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December 8, 2010

Via Hand-Delivery

Chairman Mary W. Freeman
c/o Sharla Dillon
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243

filed electronically in docket office on 12/08/10

Re: ***Petition Of Tennessee American Water Company To Change And Increase Certain Rates And Charges So As To Permit It To Earn A Fair And Adequate Rate Of Return On Its Property Used And Useful In Furnishing Water Service To Its Customers***
Docket No. 10-00189

Dear Chairman Freeman:

Enclosed please find the original and five (5) copies of Tennessee American Water Company's December 8th Supplemental Responses to the Chattanooga Regional Manufacturers Association's First Discovery Requests. A compact disk is being provided in the binder of each set of copies. This disk contains all responses and attachments, as well as attachments included only in electronic form, due to volume or specific instructions in the data requests. We are including a disk marked "Docket Manager Disc," which contains the entire filing in PDF format, excluding Excel spreadsheets. This material is also being filed today by way of email to the Tennessee Regulatory Authority Docket Manager, Sharla Dillon.

Please file the original and four copies of this material and stamp the additional copy as "filed". Then please return the stamped copies to me by way of our courier.

Should you have any questions concerning this matter, please do not hesitate to contact me at the email address or telephone number listed above.

With kindest regards, I remain

Very truly yours,

R. Dale Grimes

RDG:smb
Enclosures

cc: Hon. Sara Kyle (*w/o enclosure*)
Hon. Eddie Roberson (*w/o enclosure*)
Mr. David Foster, Chief of Utilities Division (*w/o enclosure*)
Richard Collier, Esq. (*w/o enclosure*)
Mr. Jerry Kettles, Chief of Economic Analysis & Policy Division *(w/o enclosure*)
Ryan McGehee, Esq. (*w/enclosure*)
Mary L. White, Esq. (*w/enclosure*)
David C. Higney, Esq. (*w/enclosure*)
Henry M. Walker, Esq. (*w/enclosure*)
Michael A. McMahan, Esq. (*w/enclosure*)
Valerie L. Malueg, Esq. (*w/enclosure*)
Frederick L. Hitchcock, Esq. (*w/enclosure*)
Harold L. North, Jr., Esq. (*w/enclosure*)
Mark Brooks, Esq. (*w/enclosure*)
Scott H. Strauss, Esq. (*w/enclosure*)
Katharine M. Mapes, Esq. (*w/enclosure*)
Donald L. Scholes, Esq. (*w/enclosure*)

TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
FIRST SET OF DATA REQUESTS OF THE
CHATTANOOGA MANUFACTURERS ASSOCIATION

Responsible Witness: **John Watson/Michael A. Miller**

Question:

6. Please provide an analysis of how the Company's percentage of lost and unaccounted for water compares to other regional water utilities, and describe all efforts the Company has been undertaking in order to minimize its cost of lost water.

Response:

The Company is attempting to obtain data regarding the percentage of unaccounted for water for other Tennessee water providers. The Company will supplement its response with the data that can be obtained and analyzed in order to provide an "apples to apples" comparison to TAWC. Attached to this response identified as TN-CMA-01-Q6-ATTACHMENT is a recent publication of the Tennessee Association of Utility Districts that indicates that excessive water loss percentage is 35%.

Mr. Watson's testimony in this case provides an extensive discussion of the efforts of TAWC to address the level of unaccounted for water at pages 38-44.

December 1, 2010 Supplemental Response:

The Company has requested information from other water providers, but no information has been provided to the Company. The Company cannot compel the other water providers to provide the information. The Company will supplement if the required information is provided.

December 8, 2010 Supplemental Response:

Since the date of the Company's December 1, 2010 Supplemental Response, it received documents from the other water utility providers responsive to this request. Accordingly, please see the attached documents, identified as TN-CMA-01-Q6-SUPPLEMENTAL

ATTACHMENT, detailing the unaccounted for water of other regional water utilities received by the Company.

HIXSON UTILITY DISTRICT OF HAMILTON COUNTY, TENNESSEE
SCHEDULE OF WATER UNACCOUNTED FOR
April 30, 2008

Gallons pumped and purchased	2,785,786,000
Gallons sold	2,326,770,000
Gallons unaccounted for	459,016,000
Percentage of gallons unaccounted for	16.48%

SALE CREEK UTILITY DISTRICT
Other Supplemental Information
June 30, 2008

INSURANCE COVERAGE

	Amounts or Limits	Expires	Company
Commercial property - ($1,000 deductible)			
Blanket property and inland marine	$9,538,772	12/18/08	American Alternative
Coverage extension	$1,000,000		
Liability coverage ($2,500 deductible)			
General aggregate limit	$3,000,000	12/18/08	American Alternative
Each occurrence limit	$1,000,000		
Personal and advertising injury	$1,000,000		
Employment practices	$3,000,000 aggregate; $1,000,000 per occurrence		
Professional liability	$3,000,000 aggregate; $1,000,000 per occurrence		
Wrongful acts	$3,000,000 aggregate; $1,000,000 per occurrence		
Employee benefits liability ($1,000 deductible)	$3,000,000 aggregate; $1,000,000 per occurrence		
Employee dishonesty bond ($500 deductible)	$ 100,000	12/18/08	American Alternative
Computer fraud	$ 50,000	12/18/08	American Alternative
Workers compensation	Statutory	12/18/08	Accident Fund
Highway Permit bond	$ 5,000	06/27/09	CNA
Automobile			
Liability	$1,000,000	12/18/08	American Alternative
Medical payments	$ 5,000		
Uninsured motorist	$1,000,000		

WATER RATES

The water rates that were in effect as of June 30, 2008, were:

First 2,000 gallons (Residential)	$23.62 minimum
Over 2,000 gallons	$6.20 per 1,000 gallons

The number of customers being served by the system as of June 30, 2008, was 717.

WATER LOSS

During the year ended June 30, 2008, Sale Creek Utility District purchased 54,800,310 gallons of water from Soddy-Daisy-Falling Water Utility District and sold 34,384,748 gallons of water to their customers.

37.25%
NAW

WALDEN'S RIDGE UTILITY DISTRICT OF HAMILTON COUNTY TENNESSEE
Schedule of Water Loss
August 31, 2008

Month	Total (Gallons) Purchases	Total (Gallons) Accounted For	Difference	Loss (Gallons) Percentage
Sep-07	37,626,500	35,025,980	2,600,520	6.91%
Oct-07	34,950,300	27,407,640	7,542,660	21.58%
Nov-07	27,365,600	23,447,720	3,917,880	14.32%
Dec-07	26,447,700	16,880,190	9,567,510	36.18%
Jan-08	33,587,100	18,271,250	15,315,850	45.60%
Feb-08	27,790,500	26,551,080	1,239,420	4.46%
Mar-08	26,926,700	13,704,347	13,222,353	49.10%
Apr-08	26,579,100	24,255,597	2,323,503	8.74%
May-08	30,251,100	23,259,391	6,991,709	23.11%
Jun-08	37,204,900	25,402,053	11,802,847	31.72%
Jul-08	38,922,100	36,820,730	2,101,370	5.40%
Aug-08	41,402,200	37,342,855	4,059,345	9.80%
Total	389,053,800	308,368,833	80,684,967	20.74%

Rec'd at ... 10-19-08 ...

SODDY-DAISY-FALLING WATER UTILITY DISTRICT
Schedule of Water Loss
August 31, 2008

	Water Pumped (in 1000/gal)	Water Used (accounted for) (in gallons)	Water Used (unaccounted for) (in gallons)	Percent Unaccounted For
Aug 2008	56,857	41,824,926	15,032,074	26.00
July 2008	56,853	41,419,587	15,433,413	27.00
June 2008	57,243	40,662,731	16,580,269	29.00
May 2008	52,493	34,895,751	17,597,249	34.00
Apr 2008	47,901	31,506,297	16,394,703	34.00
Mar 2008	47,523	29,762,380	17,760,620	37.00
Feb 2008	43,359	33,717,114	9,641,886	22.00
Jan 2008	48,281	30,673,811	17,607,189	36.00
Dec 2007	44,598	32,826,099	11,771,901	26.00
Nov 2007	46,963	34,335,419	12,627,581	27.00
Oct 2007	52,409	38,728,250	13,680,750	26.00
Sept 2007	57,034	44,331,341	12,702,659	22.00

SAVANNAH VALLEY UTILITY DISTRICT OF HAMILTON COUNTY, TENNESSEE
SCHEDULE OF WATER UNACCOUNTED FOR
April 30, 2008

Gallons pumped	646,496,000
Gallons purchased	56,616,800
	703,112,800
Gallons sold	539,180,192
Gallons unaccounted for	163,932,608
Percentage of gallons unaccounted for	23.32%

EASTSIDE UTILITY DISTRICT OF HAMILTON AND BRADLEY COUNTIES, TENNESSEE
SCHEDULE OF UNACCOUNTED FOR WATER
October 31, 2008

(All amounts in gallons)

Water Treated and Purchased:	
Water pumped (potable)	4,330,859,400
Water purchased	2,635,204
Total Water Treated and Purchased	4,333,494,604
Accounted for Water:	
Water sold	3,560,896,034
Metered for consumption	-
Fire department & metered fire hydrant usage	2,630,516
Flushing	9,687,420
Tank cleaning/filling	-
Street cleaning	-
Bulk sales	-
Water bill adjustments	(41,723,229)
Other - water main breaks	10,188,000
Total Accounted for Water	3,541,678,741
Unaccounted for Water	791,815,863
Percent Unaccounted for Water	18.3%
Cost per 1,000 Gallons of Water	$3.39
Cost of Unaccounted for Water	$2,684,256

UNION FORK-BAKEWELL UTILITY DISTRICT
Schedule of Water Loss
June 30, 2008

	Gallons Pumped	Gallons Sold	Water Loss	Percentage of Water Loss
2008	155,752,200	126,025,310	29,726,890	19.09%

GRIFFITH CREEK UTILITY DISTRICT
SCHEDULE OF UNACCOUNTED WATER LOSS
December 31, 2008

WATER TREATED AND PURCHASED:			
Water Pumped		21,826,900	
Water Purchased		0	
	TOTAL WATER TREATED AND PURCHASED		21,826,900
ACCOUNTED FOR WATER:			
Water Sold		18,310,890	
Metered for Consumption (in house usage)		0	
Fire Department Usage		22,100	
Flushing		512,500	
Tank Cleaning/Filling		0	
Street Cleaning		0	
Bulk Sales		0	
Water Bill Adjustments		0	
	TOTAL ACCOUNTED FOR WATER		18,845,490
	UNACCOUNTED FOR WATER		2,981,410
	PERCENT UNACCOUNTED FOR WATER		13.66%
	COST PER 1,000 GALLONS OF WATER	$ 2.60	$7,121.19
		$ 3.15	$763.84
	COST OF UNACCOUNTED FOR WATER		$7,885.03

Knoxville Utilities Board Water Division
Supplemental Information - Schedule of Unaccounted for Water
June 30, 2009
(Unaudited)

Schedule 5

Knoxville Utilities Board
Schedule of Unaccounted For Water
June 30, 2009

(All amounts in Gallons)

A	**Water Treated and Purchased:**			
B	Water Pumped (potable)	12,552,600,300		
C	Water Purchased	-		
D	**Total Water Treated and Purchased (Sum Lines B and C)**			12,552,600,300
E	**Accounted for Water:**			
F	Water Sold	8,620,503,276		
G	Metered for Consumption	116,135,228		
H	Fire Department Usage	43,941,079		
I	Flushing	266,183		
J	Tank Cleaning/Filling			
K	Street Cleaning	788,625		
L	Bulk Sales	1,563,901		
M	Water Bill Adjustments			
N	Other (explain)	-50,368,824		
O	**Total Accounted for Water (Sum Lines F thru N)**			8,732,829,468
P	**Unaccounted for Water (Line D minus Line 0)**			3,819,770,832
Q	**Percent Unaccounted For (Line P divided by Line D times 100)**			30.430%
R	**Cost per 1,000 gallons of water**		$	0.31
S	**Cost of Unaccounted for Water (Line P divided by 1000, times Line R)**		$	1,192,455

Explain Other: Amount of water sold but not yet billed.

TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
FIRST SET OF DATA REQUESTS OF THE
CHATTANOOGA MANUFACTURERS ASSOCIATION

Responsible Witness: **Michael A. Miller**

Question:

27. Please provide in tabular format the authorized rates of return in orders from around the country (if any), known to, presented by, reviewed by or referred to by any Company witness or employee relative to any AWW or TAWC affiliated entity, that supports or contradicts TAWC's opinion that an 11.5% return on common equity is fair, just, reasonable, or representative of current investor expectations for a water utility. Please include, but do not limit your response to the jurisdiction, docket number, authorized return, number of customers served and dates of the order(s) surveyed by any witness for Tennessee-American or its affiliate(s), the date the return rate became known to the Company witness, and the bases (if any) why a different return should be awarded to TAWC.

Response:

The Company objects to this question on the grounds that the requested information is overly broad, unduly burdensome, vague and ambiguous. The Company further objects to this request on the grounds that it seeks information that is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence. Without waiving the objections, the calculation of the cost of equity capital is normally based on different methods and variations of the basic DCF, Risk Premium and CAPM methodologies which are based on financial market conditions at points in time and changes in investor expectations can and do occur based on any number of conditions present when such analysis supporting the cost of equity capital are prepared. Based on Mr. Miller's limited review, he is not aware of any AWW employee who has provided testimony or a study that determines, supports or contradicts the 11.5% cost of equity capital used by the Company.

December 8, 2010 Supplemental Response

As stated in its original response, Mr. Miller is not aware of any AWW employee who has provided testimony or a study that determines, supports or contradicts the 11.5% cost of equity capital used by the Company. During the parties' December 2, 2010 meet and confer conference, the CRMA and the Company agreed to fully resolve this request by TAWC providing the authorized rate of return percentages for AWW entities for the prior two years. Accordingly, please see the attached list of authorized ROE's percentages for American Water Subsidiaries, identified as TN-CMA-01-Q27-SUPPLEMENTAL ATTACHMENT.

Tennessee American Water
Comparison of Authorized ROE's - American Water Subsidiaries

Company:	Order Date	Authorized ROE
Long Island Am	4/1/2008	9.50%
Ohio-Am.	5/19/2010	9.34%
New Jersey-Am.	12/8/2008	10.30%
Missouri-Am.	6/18/2010	10.00%
Indiana-Am.	5/3/2010	10.00%
Arizona-Am.	12/8/2009	9.90%
California-Am.	7/1/2010	10.20%
New Mexico - Am.	4/23/2010	10.00%
Texas - Am.	12/1/2009	12.00%
West Virginia-Am.	3/26/2009	10.00%
Tennessee-Am.	9/1/2008	10.20%
Illinois-Am.	4/15/2010	10.38%
Iowa-Am.	2/3/2008	10.40%
Maryland-Am.	9/1/2009	10.75%
Virginia-Am.	12/1/2008	10.50%
Hawaii-Am.	10/10/2008	10.60%
Pennsylvania-Am.	11/17/2009	10.80%

TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
FIRST SET OF DATA REQUESTS OF THE
CHATTANOOGA MANUFACTURERS ASSOCIATION

Responsible Witness: **Paul Herbert**

Question:

29. Please identify in tabular format and provide a copy of all cost of service studies prepared by Mr. Herbert, or those working with him, for any other rate cases involving affiliates of AWW or its parent(s) for the past five (5) years including, but not limited to, a summary of the conclusion(s) of each such study, whether such study recognized any subsidy by one rate class benefiting another class of customers, whether his proposed rate design requested an increase "across-the board" (i.e. allocated proportionally among the various customer classes so that each class, as a whole, would receive the same percentage increase as the other classes) or an increase that called for differential increases amongst customer classes (identifying the differential increases), whether his rate design was opposed, and whether his design was adopted.

Response:

TAWC objects to this question on the grounds that this question is overly broad, unduly burdensome, and not relevant to this proceeding. Without waiving these objections, TAWC provides the following response. Mr. Herbert specializes in cost of service studies and has appeared before regulatory bodies across the country as an expert in this field. Attached to his testimony is a substantial list of docket (case) numbers where he has appeared as a witness, and this testimony and cost of service studies appear on the various regulatory web sites for those cases.

The following table shows the name of the American Water affiliate, year of study and whether the proposed rate design was based on an across-the-board increase or was based on class specific increases.

Company	Year of Study	Proposed Rate Design
Arizona American	2008	Class Specific
Illinois American	2009	Class Specific
Iowa American	2009	Class Specific
Kentucky American	2007	Across the Board
	2010	Class Specific
Missouri American	2006	Across the Board
	2008	Class Specific
	2009	Class Specific
New Jersey American	2006	Class Specific
	2008	Class Specific
	2010	Class Specific
New Mexico American	2006	Class Specific
Ohio American	2007	Class Specific
	2009	Class Specific
Pennsylvania American	2007	Class Specific
	2009	Class Specific
Virginia American	2008	Class Specific
	2010	Class Specific
West Virginia American	2007	Across the Board
	2010	Across the Board

December 8, 2010 Supplemental Response

Please see copies of the above referenced studies, included on the enclosed CD as TN-CMA-01-Q29-SUPPLEMENTAL ATTACHMENT.

ARIZONA AMERICAN WATER COMPANY

PHOENIX, ARIZONA

COST OF SERVICE ALLOCATION STUDY

AS OF DECEMBER 31, 2007

Gannett Fleming
Valuation and Rate Division

Harrisburg, Pennsylvania Calgary, Alberta Valley Forge, Pennsylvania

AGUA FRIA WATER DISTRICT

ARIZONA AMERICAN WATER COMPANY
AGUA FRIA WATER DISTRICT

DEVELOPMENT OF RATE OF RETURN BY RATE CLASSES UNDER PRESENT RATES

Description	Cost of Service	Residential	Commercial	Other Water Utilities	Private Fire
(1)	(2)	(3)	(4)	(5)	(6)
1. Revenues From Sales of Water - Present Rates	$17,693,381	$13,633,335	$3,951,886	$0	$108,160
2. Other Revenues	1,125,196	$872,984	$212,429	$0	$39,783
3. Total Operating Revenues	18,818,577	14,506,319	4,164,315	-	147,943
4. Less: Operating Expenses	16,356,082	13,332,623	2,881,567	-	141,892
5. Return and Income Taxes	2,462,496	1,173,696	1,282,748	-	6,052
6. Less: Interest Expense	2,822,013	2,255,071	551,421	-	15,521
7. Taxable Income	(359,518)	(1,081,375)	731,327	-	(9,469)
8. Less: Income Taxes	(138,756)	(417,363)	282,257	-	(3,649)
9. Net Return (Ln 5 - Ln 8)	2,601,251	1,591,059	1,000,491	-	9,701
10. Original Cost Measure of Value	$96,976,395	$77,491,809	$18,947,140	$0	$537,446
11. Rate of Return, Percent	2.68%	2.05%	5.28%		1.80%
12. Relative Rate of Return	1.00	0.77	1.97		0.67

TN-CMA-01-Q29-SUPPLEMENTAL ATTACHMENT
Page 3 of 2267
Exhibit
Schedule G-1
Page 1 of 1
Witness: Herbert

ARIZONA AMERICAN WATER COMPANY
AGUA FRIA WATER DISTRICT

DEVELOPMENT OF RATE OF RETURN BY RATE CLASSES UNDER PROPOSED RATES

Description	Cost of Service	Residential	Commercial	Other Water Utilities	Private Fire
(1)	(2)	(3)	(4)	(5)	(6)
1. Revenues From Sales of Water - Proposed Rates	$26,788,618	$20,846,887	$5,744,845	$0	$196,887
2. Other Revenues	1,222,005	$955,874	$233,449	$0	$32,682
3. Total Operating Revenues	28,010,622	21,802,761	5,978,294	-	229,568
4. Less: Operating Expenses	16,504,100	13,460,771	2,900,796	-	142,533
5. Return and Income Taxes	11,506,522	8,341,990	3,077,498	-	87,035
6. Less: Interest Expense	2,822,013	2,255,070	551,139	-	15,521
7. Taxable Income	8,684,509	6,086,920	2,526,359	-	71,514
8. Less: Income Taxes	3,352,198	2,349,220	975,490	-	27,488
9. Net Return (Ln 5 - Ln 8)	8,154,324	5,992,770	2,102,008	-	59,547
10. Original Cost Measure of Value	$96,976,395	$77,497,534	$18,941,584	$0	$537,277
11. Rate of Return, Percent	8.41%	7.73%	11.10%		11.08%
12. Relative Rate of Return	1.00	0.92	1.32		1.32

ARIZONA AMERICAN WATER COMPANY
AGUA FRIA WATER DISTRICT

ALLOCATION OF TOTAL RATE BASE BY COST FUNCTION TO CUSTOMER CLASSIFICATIONS

Cost Function	Factor Ref.	Rate Base	Residential	Commercial	Other Water Utilities	Private Fire
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Commodity	A	$72,137	$54,709	$17,428	$0	
Demand - Maximum Day	B	75,786,046	58,900,914	16,885,131	0	
Demand - Maximum Hour	C	(829,462)	(675,264)	(148,971)	0	(5,226)
Customer Facilities - Meters	D	17,638,027	15,738,412	1,899,616	0	0
Customer Facilities - Services	E	2,920,000	2,129,557	257,252	0	533,192
Customer Accounting	F	1,389,646	1,349,206	31,128	0	9,311
Total		$96,976,394	$77,497,534	$18,941,584	$0	$537,277

TN-CMA-01-Q29-SUPPLEMENTAL ATTACHMENT
Page 5 of 2267
Exhibit
Schedule G-3
Page 1 of 1
Witness: Herbert

ARIZONA AMERICAN WATER COMPANY
AGUA FRIA WATER DISTRICT
ALLOCATION OF TOTAL EXPENSES BY COST FUNCTION TO CUSTOMER CLASSIFICATIONS

Cost Function	Factor Ref.	Cost of Service	Residential	Commercial	Other Water Utilities	Private Fire
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Commodity	A	$4,141,964	$3,141,266	$1,000,699	$0	
Demand - Maximum Day	B	5,281,910	4,105,099	1,176,810	0	
Demand - Maximum Hour	C	3,073,219	2,501,909	551,950	0	19,361
Customer Facilities - Meters	D	519,382	463,446	55,937	0	0
Customer Facilities - Services	E	567,394	413,802	49,987	0	103,606
Customer Accounting	F	2,920,230	2,835,250	65,413	0	19,566
Total		$16,504,099	$13,460,771	$2,900,796	$0	$142,533

ARIZONA AMERICAN WATER COMPANY
AGUA FRIA WATER DISTRICT

COST OF SERVICE BY FUNCTION FOR THE BASE PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES, AND CUSTOMER ACCOUNTING CLASSIFICATIONS

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting
				Max Day	Max Hour	Meters	Services	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
RATE BASE								
Organization	11	1,231	1	880	(23)	309	50	14
Franchises	11	319,312	160	228,340	(6,067)	80,147	12,996	3,736
Miscellaneous Intangibles	11	125,682	63	89,875	(2,388)	31,546	5,115	1,470
Land & Land Rights SS	2	1,338,070	0	1,338,070	0	0	0	0
Land & Land Rights P	2	60,373	0	60,373	0	0	0	0
Land & Land Rights WT	2	625,473	0	625,473	0	0	0	0
Land & Land Rights AG	9	(19,091)	(319)	(6,323)	(5,326)	(277)	(674)	(6,172)
Struct & Imp SS	2	8,500,271	0	8,500,271	0	0	0	0
Struct & Imp P	2	4,400,022	0	4,400,022	0	0	0	0
Struct & Imp WT	2	1,190,220	0	1,190,220	0	0	0	0
Struct & Imp TD	3	3,529,111	0	0	3,529,111	0	0	0
Struct & Imp Offices	9	216,042	3,608	71,553	60,276	3,133	7,626	69,847
Wells and Springs	2	10,468,375	0	10,468,375	0	0	0	0
Supply Mains	2	0	0	0	0	0	0	0
Power Generation Equip Other	2	1,000,903	0	1,000,903	0	0	0	0
Pump Equip Electric	2	15,721,106	0	15,721,106	0	0	0	0
Pump Equip Diesel	2	3,542	0	3,542	0	0	0	0
Pump Equip Other	2	1,041,330	0	1,041,330	0	0	0	0
WT Equip Non-Media	2	9,037,566	0	9,037,566	0	0	0	0
Distrib. Reservoirs & Standpipes	3	10,891,106	0	0	10,891,106	0	0	0
TD Mains Not Classified by Size	3	(1,580,549)	0	0	(1,580,549)	0	0	0
TD Mains 4in & Less	3	(7,840,688)	0	0	(7,840,688)	0	0	0
TD Mains 6in to 8in	3	(6,958,990)	0	0	(6,958,990)	0	0	0
TD Mains 10in to 16in	2	(5,470,186)	0	(5,470,186)	0	0	0	0
TD Mains 18in and Grtr.	2	(2,805,527)	0	(2,805,527)	0	0	0	0
Fire Mains	3	89,994	0	0	89,994	0	0	0
Services	4A	2,528,943	0	0	0	0	2,528,943	0
Meters	4	3,945,382	0	0	0	3,945,382	0	0
Meter Installations	4	1,471,791	0	0	0	1,471,791	0	0
Hydrants	4	10,650,294	0	0	0	10,650,294	0	0
Office Furniture & Equip	9	391,113	6,532	129,537	109,121	5,671	13,806	126,447
Comp & Periph Equip	9	573,265	9,574	189,865	159,941	8,312	20,236	185,337
Trans Equip Lt Duty Trks	9	(356,768)	(5,958)	(118,162)	(99,538)	(5,173)	(12,594)	(115,343)
Trans Equip Hvy Duty Trks	9	0	0	0	0	0	0	0
Stores Equipment	9	0	0	0	0	0	0	0
Tools,Shop,Garage Equip	9	14,880	248	4,928	4,151	216	525	4,811

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ARIZONA AMERICAN WATER COMPANY
AGUA FRIA WATER DISTRICT

COST OF SERVICE BY FUNCTION FOR THE BASE PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES, AND CUSTOMER ACCOUNTING CLASSIFICATIONS

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting
				Max Day	Max Hour	Meters	Services	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Laboratory Equipment	2	0	0	0	0	0	0	0
Power Operated Equipment	9	30,599	511	10,134	8,537	444	1,080	9,893
Comm Equip Non-Telephone	9	1,120,461	18,712	371,097	312,609	16,247	39,552	362,245
Comm Equip Other	9	351,990	5,878	116,579	98,205	5,104	12,425	113,798
Total Plant in Service		64,606,645	39,009	46,199,841	(1,230,520)	16,213,145	2,629,088	756,082
OTHER RATE BASE ELEMENTS								
Regulatory Advances and Contributions	11	(796,965)	(398)	(569,910)	15,142	(200,038)	(32,436)	(9,324)
Customer Advances	6	0	0	0	0	0	0	0
Contributions in Aid of Construction	6	0	0	0	0	0	0	0
Construction Work in Progress (White Tanks Project)	2	25,000,000	0	25,000,000	0	0	0	0
Cash Working Capital Allowance	9	1,816,928	30,343	601,767	506,923	26,345	64,138	587,413
Materials and Supplies	9	0	0	0	0	0	0	0
Prepayments	9	0	0	0	0	0	0	0
Deferred Income Taxes	11	2,839,311	1,420	2,030,391	(53,947)	712,667	115,560	33,220
Deferred Charges	11	3,529,517	1,765	2,523,958	(67,061)	885,909	143,651	41,295
Customer Deposits	5	(19,040)	0	0	0	0	0	(19,040)
Total Other Rate Base Elements		32,369,750	33,129	29,586,205	401,058	1,424,883	290,912	633,564
Total Original Cost Measure of Value		96,976,395	72,137	75,786,046	(829,462)	17,638,027	2,920,000	1,389,646

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ARIZONA AMERICAN WATER COMPANY
AGUA FRIA WATER DISTRICT

COST OF SERVICE BY FUNCTION FOR THE BASE PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES, AND CUSTOMER ACCOUNTING CLASSIFICATIONS

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting
				Max Day	Max Hour	Meters	Services	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
OPERATION AND MAINTENANCE EXPENSES								
SOURCE OF SUPPLY EXPENSES								
-OPERATION-								
Supervision & Engineering	2	9,899	0	9,899	0	0	0	0
Operation Expense and Labor	2	43,621	0	43,621	0	0	0	0
Purchased Water	1	901,467	901,467	0	0	0	0	0
Miscellaneous Expenses	2	2,601	0	2,601	0	0	0	0
Rents	2	0	0	0	0	0	0	0
Trans Oper	2	12	0	12	0	0	0	0
Heating - Oil/Gas	2	91,975	0	91,975	0	0	0	0
Security Service	2	716	0	716	0	0	0	0
Telemetering and Telephone	2	49,967	0	49,967	0	0	0	0
Contract Services	2	6,534	0	6,534	0	0	0	0
Total Operation		1,106,792	901,467	205,325	0	0	0	0
-MAINTENANCE-								
Supervision & Engineering	2	0	0	0	0	0	0	0
Maintenance Labor	2	54,032	0	54,032	0	0	0	0
Wells and Springs Maint	2	0	0	0	0	0	0	0
Maint Supply Mains Mat	2	9,201	0	9,201	0	0	0	0
Maint Struct. & Improvements	2	21,953	0	21,953	0	0	0	0
Misc. Maintenance	2	19,108	0	19,108	0	0	0	0
Materials and Supplies	2	22,823	0	22,823	0	0	0	0
Total Maintenance		127,117	0	127,117	0	0	0	0
Total Source of Supply		1,233,909	901,467	332,442	0	0	0	0
POWER AND PUMPING EXPENSES								
Pumping Supervision & Eng Electric	2	0	0	0	0	0	0	0
Pump Fuel and Power Purchase	1	1,954,815	1,954,815	0	0	0	0	0
Pump Labor and Expenses	2	104,201	0	104,201	0	0	0	0
Misc Pumping Expenses	2	18,026	0	18,026	0	0	0	0
Total Operation		2,077,042	1,954,815	122,227	0	0	0	0

ARIZONA AMERICAN WATER COMPANY
AGUA FRIA WATER DISTRICT

COST OF SERVICE BY FUNCTION FOR THE BASE PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES, AND CUSTOMER ACCOUNTING CLASSIFICATIONS

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting
				Max Day	Max Hour	Meters	Services	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
-MAINTENANCE-								
Supervision & Engineering	2	18,271	0	18,271	0	0	0	0
Pump Maint Power Prod Equipment	2	0	0	0	0	0	0	0
Pump Maint Power Prod Equipment - Labor	2	111,939	0	111,939	0	0	0	0
Misc. Maintenance	2	583	0	583	0	0	0	0
Pump Maint Pumping Equipment	2	13,677	0	13,677	0	0	0	0
Total Maintenance		144,470	0	144,470	0	0	0	0
Total Power and Pumping		2,221,511	1,954,815	266,697	0	0	0	0
WATER TREATMENT								
-OPERATION-								
Supervision and Engineering	2	0	0	0	0	0	0	0
Chemicals	1	1,121,555	1,121,555	0	0	0	0	0
Chemical Feed	1	3,464	3,464	0	0	0	0	0
Waste Disposal	1	(681)	(681)	0	0	0	0	0
Labor and Expenses	2	13,081	0	13,081	0	0	0	0
Misc Water Treatment Exp	2	1,644	0	1,644	0	0	0	0
Contract Services - Lab Testing	1	31,676	31,676	0	0	0	0	0
Lab Supplies	1	9	9	0	0	0	0	0
Security Service	2	(2,920)	0	(2,920)	0	0	0	0
Materials and Supplies	2	22,495	0	22,495	0	0	0	0
Rents	2	0	0	0	0	0	0	0
Total Operation		1,190,323	1,156,023	34,300	0	0	0	0
-MAINTENANCE-								
Supervision and Engineering	2	0	0	0	0	0	0	0
General Water Equip	2	13,773	0	13,773	0	0	0	0
Janitorial	2	1,925	0	1,925	0	0	0	0
Total Maintenance		15,698	0	15,698	0	0	0	0
Total Water Treatment Expenses		1,206,021	1,156,023	49,998	0	0	0	0

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ARIZONA AMERICAN WATER COMPANY
AGUA FRIA WATER DISTRICT

COST OF SERVICE BY FUNCTION FOR THE BASE PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES, AND CUSTOMER ACCOUNTING CLASSIFICATIONS

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting
				Max Day	Max Hour	Meters	Services	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
TRANSMISSION AND DISTRIBUTION EXPENSES -OPERATION-								
Supervision and Engineering	7	4,822	0	1,180	3,645	(2)	0	0
Storage Facilities Expense	3	0	0	0	0	0	0	0
Labor Operation TD	7	1	0	0	1	(0)	0	0
Labor Operation Lines	6	40,682	0	9,947	30,735	0	0	0
Lines Expense	6	0	0	0	0	0	0	0
Contract Service - Other Operating	7	2,902	0	710	2,193	(1)	0	0
Meter Expense	4	(15)	0	0	0	(15)	0	0
Customer Installation Expenses	4	0	0	0	0	0	0	0
Maps and Records	7	0	0	0	0	0	0	0
Materials and Supplies	7	13,188	0	3,226	9,967	(5)	0	0
Misc Operating	7	34,599	0	8,463	26,150	(14)	0	0
Uniforms	7	14,374	0	3,516	10,864	(6)	0	0
Trans Oper	7	17	0	4	13	(0)	0	0
Rents	7	0	0	0	0	0	0	0
Total Operation		110,571	0	27,045	83,568	(43)	0	0

ARIZONA AMERICAN WATER COMPANY
AGUA FRIA WATER DISTRICT

COST OF SERVICE BY FUNCTION FOR THE BASE PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES, AND CUSTOMER ACCOUNTING CLASSIFICATIONS

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting
				Max Day	Max Hour	Meters	Services	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
-MAINTENANCE-								
Supervision and Engineering	8	12,547	0	125	10,275	627	1,519	0
T & D Structures & Improve Maint	8	0	0	0	0	0	0	0
Reservoirs and Standpipes	3	0	0	0	0	0	0	0
T & D Mains	6	1,724	0	422	1,302	0	0	0
T & D Mains - Labor	6	20,933	0	5,118	15,815	0	0	0
Services	4A	4,442	0	0	0	0	4,442	0
Services - Labor	4A	62,863	0	0	0	0	62,863	0
Meters	4	2,204	0	0	0	2,204	0	0
Meters - Labor	4	0	0	0	0	0	0	0
Hydrants	4	1,236	0	0	0	1,236	0	0
Hydrants - Labor	4	24,354	0	0	0	24,354	0	0
Tank Maintenance Accrual	3	437,819	0	0	437,819	0	0	0
Transport Maint	8	14,805	0	148	12,124	740	1,793	0
Materials and Supplies	8	14,587	0	146	11,945	729	1,766	0
Misc. Maintenance	8	2,229	0	22	1,825	111	270	0
Miscellaneous Plant	8	(8)	0	(0)	(7)	(0)	(1)	0
Total Maintenance		599,735	0	5,981	491,099	30,002	72,653	0
Total Transmission and Distribution Expenses		710,306	0	33,026	574,667	29,959	72,653	0
CUSTOMER ACCOUNTS								
Supervision	5	0	0	0	0	0	0	0
Meter Reading Expenses	5	0	0	0	0	0	0	0
Meter Reading Labor	5	101,082	0	0	0	0	0	101,082
Recording and Collecting Expenses	5	0	0	0	0	0	0	0
Customer Records Labor	5	19,156	0	0	0	0	0	19,156
Uncollectible Accounts	5	145,633	0	0	0	0	0	145,633
Misc Customer Accounting Expenses	5	0	0	0	0	0	0	0
Customer Service Expenses	5	0	0	0	0	0	0	0
Customer Service Expenses Labor	5	140,144	0	0	0	0	0	140,144
Materials and Supplies Oper	5	11,341	0	0	0	0	0	11,341

ARIZONA AMERICAN WATER COMPANY
AGUA FRIA WATER DISTRICT

COST OF SERVICE BY FUNCTION FOR THE BASE PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES, AND CUSTOMER ACCOUNTING CLASSIFICATIONS

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting
				Max Day	Max Hour	Meters	Services	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Misc. Operating	5	1,216	0	0	0	0	0	1,216
Bank Service Charges	5	39,395	0	0	0	0	0	39,395
Bill Inserts	5	9,479	0	0	0	0	0	9,479
Collection Agencies	5	6,966	0	0	0	0	0	6,966
Forms	5	42,724	0	0	0	0	0	42,724
Office and Admin Supplies	5	3,939	0	0	0	0	0	3,939
Postage	5	123,806	0	0	0	0	0	123,806
Telephone	5	1,272	0	0	0	0	0	1,272
Cell Phone and Wireless	5	12,755	0	0	0	0	0	12,755
Contract Services - Operation	5	6,958	0	0	0	0	0	6,958
Uniforms	5	20	0	0	0	0	0	20
Total Customers' Accounting & Collecting		665,886	0	0	0	0	0	665,886
ADMINISTRATIVE AND GENERAL EXPENSES								
Administrative & General Salaries	9	537,473	8,976	178,011	149,955	7,793	18,973	173,765
Administrative & General Salaries - Dir/Off	9	14,329	239	4,746	3,998	208	506	4,633
Director Expenses	9	4,766	80	1,578	1,330	69	168	1,541
Management Fees - Water Quality	1	51,577	51,577	0	0	0	0	0
Management Fees - Cust. Billing/Service	5	546,376	0	0	0	0	0	546,376
Management Fees - Administration	9	2,177,651	36,367	721,238	607,565	31,576	76,871	704,034
Management Fees - Empl. Service	10	0	0	0	0	0	0	0
General Office Expense	9	161,107	2,690	53,359	44,949	2,336	5,687	52,086
Outside Services	9	261,954	4,375	86,759	73,085	3,798	9,247	84,690
Insurance other than Group	9	158,153	2,641	52,380	44,125	2,293	5,583	51,131
Workers Compensation	10	0	0	0	0	0	0	0
Employee Pensions and Benefits	10	808,369	6,063	295,944	140,980	21,664	55,131	288,588
Regulatory Expenses	9	64,012	1,069	21,201	17,859	928	2,260	20,695
Miscellaneous General Expense	9	(117,286)	(1,959)	(38,845)	(32,723)	(1,701)	(4,140)	(37,919)
Trans Oper	9	94,435	1,577	31,277	26,347	1,369	3,334	30,531
Insurance Vehicle	9	12,578	210	4,166	3,509	182	444	4,066
Discount Available	9	(529)	(9)	(175)	(148)	(8)	(19)	(171)
Advertising	9	3,232	54	1,070	902	47	114	1,045
Overnight Shipping	9	6,022	101	1,994	1,680	87	213	1,947
Community Relations and Dues	9	18,086	302	5,990	5,046	262	638	5,847
Water Res Conservation	9	18,532	309	6,138	5,170	269	654	5,991

ARIZONA AMERICAN WATER COMPANY
AGUA FRIA WATER DISTRICT

COST OF SERVICE BY FUNCTION FOR THE BASE PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES, AND CUSTOMER ACCOUNTING CLASSIFICATIONS

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting
				Max Day	Max Hour	Meters	Services	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Penalties Nondeduct	9	3,315	55	1,098	925	48	117	1,072
Research and Development	9	4,182	70	1,385	1,167	61	148	1,352
Security Service	9	68,252	1,140	22,605	19,042	990	2,409	22,066
Software Licenses and Support	9	26,585	444	8,805	7,417	385	938	8,595
Computer Equipment	9	561	9	186	157	8	20	181
Pcard	9	(419)	(7)	(139)	(117)	(6)	(15)	(135)
Materials and Supplies	9	4,434	74	1,469	1,237	64	157	1,434
Misc. Maintenance	9	20,322	339	6,731	5,670	295	717	6,570
Administrative and General Rents	9	63,217	1,056	20,937	17,638	917	2,232	20,438
Total Administrative and General Expenses		5,011,286	117,843	1,489,908	1,146,764	73,936	182,386	2,000,448
Total Operation and Maintenance Expenses		11,048,919	4,130,147	2,172,072	1,721,432	103,895	255,039	2,666,335
503 DEPRECIATION EXPENSE								
Struct & Imp SS	2	225,504	0	225,504	0	0	0	0
Struct & Imp P	2	80,775	0	80,775	0	0	0	0
Struct & Imp WT	2	19,406	0	19,406	0	0	0	0
Struct & Imp TD	3	62,510	0	0	62,510	0	0	0
Struct & Imp Offices	9	10,456	175	3,463	2,917	152	369	3,380
Wells and Springs	2	299,407	0	299,407	0	0	0	0
Supply Mains	2	0	0	0	0	0	0	0
Power Generation Equip Other	2	37,295	0	37,295	0	0	0	0
Pump Equip Electric	2	938,551	0	938,551	0	0	0	0
Pump Equip Diesel	2	525	0	525	0	0	0	0
Pump Equip Other	2	56,203	0	56,203	0	0	0	0
WT Equip Non-Media	2	388,861	0	388,861	0	0	0	0
Distrib. Reservoirs & Standpipes	3	190,296	0	0	190,296	0	0	0
TD Mains Not Classified by Size	3	87,484	0	0	87,484	0	0	0
TD Mains 4in & Less	3	326,979	0	0	326,979	0	0	0
TD Mains 6in to 8in	3	482,482	0	0	482,482	0	0	0
TD Mains 10in to 16in	2	428,898	0	428,898	0	0	0	0
TD Mains 18in and Grtr.	2	331,666	0	331,666	0	0	0	0

ARIZONA AMERICAN WATER COMPANY
AGUA FRIA WATER DISTRICT

COST OF SERVICE BY FUNCTION FOR THE BASE PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES, AND CUSTOMER ACCOUNTING CLASSIFICATIONS

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting
				Max Day	Max Hour	Meters	Services	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Fire Mains	3	0	0	0	0	0	0	0
Services	4A	279,571	0	0	0	0	279,571	0
Meters	4	117,137	0	0	0	117,137	0	0
Meter Installations	4	39,740	0	0	0	39,740	0	0
Hydrants	4	235,868	0	0	0	235,868	0	0
Office Furniture & Equip	9	13,526	226	4,480	3,774	196	477	4,373
Comp & Periph Equip	9	18,857	315	6,246	5,261	273	666	6,097
Computer Software	9	146,010	2,438	48,358	40,737	2,117	5,154	47,205
Comp Software Other	9	3,792	63	1,256	1,058	55	134	1,226
Trans Equip Lt Duty Trks	9	50,664	846	16,780	14,135	735	1,788	16,380
Trans Equip Hvy Duty Trks	9	0	0	0	0	0	0	0
Stores Equipment	9	0	0	0	0	0	0	0
Tools,Shop,Garage Equip	9	645	11	213	180	9	23	208
Laboratory Equipment	2	0	0	0	0	0	0	0
Power Operated Equipment	9	1,589	27	526	443	23	56	514
Comm Equip Non-Telephone	9	154,564	2,581	51,192	43,123	2,241	5,456	49,971
Comm Equip Other	9	20,408	341	6,759	5,694	296	720	6,598
Acquistion Adjustment	9	230,973	3,857	76,498	64,441	3,349	8,153	74,674
Total Depreciation Expense		5,280,642	10,880	3,022,861	1,331,515	402,192	302,569	210,625

ARIZONA AMERICAN WATER COMPANY
AGUA FRIA WATER DISTRICT

COST OF SERVICE BY FUNCTION FOR THE BASE PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES, AND CUSTOMER ACCOUNTING CLASSIFICATIONS

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting
				Max Day	Max Hour	Meters	Services	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
AMORTIZATION EXPENSE								
Amortization of Contributions	12	(689,025)	(551)	(538,473)	5,926	(125,334)	(20,740)	(9,853)
Amortization of Imputed Reg. CIAC	12	(197,344)	(158)	(154,224)	1,697	(35,897)	(5,940)	(2,822)
Amortization of Regulatory Assets	12	2,918	2	2,280	(25)	531	88	42
Total Amortizations		(883,451)	(707)	(690,417)	7,598	(160,700)	(26,592)	(12,633)
507.1 TAXES, OTHER THAN INCOME								
Federal and State Payroll Taxes	10	118,980	892	43,559	20,750	3,189	8,114	42,476
Property Taxes	12	929,066	743	726,065	(7,990)	168,997	27,965	13,286
Gross Receipt Tax and Misc.	12	9,943	8	7,770	(86)	1,809	299	142
Total Taxes, Other Than Income		1,057,990	1,644	777,395	12,675	173,994	36,379	55,904
Total O & M, Depreciation and Other Taxes		16,504,100	4,141,964	5,281,910	3,073,219	519,382	567,394	2,920,230
507.2 INCOME TAXES	12	3,352,198	2,682	2,619,743	(28,829)	609,765	100,901	47,936
Utility Operating Income Available for Return	12	8,154,518	6,524	6,372,756	(70,129)	1,483,307	245,451	116,610
Total Cost of Service		28,010,816	4,151,169	14,274,409	2,974,261	2,612,454	913,746	3,084,776
Less: Other Water Revenues	13	1,222,001	181,223	622,610	129,777	113,891	39,837	134,665
Total Cost of Service Related to Sales of Water		$ 26,788,814	$ 3,969,946	$ 13,651,799	$ 2,844,485	$ 2,498,563	$ 873,909	$ 2,950,111

ARIZONA AMERICAN WATER COMPANY
AGUA FRIA WATER DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO COST FUNCTIONS

Reference	Commodity	Max Day	Max Hour	Customer Facilities		Customer Accounting	Total
				Meters	Services		
Factor 1 - Commodity	1.0000						1.0000
Factor 2 - Maximum Day		1.0000					1.0000
Factor 3 - Maximum Hour			1.0000				1.0000
Factor 4 - Customer Facilities - Meterss				1.0000			1.0000
Factor 4A - Customer Facilites - Services					1.0000		
Factor 5 - Customer Accounting						1.0000	1.0000
Factor 6 - Max Day and Max Hour based on Mains		0.2445	0.7555				1.0000
Factor 7 - Transmission & Distirbution Operation Expenses							
Cost	0	9,947	30,735	-15	0	0	40,667
Factor	0.0000	0.2446	0.7558	-0.0004	0.0000	0.0000	1.0000
Factor 8 - Rate Transmission & Distribution Maintenance Expenses							
Cost	0	5,540	454,936	27,794	67,305	0	555,575
Factor	0.0000	0.0100	0.8189	0.0500	0.1211	0.0000	1.0000
Factor 9 - Total Cost of Service							
Cost	34,468	682,164	574,667	29,959	72,653	665,886	2,059,797
Factor	0.0167	0.3312	0.2790	0.0145	0.0353	0.3233	1.0000
Factor 10 - Labor Related Expenses							
Cost	9,215	449,970	214,423	32,980	83,861	438,779	1,229,230
Factor	0.0075	0.3661	0.1744	0.0268	0.0682	0.357	1.0000
Factor 11 - Rate Base Less Costs Allocated							
Cost	38,786	45,880,746	(1,222,041)	16,101,142	2,610,927	750,861	64,160,420
Factor	0.0005	0.7151	-0.019	0.251	0.0407	0.0117	1.0000
Factor 12 - Rate Base							
Cost	72,137	75,786,046	(829,462)	17,638,027	2,920,000	1,389,646	96,976,395
Factor	0.0008	0.7815	-0.0086	0.1819	0.0301	0.0143	1.0000
Factor 13 - Cost of Service							
Cost	4,151,161	14,266,639	2,974,347	2,610,645	913,447	3,084,634	28,000,873
Factor	0.1483	0.5095	0.1062	0.0932	0.0326	0.1102	1.0000

ARIZONA AMERICAN WATER COMPANY
AGUA FRIA WATER DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO COST FUNCTIONS

FACTOR A. ALLOCATION OF COMMODITY COSTS.

Factors are based on the pro forma test year average daily consumption for each customer classification.

Classification	Average Daily Consumption, 1000 Gallons	Allocation Factor
(1)	(2)	(3)
Residential	10,804	0.7584
Commercial/Pubic	3,442	0.2416
Other Water Utility	0	0.0000
Total	14,245	1.0000

FACTOR B. ALLOCATION OF MAXIMUM DAY DEMAND COSTS.

Factors are based on the maximum day demand for each customer classification.

Customer Classification	Average Daily Consumption, 1000 Gallons	Peak Day Factor	Rate of Flow, 1000 Gallons Per Day	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	10,804	2.00	21,607	0.7772
Commercial/Pubic	3,442	1.80	6,195	0.2228
Other Water Utility	0	1.80	0	0.0000
Total	14,245		27,802	1.0000

2.5200

ARIZONA AMERICAN WATER COMPANY
AGUA FRIA WATER DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO COST FUNCTIONS

FACTOR D. ALLOCATION OF COSTS ASSOCIATED WITH METERS

Factors are based on the relative cost of meters by size and customer classification, as developed on the following page and summarized below.

Customer Classification	5/8" Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	42,611	0.8923
Commercial/Pubic	5,145	0.1077
Other Water Utility	0	0.0000
Private Fire Protection	0	0.0000
Total	47,756	1.0000

FACTOR E. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES

Factors are based on the relative cost of meters by size and customer classification, as developed on the following page and summarized below.

Customer Classification	3/4" Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	42,611	0.7293
Commercial/Pubic	5,145	0.0881
Other Water Utility	0	0.0000
Private Fire Protection	10,670	0.1826
Total	58,426	1.0000

ARIZONA AMERICAN WATER COMPANY
AGUA FRIA WATER DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO COST FUNCTIONS

FACTOR F. ALLOCATION OF BILLING AND COLLECTING COSTS.

Factors are based on the total number of customers.

Customer Classification	Total Customers	Allocation Factor
(1)	(2)	(3)
Residential	33,469	0.9709
Commercial/Pubic	771	0.0224
Other Water Utility	0	0.0000
Private Fire Protection	232	0.0067
Total	34,472	1.0000

ARIZONA AMERICAN WATER COMPANY
AGUA FRIA WATER DISTRICT
FACTORS FOR ALLOCATING COST OF SERVICE TO COST FUNCTIONS

FACTOR C. ALLOCATION OF MAXIMUM HOUR DEMAND COSTS.

Factors are based on the maximum hour demand for each customer classification.

Customer Classification	Average Hourly Consumption, 1000 Gallons	Factor	Rate of Flow, 1000 Gallons Per Hour	Maximum Hour Demand		Fire Protection		Total Allocation
				Allocation Factor	Allocation Factor	Allocation Factor	Weighted Factor	
(1)	(2)	(3)	(4)=(2)x(3)	(5)	(6)=(5)X 0.8518	(7)	(8)=(7)X 0.1482	(9)
Residential	450.1	4.00	1,800.4	0.8071	0.6875	0.8543	0.1266	0.8141
Commercial/Pubic	143.4	3.00	430.2	0.1929	0.1643	0.1031	0.0153	0.1796
Other Water Utility	0.0	3.00	0.0	-	0.0000		0.0000	0.0000
	593.5		2,230.6	1.0000	0.8518	0.9574	0.1419	0.9937
Private Fire				-	-	0.0426	0.0063	0.0063
Total				1.0000	0.8518	1.0000	0.1482	1.0000

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ARIZONA AMERICAN WATER COMPANY
AGUA FRIA WATER DISTRICT

BASIS FOR ALLOCATING DEMAND RELATED COSTS OF FIRE SERVICE
TO PRIVATE AND PUBLIC FIRE PROTECTION CUSTOMER CLASSIFICATIONS

Description (1)		Restrictive Diameters Squared (2)	Quantity (3)	Relative Demand* (4)=(2)x(3)	Allocation Factor (5)
PRIVATE FIRE PROTECTION					
Fire Lines					
2 -inch		4.00		0	
3 -inch		9.00		0	
4 -inch		16.00	83	1,328	
6 -inch		36.00	112	4,032	
8 -inch		64.00	36	2,304	
10 -inch		100.00	1	100	
12 -inch		144.00		0	
Private Hydrants		28.50	0	0	
Total Private Fire Protection			232	7,764	0.0426
PUBLIC FIRE PROTECTION					
Hydrant	Nozzle Sizes				
6" Valve	2- 2-1/2" & 1 - 4"	28.5	6,120	174,420	
Total Public Fire Protection			6,120	174,420	0.9574
Total Fire Protection			6,352	182,184	1.0000

REALLOCATE PUBLIC FIRE

	Meter Equivalents	Allocation of Public Fire	Allocation of Public Fire Using Factor
Residential	42,611	0.8923	0.8543
Commercial	5,145	0.1077	0.1031
Other Water Utilities	0	0.0000	0
	47,756	1.0000	0.9574

ARIZONA AMERICAN WATER COMPANY
AGUA FRIA WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum hour ratio of 2.50 and the average daily system sendout for 2007 of 13.77 MGD. The system demand for fire protection is 7,000 gallons per minute.

	Ratio	Rate of Flow, (GPM)	Weight
Average Hour	1.00	16,088	
Maximum Hour Capacity	2.50	40,220	0.8518
Fire Protection		7,000	0.1482
Total		47,220	1.0000

ARIZONA AMERICAN WATER COMPANY
AGUA FRIA WATER DISTRICT
BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS

		Residential		Commercial		Other Water Utility		Private Fire Protection		Total	
Meter Size	5/8" Equivalent	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(9)	(10)=(2)X(9)	(13)	(14)=(2)X(11)	(15)	(16)
5/8	1.0	28,358	28,358	69	69	0	0	0	0	28,428	28,427
1	2.5	4,769	11,923	124	309	0	0	0	0	4,893	12,232
1-1/2	5.0	151	757	185	924	0	0	0	0	336	1,681
2	8.0	187	1,493	312	2,493	0	0	0	0	498	3,986
3	15.0	2	30	76	1,140	0	0	0	0	78	1,170
4	25.0	0	0	2	60	0	0	0	0	2	60
6	50.0	1	50	3	150	0	0	0	0	4	200
8	80.0	0	0	0	0	0	0	0	0	0	0
10	115.0	0	0	0	0	0	0	0	0	0	0
Total		33,469	42,611	771	5,145	0	0	0	0	34,239	47,756

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ARIZONA AMERICAN WATER COMPANY
AGUA FRIA WATER DISTRICT
BASIS FOR ALLOCATING SERVICE COSTS TO CUSTOMER CLASSIFICATIONS

Service Size	3/4" Dollar Equivalent	Residential		Commercial		Other Water Utility		Private Fire Protection		Total	
		Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(9)	(10)=(2)X(9)	(13)	(14)=(2)X(11)	(15)	(16)
3/4	1.00	28,358	28,358	69	69	0	0	0	0	28,428	28,427
1	2.50	4,769	11,923	124	309	0	0	0	0	4,893	12,232
1-1/2	5.00	151	757	185	924	0	0	0	0	336	1,681
2	8.00	187	1,493	312	2,493	0	0	0	0	498	3,986
3	15.00	2	30	76	1,140	0	0	0	0	78	1,170
4	25.00	0	0	2	60	0	0	83	2,075	85	2,135
6	50.00	1	50	3	150	0	0	112	5,600	116	5,800
8	80.00	0	0	0	0	0	0	36	2,880	36	2,880
10	115.00	0	0	0	0	0	0	1	115	1	115
Total		33,469	42,611	771	5,145	0	0	232	10,670	34,471	58,426

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ARIZONA AMERICAN WATER COMPANY
AGUA FRIA WATER DISTRICT

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2007

Customer Classification	Cost of Service		Revenues, Present Rates		Revenues, Proposed Rates		Proposed Increase	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent Increase
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Residential	$ 21,667,754	80.9%	$ 13,633,335	77.1%	$ 20,846,887	77.9%	$ 7,213,552	52.9%
Commercial	4,923,798	18.4%	$ 3,951,886	22.3%	5,744,845	21.4%	1,792,959	45.4%
Private Fire Service	197,262	0.7%	108,160	0.6%	196,887	0.7%	88,726	82.0%
Total Sales	26,788,814	100.0%	17,693,381	100.0%	26,788,618	100.0%	9,095,237	51.4%
Other Revenues (a)	1,222,001		1,125,193		1,222,001		96,809	8.6%
Total	$ 28,010,816		$ 18,818,574		$ 28,010,619		$ 9,192,045	48.8%

(a) Includes Miscellaneous Irrigation Sales and contract customer PI Surprise.

