			1,074,369		
9	State taxable income	(520,154)			180,738		
10							
11	State income tax at 6.25%	(32,510)	(32,510)		11,296	11,296	
12							
13							
14							
15	Federal taxable income	(487,644)			169,442		
16							
17	FIT at 35%			(170,676)			59,305
18							
19							
20	Net Expense			(203,185)			<u>70,601</u>
21							
22							
23							
24							
25	<u>Interest Expense Calculation:</u>						
26	Test Year Rate Base	1,958,016			1,958,016		
27							
28	Times: Weighted cost of debt	<u>2.74%</u>			<u>2.74%</u>		
29		<u>53,704</u>			<u>53,704</u>		
30							

Aqua Missouri  
Maplewood and Jefferson City  
Plant Detail-Sewer

Schedule CU-S-7  
Page 1 of 1

Line No.	Maplewood			Jefferson City			Depreciation	Maplewood	Jeff. City
	Actual 9/30/07	Additions	Proforma	Actual 9/30/07	Additions	Proforma	Rates	Depreciation	Depreciation
1	<u>Intangible Plant</u>								
2	301	Organization	419	419	1,781	1,781			
3	302	Franchise and Consents	784	784	3,328	3,328			
4	303	Miscellaneous Intangible Plant	-	-	-	-			
5			-	-	-	-			
6	<u>Land and Structures</u>								
7	350	Land and Land Rights	1,666	1,666	7,077	7,077			
8	351	Structures and Improvements	56,554	56,554	240,162	240,162	2.5%	1,414	6,004
9			-	-	-	-			
10	<u>Collection Plant</u>								
11	352	Collection Sewer - Force	34,437	34,437	146,240	146,240	2.0%	689	2,925
12	352.2	Collection Sewer - Gravity	98,883	19,500 118,383	419,917	118,000 537,917	2.0%	2,368	10,758
13	353	Other Collection Plant Facilities	-	-	4,500	4,500	2.0%	-	90
14	354	Services to Customers	60,801	60,801	258,200	258,200	3.3%	2,006	8,521
15	355	Flow Measuring Devices	-	-	-	-			
16			-	-	-	-			
17	<u>Pumping Plant</u>								
18	362	Receiving Wells and Pump Pits	27,156	27,156	115,322	115,322	4.0%	1,086	4,613
19	363	Pumping Equipment	101,616	4,500 106,116	460,293	15,000 475,293	10.0%	10,612	47,529
20	363	Services to Customers	4,751	4,751	1,370	1,370	2.5%	119	34
21			-	-	-	-			
22	<u>Treatment and Disposal</u>								
23	370	Land and Land Rights	5,220	5,220	22,166	22,166			
24	371	Structures and Improvements	162,581	162,581	772,439	782,439	2.5%	4,065	19,561
25	372	Oxidation Lagoon	-	2,300 2,300	-	180,000 180,000	2.5%	58	4,500
26	373	Treatment and Disposal Equipment	59,784	12,500 72,284	253,878	267,500 521,378	2.5%	1,807	13,034
27	374	Plant Sewer	13,119	13,119	55,710	77,000 132,710	2.5%	328	3,318
28	375	Outfall Sewer Lines	-	-	-	-			
29	376	Other Treatment and Disposal Plant E	1,804	1,804	7,659	30,000 37,659	2.0%	36	753
30			-	-	-	-			
31	<u>General Plant</u>								
32	389	Land and Land Rights	653	653	2,772	2,772			
33	390	Structures and Improvements	16,522	16,522	70,163	3,500 73,663	2.5%	413	1,842
34	391	Office Furniture and Equipment	427	427	1,814	1,814	5.0%	21	91
35	392	Transportation Equipment	19,753	19,753	83,884	83,884	13.0%	2,568	10,905
36	393	Other General Equipment	6,327	6,327	26,870	15,000 41,870	4.0%	253	1,675
37	394	Tools, Shop and Garage Equipment	6,298	6,298	26,745	5,000 31,745	5.0%	315	1,587
38	395	Laboratory Equipment	1,158	1,158	4,918	10,000 14,918	5.0%	58	746
39	396	Power Operated Equipment	374	374	1,587	1,587	6.7%	25	106
40	397	Misc. Other Plant	781	781	3,316	3,316	6.7%	52	222
41			-	-	-	-			
42	Total Sewer Utility Plant In Service		681,868	38,800 720,668	2,987,611	735,500 3,723,111		28,292	138,814
43			-	-	-	-			
44									
45	Contributions in Aid of Construction		(325,679)	(325,679)	(1,465,051)	(1,465,051)		(12,786)	(54,624)
46									
47	Administrative Cost Center								
48	390	Structures and Imp.	3,043	10.68% 325	45.62% 1,388	1,388	5.0%	16	69
49	391	Office Equip.	265,168	10.68% 28,320	45.62% 120,970	120,970	5.0%	1,416	6,048
50	Total		268,211	28,645	122,358	122,358		1,432	6,118
51			-	-	-	-			
52			-	-	-	-			
53			-	-	-	-			
54			-	-	-	-			
55			-	-	-	-			
56			-	-	-	-			
57			-	-	-	-			
58			-	-	-	-			
59			-	-	-	-			
60			-	-	-	-			