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ARIZONA AMERICAN WATER COMPANY
AGUA FRIA WATER DISTRICT
ALLOCATION OF TOTAL COST OF SERVICE BY COST FUNCTION TO CUSTOMER CLASSIFICATIONS

Cost Function	Factor Ref	Total Cost of Service	Residential	Commercial	Other Water Utilities	Private Fire
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Commodity	A	$3,969,946	$3,010,806	$959,139	$0	
Demand - Maximum Day	B	13,651,799	10,610,178	3,041,621	0	
Demand - Maximum Hour	C	2,844,485	2,315,696	510,870	0	17,920
Customer Facilities - Meters	D	2,498,563	2,229,469	269,095	0	0
Customer Facilities - Services	E	873,909	637,343	76,991	0	159,576
Customer Accounting	F	2,950,111	2,864,262	66,082	0	19,766
Total		$26,788,813	$21,667,754	$4,923,798	$0	$197,262

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ANTHEM WATER DISTRICT

ARIZONA AMERICAN WATER COMPANY
ANTHEM WATER DISTRICT

DEVELOPMENT OF RATE OF RETURN BY RATE CLASSES UNDER PRESENT RATES

Description	Cost of Service	Residential	Commercial	Sales for Resale	Private Fire
(1)	(2)	(3)	(4)	(5)	(6)
1. Revenues From Sales of Water - Present Rates	$7,793,437	$5,942,281	$1,062,382	$708,220	$80,554
2. Other Revenues	1,563,914	$1,172,071	$196,042	$190,096	$5,705
3. Total Operating Revenues	9,357,351	7,114,352	1,258,424	898,316	86,259
4. Less: Operating Expenses	7,140,361	5,374,691	884,602	856,598	24,470
5. Return and Income Taxes	2,216,990	1,739,661	373,822	41,718	61,789
6. Less: Interest Expense	2,023,482	1,494,948	263,255	256,375	8,701
7. Taxable Income	193,508	244,713	110,567	(214,657)	53,088
8. Less: Income Taxes	74,690	94,453	42,678	(82,853)	20,487
9. Net Return (Ln 5 - Ln 8)	2,142,300	1,645,208	331,144	124,571	41,302
10. Original Cost Measure of Value	$69,535,466	$51,376,238	$9,047,314	$8,810,004	$301,910
11. Rate of Return, Percent	3.08%	3.20%	3.66%	1.41%	13.68%
12. Relative Rate of Return	1.00	1.04	1.19	0.46	4.44

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ARIZONA AMERICAN WATER COMPANY
ANTHEM WATER DISTRICT

DEVELOPMENT OF RATE OF RETURN BY RATE CLASSES UNDER PROPOSED RATES

Description	Cost of Service	Residential	Commercial	Sales for Resale	Private Fire
(1)	(2)	(3)	(4)	(5)	(6)
1. Revenues From Sales of Water - Proposed Rates	$13,091,293	$9,886,997	$1,792,796	$1,330,946	$80,554
2. Other Revenues	2,439,919	$1,821,841	$308,848	$299,628	$9,602
3. Total Operating Revenues	15,531,212	11,708,838	2,101,644	1,630,574	90,156
4. Less: Operating Expenses	7,267,836	5,489,831	891,510	861,149	25,346
5. Return and Income Taxes	8,263,376	6,219,007	1,210,134	769,425	64,810
6. Less: Interest Expense	2,023,482	1,495,555	263,053	256,173	8,701
7. Taxable Income	6,239,894	4,723,452	947,081	513,252	56,109
8. Less: Income Taxes	2,408,651	1,823,589	365,633	198,232	21,678
9. Net Return (Ln 5 - Ln 8)	5,854,726	4,395,418	844,501	571,193	43,132
10. Original Cost Measure of Value	$69,535,467	$51,390,318	$9,040,804	$8,802,164	$302,181
11. Rate of Return, Percent	8.42%	8.55%	9.34%	6.49%	14.27%
12. Relative Rate of Return	1.00	1.02	1.11	0.77	1.70

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ARIZONA AMERICAN WATER COMPANY
ANTHEM WATER DISTRICT

ALLOCATION OF TOTAL RATE BASE BY COST FUNCTION TO CUSTOMER CLASSIFICATIONS

Cost Function	Factor Ref.	Rate Base	Residential	Commercial	Sales for Resale	Private Fire
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Commodity	A	$22,593	$15,612	$3,430	$3,552	
Demand - Maximum Day	B	43,661,180	31,134,786	6,151,860	6,374,532	
Demand - Maximum Hour	C	20,610,861	15,656,010	2,458,876	2,347,577	148,398
Customer Facilities - Meters	D	3,773,590	3,372,457	338,868	62,264	0
Customer Facilities - Services	E	996,900	756,348	75,964	13,957	150,632
Billing and Collecting	F	470,344	455,105	11,806	282	3,151
Total		$69,535,468	$51,390,318	$9,040,804	$8,802,164	$302,181

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ARIZONA AMERICAN WATER COMPANY
ANTHEM WATER DISTRICT
ALLOCATION OF TOTAL EXPENSES BY COST FUNCTION TO CUSTOMER CLASSIFICATIONS

Cost Function	Factor Ref.	Cost of Service	Residential	Commercial	Sales for Resale	Private Fire
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Commodity	A	$1,553,691	$1,073,601	$235,850	$244,240	
Demand - Maximum Day	B	3,346,655	2,386,499	471,544	488,612	
Demand - Maximum Hour	C	1,066,781	810,327	127,267	121,506	7,681
Customer Facilities - Meters	D	313,604	280,268	28,162	5,174	0
Customer Facilities - Services	E	76,530	58,063	5,832	1,071	11,564
Billing and Collecting	F	910,577	881,073	22,855	546	6,101
Total		$7,267,838	$5,489,831	$891,510	$861,149	$25,346

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ARIZONA AMERICAN WATER COMPANY
ANTHEM WATER DISTRICT

COST OF SERVICE BY FUNCTION FOR THE BASE PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES AND CUSTOMER ACCOUNTING CLASSIFICATIONS

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting
				Max Day	Max Hour	Meters	Services	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
RATE BASE								
Organization	11	0	0	0	0	0	0	0
Franchises	11	4,718,823	1,416	2,962,949	1,398,659	256,232	67,479	32,088
Land & Land Rights SS	2	5,998,752	0	5,998,752	0	0	0	0
Land & Land Rights P	2	19,998	0	19,998	0	0	0	0
Land & Land Rights WT	2	0	0	0	0	0	0	0
Land & Land Rights TD	3	0	0	0	0	0	0	0
Land & Land Rights AG	9	0	0	0	0	0	0	0
Struct & Imp SS	2	4,323,649	0	4,323,649	0	0	0	0
Struct & Imp P	2	2,531,389	0	2,531,389	0	0	0	0
Struct & Imp WT	2	976,119	0	976,119	0	0	0	0
Struct & Imp TD	3	16,193	0	0	16,193	0	0	0
Struct & Imp Offices	9	104,627	1,120	59,690	13,790	6,518	555	22,955
Struct & Imp Misc	9	0	0	0	0	0	0	0
Collect & Impounding	2	313,626	0	313,626	0	0	0	0
Lake, River & Other Intakes	2	313,241	0	313,241	0	0	0	0
Wells and Springs	2	435,971	0	435,971	0	0	0	0
Supply Mains	2	0	0	0	0	0	0	0
Power Generation Equip Other	2	0	0	0	0	0	0	0
Pump Equip Electric	2	7,993,788	0	7,993,788	0	0	0	0
Pump Equip Diesel	2	0	0	0	0	0	0	0
Pump Equip Other	2	9,198	0	9,198	0	0	0	0
WT Equip Non-Media	2	8,171,294	0	8,171,294	0	0	0	0
Distrib. Reservoirs & Standpipes	3	4,117,296	0	0	4,117,296	0	0	0
TD Mains Not Classified by Size	3	1,898,481	0	0	1,898,481	0	0	0
TD Mains 4in & Less	3	7,377,706	0	0	7,377,706	0	0	0
TD Mains 6in to 8in	3	3,730,561	0	0	3,730,561	0	0	0
TD Mains 10in to 16in	2	2,099,216	0	2,099,216	0	0	0	0
TD Mains 18in and Grtr.	2	2,500,000	0	2,500,000	0	0	0	0
Fire Mains	3	0	0	0	0	0	0	0
Services	4A	831,370	0	0	0	0	831,370	0
Meters	4	789,839	0	0	0	789,839	0	0
Meter Installations	4	325,696	0	0	0	325,696	0	0
Hydrants	4	1,953,346	0	0	0	1,953,346	0	0
Office Furniture & Equip	9	190,024	2,033	108,409	25,045	11,839	1,007	41,691
Comp & Periph Equip	9	40,222	430	22,947	5,301	2,506	213	8,825
Computer Software	9	103,604	1,109	59,106	13,655	6,455	549	22,731

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ARIZONA AMERICAN WATER COMPANY
ANTHEM WATER DISTRICT

COST OF SERVICE BY FUNCTION FOR THE BASE PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES AND CUSTOMER ACCOUNTING CLASSIFICATIONS

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Faciities		Customer Accounting
				Max Day	Max Hour	Meters	Services	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Trans Equip Lt Duty Trks	9	(66,084)	(707)	(37,701)	(8,710)	(4,117)	(350)	(14,499)
Trans Equip Hvy Duty Trks	9	77,498	829	44,212	10,214	4,828	411	17,003
Stores Equipment	9	0	0	0	0	0	0	0
Tools,Shop,Garage Equip	9	34,010	364	19,403	4,483	2,119	180	7,462
Laboratory Equipment	2	96,697	0	96,697	0	0	0	0
Power Operated Equipment	9	3,960	42	2,259	522	247	21	869
Comm Equip Non-Telephone	9	659,877	7,061	376,460	86,972	41,110	3,497	144,777
Comm Equip Non-Telephone	9	9,962	107	5,683	1,313	621	53	2,186
Comm Equip Other	9	13,947	149	7,957	1,838	869	74	3,060
Total Plant in Service		62,713,896	13,952	39,414,312	18,693,320	3,398,106	905,059	289,147
OTHER RATE BASE ELEMENTS								
Construction Work in Progress	11	0	0	0	0	0	0	0
Cash Working Capital Allowance	9	634,103	6,785	361,756	83,575	39,505	3,361	139,122
Materials and Supplies	9	0	0	0	0	0	0	0
Imputed Regulatory Advances and Contributions	11	(437,186)	(131)	(274,509)	(129,582)	(23,739)	(6,252)	(2,973)
Deferred Income Taxes	11	740,503	222	464,962	219,485	40,209	10,589	5,035
Deferred Charges	11	5,884,153	1,765	3,694,660	1,744,063	319,510	84,143	40,012
Customer Deposits	5	0	0	0	0	0	0	0
Total Other Rate Base Elements		6,821,573	8,641	4,246,868	1,917,541	375,484	91,842	181,197
Total Original Cost Measure of Value		69,535,469	22,593	43,661,180	20,610,861	3,773,590	996,900	470,344

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ARIZONA AMERICAN WATER COMPANY
ANTHEM WATER DISTRICT

COST OF SERVICE BY FUNCTION FOR THE BASE PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES AND CUSTOMER ACCOUNTING CLASSIFICATIONS

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting
				Max Day	Max Hour	Meters	Services	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
OPERATION AND MAINTENANCE EXPENSES								
SOURCE OF SUPPLY EXPENSES								
-OPERATION-								
Supervision & Engineering	2	0	0	0	0	0	0	0
Operation Expense and Labor	2	0	0	0	0	0	0	0
Purchased Water	1	444,337	444,337	0	0	0	0	0
Miscellaneous Expenses	2	38	0	38	0	0	0	0
Rents	2	0	0	0	0	0	0	0
Trans Oper	2	30	0	30	0	0	0	0
Heating - Oil/Gas	2	0	0	0	0	0	0	0
Security Service	2	216	0	216	0	0	0	0
Telemetering and Telephone	2	6,141	0	6,141	0	0	0	0
Contract Services	2	653	0	653	0	0	0	0
Total Operation		451,415	444,337	7,078	0	0	0	0
-MAINTENANCE-								
Supervision & Engineering	2	0	0	0	0	0	0	0
Maintenance Labor	2	0	0	0	0	0	0	0
Wells and Springs Maint	2	0	0	0	0	0	0	0
Maint Supply Mains Mat	2	0	0	0	0	0	0	0
Maint Struct. & Improvements	2	0	0	0	0	0	0	0
Misc. Maintenance	2	28	0	28	0	0	0	0
Materials and Supplies	2	9	0	9	0	0	0	0
Total Maintenance		37	0	37	0	0	0	0
Total Source of Supply		451,452	444,337	7,115	0	0	0	0
POWER AND PUMPING EXPENSES								
Pumping Supervision & Eng Electric	2	0	0	0	0	0	0	0
Pump Fuel and Power Purchase	1	965,412	965,412	0	0	0	0	0
Pump Labor and Expenses	2	14	0	14	0	0	0	0
Misc Pumping Expenses	2	0	0	0	0	0	0	0
Total Operation		965,426	965,412	14	0	0	0	0

ARIZONA AMERICAN WATER COMPANY
ANTHEM WATER DISTRICT

COST OF SERVICE BY FUNCTION FOR THE BASE PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES AND CUSTOMER ACCOUNTING CLASSIFICATIONS

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting
				Max Day	Max Hour	Meters	Services	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
-MAINTENANCE-								
Supervision & Engineering	2	0	0	0	0	0	0	0
Pump Maint Power Prod Equipment	2	0	0	0	0	0	0	0
Pump Maint Power Prod Equipment - Labor	2	0	0	0	0	0	0	0
Misc. Maintenance	2	0	0	0	0	0	0	0
Pump Maint Pumping Equipment	2	0	0	0	0	0	0	0
Total Maintenance		0	0	0	0	0	0	0
Total Power and Pumping		965,426	965,412	14	0	0	0	0
WATER TREATMENT								
-OPERATION-								
Supervision and Engineering	2	0	0	0	0	0	0	0
Chemicals	1	90,637	90,637	0	0	0	0	0
Chemical Feed	1	0	0	0	0	0	0	0
Waste Disposal	1	162	162	0	0	0	0	0
Labor and Expenses	2	379,973	0	379,973	0	0	0	0
Misc Water Treatment Exp	2	77,782	0	77,782	0	0	0	0
Contract Services - Lab Testing	1	10,376	10,376	0	0	0	0	0
Lab Supplies	1	840	840	0	0	0	0	0
Security Service	2	4,286	0	4,286	0	0	0	0
Materials and Supplies	2	44,623	0	44,623	0	0	0	0
Rents	2	0	0	0	0	0	0	0
Total Operation		608,679	102,015	506,664	0	0	0	0

ARIZONA AMERICAN WATER COMPANY
ANTHEM WATER DISTRICT

COST OF SERVICE BY FUNCTION FOR THE BASE PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES AND CUSTOMER ACCOUNTING CLASSIFICATIONS

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Faciities		Customer Accounting
				Max Day	Max Hour	Meters	Services	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
-MAINTENANCE-								
Supervision and Engineering	2	0	0	0	0	0	0	0
General Water Equip	2	1,830	0	1,830	0	0	0	0
Contract Services - Maintenance	2	70,023	0	70,023	0	0	0	0
Misc. Maintenance	2	10,021	0	10,021	0	0	0	0
Janitorial	2	2,741	0	2,741	0	0	0	0
Total Maintenance		84,615	0	84,615	0	0	0	0
Total Water Treatment Expenses		693,294	102,015	591,279	0	0	0	0
TRANSMISSION AND DISTRIBUTION EXPENSES -OPERATION-								
Supervision and Engineering	7	0	0	0	0	0	0	0
Storage Facilities Expense	3	0	0	0	0	0	0	0
Labor Operation TD	7	1	0	0	0	0	0	0
Labor Operation Lines	6	9,956	0	3,926	6,029	0	0	0
Lines Expense	6	0	0	0	0	0	0	0
Contract Service - Other Operating	7	1,184	0	70	108	1,005	0	0
Meter Expense	4	(6)	0	0	0	(6)	0	0
Labor Operation Meters	4	56,067	0	0	0	56,067	0	0
Customer Installation Expenses	4	0	0	0	0	0	0	0
Maps and Records	7	0	0	0	0	0	0	0
Materials and Supplies	7	1,302	0	77	119	1,106	0	0
Misc Operating	7	1,945	0	116	178	1,652	0	0
Uniforms	7	5,866	0	349	536	4,981	0	0
Trans Oper	7	167	0	10	15	142	0	0
Rents	7	0	0	0	0	0	0	0
Total Operation		76,482	0	4,549	6,985	64,947	0	0

ARIZONA AMERICAN WATER COMPANY
ANTHEM WATER DISTRICT

COST OF SERVICE BY FUNCTION FOR THE BASE PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES AND CUSTOMER ACCOUNTING CLASSIFICATIONS

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Faciities		Customer Accounting
				Max Day	Max Hour	Meters	Services	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
-MAINTENANCE-								
Supervision and Engineering	8	0	0	0	0	0	0	0
T & D Structures & Improve Maint	8	0	0	0	0	0	0	0
Reservoirs and Standpipes	3	0	0	0	0	0	0	0
T & D Mains	6	0	0	0	0	0	0	0
T & D Mains - Labor	6	1,853	0	731	1,122	0	0	0
Services	4A	0	0	0	0	0	0	0
Services - Labor	4A	5,073	0	0	0	0	5,073	0
Meters	4	(2)	0	0	0	(2)	0	0
Meters - Labor	4	245	0	0	0	245	0	0
Hydrants	4	(7)	0	0	0	(7)	0	0
Hydrants - Labor	4	318	0	0	0	318	0	0
Fire Mains - Labor	4	368	0	0	0	368	0	0
Tank Maintenace Accrual	3	119,025	0	0	119,025	0	0	0
Transport Maint	8	6,042	0	35	5,753	11	243	0
Materials and Supplies	8	2,043	0	12	1,945	4	82	0
Misc. Maintenance	8	4,868	0	28	4,635	9	196	0
Miscellaneous Plant	8	(3)	0	(0)	(3)	(0)	(0)	0
Total Maintenance		139,822	0	806	132,477	946	5,593	0
Total Transmission and Distribution Expenses		216,303	0	5,355	139,461	65,893	5,593	0
CUSTOMER ACCOUNTS								
Supervision	5	0	0	0	0	0	0	0
Meter Reading Expenses	5	0	0	0	0	0	0	0
Meter Reading Labor	5	20,696	0	0	0	0	0	20,696
Recording and Collecting Expenses	5	0	0	0	0	0	0	0
Customer Records Labor	5	19,310	0	0	0	0	0	19,310
Uncollectible Accounts	5	86,800	0	0	0	0	0	86,800
Misc Customer Accounting Expenses	5	0	0	0	0	0	0	0
Customer Service Expenses	5	0	0	0	0	0	0	0
Customer Service Expenses Labor	5	172	0	0	0	0	0	172

ARIZONA AMERICAN WATER COMPANY
ANTHEM WATER DISTRICT

COST OF SERVICE BY FUNCTION FOR THE BASE PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES AND CUSTOMER ACCOUNTING CLASSIFICATIONS

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting
				Max Day	Max Hour	Meters	Services	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Materials and Supplies Oper	5	4,732	0	0	0	0	0	4,732
Misc. Operating	5	722	0	0	0	0	0	722
Bank Service Charges	5	18,094	0	0	0	0	0	18,094
Bill Inserts	5	3,011	0	0	0	0	0	3,011
Collection Agencies	5	2,832	0	0	0	0	0	2,832
Forms	5	17,372	0	0	0	0	0	17,372
Office and Admin Supplies	5	1,602	0	0	0	0	0	1,602
Postage	5	50,524	0	0	0	0	0	50,524
Telephone	5	517	0	0	0	0	0	517
Cell Phone and Wireless	5	5,187	0	0	0	0	0	5,187
Contract Services - Operation	5	0	0	0	0	0	0	0
Uniforms	5	601	0	0	0	0	0	601
Total Customers' Accounting & Collecting		232,173	0	0	0	0	0	232,173
ADMINISTRATIVE AND GENERAL EXPENSES								
Administrative & General Salaries	9	246,961	2,642	140,891	32,550	15,386	1,309	54,183
Administrative & General Salaries - Dir/Off	9	6,510	70	3,714	858	406	35	1,428
Director Expenses	9	1,945	21	1,110	256	121	10	427
Management Fees - Water Quality	1	21,048	21,048	0	0	0	0	0
Management Fees - Cust. Billing/Service	5	222,971	0	0	0	0	0	222,971
Management Fees - Administration	9	888,680	9,509	506,992	117,128	55,365	4,710	194,976
Management Fees - Empl. Service	10	0	0	0	0	0	0	0
General Office Expense	9	64,824	694	36,982	8,544	4,039	344	14,222
Outside Services	9	61,541	658	35,109	8,111	3,834	326	13,502
Insurance other than Group	9	61,231	655	34,932	8,070	3,815	325	13,434
Workers Compensation	10	0	0	0	0	0	0	0
Employee Pensions and Benefits	10	433,044	1,559	306,595	23,514	42,178	3,724	55,473
Regulatory Expenses	9	75,792	811	43,239	9,989	4,722	402	16,629
Miscellaneous General Expense	9	(47,579)	(509)	(27,144)	(6,271)	(2,964)	(252)	(10,439)
Trans Oper	9	55,645	595	31,745	7,334	3,467	295	12,209
Insurance Vehicle	9	5,133	55	2,928	677	320	27	1,126
Discount Available	9	(216)	(2)	(123)	(28)	(13)	(1)	(47)
Advertising	9	1,386	15	791	183	86	7	304
Overnight Shipping	9	2,448	26	1,397	323	153	13	537
Community Relations and Dues	9	7,998	86	4,563	1,054	498	42	1,755

ARIZONA AMERICAN WATER COMPANY
ANTHEM WATER DISTRICT

COST OF SERVICE BY FUNCTION FOR THE BASE PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES AND CUSTOMER ACCOUNTING CLASSIFICATIONS

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting
				Max Day	Max Hour	Meters	Services	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Water Res Conservation	9	35	0	20	5	2	0	8
Penalties Nondeduct	9	1,353	14	772	178	84	7	297
Research and Development	9	1,707	18	974	225	106	9	375
Security Service	9	1,680	18	958	221	105	9	369
Software Licenses and Support	9	10,849	116	6,189	1,430	676	57	2,380
Computer Equipment	9	229	2	131	30	14	1	50
Pcard	9	(171)	(2)	(98)	(23)	(11)	(1)	(38)
Materials and Supplies	9	1,468	16	837	193	91	8	322
Misc. Maintenance	9	12,894	138	7,356	1,699	803	68	2,829
Administrative and General Rents	9	14,739	158	8,409	1,943	918	78	3,234
Total Administrative and General Expenses		2,154,145	38,412	1,149,270	218,194	134,201	11,553	602,516
Total Operation and Maintenance Expenses		4,712,793	1,550,176	1,753,033	357,655	200,094	17,146	834,688
503 DEPRECIATION EXPENSE								
Struct & Imp SS	2	118,121	0	118,121	0	0	0	0
Struct & Imp P	3	48,068	0	0	48,068	0	0	0
Struct & Imp WT	3	17,771	0	0	17,771	0	0	0
Struct & Imp TD	3	308	0	0	308	0	0	0
Struct & Imp Offices	9	3,669	39	2,093	484	229	19	805
Struct & Imp Store, Shop, Garage	9	0	0	0	0	0	0	0
Collect & Impounding	2	6,195	0	6,195	0	0	0	0
Lake, River & Other Intakes	2	10,131	0	10,131	0	0	0	0
Wells and Springs	2	19	0	19	0	0	0	0
Supply Mains	2	0	0	0	0	0	0	0
Power Generation Equip Other	2	0	0	0	0	0	0	0
Pump Equip Electric	2	0	0	0	0	0	0	0
Pump Equip Diesel	2	519,072	0	519,072	0	0	0	0
Pump Equip Other	2	456	0	456	0	0	0	0
WT Equip Non-Media	2	412,041	0	412,041	0	0	0	0
Distrib. Reservoirs & Standpipes	3	75,800	0	0	75,800	0	0	0
TD Mains Not Classified by Size	3	58,679	0	0	58,679	0	0	0

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ARIZONA AMERICAN WATER COMPANY
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COST OF SERVICE BY FUNCTION FOR THE BASE PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES AND CUSTOMER ACCOUNTING CLASSIFICATIONS

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting
				Max Day	Max Hour	Meters	Services	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
TD Mains 4in & Less	3	236,074	0	0	236,074	0	0	0
TD Mains 6in to 8in	3	116,383	0	0	116,383	0	0	0
TD Mains 10in to 16in	2	67,468	0	67,468	0	0	0	0
TD Mains 18in and Grtr.	2	0	0	0	0	0	0	0
Fire Mains	3	0	0	0	0	0	0	0
Services	4A	51,775	0	0	0	0	51,775	0
Meters	4	20,807	0	0	0	20,807	0	0
Meter Installations	4	8,178	0	0	0	8,178	0	0
Hydrants	4	38,902	0	0	0	38,902	0	0
Office Furniture & Equip	9	9,922	106	5,661	1,308	618	53	2,177
Comp & Periph Equip	9	5,114	55	2,918	674	319	27	1,122
Computer Software	9	38,080	407	21,725	5,019	2,372	202	8,355
Comp Software Other	9	989	11	564	130	62	5	217
Trans Equip Lt Duty Trks	9	31,438	336	17,936	4,144	1,959	167	6,898
Trans Equip Hvy Duty Trks	9	19,376	207	11,054	2,554	1,207	103	4,251
Stores Equipment	9	0	0	0	0	0	0	0
Tools,Shop,Garage Equip	9	582	6	332	77	36	3	128
Laboratory Equipment	2	4,407	0	4,407	0	0	0	0
Power Operated Equipment	9	72	1	41	10	4	0	16
Comm Equip Non-Telephone	9	88,863	951	50,696	11,712	5,536	471	19,496
Comm Equip Telephone	9	2,230	24	1,272	294	139	12	489
Comm Equip Other	9	979	10	559	129	61	5	215
Acquistion Adjustment	9	94,258	1,009	53,774	12,423	5,872	500	20,680
Total Depreciation Expense		2,106,226	3,163	1,306,534	592,039	86,301	53,341	64,849

ARIZONA AMERICAN WATER COMPANY
ANTHEM WATER DISTRICT

COST OF SERVICE BY FUNCTION FOR THE BASE PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES AND CUSTOMER ACCOUNTING CLASSIFICATIONS

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting
				Max Day	Max Hour	Meters	Services	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
AMORTIZATION EXPENSE								
Amortization of Contributions	12	(19,101)	(6)	(11,994)	(5,662)	(1,037)	(273)	(130)
Amortization of Imputed Regulatory CIAC	12	(107,543)	(32)	(67,526)	(31,876)	(5,840)	(1,538)	(731)
Total Amortizations		(126,644)	(38)	(79,519)	(37,537)	(6,877)	(1,811)	(861)
507.1 TAXES, OTHER THAN INCOME								
Federal and State Payroll Taxes	10	65,852	237	46,623	3,576	6,414	566	8,436
Property Taxes	12	505,553	152	317,437	149,846	27,452	7,229	3,438
Gross Receipt Tax and Misc.	12	4,058	1	2,548	1,203	220	58	28
Total Taxes, Other Than Income		575,463	390	366,608	154,624	34,086	7,854	11,901
Total O & M, Depreciation and Other Taxes		7,267,839	1,553,691	3,346,655	1,066,781	313,604	76,530	910,577
507.2 INCOME TAXES	12	2,408,651	723	1,512,392	713,924	130,790	34,444	16,379
Utility Operating Income Available for Return	12	5,855,040	1,757	3,676,380	1,735,434	317,929	83,727	39,814
Total Cost of Service		15,531,530	1,556,170	8,535,427	3,516,139	762,322	194,701	966,770
Less: Other Water Revenues	13	2,439,918	244,480	1,340,979	552,397	119,800	30,499	151,763
Total Cost of Service Related to Sales of Water		$ 13,091,612	$ 1,311,690	$ 7,194,448	$ 2,963,742	$ 642,522	$ 164,202	$ 815,007

ARIZONA AMERICAN WATER COMPANY
ANTHEM WATER DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO COST FUNCTIONS

Reference	Commodity	Max Day	Max Hour	Customer Facilities Meters	Customer Facilities Services	Customer Accounting	Total
Factor 1 - Commodity	1.0000						1.0000
Factor 2 - Maximum Day		1.0000					1.0000
Factor 3 - Maximum Hour			1.0000				1.0000
Factor 4 - Customer Facilities - Meters				1.0000			1.0000
Factor 4A - Customer Facilites - Services					1.0000		
Factor 5 - Customer Accounting						1.0000	1.0000
Factor 6 - Max Day and Max Hour based on Mains		0.3944	0.6056				1.0000
Factor 7 - Transmission & Distirbution Operation Expenses							
Cost	0	3,926	6,029	56,061	0	0	66,016
Factor	0.0000	0.0595	0.0913	0.8492	0.0000	0.0000	1.0000
Factor 8 - Rate Transmission & Distribution Maintenance Expenses							
Cost	0	731	120,147	243	5,073	0	126,193
Factor	0.0000	0.0058	0.9521	0.0019	0.0402	0.0000	1.0000
Factor 9 - Total Cost of Service							
Cost	11,378	603,762	139,461	65,893	5,593	232,173	1,058,261
Factor	0.0107	0.5705	0.1318	0.0623	0.0053	0.2194	1.0000
Factor 10 - Labor Related Expenses							
Cost	2,712	529,249	40,559	72,789	6,416	95,790	747,515
Factor	0.0036	0.708	0.0543	0.0974	0.0086	0.1281	1.0000
Factor 11 - Rate Base Less Costs Allocated							
Cost	19,322	36,813,119	17,378,236	3,181,379	840,940	396,181	58,629,176
Factor	0.0003	0.6279	0.2964	0.0543	0.0143	0.0068	1.0000
Factor 12 - Rate Base							
Cost	22,593	43,661,180	20,610,861	3,773,590	996,900	470,344	69,535,469
Factor	0.0003	0.6279	0.2964	0.0543	0.0143	0.0068	1.0000
Factor 13 - Cost of Service							
Cost	1,556,170	8,535,427	3,516,139	762,322	194,701	966,770	15,531,529
Factor	0.1002	0.5496	0.2264	0.0491	0.0125	0.0622	1.0000

ARIZONA AMERICAN WATER COMPANY
ANTHEM WATER DISTRICT

FACTORS FOR ALLOCATING COSTS BY FUNCTION TO CUSTOMER CLASSIFICATIONS

FACTOR A. ALLOCATION OF COMMODITY COSTS.

Factors are based on the pro forma test year average daily consumption for each customer classification.

Classification	Average Daily Consumption, Gallons	Allocation Factor
(1)	(2)	(3)
Residential	3,104	0.6910
Commercial/Pubic	682	0.1518
Other Water Utility	706	0.1572
Total	4,491	1.0000

FACTOR B. ALLOCATION OF MAXIMUM DAY DEMAND COSTS.

Factors are based on the maximum day demand for each customer classification.

Customer Classification	Average Daily Consumption, 1000 Gallons	Peak Day Factor*	Rate of Flow, 1000 Gallons Per Day	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	3,104	2.00	6,208	0.7131
Commercial/Pubic	682	1.80	1,227	0.1409
Other Water Utility	706	1.80	1,271	0.1460
Total	4,491		8,706	1.0000

* Ratio of Maximum Day To Average Day.

ARIZONA AMERICAN WATER COMPANY
ANTHEM WATER DISTRICT
FACTORS FOR ALLOCATING COST OF SERVICE TO COST FUNCTIONS

FACTOR C. ALLOCATION OF MAXIMUM HOUR DEMAND COSTS.

Factors are based on the maximum hour demand for each customer classification.

Customer Classification	Average Hourly Consumption, 1000 Gallons	Factor	Rate of Flow, 1000 Gallons Per Hour	Maximum Hour Demand		Fire Protection		Total Allocation
				Allocation Factor	Allocation Factor	Allocation Factor	Weighted Factor	
(1)	(2)	(3)	(4)=(2)x(3)	(5)	(6)=(5)X 0.8920	(7)	(8)=(7)X 0.1080	(9)
Residential	129.3	4.00	517.2	0.7489	0.6680	0.8483	0.0916	0.7596
Commercial/Pubic	28.4	3.00	85.2	0.1234	0.1101	0.0852	0.0092	0.1193
Other Water Utility	29.4	3.00	88.2	0.1277	0.1139	0.0000	0.0000	0.1139
	187.1		690.6	1.0000	0.8920	0.9335	0.1008	0.9928
Private Fire				-	-	0.0665	0.0072	0.0072
Total				1.0000	0.8920	1.0000	0.1080	1.0000

ARIZONA AMERICAN WATER COMPANY
ANTHEM WATER OPERATIONS

BASIS FOR ALLOCATING DEMAND RELATED COSTS OF FIRE SERVICE
TO PRIVATE AND PUBLIC FIRE PROTECTION CUSTOMER CLASSIFICATIONS

Description (1)		Restrictive Diameters Squared (2)	Quantity (3)	Relative Demand* (4)=(2)x(3)	Allocation Factor (5)
PRIVATE FIRE PROTECTION					
Fire Lines					
2 -inch		4.00		0	
3 -inch		9.00		0	
4 -inch		16.00	10	160	
6 -inch		36.00	41	1,476	
8 -inch		64.00	7	448	
10 -inch		100.00		0	
12 -inch		144.00		0	
Private Hydrants		28.50		0	
Total Private Fire Protection			58	2,084	0.0665
PUBLIC FIRE PROTECTION					
Hydrant	Nozzle Sizes				
6" Valve	2- 2-1/2" & 1 - 4"	28.5	1,026	29,241	
Total Public Fire Protection			1,026	29,241	0.9335
Total Fire Protection			1,084	31,325	1.0000

REALLOCATE PUBLIC FIRE	Meter Equivalents	Allocation of Public Fire	Allocation of Public Fire Using Factor
Residential	13,941	0.9087	0.8483
Commercial/Pubic	1,401	0.0913	0.0852
Other Water Utility	0	0.0000	0.0000
	15,342	1.0000	0.9335

ARIZONA AMERICAN WATER COMPANY
ANTHEM WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum hour ratio of 2.50 and the average daily system sendout for 2007 of 5.36MGD. The system demand for fire protection is 2000

	Ratio	Rate of Flow, (GPM)	Weight
Average Hour	1.00	6,610	
Maximum Hour Capacity	2.50	16,526	0.8920
Fire Protection		2,000	0.1080
Total		18,526	1.0000

ARIZONA AMERICAN WATER COMPANY
ANTHEM WATER DISTRICT

FACTORS FOR ALLOCATING COSTS BY FUNCTION TO CUSTOMER CLASSIFICATIONS

FACTOR D. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

Factors are based on the relative cost of meters by size and customer classification, as developed on the following page and summarized below.

Customer Classification	5/8" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	13,941	0.8937
Commercial/Pubic	1,401	0.0898
Other Water Utility	258	0.0165
Private Fire Protection	0	0.0000
Total	15,600	1.0000

FACTOR E. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

Factors are based on the relative cost of services by size and customer classification, as developed on the following page and summarized below.

Customer Classification	3/4" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	13,941	0.7587
Commercial/Pubic	1,401	0.0762
Other Water Utility	258	0.0140
Private Fire Protection	2,776	0.1511
Total	18,376	1.0000

ARIZONA AMERICAN WATER COMPANY
ANTHEM WATER DISTRICT

FACTORS FOR ALLOCATING COSTS BY FUNCTION TO CUSTOMER CLASSIFICATIONS

FACTOR F. ALLOCATION OF BILLING AND COLLECTING COSTS.

Factors are based on the total number of customers.

Customer Classification	Total Customers	Allocation Factor
(1)	(2)	(3)
Residential	8,426	0.9676
Commercial/Pubic	219	0.0251
Other Water Utility	5	0.0006
Private Fire Protection	58	0.0067
Total	8,708	1.0000

ARIZONA AMERICAN WATER COMPANY
ANTHEM WATER DISTRICT
BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS

Meter Size	5/8" Dollar Equivalent	Residential		Commercial		Irrigation		Other Water Utility		Private Fire Protection		Total	
		Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(13)	(14)=(2)X(11)	(15)	(16)
5/8	1.0	4,929	4,929	25	25	0	0	0	0	0	0	4,954	4,954
1	2.5	3,409	8,523	37	92	0	0	0	0	0	0	3,446	8,615
1-1/2	5.0	71	353	42	209	9	45	0	0	0	0	121	607
2	8.0	17	136	93	746	27	216	0	0	0	0	137	1,098
3	15.0	0	0	20	304	0	0	0	0	0	0	20	304
4	25.0	0	0	1	25	4	100	0	0	0	0	5	125
6	50.0	0	0	0	0	0	0	5	258	0	0	5	258
8	80.0	0	0	0	0	1	80	0	0	0	0	1	80
12	115.0	0	0	0	0	1	115	0	0	0	0	1	115
Total		8,426	13,941	219	1,401	42	556	5	258	0	0	8,692	16,156

ARIZONA AMERICAN WATER COMPANY
ANTHEM WATER DISTRICT
BASIS FOR ALLOCATING SERVICE COSTS TO CUSTOMER CLASSIFICATIONS

Service Size	3/4" Dollar Equivalent	Residential		Commercial		Irrigation		Other Water Utility		Private Fire Protection		Total	
		Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(13)	(14)=(2)X(11)	(15)	(16)
3/4	1.0	4,929	4,929	25	25	0	0	0	0	0	0	4,954	4,954
1	2.5	3,409	8,523	37	92	0	0	0	0	0	0	3,446	8,615
1-1/2	5.0	71	353	42	209	9	45	0	0	0	0	121	607
2	8.0	17	136	93	746	27	216	0	0	2	16	139	1,114
3	15.0	0	0	20	304	0	0	0	0	0	0	20	304
4	25.0	0	0	1	25	4	100	0	0	10	250	15	375
6	50.0	0	0	0	0	0	0	5	258	39	1,950	44	2,208
8	80.0	0	0	0	0	1	80	0	0	7	560	8	640
12	115.0	0	0	0	0	1	115	0	0	0	0	1	115
Total		8,426	13,941	219	1,401	42	556	5	258	58	2,776	8,750	18,932

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ARIZONA AMERICAN WATER COMPANY
ANTHEM WATER DISTRICT

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2007

Customer Classification	Cost of Service		Revenues, Present Rates		Revenues, Proposed Rates		Proposed Increase	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent Increase
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Residential	$ 9,775,399	74.6%	$ 5,942,281	76.3%	$ 9,886,997	75.5%	$ 3,944,717	66.4%
Commercial	1,657,054	12.7%	$ 1,062,382	13.6%	1,792,796	13.7%	730,414	68.8%
Sales for Resale	1,607,547	12.3%	708,220	9.1%	1,330,946	10.2%	622,726	87.9%
Private Fire Service	51,611	0.4%	80,554	1.0%	80,554	0.6%	-	0.0%
Total Sales	13,091,611	100.0%	7,793,437	100.0%	13,091,293	100.0%	5,297,856	68.0%
Other Revenues (a)	2,439,918		1,563,914		2,439,918		876,004	56.0%
Total	$ 15,531,529		$ 9,357,351		$ 15,531,211		$ 6,173,860	66.0%

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ARIZONA AMERICAN WATER COMPANY
ANTHEM WATER DISTRICT
ALLOCATION OF TOTAL COST OF SERVICE BY COST FUNCTION TO CUSTOMER CLASSIFICATIONS

Cost Function	Factor Ref.	Total Cost of Service	Residential	Commercial	Sales for Resale	Private Fire
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Commodity	A	$1,311,690	$906,377	$199,115	$206,198	
Demand - Maximum Day	B	7,194,448	5,130,361	1,013,698	1,050,389	
Demand - Maximum Hour	C	2,963,742	2,251,258	353,574	337,570	21,339
Customer Facilities - Meters	D	642,522	574,223	57,698	10,602	0
Customer Facilities - Services	E	164,202	124,579	12,512	2,299	24,811
Billing and Collecting	F	815,007	788,601	20,457	489	5,461
Total		$13,091,611	$9,775,399	$1,657,054	$1,607,547	$51,611

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HAVASU WATER DISTRICT

ARIZONA AMERICAN WATER COMPANY
HAVASU DISTRICT

DEVELOPMENT OF RATE OF RETURN BY RATE CLASSES UNDER PRESENT RATES

Description	Cost of Service	Residential	Commercial	Other Water Utilities
(1)	(2)	(3)	(4)	(5)
1. Revenues From Sales of Water - Present Rates	$1,003,477	$888,021	$115,456	$0
2. Other Revenues	23,111	$20,504	$2,607	$0
3. Total Operating Revenues	1,026,588	908,525	118,063	-
4. Less: Operating Expenses	1,317,826	1,162,953	154,873	-
5. Return and Income Taxes	(291,238)	(254,428)	(36,810)	-
6. Less: Interest Expense	122,845	106,383	16,461	-
7. Taxable Income	(414,083)	(360,811)	(53,271)	-
8. Less: Income Taxes	(159,839)	(139,268)	(20,555)	-
9. Net Return (Ln 5 - Ln 8)	(131,399)	(115,160)	(16,255)	-
10. Original Cost Measure of Value	$4,221,473	$3,655,762	$565,711	$0
11. Rate of Return, Percent	-3.11%	-3.15%	-2.87%	
12. Relative Rate of Return	1.00	1.01	0.92	

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ARIZONA AMERICAN WATER COMPANY
HAVASU DISTRICT

DEVELOPMENT OF RATE OF RETURN BY RATE CLASSES UNDER PROPOSED RATES

Description	Cost of Service	Residential	Commercial	Other Water Utilities
(1)	(2)	(3)	(4)	(5)
1. Revenues From Sales of Water - Proposed Rates	$1,819,078	$1,609,635	$209,444	$0
2. Other Revenues	23,111	$20,302	$2,809	$0
3. Total Operating Revenues	1,842,189	1,629,937	212,253	-
4. Less: Operating Expenses	1,337,223	1,180,933	156,290	-
5. Return and Income Taxes	504,966	449,004	55,963	-
6. Less: Interest Expense	122,845	106,395	16,449	-
7. Taxable Income	382,122	342,609	39,514	-
8. Less: Income Taxes	147,572	132,313	15,259	-
9. Net Return (Ln 5 - Ln 8)	357,394	316,691	40,704	-
10. Original Cost Measure of Value	$4,221,454	$3,656,046	$565,408	$0
11. Rate of Return, Percent	8.47%	8.66%	7.20%	
12. Relative Rate of Return	1.00	1.02	0.85	

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ARIZONA AMERICAN WATER COMPANY
HAVASU DISTRICT

ALLOCATION OF TOTAL RATE BASE BY COST FUNCTION TO CUSTOMER CLASSIFICATIONS

Cost Function	Factor Ref.	Rate Base	Residential	Commercial	Other Water Utilities
(1)	(2)	(3)	(4)	(5)	(6)
Commodity	A	$783	$668	$115	$0
Demand - Maximum Day	B	4,127,339	3,573,036	554,302	0
Demand - Maximum Hour	C	(156,898)	(138,965)	(17,933)	0
Customer Facilities - Meters	D	120,085	105,074	15,011	0
Customer Facilities - Services	E	101,839	89,109	12,730	0
Customer Billing	F	28,307	27,124	1,183	0
Total		$4,221,455	$3,656,046	$565,408	$0

ARIZONA AMERICAN WATER COMPANY
HAVASU DISTRICT
ALLOCATION OF TOTAL EXPENSES BY COST FUNCTION TO CUSTOMER CLASSIFICATIONS

Cost Function	Factor Ref.	Cost of Service	Residential	Commercial	Other Water Utilities
(1)	(2)	(3)	(4)	(5)	(6)
Commodity	A	$205,063	$174,920	$30,144	$0
Demand - Maximum Day	B	289,409	250,540	38,868	0
Demand - Maximum Hour	C	592,990	525,212	67,779	0
Customer Facilities - Meters	D	48,112	42,098	6,014	0
Customer Facilities - Services	E	60,766	53,170	7,596	0
Customer Billing	F	140,883	134,993	5,889	0
Total		$1,337,223	$1,180,933	$156,290	$0

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ARIZONA AMERICAN WATER COMPANY
HAVASU DISTRICT

COST OF SERVICE BY FUNCTION FOR THE BASE PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES AND CUSTOMER ACCOUNTING CLASSIFICATIONS

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting
				Max Day	Max Hour	Meters	Services	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
RATE BASE								
Organization	11	10,161	2	9,934	(378)	289	245	68
Franchises	11	0	0	0	0	0	0	0
Land & Land Rights SS	2	47,422	0	47,422	0	0	0	0
Land & Land Rights P	2	0	0	0	0	0	0	0
Land & Land Rights WT	2	0	0	0	0	0	0	0
Land & Land Rights TD	3	0	0	0	0	0	0	0
Land & Land Rights AG	9	0	0	0	0	0	0	0
Struct & Imp SS	2	2,002,776	0	2,002,776	0	0	0	0
Struct & Imp P	2	100,135	0	100,135	0	0	0	0
Struct & Imp WT	2	0	0	0	0	0	0	0
Struct & Imp TD	3	0	0	0	0	0	0	0
Struct & Imp Offices	9	22,210	80	1,966	14,980	1,013	1,215	2,956
Struct & Imp Misc	9	0	0	0	0	0	0	0
Collect & Impounding	2	106,492	0	106,492	0	0	0	0
Wells and Springs	2	497,186	0	497,186	0	0	0	0
Supply Mains	2	0	0	0	0	0	0	0
Power Generation Equip Other	2	27,415	0	27,415	0	0	0	0
Pump Equip Electric	2	1,210,757	0	1,210,757	0	0	0	0
Pump Equip Diesel	2	0	0	0	0	0	0	0
Pump Equip Other	2	4,209	0	4,209	0	0	0	0
WT Equip Non-Media	2	236,810	0	236,810	0	0	0	0
Distrib. Reservoirs & Standpipes	3	1,205,529	0	0	1,205,529	0	0	0
TD Mains Not Classified by Size	3	(439,609)	0	0	(439,609)	0	0	0
TD Mains 4in & Less	3	(502,632)	0	0	(502,632)	0	0	0
TD Mains 6in to 8in	3	(553,176)	0	0	(553,176)	0	0	0
TD Mains 10in to 16in	2	(420,308)	0	(420,308)	0	0	0	0
TD Mains 18in and Grtr.	2	0	0	0	0	0	0	0
Fire Mains	3	0	0	0	0	0	0	0
Services	4A	86,078	0	0	0	0	86,078	0
Meters	4	89,626	0	0	0	89,626	0	0
Meter Installations	4	15,796	0	0	0	15,796	0	0
Hydrants	4	0	0	0	0	0	0	0
Other P/E SS	2	116,239	0	116,239	0	0	0	0

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ARIZONA AMERICAN WATER COMPANY
HAVASU DISTRICT

COST OF SERVICE BY FUNCTION FOR THE BASE PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES AND CUSTOMER ACCOUNTING CLASSIFICATIONS

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting
				Max Day	Max Hour	Meters	Services	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Office Furniture & Equip	9	13,817	50	1,223	9,319	630	756	1,839
Comp & Periph Equip	9	27,435	99	2,428	18,505	1,251	1,501	3,652
Computer Software	9	18,382	66	1,627	12,399	838	1,006	2,447
Trans Equip Lt Duty Trks	9	(66,321)	(239)	(5,869)	(44,733)	(3,024)	(3,628)	(8,827)
Trans Equip Hvy Duty Trks	9	0	0	0	0	0	0	0
Stores Equipment	9	0	0	0	0	0	0	0
Tools,Shop,Garage Equip	9	9,235	33	817	6,229	421	505	1,229
Laboratory Equipment	2	461	0	461	0	0	0	0
Power Operated Equipment	9	21,869	79	1,935	14,751	997	1,196	2,911
Comm Equip Non-Telephone	9	8,125	29	719	5,480	370	444	1,081
Comm Equip Non-Telephone	9	0	0	0	0	0	0	0
Comm Equip Other	9	41,075	148	3,635	27,705	1,873	2,247	5,467
Total Plant in Service		3,937,192	347	3,948,008	(225,631)	110,080	91,565	12,823
OTHER RATE BASE ELEMENTS								
Construction Work in Progress	11	0	0	0	0	0	0	0
Cash Working Capital Allowance	9	111,462	401	9,864	75,181	5,083	6,097	14,836
Materials and Supplies	9	0	0	0	0	0	0	0
Imputed Regulatory Advances and Contributions	11	(113,427)	(23)	(110,898)	4,219	(3,221)	(2,734)	(760)
Deferred Income Taxes	11	131,385	26	128,455	(4,888)	3,731	3,166	880
Deferred Charges	11	155,374	31	151,909	(5,780)	4,413	3,745	1,041
Customer Deposits	5	(512)	0	0	0	0	0	(512)
Total Other Rate Base Elements		284,282	436	179,331	68,733	10,005	10,274	15,485
Total Original Cost Measure of Value		4,221,474	783	4,127,339	(156,898)	120,085	101,839	28,307

ARIZONA AMERICAN WATER COMPANY
HAVASU DISTRICT

COST OF SERVICE BY FUNCTION FOR THE BASE PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES AND CUSTOMER ACCOUNTING CLASSIFICATIONS

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting
				Max Day	Max Hour	Meters	Services	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
OPERATION AND MAINTENANCE EXPENSES								
SOURCE OF SUPPLY EXPENSES								
-OPERATION-								
Supervision & Engineering	2	0	0	0	0	0	0	0
Operation Expense and Labor	2	13,972	0	13,972	0	0	0	0
Purchased Water	1	0	0	0	0	0	0	0
Miscellaneous Expenses	2	6	0	6	0	0	0	0
Rents	2	0	0	0	0	0	0	0
Trans Oper	2	1	0	1	0	0	0	0
Heating - Oil/Gas	2	0	0	0	0	0	0	0
Security Service	2	31	0	31	0	0	0	0
Telemetering and Telephone	2	1,128	0	1,128	0	0	0	0
Contract Services	2	830	0	830	0	0	0	0
Total Operation		15,968	0	15,968	0	0	0	0
-MAINTENANCE-								
Supervision & Engineering	2	0	0	0	0	0	0	0
Maintenance Labor	2	5,070	0	5,070	0	0	0	0
Wells and Springs Maint	2	0	0	0	0	0	0	0
Maint Supply Mains Mat	2	178	0	178	0	0	0	0
Maint Struct. & Improvements	2	0	0	0	0	0	0	0
Misc. Maintenance	2	4	0	4	0	0	0	0
Materials and Supplies	2	701	0	701	0	0	0	0
Total Maintenance		5,953	0	5,953	0	0	0	0
Total Source of Supply		21,921	0	21,921	0	0	0	0
POWER AND PUMPING EXPENSES								
Pumping Supervision & Eng Electric	2	0	0	0	0	0	0	0
Pump Fuel and Power Purchase	1	111,139	111,139	0	0	0	0	0
Pump Labor and Expenses	2	48	0	48	0	0	0	0

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ARIZONA AMERICAN WATER COMPANY
HAVASU DISTRICT

COST OF SERVICE BY FUNCTION FOR THE BASE PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES AND CUSTOMER ACCOUNTING CLASSIFICATIONS

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting
				Max Day	Max Hour	Meters	Services	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Misc Pumping Expenses	2	0	0	0	0	0	0	0
Total Operation		111,187	111,139	48	0	0	0	0
-MAINTENANCE-								
Supervision & Engineering	2	0	0	0	0	0	0	0
Pump Maint Power Prod Equipment	2	0	0	0	0	0	0	0
Pump Maint Power Prod Equipment - Labor	2	10,244	0	10,244	0	0	0	0
Misc. Maintenance	2	0	0	0	0	0	0	0
Pump Maint Pumping Equipment	2	0	0	0	0	0	0	0
Total Maintenance		10,244	0	10,244	0	0	0	0

ARIZONA AMERICAN WATER COMPANY
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COST OF SERVICE BY FUNCTION FOR THE BASE PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES AND CUSTOMER ACCOUNTING CLASSIFICATIONS

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting
				Max Day	Max Hour	Meters	Services	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Total Power and Pumping		121,431	111,139	10,292	0	0	0	0
WATER TREATMENT								
-OPERATION-								
Supervision and Engineering	2	0	0	0	0	0	0	0
Chemicals	1	88,249	88,249	0	0	0	0	0
Chemical Feed	1	0	0	0	0	0	0	0
Waste Disposal	1	(52)	(52)	0	0	0	0	0
Labor and Expenses	2	172	0	172	0	0	0	0
Misc Water Treatment Exp	2	68	0	68	0	0	0	0
Contract Services - Lab Testing	1	1,415	1,415	0	0	0	0	0
Lab Supplies	1	1	1	0	0	0	0	0
Security Service	2	0	0	0	0	0	0	0
Materials and Supplies	2	333	0	333	0	0	0	0
Rents	2	0	0	0	0	0	0	0
Total Operation		90,185	89,612	573	0	0	0	0
-MAINTENANCE-								
Supervision and Engineering	2	0	0	0	0	0	0	0
General Water Equip	2	26	0	26	0	0	0	0
Contract Services - Maintenance	2	0	0	0	0	0	0	0
Janitorial	2	0	0	0	0	0	0	0
Total Maintenance		26	0	26	0	0	0	0
Total Water Treatment Expenses		90,211	89,612	599	0	0	0	0
TRANSMISSION AND DISTRIBUTION EXPENSES								
-OPERATION-								
Supervision and Engineering	7	0	0	0	0	0	0	0
Storage Facilities Expense	3	0	0	0	0	0	0	0

ARIZONA AMERICAN WATER COMPANY
HAVASU DISTRICT

COST OF SERVICE BY FUNCTION FOR THE BASE PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES AND CUSTOMER ACCOUNTING CLASSIFICATIONS

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting
				Max Day	Max Hour	Meters	Services	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Labor Operation TD	7	0	0	0	0	0	0	0
Labor Operation Lines	6	3,194	0	23	3,170	0	0	0
Lines Expense	6	0	0	0	0	0	0	0
Contract Service - Other Operating	7	670	0	1	136	533	0	0
Meter Expense	4	(1)	0	0	0	(1)	0	0
Labor Operation Meters	4	12,392	0	0	0	12,392	0	0
Customer Installation Expenses	4	0	0	0	0	0	0	0
Maps and Records	7	0	0	0	0	0	0	0
Materials and Supplies	7	2,051	0	3	417	1,630	0	0
Misc Operating	7	2,195	0	3	446	1,745	0	0
Uniforms	7	1,058	0	2	215	841	0	0
Trans Oper	7	1	0	0	0	1	0	0
Rents	7	0	0	0	0	0	0	0
Total Operation		21,559	0	32	4,386	17,141	0	0

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COST OF SERVICE BY FUNCTION FOR THE BASE PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES AND CUSTOMER ACCOUNTING CLASSIFICATIONS

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting
				Max Day	Max Hour	Meters	Services	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
-MAINTENANCE-								
Supervision and Engineering	8	0	0	0	0	0	0	0
T & D Structures & Improve Maint	8	0	0	0	0	0	0	0
Reservoirs and Standpipes	3	0	0	0	0	0	0	0
T & D Mains	6	0	0	0	0	0	0	0
T & D Mains - Labor	6	52,273	0	384	51,889	0	0	0
Services	4A	18	0	0	0	0	18	0
Services - Labor	4A	19,938	0	0	0	0	19,938	0
Meters	4	0	0	0	0	0	0	0
Meters - Labor	4	0	0	0	0	0	0	0
Hydrants	4	(1)	0	0	0	(1)	0	0
Hydrants - Labor	4	0	0	0	0	0	0	0
Tank Maintenace Accrual	3	189,831	0	0	189,831	0	0	0
Transport Maint	8	865	0	1	798	0	66	0
Materials and Supplies	8	4,566	0	6	4,212	0	348	0
Misc. Maintenance	8	2,447	0	3	2,257	0	186	0
Miscellaneous Plant	8	0	0	0	0	0	0	0
Total Maintenance		269,937	0	395	248,987	(1)	20,556	0
Total Transmission and Distribution Expenses		291,496	0	428	253,372	17,140	20,556	0
CUSTOMER ACCOUNTS								
Supervision	5	0	0	0	0	0	0	0
Meter Reading Expenses	5	0	0	0	0	0	0	0
Meter Reading Labor	5	12,195	0	0	0	0	0	12,195
Recording and Collecting Expenses	5	0	0	0	0	0	0	0
Customer Records Labor	5	7,795	0	0	0	0	0	7,795
Uncollectible Accounts	5	15,137	0	0	0	0	0	15,137
Misc Customer Accounting Expenses	5	0	0	0	0	0	0	0

ARIZONA AMERICAN WATER COMPANY
HAVASU DISTRICT

COST OF SERVICE BY FUNCTION FOR THE BASE PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES AND CUSTOMER ACCOUNTING CLASSIFICATIONS

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting
				Max Day	Max Hour	Meters	Services	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Customer Service Expenses	5	0	0	0	0	0	0	0
Customer Service Expenses Labor	5	0	0	0	0	0	0	0
Materials and Supplies Oper	5	678	0	0	0	0	0	678
Misc. Operating	5	73	0	0	0	0	0	73
Bank Service Charges	5	2,231	0	0	0	0	0	2,231
Bill Inserts	5	411	0	0	0	0	0	411
Collection Agencies	5	416	0	0	0	0	0	416
Forms	5	2,553	0	0	0	0	0	2,553
Office and Admin Supplies	5	235	0	0	0	0	0	235
Postage	5	7,425	0	0	0	0	0	7,425
Telephone	5	76	0	0	0	0	0	76
Cell Phone and Wireless	5	762	0	0	0	0	0	762
Contract Services - Operation	5	0	0	0	0	0	0	0
Uniforms	5	1	0	0	0	0	0	1
Total Customers' Accounting & Collecting		49,988	0	0	0	0	0	49,988
ADMINISTRATIVE AND GENERAL EXPENSES								
Administrative & General Salaries	9	58,874	212	5,210	39,710	2,685	3,220	7,836
Administrative & General Salaries - Dir/Off	9	1,022	4	90	689	47	56	136
Director Expenses	9	279	1	25	188	13	15	37
Management Fees - Water Quality	1	3,093	3,093	0	0	0	0	0
Management Fees - Cust. Billing/Service	5	32,768	0	0	0	0	0	32,768
Management Fees - Administration	9	130,600	470	11,558	88,090	5,955	7,144	17,383
Management Fees - Empl. Service	10	0	0	0	0	0	0	0
General Office Expense	9	13,616	49	1,205	9,184	621	745	1,812
Outside Services	9	7,491	27	663	5,053	342	410	997
Insurance other than Group	9	8,974	32	794	6,053	409	491	1,194
Workers Compensation	10	0	0	0	0	0	0	0
Employee Pensions and Benefits	10	113,463	125	20,242	54,939	8,703	13,366	16,089
Regulatory Expenses	9	3,840	14	340	2,590	175	210	511
Miscellaneous General Expense	9	(7,247)	(26)	(641)	(4,888)	(330)	(396)	(965)
Trans Oper	9	19,634	71	1,738	13,243	895	1,074	2,613

ARIZONA AMERICAN WATER COMPANY
HAVASU DISTRICT

COST OF SERVICE BY FUNCTION FOR THE BASE PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES AND CUSTOMER ACCOUNTING CLASSIFICATIONS

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting
				Max Day	Max Hour	Meters	Services	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Insurance Vehicle	9	735	3	65	495	33	40	98
Discount Available	9	(31)	(0)	(3)	(21)	(1)	(2)	(4)
Advertising	9	199	1	18	134	9	11	26
Overnight Shipping	9	364	1	32	246	17	20	48
Community Relations and Dues	9	1,044	4	92	704	48	57	139
Water Res Conservation	9	5	0	0	3	0	0	1
Penalties Nondeduct	9	194	1	17	131	9	11	26
Research and Development	9	245	1	22	165	11	13	33
Security Service	9	627	2	56	423	29	34	84
Software Licenses and Support	9	1,580	6	140	1,066	72	86	210
Computer Equipment	9	34	0	3	23	2	2	5
Pcard	9	(24)	(0)	(2)	(16)	(1)	(1)	(3)
Materials and Supplies	9	370	1	33	250	17	20	49
Misc. Maintenance	9	639	2	57	431	29	35	85
Administrative and General Rents	9	5,059	18	448	3,412	231	277	673
Total Administrative and General Expenses		397,445	4,111	42,201	222,297	20,017	26,938	81,882
Total Operation and Maintenance Expenses		972,494	204,863	75,441	475,669	37,157	47,494	131,870
503 DEPRECIATION EXPENSE								
Struct & Imp SS	2	54,100	0	54,100	0	0	0	0
Struct & Imp P	2	0	0	0	0	0	0	0
Struct & Imp WT	2	0	0	0	0	0	0	0
Struct & Imp TD	3	0	0	0	0	0	0	0
Struct & Imp Offices	9	534	2	47	360	24	29	71
Struct & Imp Store, Shop, Garage	9	0	0	0	0	0	0	0
Collect & Impounding	2	3,825	0	3,825	0	0	0	0
Wells and Springs	2	14,560	0	14,560	0	0	0	0
Supply Mains	2	0	0	0	0	0	0	0

ARIZONA AMERICAN WATER COMPANY
HAVASU DISTRICT

COST OF SERVICE BY FUNCTION FOR THE BASE PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES AND CUSTOMER ACCOUNTING CLASSIFICATIONS

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting
				Max Day	Max Hour	Meters	Services	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Power Generation Equip Other	2	1,951	0	1,951	0	0	0	0
Pump Equip Electric	2	51,818	0	51,818	0	0	0	0
Pump Equip Diesel	2	0	0	0	0	0	0	0
Pump Equip Other	2	0	0	0	0	0	0	0
WT Equip Non-Media	2	42,473	0	42,473	0	0	0	0
Distrib. Reservoirs & Standpipes	3	31,595	0	0	31,595	0	0	0
TD Mains Not Classified by Size	3	16,251	0	0	16,251	0	0	0
TD Mains 4in & Less	3	9,298	0	0	9,298	0	0	0
TD Mains 6in to 8in	3	20,140	0	0	20,140	0	0	0
TD Mains 10in to 16in	2	15,344	0	15,344	0	0	0	0
TD Mains 18in and Grtr.	2	0	0	0	0	0	0	0
Fire Mains	3	0	0	0	0	0	0	0
Services	4A	8,061	0	0	0	0	8,061	0
Meters	4	6,181	0	0	0	6,181	0	0
Meter Installations	4	607	0	0	0	607	0	0
Hydrants	4	0	0	0	0	0	0	0
Office Furniture & Equip	9	598	2	53	403	27	33	80
Comp & Periph Equip	9	1,782	6	158	1,202	81	97	237
Computer Software	9	6,756	24	598	4,557	308	370	899
Comp Software Other	9	175	1	16	118	8	10	23
Trans Equip Lt Duty Trks	9	19,128	69	1,693	12,902	872	1,046	2,546
Trans Equip Hvy Duty Trks	9	0	0	0	0	0	0	0
Stores Equipment	9	0	0	0	0	0	0	0
Tools,Shop,Garage Equip	9	814	3	72	549	37	45	108
Laboratory Equipment	2	14	0	14	0	0	0	0
Power Operated Equipment	9	844	3	75	569	38	46	112
Comm Equip Non-Telephone	9	1,161	4	103	783	53	63	154
Comm Equip Telephone	9	0	0	0	0	0	0	0
Comm Equip Other	9	2,753	10	244	1,857	126	151	366
Acquisition Adjustment	9	13,852	50	1,226	9,343	632	758	1,844
Total Depreciation Expense		324,614	174	188,368	109,928	8,995	10,708	6,442

ARIZONA AMERICAN WATER COMPANY
HAVASU DISTRICT

COST OF SERVICE BY FUNCTION FOR THE BASE PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES AND CUSTOMER ACCOUNTING CLASSIFICATIONS

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting
				Max Day	Max Hour	Meters	Services	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
AMORTIZATION EXPENSE								
Amortization of Regulatory Asset	12	834	0	815	(31)	24	20	6
Amortization of Contributions	12	(6,011)	(2)	(5,878)	224	(170)	(145)	(40)
Amortization of Imputed Regulatory CIAC	12	(28,087)	(8)	(27,463)	1,045	(795)	(677)	(188)
Total Amortizations		(33,264)	(10)	(32,525)	1,237	(941)	(802)	(223)
507.1 TAXES, OTHER THAN INCOME								
Federal and State Payroll Taxes	10	17,041	19	3,040	8,251	1,307	2,007	2,416
Property Taxes	12	55,740	17	54,502	(2,074)	1,577	1,343	373
Gross Receipt Tax and Misc.	12	597	0	584	(22)	17	14	4
Total Taxes, Other Than Income		73,377	36	58,126	6,155	2,901	3,365	2,794
Total O & M, Depreciation and Other Taxes		1,337,222	205,063	289,409	592,990	48,112	60,766	140,883
507.2 INCOME TAXES	12	147,572	44	144,296	(5,490)	4,176	3,556	989
Utility Operating Income Available for Return	12	357,595	107	349,657	(13,303)	10,120	8,618	2,396
Total Cost of Service		1,842,390	205,214	783,362	574,197	62,408	72,940	144,267
Less: Other Water Revenues	13	23,110	2,572	9,827	7,203	783	915	1,810
Total Cost of Service Related to Sales of Water		$ 1,819,280	$ 202,642	$ 773,536	$ 566,994	$ 61,625	$ 72,025	$ 142,458

ARIZONA AMERICAN WATER COMPANY
HAVASU WATER DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO COST FUNCTIONS

Reference	Commodity	Max Day	Max Hour	Customer Facilities Meters	Customer Facilities Services	Customer Accounting	Total
Factor 1 - Commodity	1.0000						1.0000
Factor 2 - Maximum Day		1.0000					1.0000
Factor 3 - Maximum Hour			1.0000				1.0000
Factor 4 - Customer Facilities - Meters				1.0000			1.0000
Factor 4A - Customer Facilites - Services					1.0000		
Factor 5 - Customer Accounting						1.0000	1.0000
Factor 6 - Max Day and Max Hour based on Mains		0.0073	0.9927				1.0000
Factor 7 - Transmission & Distirbution Operation Expenses							
Cost	0	23	3,170	12,391	0	0	15,585
Factor	0.0000	0.0015	0.2034	0.7951	0.0000	0.0000	1.0000
Factor 8 - Rate Transmission & Distribution Maintenance Expenses							
Cost	0	384	241,720	0	19,956	0	262,060
Factor	0.0000	0.0014	0.9224	0.0000	0.0762	0.0000	1.0000
Factor 9 - Total Cost of Service							
Cost	1,363	33,240	253,372	17,140	20,556	49,988	375,661
Factor	0.0036	0.0885	0.6745	0.0456	0.0547	0.1331	1.0000
Factor 10 - Labor Related Expenses							
Cost	216	35,167	95,458	15,123	23,214	27,962	197,140
Factor	0.0011	0.1784	0.4842	0.0767	0.1178	0.1418	1.0000
Factor 11 - Rate Base Less Costs Allocated							
Cost	746	3,947,938	(150,073)	114,874	97,417	27,078	4,037,981
Factor	0.0002	0.9777	-0.0372	0.0284	0.0241	0.0067	0.9999
Factor 12 - Rate Base							
Cost	783	4,127,339	(156,898)	120,085	101,839	28,307	4,221,455
Factor	0.0003	0.9778	-0.0372	0.0283	0.0241	0.0067	1.0000
Factor 13 - Cost of Service							
Cost	205,214	783,362	574,197	62,408	72,940	144,267	1,842,390
Factor	0.1113	0.4252	0.3117	0.0339	0.0396	0.0783	1.0000

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FACTORS FOR ALLOCATING COSTS BY FUNCTION TO CUSTOMER CLASSIFICATIONS

FACTOR A. ALLOCATION OF COMMODITY COSTS.

Factors are based on the pro forma test year average daily consumption for each customer classification.

Classification	Average Daily Consumption, 1000 Gallons	Allocation Factor
(1)	(2)	(3)
Residential	587	0.8530
Commercial/Pubic	101	0.1470
Other Water Utility	0	0.0000
Total	688	1.0000

FACTOR B. ALLOCATION OF MAXIMUM DAY DEMAND COSTS.

Factors are based on the maximum day demand for each customer classification.

Customer Classification	Average Daily Consumption, 1000 Gallons	Peak Day Factor*	Rate of Flow, 1000 Gallons Per Day	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	587	2.00	1,173	0.8657
Commercial/Pubic	101	1.80	182	0.1343
Other Water Utility	0	1.80	0	0.0000
Total	688		1,355	1.0000

* Ratio of Maximum Day To Average Day.

ARIZONA AMERICAN WATER COMPANY
HAVASU DISTRICT

FACTORS FOR ALLOCATING COSTS BY FUNCTION TO CUSTOMER CLASSIFICATIONS

FACTOR C. ALLOCATION OF MAXIMUM HOUR DEMAND COSTS.

Factors are based on the maximum hour demand for each customer classification.

Customer Classification	Average Hourly Consumption, Gallons	Factor*	Rate of Flow, Gallons Per Hour	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	24.4	4.00	97.6	0.8857
Commercial/Pubic	4.2	3.00	12.6	0.1143
Other Water Utility	0.0	3.00	0.0	-
Total	28.6		110.2	1.0000

* Ratio of Maximum Hour To Average Hour.

FACTOR D. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

Factors are based on the relative cost of meters by size and customer classification, as developed on the following page and summarized below.

Customer Classification	5/8" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	2,163	0.8750
Commercial/Pubic	309	0.1250
Other Water Utility	0	0.0000
Private Fire Protection	0	0.0000
Total	2,472	1.0000

ARIZONA AMERICAN WATER COMPANY
HAVASU DISTRICT

FACTORS FOR ALLOCATING COSTS BY FUNCTION TO CUSTOMER CLASSIFICATIONS

FACTOR E. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

Factors are based on the relative cost of services by size and customer classification, as developed on the following page and summarized below.

Customer Classification	3/4" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	2,163	0.8750
Commercial/Pubic	309	0.1250
Other Water Utility	0	0.0000
Private Fire Protection	0	0.0000
Total	2,472	1.0000

ARIZONA AMERICAN WATER COMPANY
HAVASU DISTRICT

FACTORS FOR ALLOCATING COSTS BY FUNCTION TO CUSTOMER CLASSIFICATIONS

FACTOR F. ALLOCATION OF BILLING AND COLLECTING COSTS.

Factors are based on the total number of customers.

Customer Classification	Total Customers	Allocation Factor
(1)	(2)	(3)
Residential	1,719	0.9582
Commercial/Pubic	75	0.0418
Other Water Utility	0	0.0000
Private Fire Protection	0	0.0000
Total	1,794	1.0000

ARIZONA AMERICAN WATER COMPANY
HAVASU DISTRICT
BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS

Meter Size	5/8" Dollar Equivalent	Residential		Commercial		Other Water Utility		Private Fire Protection		Total	
		Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(9)	(10)=(2)X(9)	(13)	(14)=(2)X(11)	(15)	(16)
5/8	1.0	1,671	1,671	38	38		0		0	1,709	1,709
1	2.5	13	33	10	24		0		0	23	57
1-1/2	5.0	0	0	-	0		0		0	0	0
2	8.0	23	184	22	178		0		0	45	362
3	15.0	5	75	5	69		0		0	10	144
4	25.0	6	150		0		0		0	6	150
6	50.0	1	50		0		0		0	1	50
8	80.0		0		0		0		0	0	0
10	115.0		0		0		0		0	0	0
Total		1,719	2,163	75	309	0	0	0	0	1,794	2,472

ARIZONA AMERICAN WATER COMPANY
HAVASU DISTRICT
BASIS FOR ALLOCATING SERVICE COSTS TO CUSTOMER CLASSIFICATIONS

Service Size	3/4" Dollar Equivalent	Residential		Commercial		Other Water Utility		Private Fire Protection		Total	
		Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(9)	(10)=(2)X(9)	(13)	(14)=(2)X(11)	(15)	(16)
3/4	1.00	1,671	1,671	38	38	0	0	0	0	1,709	1,709
1	2.5	13	33	10	24	0	0	0	0	23	57
1-1/2	5.0	0	0	0	0	0	0	0	0	0	0
2	8.0	23	184	22	178	0	0	0	0	45	362
3	15.0	5	75	5	69	0	0	0	0	10	144
4	25.0	6	150	0	0	0	0	0	0	6	150
6	50.0	1	50	0	0	0	0	0	0	1	50
8	80.0	0	0	0	0	0	0	0	0	0	0
12	115.0	0	0	0	0	0	0	0	0		
Total		1,719	2,163	75	309	0	0	0	0	1,794	2,472

ARIZONA AMERICAN WATER COMPANY
HAVASU DISTRICT

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2007

Customer Classification	Cost of Service		Revenues, Present Rates		Revenues, Proposed Rates		Proposed Increase	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent Increase
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Residential	$ 1,598,138	87.8%	$ 888,021	88.5%	$ 1,609,635	88.5%	$ 721,613	81.3%
Commercial	221,142	12.2%	$ 115,456	11.5%	209,444	11.5%	93,988	81.4%
Total Sales	1,819,280	100.0%	1,003,477	100.0%	1,819,078	100.0%	815,602	81.3%
Other Revenues	23,110		23,110		23,110		-	0.0%
Total	$ 1,842,390		$ 1,026,587		$ 1,842,189		$ 815,602	79.4%

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ARIZONA AMERICAN WATER COMPANY
HAVASU DISTRICT
ALLOCATION OF TOTAL COST OF SERVICE BY COST FUNCTION TO CUSTOMER CLASSIFICATIONS

Cost Function	Factor Ref.	Total Cost of Service	Residential	Commercial	Other Water Utilities
(1)	(2)	(3)	(4)	(5)	(6)
Commodity	A	$202,642	$172,853	$29,788	$0
Demand - Maximum Day	B	773,536	669,650	103,886	0
Demand - Maximum Hour	C	566,994	502,188	64,807	0
Customer Facilities - Meters	D	61,625	53,923	7,703	0
Customer Facilities - Services	E	72,025	63,021	9,003	0
Customer Billing	F	142,458	136,503	5,955	0
Total		$1,819,280	$1,598,138	$221,142	$0

MOHAVE WATER

ARIZONA AMERICAN WATER COMPANY
MOHAVE WATER DISTRICT

DEVELOPMENT OF RATE OF RETURN BY RATE CLASSES UNDER PRESENT RATES

Description	Cost of Service	Residential	Commercial	Other Water Utilities	Private Fire
(1)	(2)	(3)	(4)	(5)	(6)
1. Revenues From Sales of Water - Present Rates	$4,932,669	$3,816,354	$1,091,234	$0	$25,081
2. Other Revenues	181,024	$152,572	$25,012	$0	$3,440
3. Total Operating Revenues	5,113,693	3,968,926	1,116,246	-	28,521
4. Less: Operating Expenses	4,224,818	3,459,034	672,776	-	93,008
5. Return and Income Taxes	888,875	509,892	443,470	-	(64,487)
6. Less: Interest Expense	350,402	289,396	54,032	-	6,903
7. Taxable Income	538,473	220,496	389,438	-	(71,390)
8. Less: Income Taxes	(196,927)	(80,642)	(142,418)	-	26,113
9. Net Return (Ln 5 - Ln 8)	1,085,802	590,534	585,888	-	(90,600)
10. Original Cost Measure of Value	$11,682,499	$9,650,020	$1,802,008	$0	$230,471
11. Rate of Return, Percent	9.29%	6.12%	32.51%	NA	-39.31%
12. Relative Rate of Return	1.00	0.66	3.50	NA	-4.23

ARIZONA AMERICAN WATER COMPANY
MOHAVE WATER DISTRICT

DEVELOPMENT OF RATE OF RETURN BY RATE CLASSES UNDER PROPOSED RATES

Description	Cost of Service	Residential	Commercial	Other Water Utilities	Private Fire
(1)	(2)	(3)	(4)	(5)	(6)
1. Revenues From Sales of Water - Proposed Rates	$6,588,020	$5,136,136	$1,376,624	$0	$75,260
2. Other Revenues	181,024	$152,135	$25,434	$0	$3,455
3. Total Operating Revenues	6,769,044	5,288,271	1,402,058	-	78,715
4. Less: Operating Expenses	4,217,855	3,452,425	671,803	-	93,627
5. Return and Income Taxes	2,551,189	1,835,846	730,255	-	(14,912)
6. Less: Interest Expense	350,402	289,396	54,067	-	6,938
7. Taxable Income	2,200,787	1,546,450	676,188	-	(21,850)
8. Less: Income Taxes	422,238	296,707	129,712	-	(4,180)
9. Net Return (Ln 5 - Ln 8)	2,128,951	1,539,139	600,543	-	(10,732)
10. Original Cost Measure of Value	$11,657,276	$9,628,762	$1,798,197	$0	$230,317
11. Rate of Return, Percent	18.26%	15.98%	33.40%	NA	-4.66%
12. Relative Rate of Return	1.00	0.88	1.83	NA	-0.26

ARIZONA AMERICAN WATER COMPANY
MOHAVE WATER DISTRICT

ALLOCATION OF TOTAL RATE BASE BY COST FUNCTION TO CUSTOMER CLASSIFICATIONS

Cost Function	Factor Ref.	Rate Base	Residential	Commercial	Other Water Utilities	Private Fire
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Commodity	A	$8,764	$7,022	$1,742	$0	
Demand - Maximum Day	B	3,313,623	2,708,886	604,736	0	
Demand - Maximum Hour	C	6,705,661	5,662,260	928,063	0	115,337
Customer Facilities - Meters	D	799,648	660,429	139,219	0	0
Customer Facilities - Services	E	829,583	590,165	124,437	0	114,980
Total		$11,657,279	$9,628,762	$1,798,197	$0	$230,317

ARIZONA AMERICAN WATER COMPANY
MOHAVE WATER DISTRICT
ALLOCATION OF TOTAL EXPENSES BY COST FUNCTION TO CUSTOMER CLASSIFICATIONS

Cost Function	Factor Ref.	Cost of Service	Residential	Commercial	Other Water Utilities	Private Fire
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Commodity	A	$590,001	$472,710	$117,292	$0	
Demand - Maximum Day	B	659,775	539,365	120,409	0	
Demand - Maximum Hour	C	2,028,817	1,713,133	280,788	0	34,896
Customer Facilities - Meters	D	515,517	425,765	89,752	0	0
Customer Facilities - Services	E	423,745	301,452	63,562	0	58,731
Total		$4,217,855	$3,452,425	$671,803	$0	$93,627

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ARIZONA AMERICAN WATER COMPANY
MOHAVE WATER DISTRICT

COST OF SERVICE BY FUNCTION FOR THE BASE PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES AND CUSTOMER ACCOUNTING

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting
				Max Day	Max Hour	Meters	Services	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
RATE BASE								
Organization	11	33,903	24	9,330	18,881	2,251	2,336	1,082
Franchises	11	36,951	26	10,169	20,578	2,454	2,546	1,179
Land & Land Rights SS	2	289,932	0	289,932	0	0	0	0
Land & Land Rights P	2	2,354	0	2,354	0	0	0	0
Land & Land Rights WT	2	0	0	0	0	0	0	0
Land & Land Rights TD	3	9,581	0	0	9,581	0	0	0
Land & Land Rights AG	9	30,960	170	3,721	14,654	2,997	1,833	7,585
Struct & Imp SS	2	388,115	0	388,115	0	0	0	0
Struct & Imp P	2	4,181	0	4,181	0	0	0	0
Struct & Imp WT	2	33,762	0	33,762	0	0	0	0
Struct & Imp TD	3	1,974	0	0	1,974	0	0	0
Struct & Imp Offices	9	220,148	1,211	26,462	104,196	21,310	13,033	53,936
Struct & Imp Misc	9	22,103	122	2,657	10,461	2,140	1,309	5,415
Collect & Impounding	2	477,124	0	477,124	0	0	0	0
Wells and Springs	2	381,016	0	381,016	0	0	0	0
Supply Mains	2	0	0	0	0	0	0	0
Power Generation Equip Other	2	137,467	0	137,467	0	0	0	0
Pump Equip Electric	2	684,696	0	684,696	0	0	0	0
Pump Equip Diesel	2	0	0	0	0	0	0	0
Pump Equip Other	2	1,006	0	1,006	0	0	0	0
WT Equip Non-Media	2	(32,898)	0	(32,898)	0	0	0	0
Distrib. Reservoirs & Standpipes	3	1,646,906	0	0	1,646,906	0	0	0
TD Mains Not Classified by Size	3	72,753	0	0	72,753	0	0	0
TD Mains 4in & Less	3	1,925,323	0	0	1,925,323	0	0	0
TD Mains 6in to 8in	3	1,289,698	0	0	1,289,698	0	0	0
TD Mains 10in to 16in	2	188,490	0	188,490	0	0	0	0
TD Mains 18in and Grtr.	2	59,875	0	59,875	0	0	0	0
Fire Mains	3	0	0	0	0	0	0	0
Services	4A	611,046	0	0	0	0	611,046	0
Meters	4	287,007	0	0	0	287,007	0	0
Meter Installations	4	214,162	0	0	0	214,162	0	0
Hydrants	4	34,778	0	0	0	34,778	0	0
Office Furniture & Equip	9	242,651	1,335	29,167	114,847	23,489	14,365	59,450
Comp & Periph Equip	9	424,351	2,334	51,007	200,845	41,077	25,122	103,966
Computer Software	9	190,775	1,049	22,931	90,294	18,467	11,294	46,740
Trans Equip Lt Duty Trks	9	(498,893)	(2,744)	(59,967)	(236,126)	(48,293)	(29,534)	(122,229)

ARIZONA AMERICAN WATER COMPANY
MOHAVE WATER DISTRICT

COST OF SERVICE BY FUNCTION FOR THE BASE PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES AND CUSTOMER ACCOUNTING

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting
				Max Day	Max Hour	Meters	Services	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Trans Equip Hvy Duty Trks	9	0	0	0	0	0	0	0
Stores Equipment	9	245	1	29	116	24	15	60
Tools,Shop,Garage Equip	2	(19,081)	0	(19,081)	0	0	0	0
Laboratory Equipment	9	(12)	(0)	(1)	(6)	(1)	(1)	(3)
Power Operated Equipment	9	59,372	327	7,137	28,101	5,747	3,515	14,546
Comm Equip Non-Telephone	9	156,662	862	18,831	74,148	15,165	9,274	38,382
Comm Equip Non-Telephone	9	41,970	231	5,045	19,864	4,063	2,485	10,283
Comm Equip Other	9	11,019	61	1,324	5,215	1,067	652	2,700
Total Plant in Service		9,661,472	5,007	2,723,881	5,412,303	627,902	669,288	223,091
OTHER RATE BASE ELEMENTS								
Construction Work in Progress	11	0	0	0	0	0	0	0
Cash Working Capital Allowance	9	434,422	2,389	52,218	205,612	42,052	25,718	106,433
Materials and Supplies	9	0	0	0	0	0	0	0
Imputed Regulatory Advances and Contributions	11	(1,157,044)	(810)	(318,418)	(644,358)	(76,828)	(79,720)	(36,910)
Deferred Income Taxes	11	1,360,455	952	374,397	757,637	90,334	93,735	43,399
Deferred Charges	11	1,749,805	1,225	481,546	974,466	116,187	120,562	55,819
Customer Deposits	5	(7,800)	0	0	0	0	0	(7,800)
Total Other Rate Base Elements		2,379,837	3,757	589,742	1,293,358	171,746	160,294	160,941
Total Original Cost Measure of Value		12,041,310	8,764	3,313,623	6,705,661	799,648	829,583	384,032

ARIZONA AMERICAN WATER COMPANY
MOHAVE WATER DISTRICT

COST OF SERVICE BY FUNCTION FOR THE BASE PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES AND CUSTOMER ACCOUNTING

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting
				Max Day	Max Hour	Meters	Services	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
OPERATION AND MAINTENANCE EXPENSES								
SOURCE OF SUPPLY EXPENSES								
-OPERATION-								
Supervision & Engineering	2	0	0	0	0	0	0	0
Operation Expense and Labor	2	17,788	0	17,788	0	0	0	0
Purchased Water	1	44,384	44,384	0	0	0	0	0
Miscellaneous Expenses	2	29	0	29	0	0	0	0
Rents	2	0	0	0	0	0	0	0
Trans Oper	2	4	0	4	0	0	0	0
Heating - Oil/Gas	2	0	0	0	0	0	0	0
Security Service	2	161	0	161	0	0	0	0
Telemetering and Telephone	2	3,923	0	3,923	0	0	0	0
Contract Services	2	3,469	0	3,469	0	0	0	0
Total Operation		69,757	44,384	25,373	0	0	0	0
-MAINTENANCE-								
Supervision & Engineering	2	0	0	0	0	0	0	0
Maintenance Labor	2	97,273	0	97,273	0	0	0	0
Wells and Springs Maint	2	0	0	0	0	0	0	0
Maint Supply Mains Mat	2	812	0	812	0	0	0	0
Maint Struct. & Improvements	2	0	0	0	0	0	0	0
Misc. Maintenance	2	23	0	23	0	0	0	0
Materials and Supplies	2	7,137	0	7,137	0	0	0	0
Total Maintenance		105,246	0	105,246	0	0	0	0
Total Source of Supply		175,003	44,384	130,619	0	0	0	0
POWER AND PUMPING EXPENSES								
Pumping Supervision & Eng Electric	2	0	0	0	0	0	0	0
Pump Fuel and Power Purchase	1	501,877	501,877	0	0	0	0	0
Pump Labor and Expenses	2	0	0	0	0	0	0	0
Misc Pumping Expenses	2	0	0	0	0	0	0	0
Total Operation		501,877	501,877	0	0	0	0	0

ARIZONA AMERICAN WATER COMPANY
MOHAVE WATER DISTRICT

COST OF SERVICE BY FUNCTION FOR THE BASE PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES AND CUSTOMER ACCOUNTING

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting
				Max Day	Max Hour	Meters	Services	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
-MAINTENANCE-								
Supervision & Engineering	2	0	0	0	0	0	0	0
Pump Maint Power Prod Equipment	2	0	0	0	0	0	0	0
Pump Maint Power Prod Equipment - Labor	2	10,348	0	10,348	0	0	0	0
Misc. Maintenance	2	0	0	0	0	0	0	0
Pump Maint Pumping Equipment	2	0	0	0	0	0	0	0
Total Maintenance		10,348	0	10,348	0	0	0	0
Total Power and Pumping		512,225	501,877	10,348	0	0	0	0

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ARIZONA AMERICAN WATER COMPANY
MOHAVE WATER DISTRICT

COST OF SERVICE BY FUNCTION FOR THE BASE PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES AND CUSTOMER ACCOUNTING

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting
				Max Day	Max Hour	Meters	Services	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
WATER TREATMENT								
-OPERATION-								
Supervision and Engineering	2	0	0	0	0	0	0	0
Chemicals	1	7,846	7,846	0	0	0	0	0
Chemical Feed	1	0	0	0	0	0	0	0
Waste Disposal	1	(295)	(295)	0	0	0	0	0
Labor and Expenses	2	106	0	106	0	0	0	0
Misc Water Treatment Exp	2	5,909	0	5,909	0	0	0	0
Contract Services - Lab Testing	1	7,372	7,372	0	0	0	0	0
Lab Supplies	1	3	3	0	0	0	0	0
Security Service	2	166	0	166	0	0	0	0
Materials and Supplies	2	2,298	0	2,298	0	0	0	0
Rents	2	0	0	0	0	0	0	0
Total Operation		23,405	14,926	8,479	0	0	0	0
-MAINTENANCE-								
Supervision and Engineering	2	0	0	0	0	0	0	0
General Water Equip	2	145	0	145	0	0	0	0
Contract Services - Maintenance	2	106	0	106	0	0	0	0
Janitorial	2	0	0	0	0	0	0	0
Total Maintenance		251	0	251	0	0	0	0
Total Water Treatment Expenses		23,656	14,926	8,730	0	0	0	0
TRANSMISSION AND DISTRIBUTION EXPENSES								
-OPERATION-								
Supervision and Engineering	7	0	0	0	0	0	0	0
Storage Facilities Expense	3	0	0	0	0	0	0	0
Labor Operation TD	7	0	0	0	0	0	0	0
Labor Operation Lines	6	30,234	0	3,244	26,990	0	0	0
Lines Expense	6	0	0	0	0	0	0	0
Contract Service - Other Operating	7	21,107	0	530	4,413	16,164	0	0
Meter Expense	4	(4)	0	0	0	(4)	0	0

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ARIZONA AMERICAN WATER COMPANY
MOHAVE WATER DISTRICT

COST OF SERVICE BY FUNCTION FOR THE BASE PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES AND CUSTOMER ACCOUNTING

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting
				Max Day	Max Hour	Meters	Services	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Labor Operation Meters	4	98,862	0	0	0	98,862	0	0
Customer Installation Expenses	4	0	0	0	0	0	0	0
Maps and Records	7	0	0	0	0	0	0	0
Materials and Supplies	7	6,973	0	175	1,458	5,340	0	0
Misc Operating	7	3,331	0	84	697	2,551	0	0
Uniforms	7	5,020	0	126	1,050	3,844	0	0
Trans Oper	7	5	0	0	1	4	0	0
Rents	7	0	0	0	0	0	0	0
Total Operation		165,527	0	4,158	34,609	126,760	0	0

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ARIZONA AMERICAN WATER COMPANY
MOHAVE WATER DISTRICT

COST OF SERVICE BY FUNCTION FOR THE BASE PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES AND CUSTOMER ACCOUNTING

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting
				Max Day	Max Hour	Meters	Services	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
-MAINTENANCE-								
Supervision and Engineering	8	0	0	0	0	0	0	0
T & D Structures & Improve Maint	8	0	0	0	0	0	0	0
Reservoirs and Standpipes	3	0	0	0	0	0	0	0
T & D Mains	6	0	0	0	0	0	0	0
T & D Mains - Labor	6	32,362	0	3,472	28,890	0	0	0
Services	4A	2,368	0	0	0	0	2,368	0
Services - Labor	4A	66,134	0	0	0	0	66,134	0
Meters	4	(2)	0	0	0	(2)	0	0
Meters - Labor	4	298	0	0	0	298	0	0
Hydrants	4	(6)	0	0	0	(6)	0	0
Hydrants - Labor	4	0	0	0	0	0	0	0
Tank Maintenace Accrual	3	488,488	0	0	488,488	0	0	0
Transport Maint	8	4,509	0	27	3,956	2	524	0
Materials and Supplies	8	27,737	0	164	24,336	14	3,223	0
Misc. Maintenance	8	46,538	0	275	40,832	23	5,408	0
Miscellaneous Plant	8	28	0	0	24	0	3	0
Total Maintenance		668,453	0	3,937	586,526	329	77,660	0
Total Transmission and Distribution Expenses		833,980	0	8,095	621,135	127,090	77,660	0
CUSTOMER ACCOUNTS								
Supervision	5	0	0	0	0	0	0	0
Meter Reading Expenses	5	0	0	0	0	0	0	0
Meter Reading Labor	5	83,187	0	0	0	0	0	83,187
Recording and Collecting Expenses	5	0	0	0	0	0	0	0
Customer Records Labor	5	77,882	0	0	0	0	0	77,882
Uncollectible Accounts	5	69,230	0	0	0	0	0	69,230
Misc Customer Accounting Expenses	5	0	0	0	0	0	0	0
Customer Service Expenses	5	0	0	0	0	0	0	0
Customer Service Expenses Labor	5	0	0	0	0	0	0	0
Materials and Supplies Oper	5	3,831	0	0	0	0	0	3,831
Misc. Operating	5	411	0	0	0	0	0	411

ARIZONA AMERICAN WATER COMPANY
MOHAVE WATER DISTRICT

COST OF SERVICE BY FUNCTION FOR THE BASE PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES AND CUSTOMER ACCOUNTING

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting
				Max Day	Max Hour	Meters	Services	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Bank Service Charges	5	13,306	0	0	0	0	0	13,306
Bill Inserts	5	8,598	0	0	0	0	0	8,598
Collection Agencies	5	2,326	0	0	0	0	0	2,326
Forms	5	14,430	0	0	0	0	0	14,430
Office and Admin Supplies	5	1,330	0	0	0	0	0	1,330
Postage	5	41,969	0	0	0	0	0	41,969
Telephone	5	429	0	0	0	0	0	429
Cell Phone and Wireless	5	4,308	0	0	0	0	0	4,308
Contract Services - Operation	5	0	0	0	0	0	0	0
Uniforms	5	281	0	0	0	0	0	281
Total Customers' Accounting & Collecting		321,518	0	0	0	0	0	321,518
ADMINISTRATIVE AND GENERAL EXPENSES								
Administrative & General Salaries	9	334,874	1,842	40,252	158,496	32,416	19,825	82,044
Administrative & General Salaries - Dir/Off	9	4,925	27	592	2,331	477	292	1,207
Director Expenses	9	1,452	8	174	687	141	86	356
Management Fees - Water Quality	1	17,484	17,484	0	0	0	0	0
Management Fees - Cust. Billing/Service	5	185,215	0	0	0	0	0	185,215
Management Fees - Administration	9	738,199	4,060	88,732	349,390	71,458	43,701	180,859
Management Fees - Empl. Service	10	0	0	0	0	0	0	0
General Office Expense	9	103,944	572	12,494	49,197	10,062	6,153	25,466
Outside Services	9	43,624	240	5,244	20,647	4,223	2,583	10,688
Insurance other than Group	9	51,991	286	6,249	24,607	5,033	3,078	12,738
Workers Compensation	10	0	0	0	0	0	0	0
Employee Pensions and Benefits	10	423,089	888	85,718	107,338	65,410	42,732	121,004
Regulatory Expenses	9	119,303	656	14,340	56,466	11,549	7,063	29,229
Miscellaneous General Expense	9	(19,586)	(108)	(2,354)	(9,270)	(1,896)	(1,160)	(4,799)
Trans Oper	9	189,123	1,040	22,733	89,512	18,307	11,196	46,335
Insurance Vehicle	9	3,830	21	460	1,813	371	227	938
Discount Available	9	(161)	(1)	(19)	(76)	(16)	(10)	(39)
Advertising	9	1,035	6	124	490	100	61	254
Overnight Shipping	9	3,273	18	393	1,549	317	194	802
Community Relations and Dues	9	5,446	30	655	2,578	527	322	1,334
Water Res Conservation	9	1,186	7	143	561	115	70	291
Penalties Nondeduct	9	1,010	6	121	478	98	60	247

ARIZONA AMERICAN WATER COMPANY
MOHAVE WATER DISTRICT

COST OF SERVICE BY FUNCTION FOR THE BASE PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES AND CUSTOMER ACCOUNTING

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting
				Max Day	Max Hour	Meters	Services	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Research and Development	9	1,274	7	153	603	123	75	312
Security Service	9	6,793	37	817	3,215	658	402	1,664
Software Licenses and Support	9	8,415	46	1,012	3,983	815	498	2,062
Computer Equipment	9	190	1	23	90	18	11	47
Pcard	9	(102)	(1)	(12)	(48)	(10)	(6)	(25)
Materials and Supplies	9	(4,669)	(26)	(561)	(2,210)	(452)	(276)	(1,144)
Misc. Maintenance	9	16,958	93	2,038	8,026	1,642	1,004	4,155
Administrative and General Rents	9	15,559	86	1,870	7,364	1,506	921	3,812
Total Administrative and General Expenses		2,253,676	27,326	281,390	877,817	222,989	139,103	705,051
Total Operation and Maintenance Expenses		4,120,059	588,513	439,183	1,498,952	350,079	216,763	1,026,569
503 DEPRECIATION EXPENSE								
Struct & Imp SS	2	11,016	0	11,016	0	0	0	0
Struct & Imp P	2	40	0	40	0	0	0	0
Struct & Imp WT	2	1,196	0	1,196	0	0	0	0
Struct & Imp TD	3	83	0	0	83	0	0	0
Struct & Imp Offices	9	12,604	69	1,515	5,966	1,220	746	3,088
Struct & Imp Store, Shop, Garage	9	1,353	7	163	640	131	80	331
Collect & Impounding	2	16,864	0	16,864	0	0	0	0
Wells and Springs	2	21,803	0	21,803	0	0	0	0
Supply Mains	2	0	0	0	0	0	0	0
Power Generation Equip Other	2	0	0	0	0	0	0	0
Pump Equip Electric	2	115,958	0	115,958	0	0	0	0
Pump Equip Diesel	2	0	0	0	0	0	0	0
Pump Equip Other	2	0	0	0	0	0	0	0
WT Equip Non-Media	2	6,104	0	6,104	0	0	0	0
Distrib. Reservoirs & Standpipes	3	37,556	0	0	37,556	0	0	0
TD Mains Not Classified by Size	3	1,291	0	0	1,291	0	0	0
TD Mains 4in & Less	3	305,857	0	0	305,857	0	0	0
TD Mains 6in to 8in	3	61,786	0	0	61,786	0	0	0
TD Mains 10in to 16in	2	7,225	0	7,225	0	0	0	0

ARIZONA AMERICAN WATER COMPANY
MOHAVE WATER DISTRICT

COST OF SERVICE BY FUNCTION FOR THE BASE PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES AND CUSTOMER ACCOUNTING

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting
				Max Day	Max Hour	Meters	Services	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
TD Mains 18in and Grtr.	2	1,563	0	1,563	0	0	0	0
Fire Mains	3	0	0	0	0	0	0	0
Services	4A	186,528	0	0	0	0	186,528	0
Meters	4	115,623	0	0	0	115,623	0	0
Meter Installations	4	15,456	0	0	0	15,456	0	0
Hydrants	4	726	0	0	0	726	0	0
Office Furniture & Equip	9	10,244	56	1,231	4,848	992	606	2,510
Comp & Periph Equip	9	10,192	56	1,225	4,824	987	603	2,497
Computer Software	9	70,275	387	8,447	33,261	6,803	4,160	17,217
Comp Software Other	9	1,817	10	218	860	176	108	445
Trans Equip Lt Duty Trks	9	85,787	472	10,312	40,603	8,304	5,079	21,018
Trans Equip Hvy Duty Trks	9	0	0	0	0	0	0	0
Stores Equipment	9	94	1	11	45	9	6	23
Tools,Shop,Garage Equip	9	15,837	87	1,904	7,496	1,533	938	3,880
Laboratory Equipment	2	252	0	252	0	0	0	0
Power Operated Equipment	9	23,982	132	2,883	11,350	2,321	1,420	5,875
Comm Equip Non-Telephone	9	8,479	47	1,019	4,013	821	502	2,077
Comm Equip Telephone	9	4,849	27	583	2,295	469	287	1,188
Comm Equip Other	9	356	2	43	169	34	21	87
Total Depreciation Expense		1,152,796	1,352	211,575	522,943	155,605	201,083	60,238

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ARIZONA AMERICAN WATER COMPANY
MOHAVE WATER DISTRICT

COST OF SERVICE BY FUNCTION FOR THE BASE PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES AND CUSTOMER ACCOUNTING

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting
				Max Day	Max Hour	Meters	Services	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
AMORTIZATION EXPENSE								
Amortization of Deferred Regulatory Assets	12	9,384	8	2,581	5,226	623	647	299
Amortization of Contributions	12	7,561	6	2,080	4,211	502	521	241
Amortization of Imputed Regulatory CIAC	12	(286,506)	(229)	(78,818)	(159,555)	(19,024)	(19,740)	(9,140)
Total Amortizations		(269,561)	(216)	(74,156)	(150,119)	(17,899)	(18,573)	(8,599)
507.1 TAXES, OTHER THAN INCOME								
Federal and State Payroll Taxes	10	72,439	152	14,676	18,378	11,199	7,316	20,718
Property Taxes	12	245,622	196	67,571	136,787	16,309	16,923	7,835
Gross Receipt Tax and Misc.	12	3,370	3	927	1,877	224	232	108
Total Taxes, Other Than Income		321,431	351	83,174	157,042	27,732	24,472	28,660
Total O & M, Depreciation and Other Taxes		5,324,725	590,001	659,775	2,028,817	515,517	423,745	1,106,869
507.2 INCOME TAXES	12	422,238	338	116,158	235,144	28,037	29,092	13,469
Utility Operating Income Available for Return	12	1,022,077	818	281,173	569,195	67,866	70,421	32,604
Total Cost of Service		6,769,040	591,157	1,057,106	2,833,156	611,420	523,259	1,152,942
Less: Other Water Revenues	13	181,023	15,821	28,276	75,758	16,346	13,993	30,828
Total Cost of Service Related to Sales of Water		$ 6,588,017	$ 575,335	$ 1,028,831	$ 2,757,398	$ 595,074	$ 509,265	$ 1,122,114

ARIZONA AMERICAN WATER COMPANY
AGUA FRIA WATER DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO COST FUNCTIONS

Reference	Commodity	Max Day	Max Hour	Customer Facilities Meters	Customer Facilities Services	Customer Accounting	Total
Factor 1 - Commodity	1.0000						1.0000
Factor 2 - Maximum Day		1.0000					1.0000
Factor 3 - Maximum Hour			1.0000				1.0000
Factor 4 - Customer Facilities - Meters				1.0000			1.0000
Factor 4A - Customer Facilites - Services					1.0000		
Factor 5 - Customer Accounting						1.0000	1.0000
Factor 6 - Max Day and Max Hour based on Mains		0.1073	0.8927				1.0000
Factor 7 - Transmission & Distirbution Operation Expenses							
Cost	0	3,244	26,990	98,858	0	0	129,092
Factor	0.0000	0.0251	0.2091	0.7658	0.0000	0.0000	1.0000
Factor 8 - Rate Transmission & Distribution Maintenance Expenses							
Cost	0	3,472	517,378	296	68,502	0	589,648
Factor	0.0000	0.0059	0.8774	0.0005	0.1162	0.0000	1.0000
Factor 9 - Total Cost of Service							
Cost	7,080	157,793	621,135	127,090	77,660	321,518	1,312,276
Factor	0.0055	0.1202	0.4733	0.0968	0.0592	0.2450	1.0000
Factor 10 - Labor Related Expenses							
Cost	1,869	173,075	216,707	132,053	86,250	244,319	854,273
Factor	0.0021	0.2026	0.2537	0.1546	0.101	0.286	1.0000
Factor 11 - Rate Base Less Costs Allocated							
Cost	7,347	2,756,599	5,578,456	665,249	690,124	319,464	10,017,239
Factor	0.0007	0.2752	0.5569	0.0664	0.0689	0.0319	1.0000
Factor 12 - Rate Base							
Cost	8,764	3,313,623	6,705,661	799,648	829,583	384,032	12,041,310
Factor	0.0008	0.2751	0.5569	0.0664	0.0689	0.0319	1.0000
Factor 13 - Cost of Service							
Cost	591,157	1,057,106	2,833,156	611,420	523,259	1,152,942	6,769,040
Factor	0.0874	0.1562	0.4185	0.0903	0.0773	0.1703	1.0000

ARIZONA AMERICAN WATER COMPANY
MOHAVE WATER DISTRICT

FACTORS FOR ALLOCATING COSTS BY FUNCTION TO CUSTOMER CLASSIFICATIONS

FACTOR A. ALLOCATION OF COMMODITY COSTS.

Factors are based on the pro forma test year average daily consumption for each customer classification.

Classification	Average Daily Consumption, 1000 Gallons	Allocation Factor
(1)	(2)	(3)
Residential	4,706	0.8012
Commercial/Pubic	1,167	0.1988
Other Water Utility	0	0.0000
Total	5,873	1.0000

FACTOR B. ALLOCATION OF MAXIMUM DAY DEMAND COSTS.

Factors are based on the maximum day demand for each customer classification.

Customer Classification	Average Daily Consumption, 1000 Gallons	Peak Day Factor*	Rate of Flow, 1000 Gallons Per Day	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	4,706	2.00	9,411	0.8175
Commercial/Pubic	1,167	1.80	2,101	0.1825
Other Water Utility	0	1.80	0	0.0000
Total	5,873		11,512	1.0000

* Ratio of Maximum Day To Average Day.

ARIZONA AMERICAN WATER COMPANY
MOHAVE WATER DISTRICT
FACTORS FOR ALLOCATING COST OF SERVICE TO COST FUNCTIONS

FACTOR C. ALLOCATION OF MAXIMUM HOUR DEMAND COSTS.

Factors are based on the maximum hour demand for each customer classification.

Customer Classification	Average Hourly Consumption, 1000 Gallons	Factor	Rate of Flow, 1000 Gallons Per Hour	Maximum Hour Demand Allocation Factor	Maximum Hour Demand Allocation Factor	Fire Protection Allocation Factor	Fire Protection Weighted Factor	Total Allocation
(1)	(2)	(3)	(4)=(2)x(3)	(5)	(6)=(5)X	(7)	(8)=(7)X	(9)
					0.8278		0.1722	
Residential	196.1	4.00	784.3	0.8432	0.6980	0.8501	0.1464	0.8444
Commercial/Pubic	48.6	3.00	145.9	0.1568	0.1298	0.0499	0.0086	0.1384
Other Water Utility	0.0	3.00	0.0	-	0.0000	0.0000	0.0000	0.0000
	244.7		930.2	1.0000	0.8278	0.9000	0.1550	0.9828
Private Fire				-	-	0.1000	0.0172	0.0172
Total				1.0000	0.8278	1.0000	0.1722	1.0000

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ARIZONA AMERICAN WATER COMPANY
MOHAVE WATER OPERATIONS

BASIS FOR ALLOCATING DEMAND RELATED COSTS OF FIRE SERVICE
TO PRIVATE AND PUBLIC FIRE PROTECTION CUSTOMER CLASSIFICATIONS

Description (1)		Restrictive Diameters Squared (2)	Quantity (3)	Relative Demand* (4)=(2)x(3)	Allocation Factor (5)
PRIVATE FIRE PROTECTION					
Fire Lines					
2 -inch		4.00	21	84	
3 -inch		9.00		0	
4 -inch		16.00	66	1,056	
6 -inch		36.00	20	720	
8 -inch		64.00	5	320	
10 -inch		100.00	1	100	
12 -inch		144.00		0	
Private Hydrants		28.50		0	
Total Private Fire Protection			113	2,280	0.1000
PUBLIC FIRE PROTECTION					
		No public hydrants so assume ratio 10-90%			
Hydrant	Nozzle Sizes				
6" Valve	2- 2-1/2" & 1 - 4"	28.5	0	0	
Total Public Fire Protection			0	0	0.9000
Total Fire Protection			113	2,280	1.0000

REALLOCATE PUBLIC FIRE		Meter Equivalents	Allocation of Public Fire	Allocation of Public Fire Using Factor
	Residential	15,453	0.9446	0.8501
	Commercial/Pubic	907	0.0554	0.0499
		16,360	1.0000	0.9000

ARIZONA AMERICAN WATER COMPANY
MOHAVE WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum hour ratio of 2.50 and the average daily system sendout for 2007 of 6.91 MGD. The system demand for fire protection is 5000 gallons per minute.

	Ratio	Rate of Flow, (GPM)	Weight
Average Hour	1.00	6,319	
Maximum Hour Capacity	2.50	15,797	0.7596
Fire Protection		5,000	0.2404
Total		20,797	1.0000

ARIZONA AMERICAN WATER COMPANY
MOHAVE WATER DISTRICT

FACTORS FOR ALLOCATING COSTS BY FUNCTION TO CUSTOMER CLASSIFICATIONS

FACTOR D. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

Factors are based on the relative cost of meters by size and customer classification, as developed on the following page and summarized below.

Customer Classification	5/8" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	17,104	0.8259
Commercial/Pubic	3,606	0.1741
Other Water Utility	0	0.0000
Private Fire Protection	0	0.0000
Total	20,710	1.0000

FACTOR E. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

Factors are based on the relative cost of services by size and customer classification, as developed on the following page and summarized below.

Customer Classification	3/4" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	17,104	0.7114
Commercial/Pubic	3,606	0.1500
Other Water Utility	0	0.0000
Private Fire Protection	3,333	0.1386
Total	24,043	1.0000

ARIZONA AMERICAN WATER COMPANY
MOHAVE WATER DISTRICT

FACTORS FOR ALLOCATING COSTS BY FUNCTION TO CUSTOMER CLASSIFICATIONS

FACTOR F. ALLOCATION OF BILLING AND COLLECTING COSTS.

Factors are based on the total number of customers.

Customer Classification	Total Customers	Allocation Factor
(1)	(2)	(3)
Residential	15,453	0.9380
Commercial/Pubic	907	0.0551
Other Water Utility	0	0.0000
Private Fire Protection	113	0.0069
Total	16,473	1.0000

ARIZONA AMERICAN WATER COMPANY
MOHAVE WATER DISTRICT
BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS

Meter Size	5/8" Dollar Equivalent	Residential		Commercial		Other Water Utility		Private Fire Protection		Total	
		Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(9)	(10)=(2)X(9)	(13)	(14)=(2)X(11)	(15)	(16)
5/8	1.0	15,154	15,154	429	429	0	0	0	0	15,582	15,583
1	2.5	114	285	179	448	0	0	0	0	293	733
1-1/2	5.0	4	20	13	64	0	0	0	0	17	84
2	8.0	175	1,401	249	1,994	0	0	0	0	424	3,395
3	15.0	0	0	32	474	0	0	0	0	32	474
4	25.0	4	94	3	66	0	0	0	0	6	160
6	50.0	3	150	3	131	0	0	0	0	6	281
8	80.0		0		0	0	0	0	0	0	0
10	115.0		0		0	0	0	0	0	0	0
Total		15,453	17,104	907	3,606	0	0	0	0	16,360	20,710

ARIZONA AMERICAN WATER COMPANY
MOHAVE WATER DISTRICT
BASIS FOR ALLOCATING SERVICE COSTS TO CUSTOMER CLASSIFICATIONS

Service Size	3/4" Dollar Equivalent	Residential		Commercial		Other Water Utility		Private Fire Protection		Total	
		Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(9)	(10)=(2)X(9)	(13)	(14)=(2)X(11)	(15)	(16)
3/4	1.00	15,154	15,154	429	429	0	0	0	0	15,582	15,583
1	2.5	114	285	179	448	0	0	0	0	293	733
1-1/2	5.0	4	20	13	64	0	0	0	0	17	84
2	8.0	175	1,401	249	1,994	0	0	21	168	445	3,563
3	15.0	0	0	32	474	0	0	0	0	32	474
4	25.0	4	94	3	66	0	0	66	1,650	72	1,810
6	50.0	3	150	3	131	0	0	20	1,000	26	1,281
8	80.0	0	0	0	0	0	0	5	400	5	400
12	115.0	0	0	0	0	0	0	1	115	1	115
Total		15,453	17,104	907	3,606	0	0	113	3,333	16,473	24,043

ARIZONA AMERICAN WATER COMPANY
MOHAVE WATER DISTRICT

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2007

Customer Classification	Cost of Service		Revenues, Present Rates		Revenues, Proposed Rates		Proposed Increase	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent Increase
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Residential	$ 5,536,679	84.1%	$ 3,816,354	77.4%	$ 5,136,136	78.0%	$ 1,319,782	34.6%
Commercial	925,583	14.0%	$ 1,091,234	22.1%	1,376,624	20.9%	285,390	26.2%
Private Fire Service	125,754	1.9%	25,081	0.5%	75,260	1.1%	50,179	200.1%
Total Sales	6,588,016	100.0%	4,932,669	100.0%	6,588,020	100.0%	1,655,352	33.6%
Other Revenues	181,023		181,023		181,023		-	0.0%
Total	$ 6,769,039		$ 5,113,692		$ 6,769,043		$ 1,655,352	32.4%

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ARIZONA AMERICAN WATER COMPANY
MOHAVE WATER DISTRICT
ALLOCATION OF TOTAL COST OF SERVICE BY COST FUNCTION TO CUSTOMER CLASSIFICATIONS

Cost Function	Factor Ref.	Total Cost of Service	Residential	Commercial	Other Water Utilities	Private Fire
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Commodity	A	$575,335	$460,957	$114,377	$0	
Demand - Maximum Day	B	1,028,831	841,069	187,762	0	
Demand - Maximum Hour	C	2,757,398	2,328,347	381,624	0	47,427
Customer Facilities - Meters	D	595,074	491,473	103,602	0	0
Customer Facilities - Services	E	509,265	362,290	76,390	0	70,584
Customer Accounting	F	1,122,114	1,052,543	61,828	0	7,743
Total		$6,588,017	$5,536,679	$925,583	$0	$125,754

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PARADISE VALLEY WATER DISTRICT

ARIZONA AMERICAN WATER COMPANY
PARADISE VALLEY DISTRICT

DEVELOPMENT OF RATE OF RETURN BY RATE CLASSES UNDER PRESENT RATES

Description	Cost of Service	Residential	Commercial	Other Water Utilities	Private Fire
(1)	(2)	(3)	(4)	(5)	(6)
1. Revenues From Sales of Water - Present Rates	$7,489,933	$6,082,068	$1,375,026	$29,009	$3,830
2. Other Revenues	358,793	$294,448	$60,505	$1,074	$2,766
3. Total Operating Revenues	7,848,726	6,376,516	1,435,531	30,083	6,596
4. Less: Operating Expenses	6,067,834	4,969,748	1,004,400	18,246	75,440
5. Return and Income Taxes	1,780,892	1,406,768	431,131	11,837	(68,844)
6. Less: Interest Expense	1,189,171	963,822	212,385	3,210	9,750
7. Taxable Income	591,721	442,946	218,746	8,627	(78,594)
8. Less: Income Taxes	228,400	171,003	84,439	3,335	(30,331)
9. Net Return (Ln 5 - Ln 8)	1,552,492	1,235,765	346,692	8,502	(38,513)
10. Original Cost Measure of Value	$40,864,984	$33,120,955	$7,299,721	$108,524	$335,784
11. Rate of Return, Percent	3.80%	3.73%	4.75%	7.83%	-11.47%
12. Relative Rate of Return	1.00	0.98	1.25	2.06	-3.02

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ARIZONA AMERICAN WATER COMPANY
PARADISE VALLEY DISTRICT

DEVELOPMENT OF RATE OF RETURN BY RATE CLASSES UNDER PROPOSED RATES

Description	Cost of Service	Residential	Commercial	Other Water Utilities	Private Fire
(1)	(2)	(3)	(4)	(5)	(6)
1. Revenues From Sales of Water - Proposed Rates	$10,451,874	$8,600,038	$1,793,376	$38,296	$20,163
2. Other Revenues	498,290	$407,908	$85,426	$1,452	$3,504
3. Total Operating Revenues	10,950,164	9,007,946	1,878,802	39,748	23,667
4. Less: Operating Expenses	6,105,731	5,001,076	1,010,541	18,355	75,759
5. Return and Income Taxes	4,844,433	4,006,870	868,261	21,393	(52,092)
6. Less: Interest Expense	1,189,171	963,822	212,386	3,211	9,751
7. Taxable Income	3,655,262	3,043,048	655,875	18,182	(61,843)
8. Less: Income Taxes	1,410,936	1,174,605	253,122	7,055	(23,845)
9. Net Return (Ln 5 - Ln 8)	3,433,496	2,832,265	615,139	14,338	(28,247)
10. Original Cost Measure of Value	$40,864,987	$33,121,223	$7,299,457	$108,528	$335,779
11. Rate of Return, Percent	8.40%	8.55%	8.43%	13.21%	-8.41%
12. Relative Rate of Return	1.00	1.02	1.00	1.57	-1.00

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ARIZONA AMERICAN WATER COMPANY
PARADISE VALLEY DISTRICT

ALLOCATION OF TOTAL RATE BASE BY COST FUNCTION TO CUSTOMER CLASSIFICATIONS

Cost Function	Factor Ref	Rate Base	Residential	Commercial	Other Water Utilities	Private Fire
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Commodity	A	$9,957	$7,923	$2,007	$28	
Demand - Maximum Day	B	31,366,292	25,472,566	5,812,174	81,552	
Demand - Maximum Hour	C	7,141,903	5,874,929	1,134,134	13,570	119,270
Customer Facilities - Meters	D	599,476	490,431	105,148	3,897	0
Customer Facilities - Services	E	1,544,696	1,088,701	233,713	8,650	213,631
Customer Accounting	F	202,662	186,673	12,281	831	2,878
Total		$40,864,986	$33,121,223	$7,299,457	$108,528	$335,779

ARIZONA AMERICAN WATER COMPANY
PARADISE VALLEY DISTRICT
ALLOCATION OF TOTAL EXPENSES BY COST FUNCTION TO CUSTOMER CLASSIFICATIONS

Cost Function	Factor Ref	Cost of Service	Residential	Commercial	Other Water Utilities	Private Fire
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Commodity	A	$968,556	$770,583	$195,261	$2,712	
Demand - Maximum Day	B	2,338,310	1,898,943	433,289	6,080	
Demand - Maximum Hour	C	1,465,307	1,205,362	232,691	2,784	24,471
Customer Facilities - Meters	D	358,222	293,061	62,832	2,328	0
Customer Facilities - Services	E	301,676	212,621	45,644	1,689	41,722
Customer Accounting	F	673,658	620,506	40,824	2,762	9,566
Total		$6,105,729	$5,001,076	$1,010,541	$18,355	$75,759

ARIZONA AMERICAN WATER COMPANY
PARADISE VALLEY DISTRICT

COST OF SERVICE BY FUNCTION FOR THE TEST PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES AND CUSTOMER ACCOUNTING CLASSIFICATIONS

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting
				Max Day	Max Hour	Meters	Services	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
RATE BASE								
Organization	11	435,116	87	334,213	75,928	6,353	16,447	2,089
Franchises	11	0	0	0	0	0	0	0
Miscellaneous Intangibles	11	528,843	106	406,205	92,283	7,721	19,990	2,538
Land & Land Rights SS	2	0	0	0	0	0	0	0
Land & Land Rights P	2	0	0	0	0	0	0	0
Land & Land Rights WT	2	0	0	0	0	0	0	0
Land & Land Rights TD	2	8,334	0	8,334	0	0	0	0
Land & Land Rights AG	9	0	0	0	0	0	0	0
Struct & Imp SS	2	15,074,443	0	15,074,443	0	0	0	0
Struct & Imp P	2	75,282	0	75,282	0	0	0	0
Struct & Imp WT	2	2,478,451	0	2,478,451	0	0	0	0
Struct & Imp TD	3	22,228	0	0	22,228	0	0	0
Struct & Imp Offices	9	17,285	126	4,721	7,331	1,516	868	2,724
Struct & Imp Misc	9	126,936	927	34,666	53,834	11,132	6,372	20,005
Collect & Impounding	2	8,450	0	8,450	0	0	0	0
Wells and Springs	2	2,018,717	0	2,018,717	0	0	0	0
Supply Mains	2	0	0	0	0	0	0	0
Power Generation Equip Other	2	535,888	0	535,888	0	0	0	0
Pump Equip Electric	2	3,672,373	0	3,672,373	0	0	0	0
Pump Equip Diesel	2	54,924	0	54,924	0	0	0	0
Pump Equip Other	2	19,500	0	19,500	0	0	0	0
WT Equip Non-Media	2	6,044,128	0	6,044,128	0	0	0	0
Supply Mains	2	14,075	0	14,075	0	0	0	0
Distrib. Reservoirs & Standpipes	3	1,958,175	0	0	1,958,175	0	0	0
TD Mains Not Classified by Size	3	3,860,067	0	0	3,860,067	0	0	0
TD Mains 4in & Less	3	109,338	0	0	109,338	0	0	0
TD Mains 6in to 8in	3	501,519	0	0	501,519	0	0	0
TD Mains 10in to 16in	2	513,865	0	513,865	0	0	0	0
TD Mains 18in and Grtr.	2	0	0	0	0	0	0	0
Fire Mains	3	14,075	0	0	14,075	0	0	0
Services	4A	1,454,302	0	0	0	0	1,454,302	0
Meters	4	82,168	0	0	0	82,168	0	0
Meter Installations	4	138,844	0	0	0	138,844	0	0
Hydrants	4	251,499	0	0	0	251,499	0	0

ARIZONA AMERICAN WATER COMPANY
PARADISE VALLEY DISTRICT

COST OF SERVICE BY FUNCTION FOR THE TEST PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES AND CUSTOMER ACCOUNTING CLASSIFICATIONS

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting
				Max Day	Max Hour	Meters	Services	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Other P/E SS	2	0	0	0	0	0	0	0
Office Furniture & Equip	9	76,176	556	20,804	32,306	6,681	3,824	12,005
Comp & Periph Equip	9	(17,121)	(125)	(4,676)	(7,261)	(1,502)	(859)	(2,698)
Computer Software	9	(48,937)	(357)	(13,365)	(20,754)	(4,292)	(2,457)	(7,712)
Other Office Equipment	9	13,276	97	3,626	5,630	1,164	666	2,092
Trans Equip Lt Duty Trks	9	35,595	260	9,721	15,096	3,122	1,787	5,610
Trans Equip Hvy Duty Trks	9	0	0	0	0	0	0	0
Stores Equipment	9	(25,973)	(190)	(7,093)	(11,015)	(2,278)	(1,304)	(4,093)
Tools,Shop,Garage Equip	9	108,691	793	29,683	46,096	9,532	5,456	17,130
Laboratory Equipment	2	17,640	0	17,640	0	0	0	0
Power Operated Equipment	9	84,447	616	23,062	35,814	7,406	4,239	13,309
Comm Equip Non-Telephone	9	202,908	1,481	55,414	86,053	17,795	10,186	31,978
Comm Equip Non-Telephone	9	0	0	0	0	0	0	0
Comm Equip Other	9	32,321	236	8,827	13,707	2,835	1,623	5,094
Property held for Future Use	9	34,449	251	9,408	14,610	3,021	1,729	5,429
AFUDC Debt	9	1,780	13	486	755	156	89	281
Total Plant in Service		40,534,077	4,878	31,451,772	6,905,814	542,873	1,522,960	105,780
OTHER RATE BASE ELEMENTS								
Construction Work in Progress	2	0	0	0	0	0	0	0
Cash Working Capital Allowance	9	705,715	5,152	192,731	299,294	61,891	35,427	111,221
Materials and Supplies	9	0	0	0	0	0	0	0
Imputed Regulatory Advances and Contributions	11	0	0	0	0	0	0	0
Deferred Income Taxes	11	(1,600,604)	(320)	(1,229,424)	(279,305)	(23,369)	(60,503)	(7,683)
Deferred Charges	11	1,238,398	248	951,214	216,100	18,081	46,811	5,944
Customer Deposits	5	(12,600)	0	0	0	0	0	(12,600)
Total Other Rate Base Elements		330,909	5,079	(85,480)	236,089	56,603	21,736	96,882
Total Original Cost Measure of Value		40,864,986	9,957	31,366,292	7,141,903	599,476	1,544,696	202,662