Aqua Missouri  
Maplewood and Jefferson City  
Depreciation Reserve-Sewer

Schedule CU-S-8  
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		<u>Maplewood</u>	<u>Jefferson City</u>
		<u>Actual</u>	<u>Actual</u>
<u>Line No.</u>		<u>9/30/07</u>	<u>9/30/07</u>
1	<u>Intangible Plant</u>		
2	301 Organization		
3	302 Franchise and Consents		
4	303 Miscellaneous Intangible Plant		
5			
6	<u>Land and Structures</u>		
7	350 Land and Land Rights		
8	351 Structures and Improvements	(4,110)	(17,455)
9			
10	<u>Collection Plant</u>		
11	352 Collection Sewer - Force	(1,187)	(5,044)
12	352.2 Collection Sewer - Gravity	(24,043)	(102,099)
13	353 Other Collection Plant Facilities		
14	354 Services to Customers	(9,789)	(41,569)
15	355 Flow Measuring Devices		
16			
17	<u>Pumping Plant</u>		
18	362 Receiving Wells and Pump Pits	(4,315)	(18,326)
19	363 Pumping Equipment	(31,293)	(136,114)
20	363 Services to Customers	(224)	(185)
21			
22	<u>Treatment and Disposal</u>		
23	370 Land and Land Rights		
24	371 Structures and Improvements	(19,600)	(83,749)
25	372 Oxidation Lagoon		
26	373 Treatment and Disposal Equipment	(10,531)	(44,721)
27	374 Plant Sewer	(3,284)	(13,948)
28	375 Outfall Sewer Lines		
29	376 Other Treatment and Disposal Plant Equ	(134)	(568)
30			
31	<u>General Plant</u>		
32	389 Land and Land Rights		
33	390 Structures and Improvements	(1,937)	(8,223)
34	391 Office Furniture and Equipment	(16)	(67)
35	392 Transportation Equipment	(16,863)	(71,613)
36	393 Other General Equipment	(4,464)	(18,957)
37	394 Tools, Shop and Garage Equipment	(222)	(942)
38	395 Laboratory Equipment	(43)	(186)
39	396 Power Operated Equipment	(61)	(257)
40	397 Misc. Other Plant	(65)	(274)
41			
42			
43		(132,181)	(564,297)
44			
45			
46			
47			
48			
49			
50			
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52			
53			
54			
55			
56			

Aqua Missouri  
Weighted Cost of Capital  
September 30, 2007

Schedule CU-S-9  
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<u>Line No.</u>		<u>Aqua Missouri</u> <u>9/30/07</u>	<u>Percent</u> <u>of Total</u>	<u>Cost</u> <u>Rates</u>	<u>Weighted</u> <u>Cost of Capital</u>
1	Long term debt	1,950,206	48.63%	5.64%	2.74%
2	Short term debt	-	0.00%		0.00%
3	Preferred Equity	-	0.00%		0.00%
4	Common Equity	<u>2,060,041</u>	51.37%	10.95%	<u>5.62%</u>
5					
6					
7	Total Capitalization	<u>4,010,247</u>	<u>100.0%</u>		<u>8.37%</u>
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					