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ARIZONA AMERICAN WATER COMPANY
PARADISE VALLEY DISTRICT

COST OF SERVICE BY FUNCTION FOR THE TEST PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES AND CUSTOMER ACCOUNTING CLASSIFICATIONS

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting
				Max Day	Max Hour	Meters	Services	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
OPERATION AND MAINTENANCE EXPENSES								
SOURCE OF SUPPLY EXPENSES								
-OPERATION-								
Supervision & Engineering	2	43,937	0	43,937	0	0	0	0
Operation Expense and Labor	2	796	0	796	0	0	0	0
Purchased Water	1	0	0	0	0	0	0	0
Miscellaneous Expenses	2	576	0	576	0	0	0	0
Rents	2	0	0	0	0	0	0	0
Trans Oper	2	4	0	4	0	0	0	0
Heating - Oil/Gas	2	0	0	0	0	0	0	0
Security Service	2	326	0	326	0	0	0	0
Telemetering and Telephone	2	8,271	0	8,271	0	0	0	0
Contract Services	2	1,479	0	1,479	0	0	0	0
Total Operation		55,389	0	55,389	0	0	0	0
-MAINTENANCE-								
Supervision & Engineering	2	0	0	0	0	0	0	0
Maintenance Labor	2	0	0	0	0	0	0	0
Wells and Springs Maint	2	42,599	0	42,599	0	0	0	0
Maint Supply Mains Mat	2	434	0	434	0	0	0	0
Maint Struct. & Improvements	2	18,300	0	18,300	0	0	0	0
Misc. Maintenance	2	8,493	0	8,493	0	0	0	0
Materials and Supplies	2	32,694	0	32,694	0	0	0	0
Total Maintenance		102,520	0	102,520	0	0	0	0
Total Source of Supply		157,909	0	157,909	0	0	0	0
POWER AND PUMPING EXPENSES								
Pumping Supervision & Eng Electric	2	0	0	0	0	0	0	0
Pump Fuel and Power Purchase	1	693,068	693,068	0	0	0	0	0
Pump Labor and Expenses	2	77,474	0	77,474	0	0	0	0

ARIZONA AMERICAN WATER COMPANY
PARADISE VALLEY DISTRICT

COST OF SERVICE BY FUNCTION FOR THE TEST PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES AND CUSTOMER ACCOUNTING CLASSIFICATIONS

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting
				Max Day	Max Hour	Meters	Services	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Misc Pumping Expenses	2	2,759	0	2,759	0	0	0	0
Total Operation		773,302	693,068	80,233	0	0	0	0
-MAINTENANCE-								
Supervision & Engineering	2	0	0	0	0	0	0	0
Pump Maint Power Prod Equipment	2	5,088	0	5,088	0	0	0	0
Pump Maint Power Prod Equipment - Labor	2	0	0	0	0	0	0	0
Misc. Maintenance	2	23,152	0	23,152	0	0	0	0
Pump Maint Pumping Equipment	2	5,935	0	5,935	0	0	0	0
Total Maintenance		34,175	0	34,175	0	0	0	0
Total Power and Pumping		807,477	693,068	114,408	0	0	0	0
WATER TREATMENT								
-OPERATION-								
Supervision and Engineering	2	0	0	0	0	0	0	0
Chemicals	1	236,982	236,982	0	0	0	0	0
Chemical Feed	1	731	731	0	0	0	0	0
Waste Disposal	1	(292)	(292)	0	0	0	0	0
Labor and Expenses	2	30,655	0	30,655	0	0	0	0
Misc Water Treatment Exp	2	2,633	0	2,633	0	0	0	0
Contract Services - Lab Testing	1	8,327	8,327	0	0	0	0	0
Lab Supplies	1	3	3	0	0	0	0	0
Security Service	2	4	0	4	0	0	0	0
Materials and Supplies	2	1,579	0	1,579	0	0	0	0
Rents	2	0	0	0	0	0	0	0
Total Operation		280,622	245,751	34,871	0	0	0	0

ARIZONA AMERICAN WATER COMPANY
PARADISE VALLEY DISTRICT

COST OF SERVICE BY FUNCTION FOR THE TEST PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES AND CUSTOMER ACCOUNTING CLASSIFICATIONS

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting
				Max Day	Max Hour	Meters	Services	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
-MAINTENANCE-								
Supervision and Engineering	2	0	0	0	0	0	0	0
General Water Equip	2	142	0	142	0	0	0	0
Contract Services - Maintenance	2	820	0	820	0	0	0	0
Grounds Keeping	2	(1,100)	0	(1,100)	0	0	0	0
Transport Maint WT	2	16	0	16	0	0	0	0
Total Maintenance		(122)	0	(122)	0	0	0	0
Total Water Treatment Expenses		280,500	245,751	34,749	0	0	0	0
TRANSMISSION AND DISTRIBUTION EXPENSES								
-OPERATION-								
Supervision and Engineering	7	4,938	0	219	985	3,734	0	0
Storage Facilities Expense	3	0	0	0	0	0	0	0
Labor Operation TD	7	30,410	0	5,526	24,884	0	0	0
Labor Operation Lines	6	29,104	0	5,289	23,815	0	0	0
Lines Expense	6	0	0	0	0	0	0	0
Contract Service - Other Operating	7	5,266	0	957	4,309	0	0	0
Meter Expense	4	72	0	0	0	72	0	0
Labor Operation Meters	4	89,279	0	0	0	89,279	0	0
Customer Installation Expenses	4	928	0	0	0	928	0	0
Maps and Records	7	0	0	0	0	0	0	0
Materials and Supplies	7	7,133	0	316	1,423	5,394	0	0
Misc Operating	7	3,456	0	153	689	2,613	0	0
Uniforms	7	5,743	0	254	1,146	4,343	0	0

ARIZONA AMERICAN WATER COMPANY
PARADISE VALLEY DISTRICT

COST OF SERVICE BY FUNCTION FOR THE TEST PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES AND CUSTOMER ACCOUNTING CLASSIFICATIONS

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting
				Max Day	Max Hour	Meters	Services	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Trans Oper	7	20	0	1	4	15	0	0
Rents	7	0	0	0	0	0	0	0
Total Operation		176,348	0	12,715	57,255	106,378	0	0
-MAINTENANCE-								
Supervision and Engineering	8	0	0	0	0	0	0	0
T & D Structures & Improve Maint	8	0	0	0	0	0	0	0
Reservoirs and Standpipes	3	408	0	0	408	0	0	0
T & D Mains	6	1,407	0	256	1,151	0	0	0
T & D Mains - Labor	6	19,651	0	3,571	16,080	0	0	0
Services	4A	4,384	0	0	0	0	4,384	0
Services - Labor	4A	51,285	0	0	0	0	51,285	0
Meters	4	(4,720)	0	0	0	(4,720)	0	0
Meters - Labor	4	1,118	0	0	0	1,118	0	0
Hydrants	4	91	0	0	0	91	0	0
Hydrants - Labor	4	1,381	0	0	0	1,381	0	0
Tank Maintenace Accrual	3	398,910	0	0	398,910	0	0	0
Transport Maint	8	23,723	0	192	20,917	(180)	2,795	0
Materials and Supplies	8	8,009	0	65	7,062	(61)	943	0
Misc. Maintenance	8	1,348	0	11	1,189	(10)	159	0
Miscellaneous Plant	8	50	0	0	44	(0)	6	0
Total Maintenance		507,045	0	4,095	445,760	(2,381)	59,572	0
Total Transmission and Distribution Expenses		683,393	0	16,810	503,014	103,997	59,572	0

ARIZONA AMERICAN WATER COMPANY
PARADISE VALLEY DISTRICT

COST OF SERVICE BY FUNCTION FOR THE TEST PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES AND CUSTOMER ACCOUNTING CLASSIFICATIONS

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting
				Max Day	Max Hour	Meters	Services	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
CUSTOMER ACCOUNTS								
Supervision	5	0	0	0	0	0	0	0
Meter Reading Expenses	5	0	0	0	0	0	0	0
Meter Reading Labor	5	34,333	0	0	0	0	0	34,333
Recording and Collecting Expenses	5	(5)	0	0	0	0	0	(5)
Customer Records Labor	5	20,301	0	0	0	0	0	20,301
Uncollectible Accounts	5	43,472	0	0	0	0	0	43,472
Misc Customer Accounting Expenses	5	420	0	0	0	0	0	420
Customer Service Expenses	5	0	0	0	0	0	0	0
Customer Service Expenses Labor	5	4,578	0	0	0	0	0	4,578
Materials and Supplies Oper	5	4,043	0	0	0	0	0	4,043
Misc. Operating	5	403	0	0	0	0	0	403
Bank Service Charges	5	13,064	0	0	0	0	0	13,064
Bill Inserts	5	2,304	0	0	0	0	0	2,304
Collection Agencies	5	2,310	0	0	0	0	0	2,310
Forms	5	14,168	0	0	0	0	0	14,168
Office and Admin Supplies	5	1,016	0	0	0	0	0	1,016
Postage	5	41,205	0	0	0	0	0	41,205
Telephone	5	422	0	0	0	0	0	422
Cell Phone and Wireless	5	4,230	0	0	0	0	0	4,230
Contract Services - Operation	5	0	0	0	0	0	0	0
Uniforms	5	648	0	0	0	0	0	648
Total Customers' Accounting & Collecting		186,911	0	0	0	0	0	186,911

ARIZONA AMERICAN WATER COMPANY
PARADISE VALLEY DISTRICT

COST OF SERVICE BY FUNCTION FOR THE TEST PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES AND CUSTOMER ACCOUNTING CLASSIFICATIONS

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting
				Max Day	Max Hour	Meters	Services	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
ADMINISTRATIVE AND GENERAL EXPENSES								
Administrative & General Salaries	9	318,344	2,324	86,940	135,010	27,919	15,981	50,171
Administrative & General Salaries - Dir/Off	9	5,389	39	1,472	2,286	473	271	849
Director Expenses	9	1,587	12	433	673	139	80	250
Management Fees - Water Quality	1	17,166	17,166	0	0	0	0	0
Management Fees - Cust. Billing/Service	5	181,845	0	0	0	0	0	181,845
Management Fees - Administration	9	724,767	5,291	197,934	307,374	63,562	36,383	114,223
Management Fees - Empl. Service	10	0	0	0	0	0	0	0
General Office Expense	9	87,860	641	23,995	37,261	7,705	4,411	13,847
Outside Services	9	43,750	319	11,948	18,554	3,837	2,196	6,895
Insurance other than Group	9	45,435	332	12,408	19,269	3,985	2,281	7,161
Workers Compensation	10	0	0	0	0	0	0	0
Employee Pensions and Benefits	10	319,240	1,085	83,098	94,559	57,719	31,445	51,334
Regulatory Expenses	9	21,283	155	5,812	9,026	1,867	1,068	3,354
Miscellaneous General Expense	9	(41,522)	(303)	(11,340)	(17,609)	(3,641)	(2,084)	(6,544)
Trans Oper	9	162,230	1,184	44,305	68,802	14,228	8,144	25,567
Insurance Vehicle	9	4,186	31	1,143	1,775	367	210	660
Discount Available	9	(176)	(1)	(48)	(75)	(15)	(9)	(28)
Advertising	9	1,131	8	309	480	99	57	178
Overnight Shipping	9	3,751	27	1,024	1,591	329	188	591
Community Relations and Dues	9	8,628	63	2,356	3,659	757	433	1,360
Water Res Conservation	9	671	5	183	285	59	34	106
Penalties Nondeduct	9	1,103	8	301	468	97	55	174
Research and Development	9	1,392	10	380	590	122	70	219
Security Service	9	15,928	116	4,350	6,755	1,397	800	2,510
Software Licenses and Support	9	8,848	65	2,416	3,752	776	444	1,394
Computer Equipment	9	425	3	116	180	37	21	67
Pcard	9	(140)	(1)	(38)	(59)	(12)	(7)	(22)
Materials and Supplies	9	1,824	13	498	774	160	92	287
Misc. Maintenance	9	19,002	139	5,189	8,059	1,666	954	2,995
Administrative and General Rents	9	21,467	157	5,863	9,104	1,883	1,078	3,383
Total Administrative and General Expenses		1,975,415	28,889	481,050	712,542	185,512	104,595	462,828

ARIZONA AMERICAN WATER COMPANY
PARADISE VALLEY DISTRICT

COST OF SERVICE BY FUNCTION FOR THE TEST PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES AND CUSTOMER ACCOUNTING CLASSIFICATIONS

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting
				Max Day	Max Hour	Meters	Services	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Total Operation and Maintenance Expenses		4,091,604	967,708	804,925	1,215,556	289,509	164,166	649,739
503 DEPRECIATION EXPENSE								
Struct & Imp SS	2	(71,436)	0	(71,436)	0	0	0	0
Struct & Imp P	2	0	0	0	0	0	0	0
Struct & Imp WT	2	409,378	0	409,378	0	0	0	0
Struct & Imp TD	3	356	0	0	356	0	0	0
Struct & Imp Offices	9	255	2	70	108	22	13	40
Struct & Imp Store, Shop, Garage	9	173	1	47	73	15	9	27
Struct & Imp Misc	9	(344)	(3)	(94)	(146)	(30)	(17)	(54)
Collect & Impounding	2	0	0	0	0	0	0	0
Wells and Springs	2	66,318	0	66,318	0	0	0	0
Supply Mains	2	213	0	213	0	0	0	0
Power Generation Equip Other	2	51,854	0	51,854	0	0	0	0
Pump Equip Electric	2	161,693	0	161,693	0	0	0	0
Pump Equip Diesel	2	0	0	0	0	0	0	0
Pump Equip Other	2	856	0	856	0	0	0	0
WT Equip Non-Media	2	693,727	0	693,727	0	0	0	0
Distrib. Reservoirs & Standpipes	3	68,816	0	0	68,816	0	0	0
TD Mains Not Classified by Size	3	998	0	0	998	0	0	0
TD Mains 4in & Less	3	4,794	0	0	4,794	0	0	0
TD Mains 6in to 8in	3	127,167	0	0	127,167	0	0	0
TD Mains 10in to 16in	2	213,699	0	213,699	0	0	0	0
TD Mains 18in and Grtr.	2	0	0	0	0	0	0	0
Fire Mains	3	0	0	0	0	0	0	0
Services	4A	128,609	0	0	0	0	128,609	0
Meters	4	25,701	0	0	0	25,701	0	0
Meter Installations	4	2,239	0	0	0	2,239	0	0
Hydrants	4	22,141	0	0	0	22,141	0	0
Office Furniture & Equip	9	3,782	28	1,033	1,604	332	190	596
Comp & Periph Equip	9	8,334	61	2,276	3,534	731	418	1,313

ARIZONA AMERICAN WATER COMPANY
PARADISE VALLEY DISTRICT

COST OF SERVICE BY FUNCTION FOR THE TEST PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES AND CUSTOMER ACCOUNTING CLASSIFICATIONS

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting
				Max Day	Max Hour	Meters	Services	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Computer Software	9	26,551	194	7,251	11,260	2,328	1,333	4,184
Comp Software Other	9	594	4	162	252	52	30	94
Trans Equip Lt Duty Trks	9	536	4	146	227	47	27	84
Trans Equip Hvy Duty Trks	9	0	0	0	0	0	0	0
Stores Equipment	9	0	0	0	0	0	0	0
Tools,Shop,Garage Equip	2	4,054	0	4,054	0	0	0	0
Laboratory Equipment	9	0	0	0	0	0	0	0
Power Operated Equipment	9	4,460	33	1,218	1,892	391	224	703
Comm Equip Non-Telephone	9	38,322	280	10,466	16,252	3,361	1,924	6,040
Comm Equip Telephone	9	4,654	34	1,271	1,974	408	234	734
Comm Equip Other	9	12	0	3	5	1	1	2
Total Depreciation Expense		1,998,504	637	1,554,204	239,167	57,740	132,992	13,763

ARIZONA AMERICAN WATER COMPANY
PARADISE VALLEY DISTRICT

COST OF SERVICE BY FUNCTION FOR THE TEST PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES AND CUSTOMER ACCOUNTING CLASSIFICATIONS

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting
				Max Day	Max Hour	Meters	Services	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
AMORTIZATION EXPENSE								
Amortization of Regulatory Assets	12	72	0	55	13	1	3	0
Amortization of Contributions	12	(382,752)	(77)	(293,762)	(66,905)	(5,626)	(14,468)	(1,914)
Amortization of Imputed Regulatory CIAC	12	0	0	0	0	0	0	0
Amortization Deferred Maintenance	12	25,920	5	19,894	4,531	381	980	130
Total Amortizations		(356,760)	(71)	(273,813)	(62,362)	(5,244)	(13,486)	(1,784)
507.1 TAXES, OTHER THAN INCOME								
Federal and State Payroll Taxes	10	64,686	220	16,838	19,160	11,695	6,372	10,402
Property Taxes	12	304,409	61	233,634	53,211	4,475	11,507	1,522
Gross Receipt Tax and Misc.	12	3,286	1	2,522	574	48	124	16
Total Taxes, Other Than Income		372,381	281	252,994	72,945	16,218	18,002	11,940
Total O & M, Depreciation and Other Taxes		6,105,729	968,556	2,338,310	1,465,307	358,222	301,676	673,658
507.2 INCOME TAXES	12	1,410,936	282	1,082,894	246,632	20,741	53,333	7,055
Utility Operating Income Available for Return	12	3,433,617	687	2,635,301	600,196	50,474	129,791	17,168
Total Cost of Service		10,950,282	969,525	6,056,504	2,312,135	429,437	484,800	697,881
Less: Other Water Revenues	13	350,028	30,977	193,635	73,891	13,721	15,506	22,297
Total Cost of Service Related to Sales of Water		$ 10,600,254	$ 938,547	$ 5,862,869	$ 2,238,244	$ 415,716	$ 469,294	$ 675,584

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ARIZONA AMERICAN WATER COMPANY
AGUA FRIA WATER DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO COST FUNCTIONS

Reference	Commodity	Max Day	Max Hour	Customer Facilities		Customer Accounting	Total
				Meters	Services		
Factor 1 - Commodity	1.0000						1.0000
Factor 2 - Maximum Day		1.0000					1.0000
Factor 3 - Maximum Hour			1.0000				1.0000
Factor 4 - Customer Facilities - Meterss				1.0000			1.0000
Factor 4A - Customer Facilites - Services					1.0000		
Factor 5 - Customer Accounting						1.0000	1.0000
Factor 6 - Max Day and Max Hour based on Mains		0.1817	0.8183				1.0000
Factor 7 - Transmission & Distirbution Operation Expenses							
Cost	0	5,289	23,815	90,279	0	0	119,382
Factor	0.0000	0.0443	0.1995	0.7562	0.0000	0.0000	1.0000
Factor 8 - Rate Transmission & Distribution Maintenance Expenses							
Cost	0	3,827	416,549	-3,602	55,669	0	472,443
Factor	0.0000	0.0081	0.8817	-0.0076	0.1178	0.0000	1.0000
Factor 9 - Total Cost of Service							
Cost	8,769	323,876	503,014	103,997	59,572	186,911	1,186,139
Factor	0.0073	0.2731	0.4241	0.0877	0.0502	0.1576	1.0000
Factor 10 - Labor Related Expenses							
Cost	2,363	178,403	203,058	123,904	67,536	110,232	685,497
Factor	0.0034	0.2603	0.2962	0.1808	0.0985	0.1608	1.0000
Factor 11 - Rate Base Less Costs Allocated							
Cost	9,573	30,894,191	7,021,532	587,513	1,520,131	194,064	40,227,003
Factor	0.0002	0.7681	0.1745	0.0146	0.0378	0.0048	1.0000
Factor 12 - Rate Base							
Cost	9,957	31,366,292	7,141,903	599,476	1,544,696	202,662	40,864,986
Factor	0.0002	0.7675	0.1748	0.0147	0.0378	0.005	1.0000
Factor 13 - Cost of Service							
Cost	969,525	6,056,504	2,312,135	429,437	484,800	697,881	10,950,282
Factor	0.0885	0.5532	0.2111	0.0392	0.0443	0.0637	1.0000

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ARIZONA AMERICAN WATER COMPANY
PARADISE VALLEY DISTRICT
FACTORS FOR ALLOCATING COSTS BY FUNCTION TO CUSTOMER CLASSIFICATIONS

FACTOR A. ALLOCATION OF COMMODITY COSTS.

Factors are based on the pro forma test year average daily consumption for each customer classification.

Classification	Average Daily Consumption, 1000 Gallons	Allocation Factor
(1)	(2)	(3)
Residential	6,138	0.7956
Commercial/Public	1,556	0.2016
Other Water Utility	22	0.0028
Total	7,715	1.0000

FACTOR B. ALLOCATION OF MAXIMUM DAY DEMAND COSTS.

Factors are based on the maximum day demand for each customer classification.

Customer Classification	Average Daily Consumption, 1000 Gallons	Peak Day Factor*	Rate of Flow, 1000 Gallons Per Day	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	6,138	2.00	12,275	0.8121
Commercial/Public	1,556	1.80	2,800	0.1853
Other Water Utility	22	1.80	39	0.0026
Total	7,715		15,114	1.0000

* Ratio of Maximum Day To Average Day.

ARIZONA AMERICAN WATER COMPANY
AGUA FRIA DISTRICT
PARADISE VALLEY WATER OPERATIONS

FACTOR C. ALLOCATION OF MAXIMUM HOUR DEMAND COSTS.

Factors are based on the maximum hour demand for each customer classification.

Customer Classification	Average Hourly Consumption, 1000 Gallons	Factor	Rate of Flow, 1000 Gallons Per Hour	Maximum Hour Demand		Fire Protection		Total Allocation
				Allocation Factor	Allocation Factor	Allocation Factor	Weighted Factor	
(1)	(2)	(3)	(4)=(2)x(3)	(5)	(6)=(5)X 0.8639	(7)	(8)=(7)X 0.1361	(9)
Residential	255.7	4.00	1,022.9	0.8384	0.7243	0.7222	0.0983	0.8226
Commercial/Public	64.8	3.00	194.5	0.1594	0.1377	0.1548	0.0211	0.1588
Other Water Utility	0.9	3.00	2.7	0.0022	0.0019	0.0000	0.0000	0.0019
	321.4		1,220.1	1.0000	0.8639	0.8770	0.1194	0.9833
Private Fire				-	-	0.1230	0.0167	0.0167
Total				1.0000	0.8639	1.0000	0.1361	1.0000

ARIZONA AMERICAN WATER COMPANY
PARADISE VALLEY WATER OPERATIONS

BASIS FOR ALLOCATING DEMAND RELATED COSTS OF FIRE SERVICE
TO PRIVATE AND PUBLIC FIRE PROTECTION CUSTOMER CLASSIFICATIONS

Description (1)		Restrictive Diameters Squared (2)	Quantity (3)	Relative Demand* (4)=(2)x(3)	Allocation Factor (5)
PRIVATE FIRE PROTECTION					
Fire Lines					
2 -inch		4.00		0	
3 -inch		9.00		0	
4 -inch		16.00	32	512	
6 -inch		36.00	27	972	
8 -inch		64.00	10	640	
10 -inch		100.00	0	0	
12 -inch		144.00	0	0	
Private Hydrants		28.50	0	0	
Total Private Fire Protection			69	2,124	0.1230
PUBLIC FIRE PROTECTION					
Hydrant	Nozzle Sizes				
6" Valve	2- 2-1/2" & 1 - 4"	28.5	529	15,077	
6" Valve	2- 2-1/2"	12.5	5	63	
Total Public Fire Protection			534	15,140	0.8770
Total Fire Protection			603	17,264	1.0000

REALLOCATE PUBLIC FIRE		Meter Equivalents	Allocation of Public Fire	Allocation of Public Fire Using Factor
	Residential	8,826	0.8235	0.7222
	Commercial	1,892	0.1765	0.1548
	Other Water Utilities		0.0000	0
		10,718	1.0000	0.8770

ARIZONA AMERICAN WATER COMPANY
PARADISE VALLEY WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum hour ratio of 2.50 and the average daily system sendout for 2007 of 9.144 MGD. The system demand for fire protection is 2000 gallons per minute.

	Ratio	Rate of Flow, (GPM)	Weight
Average Hour	1.00	6,350	
Maximum Hour Capacity	2.00	12,700	0.8639
Fire Protection		2,000	0.1361
Total		14,700	1.0000

ARIZONA AMERICAN WATER COMPANY
PARADISE VALLEY DISTRICT
FACTORS FOR ALLOCATING COSTS BY FUNCTION TO CUSTOMER CLASSIFICATIONS

FACTOR D. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

Factors are based on the relative cost of meters by size and customer classification, as developed on the following page and summarized below.

Customer Classification	5/8" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	8,826	0.8181
Commercial/Public	1,892	0.1754
Other Water Utility	70	0.0065
Private Fire Protection	0	0.0000
Total	10,788	1.0000

FACTOR E. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

Factors are based on the relative cost of services by size and customer classification, as developed on the following page and summarized below.

Customer Classification	3/4" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	8,810	0.7048
Commercial/Public	1,891	0.1513
Other Water Utility	70	0.0056
Private Fire Protection	1,728	0.1383
Total	12,499	1.0000

ARIZONA AMERICAN WATER COMPANY
PARADISE VALLEY DISTRICT
FACTORS FOR ALLOCATING COSTS BY FUNCTION TO CUSTOMER CLASSIFICATIONS

FACTOR F. ALLOCATION OF BILLING AND COLLECTING COSTS.

Factors are based on the total number of customers.

Customer Classification	Total Customers	Allocation Factor
(1)	(2)	(3)
Residential	4,484	0.9211
Commercial/Public	295	0.0606
Other Water Utility	20	0.0041
Private Fire Protection	69	0.0142
Total	4,868	1.0000

ARIZONA AMERICAN WATER COMPANY
PARADISE VALLEY DISTRICT
BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS

Meter Size	5/8" Dollar Equivalent	Residential		Commercial		Other Water Utility		Private Fire Protection		Total	
		Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(13)	(14)=(2)X(13)	(15)	(16)=(2)X(15)	(17)	(18)
5/8	1.0	2,255	2,255	67	67	5	5	0	0	2,327	2,327
3/4	1.5	32	48	1	2	0	0	0	0	33	50
1	2.5	1,965	4,911	51	127	10	25	0	0	2,026	5,063
1-1/2	5.0	84	419	24	122	0	0	0	0	108	541
2	8.0	149	1,193	123	981	5	40	0	0	277	2,214
3	15.0	0	0	25	368	0	0	0	0	25	368
4	25.0	0	0	1	25	0	0	0	0	1	25
6	50.0	0	0	4	200	0	0	0	0	4	200
8	80.0	0	0		0	0	0	0	0	0	0
10	115.0	0	0		0	0	0	0	0	0	0
Total		4,484	8,826	295	1,892	20	70	0	0	4,800	10,788

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ARIZONA AMERICAN WATER COMPANY
PARADISE VALLEY DISTRICT
BASIS FOR ALLOCATING SERVICE COSTS TO CUSTOMER CLASSIFICATIONS

Service Size	3/4" Dollar Equivalent	Residential Number of Services	Residential Weighting	Commercial Number of Services	Commercial Weighting	Other Water Utility Number of Services	Other Water Utility Weighting	Private Fire Protection Number of Services	Private Fire Protection Weighting	Total Number of Services	Total Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(13)	(14)=(2)X(13)	(15)	(16)=(2)X(15)	(17)	(18)
3/4	1.00	2,287	2,287	68	68	5	5	0	0	2,360	2,360
1	2.50	1,965	4,911	51	127	10	25	0	0	2,026	5,063
1-1/2	5.00	84	419	24	122	0	0	0	0	108	541
2	8.00	149	1,193	123	981	5	40	0	0	277	2,214
3	15.00	0	0	25	368	0	0	0	0	25	368
4	25.00	0	0	1	25	0	0	69	1,728	70	1,753
6	50.00	0	0	4	200	0	0	0	0	4	200
8	80.00	0	0	0	0	0	0	0	0	0	0
10	115.00	0	0	0	0	0	0	0	0	0	0
Total		4,484	8,810	295	1,891	20	70	69	1,728	4,869	12,499

ARIZONA AMERICAN WATER COMPANY
PARADISE VALLEY DISTRICT

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2007

Customer Classification	Cost of Service		Revenues, Present Rates		Revenues, Proposed Rates		Proposed Increase	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent Increase
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Residential	$ 8,521,386	81.5%	$ 6,082,068	81.1%	$ 8,600,038	82.4%	$ 2,517,970	41.4%
Commercial	1,790,496	17.1%	$ 1,375,026	18.4%	1,793,376	17.2%	418,351	30.4%
Other Water Utility	29,800	0.3%	29,009	0.4%	38,296	0.4%	9,287	32.0%
Private Fire Service	110,310	1.1%	3,830	0.1%	20,163	0.2%	16,333	426.4%
Total Sales	10,451,992	100.0%	7,489,933	100.0%	10,451,874	100.2%	2,961,941	39.5%
Other Revenues (a)	498,287		358,792		498,287		139,495	38.9%
Total	$ 10,950,279		$ 7,848,725		$ 10,950,161		$ 3,101,436	39.5%

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ARIZONA AMERICAN WATER COMPANY
PARADISE VALLEY DISTRICT
LLOCATION OF TOTAL COST OF SERVICE BY COST FUNCTION TO CUSTOMER CLASSIFICATIONS

Cost Function	Factor Ref.	Total Cost of Service	Residential	Commercial	Other Water Utilities	Private Fire
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Commodity	A	$925,426	$736,269	$186,566	$2,591	
Demand - Maximum Day	B	5,780,852	4,694,630	1,071,192	15,030	
Demand - Maximum Hour	C	2,206,946	1,815,434	350,463	4,193	36,856
Customer Facilities - Meters	D	409,904	335,342	71,897	2,664	0
Customer Facilities - Services	E	462,726	326,129	70,010	2,591	63,995
Customer Accounting	F	666,140	613,582	40,368	2,731	9,459
Total		$10,451,994	$8,521,386	$1,790,496	$29,800	$110,310

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SUN CITY WEST DISTRICT

ARIZONA AMERICAN WATER COMPANY
SUN CITY WEST DISTRICT

DEVELOPMENT OF RATE OF RETURN BY RATE CLASSES UNDER PRESENT RATES

Description	Cost of Service	Residential	Commercial	Other Water Utilities	Private Fire
(1)	(2)	(3)	(4)	(5)	(6)
1. Revenues From Sales of Water - Present Rates	$5,661,027	$4,871,589	$746,640	$0	$42,798
2. Other Revenues	40,400	$35,542	$4,258	$0	$600
3. Total Operating Revenues	5,701,427	4,907,131	750,898	-	43,398
4. Less: Operating Expenses	5,438,064	4,789,925	571,450	-	76,689
5. Return and Income Taxes	263,363	117,206	179,448	-	(33,291)
6. Less: Interest Expense	1,102,922	945,644	123,858	-	33,419
7. Taxable Income	(839,558)	(828,438)	55,590	-	(66,710)
8. Less: Income Taxes	(324,059)	(319,781)	21,453	-	(25,763)
9. Net Return (Ln 5 - Ln 8)	587,422	436,987	157,995	-	(7,528)
10. Original Cost Measure of Value	$37,901,084	$32,495,122	$4,256,515	$0	$1,149,447
11. Rate of Return, Percent	1.55%	1.34%	3.71%	NA	-0.65%
12. Relative Rate of Return	1.00	0.87	2.39	NA	-0.42

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ARIZONA AMERICAN WATER COMPANY
SUN CITY WEST DISTRICT

DEVELOPMENT OF RATE OF RETURN BY RATE CLASSES UNDER PROPOSED RATES

Description	Cost of Service	Residential	Commercial	Other Water Utilities	Private Fire
(1)	(2)	(3)	(4)	(5)	(6)
1. Revenues From Sales of Water - Proposed Rates	$9,936,985	$8,577,266	$1,274,122	$0	$85,597
2. Other Revenues	40,402	$35,157	$4,378	$0	$867
3. Total Operating Revenues	9,977,387	8,612,423	1,278,500	-	86,464
4. Less: Operating Expenses	5,484,923	4,830,525	576,355	-	78,043
5. Return and Income Taxes	4,492,464	3,781,898	702,145	-	8,421
6. Less: Interest Expense	1,102,922	945,644	123,858	-	33,419
7. Taxable Income	3,389,542	2,836,254	578,287	-	(24,998)
8. Less: Income Taxes	1,308,459	1,094,919	223,223	-	(9,683)
9. Net Return (Ln 5 - Ln 8)	3,184,005	2,686,979	478,922	-	18,104
10. Original Cost Measure of Value	$37,901,085	$32,495,270	$4,256,384	$0	$1,149,431
11. Rate of Return, Percent	8.40%	8.27%	11.25%	NA	1.58%
12. Relative Rate of Return	1.00	0.98	1.34	NA	0.19

ARIZONA AMERICAN WATER COMPANY
SUN CITY WEST DISTRICT

ALLOCATION OF TOTAL RATE BASE BY COST FUNCTION TO CUSTOMER CLASSIFICATIONS

Cost Function	Factor Ref.	Rate Base	Residential	Commercial	Other Water Utilities	Private Fire
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Commodity	A	$16,327	$14,028	$2,299	$0	
Demand - Maximum Day	B	18,934,671	16,501,565	2,433,105	0	
Demand - Maximum Hour	C	9,463,114	8,284,956	990,788	0	187,370
Customer Facilities - Meters	D	2,462,322	2,216,336	245,986	0	0
Customer Facilities - Services	E	6,742,392	5,204,452	577,149	0	960,791
Billing and Collecting	F	282,260	273,933	7,057	0	1,270
Total		$37,901,086	$32,495,270	$4,256,384	$0	$1,149,431

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ARIZONA AMERICAN WATER COMPANY
SUN CITY WEST DISTRICT
ALLOCATION OF TOTAL EXPENSES BY COST FUNCTION TO CUSTOMER CLASSIFICATIONS

Cost Function	Factor Ref.	Cost of Service	Residential	Commercial	Other Water Utilities	Private Fire
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Commodity	A	$1,114,397	$957,491	$156,907	$0	
Demand - Maximum Day	B	2,035,085	1,773,576	261,508	0	
Demand - Maximum Hour	C	816,055	714,456	85,441	0	16,158
Customer Facilities - Meters	D	134,526	121,087	13,439	0	0
Customer Facilities - Services	E	403,286	311,296	34,521	0	57,468
Billing and Collecting	F	981,577	952,619	24,539	0	4,417
Total		$5,484,926	$4,830,525	$576,355	$0	$78,043

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ARIZONA AMERICAN WATER COMPANY
SUN CITY WEST DISTRICT

COST OF SERVICE BY FUNCTION FOR THE BASE PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES AND CUSTOMER ACCOUNTING CLASSIFICATIONS

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Billing
				Max Day	Max Hour	Meters	Services	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
RATE BASE								
Organization	11	20,308	8	10,146	5,071	1,320	3,613	150
Franchises	11	1,344	1	671	336	87	239	10
Land & Land Rights SS	2	11,634	0	11,634	0	0	0	0
Land & Land Rights P	2	44,892	0	44,892	0	0	0	0
Land & Land Rights WT	2	0	0	0	0	0	0	0
Land & Land Rights TD	3	0	0	0	0	0	0	0
Land & Land Rights AG	9	0	0	0	0	0	0	0
Struct & Imp SS	2	7,278,696	0	7,278,696	0	0	0	0
Struct & Imp P	2	136,993	0	136,993	0	0	0	0
Struct & Imp WT	2	80,214	0	80,214	0	0	0	0
Struct & Imp TD	3	0	0	0	0	0	0	0
Struct & Imp Offices	9	28,760	466	11,935	6,120	360	1,792	8,087
Struct & Imp Misc	9	0	0	0	0	0	0	0
Collect & Impounding	2	0	0	0	0	0	0	0
Wells and Springs	2	2,004,088	0	2,004,088	0	0	0	0
Supply Mains	2	0	0	0	0	0	0	0
Power Generation Equip Other	2	35,992	0	35,992	0	0	0	0
Pump Equip Electric	2	2,405,980	0	2,405,980	0	0	0	0
Pump Equip Diesel	2	1,774	0	1,774	0	0	0	0
Pump Equip Other	2	167,146	0	167,146	0	0	0	0
WT Equip Non-Media	2	6,038,242	0	6,038,242	0	0	0	0
Distrib. Reservoirs & Standpipes	3	534,252	0	0	534,252	0	0	0
TD Mains Not Classified by Size	3	12,059,327	0	0	12,059,327	0	0	0
TD Mains 4in & Less	3	(3,749,921)	0	0	(3,749,921)	0	0	0
TD Mains 6in to 8in	3	361,255	0	0	361,255	0	0	0
TD Mains 10in to 16in	2	224,045	0	224,045	0	0	0	0
TD Mains 18in and Grtr.	2	0	0	0	0	0	0	0
Fire Mains	3	131	0	0	131	0	0	0
Services	4A	6,648,145	0	0	0	0	6,648,145	0
Meters	4	1,127,677	0	0	0	1,127,677	0	0
Meter Installations	4	155,669	0	0	0	155,669	0	0
Hydrants	4	1,154,839	0	0	0	1,154,839	0	0
Office Furniture & Equip	9	104,029	1,685	43,172	22,137	1,300	6,481	29,253

ARIZONA AMERICAN WATER COMPANY
SUN CITY WEST DISTRICT

COST OF SERVICE BY FUNCTION FOR THE BASE PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES AND CUSTOMER ACCOUNTING CLASSIFICATIONS

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Billing
				Max Day	Max Hour	Meters	Services	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Comp & Periph Equip	9	124,850	2,023	51,813	26,568	1,561	7,778	35,108
Computer Software	9	185,602	3,007	77,025	39,496	2,320	11,563	52,191
Trans Equip Lt Duty Trks	9	(296,446)	(4,802)	(123,025)	(63,084)	(3,706)	(18,469)	(83,361)
Trans Equip Hvy Duty Trks	9	20,997	340	8,714	4,468	262	1,308	5,904
Stores Equipment	9	(11)	(0)	(5)	(2)	(0)	(1)	(3)
Tools,Shop,Garage Equip	9	12,814	208	5,318	2,727	160	798	3,603
Laboratory Equipment	2	(564)	0	(564)	0	0	0	0
Power Operated Equipment	9	132,868	2,152	55,140	28,274	1,661	8,278	37,363
Comm Equip Non-Telephone	9	112,304	1,819	46,606	23,898	1,404	6,997	31,580
Comm Equip Non-Telephone	9	0	0	0	0	0	0	0
Comm Equip Other	9	16,108	261	6,685	3,428	201	1,004	4,530
Total Plant in Service		37,184,033	7,167	18,623,327	9,304,482	2,445,116	6,679,526	124,415
OTHER RATE BASE ELEMENTS								
Deferred Debits	11	(777,486)	(311)	(388,432)	(194,138)	(50,537)	(138,315)	(5,753)
Cash Working Capital Allowance	9	561,556	9,097	233,046	119,499	7,019	34,985	157,909
Materials and Supplies	9	0	0	0	0	0	0	0
Imputed Regulatory Advances and Contributions	11	(392,368)	(157)	(196,027)	(97,974)	(25,504)	(69,802)	(2,904)
Deferred Income Taxes	11	1,326,577	531	662,758	331,246	86,227	235,998	9,817
Customer Deposits	5	(1,225)	0	0	0	0	0	(1,225)
Total Other Rate Base Elements		717,053	9,160	311,344	158,633	17,206	62,866	157,844
Total Original Cost Measure of Value		37,901,085	16,327	18,934,671	9,463,114	2,462,322	6,742,392	282,260

ARIZONA AMERICAN WATER COMPANY
SUN CITY WEST DISTRICT

COST OF SERVICE BY FUNCTION FOR THE BASE PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES AND CUSTOMER ACCOUNTING CLASSIFICATIONS

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Billing
				Max Day	Max Hour	Meters	Services	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
OPERATION AND MAINTENANCE EXPENSES								
SOURCE OF SUPPLY EXPENSES								
-OPERATION-								
Supervision & Engineering	2	7,171	0	7,171	0	0	0	0
Operation Expense and Labor	2	15,354	0	15,354	0	0	0	0
Purchased Water	1	(2,690)	(2,690)	0	0	0	0	0
Miscellaneous Expenses	2	34	0	34	0	0	0	0
Rents	2	0	0	0	0	0	0	0
Trans Oper	2	4	0	4	0	0	0	0
Heating - Oil/Gas	2	0	0	0	0	0	0	0
Security Service	2	240	0	240	0	0	0	0
Telemetering and Telephone	2	16,606	0	16,606	0	0	0	0
Contract Services	2	577	0	577	0	0	0	0
Total Operation		37,296	(2,690)	39,986	0	0	0	0
-MAINTENANCE-								
Supervision & Engineering	2	0	0	0	0	0	0	0
Maintenance Labor	2	31,645	0	31,645	0	0	0	0
Wells and Springs Maint	2	0	0	0	0	0	0	0
Maint Supply Mains Mat	2	3,066	0	3,066	0	0	0	0
Maint Struct. & Improvements	2	27,371	0	27,371	0	0	0	0
Misc. Maintenance	2	2,426	0	2,426	0	0	0	0
Materials and Supplies	2	9,187	0	9,187	0	0	0	0
Total Maintenance		73,695	0	73,695	0	0	0	0
Total Source of Supply		110,991	(2,690)	113,681	0	0	0	0
POWER AND PUMPING EXPENSES								
Pumping Supervision & Eng Electric	2	0	0	0	0	0	0	0
Pump Fuel and Power Purchase	1	830,074	830,074	0	0	0	0	0
Pump Labor and Expenses	2	39,916	0	39,916	0	0	0	0

ARIZONA AMERICAN WATER COMPANY
SUN CITY WEST DISTRICT

COST OF SERVICE BY FUNCTION FOR THE BASE PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES AND CUSTOMER ACCOUNTING CLASSIFICATIONS

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Billing
				Max Day	Max Hour	Meters	Services	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Misc Pumping Expenses	2	16,417	0	16,417	0	0	0	0
Total Operation		886,407	830,074	56,333	0	0	0	0
-MAINTENANCE-								
Supervision & Engineering	2	19,215	0	19,215	0	0	0	0
Pump Maint Power Prod Equipment	2	0	0	0	0	0	0	0
Pump Maint Power Prod Equipment - Labor	2	114,687	0	114,687	0	0	0	0
Misc. Maintenance	2	21,679	0	21,679	0	0	0	0
Pump Maint Pumping Equipment	2	7,187	0	7,187	0	0	0	0
Total Maintenance		162,768	0	162,768	0	0	0	0
Total Power and Pumping		1,049,175	830,074	219,101	0	0	0	0
WATER TREATMENT								
-OPERATION-								
Supervision and Engineering	2	0	0	0	0	0	0	0
Chemicals	1	227,889	227,889	0	0	0	0	0
Chemical Feed	1	722	722	0	0	0	0	0
Waste Disposal	1	4,391	4,391	0	0	0	0	0
Labor and Expenses	2	2,369	0	2,369	0	0	0	0
Misc Water Treatment Exp	2	25,482	0	25,482	0	0	0	0
Contract Services - Lab Testing	1	9,818	9,818	0	0	0	0	0
Lab Supplies	1	3	3	0	0	0	0	0
Security Service	2	2,962	0	2,962	0	0	0	0
Materials and Supplies	2	4,955	0	4,955	0	0	0	0
Rents	2	0	0	0	0	0	0	0
Total Operation		278,592	242,823	35,768	0	0	0	0

ARIZONA AMERICAN WATER COMPANY
SUN CITY WEST DISTRICT

COST OF SERVICE BY FUNCTION FOR THE BASE PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES AND CUSTOMER ACCOUNTING CLASSIFICATIONS

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Billing
				Max Day	Max Hour	Meters	Services	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
-MAINTENANCE-								
Supervision and Engineering	2	0	0	0	0	0	0	0
General Water Equip	2	3,685	0	3,685	0	0	0	0
Contract Services - Maintenance	2	0	0	0	0	0	0	0
Janitorial	2	0	0	0	0	0	0	0
Total Maintenance		3,685	0	3,685	0	0	0	0
Total Water Treatment Expenses		282,277	242,823	39,453	0	0	0	0
TRANSMISSION AND DISTRIBUTION EXPENSES								
-OPERATION-								
Supervision and Engineering	7	0	0	0	0	0	0	0
Storage Facilities Expense	3	0	0	0	0	0	0	0
Labor Operation TD	7	0	0	0	0	0	0	0
Labor Operation Lines	6	15,801	0	3,494	12,306	0	0	0
Lines Expense	6	0	0	0	0	0	0	0
Contract Service - Other Operating	7	1,045	0	231	814	(0)	0	0
Meter Expense	4	(5)	0	0	0	(5)	0	0
Labor Operation Meters	4	0	0	0	0	0	0	0
Customer Installation Expenses	4	0	0	0	0	0	0	0
Maps and Records	7	0	0	0	0	0	0	0
Materials and Supplies	7	6,243	0	1,381	4,864	(2)	0	0
Misc Operating	7	3,615	0	800	2,816	(1)	0	0
Uniforms	7	5,178	0	1,145	4,034	(2)	0	0
Trans Oper	7	6	0	1	5	(0)	0	0
Rents	7	0	0	0	0	0	0	0
Total Operation		31,883	0	7,053	24,840	(10)	0	0

ARIZONA AMERICAN WATER COMPANY
SUN CITY WEST DISTRICT

COST OF SERVICE BY FUNCTION FOR THE BASE PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES AND CUSTOMER ACCOUNTING CLASSIFICATIONS

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Billing
				Max Day	Max Hour	Meters	Services	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
-MAINTENANCE-								
Supervision and Engineering	8	10,517	0	194	7,715	24	2,584	0
T & D Structures & Improve Maint	8	0	0	0	0	0	0	0
Reservoirs and Standpipes	3	0	0	0	0	0	0	0
T & D Mains	6	1,696	0	375	1,321	0	0	0
T & D Mains - Labor	6	15,265	0	3,376	11,889	0	0	0
Services	4A	1,426	0	0	0	0	1,426	0
Services - Labor	4A	48,898	0	0	0	0	48,898	0
Meters	4	478	0	0	0	478	0	0
Meters - Labor	4	0	0	0	0	0	0	0
Hydrants	4	44	0	0	0	44	0	0
Hydrants - Labor	4	10,992	0	0	0	10,992	0	0
Tank Maintenance Accrual	3	137,026	0	0	137,026	0	0	0
Transport Maint	8	5,362	0	99	3,934	12	1,317	0
Materials and Supplies	8	9,295	0	171	6,819	21	2,284	0
Misc. Maintenance	8	4,284	0	79	3,143	10	1,053	0
Miscellaneous Plant	8	31	0	1	23	0	8	0
Total Maintenance		245,314	0	4,293	171,869	11,582	57,569	0
Total Transmission and Distribution Expenses		277,197	0	11,346	196,709	11,572	57,569	0
CUSTOMER ACCOUNTS								
Supervision	5	0	0	0	0	0	0	0
Meter Reading Expenses	5	0	0	0	0	0	0	0
Meter Reading Labor	5	50,596	0	0	0	0	0	50,596
Recording and Collecting Expenses	5	0	0	0	0	0	0	0
Customer Records Labor	5	9,711	0	0	0	0	0	9,711
Uncollectible Accounts	5	46,093	0	0	0	0	0	46,093
Misc Customer Accounting Expenses	5	0	0	0	0	0	0	0
Customer Service Expenses	5	0	0	0	0	0	0	0

ARIZONA AMERICAN WATER COMPANY
SUN CITY WEST DISTRICT

COST OF SERVICE BY FUNCTION FOR THE BASE PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES AND CUSTOMER ACCOUNTING CLASSIFICATIONS

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Billing
				Max Day	Max Hour	Meters	Services	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Customer Service Expenses Labor	5	61,033	0	0	0	0	0	61,033
Materials and Supplies Oper	5	4,071	0	0	0	0	0	4,071
Misc. Operating	5	641	0	0	0	0	0	641
Bank Service Charges	5	14,140	0	0	0	0	0	14,140
Bill Inserts	5	4,347	0	0	0	0	0	4,347
Collection Agencies	5	2,500	0	0	0	0	0	2,500
Forms	5	15,335	0	0	0	0	0	15,335
Office and Admin Supplies	5	1,414	0	0	0	0	0	1,414
Postage	5	44,601	0	0	0	0	0	44,601
Telephone	5	456	0	0	0	0	0	456
Cell Phone and Wireless	5	4,579	0	0	0	0	0	4,579
Contract Services - Operation	5	331	0	0	0	0	0	331
Uniforms	5	7	0	0	0	0	0	7
Total Customers' Accounting & Collecting		259,855	0	0	0	0	0	259,855
ADMINISTRATIVE AND GENERAL EXPENSES								
Administrative & General Salaries	9	205,917	3,336	85,455	43,819	2,574	12,829	57,904
Administrative & General Salaries - Dir/Off	9	5,258	85	2,182	1,119	66	328	1,478
Director Expenses	9	1,717	28	713	365	21	107	483
Management Fees - Water Quality	1	18,581	18,581	0	0	0	0	0
Management Fees - Cust. Billing/Service	5	196,830	0	0	0	0	0	196,830
Management Fees - Administration	9	784,492	12,709	325,564	166,940	9,806	48,874	220,599
Management Fees - Empl. Service	10	0	0	0	0	0	0	0
General Office Expense	9	57,226	927	23,749	12,178	715	3,565	16,092
Outside Services	9	46,900	760	19,464	9,980	586	2,922	13,188
Insurance other than Group	9	58,622	950	24,328	12,475	733	3,652	16,485
Workers Compensation	10	0	0	0	0	0	0	0
Employee Pensions and Benefits	10	389,094	1,984	190,383	45,018	8,015	37,859	105,833
Regulatory Expenses	9	33,802	548	14,028	7,193	423	2,106	9,505
Miscellaneous General Expense	9	(40,886)	(662)	(16,968)	(8,701)	(511)	(2,547)	(11,497)
Trans Oper	9	38,403	622	15,937	8,172	480	2,393	10,799
Insurance Vehicle	9	4,531	73	1,880	964	57	282	1,274

ARIZONA AMERICAN WATER COMPANY
SUN CITY WEST DISTRICT

COST OF SERVICE BY FUNCTION FOR THE BASE PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES AND CUSTOMER ACCOUNTING CLASSIFICATIONS

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Billing
				Max Day	Max Hour	Meters	Services	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Discount Available	9	(191)	(3)	(79)	(41)	(2)	(12)	(54)
Advertising	9	1,224	20	508	260	15	76	344
Overnight Shipping	9	2,161	35	897	460	27	135	608
Community Relations and Dues	9	6,822	111	2,831	1,452	85	425	1,918
Water Res Conservation	9	8,683	141	3,603	1,848	109	541	2,442
Penalties Nondeduct	9	1,194	19	496	254	15	74	336
Research and Development	9	1,507	24	625	321	19	94	424
Security Service	9	5,312	86	2,204	1,130	66	331	1,494
Software Licenses and Support	9	9,577	155	3,974	2,038	120	597	2,693
Computer Equipment	9	202	3	84	43	3	13	57
Pcard	9	(151)	(2)	(63)	(32)	(2)	(9)	(42)
Materials and Supplies	9	1,296	21	538	276	16	81	364
Misc. Maintenance	9	11,264	182	4,675	2,397	141	702	3,167
Administrative and General Rents	9	14,331	232	5,947	3,050	179	893	4,030
Total Administrative and General Expenses		1,863,717	40,964	712,957	312,979	23,755	116,308	656,754
Total Operation and Maintenance Expenses		3,843,212	1,111,171	1,096,538	509,688	35,328	173,877	916,610
503 DEPRECIATION EXPENSE								
Struct & Imp SS	2	190,525	0	190,525	0	0	0	0
Struct & Imp P	2	3,755	0	3,755	0	0	0	0
Struct & Imp WT	2	1,517	0	1,517	0	0	0	0
Struct & Imp TD	3	0	0	0	0	0	0	0
Struct & Imp Offices	9	3,598	58	1,493	766	45	224	1,012
Struct & Imp Store, Shop, Garage	9	0	0	0	0	0	0	0
Collect & Impounding	2	0	0	0	0	0	0	0
Wells and Springs	2	65,202	0	65,202	0	0	0	0
Supply Mains	2	0	0	0	0	0	0	0
Power Generation Equip Other	2	0	0	0	0	0	0	0

ARIZONA AMERICAN WATER COMPANY
SUN CITY WEST DISTRICT

COST OF SERVICE BY FUNCTION FOR THE BASE PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES AND CUSTOMER ACCOUNTING CLASSIFICATIONS

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Billing
				Max Day	Max Hour	Meters	Services	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Pump Equip Electric	2	225,682	0	225,682	0	0	0	0
Pump Equip Diesel	2	199	0	199	0	0	0	0
Pump Equip Other	2	7,501	0	7,501	0	0	0	0
WT Equip Non-Media	2	253,864	0	253,864	0	0	0	0
Distrib. Reservoirs & Standpipes	3	12,693	0	0	12,693	0	0	0
TD Mains Not Classified by Size	3	199,742	0	0	199,742	0	0	0
TD Mains 4in & Less	3	9	0	0	9	0	0	0
TD Mains 6in to 8in	3	6,264	0	0	6,264	0	0	0
TD Mains 10in to 16in	2	3,866	0	3,866	0	0	0	0
TD Mains 18in and Grtr.	2	0	0	0	0	0	0	0
Fire Mains	3	3	0	0	3	0	0	0
Services	4A	182,100	0	0	0	0	182,100	0
Meters	4	44,078	0	0	0	44,078	0	0
Meter Installations	4	3,697	0	0	0	3,697	0	0
Hydrants	4	36,714	0	0	0	36,714	0	0
Office Furniture & Equip	9	5,521	89	2,291	1,175	69	344	1,552
Comp & Periph Equip	9	9,449	153	3,922	2,011	118	589	2,657
Computer Software	9	68,218	1,105	28,311	14,517	853	4,250	19,183
Comp Software Other	9	1,772	29	735	377	22	110	498
Trans Equip Lt Duty Trks	9	56,294	912	23,362	11,979	704	3,507	15,830
Trans Equip Hvy Duty Trks	9	5,257	85	2,182	1,119	66	328	1,478
Stores Equipment	9	6	0	2	1	0	0	2
Tools,Shop,Garage Equip	9	929	15	386	198	12	58	261
Laboratory Equipment	2	60	0	60	0	0	0	0
Power Operated Equipment	9	8,127	132	3,373	1,729	102	506	2,285
Comm Equip Non-Telephone	9	18,628	302	7,731	3,964	233	1,161	5,238
Comm Equip Telephone	9	0	0	0	0	0	0	0
Comm Equip Other	9	105	2	44	22	1	7	30
Total Depreciation Expense		1,415,373	2,882	826,000	256,568	86,712	193,183	50,027

ARIZONA AMERICAN WATER COMPANY
SUN CITY WEST DISTRICT

COST OF SERVICE BY FUNCTION FOR THE BASE PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES AND CUSTOMER ACCOUNTING CLASSIFICATIONS

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Billing
				Max Day	Max Hour	Meters	Services	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
		1,323,541	2,836	780,130	233,638	80,743	176,847	49,347
AMORTIZATION EXPENSE								
Amortization of Imputed Regulatory CIAC	12	(97,158)	(49)	(48,530)	(24,260)	(6,315)	(17,284)	(719)
Amortization of Deferred Maintenance	12	27,295	14	13,634	6,816	1,774	4,856	202
Amortization of Deferred Debit	12	5,841	3	2,917	1,458	380	1,039	43
Amortization of Contributions	12	(515)	(0)	(257)	(129)	(33)	(92)	(4)
Total Amortizations		(64,537)	(32)	(32,236)	(16,115)	(4,195)	(11,481)	(478)
507.1 TAXES, OTHER THAN INCOME								
Federal and State Payroll Taxes	10	50,135	256	24,531	5,801	1,033	4,878	13,637
Property Taxes	12	225,047	113	112,411	56,194	14,628	40,036	1,665
Gross Receipt Tax and Misc.	12	15,697	8	7,841	3,919	1,020	2,792	116
Total Taxes, Other Than Income		290,878	376	144,782	65,914	16,681	47,706	15,418
Total O & M, Depreciation and Other Taxes		5,484,926	1,114,397	2,035,085	816,055	134,526	403,286	981,577
507.2 INCOME TAXES	12	1,308,459	654	653,575	326,722	85,050	232,775	9,683
Utility Operating Income Available for Return	12	3,184,351	1,592	1,590,584	795,133	206,983	566,496	23,564
Total Cost of Service		9,977,736	1,116,644	4,279,244	1,937,910	426,558	1,202,557	1,014,824
Less: Other Water Revenues	13	40,401	4,521	17,328	7,846	1,729	4,868	4,109
Total Cost of Service Related to Sales of Water		$ 9,937,336	$ 1,112,123	$ 4,261,916	$ 1,930,064	$ 424,829	$ 1,197,689	$ 1,010,715

ARIZONA AMERICAN WATER COMPANY
SUN CITY WEST

FACTORS FOR ALLOCATING COST OF SERVICE TO COST FUNCTIONS

Reference	Commodity	Max Day	Max Hour	Customer Facilities		Customer Accounting	Total
				Meters	Services		
Factor 1 - Commodity	1.0000						1.0000
Factor 2 - Maximum Day		1.0000					1.0000
Factor 3 - Maximum Hour			1.0000				1.0000
Factor 4 - Customer Facilities - Meterss				1.0000			1.0000
Factor 4A - Customer Facilites - Services					1.0000		
Factor 5 - Customer Accounting						1.0000	1.0000
Factor 6 - Max Day and Max Hour based on Mains		0.2211	0.7789				1.0000
Factor 7 - Transmission & Distirbution Operation Expenses							
Cost	0	3,494	12,306	-5	0	0	15,796
Factor	0.0000	0.2212	0.7791	-0.0003	0.0000	0.0000	1.0000
Factor 8 - Rate Transmission & Distribution Maintenance Expenses							
Cost	0	3,751	150,236	478	50,324	0	204,789
Factor	0.0000	0.0184	0.7336	0.0023	0.2457	0.0000	1.0000
Factor 9 - Total Cost of Service							
Cost	14,934	383,582	196,709	11,572	57,569	259,855	924,221
Factor	0.0162	0.4150	0.2128	0.0125	0.0623	0.2812	1.0000
Factor 10 - Labor Related Expenses							
Cost	3,421	325,058	76,849	13,656	64,638	180,723	664,345
Factor	0.0051	0.4893	0.1157	0.0206	0.0973	0.272	1.0000
Factor 11 - Rate Base Less Costs Allocated							
Cost	16,256	18,845,555	9,418,574	2,450,728	6,710,659	280,940	37,722,711
Factor	0.0004	0.4996	0.2497	0.065	0.1779	0.0074	1.0000
Factor 12 - Rate Base							
Cost	16,327	18,934,671	9,463,114	2,462,322	6,742,392	282,260	37,901,085
Factor	0.0005	0.4995	0.2497	0.065	0.1779	0.0074	1.0000
Factor 13 - Cost of Service							
Cost	1,116,644	4,279,244	1,937,910	426,558	1,202,557	1,014,824	9,977,736
Factor	0.1119	0.4289	0.1942	0.0428	0.1205	0.1017	1.0000

ARIZONA AMERICAN WATER COMPANY
SUN CITY WEST DISTRICT
FACTORS FOR ALLOCATING COSTS BY FUNCTION TO CUSTOMER CLASSIFICATIONS

FACTOR A. ALLOCATION OF COMMODITY COSTS.

Factors are based on the pro forma test year average daily consumption for each customer classification.

Classification	Average Daily Consumption, 1000 Gallons	Allocation Factor
(1)	(2)	(3)
Residential	4,672	0.8592
Commercial/Pubic	765	0.1408
Other Water Utility	0	0.0000
Total	5,437	1.0000

FACTOR B. ALLOCATION OF MAXIMUM DAY DEMAND COSTS.

Factors are based on the maximum day demand for each customer classification.

Customer Classification	Average Daily Consumption, Gallons	Peak Day Factor*	Rate of Flow, CCF Per Day	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	4,672	2.00	9,344	0.8715
Commercial/Pubic	765	1.80	1,378	0.1285
Other Water Utility	0	1.80	0	0.0000
Total	5,437		10,722	1.0000

* Ratio of Maximum Day To Average Day.

ARIZONA AMERICAN WATER COMPANY
SUN CITY WEST DISTRICT
FACTORS FOR ALLOCATING COST OF SERVICE TO COST FUNCTIONS

FACTOR C. ALLOCATION OF MAXIMUM HOUR DEMAND COSTS.

Factors are based on the maximum hour demand for each customer classification.

Customer Classification	Average Hourly Consumption, 1000 Gallons	Factor	Rate of Flow, 1000 Gallons Per Hour	Maximum Hour Demand		Fire Protection		Total Allocation
				Allocation Factor	Allocation Factor	Allocation Factor	Weighted Factor	
(1)	(2)	(3)	(4)=(2)x(3)	(5)	(6)=(5)X 0.7159	(7)	(8)=(7)X 0.2841	(9)
Residential	194.7	4.00	778.7	0.8906	0.6376	0.8374	0.2379	0.8755
Commercial/Pubic	31.9	3.00	95.7	0.1094	0.0783	0.0929	0.0264	0.1047
Other Water Utility	0.0	3.00	0.0	-	0.0000		0.0000	0.0000
	226.6		874.4	1.0000	0.7159	0.9303	0.2643	0.9802
Private Fire				-	-	0.0697	0.0198	0.0198
Total				1.0000	0.7159	1.0000	0.2841	1.0000

ARIZONA AMERICAN WATER COMPANY
SUN CITY WEST DISTRICT

BASIS FOR ALLOCATING DEMAND RELATED COSTS OF FIRE SERVICE
TO PRIVATE AND PUBLIC FIRE PROTECTION CUSTOMER CLASSIFICATIONS

Description (1)		Restrictive Diameters Squared (2)	Quantity (3)	Relative Demand* (4)=(2)x(3)	Allocation Factor (5)
PRIVATE FIRE PROTECTION					
Fire Lines					
2 -inch		4.00		0	
3 -inch		9.00		0	
4 -inch		16.00	18	288	
6 -inch		36.00	42	1,512	
8 -inch		64.00	10	640	
10 -inch		100.00		0	
12 -inch		144.00		0	
Private Hydrants		28.50		0	
Total Private Fire Protection			70	2,440	0.0697
PUBLIC FIRE PROTECTION					
Hydrant	Nozzle Sizes				
6" Valve	2- 2-1/2" & 1 - 4"	28.5	1,142	32,547	
Total Public Fire Protection			1,142	32,547	0.9303
Total Fire Protection			1,212	34,987	1.0000

REALLOCATE PUBLIC FIRE	Meter Equivalents	Allocation of Public Fire	Allocation of Public Fire Using Factor
Residential	18,153	0.9001	0.8374
Commercial	2,014	0.0999	0.0929
Other Water Utilities	0	0.0000	0
	20,167	1.0000	0.9303

ARIZONA AMERICAN WATER COMPANY
SUN CITY WEST DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum hour ratio of 2.50 and the average daily system sendout for 2007 of 5.81 MGD. The system demand for fire protection is 4000 gallons per minute.

	Ratio	Rate of Flow, (GPM)	Weight
Average Hour	1.00	4,033	
Maximum Hour Capacity	2.50	10,081	0.7159
Fire Protection		4,000	0.2841
Total		14,081	1.0000

ARIZONA AMERICAN WATER COMPANY
SUN CITY WEST DISTRICT
FACTORS FOR ALLOCATING COSTS BY FUNCTION TO CUSTOMER CLASSIFICATIONS

FACTOR D. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

Factors are based on the relative cost of meters by size and customer classification, as developed on the following page and summarized below.

Customer Classification	5/8" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	18,153	0.9001
Commercial/Pubic	2,014	0.0999
Other Water Utility	0	0.0000
Private Fire Protection	0	0.0000
Total	20,167	1.0000

FACTOR E. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

Factors are based on the relative cost of services by size and customer classification, as developed on the following page and summarized below.

Customer Classification	3/4" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	18,153	0.7719
Commercial/Pubic	2,014	0.0856
Other Water Utility	0	0.0000
Private Fire Protection	3,350	0.1425
Total	23,517	1.0000

ARIZONA AMERICAN WATER COMPANY
SUN CITY WEST DISTRICT
FACTORS FOR ALLOCATING COSTS BY FUNCTION TO CUSTOMER CLASSIFICATIONS

FACTOR F. ALLOCATION OF BILLING AND COLLECTING COSTS.

Factors are based on the total number of customers.

Customer Classification	Total Customers	Allocation Factor
(1)	(2)	(3)
Residential	15,008	0.9705
Commercial/Pubic	387	0.0250
Other Water Utility	0	0.0000
Private Fire Protection	70	0.0045
Total	15,465	1.0000

ARIZONA AMERICAN WATER COMPANY
SUN CITY WEST DISTRICT
BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS

Meter Size	5/8" Dollar Equivalent	Residential		Commercial		Other Water Utility		Private Fire Protection		Total	
		Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(9)	(10)=(2)X(9)	(13)	(14)=(2)X(11)	(15)	(16)
5/8	1.0	14,230	14,230	70	70	0	0	0	0	14,300	14,300
1	2.5	163	408	85	213	0	0	0	0	248	621
1-1/2	5.0	474	2,370	87	435	0	0	0	0	561	2,805
2	8.0	140	1,120	132	1,056	0	0	0	0	272	2,176
3	15.0	0	0	11	165	0	0	0	0	11	165
4	25.0	1	25	1	25	0	0	0	0	2	50
6	50.0	0	0	1	50	0	0	0	0	1	50
8	80.0	0	0	0	0	0	0	0	0	0	0
10	115.0	0	0	0	0	0	0	0	0	0	0
Total		15,008	18,153	387	2,014	0	0	0	0	15,395	20,167

ARIZONA AMERICAN WATER COMPANY
SUN CITY WEST DISTRICT
BASIS FOR ALLOCATING SERVICE COSTS TO CUSTOMER CLASSIFICATIONS

Service Size	3/4" Dollar Equivalent	Residential		Commercial		Other Water Utility		Private Fire Protection		Total	
		Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(9)	(10)=(2)X(9)	(13)	(14)=(2)X(11)	(15)	(16)
3/4	1.00	14,230	14,230	70	70	0	0	0	0	14,300	14,300
1	2.50	163	408	85	213	0	0	0	0	248	621
1-1/2	5.00	474	2,370	87	435	0	0	0	0	561	2,805
2	8.00	140	1,120	132	1,056	0	0	0	0	272	2,176
3	15.00	0	0	11	165	0	0	0	0	11	165
4	25.00	1	25	1	25	0	0	18	450	20	500
6	50.00	0	0	1	50	0	0	42	2,100	43	2,150
8	80.00	0	0	0	0	0	0	10	800	10	800
10	115.00	0	0	0	0	0	0		0	0	0
Total		15,008	18,153	387	2,014	0	0	70	3,350	15,465	23,517

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ARIZONA AMERICAN WATER COMPANY
SUN CITY WEST DISTRICT

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2007

Customer Classification	Cost of Service		Revenues, Present Rates		Revenues, Proposed Rates		Proposed Increase	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent Increase
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Residential	$ 8,647,350	87.1%	$ 4,871,589	86.0%	$ 8,577,266	86.3%	$ 3,705,677	76.1%
Commercial	1,076,551	10.8%	$ 746,640	13.2%	1,274,122	12.8%	527,483	70.6%
Private Fire Service	213,434	2.1%	42,798	0.8%	85,597	0.9%	42,798	100.0%
Total Sales	9,937,335	100.0%	5,661,027	100.0%	9,936,985	100.0%	4,275,958	75.5%
Other Revenues	40,401		40,401		40,401		-	0.0%
Total	$ 9,977,736		$ 5,701,428		$ 9,977,386		$ 4,275,958	75.0%

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ARIZONA AMERICAN WATER COMPANY
SUN CITY WEST DISTRICT
ALLOCATION OF TOTAL COST OF SERVICE BY COST FUNCTION TO CUSTOMER CLASSIFICATIONS

Cost Function	Factor Ref.	Total Cost of Service	Residential	Commercial	Other Water Utilities	Private Fire
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Commodity	A	$1,112,123	$955,535	$156,587	$0	
Demand - Maximum Day	B	4,261,916	3,714,260	547,656	0	
Demand - Maximum Hour	C	1,930,064	1,689,771	202,078	0	38,215
Customer Facilities - Meters	D	424,829	382,390	42,440	0	0
Customer Facilities - Services	E	1,197,689	924,495	102,522	0	170,671
Customer Accounting	F	1,010,715	980,899	25,268	0	4,548
Total		$9,937,336	$8,647,350	$1,076,551	$0	$213,434

TUBAC WATER DISTRICT

ARIZONA AMERICAN WATER COMPANY
TUBAC DISTRICT

DEVELOPMENT OF RATE OF RETURN BY RATE CLASSES UNDER PRESENT RATES

Description	Cost of Service	Residential	Commercial	Other Water Utilities	Private Fire
(1)	(2)	(3)	(4)	(5)	(6)
1. Revenues From Sales of Water - Present Rates	$423,059	$320,770	$102,289	$0	$0
2. Other Revenues	3,839	$3,078	$761	$0	$0
3. Total Operating Revenues	426,898	323,848	103,050	-	-
4. Less: Operating Expenses	517,631	412,802	104,829	-	-
5. Return and Income Taxes	(90,733)	(88,954)	(1,779)	-	-
6. Less: Interest Expense	44,449	34,558	9,890	-	-
7. Taxable Income	(135,182)	(123,512)	(11,669)	-	-
8. Less: Income Taxes	(52,178)	(47,675)	(4,503)	-	-
9. Net Return (Ln 5 - Ln 8)	(38,555)	(41,279)	2,724	-	-
10. Original Cost Measure of Value	$1,527,453	$1,187,616	$339,837	$0	$0
11. Rate of Return, Percent	-2.52%	-3.48%	0.80%	NA	NA
12. Relative Rate of Return	1.00	1.38	-0.32	NA	NA

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ARIZONA AMERICAN WATER COMPANY
TUBAC DISTRICT

DEVELOPMENT OF RATE OF RETURN BY RATE CLASSES UNDER PROPOSED RATES

Description	Cost of Service	Residential	Commercial	Other Water Utilities	Private Fire
(1)	(2)	(3)	(4)	(5)	(6)
1. Revenues From Sales of Water - Proposed Rates	$701,099	$535,660	$165,440	$0	$0
2. Other Revenues	3,840	$3,043	$797	$0	$0
3. Total Operating Revenues	704,939	538,703	166,237	-	-
4. Less: Operating Expenses	523,690	417,664	106,026	-	-
5. Return and Income Taxes	181,249	121,039	60,211	-	-
6. Less: Interest Expense	44,449	34,558	9,890	-	-
7. Taxable Income	136,800	86,481	50,321	-	-
8. Less: Income Taxes	52,871	33,425	19,446	-	-
9. Net Return (Ln 5 - Ln 8)	128,378	87,614	40,765	-	-
10. Original Cost Measure of Value	$1,527,453	$1,187,637	$339,816	$0	$0
11. Rate of Return, Percent	8.40%	7.38%	12.00%	NA	NA
12. Relative Rate of Return	1.00	0.88	1.43	NA	NA

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ARIZONA AMERICAN WATER COMPANY
TUBAC DISTRICT

ALLOCATION OF TOTAL RATE BASE BY COST FUNCTION TO CUSTOMER CLASSIFICATIONS

Cost Function	Factor Ref.	Rate Base	Residential	Commercial	Other Water Utilities	Private Fire
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Commodity	A	$1,478	$1,139	$339	$0	
Demand - Maximum Day	B	767,525	605,883	161,641	0	
Demand - Maximum Hour	C	337,560	275,348	62,212	0	
Customer Facilities - Meters	D	154,082	111,170	42,912	0	0
Customer Facilities - Services	E	255,788	184,551	71,237	0	0
Billing and Collecting	F	11,021	9,546	1,475	0	0
Total		$1,527,454	$1,187,637	$339,816	$0	$0

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ARIZONA AMERICAN WATER COMPANY
TUBAC DISTRICT
ALLOCATION OF TOTAL EXPENSES BY COST FUNCTION TO CUSTOMER CLASSIFICATIONS

Cost Function	Factor Ref.	Cost of Service	Residential	Commercial	Other Water Utilities	Private Fire
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Commodity	A	$38,562	$29,725	$8,838	$0	
Demand - Maximum Day	B	305,750	241,358	64,391	0	
Demand - Maximum Hour	C	37,217	30,359	6,859	0	
Customer Facilities - Meters	D	15,358	11,081	4,277	0	0
Customer Facilities - Services	E	32,442	23,407	9,035	0	0
Customer Accounting	F	94,361	81,734	12,626	0	0
Total		$523,690	$417,664	$106,026	$0	$0

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ARIZONA AMERICAN WATER COMPANY
TUBAC DISTRICT

COST OF SERVICE BY FUNCTION FOR THE BASE PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES AND CUSTOMER ACCOUNTING CLASSIFICATIONS

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting
				Max Day	Max Hour	Meters	Services	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
RATE BASE								
Organization	11	566	1	285	125	57	95	4
Franchises	11	2,027	2	1,019	448	205	340	15
Land & Land Rights SS	2	20,389	0	20,389	0	0	0	0
Land & Land Rights P	2	50	0	50	0	0	0	0
Land & Land Rights WT	2	50	0	50	0	0	0	0
Land & Land Rights TD	3	540	0	0	540	0	0	0
Land & Land Rights AG	9	2,752	74	1,880	0	66	151	581
Struct & Imp SS	2	17,966	0	17,966	0	0	0	0
Struct & Imp P	2	4,611	0	4,611	0	0	0	0
Struct & Imp WT	2	0	0	0	0	0	0	0
Struct & Imp TD	2	64	0	64	0	0	0	0
Struct & Imp Offices	9	1,042	28	712	0	25	57	220
Struct & Imp Misc	9	0	0	0	0	0	0	0
Collect & Impounding	2	0	0	0	0	0	0	0
Wells and Springs	2	128,328	0	128,328	0	0	0	0
Supply Mains	2	0	0	0	0	0	0	0
Power Generation Equip Other	2	4,826	0	4,826	0	0	0	0
Pump Equip Electric	2	121,093	0	121,093	0	0	0	0
Pump Equip Diesel	2	509	0	509	0	0	0	0
Pump Equip Other	2	361,788	0	361,788	0	0	0	0
WT Equip Non-Media	2	48,777	0	48,777	0	0	0	0
Distrib. Reservoirs & Standpipes	3	108,257	0	0	108,257	0	0	0
TD Mains Not Classified by Size	3	104,201	0	0	104,201	0	0	0
TD Mains 4in & Less	3	(8,391)	0	0	(8,391)	0	0	0
TD Mains 6in to 8in	3	122,972	0	0	122,972	0	0	0
TD Mains 10in to 16in	2	0	0	0	0	0	0	0
TD Mains 18in and Grtr.	2	0	0	0	0	0	0	0
Fire Mains	3	0	0	0	0	0	0	0
Services	4A	245,300	0	0	0	0	245,300	0
Meters	4	56,905	0	0	0	56,905	0	0
Meter Installations	4	19,858	0	0	0	19,858	0	0
Hydrants	4	71,490	0	0	0	71,490	0	0
Office Furniture & Equip	9	7,789	210	5,322	0	186	428	1,643

ARIZONA AMERICAN WATER COMPANY
TUBAC DISTRICT

COST OF SERVICE BY FUNCTION FOR THE BASE PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES AND CUSTOMER ACCOUNTING CLASSIFICATIONS

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting
				Max Day	Max Hour	Meters	Services	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Comp & Periph Equip	9	(1,673)	(45)	(1,143)	0	(40)	(92)	(353)
Computer Software	9	6,448	173	4,406	0	154	354	1,361
Trans Equip Lt Duty Trks	9	(22,445)	(604)	(15,337)	0	(536)	(1,232)	(4,736)
Trans Equip Hvy Duty Trks	9	0	0	0	0	0	0	0
Stores Equipment	9	1,785	48	1,220	0	43	98	377
Tools,Shop,Garage Equip	9	11,974	322	8,182	0	286	657	2,527
Laboratory Equipment	2	0	0	0	0	0	0	0
Power Operated Equipment	9	0	0	0	0	0	0	0
Comm Equip Non-Telephone	9	1,529	41	1,045	0	37	84	323
Comm Equip Non-Telephone	9	0	0	0	0	0	0	0
Comm Equip Other	9	342	9	234	0	8	19	72
Total Plant in Service		1,441,717	259	716,273	328,152	148,743	246,258	2,032
OTHER RATE BASE ELEMENTS								
Construction Work in Progress	2	0	0	0	0	0	0	0
Cash Working Capital Allowance	9	43,709	1,176	29,866	0	1,045	2,400	9,223
Materials and Supplies	9	0	0	0	0	0	0	0
Imputed Regulatory Advances and Contributions	11	(58,023)	(58)	(29,151)	(12,823)	(5,854)	(9,719)	(418)
Deferred Income Taxes	11	46,088	46	23,155	10,185	4,650	7,720	332
Deferred Charges	11	54,503	55	27,382	12,045	5,499	9,129	392
Customer Deposits	5	(540)	0	0	0	0	0	(540)
Total Other Rate Base Elements		85,737	1,218	51,252	9,408	5,340	9,530	8,989
Total Original Cost Measure of Value		1,527,454	1,478	767,525	337,560	154,082	255,788	11,021

ARIZONA AMERICAN WATER COMPANY
TUBAC DISTRICT

COST OF SERVICE BY FUNCTION FOR THE BASE PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES AND CUSTOMER ACCOUNTING CLASSIFICATIONS

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting
				Max Day	Max Hour	Meters	Services	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
OPERATION AND MAINTENANCE EXPENSES								
SOURCE OF SUPPLY EXPENSES								
-OPERATION-								
Supervision & Engineering	2	0	0	0	0	0	0	0
Operation Expense and Labor	2	2,263	0	2,263	0	0	0	0
Purchased Water	1	0	0	0	0	0	0	0
Miscellaneous Expenses	2	3	0	3	0	0	0	0
Rents	2	0	0	0	0	0	0	0
Trans Oper	2	0	0	0	0	0	0	0
Heating - Oil/Gas	2	0	0	0	0	0	0	0
Security Service	2	17	0	17	0	0	0	0
Telemetering and Telephone	2	2,974	0	2,974	0	0	0	0
Contract Services	2	1,509	0	1,509	0	0	0	0
Total Operation		6,766	0	6,766	0	0	0	0
-MAINTENANCE-								
Supervision & Engineering	2	0	0	0	0	0	0	0
Maintenance Labor	2	14,409	0	14,409	0	0	0	0
Wells and Springs Maint	2	0	0	0	0	0	0	0
Maint Supply Mains Mat	2	514	0	514	0	0	0	0
Maint Struct. & Improvements	2	173	0	173	0	0	0	0
Misc. Maintenance	2	2	0	2	0	0	0	0
Materials and Supplies	2	2,233	0	2,233	0	0	0	0
Total Maintenance		17,331	0	17,331	0	0	0	0
Total Source of Supply		24,097	0	24,097	0	0	0	0
POWER AND PUMPING EXPENSES								
Pumping Supervision & Eng Electric	2	0	0	0	0	0	0	0
Pump Fuel and Power Purchase	1	25,631	25,631	0	0	0	0	0
Pump Labor and Expenses	2	0	0	0	0	0	0	0

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ARIZONA AMERICAN WATER COMPANY
TUBAC DISTRICT

COST OF SERVICE BY FUNCTION FOR THE BASE PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES AND CUSTOMER ACCOUNTING CLASSIFICATIONS

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting
				Max Day	Max Hour	Meters	Services	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Misc Pumping Expenses	2	862	0	862	0	0	0	0
Total Operation		26,493	25,631	862	0	0	0	0
-MAINTENANCE-								
Supervision & Engineering	2	0	0	0	0	0	0	0
Pump Maint Power Prod Equipment	2	5,763	0	5,763	0	0	0	0
Pump Maint Power Prod Equipment - Labor	2	14,727	0	14,727	0	0	0	0
Misc. Maintenance	2	0	0	0	0	0	0	0
Pump Maint Pumping Equipment	2	0	0	0	0	0	0	0
Total Maintenance		20,490	0	20,490	0	0	0	0
Total Power and Pumping		46,983	25,631	21,352	0	0	0	0
WATER TREATMENT								
-OPERATION-								
Supervision and Engineering	2	0	0	0	0	0	0	0
Chemicals	1	2,190	2,190	0	0	0	0	0
Chemical Feed	1	0	0	0	0	0	0	0
Waste Disposal	1	(27)	(27)	0	0	0	0	0
Labor and Expenses	2	0	0	0	0	0	0	0
Misc Water Treatment Exp	2	36	0	36	0	0	0	0
Contract Services - Lab Testing	1	2,254	2,254	0	0	0	0	0
Lab Supplies	1	652	652	0	0	0	0	0
Security Service	2	0	0	0	0	0	0	0
Materials and Supplies	2	677	0	677	0	0	0	0
Rents	2	0	0	0	0	0	0	0
Total Operation		5,782	5,069	713	0	0	0	0

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TUBAC DISTRICT

COST OF SERVICE BY FUNCTION FOR THE BASE PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES AND CUSTOMER ACCOUNTING CLASSIFICATIONS

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting
				Max Day	Max Hour	Meters	Services	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
-MAINTENANCE-								
Supervision and Engineering	2	0	0	0	0	0	0	0
General Water Equip	2	188	0	188	0	0	0	0
Contract Services - Maintenance	2	0	0	0	0	0	0	0
Janitorial	2	0	0	0	0	0	0	0
Total Maintenance		188	0	188	0	0	0	0
Total Water Treatment Expenses		5,970	5,069	901	0	0	0	0
TRANSMISSION AND DISTRIBUTION EXPENSES								
-OPERATION-								
Supervision and Engineering	7	0	0	0	0	0	0	0
Storage Facilities Expense	3	0	0	0	0	0	0	0
Labor Operation TD	7	546	0	518	0	28	0	0
Labor Operation Lines	6	9,818	0	9,818	0	0	0	0
Lines Expense	6	0	0	0	0	0	0	0
Contract Service - Other Operating	7	356	0	338	0	18	0	0
Meter Expense	4	0	0	0	0	0	0	0
Labor Operation Meters	4	535	0	0	0	535	0	0
Customer Installation Expenses	4	0	0	0	0	0	0	0
Maps and Records	7	0	0	0	0	0	0	0
Materials and Supplies	7	6,892	0	6,536	0	356	0	0
Misc Operating	7	717	0	680	0	37	0	0
Uniforms	7	643	0	610	0	33	0	0
Trans Oper	7	1	0	1	0	0	0	0
Rents	7	0	0	0	0	0	0	0
Total Operation		19,508	0	18,500	0	1,008	0	0

ARIZONA AMERICAN WATER COMPANY
TUBAC DISTRICT

COST OF SERVICE BY FUNCTION FOR THE BASE PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES AND CUSTOMER ACCOUNTING CLASSIFICATIONS

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting
				Max Day	Max Hour	Meters	Services	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
-MAINTENANCE-								
Supervision and Engineering	8	0	0	0	0	0	0	0
T & D Structures & Improve Maint	8	0	0	0	0	0	0	0
Reservoirs and Standpipes	3	0	0	0	0	0	0	0
T & D Mains	6	116	0	116	0	0	0	0
T & D Mains - Labor	6	4,514	0	4,514	0	0	0	0
Services	4A	1,428	0	0	0	0	1,428	0
Services - Labor	4A	1,902	0	0	0	0	1,902	0
Meters	4	0	0	0	0	0	0	0
Meters - Labor	4	23	0	0	0	23	0	0
Hydrants	4	225	0	0	0	225	0	0
Hydrants - Labor	4	1,282	0	0	0	1,282	0	0
Tank Maintenace Accrual	3	0	0	0	0	0	0	0
Transport Maint	8	465	0	270	0	1	194	0
Materials and Supplies	8	474	0	275	0	1	198	0
Misc. Maintenance	8	5,028	0	2,916	0	15	2,097	0
Miscellaneous Plant	8	108	0	63	0	0	45	0
Total Maintenance		15,565	0	8,153	0	1,547	5,864	0
Total Transmission and Distribution Expenses		35,073	0	26,653	0	2,556	5,864	0
CUSTOMER ACCOUNTS								
Supervision	5	0	0	0	0	0	0	0
Meter Reading Expenses	5	0	0	0	0	0	0	0
Meter Reading Labor	5	4,202	0	0	0	0	0	4,202
Recording and Collecting Expenses	5	0	0	0	0	0	0	0
Customer Records Labor	5	5,956	0	0	0	0	0	5,956
Uncollectible Accounts	5	4,533	0	0	0	0	0	4,533
Misc Customer Accounting Expenses	5	0	0	0	0	0	0	0

ARIZONA AMERICAN WATER COMPANY
TUBAC DISTRICT

COST OF SERVICE BY FUNCTION FOR THE BASE PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES AND CUSTOMER ACCOUNTING CLASSIFICATIONS

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting
				Max Day	Max Hour	Meters	Services	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Customer Service Expenses	5	0	0	0	0	0	0	0
Customer Service Expenses Labor	5	0	0	0	0	0	0	0
Materials and Supplies Oper	5	355	0	0	0	0	0	355
Misc. Operating	5	38	0	0	0	0	0	38
Bank Service Charges	5	1,233	0	0	0	0	0	1,233
Bill Inserts	5	218	0	0	0	0	0	218
Collection Agencies	5	218	0	0	0	0	0	218
Forms	5	1,337	0	0	0	0	0	1,337
Office and Admin Supplies	5	123	0	0	0	0	0	123
Postage	5	3,889	0	0	0	0	0	3,889
Telephone	5	40	0	0	0	0	0	40
Cell Phone and Wireless	5	399	0	0	0	0	0	399
Contract Services - Operation	5	0	0	0	0	0	0	0
Uniforms	5	1	0	0	0	0	0	1
Total Customers' Accounting & Collecting		22,542	0	0	0	0	0	22,542
ADMINISTRATIVE AND GENERAL EXPENSES								
Administrative & General Salaries	9	66,982	1,802	45,769	0	1,601	3,677	14,133
Administrative & General Salaries - Dir/Off	9	531	14	363	0	13	29	112
Director Expenses	9	150	4	102	0	4	8	32
Management Fees - Water Quality	1	1,620	1,620	0	0	0	0	0
Management Fees - Cust. Billing/Service	5	17,161	0	0	0	0	0	17,161
Management Fees - Administration	9	68,399	1,840	46,737	0	1,635	3,755	14,432
Management Fees - Empl. Service	10	0	0	0	0	0	0	0
General Office Expense	9	8,811	237	6,021	0	211	484	1,859
Outside Services	9	12,459	335	8,513	0	298	684	2,629
Insurance other than Group	9	5,049	136	3,450	0	121	277	1,065
Workers Compensation	10	0	0	0	0	0	0	0
Employee Pensions and Benefits	10	60,860	864	44,032	0	1,661	2,672	11,630
Regulatory Expenses	9	1,480	40	1,011	0	35	81	312
Miscellaneous General Expense	9	(3,797)	(102)	(2,594)	0	(91)	(208)	(801)
Trans Oper	9	17,391	468	11,883	0	416	955	3,670

ARIZONA AMERICAN WATER COMPANY
TUBAC DISTRICT

COST OF SERVICE BY FUNCTION FOR THE BASE PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES AND CUSTOMER ACCOUNTING CLASSIFICATIONS

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting
				Max Day	Max Hour	Meters	Services	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Insurance Vehicle	9	395	11	270	0	9	22	83
Discount Available	9	(17)	(0)	(12)	0	(0)	(1)	(4)
Advertising	9	107	3	73	0	3	6	23
Overnight Shipping	9	442	12	302	0	11	24	93
Community Relations and Dues	9	693	19	474	0	17	38	146
Water Res Conservation	9	3	0	2	0	0	0	1
Penalties Nondeduct	9	104	3	71	0	2	6	22
Research and Development	9	131	4	90	0	3	7	28
Security Service	9	110	3	75	0	3	6	23
Software Licenses and Support	9	835	22	571	0	20	46	176
Computer Equipment	9	18	0	12	0	0	1	4
Pcard	9	(13)	(0)	(9)	0	(0)	(1)	(3)
Materials and Supplies	9	113	3	77	0	3	6	24
Misc. Maintenance	9	335	9	229	0	8	18	71
Administrative and General Rents	9	4,146	112	2,833	0	99	228	875
Total Administrative and General Expenses		264,498	7,457	170,345	0	6,080	12,820	67,796
Total Operation and Maintenance Expenses		399,164	38,157	243,349	0	8,635	18,684	90,338
503 DEPRECIATION EXPENSE								
Struct & Imp SS	2	559	0	559	0	0	0	0
Struct & Imp P	2	323	0	323	0	0	0	0
Struct & Imp WT	2	0	0	0	0	0	0	0
Struct & Imp TD	3	3	0	0	3	0	0	0
Struct & Imp Offices	9	124	3	84	0	3	7	26
Struct & Imp Store, Shop, Garage	9	0	0	0	0	0	0	0
Collect & Impounding	2	0	0	0	0	0	0	0
Wells and Springs	2	7,360	0	7,360	0	0	0	0
Supply Mains	2	0	0	0	0	0	0	0

ARIZONA AMERICAN WATER COMPANY
TUBAC DISTRICT

COST OF SERVICE BY FUNCTION FOR THE BASE PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES AND CUSTOMER ACCOUNTING CLASSIFICATIONS

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting
				Max Day	Max Hour	Meters	Services	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Power Generation Equip Other	2	205	0	205	0	0	0	0
Pump Equip Electric	2	11,919	0	11,919	0	0	0	0
Pump Equip Diesel	2	37	0	37	0	0	0	0
Pump Equip Other	2	17,122	0	17,122	0	0	0	0
WT Equip Non-Media	2	2,235	0	2,235	0	0	0	0
Distrib. Reservoirs & Standpipes	3	2,449	0	0	2,449	0	0	0
TD Mains Not Classified by Size	3	5,932	0	0	5,932	0	0	0
TD Mains 4in & Less	3	17,227	0	0	17,227	0	0	0
TD Mains 6in to 8in	3	7,691	0	0	7,691	0	0	0
TD Mains 10in to 16in	2	0	0	0	0	0	0	0
TD Mains 18in and Grtr.	2	0	0	0	0	0	0	0
Fire Mains	3	0	0	0	0	0	0	0
Services	4A	9,840	0	0	0	0	9,840	0
Meters	4	2,397	0	0	0	2,397	0	0
Meter Installations	4	492	0	0	0	492	0	0
Hydrants	4	1,544	0	0	0	1,544	0	0
Office Furniture & Equip	9	749	20	512	0	18	41	158
Comp & Periph Equip	9	398	11	272	0	10	22	84
Computer Software	9	2,370	64	1,619	0	57	130	500
Comp Software Other	9	62	2	42	0	1	3	13
Trans Equip Lt Duty Trks	9	4,292	115	2,932	0	103	236	906
Trans Equip Hvy Duty Trks	9	0	0	0	0	0	0	0
Stores Equipment	9	0	0	0	0	0	0	0
Tools,Shop,Garage Equip	9	523	14	358	0	13	29	110
Laboratory Equipment	2	0	0	0	0	0	0	0
Power Operated Equipment	9	0	0	0	0	0	0	0
Comm Equip Non-Telephone	9	161	4	110	0	4	9	34
Comm Equip Telephone	9	0	0	0	0	0	0	0
Comm Equip Other	9	34	1	23	0	1	2	7
Total Depreciation Expense		96,046	234	45,712	33,302	4,641	10,318	1,838

ARIZONA AMERICAN WATER COMPANY
TUBAC DISTRICT

COST OF SERVICE BY FUNCTION FOR THE BASE PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES AND CUSTOMER ACCOUNTING CLASSIFICATIONS

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting
				Max Day	Max Hour	Meters	Services	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
AMORTIZATION EXPENSE								
Amortization of Imputed Regulatory CIAC	12	(14,368)	(14)	(7,218)	(3,175)	(1,450)	(2,407)	(103)
Total Amortizations		(14,368)	(14)	(7,218)	(3,175)	(1,450)	(2,407)	(103)
507.1 TAXES, OTHER THAN INCOME								
Federal and State Payroll Taxes	10	10,766	153	7,789	0	294	473	2,057
Property Taxes	12	31,769	32	15,961	7,021	3,206	5,321	229
Gross Receipt Tax and Misc.	12	312	0	157	69	31	52	2
Total Taxes, Other Than Income		42,847	185	23,907	7,090	3,531	5,846	2,288
Total O & M, Depreciation and Other Taxes		523,690	38,562	305,750	37,217	15,358	32,442	94,361
507.2 INCOME TAXES	12	52,871	53	26,562	11,684	5,335	8,856	381
Utility Operating Income Available for Return	12	128,553	129	64,585	28,410	12,971	21,533	926
Total Cost of Service		705,114	38,744	396,897	77,312	33,663	62,830	95,667
Less: Other Water Revenues	13	3,839	211	2,161	421	183	342	521
Total Cost of Service Related to Sales of Water		$ 701,275	$ 38,533	$ 394,736	$ 76,891	$ 33,480	$ 62,488	$ 95,146

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ARIZONA AMERICAN WATER COMPANY
TUBAC WATER DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO COST FUNCTIONS

Reference	Commodity	Max Day	Max Hour	Customer Facilities		Customer Accounting	Total
				Meters	Services		
Factor 1 - Commodity	1.0000						1.0000
Factor 2 - Maximum Day		1.0000					1.0000
Factor 3 - Maximum Hour			1.0000				1.0000
Factor 4 - Customer Facilities - Meterss				1.0000			1.0000
Factor 4A - Customer Facilites - Services					1.0000		
Factor 5 - Customer Accounting						1.0000	1.0000
Factor 6 - Max Day and Max Hour based on Mains		1.0000	0.0000				1.0000
Factor 7 - Transmission & Distirbution Operation Expenses							
Cost	0	9,818	0	535	0	0	10,353
Factor	0.0000	0.9483	0.0000	0.0517	0.0000	0.0000	1.0000
Factor 8 - Rate Transmission & Distribution Maintenance Expenses							
Cost	0	4,630	0	23	3,330	0	7,983
Factor	0.0000	0.5800	0.0000	0.0029	0.4171	0.0000	1.0000
Factor 9 - Total Cost of Service							
Cost	2,879	73,004	0	2,556	5,864	22,542	106,845
Factor	0.0269	0.6833	0.0000	0.0239	0.0549	0.2110	1.0000
Factor 10 - Labor Related Expenses							
Cost	1,816	92,382	0	3,482	5,608	24,403	127,691
Factor	0.0142	0.7235	0	0.0273	0.0439	0.1911	1.0000
Factor 11 - Rate Base Less Costs Allocated							
Cost	1,432	744,836	327,579	149,526	248,224	10,696	1,482,292
Factor	0.001	0.5024	0.221	0.1009	0.1675	0.0072	1.0000
Factor 12 - Rate Base							
Cost	1,478	767,525	337,560	154,082	255,788	11,021	1,527,454
Factor	0.001	0.5024	0.221	0.1009	0.1675	0.0072	1.0000
Factor 13 - Cost of Service							
Cost	38,744	396,897	77,312	33,663	62,830	95,667	705,114
Factor	0.0549	0.563	0.1096	0.0477	0.0891	0.1357	1.0000

ARIZONA AMERICAN WATER COMPANY
TUBAC DISTRICT
FACTORS FOR ALLOCATING COSTS BY FUNCTION TO CUSTOMER CLASSIFICATIONS

FACTOR A. ALLOCATION OF COMMODITY COSTS.

Factors are based on the pro forma test year average daily consumption for each customer classification.

Classification	Average Daily Consumption, 1000 Gallons	Allocation Factor
(1)	(2)	(3)
Residential	200	0.7708
Commercial/Pubic	60	0.2292
Other Water Utility	0	0.0000
Total	260	1.0000

FACTOR B. ALLOCATION OF MAXIMUM DAY DEMAND COSTS.

Factors are based on the maximum day demand for each customer classification.

Customer Classification	Average Daily Consumption, 1000 Gallons	Peak Day Factor*	Rate of Flow, 1000 Gallons Per Day	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	200	2.00	401	0.7894
Commercial/Pubic	60	1.80	107	0.2106
Other Water Utility	0	1.80	0	0.0000
Total	260		508	1.0000

* Ratio of Maximum Day To Average Day.

ARIZONA AMERICAN WATER COMPANY
TUBAC DISTRICT

FACTORS FOR ALLOCATING COSTS BY FUNCTION TO CUSTOMER CLASSIFICATIONS

FACTOR C. ALLOCATION OF MAXIMUM HOUR DEMAND COSTS.

Factors are based on the maximum hour demand for each customer classification.

Customer Classification	Average Hourly Consumption, 1000 Gallons	Factor*	Rate of Flow, 1000 Gallons Per Hour	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	8.3	4.00	33.2	0.8157
Commercial/Pubic	2.5	3.00	7.5	0.1843
Other Water Utility	0.0	3.00	0.0	-
Total	10.8		40.7	1.0000

* Ratio of Maximum Hour To Average Hour.

FACTOR D. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

Factors are based on the relative cost of meters by size and customer classification, as developed on the following page and summarized below.

Customer Classification	5/8" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	570	0.7215
Commercial/Pubic	220	0.2785
Other Water Utility	0	0.0000
Private Fire Protection	0	0.0000
Total	790	1.0000

ARIZONA AMERICAN WATER COMPANY
TUBAC DISTRICT

FACTORS FOR ALLOCATING COSTS BY FUNCTION TO CUSTOMER CLASSIFICATIONS

FACTOR E. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

Factors are based on the relative cost of services by size and customer classification, as developed on the following page and summarized below.

Customer Classification	3/4" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	570	0.7215
Commercial/Pubic	220	0.2785
Other Water Utility	0	0.0000
Private Fire Protection	0	0.0000
Total	790	1.0000

FACTOR F. ALLOCATION OF BILLING AND COLLECTING COSTS.

Factors are based on the total number of customers.

Customer Classification	Total Customers	Allocation Factor
(1)	(2)	(3)
Residential	492	0.8662
Commercial/Pubic	76	0.1338
Other Water Utility	0	0.0000
Private Fire Protection	0	0.0000
Public Fire Protection	0	0.0000
Total	568	1.0000

ARIZONA AMERICAN WATER COMPANY
TUBAC DISTRICT
BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS

Meter Size	5/8" Dollar Equivalent	Residential Number of Meters	Residential Weighting	Commercial Number of Meters	Commercial Weighting	Private Fire Protection Number of Meters	Private Fire Protection Weighting	Total Number of Meters	Total Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(13)	(14)=(2)X(11)	(15)	(16)
5/8	1.0	462	462	47	47	0	0	509	509
1	2.5	23	59	16	40	0	0	39	99
1-1/2	5.0	2	10		0	0	0	2	10
2	8.0	3	24	10	77	0	0	13	101
3	15.0	1	15	4	56	0	0	5	71
4	25.0	0	0	0	0	0	0	0	0
6	50.0	0	0	0	0	0	0	0	0
8	80.0	0	0	0	0	0	0	0	0
10	115.0	0	0	0	0	0	0	0	0
Total		492	570	76	220	0	0	567	790

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ARIZONA AMERICAN WATER COMPANY
TUBAC DISTRICT
BASIS FOR ALLOCATING SERVICE COSTS TO CUSTOMER CLASSIFICATIONS

Service Size	3/4" Dollar Equivalent	Residential		Commercial		Private Fire Protection		Total	
		Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(13)	(14)=(2)X(11)	(15)	(16)
3/4	1.0	462	462	47	47	0	0	509	509
1	2.5	23	59	16	40	0	0	39	99
1-1/2	5.0	2	10	0	0	0	0	2	10
2	8.0	3	24	10	77	0	0	13	101
3	15.0	1	15	4	56	0	0	5	71
4	25.0	0	0	0	0	0	0	0	0
6	50.0	0	0	0	0	0	0	0	0
8	80.0	0	0	0	0	0	0	0	0
10	115.0	0	0	0	0	0	0	0	0
Total		492	570	76	220	0	0	567	790

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ARIZONA AMERICAN WATER COMPANY
TUBAC DISTRICT

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2007

Customer Classification	Cost of Service		Revenues, Present Rates		Revenues, Proposed Rates		Proposed Increase	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent Increase
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Residential	$ 555,682	79.2%	$ 320,770	75.8%	$ 535,660	76.4%	$ 214,889	67.0%
Commercial	145,592	20.8%	$ 102,289	24.2%	165,440	23.6%	63,151	61.7%
Total Sales	701,274	100.0%	423,059	100.0%	701,099	100.0%	278,040	65.7%
Other Revenues	3,839		3,839		3,839		-	0.0%
Total	$ 705,113		$ 426,898		$ 704,938		$ 278,040	65.1%

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ARIZONA AMERICAN WATER COMPANY
TUBAC DISTRICT
ALLOCATION OF TOTAL COST OF SERVICE BY COST FUNCTION TO CUSTOMER CLASSIFICATIONS

Cost Function	Factor Ref.	Total Cost of Service	Residential	Commercial	Other Water Utilities	Private Fire
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Commodity	A	$38,533	$29,700	$8,832	$0	
Demand - Maximum Day	B	394,736	311,605	83,131	0	
Demand - Maximum Hour	C	76,891	62,721	14,171	0	
Customer Facilities - Meters	D	33,480	24,157	9,324	0	0
Customer Facilities - Services	E	62,488	45,084	17,403	0	0
Customer Accounting	F	95,146	82,415	12,731	0	0
Total		$701,274	$555,682	$145,592	$0	$0

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ILLINOIS AMERICAN WATER COMPANY

Belleville, IL

COST OF SERVICE

ALLOCATION STUDY

FOR THE TEST YEAR ENDED JUNE 30, 2009

GANNETT FLEMING, INC. - VALUATION AND RATE DIVISION

Harrisburg, Pennsylvania Calgary, Alberta Valley Forge, Pennsylvania

Gannett Fleming

GANNETT FLEMING, INC.
P.O. Box 67100
Harrisburg, PA 17106-7100

Location:
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Office: (717) 763-7211
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www.gannettfleming.com

January 27, 2009

Illinois American Water Company
300 North Water Works Drive
Belleville, IL 62223

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Attention Karla Olson Teasley, President

Ladies and Gentlemen:

Pursuant to your request, we have conducted cost of service allocation studies based on the district specific revenue requirements estimated for the test year ended June 30, 2009, as approved in ICC Docket 07-0507.

The attached report presents the results of the allocation studies, as well as supporting schedules which set forth the detailed cost allocation calculations and the allowed schedule of rates. Schedule A, for each district, presents a comparison of the cost of service by customer classification with the pro forma revenues produced by each classification under present and allowed rates.

Respectfully submitted,

GANNETT FLEMING, INC.

Paul R Herbert

PAUL R. HERBERT
President
Valuation and Rate Division

PRH:krm

Attachment

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PART I. INTRODUCTION

ILLINOIS AMERICAN WATER COMPANY

COST OF SERVICE ALLOCATION STUDY
FOR THE TEST YEAR ENDED JUNE 30, 2009

PART I. INTRODUCTION

PLAN OF REPORT

The report sets forth the results of the cost of service allocation studies based on district specific revenue requirements as approved in ICC Docket 07-0507 for Illinois American Water Company, based on a test year ended June 30, 2009. Part I, Introduction, contains statements with respect to the basis of the study, the procedures employed, and a summary of the results of the study. Part II, Cost of Service by Customer Classification, presents detailed schedules of the allocation of costs to tariff group specific customer classifications, as well as the bases for the allocations. Schedule A in Part II summarizes the cost allocation and the revenues produced under present and allowed rates for each tariff group.

BASIS OF STUDY

The purpose of the cost allocation studies was to determine the relative cost of service responsibilities of the several customer classifications within each tariff group, based on considerations of quantity of water consumed, variability of rate of consumption, and costs associated with customer metering, billing and accounting. The allocation studies incorporated generally-accepted principles and procedures for allocating the several categories of cost to customer classifications in proportion to each classification's use of facilities, commodities and services required in providing water service.

ALLOCATION PROCEDURES

The allocation studies were based on the Base-Extra Capacity Method for allocating costs to customer classifications. The method is described in the 2000 and prior editions of the Water Rates Manual published by the American Water Works Association. The four basic categories of cost responsibility are base, extra capacity, customer, and fire protection costs. The following discussion presents a brief description of these costs and the manner in which they were allocated.

Base Costs are costs that tend to vary with the quantity of water used, plus costs associated with supplying, treating, pumping, and distributing water to customers under average load conditions, without the elements necessary to meet peak demands. Base costs were allocated to customer classifications on the basis of average daily usage.

Extra Capacity Costs are costs associated with meeting usage requirements in excess of the average. They include operating and capital costs for additional plant and system capacity beyond that required for average use. The extra capacity costs in this study are subdivided into costs necessary to meet maximum day extra demand and costs to meet maximum hour extra demand. The extra capacity costs were allocated to customer classifications on the bases of each classification's maximum day and hour usage in excess of average usage.

Customer Costs are costs associated with serving customers regardless of their usage or demand characteristics. Customer costs include the operating and capital costs related to meters and services, meter reading costs, and billing and collecting costs. The customer costs were allocated on the bases of the capital cost of meters and services, and the number of customers.

Fire Protection Costs are costs associated with providing the facilities to meet the potential peak demand of fire protection service. Fire Protection costs are subdivided into costs to meet Public Fire Protection and Private Fire Protection demands. The extra capacity costs assigned to fire protection service were allocated to Public and Private Fire Protection on the basis of the total relative demands of the hydrants and fire service lines, sized to provide fire protection.

RESULTS OF STUDY

The results of the cost of service allocation study are set forth in Part II. The data summarized for each tariff group in Schedule A, Comparison of Pro Forma Cost of Service with Revenues Under Present and Allowed Rates for the Test Year Ended June 30, 2009, constitute the principal results of the cost allocation studies and allowed revenue distribution.

The cost of service by customer classification shown in column 2 of Schedule A is developed in Schedule B, Cost of Service for the Twelve Months Ended June 30, 2009, Allocated to Customer Classifications. The allocation of the total cost of service to the several customer classifications was performed by applying the allocation factors referenced in column 2 of Schedule B to the cost of service set forth in column 3. The bases for the allocation factors are presented in Schedule C.

Schedule D presents the basis for allocating demand related costs of fire service to private and public fire protection classifications. Schedule E presents the calculation of customer charge.

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PART II. COST OF SERVICE BY CUSTOMER CLASSIFICATION

CHAMPAIGN TARIFF GROUP

ILLINOIS AMERICAN WATER COMPANY
CHAMPAIGN TARIFF GROUP

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND ALLOWED RATES
FOR THE TEST YEAR ENDED JUNE 30, 2009

Customer Classification	Cost of Service Amount (Schedule B)	Cost of Service Percent	Revenues, Previous Rates Amount	Revenues, Previous Rates Percent	Revenues, Allowed Rates Amount	Revenues, Allowed Rates Percent	Allowed Increase Amount	Allowed Increase Percent Increase
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Residential	$18,860,439	60.9%	$13,289,742	63.2%	$19,633,942	63.2%	$ 6,344,200	47.7%
Commercial	4,216,456	13.6%	2,800,939	13.4%	4,137,762	13.4%	1,336,822	47.7%
Industrial	1,211,568	3.9%	850,277	4.1%	1,256,103	4.1%	405,826	47.7%
Public Authority	621,157	2.0%	369,512	1.8%	545,878	1.8%	176,366	47.7%
Large Public Authority	2,805,712	9.1%	1,478,058	7.1%	2,183,509	7.1%	705,451	47.7%
Sales for Resale	1,188,846	3.8%	672,765	3.2%	993,871	3.2%	321,106	47.7%
Private Fire Service	574,431	1.9%	199,415	1.0%	294,585	1.0%	95,170	47.7%
Public Fire Service	1,488,686	4.8%	1,300,706	6.2%	1,921,503	6.2%	620,797	47.7%
Total Sales	30,967,295	100.0%	20,961,413	100.0%	30,967,152	100.0%	10,005,739	47.7%
Other Revenues	238,001		238,001		238,001		-	0.0%
Total	$31,205,296		$21,199,414		$31,205,153		$10,005,739	47.2%

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ILLINOIS AMERICAN WATER COMPANY
CHAMPAIGN TARIFF GROUP

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Large Public Authorities	Sales for Resale	Fire Protection Private	Fire Protection Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
OPERATION AND MAINTENANCE EXPENSES										
SOURCE OF SUPPLY EXPENSES										
Salaries and Wages	2	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Labor & Exp Oper SS - Labor	2	64,364	33,926	10,575	3,971	1,635	9,803	4,222	71	161
Labor & Exp Oper SS	2	110,999	58,508	18,237	6,849	2,819	16,905	7,282	122	277
Purchased Water	1	0	0	0	0	0	0	0	0	0
TOTAL SS EXPENSE - OPERATION		175,363	92,434	28,812	10,820	4,454	26,708	11,504	193	438
Misc Exp Oper SS	2	0	0	0	0	0	0	0	0	0
Misc Exp Oper SS	2	15,487	8,163	2,545	956	393	2,359	1,016	17	39
Rents Oper SS	2	688	363	113	42	17	105	45	1	2
Super & Eng Maint SS	2	0	0	0	0	0	0	0	0	0
Struct & Improve Maint SS - Labor	2	0	0	0	0	0	0	0	0	0
Struct & Improve Maint SS	2	0	0	0	0	0	0	0	0	0
Collect & Impound Maint SS - Labor	2	0	0	0	0	0	0	0	0	0
Collect & Impound Maint SS	2	0	0	0	0	0	0	0	0	0
Lake, River & Oth Maint SS - Labor	2	0	0	0	0	0	0	0	0	0
Lake, River & Oth Maint SS	2	0	0	0	0	0	0	0	0	0
Wells & Springs Maint SS - Labor	2	0	0	0	0	0	0	0	0	0
Wells & Springs Maint SS	2	9,057	4,774	1,488	559	230	1,379	594	10	23
Infilt Gall & Tunnels Maint SS - Labor	2	0	0	0	0	0	0	0	0	0
Infilt Gall & Tunnels Maint SS	2	0	0	0	0	0	0	0	0	0
Supply Mains Maint SS - Labor	2	87	46	14	5	2	13	6	0	0
Supply Mains Maint SS	2	0	0	0	0	0	0	0	0	0
Misc Plant Maint SS - Labor	2	21,708	11,442	3,567	1,339	551	3,306	1,424	24	54
Misc Plant Maint SS	2	23,460	12,366	3,855	1,447	596	3,573	1,539	26	59
TOTAL SS EXPENSE - MAINTENANCE		70,488	37,154	11,581	4,349	1,790	10,735	4,624	78	176
TOTAL SS EXPENSE		245,851	129,588	40,393	15,169	6,245	37,443	16,128	270	615
POWER AND PUMPING EXPENSES										
Super & Eng Oper P	6	0	0	0	0	0	0	0	0	0
Fuel for Power Prod	1	310,626	149,753	51,409	24,912	8,822	53,024	20,936	528	1,243
Labor & Exp Oper Pwr Prod - Labor	6	0	0	0	0	0	0	0	0	0
Labor & Exp Oper Pwr Prod	6	0	0	0	0	0	0	0	0	0
Purch Fuel/Power for Pump	1	1,336,798	644,471	221,240	107,211	37,965	228,191	90,100	2,273	5,347
Labor & Exp Oper Pump - Labor	6	146,897	76,592	23,636	8,153	3,643	19,919	8,579	1,910	4,466
Labor & Exp Oper Pump	6	0	0	0	0	0	0	0	0	0
Expenses Transferred	6	0	0	0	0	0	0	0	0	0
Misc Exp Oper P	6	40,966	21,360	6,591	2,274	1,016	5,555	2,392	533	1,245
Rents Oper P	6	45,985	23,977	7,399	2,552	1,140	6,236	2,686	598	1,398
TOTAL PUMPING EXPENSE - OPERATION		1,881,272	916,151	310,275	145,102	52,586	312,925	124,693	5,841	13,699

ILLINOIS AMERICAN WATER COMPANY
CHAMPAIGN TARIFF GROUP

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Large Public Authorities	Sales for Resale	Fire Protection Private	Fire Protection Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Super & Eng Maint P	6	0	0	0	0	0	0	0	0	0
Struct & Improve Maint P - Labor	6	5,023	2,619	808	279	125	681	293	65	153
Struct & Improve Maint P	6	2,081	1,085	335	116	52	282	122	27	63
Power Prod Equip Maint P - Labor	6	35,627	18,576	5,732	1,977	884	4,831	2,081	463	1,083
Power Prod Equip Maint P	6	0	0	0	0	0	0	0	0	0
Pump Equip Maint P - Labor	6	98,539	51,378	15,855	5,469	2,444	13,362	5,755	1,281	2,996
Pump Equip Maint P	6	31,987	16,678	5,147	1,775	793	4,337	1,868	416	972
TOTAL PUMPING EXPENSES - MAINTENANCE		173,257	90,336	27,877	9,616	4,297	23,494	10,118	2,252	5,267
TOTAL PUMPING EXPENSES		2,054,529	1,006,488	338,152	154,718	56,883	336,419	134,811	8,093	18,966
WATER TREATMENT										
Super & Eng Oper WT	2	0	0	0	0	0	0	0	0	0
Chemicals	1	1,274,539	614,455	210,936	102,218	36,197	217,564	85,904	2,167	5,098
Labor & Exp Oper WT - Labor	2	482,925	254,550	79,345	29,796	12,266	73,549	31,680	531	1,207
Labor & Exp Oper WT	2	56,977	30,033	9,361	3,515	1,447	8,678	3,738	63	142
Misc Exp Oper WT	2	0	0	0	0	0	0	0	0	0
Misc Exp Oper WT	1	111,315	53,665	18,423	8,927	3,161	19,001	7,503	189	445
Misc Exp Oper WT	2	1,253	661	206	77	32	191	82	1	3
Rents Oper WT	2	87,627	46,188	14,397	5,407	2,226	13,346	5,748	96	219
TOTAL WT EXPENSE - OPERATION		2,014,636	999,551	332,668	149,941	55,329	332,329	134,655	3,048	7,115
Super & Eng Maint WT	2	138,820	73,172	22,808	8,565	3,526	21,142	9,107	153	347
Struct & Improve Maint WT - Labor	2	16,468	8,680	2,706	1,016	418	2,508	1,080	18	41
Struct & Improve Maint WT	2	14,110	7,438	2,318	871	358	2,149	926	16	35
WT Equip Maint WT - Labor	2	105,043	55,368	17,259	6,481	2,668	15,998	6,891	116	263
WT Equip Maint WT	2	136,690	72,049	22,458	8,434	3,472	20,818	8,967	150	342
TOTAL WT EXPENSE - MAINTENANCE		411,131	216,707	67,549	25,367	10,443	62,615	26,970	452	1,028
TOTAL WT EXPENSE		2,425,768	1,216,259	400,217	175,308	65,772	394,944	161,625	3,500	8,143
TRANSMISSION AND DISTRIBUTION EXPENSES										
Super & Eng Oper TD	11	0	0	0	0	0	0	0	0	0
Storage Facilty Exp - Labor	5	0	0	0	0	0	0	0	0	0
Storage Facilty Exp	5	0	0	0	0	0	0	0	0	0
TD Lines Exp - Labor	7	106,375	59,974	17,594	3,000	2,670	6,414	2,766	4,202	9,755
TD Lines Exp	7	(12,830)	(7,234)	(2,122)	(362)	(322)	(774)	(334)	(507)	(1,177)
Meter Expense - Labor	9	250,648	215,131	29,000	1,479	3,334	1,278	426	0	0
Meter Expense	9	160	137	19	1	2	1	0	0	0
Customer Install Exp - Labor	10	27,784	23,336	1,859	53	178	11	8	2,339	0
Customer Install Exp	10	223	187	15	0	1	0	0	19	0

ILLINOIS AMERICAN WATER COMPANY
CHAMPAIGN TARIFF GROUP

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Large Public Authorities	Sales for Resale	Fire Protection	
									Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Misc Exp Oper TD - Labor	11	127,388	99,745	15,860	1,427	2,000	2,369	981	2,076	2,930
Misc Exp Oper TD	11	0	0	0	0	0	0	0	0	0
Misc Exp Oper TD	11	134,794	105,544	16,782	1,510	2,116	2,507	1,038	2,197	3,100
Rents Oper TD	11	3,365	2,635	419	38	53	63	26	55	77
TOTAL T & D EXPENSE OPERATION		637,906	499,455	79,425	7,145	10,032	11,870	4,912	10,382	14,686
Super & Eng Maint TD	12	0	0	0	0	0	0	0	0	0
Struct & Improve Maint TD - Labor	12	60	34	8	1	1	2	1	2	10
Struct & Improve Maint TD	12	3,294	1,871	418	63	60	131	56	125	570
Dist Res Stand Maint TD - Labor	5	9,955	4,126	1,146	412	169	1,018	438	796	1,849
TD Main Maint TD - Labor	7	270,428	152,467	44,729	7,626	6,788	16,307	7,031	10,682	24,798
TD Main Maint TD	7	352,387	198,676	58,285	9,937	8,845	21,249	9,162	13,919	32,314
Fire Main Maint TD - Labor	8	17	0	0	0	0	0	0	0	17
Fire Main Maint TD	8	0	0	0	0	0	0	0	0	0
Services Maint TD - Labor	10	107,659	90,423	7,202	205	689	43	32	9,065	0
Services Maint TD	10	33,983	28,542	2,273	65	217	14	10	2,861	0
Meters Maint TD - Labor	9	81,713	70,134	9,454	482	1,087	417	139	0	0
Meters Maint TD	9	17,138	14,710	1,983	101	228	87	29	0	0
Hydrants Maint TD - Labor	8	72,365	0	0	0	0	0	0	0	72,365
Hydrants Maint TD	8	39,027	0	0	0	0	0	0	0	39,027
Misc Plant Maint TD - Labor	12	55,309	31,410	7,024	1,056	1,012	2,196	946	2,096	9,568
Mat and Sup Maint TD	12	1	0	0	0	0	0	0	0	0
Misc Maint TD	12	10,138	5,757	1,287	194	186	402	173	384	1,754
Permits TD	12	29	16	4	1	1	1	0	1	5
Amort Def Maint TD	5	110,575	45,834	12,727	4,578	1,880	11,312	4,865	8,846	20,534
TOTAL T & D EXPENSE - MAINTENANCE		1,164,077	644,000	146,541	24,720	21,162	53,179	22,884	48,779	202,811
TOTAL T & D EXPENSE		1,801,983	1,143,455	225,966	31,865	31,195	65,050	27,796	59,160	217,497
CUSTOMER ACCOUNTS										
Supervision CA	13	0	0	0	0	0	0	0	0	0
Meter Reading Exp CA - Labor	14	148,496	138,547	9,029	148	742	15	15	0	0
Meter Reading Exp CA	14	0	0	0	0	0	0	0	0	0
Meter Reading Exp CA	14	0	0	0	0	0	0	0	0	0
Cust Rec & Collection CA - Labor	13	157,077	143,144	9,330	157	770	16	16	3,644	0
Cust Rec & Collection CA	13	296,568	270,263	17,616	297	1,453	30	30	6,880	0
Uncollectible Accts	13	341,498	311,207	20,285	341	1,673	34	34	7,923	0
Misc Cust Accts Exp CA - Labor	13	12,215	11,131	726	12	60	1	1	283	0
Misc Cust Accts Exp CA	13	0	0	0	0	0	0	0	0	0
Misc Cust Accts Exp CA	13	10,994	10,018	653	11	54	1	1	255	0
Cust Serv & Info Exp CA	13	0	0	0	0	0	0	0	0	0
TOTAL CUSTOMER ACCOUNTING EXPENSE		966,848	884,311	57,639	967	4,752	97	97	18,986	0

ILLINOIS AMERICAN WATER COMPANY
CHAMPAIGN TARIFF GROUP

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Large Public Authorities	Sales for Resale	Fire Protection	
									Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
ADMINISTRATIVE AND GENERAL EXPENSES										
Salaries AG	15	158,483	103,648	19,905	4,786	2,789	11,236	4,834	3,011	8,273
Other Supplies & Exp AG	15	0	0	0	0	0	0	0	0	0
Other Supplies & Exp AG	15	336,800	220,267	42,302	10,171	5,928	23,879	10,272	6,399	17,581
Other Supplies & Exp AG	15	(127,414)	(83,329)	(16,003)	(3,848)	(2,242)	(9,034)	(3,886)	(2,421)	(6,651)
Mgmt Fees-Admin	15	2,151,605	1,407,150	270,242	64,978	37,868	152,549	65,624	40,880	112,314
Mgmt Fees-Customer Service	13	951,771	867,349	56,535	952	4,664	95	95	22,081	0
Mgmt Fees-Belleville Lab	2	164,696	86,811	27,060	10,162	4,183	25,083	10,804	181	412
Mgmt Fees- Employee	16	211,761	135,570	27,847	6,882	3,960	16,179	6,967	3,367	10,990
Outside Services AG	15	228,764	149,612	28,733	6,909	4,026	16,219	6,977	4,347	11,941
Outside Services AG	15	67,517	44,156	8,480	2,039	1,188	4,787	2,059	1,283	3,524
Property Insurance	15	0	0	0	0	0	0	0	0	0
Ins Gen Liab Oper AG	15	293,497	191,947	36,863	8,864	5,166	20,809	8,952	5,576	15,321
Ins Work Comp AG	16	405,769	259,773	53,359	13,187	7,588	31,001	13,350	6,452	21,059
Ins Other Oper AG	15	125,473	82,059	15,759	3,789	2,208	8,896	3,827	2,384	6,550
Property Insurance	15	23,576	15,419	2,961	712	415	1,672	719	448	1,231
Injuries & Damages	16	4,893	3,132	643	159	91	374	161	78	254
Employee Pension & Benefits	16	971,056	621,670	127,694	31,559	18,159	74,189	31,948	15,440	50,398
Employee Pension & Benefits	16	248,029	158,788	32,616	8,061	4,638	18,949	8,160	3,944	12,873
Employee Pension & Benefits	16	129,853	83,132	17,076	4,220	2,428	9,921	4,272	2,065	6,739
Reg Commision Exp	19	88,507	53,998	12,037	3,452	1,770	7,992	3,381	1,637	4,239
Rents AG	15	180,627	118,130	22,687	5,455	3,179	12,806	5,509	3,432	9,429
Goodwill Advertising Exp	15	209	136	26	6	4	15	6	4	11
Misc Exp AG	15	421,069	275,379	52,886	12,716	7,411	29,854	12,843	8,000	21,980
Research & Development	15	3,108	2,033	390	94	55	220	95	59	162
TOTAL A & G OPERATIONS		7,039,649	4,796,831	840,098	195,307	115,476	457,691	196,969	128,647	308,630
General Plant Maint AG - Labor	15	284	186	36	9	5	20	9	5	15
General Plant Maint AG	15	87,166	57,007	10,948	2,632	1,534	6,180	2,659	1,656	4,550
TOTAL A & G EXPENSE - MAINTENANCE		87,450	57,193	10,984	2,641	1,539	6,200	2,667	1,662	4,565
TOTAL A & G EXPENSE		7,127,099	4,854,024	851,082	197,948	117,015	463,892	199,636	130,309	313,195
Total Operation & Maintenance Expenses		14,622,078	9,234,124	1,913,448	575,975	281,862	1,297,844	540,093	220,318	558,415

ILLINOIS AMERICAN WATER COMPANY
CHAMPAIGN TARIFF GROUP

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Large Public Authorities	Sales for Resale	Fire Protection	
									Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
DEPRECIATION EXPENSE										
Struct & Imp SS	2	2,792	1,472	459	172	71	425	183	3	7
Struct & Imp P	6	24,608	12,831	3,959	1,366	610	3,337	1,437	320	748
Struct & Imp WT	2	193,095	101,780	31,725	11,914	4,905	29,408	12,667	212	483
Struct & Imp TD	7	25,503	14,379	4,218	719	640	1,538	663	1,007	2,339
Struct & Imp AG	15	5,251	3,434	659	159	92	372	160	100	274
Struct & Imp Offices	15	9,518	6,225	1,195	287	168	675	290	181	497
Struct & Imp Store,Shop,Gar	15	0	0	0	0	0	0	0	0	0
Struct & Imp Misc	15	222	145	28	7	4	16	7	4	12
Collect & Impounding	1	17	8	3	1	0	3	1	0	0
Lake, River & Other Intakes	2	0	0	0	0	0	0	0	0	0
Wells & Springs	2	66,633	35,122	10,948	4,111	1,692	10,148	4,371	73	167
Infiltration Galleries and Tunnels	2	0	0	0	0	0	0	0	0	0
Supply Mains	2	66,757	35,187	10,968	4,119	1,696	10,167	4,379	73	167
Power Generation Equip Othe	6	9,866	5,144	1,587	548	245	1,338	576	128	300
Pump Equip Electric	6	242,499	126,439	39,018	13,459	6,014	32,883	14,162	3,152	7,372
Pump Equip Diesel	6	13,763	7,176	2,215	764	341	1,866	804	179	418
Pump Equip Hydraulic	6		0	0	0	0	0	0	0	0
Pump Equip Other	6	65	34	11	4	2	9	4	1	2
WT Equip Non-Media	2	845,765	445,803	138,959	52,184	21,482	128,810	55,482	930	2,114
WT Equip Chemical	2	1,316	694	216	81	33	200	86	1	3
WT Equip Filter Media	2	8,388	4,421	1,378	518	213	1,277	550	9	21
Dist Reservoirs & Standpipe	5	35,894	14,878	4,131	1,486	610	3,672	1,579	2,872	6,666
Elevated Tanks & Standpipes	5	983	407	113	41	17	101	43	79	182
Ground Level Facilities	5	72	30	8	3	1	7	3	6	13
Below Grade Facilities	5	624	259	72	26	11	64	27	50	116
TD Mains Not Classified by	7	725,165	408,848	119,942	20,450	18,202	43,727	18,854	28,644	66,498
TD Mains 4" & Less	4	0	0	0	0	0	0	0	0	0
TD Mains 6" to 8"	4	1,743	1,067	302	11	45	0	0	95	222
TD Mains 10" to 16"	3	0	0	0	0	0	0	0	0	0
TD Mains 18" & Grtr	3	0	0	0	0	0	0	0	0	0
Fire Mains	8	0	0	0	0	0	0	0	0	0
Services	10	905,865	760,836	60,602	1,721	5,798	362	272	76,274	0
Meters	9	(1,930)	(1,657)	(223)	(11)	(26)	(10)	(3)	0	0
Meters Bronze Case	9	561,973	482,341	65,020	3,316	7,474	2,866	955	0	0
Meters Plastic Case	9	0	0	0	0	0	0	0	0	0
Meters Other	9	0	0	0	0	0	0	0	0	0
Meters Other-Rem Rdr Unts	9		0	0	0	0	0	0	0	0
Meter Installations	9	194,843	167,234	22,543	1,150	2,591	994	331	0	0
Meter Vaults	9	0	0	0	0	0	0	0	0	0
Hydrants	8	204,624	0	0	0	0	0	0	0	204,624
Utility Plant Acquisition Adjustment	17		0	0	0	0	0	0	0	0
Other P/E WT Res Hand Equip	2	6,029	3,178	991	372	153	918	396	7	15
Other P/E TD	7	0	0	0	0	0	0	0	0	0
Other P/E CPS	17	(338)	(194)	(49)	(13)	(7)	(31)	(14)	(8)	(21)
Office Furniture & Equip	15	23,412	15,312	2,941	707	412	1,660	714	445	1,222
Comp & Periph Equip	15	125,558	82,115	15,770	3,792	2,210	8,902	3,830	2,386	6,554
Computer Software	15	351,744	230,041	44,179	10,623	6,191	24,939	10,728	6,683	18,361

ILLINOIS AMERICAN WATER COMPANY
CHAMPAIGN TARIFF GROUP

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Large Public Authorities	Sales for Resale	Fire Protection Private	Fire Protection Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Comp Software Personal	15	5,057	3,307	635	153	89	359	154	96	264
Data Handling Equipment	15	677	443	85	20	12	48	21	13	35
Other Office Equipment	15	3,267	2,137	410	99	57	232	100	62	171
Trans Equip Lt Duty Trks	15	26,923	17,608	3,382	813	474	1,909	821	512	1,405
Trans Equip Hvy Duty Trks	15	35,185	23,011	4,419	1,063	619	2,495	1,073	669	1,837
Trans Equip Autos	15	8,150	5,330	1,024	246	143	578	249	155	425
Trans Equip Other	15	0	0	0	0	0	0	0	0	0
Stores Equipment	15	656	429	82	20	12	47	20	12	34
Tools,Shop,Garage Equip	15	21,434	14,018	2,692	647	377	1,520	654	407	1,119
Tools,Shop,Garage Equip Oth	15	0	0	0	0	0	0	0	0	0
Laboratory Equipment	2	6,367	3,356	1,046	393	162	970	418	7	16
Laboratory Equip Other	2		0	0	0	0	0	0	0	0
Power Operated Equipment	15	33,910	22,177	4,259	1,024	597	2,404	1,034	644	1,770
Comm Equip Non-Telephone	15	57,406	37,543	7,210	1,734	1,010	4,070	1,751	1,091	2,997
Remote Control & Instr	15	0	0	0	0	0	0	0	0	0
Comm Equip Telephone	15	247	162	31	7	4	18	8	5	13
Misc Equipment	15	1,051	687	132	32	18	74	32	20	55
Other Tangible Property	15		0	0	0	0	0	0	0	0
Total Depreciation Expense		4,852,651	3,095,198	609,299	140,334	85,466	325,366	139,874	127,599	329,516
Amort-Other UP	18	21,359	12,111	3,163	923	474	2,206	950	421	1,111
Amort-Intangible Fin	2	0	0	0	0	0	0	0	0	0
Taxes Other Than Income										
Utility Reg Assessment Fee	19	0	0	0	0	0	0	0	0	0
Property Taxes	18	559,917	317,473	82,924	24,188	12,430	57,839	24,916	11,030	29,116
FUTA	16	8	5	1	0	0	1	0	0	0
FICA	16	204,546	130,951	26,898	6,648	3,825	15,627	6,730	3,252	10,616
SUTA	16	(1,499)	(959)	(197)	(49)	(28)	(114)	(49)	(24)	(78)
Other Taxes & Licenses	15	32,571	21,301	4,091	984	573	2,309	993	619	1,700
Capital Stock Tax	19	923,035	563,144	125,533	35,998	18,461	83,350	35,260	17,076	44,213
Total Taxes, Other Than Income		1,718,578	1,031,914	239,249	67,770	35,261	159,012	67,850	31,954	85,568
Income Taxes	18	2,482,383	1,407,511	367,641	107,239	55,109	256,430	110,466	48,903	129,084
Utility Income Available for Return	18	7,508,247	4,257,176	1,111,971	324,356	166,683	775,602	334,117	147,912	390,429
Total Cost of Service		31,205,296	19,038,034	4,244,772	1,216,596	624,855	2,816,460	1,193,350	577,107	1,494,122
Less: Other Water Revenues										
Penalties, Rents on Water Property and Other	19	113,496	69,244	15,435	4,426	2,270	10,249	4,336	2,100	5,436
Billing and Collecting Related	13	24,880	22,673	1,478	25	122	2	2	577	0
Usage Data Readings	14	2,265	2,114	138	2	11	0	0	0	0
Lab Testing	2	0	0	0	0	0	0	0	0	0
Reconnection Charges	9	97,360	83,564	11,265	574	1,295	497	166	0	0
Total Other Water Revenues		238,001	177,594	28,316	5,028	3,698	10,748	4,504	2,677	5,436
Total Cost of Service Related to Sales of Water		$ 30,967,295	$ 18,860,439	$ 4,216,456	$ 1,211,568	$ 621,157	$ 2,805,712	$ 1,188,846	$ 574,431	$ 1,488,686

ILLINOIS AMERICAN WATER COMPANY
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FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS

FACTOR 1. ALLOCATION OF COSTS WHICH VARY WITH THE AMOUNT OF WATER CONSUMED.

Factors are based on the pro forma test year average daily consumption for each customer classification.

Customer Classification	Average Daily Consumption, CCF	Allocation Factor
(1)	(2)	(3)
Residential	12,549	0.4821
Commercial	4,308	0.1655
Industrial	2,086	0.0802
Other Public Authority	738	0.0284
Large Other Public Authority	4,443	0.1707
Sales for Resale	1,754	0.0674
Private Fire Protection	44	0.0017
Public Fire Protection	103	0.0040
Total	26,025	1.0000

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the factors for average daily consumption (Factor 1) and the factors derived from maximum day extra capacity demand for each customer classification, as follows:

	Average Daily Consumption		Maximum Day Extra Capacity		
Customer Classification	Allocation Factor 1	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)x 0.6289	(4)	(5)=(4)x 0.3711	(6)=(3)+(5)
Residential	0.4821	0.3031	0.6039	0.2240	0.5271
Commercial	0.1655	0.1041	0.1622	0.0602	0.1643
Industrial	0.0802	0.0504	0.0305	0.0113	0.0617
Other Public Authority	0.0284	0.0179	0.0201	0.0075	0.0254
Large Other Public Authority	0.1707	0.1074	0.1209	0.0449	0.1523
Sales for Resale	0.0674	0.0424	0.0624	0.0232	0.0656
Private Fire Protection	0.0017	0.0011			0.0011
Public Fire Protection	0.0040	0.0025			0.0025
Total	1.0000	0.6289	1.0000	0.3711	1.0000

The derivation of the maximum day extra capacity factors in column 4 and the basis for the column 3 and 5 weightings are presented on the following page.

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FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS, cont.

		Maximum Day Extra Capacity		
Customer Classification	Average Daily Consumption, CCF	Factor*	Rate of Flow, Thousand Gal. Per Day	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	12,549	1.15	14,431	0.6039
Commercial	4,308	0.90	3,877	0.1622
Industrial	2,086	0.35	730	0.0305
Other Public Authority	738	0.65	480	0.0201
Large Other Public Authority	4,443	0.65	2,888	0.1209
Sales for Resale	1,754	0.85	1,491	0.0624
Total	25,878		23,897	1.0000

The weighting of the factors is based on the maximum day ratio of 1.59, based on a review of maximum day ratios.

	Maximum Day Ratio	Weight
Average Day	1.00	0.6289
Maximum Day Extra Capacity	0.59	0.3711
Total	1.59	1.0000

* Ratio of maximum day to average day minus 1.0.

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CHAMPAIGN TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

	Average Daily Consumption		Maximum Day Extra Capacity		Fire Protection		
Customer Classification	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2) X 0.5924	(4)	(5)=(4) X 0.3495	(6)	(7)=(6) X 0.0581	(8)=(3)+(5)+(7)
Residential	0.4821	0.2857	0.6039	0.2110			0.4967
Commercial	0.1655	0.0980	0.1622	0.0567			0.1547
Industrial	0.0802	0.0475	0.0305	0.0107			0.0582
Other Public Authority	0.0284	0.0168	0.0201	0.0070			0.0238
Large Other Public Authority	0.1707	0.1011	0.1209	0.0423			0.1434
Sales for Resale	0.0674	0.0399	0.0624	0.0218			0.0617
Private Fire Protection	0.0017	0.0010			0.3009	0.0175	0.0185
Public Fire Protection	0.0040	0.0024			0.6991	0.0406	0.0430
Total	1.0000	0.5924	1.0000	0.3495	1.0000	0.0581	1.0000

ILLINOIS AMERICAN WATER COMPANY
CHAMPAIGN TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum day ratio of 1.59 and the average daily system sendout for 2007 of 22.026 MGD. The system demand for fire protection is 6,000 Gallons per minute for 6 hours.

	Ratio	Rate of Flow, (GPD)	Weight
Average Day	1.00	22,026,874	0.5924
Maximum Day Extra Capacity	0.59	12,995,856	0.3495
Subtotal	1.59	35,022,730	0.9419
Fire Protection		2,160,000	0.0581
Total		37,182,730	1.0000

The public and private fire protection allocation factors in column 6 on the previous page are based on the relative potential demands (see Schedule E).

ILLINOIS AMERICAN WATER COMPANY
CHAMPAIGN TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		
	CCF	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3) X 0.4541	(5)	(6)=(5) X 0.3678	(7)	(8)=(7) X 0.1781	(9)=(4)+(6)+(8)
Residential	522.9	0.6992	0.3175	0.8016	0.2948			0.6123
Commercial	179.5	0.2400	0.1090	0.1751	0.0644			0.1734
Industrial	8.5	0.0114	0.0052	0.0032	0.0012			0.0064
Other Public Authority	30.8	0.0412	0.0187	0.0201	0.0074			0.0261
Large Other Public Authority	0.0	0.0000	0.0000	0.0000	0.0000			0.0000
Sales for Resale	0.0	0.0000	0.0000	0.0000	0.0000			0.0000
Private Fire Protection	1.8	0.0024	0.0011			0.3009	0.0536	0.0547
Public Fire Protection	4.3	0.0058	0.0026			0.6991	0.1245	0.1271
Total	747.8	1.0000	0.4541	1.0000	0.3678	1.0000	0.1781	1.0000

The maximum hour extra capacity factors in column 5 are determined on the following page.

ILLINOIS AMERICAN WATER COMPANY
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FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum hour ratio of 1.81 and the average daily system sendout for 2007 of 22.026 MGD. The system demand for fire protection is 6,000 gallons per minute.

	Ratio	Rate of Flow, (GPM)	Weight
Average Hour	1.00	15,296	0.4541
Maximum Hour Extra Capacity	0.81	12,390	0.3678
Subtotal	1.81	27,686	0.8219
Fire Protection		6,000	0.1781
Total		33,686	1.0000

The maximum hour extra capacity factors in column 5 of the previous page are determined as follows:

Customer Classification	Average Hourly Consumption CCF	Maximum Hour Extra Capacity Factor*	Maximum Hour Extra Capacity CCF Per Hour	Maximum Hour Extra Capacity Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	522.9	1.65	862.8	0.8016
Commercial	179.5	1.05	188.5	0.1751
Industrial	8.5	0.40	3.4	0.0032
Other Public Authority	30.8	0.70	21.6	0.0201
Large Other Public Authority	0.0	0.70	0.0	0.0000
Sales for Resale	0.0	0.90	0.0	0.0000
Total	741.7		1,076.3	1.0000

* Ratio of Maximum Hour To Average Hour Minus 1.0.

The public and private fire protection allocation factors in column 7 on the previous page are based on the relative potential demands (see Schedule E).

ILLINOIS AMERICAN WATER COMPANY
CHAMPAIGN TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES.

Factors are based on the weighting of the average hourly consumption, the maximum hour extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		
	CCF	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3) X 0.4070	(5)	(6)=(5) X 0.3296	(7)	(8)=(7) X 0.2634	(9)=(4)+(6)+(8)
Residential	522.9	0.4822	0.1962	0.6621	0.2183			0.4145
Commercial	179.5	0.1655	0.0674	0.1447	0.0477			0.1151
Industrial	86.9	0.0801	0.0326	0.0267	0.0088			0.0414
Other Public Authority	30.8	0.0284	0.0116	0.0165	0.0054			0.0170
Large Other Public Authori	185.1	0.1707	0.0695	0.0995	0.0328			0.1023
Sales for Resale	73.1	0.0674	0.0274	0.0505	0.0166			0.0440
Private Fire Protection	1.8	0.0017	0.0007			0.3009	0.0793	0.0800
Public Fire Protection	4.3	0.0040	0.0016			0.6991	0.1841	0.1857
Total	1,084.4	1.0000	0.4070	1.0000	0.3296	1.0000	0.2634	1.0000

The weighting of the factors is based on the ratio of the capacity required for a 6 hour demand of fire flow, as related to total storage capacity. The calculation is shown on the following page.

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FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES, cont.

The weighting of the factors is based on the ratio of the capacity required for a 6 hour demand of fire flow, as related to total storage capacity.

Fire Protection Weight = $\frac{\text{6,000 GPM X 60 Min. X 6 Hrs.}}{\text{8,200,000 Gallons}}$ = 0.2634

General Service Weight = 1.0000 - 0.2634 = 0.7366

The weighting of the average hourly consumption and maximum hour extra demand for general service is based on the maximum hour ratio, as follows:

	Maximum Hour Ratio	Percent	Weight
Average Hour	1.00	55.25	0.4070
Extra Capacity Maximum Hour	0.81	44.75	0.3296
Total	1.81	100.00	0.7366

The maximum hour extra capacity factors in column 5 of the previous page are determined as follows:

Customer Classification	Average Hourly Consumption CCF	Maximum Hour Extra Capacity Factor*	Maximum Hour Extra Capacity CCF Per Hour	Maximum Hour Extra Capacity Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	522.9	1.65	862.7	0.6621
Commercial	179.5	1.05	188.5	0.1447
Industrial	86.9	0.40	34.8	0.0267
Other Public Authority	30.8	0.70	21.5	0.0165
Large Other Public Authority	185.1	0.70	129.6	0.0995
Sales for Resale	73.1	0.90	65.8	0.0505
Total	1,078.3		1,302.9	1.0000

* Ratio of Maximum Hour To Average Hour Minus 1.0.

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FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH POWER AND PUMPING FACILITIES.

Factors are based on the weighting of the maximum daily consumption, Factor 2, the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

	Maximum Daily Consumption		Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 2	Weighted Factor	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.4866	(4)	(5)=(4)X 0.4288	(6)	(7)=(6)X 0.0846	(8)=(3)+ (5)+(7)
Residential	0.5271	0.2566	0.4967	0.2130	0.6123	0.0518	0.5214
Commercial	0.1643	0.0799	0.1547	0.0663	0.1734	0.0147	0.1609
Industrial	0.0617	0.0300	0.0582	0.0250	0.0064	0.0005	0.0555
Other Public Authority	0.0254	0.0124	0.0238	0.0102	0.0261	0.0022	0.0248
Large Other Public Authority	0.1523	0.0741	0.1434	0.0615	0.0000	0.0000	0.1356
Sales for Resale	0.0656	0.0319	0.0617	0.0265	0.0000	0.0000	0.0584
Private Fire Protection	0.0011	0.0005	0.0185	0.0079	0.0547	0.0046	0.0130
Public Fire Protection	0.0025	0.0012	0.0430	0.0184	0.1271	0.0108	0.0304
Total	1.0000	0.4866	1.0000	0.4288	1.0000	0.0846	1.0000

The weighting of the factors is based on the horsepower of pumps associated with maximum day facilities, maximum day and fire facilities, and maximum hour facilities, as follows:

	Horsepower of Pumps	Weight
Associated with Maximum Day	2,905	0.4866
Associated with Maximum Day and Fire	2,560	0.4288
Associated with Maximum Hour	505	0.0846
Total	5,970	1.0000

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FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 7. ALLOCATION OF COSTS ASSOCIATED WITH TRANSMISSION AND DISTRIBUTION MAINS.

Factors are based on the weighting of the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

Customer Classification	Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		Allocation Factor
	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	
(1)	(2)	(3)=(2)X 0.4208	(4)	(5)=(4)X 0.5792	(6)=(3)+(5)
Residential	0.4967	0.2091	0.6123	0.3547	0.5638
Commercial	0.1547	0.0650	0.1734	0.1004	0.1654
Industrial	0.0582	0.0245	0.0064	0.0037	0.0282
Other Public Authority	0.0238	0.0100	0.0261	0.0151	0.0251
Large Other Public Authority	0.1434	0.0603	0.0000	0.0000	0.0603
Sales for Resale	0.0617	0.0260	0.0000	0.0000	0.0260
Private Fire Protection	0.0185	0.0078	0.0547	0.0317	0.0395
Public Fire Protection	0.0430	0.0181	0.1271	0.0736	0.0917
Total	1.0000	0.4208	1.0000	0.5792	1.0000

The weighting of the factors is based on the total inch-feet of mains, designated as either transmission mains or distribution mains, as follows:

	Total Inch-Feet of Mains	Weight
Transmission Mains	10,694,056	0.4208
Distribution Mains	14,720,701	0.5792
Total	25,414,757	1.0000

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FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 8. ALLOCATION OF COSTS ASSOCIATED WITH FIRE HYDRANTS.

Costs are assigned directly to Public Fire Protection.

Customer Classification	Allocation Factor
(1)	(3)
Public Fire Protection	1.0000
Total	1.0000

FACTOR 9. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

Factors are based on the relative cost of meters by size and customer classification, as developed on the following page and summarized below.

Customer Classification	5/8" Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	53,038	0.8583
Commercial	7,150	0.1157
Industrial	363	0.0059
Other Public Authority	822	0.0133
Large Other Public Authority	315	0.0051
Sales for Resale	108	0.0017
Private Fire	0	0.0000
Total	61,796	1.0000

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BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS

Meter Size	5/8" Equivalent	Residential		Commercial		Industrial		Other Public Authority		Large Other Public Authority		Sales for Resale		Total	
		Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)=(2)X(13)	(13)	(14)
5/8	1.0	49,025	49,025	1,966	1,966	4	4	118	118	0	0	0	0	51,113	51,113
3/4	1.5	802	1,203	250	375	2	3	26	39	0	0	0	0	1,080	1,620
1	2.5	628	1,570	573	1,433	10	25	56	140	0	0	1	3	1,268	3,171
1-1/2	5.0	186	930	368	1,840	10	50	24	120	0	0	0	0	588	2,940
2	8.0	15	120	117	936	22	176	45	360	0	0	0	0	199	1,592
3	15.0	1	15	20	300	7	105	3	45	0	0	2	30	33	495
4	25.0	1	25	6	150	0	0	0	0	0	0	1	25	8	200
6	50.0	3	150	3	150	0	0	0	0	4	200	1	50	11	550
8	80.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10	115.0	0	0	0	0	0	0	0	0	1	115	0	0	1	115
Total		50,661	53,038	3,303	7,150	55	363	272	822	5	315	5	108	54,301	61,796

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FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 10. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

Factors are based on the relative cost of services by size and customer classification, as developed on the following page and summarized below.

Customer Classification	3/4" Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	51,101	0.8399
Commercial	4,072	0.0669
Industrial	114	0.0019
Other Public Authority	387	0.0064
Large Other Public Authority	27	0.0004
Sales for Resale	16	0.0003
Private Fire Protection	5,125	0.0842
Total	60,842	1.0000

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BASIS FOR ALLOCATING SERVICE COSTS TO CUSTOMER CLASSIFICATIONS

		Residential		Commercial		Industrial		Other Public Authority		Other Public Authority		Sales for Resale		Private Fire Protection		Total	
Service Size	3/4" Equivalent	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Services	Weighting	Number of Services	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)=(2)X(13)	(13)	(14)=(2)X(11)	(15)	(16)
3/4	1.00	49,827	49,827	2,216	2,216	6	6	144	144	0	0	0	0	0	0	52,193	52,193
1	1.40	628	879	573	802	10	14	56	78	0	0	1	1	0	0	1,268	1,774
1-1/2	1.80	186	335	368	662	10	18	24	43	0	0	0	0	0	0	588	1,058
2	2.50	15	38	117	293	22	55	45	113	0	0	0	0	145	363	344	862
3	3.00	1	3	20	60	7	21	3	9	0	0	2	6	50	150	83	249
4	4.00	1	4	6	24	0	0	0	0	0	0	1	4	318	1,272	326	1,304
6	5.00	3	15	3	15	0	0	0	0	4	20	1	5	524	2,620	535	2,675
8	6.00	0	0	0	0	0	0	0	0	0	0	0	0	98	588	98	588
10	6.50	0	0	0	0	0	0	0	0	1	7	0	0	17	111	18	118
12	7.00	0	0	0	0	0	0	0	0	0	0	0	0	3	21	3	21
Total		50,661	51,101	3,303	4,072	55	114	272	387	5	27	5	16	1,155	5,125	55,456	60,842

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FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 11. ALLOCATION OF TRANSMISSION AND DISTRIBUTION OPERATION SUPERVISION AND ENGINEERING AND MISCELLANEOUS EXPENSES.

Factors are based on transmission and distribution operation expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Operating Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$ 291,532	0.7830
Commercial	46,364	0.1245
Industrial	4,171	0.0112
Other Public Authority	5,863	0.0157
Large Other Public Authority	6,931	0.0186
Sales for Resale	2,867	0.0077
Private Fire Protection	6,053	0.0163
Public Fire Protection	8,578	0.0230
Total	372,360	1.0000

FACTOR 12. ALLOCATION OF TRANSMISSION AND DISTRIBUTION MAINTENANCE SUPERVISION AND ENGINEERING, STRUCTURES AND IMPROVEMENTS, AND OTHER EXPENSES.

Factors are based on transmission and distribution maintenance expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$ 559,078	0.5679
Commercial	125,072	0.1270
Industrial	18,828	0.0191
Other Public Authority	18,023	0.0183
Large Other Public Authority	39,135	0.0397
Sales for Resale	16,842	0.0171
Private Fire Protection	37,324	0.0379
Public Fire Protection	170,370	0.1730
Total	$984,672	1.0000

ILLINOIS AMERICAN WATER COMPANY
CHAMPAIGN TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 13. ALLOCATION OF BILLING AND COLLECTING COSTS.

Factors are based on the total number of customers.

Customer Classification	Total Customers	Allocation Factor
(1)	(2)	(3)
Residential	50,661	0.9113
Commercial	3,303	0.0594
Industrial	55	0.0010
Other Public Authority	272	0.0049
Large Other Public Authority	1	0.0001
Sales for Resale	5	0.0001
Private Fire Protection	1,288	0.0232
Public Fire Protection	0	0.0000
Total	55,585	1.0000

FACTOR 14. ALLOCATION OF METER READING COSTS.

Factors are based on the number of metered customers.

Customer Classification	Total Metered Customers	Allocation Factor
(1)	(2)	(3)
Residential	50,661	0.9330
Commercial	3,303	0.0608
Industrial	55	0.0010
Other Public Authority	272	0.0050
Large Other Public Authority	5	0.0001
Sales for Resale	5	0.0001
Total	54,301	1.0000

ILLINOIS AMERICAN WATER COMPANY
CHAMPAIGN TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 15. ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES

Factors are based on the allocation of all other operation and maintenance expenses excluding purchased water, power, chemicals and waste disposal.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$2,917,757	0.6540
Commercial	560,359	0.1256
Industrial	134,758	0.0302
Other Public Authority	78,702	0.0176
Large Other Public Authority	316,172	0.0709
Sales for Resale	136,013	0.0305
Private Fire Protection	84,853	0.0190
Public Fire Protection	233,087	0.0522
Total	$4,461,700	1.0000

FACTOR 15A. ALLOCATION OF CASH WORKING CAPITAL

Factors are based on the allocation of all other operation and maintenance expenses.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$9,180,126	0.6318
Commercial	1,901,411	0.1308
Industrial	572,523	0.0394
Other Public Authority	280,092	0.0193
Large Other Public Authority	1,289,852	0.0887
Sales for Resale	536,712	0.0369
Private Fire Protection	218,681	0.0150
Public Fire Protection	554,175	0.0381
Total	$14,533,571	1.0000

ILLINOIS AMERICAN WATER COMPANY
CHAMPAIGN TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 16. ALLOCATION OF LABOR RELATED TAXES AND BENEFITS.

Factors are based on the allocation of direct labor expense.

Customer Classification	Direct Labor Expense	Allocation Factor
(1)	(2)	(3)
Residential	$1,729,785	0.6402
Commercial	355,205	0.1315
Industrial	87,906	0.0325
Other Public Authority	50,456	0.0187
Large Other Public Authority	206,458	0.0764
Sales for Resale	88,759	0.0329
Private Fire Protection	42,835	0.0159
Public Fire Protection	140,350	0.0519
Total	$2,701,755	1.0000

FACTOR 17. ALLOCATION OF ORGANIZATION, FRANCHISES AND CONSENTS, MISCELLANEOUS INTANGIBLE PLANT AND OTHER RATE BASE ELEMENTS.

Factors are based on the allocation of the original cost less depreciation other than those items being allocated, as follows:

Customer Classification	Original Cost Less Depreciation	Allocation Factor
(1)	(2)	(3)
Residential	$44,948,426	0.5740
Commercial	11,349,170	0.1449
Industrial	3,068,285	0.0392
Other Public Authority	1,687,800	0.0216
Large Other Public Authority	7,270,808	0.0929
Sales for Resale	3,131,487	0.0400
Private Fire Protection	1,881,918	0.0240
Public Fire Protection	4,967,895	0.0634
Total	$78,305,789	1.0000

ILLINOIS AMERICAN WATER COMPANY
CHAMPAIGN TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 18. ALLOCATION OF INCOME TAXES AND INCOME AVAILABLE FOR RETURN.

Factors are based on the allocation of the original cost measure of value rate base as shown on the following pages and summarized below.

Customer Classification	Original Cost Measure of Value	Allocation Factor
(1)	(2)	(3)
Residential	$54,310,927	0.5670
Commercial	14,181,009	0.1481
Industrial	4,133,908	0.0432
Other Public Authority	2,124,888	0.0222
Large Other Public Authority	9,892,683	0.1033
Sales for Resale	4,258,738	0.0445
Private Fire Protection	1,883,864	0.0197
Public Fire Protection	4,982,442	0.0520
Total	$95,768,458	1.0000

FACTOR 19. ALLOCATION OF REGULATORY COMMISSION EXPENSES, ASSESSMENTS AND OTHER WATER REVENUES.

The factors are based on the allocation of the total cost of service, excluding those items being allocated.

Customer Classification	Total Cost of Service	Allocation Factor
(1)	(2)	(3)
Residential	$18,420,892	0.6101
Commercial	4,107,202	0.1360
Industrial	1,177,146	0.0390
Other Public Authority	604,624	0.0200
Large Other Public Authority	2,725,118	0.0903
Sales for Resale	1,154,709	0.0382
Private Fire Protection	558,394	0.0185
Public Fire Protection	1,445,669	0.0479
Total	$30,193,755	1.0000

ILLINOIS AMERICAN WATER COMPANY
CHAMPAIGN TARIFF GROUP

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Large Public Authorities	Sales for Resale	Fire Protection	
									Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
RATE BASE										
Organization	17	$ 54,519	$ 31,294	$ 7,900	$ 2,137	$ 1,178	$ 5,065	$ 2,181	$ 1,308	$ 3,457
Franchises	17	166,383	95,504	24,109	6,522	3,594	15,457	6,655	3,993	10,549
Land & Ld Rights SS	2	141,412	74,538	23,234	8,725	3,592	21,537	9,277	156	354
Land & Ld Rights P	6	48,680	25,382	7,833	2,702	1,207	6,601	2,843	633	1,480
Land & Ld Rights WT	2	550,228	290,025	90,402	33,949	13,976	83,800	36,095	605	1,376
Land & Ld Rights TD	7	198,940	112,162	32,905	5,610	4,993	11,996	5,172	7,858	18,243
Land & Land Rights AG	15	0	0	0	0	0	0	0	0	0
Struct & Imp SS	2	104,256	54,953	17,129	6,433	2,648	15,878	6,839	115	261
Struct & Imp P	6	534,382	278,627	85,982	29,658	13,253	72,462	31,208	6,947	16,245
Struct & Imp WT	2	7,010,385	3,695,174	1,151,806	432,541	178,064	1,067,682	459,881	7,711	17,526
Struct & Imp TD	7	421,191	237,468	69,665	11,878	10,572	25,398	10,951	16,637	38,623
Struct & Imp AG	15	79,504	51,995	9,986	2,401	1,399	5,637	2,425	1,511	4,150
Struct & Imp Offices	15	199,916	130,745	25,109	6,037	3,519	14,174	6,097	3,798	10,436
Struct & Imp Store,Shop,Gar	15	0	0	0	0	0	0	0	0	0
Struct & Imp Misc	15	2,950	1,929	371	89	52	209	90	56	154
Collect & Impounding	1	819	395	136	66	23	140	55	1	3
Lake, River & Other Intakes	2	0	0	0	0	0	0	0	0	0
Wells & Springs	2	2,964,611	1,562,646	487,086	182,916	75,301	451,510	194,478	3,261	7,412
Infiltration Galleries and Tunnels	2	0								
Supply Mains	2	3,236,756	1,706,094	531,799	199,708	82,214	492,958	212,331	3,560	8,092
Power Generation Equip	6	330,507	172,326	53,179	18,343	8,197	44,817	19,302	4,297	10,047
Power Generation Equip Othe	6		0	0	0	0	0	0	0	0
Pump Equip Steam	6		0	0	0	0	0	0	0	0
Pump Equip Electric	6	3,505,102	1,827,560	563,971	194,533	86,927	475,292	204,698	45,566	106,555
Pump Equip Diesel	6	217,573	113,443	35,008	12,075	5,396	29,503	12,706	2,828	6,614
Pump Equip Other	6	2,680	1,397	431	149	66	363	157	35	81
WT Equip Non-Media	2	16,465,296	8,678,858	2,705,248	1,015,909	418,219	2,507,665	1,080,123	18,112	41,163
WT Treatment Equip Chemical	2	32,510	17,136	5,341	2,006	826	4,951	2,133	36	81
WT Equip Filter Media	2	179,001	94,351	29,410	11,044	4,547	27,262	11,742	197	448
Dist Reservoirs & Standpipe	5	1,425,127	590,715	164,032	59,000	24,227	145,790	62,706	114,010	264,646
Elevated Tanks & Standpipes	5	48,295	20,018	5,559	1,999	821	4,941	2,125	3,864	8,968

ILLINOIS AMERICAN WATER COMPANY
CHAMPAIGN TARIFF GROUP

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Large Public Authorities	Sales for Resale	Fire Protection	
									Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Ground Level Facilities	5	3,297	1,367	379	137	56	337	145	264	612
Below Grade Facilities	5	26,908	11,153	3,097	1,114	457	2,753	1,184	2,153	4,997
TD Mains Not Classified by	7	22,312,562	12,579,822	3,690,498	629,214	560,045	1,345,447	580,127	881,346	2,046,062
TD Mains 4" & Less	4	0	0	0	0	0	0	0	0	0
TD Mains 6" to 8"	4	110,704	67,784	19,196	709	2,889	0	0	6,055	14,070
TD Mains 10" to 16"	3	0	0	0	0	0	0	0	0	0
TD Mains 18" & Grtr	3	0	0	0	0	0	0	0	0	0
Fire Mains	8	0	0	0	0	0	0	0	0	0
Services	10	7,861,327	6,602,729	525,923	14,937	50,312	3,145	2,358	661,924	0
Meters	9	(74,969)	(64,345)	(8,674)	(442)	(997)	(382)	(127)	0	0
Meters Bronze Case	9	1,237,831	1,062,430	143,217	7,303	16,463	6,313	2,104	0	0
Meters Plastic Case	9	0	0	0	0	0	0	0	0	0
Meters Other	9	0	0	0	0	0	0	0	0	0
Meter Installations	9	1,980,996	1,700,289	229,201	11,688	26,347	10,103	3,368	0	0
Meter Vaults	9	0	0	0	0	0	0	0	0	0
Hydrants	8	2,096,600	0	0	0	0	0	0	0	2,096,600
Other P/E Intangible	2	0	0	0	0	0	0	0	0	0
Other P/E WT Res Hand Equip	2	323,689	170,616	53,182	19,972	8,222	49,298	21,234	356	809
Other P/E TD	7	0	0	0	0	0	0	0	0	0
Other P/E CPS	17	222,518	127,725	32,243	8,723	4,806	20,672	8,901	5,340	14,108
Office Furniture & Equip	15	411,228	268,943	51,650	12,419	7,238	29,156	12,542	7,813	21,466
Comp & Periph Equip	15	532,287	348,116	66,855	16,075	9,368	37,739	16,235	10,113	27,785
Computer Software	15	522,655	341,817	65,645	15,784	9,199	37,056	15,941	9,930	27,283
Comp Software Personal	15	(36,594)	(23,932)	(4,596)	(1,105)	(644)	(2,595)	(1,116)	(695)	(1,910)
Comp Software Other	15		0	0	0	0	0	0	0	0
Data Handling Equipment	15	6,060	3,963	761	183	107	430	185	115	316
Other Office Equipment	15	21,330	13,950	2,679	644	375	1,512	651	405	1,113
Trans Equip Lt Duty Trks	15	563,676	368,644	70,798	17,023	9,921	39,965	17,192	10,710	29,424
Trans Equip Hvy Duty Trks	15	541,024	353,830	67,953	16,339	9,522	38,359	16,501	10,279	28,241
Trans Equip Autos	15	225,785	147,663	28,359	6,819	3,974	16,008	6,886	4,290	11,786
Trans Equip Other	15	0	0	0	0	0	0	0	0	0
Stores Equipment	15	11,044	7,223	1,387	334	194	783	337	210	577
Tools,Shop,Garage Equip	15	755,200	493,901	94,853	22,807	13,292	53,544	23,034	14,349	39,421
Tools,Shop,Garage Equip Oth	15	0	0	0	0	0	0	0	0	0
Laboratory Equipment	2	99,565	52,481	16,359	6,143	2,529	15,164	6,531	110	249
Laboratory Equip Other	2		0	0	0	0	0	0	0	0
Power Operated Equipment	15	304,958	199,443	38,303	9,210	5,367	21,622	9,301	5,794	15,919
Comm Equip Non-Telephone	15	727,091	475,518	91,323	21,958	12,797	51,551	22,176	13,815	37,954
Remote Control & Instr	15	0	0	0	0	0	0	0	0	0
Comm Equip Telephone	15	715	468	90	22	13	51	22	14	37
Misc Equipment	15	40,700	26,618	5,112	1,229	716	2,886	1,241	773	2,125
Other Tangible Property	17		0	0	0	0	0	0	0	0
Total Utility Plant in Service		78,749,209	45,202,949	11,413,421	3,085,667	1,697,377	7,312,002	3,149,224	1,892,560	4,996,008

ILLINOIS AMERICAN WATER COMPANY
CHAMPAIGN TARIFF GROUP

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Large Public Authorities	Sales for Resale	Fire Protection	
									Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Other Rate Base Items										
Add:										
Construction Work in Progress	20	19,034,889	10,082,781	3,106,494	1,138,286	479,679	2,801,936	1,206,812	55,201	163,700
Cash Working Capital	15A	1,526,812	964,640	199,707	60,156	29,467	135,428	56,339	22,902	58,172
Materials and Supplies	15	418,283	273,557	52,536	12,632	7,362	29,656	12,758	7,947	21,834
Deferred Charges - Tank Painting	15	1,609,799	1,052,809	202,191	48,616	28,332	114,135	49,099	30,586	84,032
Pension / OPEB	16	(1,032,064)	(660,727)	(135,716)	(33,542)	(19,300)	(78,850)	(33,955)	(16,410)	(53,564)
Regulatory Deferrals	17	62,403	35,819	9,042	2,446	1,348	5,797	2,496	1,498	3,956
Accumulated Deferred ITC (3%)	17	(1,412)	(810)	(205)	(55)	(30)	(131)	(56)	(34)	(90)
Deferred Income Taxes	17	(4,915,052)	(2,821,240)	(712,191)	(192,670)	(106,165)	(456,608)	(196,602)	(117,961)	(311,614)
AFUDC Debt	17	315,591	181,150	45,729	12,371	6,817	29,318	12,624	7,574	20,009
Total Other Rate Base Elements		17,019,249	9,107,977	2,767,587	1,048,241	427,510	2,580,681	1,109,514	(8,696)	(13,566)
Total Original Cost Measure of Value		$ 95,768,458	$ 54,310,927	$14,181,009	$ 4,133,908	$ 2,124,888	$ 9,892,683	$ 4,258,738	$ 1,883,864	$ 4,982,442

ILLINOIS AMERICAN WATER COMPANY
CHAMPAIGN TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 20. ALLOCATION OF CONSTRUCTION WORK IN PROGRESS

Factors are based on the allocation of the orginal cost of the total project as shown on the following page and summarized below.

Customer Classification	Project Original Cost Measure of Value	Allocation Factor
(1)	(2)	(3)
Residential	$25,101,095	0.5297
Commercial	7,735,976	0.1632
Industrial	2,833,827	0.0598
Other Public Authority	1,193,514	0.0252
Large Other Public Authority	6,976,301	0.1472
Sales for Resale	3,004,890	0.0634
Private Fire Protection	139,546	0.0029
Public Fire Protection	405,869	0.0086
Total	$47,391,019	1.0000

ILLINOIS AMERICAN WATER COMPANY
CHAMPAIGN TARIFF GROUP

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Large Public Authorities	Sales for Resale	Fire Protection	
									Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Construction Work in Progress - Total Project										
Land and Land Rights	2	721,296	380,195	118,509	44,504	18,321	109,853	47,317	793	1,803
Structures and Improvements	2	9,794,474	5,162,667	1,609,232	604,319	248,780	1,491,698	642,517	10,774	24,486
Wells and Springs	2	3,763,732	1,983,863	618,381	232,222	95,599	573,216	246,901	4,140	9,409
Supply Mains	2	3,939,960	2,076,753	647,335	243,096	100,075	600,056	258,461	4,334	9,850
Power Generation Equipment	6	604,127	314,992	97,204	33,529	14,982	81,920	35,281	7,854	18,365
Pumping Equipment	6	656,660	342,383	105,657	36,445	16,285	89,043	38,349	8,537	19,962
Water Treatment Plant Equipment	2	25,349,275	13,361,603	4,164,886	1,564,050	643,872	3,860,695	1,662,912	27,884	63,373
Transmission and Distribution Mains	7	1,465,132	826,041	242,333	41,317	36,775	88,347	38,093	57,873	134,353
Hydrants	8	76,638	0	0	0	0	0	0	0	76,638
Other Plant and Misc. Equipment	15	676,215	442,245	84,933	20,422	11,901	47,944	20,625	12,848	35,298
Office Furniture and Equipment	15	11,270	7,371	1,416	340	198	799	344	214	588
Tools, Shop and Garage Equipment	15	22,540	14,741	2,831	681	397	1,598	687	428	1,177
Laboratory Equipment	2	112,702	59,405	18,517	6,954	2,863	17,165	7,393	124	282
Communication Equipment	15	196,998	128,837	24,743	5,949	3,467	13,967	6,008	3,743	10,283
Total Construction Work in Progress		47,391,019	25,101,095	7,735,976	2,833,827	1,193,514	6,976,301	3,004,890	139,546	405,869

ILLINOIS AMERICAN WATER COMPANY
CHAMPAIGN TARIFF GROUP

BASIS FOR ALLOCATING DEMAND RELATED COSTS OF FIRE SERVICE TO PRIVATE AND PUBLIC FIRE PROTECTION CUSTOMER CLASSIFICATIONS

Description		Restrictive Diameters Squared	Quantity	Relative Demand	Allocation Factor
(1)		(2)	(3)	(4)=(2)x(3)	(5)
PRIVATE FIRE PROTECTION					
Fire Lines					
2 -inch		4.00	145	580	
3 -inch		9.00	50	450	
4 -inch		16.00	318	5,088	
6 -inch		36.00	524	18,864	
8 -inch		64.00	98	6,272	
10 -inch		100.00	17	1,700	
12 -inch		144.00	3	432	
Private Hydrants		16.00	133	2,128	
Total Private Fire Protection			1,288	35,514	0.3009
PUBLIC FIRE PROTECTION					
Hydrant	Nozzle Sizes				
4"	4" & 2-2 1/2"	16.00	32	512	
4 1/2"	4" & 2-2 1/2"	20.25	3,944	79,866	
5"	4" & 2-2 1/2"	25.00	85	2,125	
Total Public Fire Prorection			4,061	82,503	0.6991
Total Fire Protection			5,349	118,017	1.0000

Schedule E-CHA

ILLINOIS AMERICAN WATER COMPANY
CHAMPAIGN TARIFF GROUP

CALCULATION OF CUSTOMER CHARGE

			5/8-Inch Cost Per Month
(1)	Cost Related to Meters	$ 2,609,366	
(2)	Meter Equivalents X 12	741,552	
(3)	Cost per Bill - Meter related		$3.52
(4)	Cost Related to Services	$ 2,169,888	
(5)	Service Equivalents X 12	668,604	
(6)	Cost per Bill - Services related		3.25
(7)	Cost Related to Billing and Collecting	$ 3,411,954	
(8)	Number of Customers X 12	667,020	
(9)	Cost per Bill - Billing and Collecting		5.12
(10)	Total Customer Charge (3)+(6)+(9)		$11.88

CHICAGO METRO TARIFF GROUP

ILLINOIS AMERICAN WATER COMPANY
CHICAGO METRO TARIFF GROUP

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND ALLOWED RATES
FOR THE TEST YEAR ENDED JUNE 30, 2009

Customer Classification	Cost of Service Amount (Schedule B)	Cost of Service Percent	Revenues, Previous Rates Amount	Revenues, Previous Rates Percent	Revenues, Allowed Rates Amount	Revenues, Allowed Rates Percent	Allowed Increase Amount	Allowed Increase Percent Increase
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Residential	$19,938,672	75.5%	$18,579,478	74.7%	$19,576,629	74.7%	$ 997,151	5.4%
Commercial	2,723,702	10.3%	2,406,685	9.7%	2,535,655	9.7%	128,970	5.4%
Large Commercial	441,705	1.7%	324,836	1.3%	342,230	1.3%	17,394	5.4%
Industrial	36,676	0.1%	63,830	0.3%	67,247	0.3%	3,417	5.4%
Other Public Authority	299,687	1.1%	248,265	1.0%	261,560	1.0%	13,295	5.4%
Sales for Resale	74,117	0.3%	102,857	0.4%	108,367	0.4%	5,510	5.4%
Private Fire Service	454,747	1.7%	956,592	3.9%	1,007,772	3.9%	51,180	5.4%
Public Fire Service	2,465,019	9.3%	2,154,726	8.7%	2,270,120	8.7%	115,394	5.4%
Total Sales	26,434,325	100.0%	24,837,268	100.0%	26,169,580	100.0%	1,332,312	5.4%
Other Revenues	825,389		791,753		825,389		33,636	4.2%
Total	$27,259,714		$25,629,022		$26,994,969		$ 1,365,947	5.3%

ILLINOIS AMERICAN WATER COMPANY
CHICAGO METRO TARIFF GROUP

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Large Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
									Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
OPERATION AND MAINTENANCE EXPENSES										
SOURCE OF SUPPLY EXPENSES										
Salaries and Wages	2	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Labor & Exp Oper SS - Labor	2	0	0	0	0	0	0	0	0	0
Labor & Exp Oper SS	2	75,775	60,173	11,389	2,061	174	1,281	508	38	152
Purchased Water	1	0	0	0	0	0	0	0	0	0
TOTAL SS EXPENSE - OPERATION		75,775	60,173	11,389	2,061	174	1,281	508	38	152
Misc Exp Oper SS	2	352	280	53	10	1	6	2	0	1
Misc Exp Oper SS	2	8,408	6,677	1,264	229	19	142	56	4	17
Rents Oper SS	2	403	320	61	11	1	7	3	0	1
Super & Eng Maint SS	2	0	0	0	0	0	0	0	0	0
Struct & Improve Maint SS - Labor	2	0	0	0	0	0	0	0	0	0
Struct & Improve Maint SS	2	3,007	2,388	452	82	7	51	20	2	6
Collect & Impound Maint SS - Labor	2	0	0	0	0	0	0	0	0	0
Collect & Impound Maint SS	2	0	0	0	0	0	0	0	0	0
Lake, River & Oth Maint SS - Labor	2	0	0	0	0	0	0	0	0	0
Lake, River & Oth Maint SS	2	0	0	0	0	0	0	0	0	0
Wells & Springs Maint SS - Labor	2	0	0	0	0	0	0	0	0	0
Wells & Springs Maint SS	2	1,550	1,231	233	42	4	26	10	1	3
Infilt Gall & Tunnels Maint SS - Labor	2	0	0	0	0	0	0	0	0	0
Infilt Gall & Tunnels Maint SS	2	0	0	0	0	0	0	0	0	0
Supply Mains Maint SS - Labor	2	0	0	0	0	0	0	0	0	0
Supply Mains Maint SS	2	0	0	0	0	0	0	0	0	0
Misc Plant Maint SS - Labor	2	655	520	98	18	2	11	4	0	1
Misc Plant Maint SS	2	82,686	65,661	12,428	2,249	190	1,397	554	41	165
TOTAL SS EXPENSE - MAINTENANCE		97,062	77,077	14,588	2,640	223	1,640	650	49	194
TOTAL SS EXPENSE		172,837	137,250	25,977	4,701	398	2,921	1,158	86	346
POWER AND PUMPING EXPENSES										
Super & Eng Oper P	6	0	0	0	0	0	0	0	0	0
Fuel for Power Prod	1	0	0	0	0	0	0	0	0	0
Labor & Exp Oper Pwr Prod - Labor	6	0	0	0	0	0	0	0	0	0
Labor & Exp Oper Pwr Prod	6	0	0	0	0	0	0	0	0	0
Purch Fuel/Power for Pump	1	390,068	305,463	60,461	10,961	1,404	6,085	3,589	429	1,677
Labor & Exp Oper Pump - Labor	6	693,118	524,899	97,591	17,675	1,525	10,674	3,258	7,624	29,873
Labor & Exp Oper Pump	6	0	0	0	0	0	0	0	0	0
Expenses Transferred	6	0	0	0	0	0	0	0	0	0
Misc Exp Oper P	6	0	0	0	0	0	0	0	0	0
Rents Oper P	6	0	0	0	0	0	0	0	0	0
TOTAL PUMPING EXPENSE - OPERATION		1,083,187	830,361	158,052	28,635	2,929	16,759	6,846	8,053	31,551

ILLINOIS AMERICAN WATER COMPANY
CHICAGO METRO TARIFF GROUP

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Large Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
									Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Super & Eng Maint P	6	0	0	0	0	0	0	0	0	0
Struct & Improve Maint P - Labor	6	0	0	0	0	0	0	0	0	0
Struct & Improve Maint P	6	4,855	3,677	684	124	11	75	23	53	209
Power Prod Equip Maint P - Labor	6	0	0	0	0	0	0	0	0	0
Power Prod Equip Maint P	6	0	0	0	0	0	0	0	0	0
Pump Equip Maint P - Labor	6	72,156	54,644	10,160	1,840	159	1,111	339	794	3,110
Pump Equip Maint P	6	8,803	6,667	1,240	224	19	136	41	97	379
TOTAL PUMPING EXPENSES - MAINTENANCE		85,814	64,987	12,083	2,188	189	1,322	403	944	3,699
TOTAL PUMPING EXPENSES		1,169,001	895,348	170,134	30,824	3,118	18,081	7,250	8,997	35,249
WATER TREATMENT										
Super & Eng Oper WT	2	0	0	0	0	0	0	0	0	0
Chemicals	1	18,657	14,610	2,892	524	67	291	172	21	80
Labor & Exp Oper WT - Labor	2	379,933	301,705	57,104	10,334	874	6,421	2,546	190	760
Labor & Exp Oper WT	2	172,786	137,210	25,970	4,700	397	2,920	1,158	86	346
Misc Exp Oper WT	2	0	0	0	0	0	0	0	0	0
Misc Exp Oper WT	1	0	0	0	0	0	0	0	0	0
Misc Exp Oper WT	2	14,432	11,461	2,169	393	33	244	97	7	29
Rents Oper WT	2	0	0	0	0	0	0	0	0	0
TOTAL WT EXPENSE - OPERATION		585,808	464,985	88,135	15,951	1,372	9,876	3,972	304	1,215
Super & Eng Maint WT	2	256	203	38	7	1	4	2	0	1
Struct & Improve Maint WT - Labor	2	0	0	0	0	0	0	0	0	0
Struct & Improve Maint WT	2	2,157	1,713	324	59	5	36	14	1	4
WT Equip Maint WT - Labor	2	0	0	0	0	0	0	0	0	0
WT Equip Maint WT	2	45,609	36,218	6,855	1,241	105	771	306	23	91
TOTAL WT EXPENSE - MAINTENANCE		48,022	38,134	7,218	1,306	110	812	322	24	96
TOTAL WT EXPENSE		633,830	503,119	95,352	17,257	1,482	10,687	4,293	328	1,311
TRANSMISSION AND DISTRIBUTION EXPENSES										
Super & Eng Oper TD	11	0	0	0	0	0	0	0	0	0
Storage Facilty Exp - Labor	5	0	0	0	0	0	0	0	0	0
Storage Facilty Exp	5	0	0	0	0	0	0	0	0	0
TD Lines Exp - Labor	7	0	0	0	0	0	0	0	0	0
TD Lines Exp	7	3,347	2,422	440	80	6	47	9	70	273
Meter Expense - Labor	9	0	0	0	0	0	0	0	0	0
Meter Expense	9	4,683	4,343	247	30	3	56	5	0	0
Customer Install Exp - Labor	10	0	0	0	0	0	0	0	0	0
Customer Install Exp	10	126	113	6	0	0	1	0	7	0

ILLINOIS AMERICAN WATER COMPANY
CHICAGO METRO TARIFF GROUP

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Large Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
									Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Misc Exp Oper TD - Labor	11	65,031	54,834	5,528	871	72	826	111	611	2,179
Misc Exp Oper TD	11	0	0	0	0	0	0	0	0	0
Misc Exp Oper TD	11	34,401	29,007	2,924	461	38	437	58	323	1,152
Rents Oper TD	11	5,182	4,369	440	69	6	66	9	49	174
TOTAL T & D EXPENSE OPERATION		112,771	95,088	9,585	1,511	124	1,432	192	1,060	3,778
Super & Eng Maint TD	12	0	0	0	0	0	0	0	0	0
Struct & Improve Maint TD - Labor	12	0	0	0	0	0	0	0	0	0
Struct & Improve Maint TD	12	0	0	0	0	0	0	0	0	0
Dist Res Stand Maint TD - Labor	5	0	0	0	0	0	0	0	0	0
TD Main Maint TD - Labor	7	270,921	195,985	35,626	6,448	515	3,820	731	5,662	22,134
TD Main Maint TD	7	670,439	484,995	88,163	15,956	1,274	9,453	1,810	14,012	54,775
Fire Main Maint TD - Labor	8	0	0	0	0	0	0	0	0	0
Fire Main Maint TD	8	0	0	0	0	0	0	0	0	0
Services Maint TD - Labor	10	13,531	12,109	620	11	1	62	1	727	0
Services Maint TD	10	23,631	21,147	1,082	19	2	109	2	1,269	0
Meters Maint TD - Labor	9	0	0	0	0	0	0	0	0	0
Meters Maint TD	9	22,384	20,759	1,182	141	13	266	22	0	0
Hydrants Maint TD - Labor	8	105,932	0	0	0	0	0	0	0	105,932
Hydrants Maint TD	8	38,908	0	0	0	0	0	0	0	38,908
Misc Plant Maint TD - Labor	12	696,678	446,919	77,053	13,725	1,115	8,360	1,533	13,167	134,807
Mat and Sup Maint TD	12	66,989	42,974	7,409	1,320	107	804	147	1,266	12,962
Misc Maint TD	12	13,446	8,625	1,487	265	22	161	30	254	2,602
Permits TD	12	36	23	4	1	0	0	0	1	7
Amort Def Maint TD	5	94,099	71,675	12,619	2,287	179	1,299	423	1,139	4,479
TOTAL T & D EXPENSE - MAINTENANCE		2,016,993	1,305,210	225,244	40,172	3,228	24,335	4,701	37,497	376,607
TOTAL T & D EXPENSE		2,129,764	1,400,299	234,829	41,683	3,352	25,767	4,893	38,557	380,385
CUSTOMER ACCOUNTS										
Supervision CA	13	0	0	0	0	0	0	0	0	0
Meter Reading Exp CA - Labor	14	252,776	240,061	11,906	76	0	733	0	0	0
Meter Reading Exp CA	14	0	0	0	0	0	0	0	0	0
Meter Reading Exp CA	14	0	0	0	0	0	0	0	0	0
Cust Rec & Collection CA - Labor	13	0	0	0	0	0	0	0	0	0
Cust Rec & Collection CA	13	167,024	152,793	7,566	33	0	484	0	6,146	0
Uncollectible Accts	13	443,210	405,448	20,077	89	0	1,285	0	16,310	0
Misc Cust Accts Exp CA - Labor	13	535,889	490,231	24,276	107	0	1,554	0	19,721	0
Misc Cust Accts Exp CA	13	0	0	0	0	0	0	0	0	0
Misc Cust Accts Exp CA	13	7,516	6,876	340	2	0	22	0	277	0
Cust Serv & Info Exp CA	13	0	0	0	0	0	0	0	0	0
TOTAL CUSTOMER ACCOUNTING EXPENSE		1,406,414	1,295,410	64,166	307	0	4,079	0	42,454	0

ILLINOIS AMERICAN WATER COMPANY
CHICAGO METRO TARIFF GROUP

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Large Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
									Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
ADMINISTRATIVE AND GENERAL EXPENSES										
Salaries AG	15	548,080	420,213	56,562	8,934	713	5,919	1,480	9,646	44,614
Other Supplies & Exp AG	15	0	0	0	0	0	0	0	0	0
Other Supplies & Exp AG	15	474,445	363,757	48,963	7,733	617	5,124	1,281	8,350	38,620
Other Supplies & Exp AG	15	177,763	136,291	18,345	2,898	231	1,920	480	3,129	14,470
Mgmt Fees-Admin	15	1,218,113	933,928	125,709	19,855	1,584	13,156	3,289	21,439	99,154
Mgmt Fees-Customer Service	13	538,837	492,928	24,409	108	0	1,563	0	19,829	0
Mgmt Fees-Belleville Lab	2	93,241	74,043	14,014	2,536	214	1,576	625	47	186
Mgmt Fees- Employee	16	119,887	90,431	12,420	1,978	168	1,307	336	1,918	11,329
Outside Services AG	15	141,359	108,380	14,588	2,304	184	1,527	382	2,488	11,507
Outside Services AG	15	101,043	77,470	10,428	1,647	131	1,091	273	1,778	8,225
Property Insurance	15	0	0	0	0	0	0	0	0	0
Ins Gen Liab Oper AG	15	166,162	127,397	17,148	2,708	216	1,795	449	2,924	13,526
Ins Work Comp AG	16	229,614	173,198	23,788	3,789	321	2,503	643	3,674	21,699
Ins Other Oper AG	15	71,035	54,463	7,331	1,158	92	767	192	1,250	5,782
Property Insurance	15	13,347	10,233	1,377	218	17	144	36	235	1,086
Injuries & Damages	16	1,129	852	117	19	2	12	3	18	107
Employee Pension & Benefits	16	1,043,964	787,462	108,155	17,225	1,462	11,379	2,923	16,703	98,655
Employee Pension & Benefits	16	257,081	193,917	26,634	4,242	360	2,802	720	4,113	24,294
Employee Pension & Benefits	16	66,849	50,424	6,926	1,103	94	729	187	1,070	6,317
Reg Commision Exp	19	50,107	37,921	5,126	827	70	566	140	852	4,605
Rents AG	15	528,221	404,987	54,512	8,610	687	5,705	1,426	9,297	42,997
Goodwill Advertising Exp	15	11,443	8,773	1,181	187	15	124	31	201	931
Misc Exp AG	15	290,055	222,385	29,934	4,728	377	3,133	783	5,105	23,610
Research & Development	15	1,760	1,349	182	29	2	19	5	31	143
TOTAL A & G OPERATIONS		6,143,538	4,770,801	607,848	92,834	7,556	62,859	15,683	114,098	471,858
General Plant Maint AG - Labor	15	0	0	0	0	0	0	0	0	0
General Plant Maint AG	15	100,096	76,744	10,330	1,632	130	1,081	270	1,762	8,148
TOTAL A & G EXPENSE - MAINTENANCE		100,096	76,744	10,330	1,632	130	1,081	270	1,762	8,148
TOTAL A & G EXPENSE		6,243,633	4,847,545	618,178	94,466	7,686	63,940	15,953	115,859	480,006
Total Operation & Maintenance Expenses		11,755,480	9,078,970	1,208,637	189,237	16,036	125,475	33,546	206,282	897,296

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ILLINOIS AMERICAN WATER COMPANY
CHICAGO METRO TARIFF GROUP

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Large Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
									Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
DEPRECIATION EXPENSE										
Struct & Imp SS	2	134,780	107,029	20,257	3,666	310	2,278	903	67	270
Struct & Imp P	6	147,634	111,803	20,787	3,765	325	2,274	694	1,624	6,363
Struct & Imp WT	2	45,080	35,798	6,775	1,226	104	762	302	23	90
Struct & Imp TD	7	18,626	13,474	2,449	443	35	263	50	389	1,522
Struct & Imp AG	15	1,023	785	106	17	1	11	3	18	83
Struct & Imp Offices	15	11,179	8,571	1,154	182	15	121	30	197	910
Struct & Imp Store,Shop,Gar	15	0	0	0	0	0	0	0	0	0
Struct & Imp Misc	15	9,536	7,311	984	155	12	103	26	168	776
Collect & Impounding	1	4,445	3,481	689	125	16	69	41	5	19
Lake, River & Other Intakes	2	10,551	8,379	1,586	287	24	178	71	5	21
Wells & Springs	2	33,983	26,986	5,108	924	78	574	228	17	68
Infiltration Galleries and Tunnels	2	158	126	24	4	0	3	1	0	0
Supply Mains	2	5,801	4,607	872	158	13	98	39	3	12
Power Generation Equip Othe	6	11,365	8,606	1,600	290	25	175	53	125	490
Pump Equip Electric	6	82,635	62,580	11,635	2,107	182	1,273	388	909	3,562
Pump Equip Diesel	6	4,363	3,304	614	111	10	67	21	48	188
Pump Equip Hydraulic	6		0	0	0	0	0	0	0	0
Pump Equip Other	6	157,599	119,349	22,190	4,019	347	2,427	741	1,734	6,793
WT Equip Non-Media	2	73,084	58,036	10,985	1,988	168	1,235	490	37	146
WT Equip Chemical	2	0	0	0	0	0	0	0	0	0
WT Equip Filter Media	2	4,028	3,198	605	110	9	68	27	2	8
Dist Reservoirs & Standpipe	5	230,991	175,946	30,976	5,613	439	3,188	1,039	2,795	10,995
Elevated Tanks & Standpipes	5	2,034	1,549	273	49	4	28	9	25	97
Ground Level Facilities	5	712	542	95	17	1	10	3	9	34
Below Grade Facilities	5	225	172	30	5	0	3	1	3	11
TD Mains Not Classified by	7	380,425	275,199	50,026	9,054	723	5,364	1,027	7,951	31,081
TD Mains 4" & Less	4	2,074	1,449	255	46	4	26	0	60	233
TD Mains 6" to 8"	4	107,339	75,030	13,213	2,394	182	1,352	0	3,091	12,076
TD Mains 10" to 16"	3	88,750	67,228	12,718	2,307	195	1,429	568	879	3,426
TD Mains 18" & Grtr	3	28,951	21,931	4,149	753	64	466	185	287	1,118
Fire Mains	8	3,485	0	0	0	0	0	0	0	3,485
Services	10	996,706	891,953	45,649	797	100	4,585	100	53,523	0
Meters	9	1,065,403	988,055	56,253	6,712	639	12,678	1,065	0	0
Meters Bronze Case	9	325,192	301,583	17,170	2,049	195	3,870	325	0	0
Meters Plastic Case	9	0	0	0	0	0	0	0	0	0
Meters Other	9	0	0	0	0	0	0	0	0	0
Meters Other-Rem Rdr Unts	9		0	0	0	0	0	0	0	0
Meter Installations	9	114,430	106,122	6,042	721	69	1,362	114	0	0
Meter Vaults	9	0	0	0	0	0	0	0	0	0
Hydrants	8	458,544	0	0	0	0	0	0	0	458,544
Utility Plant Acquisition Adjustment	17		0	0	0	0	0	0	0	0
Other P/E WT Res Hand Equip	2	0	0	0	0	0	0	0	0	0
Other P/E TD	7	0	0	0	0	0	0	0	0	0
Other P/E CPS	17	62	45	7	1	0	1	0	1	6
Office Furniture & Equip	15	4,169	3,196	430	68	5	45	11	73	339
Comp & Periph Equip	15	256,841	196,920	26,506	4,187	334	2,774	693	4,520	20,907
Computer Software	15	213,380	163,599	22,021	3,478	277	2,305	576	3,755	17,369

ILLINOIS AMERICAN WATER COMPANY
CHICAGO METRO TARIFF GROUP

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Large Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
									Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Comp Software Personal	15	6,525	5,003	673	106	8	70	18	115	531
Data Handling Equipment	15	64,098	49,144	6,615	1,045	83	692	173	1,128	5,218
Other Office Equipment	15	48,255	36,997	4,980	787	63	521	130	849	3,928
Trans Equip Lt Duty Trks	15	59,576	45,677	6,148	971	77	643	161	1,049	4,850
Trans Equip Hvy Duty Trks	15	0	0	0	0	0	0	0	0	0
Trans Equip Autos	15	81,070	62,156	8,366	1,321	105	876	219	1,427	6,599
Trans Equip Other	15	105	80	11	2	0	1	0	2	9
Stores Equipment	15	172	132	18	3	0	2	0	3	14
Tools,Shop,Garage Equip	15	25,742	19,736	2,657	420	33	278	70	453	2,095
Tools,Shop,Garage Equip Oth	15	4,880	3,742	504	80	6	53	13	86	397
Laboratory Equipment	2	6,520	5,178	980	177	15	110	44	3	13
Laboratory Equip Other	2		0	0	0	0	0	0	0	0
Power Operated Equipment	15	15,519	11,899	1,602	253	20	168	42	273	1,263
Comm Equip Non-Telephone	15	52,321	40,115	5,400	853	68	565	141	921	4,259
Remote Control & Instr	15	0	0	0	0	0	0	0	0	0
Comm Equip Telephone	15	43	33	4	1	0	0	0	1	3
Misc Equipment	15	9,882	7,577	1,020	161	13	107	27	174	804
Other Tangible Property	15		0	0	0	0	0	0	0	0
Total Depreciation Expense		5,410,294	4,141,411	433,211	64,008	5,400	55,550	10,864	88,825	611,024
Amort-Other UP	18	12,092	8,849	1,383	239	19	154	37	203	1,207
Amort-Intangible Fin	2	43,812	34,791	6,585	1,192	101	740	294	22	88
Taxes Other Than Income										
Utility Reg Assessment Fee	19	0	0	0	0	0	0	0	0	0
Property Taxes	18	831,128	608,219	95,081	16,456	1,330	10,555	2,576	13,963	82,947
FUTA	16	448	338	46	7	1	5	1	7	42
FICA	16	270,346	203,922	28,008	4,461	378	2,947	757	4,326	25,548
SUTA	16	0	0	0	0	0	0	0	0	0
Other Taxes & Licenses	15	18,440	14,138	1,903	301	24	199	50	325	1,501
Capital Stock Tax	19	579,457	438,533	59,278	9,561	811	6,548	1,622	9,851	53,252
Total Taxes, Other Than Income		1,699,819	1,265,150	184,317	30,786	2,544	20,254	5,007	28,471	163,290
Income Taxes	18	2,103,008	1,538,981	240,584	41,640	3,365	26,708	6,519	35,331	209,880
Utility Income Available for Return	18	6,235,209	4,562,926	713,308	123,457	9,976	79,187	19,329	104,752	622,274
Total Cost of Service		27,259,714	20,631,079	2,788,026	450,559	37,442	308,068	75,596	463,885	2,505,059
Less: Other Water Revenues										
Penalities, Rents on Water Property and Other	19	435,688	329,729	44,571	7,189	610	4,923	1,220	7,407	40,040
Billing and Collecting Related	13	47,059	43,049	2,132	9	0	136	0	1,732	0
Usage Data Readings	14	84,107	79,876	3,961	25	0	244	0	0	0
Lab Testing	2	97	77	15	3	0	2	1	0	0
Reconnection Charges	9	258,439	239,676	13,646	1,628	155	3,075	258	0	0
Total Other Water Revenues		825,389	692,407	64,324	8,854	765	8,381	1,479	9,138	40,040
Total Cost of Service Related to Sales of Water		$ 26,434,325	$ 19,938,672	$ 2,723,702	$ 441,705	$ 36,676	$ 299,687	$ 74,117	$ 454,747	$ 2,465,019

ILLINOIS AMERICAN WATER COMPANY
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FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS

FACTOR 1. ALLOCATION OF COSTS WHICH VARY WITH THE AMOUNT OF WATER CONSUMED.

Factors are based on the pro forma test year average daily consumption for each customer classification.

Customer Classification	Average Daily Consumption, CCF	Allocation Factor
(1)	(2)	(3)
Residential	14,042	0.7831
Commercial	2,780	0.1550
Large Commercial	503	0.0281
Industrial	64	0.0036
Other Public Authority	280	0.0156
Sales for Resale	165	0.0092
Private Fire Protection	20	0.0011
Public Fire Protection	78	0.0043
Total	17,932	1.0000

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the factors for average daily consumption (Factor 1) and the factors derived from maximum day extra capacity demand for each customer classification, as follows:

	Average Daily Consumption		Maximum Day Extra Capacity		
Customer Classification	Allocation Factor 1	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)x 0.4739	(4)	(5)=(4)x 0.5261	(6)=(3)+(5)
Residential	0.7831	0.3711	0.8042	0.4230	0.7941
Commercial	0.1550	0.0735	0.1459	0.0768	0.1503
Large Commercial	0.0281	0.0133	0.0264	0.0139	0.0272
Industrial	0.0036	0.0017	0.0012	0.0006	0.0023
Other Public Authority	0.0156	0.0074	0.0180	0.0095	0.0169
Sales for Resale	0.0092	0.0044	0.0043	0.0023	0.0067
Private Fire Protection	0.0011	0.0005			0.0005
Public Fire Protection	0.0043	0.0020			0.0020
Total	1.0000	0.4739	1.0000	0.5261	1.0000

The derivation of the maximum day extra capacity factors in column 4 and the basis for the column 3 and 5 weightings are presented on the following page.

ILLINOIS AMERICAN WATER COMPANY
CHICAGO METRO TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS, cont.

		Maximum Day Extra Capacity		
Customer Classification	Average Daily Consumption, CCF	Factor*	Rate of Flow, Thousand Gal. Per Day	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	14,042	1.20	16,850	0.8042
Commercial	2,780	1.10	3,058	0.1459
Large Commercial	503	1.10	553	0.0264
Industrial	64	0.40	26	0.0012
Other Public Authority	280	1.35	378	0.0180
Sales for Resale	165	0.55	91	0.0043
	17,834		20,956	1.0000

The weighting of the factors is based on the maximum day ratio of 2.15, based current demand study.

	Maximum Day Ratio	Weight
Average Day	1.00	0.4739
Maximum Day Extra Capacity	1.11	0.5261
Total	2.11	1.0000

* Ratio of maximum day to average day minus 1.0.

ILLINOIS AMERICAN WATER COMPANY
CHICAGO METRO TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Daily Consumption		Maximum Day Extra Capacity		Fire Protection		Allocation Factor
	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	
(1)	(2)	(3)=(2) X 0.4520	(4)	(5)=(4) X 0.5019	(6)	(7)=(6) X 0.0461	(8)=(3)+(5)+(7)
Residential	0.7831	0.3539	0.8042	0.4036			0.7575
Commercial	0.1550	0.0701	0.1459	0.0732			0.1433
Large Commercial	0.0281	0.0127	0.0264	0.0133			0.0260
Industrial	0.0036	0.0016	0.0012	0.0006			0.0022
Other Public Authority	0.0156	0.0071	0.0180	0.0090			0.0161
Sales for Resale	0.0092	0.0042	0.0043	0.0022			0.0064
Private Fire Protection	0.0011	0.0005			0.2043	0.0094	0.0099
Public Fire Protection	0.0043	0.0019			0.7957	0.0367	0.0386
Total	1.0000	0.4520	1.0000	0.5019	1.0000	0.0461	1.0000

ILLINOIS AMERICAN WATER COMPANY
CHICAGO METRO TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum day ratio of 2.15 and the average daily system sendout for 2007 of 14.6 MGD. The system demand for fire protection is 5,000 Gallons per minute for 5 hours.

	Ratio	Rate of Flow, (GPD)	Weight
Average Day	1.00	14,679,384	0.4520
Maximum Day Extra Capacity	1.11	16,294,116	0.5019
Subtotal	2.11	30,973,500	0.9539
Fire Protection		1,500,000	0.0461
Total		32,473,500	1.0000

The public and private fire protection allocation factors in column 6 on the previous page are based on the relative potential demands (see Schedule E).

ILLINOIS AMERICAN WATER COMPANY
CHICAGO METRO TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		
	CCF	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3) X 0.2849	(5)	(6)=(5) X 0.5754	(7)	(8)=(7) X 0.1397	(9)=(4)+(6)+(8)
Residential	585.1	0.7902	0.2251	0.8236	0.4739			0.6990
Commercial	115.8	0.1564	0.0446	0.1364	0.0785			0.1231
Large Commercial	21.0	0.0284	0.0081	0.0247	0.0142			0.0223
Industrial	2.7	0.0036	0.0010	0.0012	0.0007			0.0017
Other Public Authority	11.7	0.0158	0.0045	0.0141	0.0081			0.0126
Sales for Resale	0.0	0.0000	0.0000	0.0000	0.0000			0.0000
Private Fire Protection	0.8	0.0011	0.0003			0.2043	0.0285	0.0288
Public Fire Protection	3.3	0.0045	0.0013			0.7957	0.1112	0.1125
Total	740.4	1.0000	0.2849	1.0000	0.5754	1.0000	0.1397	1.0000

The maximum hour extra capacity factors in column 5 are determined on the following page.

ILLINOIS AMERICAN WATER COMPANY
CHICAGO METRO TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum hour ratio of 2.98 and the average daily system sendout for 2007 of 14.6 MGD. The system demand for fire protection is 5,000 gallons per minute.

	Ratio	Rate of Flow, (GPM)	Weight
Average Hour	1.00	10,194	0.2849
Maximum Hour Extra Capacity	2.02	20,592	0.5754
Subtotal	3.02	30,786	0.8603
Fire Protection		5,000	0.1397
Total		35,786	1.0000

The maximum hour extra capacity factors in column 5 of the previous page are determined as follows:

Customer Classification	Average Hourly Consumption CCF	Maximum Hour Extra Capacity		
		Factor*	CCF Per Hour	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	585.1	2.15	1,258.0	0.8236
Commercial	115.8	1.80	208.4	0.1364
Large Commercial	21.0	1.80	37.8	0.0247
Industrial	2.7	0.70	1.9	0.0012
Other Public Authority	11.7	1.85	21.6	0.0141
Sales for Resale	0.0	0.55	0.0	0.0000
Total	736.3		1,527.7	1.0000

* Ratio of Maximum Hour To Average Hour Minus 1.0.

The public and private fire protection allocation factors in column 7 on the previous page are based on the relative potential demands (see Schedule E).

ILLINOIS AMERICAN WATER COMPANY
CHICAGO METRO TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES.

Factors are based on the weighting of the average hourly consumption, the maximum hour extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		
	CCF	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3) X 0.3119	(5)	(6)=(5) X 0.6301	(7)	(8)=(7) X 0.0580	(9)=(4)+(6)+(8)
Residential	585.1	0.7829	0.2442	0.8215	0.5175			0.7617
Commercial	115.8	0.1550	0.0483	0.1361	0.0858			0.1341
Large Commercial	21.0	0.0281	0.0088	0.0246	0.0155			0.0243
Industrial	2.7	0.0036	0.0011	0.0012	0.0008			0.0019
Other Public Authority	11.7	0.0157	0.0049	0.0141	0.0089			0.0138
Sales for Resale	6.9	0.0092	0.0029	0.0025	0.0016			0.0045
Private Fire Protection	0.8	0.0011	0.0003			0.2043	0.0118	0.0121
Public Fire Protection	3.3	0.0044	0.0014			0.7957	0.0462	0.0476
Total	747.3	1.0000	0.3119	1.0000	0.6301	1.0000	0.0580	1.0000

The weighting of the factors is based on the ratio of the capacity required for a 5 hour demand of fire flow, as related to total storage capacity. The calculation is shown on the following page.

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FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES, cont.

The weighting of the factors is based on the ratio of the capacity required for a 5 hour demand of fire flow, as related to total storage capacity.

Fire Protection Weight = $\frac{5{,}000 \text{ GPM X } 60 \text{ Min. X } 5 \text{ Hrs.}}{25{,}863{,}600 \text{ Gallons}}$ = 0.0580

General Service Weight = 1.0000 - 0.0580 = 0.9420

The weighting of the average hourly consumption and maximum hour extra demand for general service is based on the maximum hour ratio, as follows:

	Maximum Hour Ratio	Percent	Weight
Average Hour	1.00	33.11	0.3119
Extra Capacity Maximum Hour	2.02	66.89	0.6301
Total	3.02	100.00	0.9420

The maximum hour extra capacity factors in column 5 of the previous page are determined as follows:

Customer Classification	Average Hourly Consumption CCF	Maximum Hour Extra Capacity		
		Factor*	CCF Per Hour	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	585.1	2.15	1,257.9	0.8215
Commercial	115.8	1.80	208.5	0.1361
Large Commercial	21.0	1.80	37.7	0.0246
Industrial	2.7	0.70	1.9	0.0012
Other Public Authority	11.7	1.85	21.6	0.0141
Sales for Resale	6.9	0.55	3.8	0.0025
Total	743.1		1,531.4	1.0000

* Ratio of Maximum Hour To Average Hour Minus 1.0.

Schedule C-CMW

ILLINOIS AMERICAN WATER COMPANY
CHICAGO METRO TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH POWER AND PUMPING FACILITIES.

Factors are based on the weighting of the maximum daily consumption, Factor 2, the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

	Maximum Daily Consumption		Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 2	Weighted Factor	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.4583	(4)	(5)=(4)X 0.2537	(6)	(7)=(6)X 0.2880	(8)=(3)+ (5)+(7)
Residential	0.7941	0.3639	0.7575	0.1921	0.6990	0.2013	0.7573
Commercial	0.1503	0.0689	0.1433	0.0364	0.1231	0.0355	0.1408
Large Commercial	0.0272	0.0125	0.0260	0.0066	0.0223	0.0064	0.0255
Industrial	0.0023	0.0011	0.0022	0.0006	0.0017	0.0005	0.0022
Other Public Authority	0.0169	0.0077	0.0161	0.0041	0.0126	0.0036	0.0154
Sales for Resale	0.0067	0.0031	0.0064	0.0016	0.0000	0.0000	0.0047
Private Fire Protection	0.0005	0.0002	0.0099	0.0025	0.0288	0.0083	0.0110
Public Fire Protection	0.0020	0.0009	0.0386	0.0098	0.1125	0.0324	0.0431
Total	1.0000	0.4583	1.0000	0.2537	1.0000	0.2880	1.0000

The weighting of the factors is based on the horsepower of pumps associated with maximum day facilities, maximum day and fire facilities, and maximum hour facilities, as follows:

	Horsepower of Pumps	Weight
Associated with Maximum Day	3,135	0.4583
Associated with Maximum Day and Fire	1,735	0.2537
Associated with Maximum Hour	1,970	0.2880
Total	6,840	1.0000

Schedule C-CMW

ILLINOIS AMERICAN WATER COMPANY
CHICAGO METRO TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 7. ALLOCATION OF COSTS ASSOCIATED WITH TRANSMISSION AND DISTRIBUTION MAINS.

Factors are based on the weighting of the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

	Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.4166	(4)	(5)=(4)X 0.5834	(6)=(3)+(5)
Residential	0.7575	0.3156	0.6990	0.4078	0.7234
Commercial	0.1433	0.0597	0.1231	0.0718	0.1315
Large Commercial	0.0260	0.0108	0.0223	0.0130	0.0238
Industrial	0.0022	0.0009	0.0017	0.0010	0.0019
Other Public Authority	0.0161	0.0067	0.0126	0.0074	0.0141
Sales for Resale	0.0064	0.0027	0.0000	0.0000	0.0027
Private Fire Protection	0.0099	0.0041	0.0288	0.0168	0.0209
Public Fire Protection	0.0386	0.0161	0.1125	0.0656	0.0817
Total	1.0000	0.4166	1.0000	0.5834	1.0000

The weighting of the factors is based on the total inch-feet of mains, designated as either transmission mains or distribution mains, as follows:

	Total Inch-Feet of Mains	Weight
Transmission Mains	12,461,612	0.4166
Distribution Mains	17,453,051	0.5834
Total	29,914,663	1.0000

ILLINOIS AMERICAN WATER COMPANY
CHICAGO METRO TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 8. ALLOCATION OF COSTS ASSOCIATED WITH FIRE HYDRANTS.

Costs are assigned directly to Public Fire Protection.

Customer Classification	Allocation Factor
(1)	(3)
Public Fire Protection	1.0000
Total	1.0000

FACTOR 9. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

Factors are based on the relative cost of meters by size and customer classification, as developed on the following page and summarized below.

Customer Classification	5/8" Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	47,446	0.9274
Commercial	2,703	0.0528
Large Commercial	320	0.0063
Industrial	33	0.0006
Other Public Authority	610	0.0119
Sales for Resale	50	0.0010
Private Fire	0	0.0000
Total	51,162	1.0000

ILLINOIS AMERICAN WATER COMPANY
CHICAGO METRO TARIFF GROUP

BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS

Meter Size	5/8" Equivalent	Residential		Commercial		Large commercial		Industrial		Other Public Authority		Sales for Resale		Total	
		Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)=(2)X(13)	(13)	(14)
5/8	1.0	39,476	39,476	1,886	1,886	1	1	0	0	29	29	0	0	41,392	41,392
3/4	1.5	4,093	6,140	199	299	2	3	0	0	7	11	0	0	4,301	6,453
1	2.5	262	655	42	105	0	0	0	0	39	98	0	0	343	858
1-1/2	5.0	34	170	18	90	0	0	0	0	21	106	0	0	73	366
2	8.0	35	280	26	208	2	16	1	8	32	258	0	0	96	770
3	15.0	45	675	6	90	1	15	0	0	5	74	0	0	57	854
4	25.0	2	50	1	25	3	75	1	25	1	19	0	0	8	194
6	50.0	0	0	0	0	1	50	0	0	0	15	1	50	2	115
8	80.0	0	0	0	0	2	160	0	0	0	0	0	0	2	160
10	115.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total		43,947	47,446	2,178	2,703	12	320	2	33	135	610	1	50	46,275	51,162

ILLINOIS AMERICAN WATER COMPANY
CHICAGO METRO TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 10. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

Factors are based on the relative cost of services by size and customer classification, as developed on the following page and summarized below.

Customer Classification	3/4" Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	44,228	0.8949
Commercial	2,263	0.0458
Large Commercial	40	0.0008
Industrial	7	0.0001
Other Public Authority	229	0.0046
Sales for Resale	5	0.0001
Private Fire Protection	2,654	0.0537
Total	49,426	1.0000

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CHICAGO METRO TARIFF GROUP

BASIS FOR ALLOCATING SERVICE COSTS TO CUSTOMER CLASSIFICATIONS

Service Size	3/4" Equivalent	Residential		Commercial		Large commercial		Industrial		Other Public Authority		Sales for Resale		Private Fire Protection		Total	
		Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Services	Weighting	Number of Services	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)=(2)X(13)	(13)	(14)=(2)X(11)	(15)	(16)
3/4	1.00	43,569	43,569	2,085	2,085	3	3	0	0	36	36	0	0	0	0	45,693	45,693
1	1.40	262	367	42	59	0	0	0	0	39	55	0	0	0	0	343	481
1-1/2	1.80	34	61	18	32	0	0	0	0	21	38	0	0	0	0	73	131
2	2.50	35	88	26	65	2	5	1	3	32	81	0	0	49	123	145	365
3	3.00	45	135	6	18	1	3	0	0	5	15	0	0	18	54	75	225
4	4.00	2	8	1	4	3	12	1	4	1	3	0	0	58	232	66	263
6	5.00	0	0	0	0	1	5	0	0	0	1	1	5	187	935	189	946
8	6.00	0	0	0	0	2	12	0	0	0	0	0	0	142	852	144	864
10	6.50	0	0	0	0	0	0	0	0	0	0	0	0	64	416	64	416
12	7.00	0	0	0	0	0	0	0	0	0	0	0	0	6	42	6	42
Total		43,947	44,228	2,178	2,263	12	40	2	7	135	229	1	5	524	2,654	46,799	49,426

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TN-CMA-01-Q29-SUPPLEMENTAL ATTACHMENT
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ILLINOIS AMERICAN WATER COMPANY
CHICAGO METRO TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 11. ALLOCATION OF TRANSMISSION AND DISTRIBUTION OPERATION SUPERVISION AND ENGINEERING AND MISCELLANEOUS EXPENSES.

Factors are based on transmission and distribution operation expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Operating Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$ 6,878	0.8432
Commercial	693	0.0850
Large Commercial	109	0.0134
Industrial	9	0.0011
Other Public Authority	104	0.0127
Sales for Resale	14	0.0017
Private Fire Protection	77	0.0094
Public Fire Protection	273	0.0335
Total	8,157	1.0000

FACTOR 12. ALLOCATION OF TRANSMISSION AND DISTRIBUTION MAINTENANCE SUPERVISION AND ENGINEERING, STRUCTURES AND IMPROVEMENTS, AND OTHER EXPENSES.

Factors are based on transmission and distribution maintenance expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$ 734,994	0.6415
Commercial	126,673	0.1106
Large Commercial	22,575	0.0197
Industrial	1,806	0.0016
Other Public Authority	13,710	0.0120
Sales for Resale	2,568	0.0022
Private Fire Protection	21,670	0.0189
Public Fire Protection	221,749	0.1935
Total	$1,145,745	1.0000

ILLINOIS AMERICAN WATER COMPANY
CHICAGO METRO TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 13. ALLOCATION OF BILLING AND COLLECTING COSTS.

Factors are based on the total number of customers.

Customer Classification	Total Customers	Allocation Factor
(1)	(2)	(3)
Residential	43,947	0.9148
Commercial	2,178	0.0453
Large Commercial	12	0.0002
Industrial	2	0.0000
Other Public Authority	135	0.0029
Sales for Resale	1	0.0000
Private Fire Protection	1,768	0.0368
Public Fire Protection	0	0.0000
Total	48,043	1.0000

FACTOR 14. ALLOCATION OF METER READING COSTS.

Factors are based on the number of metered customers.

Customer Classification	Total Metered Customers	Allocation Factor
(1)	(2)	(3)
Residential	43,947	0.9497
Commercial	2,178	0.0471
Large Commercial	12	0.0003
Industrial	2	0.0000
Other Public Authority	135	0.0029
Sales for Resale	1	0.0000
Total	46,275	1.0000

ILLINOIS AMERICAN WATER COMPANY
CHICAGO METRO TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 15. ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES

Factors are based on the allocation of all other operation and maintenance expenses excluding purchased water, power, chemicals and waste disposal.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$3,911,353	0.7667
Commercial	527,107	0.1032
Large Commercial	83,286	0.0163
Industrial	6,878	0.0013
Other Public Authority	55,158	0.0108
Sales for Resale	13,833	0.0027
Private Fire Protection	89,973	0.0176
Public Fire Protection	415,533	0.0814
Total	$5,103,121	1.0000

FACTOR 15A. ALLOCATION OF CASH WORKING CAPITAL

Factors are based on the allocation of all other operation and maintenance expenses excluding regulatory expense.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$9,041,049	0.7722
Commercial	1,203,511	0.1028
Large Commercial	188,410	0.0161
Industrial	15,966	0.0014
Other Public Authority	124,908	0.0107
Sales for Resale	33,406	0.0029
Private Fire Protection	205,430	0.0176
Public Fire Protection	892,691	0.0763
Total	$11,705,373	1.0000

ILLINOIS AMERICAN WATER COMPANY
CHICAGO METRO TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 16. ALLOCATION OF LABOR RELATED TAXES AND BENEFITS.

Factors are based on the allocation of direct labor expense.

Customer Classification	Direct Labor Expense	Allocation Factor
(1)	(2)	(3)
Residential	$2,742,321	0.7543
Commercial	376,561	0.1036
Large Commercial	60,045	0.0165
Industrial	4,974	0.0014
Other Public Authority	39,496	0.0109
Sales for Resale	10,004	0.0028
Private Fire Protection	58,143	0.0160
Public Fire Protection	343,411	0.0945
Total	$3,634,955	1.0000

FACTOR 17. ALLOCATION OF ORGANIZATION, FRANCHISES AND CONSENTS, MISCELLANEOUS INTANGIBLE PLANT AND OTHER RATE BASE ELEMENTS.

Factors are based on the allocation of the original cost less depreciation other than those items being allocated, as follows:

Customer Classification	Original Cost Less Depreciation	Allocation Factor
(1)	(2)	(3)
Residential	$59,363,252	0.7307
Commercial	9,266,965	0.1141
Large Commercial	1,598,514	0.0197
Industrial	130,639	0.0016
Other Public Authority	1,027,255	0.0126
Sales for Resale	250,422	0.0031
Private Fire Protection	1,372,879	0.0169
Public Fire Protection	8,231,167	0.1013
Total	$81,241,094	1.0000

Schedule C-CMW

ILLINOIS AMERICAN WATER COMPANY
CHICAGO METRO TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 18. ALLOCATION OF INCOME TAXES AND INCOME AVAILABLE FOR RETURN.

Factors are based on the allocation of the original cost measure of value rate base as shown on the following pages and summarized below.

Customer Classification	Original Cost Measure of Value	Allocation Factor
(1)	(2)	(3)
Residential	$58,203,033	0.7318
Commercial	9,100,904	0.1144
Large Commercial	1,570,872	0.0198
Industrial	128,322	0.0016
Other Public Authority	1,006,777	0.0127
Sales for Resale	247,539	0.0031
Private Fire Protection	1,337,617	0.0168
Public Fire Protection	7,935,662	0.0998
Total	$79,530,725	1.0000

FACTOR 19. ALLOCATION OF REGULATORY COMMISSION EXPENSES, ASSESSMENTS AND OTHER WATER REVENUES.

The factors are based on the allocation of the total cost of service, excluding those items being allocated.

Customer Classification	Total Cost of Service	Allocation Factor
(1)	(2)	(3)
Residential	$20,154,625	0.7568
Commercial	2,723,621	0.1023
Large Commercial	440,172	0.0165
Industrial	36,560	0.0014
Other Public Authority	300,954	0.0113
Sales for Resale	73,834	0.0028
Private Fire Protection	453,183	0.0170
Public Fire Protection	2,447,202	0.0919
Total	$26,630,150	1.0000

ILLINOIS AMERICAN WATER COMPANY
CHICAGO METRO TARIFF GROUP

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Large Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
									Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
RATE BASE										
Organization	17	$ 383,751	$ 280,407	$ 43,786	$ 7,560	$ 614	$ 4,835	$ 1,190	$ 6,485	$ 38,874
Franchises	17	731,108	534,221	83,419	14,403	1,170	9,212	2,266	12,356	74,061
Land & Ld Rights SS	2	507,586	403,074	76,290	13,806	1,167	8,578	3,401	254	1,015
Land & Ld Rights P	6	1,730,992	1,310,880	243,724	44,140	3,808	26,657	8,136	19,041	74,606
Land & Ld Rights WT	2	0	0	0	0	0	0	0	0	0
Land & Ld Rights TD	7	15,867	11,478	2,087	378	30	224	43	332	1,296
Land & Land Rights AG	15	0	0	0	0	0	0	0	0	0
Struct & Imp SS	2	2,623,973	2,083,697	394,383	71,372	6,035	44,345	17,581	1,312	5,248
Struct & Imp P	6	3,540,335	2,681,096	498,479	90,279	7,789	54,521	16,640	38,944	152,588
Struct & Imp WT	2	1,537,050	1,220,571	231,019	41,808	3,535	25,976	10,298	769	3,074
Struct & Imp TD	7	375,017	271,288	49,315	8,925	713	5,288	1,013	7,838	30,639
Struct & Imp AG	15	28,258	21,665	2,916	461	37	305	76	497	2,300
Struct & Imp Offices	15	285,710	219,054	29,485	4,657	371	3,086	771	5,029	23,257
Struct & Imp Store,Shop,Gar	15	0	0	0	0	0	0	0	0	0
Struct & Imp Misc	15	220,797	169,285	22,786	3,599	287	2,385	596	3,886	17,973
Collect & Impounding	1	189,591	148,469	29,387	5,328	683	2,958	1,744	209	815
Lake, River & Other Intakes	2	317,998	252,522	47,795	8,650	731	5,374	2,131	159	636
Wells & Springs	2	1,152,779	915,422	173,263	31,356	2,651	19,482	7,724	576	2,306
Infiltration Galleries and Tunnels	2	9,360	7,433	1,407	255	22	158	63	5	19
Supply Mains	2	285,809	226,961	42,957	7,774	657	4,830	1,915	143	572
Power Generation Equip	6	336,978	255,194	47,447	8,593	741	5,189	1,584	3,707	14,524
Power Generation Equip Othe	6		0	0	0	0	0	0	0	0
Pump Equip Steam	6		0	0	0	0	0	0	0	0
Pump Equip Electric	6	1,416,125	1,072,431	199,390	36,111	3,115	21,808	6,656	15,577	61,035
Pump Equip Diesel	6	93,482	70,794	13,162	2,384	206	1,440	439	1,028	4,029
Pump Equip Other	6	(1,432,205)	(1,084,609)	(201,654)	(36,521)	(3,151)	(22,056)	(6,731)	(15,754)	(61,728)
WT Equip Non-Media	2	1,250,103	992,707	187,891	34,003	2,875	21,127	8,376	625	2,500
WT Treatment Equip Chemical	2	0	0	0	0	0	0	0	0	0
WT Equip Filter Media	2	72,699	57,730	10,927	1,977	167	1,229	487	36	145
Dist Reservoirs & Standpipe	5	7,403,074	5,638,921	992,752	179,895	14,066	102,162	33,314	89,577	352,386
Elevated Tanks & Standpipes	5	90,467	68,909	12,132	2,198	172	1,248	407	1,095	4,306
Ground Level Facilities	5	30,257	23,047	4,057	735	57	418	136	366	1,440
Below Grade Facilities	5	9,674	7,369	1,297	235	18	133	44	117	460
TD Mains Not Classified by	7	23,468,727	16,977,277	3,086,138	558,556	44,591	330,909	63,366	490,496	1,917,395
TD Mains 4" & Less	4	99,385	69,470	12,234	2,216	169	1,252	0	2,862	11,181
TD Mains 6" to 8"	4	6,484,225	4,532,473	798,208	144,598	11,023	81,701	0	186,746	729,475
TD Mains 10" to 16"	3	5,458,037	4,134,463	782,137	141,909	12,008	87,874	34,931	54,035	210,680
TD Mains 18" & Grtr	3	1,979,992	1,499,844	283,733	51,480	4,356	31,878	12,672	19,602	76,428
Fire Mains	8	152,538	0	0	0	0	0	0	0	152,538
Services	10	6,333,420	5,667,777	290,071	5,067	633	29,134	633	340,105	0
Meters	9	558,757	518,191	29,502	3,520	335	6,649	559	0	0
Meters Bronze Case	9	2,667,299	2,473,653	140,833	16,804	1,600	31,741	2,667	0	0
Meters Plastic Case	9	0	0	0	0	0	0	0	0	0

ILLINOIS AMERICAN WATER COMPANY
CHICAGO METRO TARIFF GROUP

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Large Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
									Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Meters Other	9	0	0	0	0	0	0	0	0	0
Meter Installations	9	1,969,012	1,826,061	103,964	12,405	1,181	23,431	1,969	0	0
Meter Vaults	9	0	0	0	0	0	0	0	0	0
Hydrants	8	3,958,607	0	0	0	0	0	0	0	3,958,607
Other P/E Intangible	2	151	120	23	4	0	3	1	0	0
Other P/E WT Res Hand Equip	2	0	0	0	0	0	0	0	0	0
Other P/E TD	7	0	0	0	0	0	0	0	0	0
Other P/E CPS	17	86,171	62,965	9,832	1,698	138	1,086	267	1,456	8,729
Office Furniture & Equip	15	68,995	52,898	7,120	1,125	90	745	186	1,214	5,616
Comp & Periph Equip	15	85,981	65,922	8,873	1,401	112	929	232	1,513	6,999
Computer Software	15	309,616	237,383	31,952	5,047	403	3,344	836	5,449	25,203
Comp Software Personal	15	(34,881)	(26,743)	(3,600)	(569)	(45)	(377)	(94)	(614)	(2,839)
Comp Software Other	15		0	0	0	0	0	0	0	0
Data Handling Equipment	15	877,446	672,738	90,552	14,302	1,141	9,476	2,369	15,443	71,424
Other Office Equipment	15	242,591	185,995	25,035	3,954	315	2,620	655	4,270	19,747
Trans Equip Lt Duty Trks	15	721,166	552,918	74,424	11,755	938	7,789	1,947	12,693	58,703
Trans Equip Hvy Duty Trks	15	0	0	0	0	0	0	0	0	0
Trans Equip Autos	15	1,712,204	1,312,747	176,699	27,909	2,226	18,492	4,623	30,135	139,373
Trans Equip Other	15	3,446	2,642	356	56	4	37	9	61	280
Stores Equipment	15	13,016	9,979	1,343	212	17	141	35	229	1,059
Tools,Shop,Garage Equip	15	770,332	590,614	79,498	12,556	1,001	8,320	2,080	13,558	62,705
Tools,Shop,Garage Equip Oth	15	172,814	132,496	17,834	2,817	225	1,866	467	3,042	14,067
Laboratory Equipment	2	132,740	105,409	19,951	3,611	305	2,243	889	66	265
Laboratory Equip Other	2		0	0	0	0	0	0	0	0
Power Operated Equipment	15	161,447	123,781	16,661	2,632	210	1,744	436	2,841	13,142
Comm Equip Non-Telephone	15	517,443	396,724	53,400	8,434	673	5,588	1,397	9,107	42,120
Remote Control & Instr	15	0	0	0	0	0	0	0	0	0
Comm Equip Telephone	15	518	397	53	8	1	6	1	9	42
Misc Equipment	15	264,292	202,632	27,275	4,308	344	2,854	714	4,652	21,513
Other Tangible Property	17	152,610	111,512	17,413	3,006	244	1,923	473	2,579	15,459
Total Utility Plant in Service		82,594,735	60,352,357	9,421,416	1,625,181	132,805	1,044,311	254,619	1,395,756	8,368,291

ILLINOIS AMERICAN WATER COMPANY
CHICAGO METRO TARIFF GROUP

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Large Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
									Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Other Rate Base Items										
Add:										
Utility Plant Acquistion- Dupage	17	117,212	85,647	13,374	2,309	188	1,477	363	1,981	11,874
Cash Working Capital	15A	1,322,260	1,021,049	135,928	21,288	1,851	14,148	3,835	23,272	100,888
Materials and Supplies	15	154,656	118,575	15,960	2,521	201	1,670	418	2,722	12,589
Deferred Charges - Tank Painting	5	1,736,155	1,322,429	232,818	42,189	3,299	23,959	7,813	21,007	82,641
Pension / OPEB	16	(1,047,242)	(789,935)	(108,494)	(17,279)	(1,466)	(11,415)	(2,932)	(16,756)	(98,964)
Regulatory Deferrals	17	35,329	25,815	4,031	696	57	445	110	597	3,579
Accumulated Deferred ITC (3%)	17	(800)	(585)	(91)	(16)	(1)	(10)	(2)	(14)	(81)
Deferred Income Taxes	17	(5,432,675)	(3,969,656)	(619,868)	(107,024)	(8,692)	(68,452)	(16,841)	(91,812)	(550,330)
AFUDC Debt	17	51,096	37,336	5,830	1,007	82	644	158	864	5,176
Total Other Rate Base Elements		(3,064,009)	(2,149,324)	(320,512)	(54,309)	(4,483)	(37,533)	(7,080)	(58,139)	(432,629)
Total Original Cost Measure of Value		$ 79,530,725	$ 58,203,033	$ 9,100,904	$1,570,872	$ 128,322	$1,006,777	$ 247,539	$ 1,337,617	$ 7,935,662

Schedule D-CMW

ILLINOIS AMERICAN WATER COMPANY
CHICAGO METRO TARIFF GROUP

BASIS FOR ALLOCATING DEMAND RELATED COSTS OF FIRE SERVICE TO PRIVATE AND PUBLIC FIRE PROTECTION CUSTOMER CLASSIFICATIONS

Description		Restrictive Diameters Squared	Quantity	Relative Demand	Allocation Factor
(1)		(2)	(3)	(4)=(2)x(3)	(5)
PRIVATE FIRE PROTECTION					
Fire Lines					
2 -inch		4.00	49	196	
3 -inch		9.00	18	162	
4 -inch		16.00	58	928	
6 -inch		36.00	187	6,732	
8 -inch		64.00	142	9,088	
10 -inch		100.00	64	6,400	
12 -inch		144.00	6	864	
Private Hydrants		27.56	1,244	34,288	
Total Private Fire Protection			1,768	58,658	0.2043
PUBLIC FIRE PROTECTION					
Hydrant	Nozzle Sizes				
4"	4 1/2"	16.00	36	576	
6"	4 1/2"	20.25	443	8,971	
6"	5"	25.00	163	4,075	
6"	5 1/4	27.56	7,794	214,822	
Total Public Fire Prorection			8,436	228,444	0.7957
Total Fire Protection			10,204	287,102	1.0000

ILLINOIS AMERICAN WATER COMPANY
CHICAGO METRO TARIFF GROUP

CALCULATION OF CUSTOMER CHARGE

		5/8 Inch Cost Per Month
(1) Cost Related to Meters	$2,080,803	
(2) Meter Equivalents X 12	613,944	
(3) Cost per Bill - Meter related		$3.39
(4) Cost Related to Services	$1,763,200	
(5) Service Equivalents X 12	561,264	
(6) Cost per Bill - Services related		3.14
(7) Cost Related to Billing and Collecting	$3,752,257	
(8) Number of Customers X 12	576,517	
(9) Cost per Bill - Billing and Collecting		6.51
(10) Total Customer Charge (3)+(6)+(9)		$13.04

LINCOLN TARIFF GROUP

ILLINOIS AMERICAN WATER COMPANY
LINCOLN TARIFF GROUP

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND ALLOWED RATES
FOR THE TEST YEAR ENDED JUNE 30, 2009

Customer Classification	Cost of Service Amount (Schedule B)	Cost of Service Percent	Revenues, Previous Rates Amount	Revenues, Previous Rates Percent	Revenues, Allowed Rates Amount	Revenues, Allowed Rates Percent	Allowed Increase Amount	Allowed Increase Percent Increase
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Residential	$ 1,551,748	48.4%	$ 1,549,719	47.7%	$ 1,532,534	47.7%	$ (17,185)	-1.1%
Commercial	528,004	16.4%	656,343	20.2%	649,107	20.2%	(7,236)	-1.1%
Industrial	232,216	7.2%	243,589	7.5%	240,905	7.5%	(2,684)	-1.1%
Public Authority	538,294	16.8%	547,083	16.9%	541,058	16.9%	(6,025)	-1.1%
Sales for Resale	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Private Fire Service	54,272	1.7%	21,664	0.7%	21,424	0.7%	(240)	-1.1%
Public Fire Service	306,358	9.5%	228,377	7.0%	225,864	7.0%	(2,513)	-1.1%
Total Sales	3,210,892	100.0%	3,246,775	100.0%	3,210,893	100.0%	(35,882)	-1.1%
Other Revenues	21,061		10,001		21,061		11,060	110.6%
Total	$ 3,231,953		$ 3,256,776		$ 3,231,954		$ (24,823)	-0.8%

ILLINOIS AMERICAN WATER COMPANY
LINCOLN TARIFF GROUP

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection Private	Fire Protection Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
OPERATION AND MAINTENANCE EXPENSES									
SOURCE OF SUPPLY EXPENSES									
Salaries and Wages	2	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Labor & Exp Oper SS - Labor	2	76	30	16	9	20	0	0	0
Labor & Exp Oper SS	2	26,503	10,511	5,717	3,125	7,042	0	13	95
Purchased Water	1	0	0	0	0	0	0	0	0
TOTAL SS EXPENSE - OPERATION		26,579	10,541	5,733	3,134	7,062	0	13	96
Misc Exp Oper SS	2	0	0	0	0	0	0	0	0
Misc Exp Oper SS	2	246	98	53	29	65	0	0	1
Rents Oper SS	2	0	0	0	0	0	0	0	0
Super & Eng Maint SS	2	0	0	0	0	0	0	0	0
Struct & Improve Maint SS - Labor	2	0	0	0	0	0	0	0	0
Struct & Improve Maint SS	2	(80)	(32)	(17)	(9)	(21)	0	(0)	(0)
Collect & Impound Maint SS - Labor	2	0	0	0	0	0	0	0	0
Collect & Impound Maint SS	2	0	0	0	0	0	0	0	0
Lake, River & Oth Maint SS - Labor	2	0	0	0	0	0	0	0	0
Lake, River & Oth Maint SS	2	0	0	0	0	0	0	0	0
Wells & Springs Maint SS - Labor	2	6	3	1	1	2	0	0	0
Wells & Springs Maint SS	2	5	2	1	1	1	0	0	0
Infilt Gall & Tunnels Maint SS - Labor	2	0	0	0	0	0	0	0	0
Infilt Gall & Tunnels Maint SS	2	0	0	0	0	0	0	0	0
Supply Mains Maint SS - Labor	2	0	0	0	0	0	0	0	0
Supply Mains Maint SS	2	0	0	0	0	0	0	0	0
Misc Plant Maint SS - Labor	2	0	0	0	0	0	0	0	0
Misc Plant Maint SS	2	36,449	14,456	7,862	4,297	9,685	0	18	131
TOTAL SS EXPENSE - MAINTENANCE		36,628	14,526	7,901	4,318	9,732	0	18	132
TOTAL SS EXPENSE		63,207	25,068	13,634	7,452	16,794	0	32	228
POWER AND PUMPING EXPENSES									
Super & Eng Oper P	6	0	0	0	0	0	0	0	0
Fuel for Power Prod	1	0	0	0	0	0	0	0	0
Labor & Exp Oper Pwr Prod - Labor	6	0	0	0	0	0	0	0	0
Labor & Exp Oper Pwr Prod	6	0	0	0	0	0	0	0	0
Purch Fuel/Power for Pump	1	185,183	65,777	40,259	24,018	54,129	0	130	870
Labor & Exp Oper Pump - Labor	6	39,030	14,453	7,869	4,297	9,687	0	382	2,342
Labor & Exp Oper Pump	6	0	0	0	0	0	0	0	0
Expenses Transferred	6	0	0	0	0	0	0	0	0
Misc Exp Oper P	6	0	0	0	0	0	0	0	0
Rents Oper P	6	0	0	0	0	0	0	0	0
TOTAL PUMPING EXPENSE - OPERATION		224,213	80,230	48,127	28,315	63,816	0	512	3,212

ILLINOIS AMERICAN WATER COMPANY
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COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Super & Eng Maint P	6	0	0	0	0	0	0	0	0
Struct & Improve Maint P - Labor	6	0	0	0	0	0	0	0	0
Struct & Improve Maint P	6	0	0	0	0	0	0	0	0
Power Prod Equip Maint P - Labor	6	0	0	0	0	0	0	0	0
Power Prod Equip Maint P	6	1,987	736	401	219	493	0	19	119
Pump Equip Maint P - Labor	6	7,680	2,844	1,548	846	1,906	0	75	461
Pump Equip Maint P	6	5,766	2,135	1,162	635	1,431	0	57	346
TOTAL PUMPING EXPENSES - MAINTENANCE		15,432	5,715	3,111	1,699	3,830	0	151	926
TOTAL PUMPING EXPENSES		239,646	85,944	51,238	30,015	67,647	0	663	4,138
WATER TREATMENT									
Super & Eng Oper WT	2	0	0	0	0	0	0	0	0
Chemicals	1	46,659	16,573	10,144	6,052	13,638	0	33	219
Labor & Exp Oper WT - labor	2	34,777	13,793	7,501	4,100	9,240	0	17	125
Labor & Exp Oper WT	2	274	109	59	32	73	0	0	1
Misc Exp Oper WT	2	0	0	0	0	0	0	0	0
Misc Exp Oper WT	1	34,510	12,258	7,503	4,476	10,087	0	24	162
Misc Exp Oper WT	2	2,540	1,007	548	299	675	0	1	9
Rents Oper WT	2	0	0	0	0	0	0	0	0
TOTAL WT EXPENSE - OPERATION		118,761	43,740	25,755	14,960	33,714	0	76	517
Super & Eng Maint WT	2	53,165	21,085	11,468	6,268	14,126	0	27	191
Struct & Improve Maint WT - Labor	2	0	0	0	0	0	0	0	0
Struct & Improve Maint WT	2	(21)	(9)	(5)	(3)	(6)	0	(0)	(0)
WT Equip Maint WT - Labor	2	0	0	0	0	0	0	0	0
WT Equip Maint WT	2	4,360	1,729	940	514	1,158	0	2	16
TOTAL WT EXPENSE - MAINTENANCE		57,503	22,806	12,403	6,780	15,279	0	29	207
TOTAL WT EXPENSE		176,264	66,546	38,158	21,739	48,992	0	104	724
TRANSMISSION AND DISTRIBUTION EXPENSES									
Super & Eng Oper TD	7	0	0	0	0	0	0	0	0
Storage Facilty Exp - Labor	5	0	0	0	0	0	0	0	0
Storage Facilty Exp	5	0	0	0	0	0	0	0	0
TD Lines Exp - Labor	7	0	0	0	0	0	0	0	0
TD Lines Exp	7	(1,069)	(290)	(148)	(79)	(178)	0	(52)	(320)
Meter Expense - Labor	9	0	0	0	0	0	0	0	0
Meter Expense	9	0	0	0	0	0	0	0	0
Customer Install Exp - Labor	10	0	0	0	0	0	0	0	0
Customer Install Exp	10	24	20	3	0	0	0	1	0

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COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Misc Exp Oper TD - Labor	7	59,753	16,229	8,288	4,422	9,973	0	2,934	17,908
Misc Exp Oper TD	7	0	0	0	0	0	0	0	0
Misc Exp Oper TD	7	2,510	682	348	186	419	0	123	752
Rents Oper TD	7	51	14	7	4	9	0	3	15
TOTAL T & D EXPENSE OPERATION		61,269	16,654	8,497	4,532	10,222	0	3,008	18,355
Super & Eng Maint TD	12	0	0	0	0	0	0	0	0
Struct & Improve Maint TD - Labor	12	0	0	0	0	0	0	0	0
Struct & Improve Maint TD	12	(1)	(1)	(0)	(0)	(0)	0	(0)	(0)
Dist Res Stand Maint TD - Labor	5	0	0	0	0	0	0	0	0
TD Main Maint TD - Labor	7	44,506	12,088	6,173	3,293	7,428	0	2,185	13,338
TD Main Maint TD	7	36,908	10,024	5,119	2,731	6,160	0	1,812	11,061
Fire Main Maint TD - Labor	8	0	0	0	0	0	0	0	0
Fire Main Maint TD	8	0	0	0	0	0	0	0	0
Services Maint TD - Labor	10	24,692	20,341	2,822	40	437	0	1,052	0
Services Maint TD	10	12,873	10,605	1,471	21	228	0	548	0
Meters Maint TD - Labor	9	651	492	122	2	35	0	0	0
Meters Maint TD	9	3,834	2,898	715	14	206	0	0	0
Hydrants Maint TD - Labor	8	2,820	0	0	0	0	0	0	2,820
Hydrants Maint TD	8	3,181	0	0	0	0	0	0	3,181
Misc Plant Maint TD - Labor	12	17,495	7,629	2,218	824	1,959	0	756	4,108
Mat and Sup Maint TD	12	1,879	820	238	89	211	0	81	441
Misc Maint TD	12	4,979	2,171	631	235	558	0	215	1,169
Amort Def Maint TD	5	9,284	3,597	1,740	910	2,049	0	139	849
TOTAL T & D EXPENSE - MAINTENANCE		163,102	70,666	21,250	8,158	19,270	0	6,789	36,968
TOTAL T & D EXPENSE		224,371	87,320	29,748	12,690	29,493	0	9,797	55,323
CUSTOMER ACCOUNTS									
Supervision CA	13	0	0	0	0	0	0	0	0
Meter Reading Exp CA - Labor	14	21,728	19,331	2,147	22	228	0	0	0
Meter Reading Exp CA	14	0	0	0	0	0	0	0	0
Meter Reading Exp CA	14	0	0	0	0	0	0	0	0
Cust Rec & Collection CA - Labor	13	65,416	57,651	6,404	65	680	0	615	0
Cust Rec & Collection CA	13	32,150	28,334	3,147	32	334	0	302	0
Uncollectible Accts	13	36,001	31,728	3,525	36	374	0	338	0
Misc Cust Accts Exp CA - Labor	13	3	3	0	0	0	0	0	0
Misc Cust Accts Exp CA	13	0	0	0	0	0	0	0	0
Misc Cust Accts Exp CA	13	1,795	1,582	176	2	19	0	17	0
Cust Serv & Info Exp CA	13	0	0	0	0	0	0	0	0
TOTAL CUSTOMER ACCOUNTING EXPENSE		157,093	138,629	15,399	157	1,636	0	1,272	0

ILLINOIS AMERICAN WATER COMPANY
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COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
ADMINISTRATIVE AND GENERAL EXPENSES									
Salaries AG	15	(277)	(144)	(42)	(17)	(40)	0	(5)	(28)
Other Supplies & Exp AG	15	0	0	0	0	0	0	0	0
Other Supplies & Exp AG	15	53,865	28,004	8,177	3,399	7,859	0	1,061	5,365
Other Supplies & Exp AG	15	(4,277)	(2,224)	(649)	(270)	(624)	0	(84)	(426)
Mgmt Fees-Admin	15	233,128	121,204	35,389	14,710	34,013	0	4,593	23,220
Mgmt Fees-Customer Service	13	103,125	90,884	10,096	103	1,073	0	969	0
Mgmt Fees-Belleville Lab	2	17,845	7,077	3,849	2,104	4,741	0	9	64
Mgmt Fees- Employee	16	22,945	11,475	3,492	1,494	3,439	0	496	2,549
Outside Services AG	15	21,233	11,039	3,223	1,340	3,098	0	418	2,115
Outside Services AG	15	6,701	3,484	1,017	423	978	0	132	667
Property Insurance	15	0	0	0	0	0	0	0	0
Ins Gen Liab Oper AG	15	31,801	16,533	4,827	2,007	4,640	0	626	3,167
Ins Work Comp AG	16	43,945	21,977	6,688	2,861	6,587	0	949	4,882
Ins Other Oper AG	15	13,595	7,068	2,064	858	1,984	0	268	1,354
Property Insurance	15	2,554	1,328	388	161	373	0	50	254
Injuries & Damages	16	216	108	33	14	32	0	5	24
Employee Pension & Benefits	16	132,930	66,478	20,232	8,654	19,926	0	2,871	14,769
Employee Pension & Benefits	16	33,795	16,901	5,144	2,200	5,066	0	730	3,755
Employee Pension & Benefits	16	8,203	4,102	1,249	534	1,230	0	177	911
Reg Commision Exp	19	9,589	4,650	1,575	690	1,601	0	162	911
Rents AG	15	18,607	9,674	2,825	1,174	2,715	0	367	1,853
Goodwill Advertising Exp	15	3,932	2,044	597	248	574	0	77	392
Misc Exp AG	15	55,172	28,684	8,375	3,481	8,050	0	1,087	5,495
Research & Development	15	337	175	51	21	49	0	7	34
TOTAL A & G OPERATIONS		808,965	450,522	118,598	46,189	107,363	0	14,965	71,328
General Plant Maint AG - Labor	15	0	0	0	0	0	0	0	0
General Plant Maint AG	15	9,880	5,136	1,500	623	1,441	0	195	984
TOTAL A & G EXPENSE - MAINTENANCE		9,880	5,136	1,500	623	1,441	0	195	984
TOTAL A & G EXPENSE		818,844	455,658	120,098	46,812	108,804	0	15,159	72,312
Total Operation & Maintenance Expenses		1,679,425	859,165	268,275	118,866	273,366	0	27,028	132,724

ILLINOIS AMERICAN WATER COMPANY
LINCOLN TARIFF GROUP

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
DEPRECIATION EXPENSE									
Struct & Imp SS	2	4,305	1,708	929	508	1,144	0	2	15
Struct & Imp P	6	2,885	1,068	582	318	716	0	28	173
Struct & Imp WT	2	54,721	21,702	11,803	6,452	14,539	0	27	197
Struct & Imp TD	7	0	0	0	0	0	0	0	0
Struct & Imp AG	15	2,107	1,095	320	133	307	0	42	210
Struct & Imp Offices	15	986	513	150	62	144	0	19	98
Struct & Imp Store,Shop,Gar	15	0	0	0	0	0	0	0	0
Struct & Imp Misc	15	24	13	4	2	4	0	0	2
Collect & Impounding	1	0	0	0	0	0	0	0	0
Lake, River & Other Intakes	2	0	0	0	0	0	0	0	0
Wells & Springs	2	6,973	2,765	1,504	822	1,853	0	3	25
Infiltration Galleries and Tunnels	2	0	0	0	0	0	0	0	0
Supply Mains	2	1,147	455	247	135	305	0	1	4
Power Generation Equip Othe	6	875	324	176	96	217	0	9	52
Pump Equip Electric	6	52,014	19,261	10,486	5,727	12,910	0	510	3,121
Pump Equip Diesel	6	2,229	825	449	245	553	0	22	134
Pump Equip Hydraulic	6		0	0	0	0	0	0	0
Pump Equip Other	6	2,059	762	415	227	511	0	20	124
WT Equip Non-Media	2	109,161	43,293	23,546	12,870	29,004	0	55	393
WT Equip Chemical	2	0	0	0	0	0	0	0	0
WT Equip Filter Media	2	91,427	36,260	19,721	10,779	24,292	0	46	329
Dist Reservoirs & Standpipe	5	7,830	3,034	1,467	767	1,728	0	117	716
Elevated Tanks & Standpipes	5	18	7	3	2	4	0	0	2
Ground Level Facilities	5	0	0	0	0	0	0	0	0
Below Grade Facilities	5	0	0	0	0	0	0	0	0
TD Mains Not Classified by	7	68,798	18,685	9,542	5,091	11,482	0	3,378	20,619
TD Mains 4" & Less	4	0	0	0	0	0	0	0	0
TD Mains 6" to 8"	4	49	11	5	3	6	0	3	20
TD Mains 10" to 16"	3	0	0	0	0	0	0	0	0
TD Mains 18" & Grtr	3	0	0	0	0	0	0	0	0
Fire Mains	8	0	0	0	0	0	0	0	0
Services	10	105,777	87,139	12,090	169	1,872	0	4,506	0
Meters	9	0	0	0	0	0	0	0	0
Meters Bronze Case	9	71,960	54,394	13,428	266	3,871	0	0	0
Meters Plastic Case	9	0	0	0	0	0	0	0	0
Meters Other	9	0	0	0	0	0	0	0	0
Meters Other-Rem Rdr Unts	9		0	0	0	0	0	0	0
Meter Installations	9	6,491	4,906	1,211	24	349	0	0	0
Meter Vaults	9	0	0	0	0	0	0	0	0
Hydrants	8	23,789	0	0	0	0	0	0	23,789
Utility Plant Acquisition Adjustment	17		0	0	0	0	0	0	0
Other P/E WT Res Hand Equip	2	0	0	0	0	0	0	0	0
Other P/E TD	7	0	0	0	0	0	0	0	0
Other P/E CPS	17	0	0	0	0	0	0	0	0
Office Furniture & Equip	15	8,872	4,613	1,347	560	1,294	0	175	884
Comp & Periph Equip	15	14,270	7,419	2,166	900	2,082	0	281	1,421
Computer Software	15	37,855	19,681	5,746	2,389	5,523	0	746	3,770

ILLINOIS AMERICAN WATER COMPANY
LINCOLN TARIFF GROUP

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection Private	Fire Protection Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Comp Software Personal	15	548	285	83	35	80	0	11	55
Data Handling Equipment	15	0	0	0	0	0	0	0	0
Other Office Equipment	15	190	99	29	12	28	0	4	19
Trans Equip Lt Duty Trks	15	4,799	2,495	729	303	700	0	95	478
Trans Equip Hvy Duty Trks	15	3,829	1,991	581	242	559	0	75	381
Trans Equip Autos	15	110	57	17	7	16	0	2	11
Trans Equip Other	15	0	0	0	0	0	0	0	0
Stores Equipment	15	57	30	9	4	8	0	1	6
Tools,Shop,Garage Equip	15	2,663	1,384	404	168	388	0	52	265
Tools,Shop,Garage Equip Oth	15	0	0	0	0	0	0	0	0
Laboratory Equipment	2	817	324	176	96	217	0	0	3
Laboratory Equip Other	2		0	0	0	0	0	0	0
Power Operated Equipment	15	11,091	5,766	1,684	700	1,618	0	218	1,105
Comm Equip Non-Telephone	15	20,697	10,760	3,142	1,306	3,020	0	408	2,061
Remote Control & Instr	15	0	0	0	0	0	0	0	0
Comm Equip Telephone	15	8	4	1	1	1	0	0	1
Misc Equipment	15	79	41	12	5	12	0	2	8
Other Tangible Property	15		0	0	0	0	0	0	0
Total Depreciation Expense		721,509	353,171	124,205	51,424	121,359	0	10,859	60,491
Amort-Other UP	18	2,314	960	387	176	409	0	47	334
Amort-Intangible Fin	2	0	0	0	0	0	0	0	0
Taxes Other Than Income									
Utility Reg Assessment Fee	19	1,100	533	181	79	184	0	19	105
Property Taxes	18	29,778	12,352	4,982	2,269	5,268	0	607	4,300
FUTA	16	33	16	5	2	5	0	1	4
FICA	16	28,413	14,209	4,324	1,850	4,259	0	614	3,157
SUTA	16	0	0	0	0	0	0	0	0
Other Taxes & Licenses	15	4,039	2,100	613	255	589	0	80	402
Capital Stock Tax	19	99,070	48,039	16,267	7,133	16,545	0	1,674	9,412
Total Taxes, Other Than Income		162,433	77,250	26,372	11,588	26,849	0	2,994	17,379
Income Taxes	18	146,161	60,628	24,453	11,137	25,856	0	2,982	21,106
Utility Income Available for Return	18	520,111	215,742	87,015	39,632	92,008	0	10,610	75,104
Total Cost of Service		3,231,953	1,566,916	530,707	232,824	539,847	0	54,521	307,138
Less: Other Water Revenues									
Penalties, Rents on Water Property and Other	19	8,216	3,984	1,349	592	1,372	0	139	781
Billing and Collecting Related	13	11,761	10,365	1,151	12	122	0	111	0
Usage Data Readings	14	0	0	0	0	0	0	0	0
Lab Testing	2	0	0	0	0	0	0	0	0
Reconnection Charges	9	1,084	819	202	4	58	0	0	0
Total Other Water Revenues		21,061	15,168	2,703	607	1,553	0	249	781
Total Cost of Service Related to Sales of Water		$ 3,210,892	$ 1,551,748	$ 528,004	$ 232,216	$ 538,294	$ -	$ 54,272	$ 306,358

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FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS

FACTOR 1. ALLOCATION OF COSTS WHICH VARY WITH THE AMOUNT OF WATER CONSUMED.

Factors are based on the pro forma test year average daily consumption for each customer classification.

Customer Classification	Average Daily Consumption, CCF	Allocation Factor
(1)	(2)	(3)
Residential	1,057	0.3552
Commercial	647	0.2174
Industrial	386	0.1297
Other Public Authority	870	0.2923
Sales for Resale	0	0.0000
Private Fire Protection	2	0.0007
Public Fire Protection	14	0.0047
Total	2,976	1.0000

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the factors for average daily consumption (Factor 1) and the factors derived from maximum day extra capacity demand for each customer classification, as follows:

	Average Daily Consumption		Maximum Day Extra Capacity		
Customer Classification	Allocation Factor 1	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)x 0.7634	(4)	(5)=(4)x 0.2366	(6)=(3)+(5)
Residential	0.3552	0.2712	0.5301	0.1254	0.3966
Commercial	0.2174	0.1660	0.2102	0.0497	0.2157
Industrial	0.1297	0.0990	0.0797	0.0189	0.1179
Other Public Authority	0.2923	0.2231	0.1800	0.0426	0.2657
Sales for Resale	0.0000	0.0000	0.0000	0.0000	0.0000
Private Fire Protection	0.0007	0.0005			0.0005
Public Fire Protection	0.0047	0.0036			0.0036
Total	1.0000	0.7634	1.0000	0.2366	1.0000

The derivation of the maximum day extra capacity factors in column 4 and the basis for the column 3 and 5 weightings are presented on the following page.

ILLINOIS AMERICAN WATER COMPANY
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FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS, cont.

		Maximum Day Extra Capacity		
Customer Classification	Average Daily Consumption, CCF	Factor*	Rate of Flow, Thousand Gal. Per Day	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	1,057	0.85	898	0.5301
Commercial	647	0.55	356	0.2102
Industrial	386	0.35	135	0.0797
Other Public Authority	870	0.35	305	0.1800
Sales for Resale	0		0	0.0000
Total	2,960		1,694	1.0000

The weighting of the factors is based on the maximum day ratio of 1.31, based on the Demand Study.

	Maximum Day Ratio	Weight
Average Day	1.00	0.7634
Maximum Day Extra Capacity	0.31	0.2366
Total	1.31	1.0000

* Ratio of maximum day to average day minus 1.0.

ILLINOIS AMERICAN WATER COMPANY
LINCOLN TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

	Average Daily Consumption		Maximum Day Extra Capacity		Fire Protection		
Customer Classification	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2) X 0.6962	(4)	(5)=(4) X 0.2158	(6)	(7)=(6) X 0.0880	(8)=(3)+(5)+(7)
Residential	0.3552	0.2472	0.5301	0.1144			0.3616
Commercial	0.2174	0.1514	0.2102	0.0454			0.1968
Industrial	0.1297	0.0903	0.0797	0.0172			0.1075
Other Public Authority	0.2923	0.2035	0.1800	0.0388			0.2423
Sales for Resale	0.0000	0.0000	0.0000	0.0000			0.0000
Private Fire Protection	0.0007	0.0005			0.1410	0.0124	0.0129
Public Fire Protection	0.0047	0.0033			0.8590	0.0756	0.0789
Total	1.0000	0.6962	1.0000	0.2158	1.0000	0.0880	1.0000

ILLINOIS AMERICAN WATER COMPANY
LINCOLN TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum day ratio of 1.31 and the average daily system sendout for 2007 of 2.373 MGD. The system demand for fire protection is 2,500 Gallons per minute for 2 hours.

	Ratio	Rate of Flow, (GPD)	Weight
Average Day	1.00	2,372,893	0.6962
Maximum Day Extra Capacity	0.31	735,597	0.2158
Subtotal	1.31	3,108,490	0.9120
Fire Protection		300,000	0.0880
Total		3,408,490	1.0000

The public and private fire protection allocation factors in column 6 on the previous page are based on the relative potential demands (see Schedule E).

ILLINOIS AMERICAN WATER COMPANY
LINCOLN TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		
	CCF	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3) X 0.3148	(5)	(6)=(5) X 0.2077	(7)	(8)=(7) X 0.4775	(9)=(4)+(6)+(8)
Residential	44.0	0.3546	0.1116	0.5500	0.1143			0.2259
Commercial	27.0	0.2176	0.0685	0.1960	0.0407			0.1092
Industrial	16.1	0.1297	0.0408	0.0782	0.0162			0.0570
Other Public Authority	36.3	0.2925	0.0921	0.1758	0.0365			0.1286
Sales for Resale	0.0	0.0000	0.0000	0.0000	0.0000			0.0000
Private Fire Protection	0.1	0.0008	0.0003			0.1410	0.0673	0.0676
Public Fire Protection	0.6	0.0048	0.0015			0.8590	0.4102	0.4117
Total	124.1	1.0000	0.3148	1.0000	0.2077	1.0000	0.4775	1.0000

The maximum hour extra capacity factors in column 5 are determined on the following page.

ILLINOIS AMERICAN WATER COMPANY
LINCOLN TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum hour ratio of 1.66 and the average daily system sendout for 2007 of 2.373. MGD. The system demand for fire protection is 2,500 gallons per minute.

	Ratio	Rate of Flow, (GPM)	Weight
Average Hour	1.00	1,648	0.3148
Maximum Hour Extra Capacity	0.66	1,088	0.2077
Subtotal	1.66	2,736	0.5225
Fire Protection		2,500	0.4775
Total		5,236	1.0000

The maximum hour extra capacity factors in column 5 of the previous page are determined as follows:

Customer Classification	Average Hourly Consumption CCF	Maximum Hour Extra Capacity		
		Factor*	CCF Per Hour	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	44.0	1.55	68.2	0.5500
Commercial	27.0	0.90	24.3	0.1960
Industrial	16.1	0.60	9.7	0.0782
Other Public Authority	36.3	0.60	21.8	0.1758
Sales for Resale	0.0		0.0	0.0000
Total	123.4		124.0	1.0000

* Ratio of Maximum Hour To Average Hour Minus 1.0.

The public and private fire protection allocation factors in column 7 on the previous page are based on the relative potential demands (see Schedule E).

ILLINOIS AMERICAN WATER COMPANY
LINCOLN TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES.

Factors are based on the weighting of the average hourly consumption, the maximum hour extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		
	CCF	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3) X 0.5401	(5)	(6)=(5) X 0.3565	(7)	(8)=(7) X 0.1034	(9)=(4)+(6)+(8)
Residential	44.0	0.3546	0.1915	0.5500	0.1960			0.3875
Commercial	27.0	0.2176	0.1175	0.1960	0.0699			0.1874
Industrial	16.1	0.1297	0.0701	0.0782	0.0279			0.0980
Other Public Authority	36.3	0.2925	0.1580	0.1758	0.0627			0.2207
Sales for Resale	0.0	0.0000	0.0000	0.0000	0.0000			0.0000
Private Fire Protection	0.1	0.0008	0.0004			0.1410	0.0146	0.0150
Public Fire Protection	0.6	0.0048	0.0026			0.8590	0.0888	0.0914
Total	124.1	1.0000	0.5401	1.0000	0.3565	1.0000	0.1034	1.0000

The weighting of the factors is based on the ratio of the capacity required for a 2 hour demand of fire flow, as related to total storage capacity. The calculation is shown on the following page.

ILLINOIS AMERICAN WATER COMPANY
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FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES, cont.

The weighting of the factors is based on the ratio of the capacity required for a 2 hour demand of fire flow, as related to total storage capacity.

Fire Protection Weight = $\frac{\text{2,500 GPM X 60 Min. X 2 Hrs.}}{\text{2,900,000 Gallons}}$ = 0.1034

General Service Weight = 1.0000 - 0.1034 = 0.8966

The weighting of the average hourly consumption and maximum hour extra demand for general service is based on the maximum hour ratio, as follows:

	Maximum Hour Ratio	Percent	Weight
Average Hour	1.00	60.24	0.5401
Extra Capacity Maximum Hour	0.66	39.76	0.3565
Total	1.66	100.00	0.8966

ILLINOIS AMERICAN WATER COMPANY
LINCOLN TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH POWER AND PUMPING FACILITIES.

Factors are based on the weighting of the maximum daily consumption, Factor 2, the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

	Maximum Daily Consumption		Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 2	Weighted Factor	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.2506	(4)	(5)=(4)X 0.7494	(6)	(7)=(6)X 0.0000	(8)=(3)+ (5)+(7)
Residential	0.3966	0.0994	0.3616	0.2709	0.2259	0.0000	0.3703
Commercial	0.2157	0.0541	0.1968	0.1475	0.1092	0.0000	0.2016
Industrial	0.1179	0.0295	0.1075	0.0806	0.0570	0.0000	0.1101
Other Public Authority	0.2657	0.0666	0.2423	0.1816	0.1286	0.0000	0.2482
Sales for Resale	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Private Fire Protection	0.0005	0.0001	0.0129	0.0097	0.0676	0.0000	0.0098
Public Fire Protection	0.0036	0.0009	0.0789	0.0591	0.4117	0.0000	0.0600
Total	1.0000	0.2506	1.0000	0.7494	1.0000	0.0000	1.0000

The weighting of the factors is based on the horsepower of pumps associated with maximum day facilities, maximum day and fire facilities, and maximum hour facilities, as follows:

	Horsepower of Pumps	Weight
Associated with Maximum Day	195	0.2506
Associated with Maximum Day and Fire	583	0.7494
Associated with Maximum Hour	0	0.0000
Total	778	1.0000

ILLINOIS AMERICAN WATER COMPANY
LINCOLN TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 7. ALLOCATION OF COSTS ASSOCIATED WITH TRANSMISSION AND DISTRIBUTION MAINS.

Factors are based on the weighting of the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

	Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.3367	(4)	(5)=(4)X 0.6633	(6)=(3)+(5)
Residential	0.3616	0.1217	0.2259	0.1499	0.2716
Commercial	0.1968	0.0663	0.1092	0.0724	0.1387
Industrial	0.1075	0.0362	0.0570	0.0378	0.0740
Other Public Authority	0.2423	0.0816	0.1286	0.0853	0.1669
Sales for Resale	0.0000	0.0000	0.0000	0.0000	0.0000
Private Fire Protection	0.0129	0.0043	0.0676	0.0448	0.0491
Public Fire Protection	0.0789	0.0266	0.4117	0.2731	0.2997
Total	1.0000	0.3367	1.0000	0.6633	1.0000

The weighting of the factors is based on the total inch-feet of mains, designated as either transmission mains or distribution mains, as follows:

	Total Inch-Feet of Mains	Weight
Transmission Mains	949,576	0.3367
Distribution Mains	1,870,270	0.6633
Total	2,819,846	1.0000

ILLINOIS AMERICAN WATER COMPANY
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FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 8. ALLOCATION OF COSTS ASSOCIATED WITH FIRE HYDRANTS.

Costs are assigned directly to Public Fire Protection.

Customer Classification	Allocation Factor
(1)	(3)
Public Fire Protection	1.0000
Total	1.0000

FACTOR 9. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

Factors are based on the relative cost of meters by size and customer classification, as developed on the following page and summarized below.

Customer Classification	5/8" Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	5,350	0.7559
Commercial	1,321	0.1866
Industrial	26	0.0037
Other Public Authority	381	0.0538
Sales for Resale	0	0.0000
Private Fire	0	0.0000
Total	7,078	1.0000

ILLINOIS AMERICAN WATER COMPANY
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BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS

Meter Size	5/8" Equivalent	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Total	
		Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)
5/8	1.0	5,163	5,163	430	430	0	0	24	24	0	0	5,617	5,617
3/4	1.5	5	8	3	5	1	2	0	0	0	0	9	15
1	2.5	56	140	62	155	3	8	12	30	0	0	133	333
1-1/2	5.0	3	15	20	100	0	0	4	20	0	0	27	135
2	8.0	3	24	57	456	2	16	14	112	0	0	76	608
3	15.0	0	0	5	75	0	0	3	45	0	0	8	120
4	25.0	0	0	4	100	0	0	4	100	0	0	8	200
6	50.0	0	0	0	0	0	0	1	50	0	0	1	50
8	80.0	0	0	0	0	0	0	0	0	0	0	0	0
Total		5,230	5,350	581	1,321	6	26	62	381	0	0	5,879	7,078

ILLINOIS AMERICAN WATER COMPANY
LINCOLN TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 10. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

Factors are based on the relative cost of services by size and customer classification, as developed on the following page and summarized below.

Customer Classification	3/4" Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	5,259	0.8238
Commercial	730	0.1143
Industrial	10	0.0016
Other Public Authority	113	0.0177
Sales for Resale	0	0.0000
Private Fire Protection	272	0.0426
Total	6,384	1.0000

ILLINOIS AMERICAN WATER COMPANY
LINCOLN TARIFF GROUP

BASIS FOR ALLOCATING SERVICE COSTS TO CUSTOMER CLASSIFICATIONS

Service Size	3/4" Equivalent	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Private Fire Protection		Total	
		Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)=(2)X(11)	(15)	(16)
3/4	1.00	5,168	5,168	433	433	1	1	24	24	0	0	0	0	5,626	5,626
1	1.40	56	78	62	87	3	4	12	17	0	0	0	0	133	186
1-1/2	1.80	3	5	20	36	0	0	4	7	0	0	0	0	27	48
2	2.50	3	8	57	143	2	5	14	35	0	0	2	5	78	196
3	3.00	0	0	5	15	0	0	3	9	0	0	0	0	8	24
4	4.00	0	0	4	16	0	0	4	16	0	0	14	56	22	88
6	5.00	0	0	0	0	0	0	1	5	0	0	29	145	30	150
8	6.00	0	0	0	0	0	0	0	0	0	0	11	66	11	66
10	6.50	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12	7.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total		5,230	5,259	581	730	6	10	62	113	0	0	56	272	5,935	6,384

ILLINOIS AMERICAN WATER COMPANY
LINCOLN TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 11. NOT USED IN THIS ANALYSIS

FACTOR 12. ALLOCATION OF TRANSMISSION AND DISTRIBUTION MAINTENANCE SUPERVISION AND ENGINEERING, STRUCTURES AND IMPROVEMENTS, AND OTHER EXPENSES.

Factors are based on transmission and distribution maintenance expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$ 56,449	0.4361
Commercial	16,423	0.1268
Industrial	6,101	0.0471
Other Public Authority	14,494	0.1120
Sales for Resale	-	0.0000
Private Fire Protection	5,598	0.0432
Public Fire Protection	30,401	0.2348
Total	$129,466	1.0000

ILLINOIS AMERICAN WATER COMPANY
LINCOLN TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 13. ALLOCATION OF BILLING AND COLLECTING COSTS.

Factors are based on the total number of customers.

Customer Classification	Total Customers	Allocation Factor
(1)	(2)	(3)
Residential	5,230	0.8813
Commercial	581	0.0979
Industrial	6	0.0010
Other Public Authority	62	0.0104
Sales for Resale	0	0.0000
Private Fire Protection	56	0.0094
Public Fire Protection	0	0.0000
Total	5,935	1.0000

FACTOR 14. ALLOCATION OF METER READING COSTS.

Factors are based on the number of metered customers.

Customer Classification	Total Metered Customers	Allocation Factor
(1)	(2)	(3)
Residential	5,230	0.8897
Commercial	581	0.0988
Industrial	6	0.0010
Other Public Authority	62	0.0105
Sales for Resale	0	0.0000
Total	5,879	1.0000

ILLINOIS AMERICAN WATER COMPANY
LINCOLN TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 15. ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES

Factors are based on the allocation of all other operation and maintenance expenses excluding purchased water, power, chemicals and waste disposal.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$308,899	0.5199
Commercial	90,272	0.1518
Industrial	37,507	0.0631
Other Public Authority	86,707	0.1459
Sales for Resale	0	0.0000
Private Fire Protection	11,682	0.0197
Public Fire Protection	59,161	0.0996
Total	$594,228	1.0000

FACTOR 15A. ALLOCATION OF CASH WORKING CAPITAL

Factors are based on the allocation of all operation and maintenance expenses excluding regulatory expense.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$854,516	0.5118
Commercial	266,701	0.1597
Industrial	118,175	0.0708
Other Public Authority	271,764	0.1627
Sales for Resale	0	0.0000
Private Fire Protection	26,866	0.0161
Public Fire Protection	131,813	0.0789
Total	$1,669,835	1.0000

ILLINOIS AMERICAN WATER COMPANY
LINCOLN TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 16. ALLOCATION OF LABOR RELATED TAXES AND BENEFITS.

Factors are based on the allocation of direct labor expense.

Customer Classification	Direct Labor Expense	Allocation Factor
(1)	(2)	(3)
Residential	$185,828	0.5001
Commercial	56,536	0.1522
Industrial	24,172	0.0651
Other Public Authority	55,682	0.1499
Sales for Resale	0	0.0000
Private Fire Protection	8,038	0.0216
Public Fire Protection	41,266	0.1111
Total	$371,521	1.0000

FACTOR 17. ALLOCATION OF ORGANIZATION, FRANCHISES AND CONSENTS, MISCELLANEOUS INTANGIBLE PLANT AND OTHER RATE BASE ELEMENTS.

Factors are based on the allocation of the original cost less depreciation other than those items being allocated, as follows:

Customer Classification	Original Cost Less Depreciation	Allocation Factor
(1)	(2)	(3)
Residential	$3,498,468	0.4127
Commercial	1,418,010	0.1673
Industrial	645,455	0.0761
Other Public Authority	1,500,070	0.1770
Sales for Resale	0	0.0000
Private Fire Protection	174,687	0.0206
Public Fire Protection	1,240,099	0.1463
Total	$8,476,789	1.0000

ILLINOIS AMERICAN WATER COMPANY
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FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 18. ALLOCATION OF INCOME TAXES AND INCOME AVAILABLE FOR RETURN.

Factors are based on the allocation of the original cost measure of value rate base as shown on the following pages and summarized below.

Customer Classification	Original Cost Measure of Value	Allocation Factor
(1)	(2)	(3)
Residential	$3,419,005	0.4148
Commercial	1,378,670	0.1673
Industrial	627,680	0.0762
Other Public Authority	1,458,231	0.1769
Sales for Resale	0	0.0000
Private Fire Protection	168,422	0.0204
Public Fire Protection	1,190,247	0.1444
Total	$8,242,256	1.0000

FACTOR 19. ALLOCATION OF REGULATORY COMMISSION EXPENSES, ASSESSMENTS AND OTHER WATER REVENUES.

The factors are based on the allocation of the total cost of service, excluding those items being allocated.

Customer Classification	Total Cost of Service	Allocation Factor
(1)	(2)	(3)
Residential	$1,513,694	0.4849
Commercial	512,684	0.1642
Industrial	224,921	0.0720
Other Public Authority	521,517	0.1670
Sales for Resale	0	0.0000
Private Fire Protection	52,666	0.0169
Public Fire Protection	296,711	0.0950
Total	$3,122,194	1.0000

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COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
RATE BASE									
Organization	17	$ 22,119	$ 9,129	$ 3,701	$ 1,683	$ 3,915	$ -	$ 456	$ 3,236
Franchises	17	0	0	0	0	0	0	0	0
Land & Ld Rights SS	2	9,323	3,698	2,011	1,099	2,477	0	5	34
Land & Ld Rights P	6	2,396	887	483	264	595	0	23	144
Land & Ld Rights WT	2	0	0	0	0	0	0	0	0
Land & Ld Rights TD	7	13,106	3,560	1,818	970	2,187	0	644	3,928
Land & Land Rights AG	15	0	0	0	0	0	0	0	0
Struct & Imp SS	2	104,078	41,277	22,450	12,271	27,654	0	52	375
Struct & Imp P	6	56,197	20,810	11,329	6,187	13,948	0	551	3,372
Struct & Imp WT	2	755,732	299,723	163,011	89,101	200,798	0	378	2,721
Struct & Imp TD	7	1,704	463	236	126	284	0	84	511
Struct & Imp AG	15	37,234	19,358	5,652	2,349	5,432	0	734	3,708
Struct & Imp Offices	15	20,174	10,489	3,062	1,273	2,943	0	397	2,009
Struct & Imp Store,Shop,Gar	15	0	0	0	0	0	0	0	0
Struct & Imp Misc	15	320	166	49	20	47	0	6	32
Collect & Impounding	1	0	0	0	0	0	0	0	0
Lake, River & Other Intakes	2	0	0	0	0	0	0	0	0
Wells & Springs	2	157,959	62,646	34,072	18,623	41,970	0	79	569
Infiltration Galleries and Tunnels	2	0							
Supply Mains	2	44,662	17,713	9,634	5,266	11,867	0	22	161
Power Generation Equip	6	6,820	2,526	1,375	751	1,693	0	67	409
Power Generation Equip Othe	6		0	0	0	0	0	0	0
Pump Equip Steam	6		0	0	0	0	0	0	0
Pump Equip Electric	6	585,252	216,719	117,987	64,436	145,260	0	5,735	35,115
Pump Equip Diesel	6	51,777	19,173	10,438	5,701	12,851	0	507	3,107
Pump Equip Other	6	(15,555)	(5,760)	(3,136)	(1,713)	(3,861)	0	(152)	(933)
WT Equip Non-Media	2	(664,607)	(263,583)	(143,356)	(78,357)	(176,586)	0	(332)	(2,393)
WT Treatment Equip Chemical	2	0							
WT Equip Filter Media	2	2,411,747	956,499	520,214	284,345	640,801	0	1,206	8,682
Dist Reservoirs & Standpipe	5	189,761	73,532	35,561	18,597	41,880	0	2,846	17,344
Elevated Tanks & Standpipes	5	815	316	153	80	180	0	12	74
Ground Level Facilities	5	0	0	0	0	0	0	0	0
TD Mains Not Classified by	7	2,531,196	687,473	351,077	187,308	422,457	0	124,282	758,599
TD Mains 4" & Less	4	0	0	0	0	0	0	0	0
TD Mains 6" to 8"	4	3,125	706	341	178	402	0	211	1,287
TD Mains 10" to 16"	3	0	0	0	0	0	0	0	0
TD Mains 18" & Grtr	3	0	0	0	0	0	0	0	0

ILLINOIS AMERICAN WATER COMPANY
LINCOLN TARIFF GROUP

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Fire Mains	8	0	0	0	0	0	0	0	0
Services	10	714,314	588,452	81,646	1,143	12,643	0	30,430	0
Meters	9	(302)	(228)	(56)	(1)	(16)	0	0	0
Meters Bronze Case	9	622,615	470,634	116,180	2,304	33,497	0	0	0
Meters Plastic Case	9	0	0	0	0	0	0	0	0
Meters Other	9	0	0	0	0	0	0	0	0
Meter Installations	9	115,253	87,120	21,506	426	6,201	0	0	0
Meter Vaults	9	0	0	0	0	0	0	0	0
Hydrants	8	366,353	0	0	0	0	0	0	366,353
Other P/E WT Res Hand Equip	2	0	0	0	0	0	0	0	0
Other P/E TD	7	0	0	0	0	0	0	0	0
Other P/E CPS	17	20,247	8,356	3,387	1,541	3,584	0	417	2,962
Office Furniture & Equip	15	107,725	56,006	16,353	6,797	15,717	0	2,122	10,729
Comp & Periph Equip	15	(376,462)	(195,723)	(57,147)	(23,755)	(54,926)	0	(7,416)	(37,496)
Computer Software	15	56,079	29,155	8,513	3,539	8,182	0	1,105	5,585
Comp Software Personal	15	(3,965)	(2,061)	(602)	(250)	(578)	0	(78)	(395)
Comp Software Other	15		0	0	0	0	0	0	0
Data Handling Equipment	15	(29)	(15)	(4)	(2)	(4)	0	(1)	(3)
Other Office Equipment	15	1,597	830	242	101	233	0	31	159
Trans Equip Lt Duty Trks	15	114,167	59,355	17,331	7,204	16,657	0	2,249	11,371
Trans Equip Hvy Duty Trks	15	82,915	43,107	12,586	5,232	12,097	0	1,633	8,258
Trans Equip Autos	15	(3,568)	(1,855)	(542)	(225)	(521)	0	(70)	(355)
Trans Equip Other	15	0	0	0	0	0	0	0	0
Stores Equipment	15	(1,132)	(589)	(172)	(71)	(165)	0	(22)	(113)
Tools,Shop,Garage Equip	15	58,613	30,473	8,897	3,698	8,552	0	1,155	5,838
Tools,Shop,Garage Equip Oth	15	0	0	0	0	0	0	0	0
Laboratory Equipment	2	5,204	2,064	1,122	614	1,383	0	3	19
Laboratory Equip Other	2		0	0	0	0	0	0	0
Power Operated Equipment	15	76,926	39,994	11,677	4,854	11,224	0	1,515	7,662
Comm Equip Non-Telephone	15	235,788	122,586	35,793	14,878	34,401	0	4,645	23,484
Remote Control & Instr	15	0	0	0	0	0	0	0	0
Comm Equip Telephone	15	99	52	15	6	14	0	2	10
Misc Equipment	15	1,383	719	210	87	202	0	27	138
Other Tangible Property	17		0	0	0	0	0	0	0
Total Utility Plant in Service		8,519,155	3,515,952	1,425,098	648,679	1,507,569	0	175,560	1,246,297

ILLINOIS AMERICAN WATER COMPANY
LINCOLN TARIFF GROUP

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Other Rate Base Items									
Other Utility Plant Adjustments	17	0	0	0	0	0	0	0	0
Cash Working Capital	15A	248,823	127,348	39,737	17,617	40,484	0	4,006	19,632
Materials and Supplies	15	48,598	25,266	7,377	3,067	7,090	0	957	4,840
Deferred Charges - Tank Painting	5	23,826	9,233	4,465	2,335	5,258	0	357	2,178
Pension / OPEB	16	(136,597)	(68,312)	(20,790)	(8,892)	(20,476)	0	(2,950)	(15,176)
Regulatory Deferrals	17	6,762	2,791	1,131	515	1,197	0	139	989
Accumulated Deferred ITC (3%)	17	(153)	(63)	(26)	(12)	(27)	0	(3)	(22)
Deferred Income Taxes	17	(502,353)	(207,321)	(84,044)	(38,229)	(88,916)	0	(10,348)	(73,494)
AFUDC Debt	17	34,195	14,112	5,721	2,602	6,052	0	704	5,003
Total Other Rate Base Elements		(276,899)	(96,947)	(46,428)	(20,998)	(49,338)	0	(7,138)	(56,050)
Total Original Cost Measure of Value		$ 8,242,256	$ 3,419,005	$ 1,378,670	$ 627,680	$1,458,231	$ -	$ 168,422	$ 1,190,247

ILLINOIS AMERICAN WATER COMPANY
LINCOLN TARIFF GROUP

BASIS FOR ALLOCATING DEMAND RELATED COSTS OF FIRE SERVICE TO PRIVATE AND PUBLIC FIRE PROTECTION CUSTOMER CLASSIFICATIONS

Description		Restrictive Diameters Squared	Quantity	Relative Demand	Allocation Factor
(1)		(2)	(3)	(4)=(2)x(3)	(5)
PRIVATE FIRE PROTECTION					
Fire Lines					
2 -inch		4.00	2	8	
3 -inch		9.00	0	0	
4 -inch		16.00	14	224	
6 -inch		36.00	29	1,044	
8 -inch		64.00	11	704	
10 -inch		100.00	0	0	
12 -inch		144.00	0	0	
Private Hydrants			0	0	
Total Private Fire Protection			56	1,980	0.1410
PUBLIC FIRE PROTECTION					
Hydrant	Nozzle Sizes				
4" Standard	2-2 1/2"	12.50	216	2,700	
6" Standard	4.5" & 2-2 1/2"	32.75	286	9,367	
Total Public Fire Prorection			502	12,067	0.8590
Total Fire Protection			558	14,047	1.0000

Schedule E-LIN

ILLINOIS AMERICAN WATER COMPANY
LINCOLN TARIFF GROUP

CALCULATION OF CUSTOMER CHARGE

			5/8-Inch Cost Per Month
(1)	Cost Related to Meters	$ 153,354	
(2)	Meter Equivalents X 12	84,936	
(3)	Cost per Bill - Meter related		$1.81
(4)	Cost Related to Services	$ 271,509	
(5)	Service Equivalents X 12	73,344	
(6)	Cost per Bill - Services related		3.70
(7)	Cost Related to Billing and Collecting	$ 483,737	
(8)	Number of Customers X 12	71,220	
(9)	Cost per Bill - Billing and Collecting		6.79
(10)	Total Customer Charge (3)+(6)+(9)		$12.30

PEKIN TARIFF GROUP

ILLINOIS AMERICAN WATER COMPANY
PEKIN TARIFF GROUP

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND ALLOWED RATES
FOR THE TEST YEAR ENDED JUNE 30, 2009

Customer Classification	Cost of Service		Revenues, Previous Rates		Revenues, Allowed Rates		Allowed Increase	
	Amount (Schedule B)	Percent	Amount	Percent	Amount	Percent	Amount	Percent Increase
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Residential	$ 3,760,923	59.2%	$ 3,144,660	60.0%	$ 3,815,429	60.0%	$ 670,768	21.3%
Commercial	539,156	8.5%	479,608	9.2%	581,908	9.2%	102,301	21.3%
Industrial	975,967	15.4%	764,692	14.6%	927,748	14.6%	163,056	21.3%
Public Authority	330,805	5.2%	249,497	4.8%	302,711	4.8%	53,213	21.3%
Sales for Resale	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Private Fire Service	113,322	1.8%	62,166	1.2%	75,434	1.2%	13,268	21.3%
Public Fire Service	629,112	9.9%	532,210	10.2%	645,720	10.2%	113,510	21.3%
Total Sales	6,349,285	100.0%	5,232,833	100.0%	6,348,949	100.0%	1,116,117	21.3%
Other Revenues	169,160		145,000		169,160		24,160	16.7%
Total	$ 6,518,445		$ 5,377,833		$ 6,518,109		$1,140,277	21.2%

PEK-1

TN-CMA-01-Q29-SUPPLEMENTAL ATTACHMENT
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Schedule A-PEK

ILLINOIS AMERICAN WATER COMPANY
PEKIN TARIFF GROUP

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
OPERATION AND MAINTENANCE EXPENSES									
SOURCE OF SUPPLY EXPENSES									
Salaries and Wages	2	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Labor & Exp Oper SS - Labor	2	17,359	6,777	1,750	7,155	1,614	0	9	54
Labor & Exp Oper SS	2	58,715	22,922	5,918	24,202	5,460	0	29	182
Purchased Water	1	0	0	0	0	0	0	0	0
TOTAL SS EXPENSE - OPERATION		76,073	29,699	7,668	31,357	7,075	0	38	236
Misc Exp Oper SS	2	0	0	0	0	0	0	0	0
Misc Exp Oper SS	2	532	208	54	219	49	0	0	2
Rents Oper SS	2	0	0	0	0	0	0	0	0
Super & Eng Maint SS	2	0	0	0	0	0	0	0	0
Struct & Improve Maint SS - Labor	2	0	0	0	0	0	0	0	0
Struct & Improve Maint SS	2	27	11	3	11	3	0	0	0
Collect & Impound Maint SS - Labor	2	0	0	0	0	0	0	0	0
Collect & Impound Maint SS	2	0	0	0	0	0	0	0	0
Lake, River & Oth Maint SS - Labor	2	0	0	0	0	0	0	0	0
Lake, River & Oth Maint SS	2	0	0	0	0	0	0	0	0
Wells & Springs Maint SS - Labor	2	0	0	0	0	0	0	0	0
Wells & Springs Maint SS	2	0	0	0	0	0	0	0	0
Infilt Gall & Tunnels Maint SS - Labor	2	0	0	0	0	0	0	0	0
Infilt Gall & Tunnels Maint SS	2	0	0	0	0	0	0	0	0
Supply Mains Maint SS - Labor	2	0	0	0	0	0	0	0	0
Supply Mains Maint SS	2	0	0	0	0	0	0	0	0
Misc Plant Maint SS - Labor	2	0	0	0	0	0	0	0	0
Misc Plant Maint SS	2	4,642	1,812	468	1,914	432	0	2	14
TOTAL SS EXPENSE - MAINTENANCE		5,201	2,031	524	2,144	484	0	3	16
TOTAL SS EXPENSE		81,275	31,730	8,192	33,501	7,559	0	41	252
POWER AND PUMPING EXPENSES									
Super & Eng Oper P	6	0	0	0	0	0	0	0	0
Fuel for Power Prod	1	0	0	0	0	0	0	0	0
Labor & Exp Oper Pwr Prod - Labor	6	0	0	0	0	0	0	0	0
Labor & Exp Oper Pwr Prod	6	0	0	0	0	0	0	0	0
Purch Fuel/Power for Pump	1	188,384	62,581	18,424	89,690	16,672	0	151	867
Labor & Exp Oper Pump - Labor	6	52,434	20,171	5,128	18,488	4,703	0	551	3,392
Labor & Exp Oper Pump	6	0	0	0	0	0	0	0	0
Expenses Transferred	6	0	0	0	0	0	0	0	0
Misc Exp Oper P	6	0	0	0	0	0	0	0	0
Rents Oper P	6	0	0	0	0	0	0	0	0
TOTAL PUMPING EXPENSE - OPERATION		240,818	82,752	23,552	108,178	21,375	0	701	4,259

ILLINOIS AMERICAN WATER COMPANY
PEKIN TARIFF GROUP

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Super & Eng Maint P	6	0	0	0	0	0	0	0	0
Struct & Improve Maint P - Labor	6	0	0	0	0	0	0	0	0
Struct & Improve Maint P	6	0	0	0	0	0	0	0	0
Power Prod Equip Maint P - Labor	6	0	0	0	0	0	0	0	0
Power Prod Equip Maint P	6	0	0	0	0	0	0	0	0
Pump Equip Maint P - Labor	6	32,110	12,353	3,140	11,322	2,880	0	337	2,078
Pump Equip Maint P	6	7,265	2,795	711	2,562	652	0	76	470
TOTAL PUMPING EXPENSES - MAINTENANCE		39,375	15,148	3,851	13,884	3,532	0	413	2,548
TOTAL PUMPING EXPENSES		280,193	97,900	27,403	122,062	24,907	0	1,115	6,807
WATER TREATMENT									
Super & Eng Oper WT	2	0	0	0	0	0	0	0	0
Chemicals	1	83,355	27,691	8,152	39,685	7,377	0	67	383
Labor & Exp Oper WT - Labor	2	12,286	4,797	1,238	5,064	1,143	0	6	38
Labor & Exp Oper WT	2	691	270	70	285	64	0	0	2
Misc Exp Oper WT	2	0	0	0	0	0	0	0	0
Misc Exp Oper WT	1	0	0	0	0	0	0	0	0
Misc Exp Oper WT	2	1,086	424	109	448	101	0	1	3
Rents Oper WT	2	0	0	0	0	0	0	0	0
TOTAL WT EXPENSE - OPERATION		97,418	33,181	9,570	45,482	8,685	0	74	427
Super & Eng Maint WT	2	26,064	10,175	2,627	10,743	2,424	0	13	81
Struct & Improve Maint WT - Labor	2	0	0	0	0	0	0	0	0
Struct & Improve Maint WT	2	0	0	0	0	0	0	0	0
WT Equip Maint WT - Labor	2	0	0	0	0	0	0	0	0
WT Equip Maint WT	2	1,828	713	184	753	170	0	1	6
TOTAL WT EXPENSE - MAINTENANCE		27,891	10,889	2,811	11,497	2,594	0	14	86
TOTAL WT EXPENSE		125,309	44,070	12,381	56,979	11,279	0	88	513
TRANSMISSION AND DISTRIBUTION EXPENSES									
Super & Eng Oper TD	7	0	0	0	0	0	0	0	0
Storage Facilty Exp - Labor	5	0	0	0	0	0	0	0	0
Storage Facilty Exp	5	0	0	0	0	0	0	0	0
TD Lines Exp - Labor	7	0	0	0	0	0	0	0	0
TD Lines Exp	7	(2,163)	(819)	(199)	(419)	(179)	0	(77)	(470)
Meter Expense - Labor	9	0	0	0	0	0	0	0	0
Meter Expense	9	0	0	0	0	0	0	0	0
Customer Install Exp - Labor	10	0	0	0	0	0	0	0	0
Customer Install Exp	10	60	52	5	0	1	0	2	0

ILLINOIS AMERICAN WATER COMPANY
PEKIN TARIFF GROUP

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Misc Exp Oper TD - Labor	7	84,617	32,036	7,793	16,390	7,015	0	2,995	18,387
Misc Exp Oper TD	7	0	0	0	0	0	0	0	0
Misc Exp Oper TD	7	22,953	8,690	2,114	4,446	1,903	0	813	4,988
Rents Oper TD	7	0	0	0	0	0	0	0	0
TOTAL T & D EXPENSE OPERATION		105,466	39,959	9,713	20,417	8,739	0	3,734	22,905
Super & Eng Maint TD	12	0	0	0	0	0	0	0	0
Struct & Improve Maint TD - Labor	12	0	0	0	0	0	0	0	0
Struct & Improve Maint TD	12	34	16	3	4	2	0	1	8
Dist Res Stand Maint TD - Labor	5	0	0	0	0	0	0	0	0
TD Main Maint TD - Labor	7	87,457	33,111	8,055	16,940	7,250	0	3,096	19,004
TD Main Maint TD	7	98,044	37,119	9,030	18,991	8,128	0	3,471	21,305
Fire Main Maint TD - Labor	8	0	0	0	0	0	0	0	0
Fire Main Maint TD	8	0	0	0	0	0	0	0	0
Services Maint TD - Labor	10	69,792	60,398	5,416	161	1,089	0	2,729	0
Services Maint TD	10	13,226	11,446	1,026	30	206	0	517	0
Meters Maint TD - Labor	9	8,155	6,838	931	47	338	0	0	0
Meters Maint TD	9	4,490	3,765	513	26	186	0	0	0
Hydrants Maint TD - Labor	8	30,944	0	0	0	0	0	0	30,944
Hydrants Maint TD	8	3,939	0	0	0	0	0	0	3,939
Misc Plant Maint TD - Labor	12	592	286	47	68	32	0	18	141
Mat and Sup Maint TD	12	94	45	7	11	5	0	3	22
Misc Maint TD	12	33,222	16,053	2,625	3,804	1,807	0	1,030	7,904
Amort Def Maint TD	5	12,471	4,022	935	3,686	829	0	419	2,579
TOTAL T & D EXPENSE - MAINTENANCE		362,461	173,100	28,588	43,769	19,874	0	11,284	85,847
TOTAL T & D EXPENSE		467,927	213,059	38,300	64,186	28,613	0	15,018	108,752
CUSTOMER ACCOUNTS									
Supervision CA	13	0	0	0	0	0	0	0	0
Meter Reading Exp CA - Labor	14	73,402	67,390	5,175	95	741	0	0	0
Meter Reading Exp CA	14	0	0	0	0	0	0	0	0
Meter Reading Exp CA	14	0	0	0	0	0	0	0	0
Cust Rec & Collection CA - Labor	13	0	0	0	0	0	0	0	0
Cust Rec & Collection CA	13	78,750	71,702	5,513	102	788	0	646	0
Uncollectible Accts	13	72,797	66,282	5,096	95	728	0	597	0
Misc Cust Accts Exp CA - Labor	13	223,289	203,305	15,630	290	2,233	0	1,831	0
Misc Cust Accts Exp CA	13	0	0	0	0	0	0	0	0
Misc Cust Accts Exp CA	13	4,558	4,150	319	6	46	0	37	0
Cust Serv & Info Exp CA	13	0	0	0	0	0	0	0	0
TOTAL CUSTOMER ACCOUNTING EXPENSE		452,796	412,829	31,732	589	4,535	0	3,111	0

ILLINOIS AMERICAN WATER COMPANY
PEKIN TARIFF GROUP

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
ADMINISTRATIVE AND GENERAL EXPENSES									
Salaries AG	15	37,482	23,408	3,017	4,884	1,743	0	633	3,797
Other Supplies & Exp AG	15	0	0	0	0	0	0	0	0
Other Supplies & Exp AG	15	157,831	98,565	12,705	20,565	7,339	0	2,667	15,988
Other Supplies & Exp AG	15	18,886	11,794	1,520	2,461	878	0	319	1,913
Mgmt Fees-Admin	15	574,330	358,669	46,234	74,835	26,706	0	9,706	58,180
Mgmt Fees-Customer Service	13	254,057	231,319	17,784	330	2,541	0	2,083	0
Mgmt Fees-Belleville Lab	2	43,962	17,163	4,431	18,121	4,089	0	22	136
Mgmt Fees- Employee	16	56,526	35,967	4,482	6,851	2,481	0	916	5,828
Outside Services AG	15	53,542	33,437	4,310	6,977	2,490	0	905	5,424
Outside Services AG	15	16,043	10,019	1,291	2,090	746	0	271	1,625
Property Insurance	15	0	0	0	0	0	0	0	0
Ins Gen Liab Oper AG	15	78,344	48,926	6,307	10,208	3,643	0	1,324	7,936
Ins Work Comp AG	16	108,261	68,887	8,585	13,121	4,753	0	1,754	11,162
Ins Other Oper AG	15	33,493	20,916	2,696	4,364	1,557	0	566	3,393
Property Insurance	15	6,293	3,930	507	820	293	0	106	637
Injuries & Damages	16	893	568	71	108	39	0	14	92
Employee Pension & Benefits	16	266,819	169,777	21,159	32,339	11,713	0	4,322	27,509
Employee Pension & Benefits	16	66,383	42,239	5,264	8,046	2,914	0	1,075	6,844
Employee Pension & Benefits	16	12,470	7,935	989	1,511	547	0	202	1,286
Reg Commision Exp	19	23,626	14,149	1,999	3,558	1,212	0	413	2,294
Rents AG	15	10,599	6,619	853	1,381	493	0	179	1,074
Goodwill Advertising Exp	15	1,203	752	97	157	56	0	20	122
Misc Exp AG	15	102,042	63,725	8,214	13,296	4,745	0	1,725	10,337
Research & Development	15	830	518	67	108	39	0	14	84
TOTAL A & G OPERATIONS		1,923,916	1,269,283	152,583	226,132	81,017	0	29,239	165,661
General Plant Maint AG - Labor	15	0	0	0	0	0	0	0	0
General Plant Maint AG	15	25,464	15,902	2,050	3,318	1,184	0	430	2,579
TOTAL A & G EXPENSE - MAINTENANCE		25,464	15,902	2,050	3,318	1,184	0	430	2,579
TOTAL A & G EXPENSE		1,949,379	1,285,185	154,633	229,450	82,201	0	29,669	168,240
Total Operation & Maintenance Expenses		3,356,880	2,084,772	272,642	506,767	159,094	0	49,041	284,564

ILLINOIS AMERICAN WATER COMPANY
PEKIN TARIFF GROUP

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
DEPRECIATION EXPENSE									
Struct & Imp SS	2	134	52	14	55	12	0	0	0
Struct & Imp P	6	3,167	1,218	310	1,117	284	0	33	205
Struct & Imp WT	2	19,878	7,760	2,004	8,194	1,849	0	10	62
Struct & Imp TD	7	0	0	0	0	0	0	0	0
Struct & Imp AG	15	0	0	0	0	0	0	0	0
Struct & Imp Offices	15	10,984	6,860	884	1,431	511	0	186	1,113
Struct & Imp Store,Shop,Gar	15	1,418	886	114	185	66	0	24	144
Struct & Imp Misc	15	59	37	5	8	3	0	1	6
Collect & Impounding	1	0	0	0	0	0	0	0	0
Lake, River & Other Intakes	2	0	0	0	0	0	0	0	0
Wells & Springs	2	3,877	1,514	391	1,598	361	0	2	12
Infiltration Galleries and Tunnels	2	0	0	0	0	0	0	0	0
Supply Mains	2	0	0	0	0	0	0	0	0
Power Generation Equip Othe	6	18,734	7,207	1,832	6,606	1,680	0	197	1,212
Pump Equip Electric	6	66,587	25,616	6,512	23,479	5,973	0	699	4,308
Pump Equip Diesel	6	3,936	1,514	385	1,388	353	0	41	255
Pump Equip Hydraulic	6		0	0	0	0	0	0	0
Pump Equip Other	6	17	7	2	6	2	0	0	1
WT Equip Non-Media	2	53,009	20,695	5,343	21,850	4,930	0	27	164
WT Equip Chemical	2	0	0	0	0	0	0	0	0
WT Equip Filter Media	2	24,478	9,556	2,467	10,090	2,276	0	12	76
Dist Reservoirs & Standpipe	5	9,773	3,152	733	2,889	650	0	328	2,021
Elevated Tanks & Standpipes	5	29	9	2	9	2	0	1	6
Ground Level Facilities	5	0	0	0	0	0	0	0	0
Below Grade Facilities	5	0	0	0	0	0	0	0	0
TD Mains Not Classified by	7	127,566	48,297	11,749	24,710	10,575	0	4,516	27,720
TD Mains 4" & Less	4	11	4	1	1	1	0	0	3
TD Mains 6" to 8"	4	149	58	14	18	12	0	7	41
TD Mains 10" to 16"	3	0	0	0	0	0	0	0	0
TD Mains 18" & Grtr	3	0	0	0	0	0	0	0	0
Fire Mains	8	0	0	0	0	0	0	0	0
Services	10	293,356	253,871	22,764	675	4,576	0	11,470	0
Meters	9	0	0	0	0	0	0	0	0
Meters Bronze Case	9	182,560	153,077	20,848	1,059	7,576	0	0	0
Meters Plastic Case	9	0	0	0	0	0	0	0	0
Meters Other	9	0	0	0	0	0	0	0	0
Meters Other-Rem Rdr Unts	9		0	0	0	0	0	0	0
Meter Installations	9	71,534	59,982	8,169	415	2,969	0	0	0
Meter Vaults	9	0	0	0	0	0	0	0	0
Hydrants	8	50,820	0	0	0	0	0	0	50,820
Utility Plant Acquisition Adjustment	17		0	0	0	0	0	0	0
Other P/E WT Res Hand Equip	2	0	0	0	0	0	0	0	0
Other P/E TD	7	0	0	0	0	0	0	0	0
Other P/E CPS	17	(6)	(3)	(1)	(1)	(0)	0	(0)	(1)
Office Furniture & Equip	15	3,154	1,970	254	411	147	0	53	319
Comp & Periph Equip	15	42,261	26,392	3,402	5,507	1,965	0	714	4,281

ILLINOIS AMERICAN WATER COMPANY
PEKIN TARIFF GROUP

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Computer Software	15	93,258	58,240	7,507	12,152	4,336	0	1,576	9,447
Comp Software Personal	15	1,350	843	109	176	63	0	23	137
Data Handling Equipment	15	0	0	0	0	0	0	0	0
Other Office Equipment	15	784	490	63	102	36	0	13	79
Trans Equip Lt Duty Trks	15	2,095	1,308	169	273	97	0	35	212
Trans Equip Hvy Duty Trks	15	14,591	9,112	1,175	1,901	678	0	247	1,478
Trans Equip Autos	15	1,448	904	117	189	67	0	24	147
Trans Equip Other	15	82	51	7	11	4	0	1	8
Stores Equipment	15	124	77	10	16	6	0	2	13
Tools,Shop,Garage Equip	15	8,806	5,499	709	1,147	409	0	149	892
Tools,Shop,Garage Equip Oth	15	0	0	0	0	0	0	0	0
Laboratory Equipment	2	312	122	31	128	29	0	0	1
Laboratory Equip Other	2		0	0	0	0	0	0	0
Power Operated Equipment	15	8,786	5,487	707	1,145	409	0	148	890
Comm Equip Non-Telephone	15	18,347	11,458	1,477	2,391	853	0	310	1,859
Remote Control & Instr	15	0	0	0	0	0	0	0	0
Comm Equip Telephone	15	20	13	2	3	1	0	0	2
Misc Equipment	15	1,052	657	85	137	49	0	18	107
Other Tangible Property	15		0	0	0	0	0	0	0
Total Depreciation Expense		1,138,543	723,990	100,365	131,467	53,811	0	20,870	108,040
Amort-Other UP	18	5,702	3,022	509	993	352	0	129	697
Amort-Intangible Fin	2	0	0	0	0	0	0	0	0
Taxes Other Than Income									
Utility Reg Assessment Fee	19	0	0	0	0	0	0	0	0
Property Taxes	18	73,525	38,968	6,558	12,808	4,536	0	1,669	8,985
FUTA	16	34	22	3	4	1	0	1	4
FICA	16	58,605	37,290	4,647	7,103	2,573	0	949	6,042
SUTA	16	0	0	0	0	0	0	0	0
Other Taxes & Licenses	15	8,694	5,429	700	1,133	404	0	147	881
Capital Stock Tax	19	233,817	140,033	19,781	35,213	11,995	0	4,092	22,704
Total Taxes, Other Than Income		374,676	221,743	31,689	56,261	19,510	0	6,858	38,615
Income Taxes	18	429,926	227,861	38,349	74,893	26,526	0	9,759	52,537
Utility Income Available for Return	18	1,212,719	642,741	108,175	211,256	74,825	0	27,529	148,194
Total Cost of Service		6,518,445	3,904,129	551,729	981,637	334,118	0	114,186	632,647
Less: Other Water Revenues									
Penalties, Rents on Water Property and Other	19	36,402	21,801	3,080	5,482	1,867	0	637	3,535
Billing and Collecting Related	13	27,666	25,190	1,937	36	277	0	227	0
Usage Data Readings	14	101,697	93,368	7,170	132	1,027	0	0	0
Lab Testing	2	0	0	0	0	0	0	0	0
Reconnection Charges	9	3,396	2,847	388	20	141	0	0	0
Total Other Water Revenues		169,160	143,206	12,574	5,670	3,312	0	864	3,535
Total Cost of Service Related to Sales of Water		$ 6,349,285	$ 3,760,923	$ 539,156	$ 975,967	$ 330,805	$ -	$ 113,322	$ 629,112

Schedule C-PEK

ILLINOIS AMERICAN WATER COMPANY
PEKIN TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS

FACTOR 1. ALLOCATION OF COSTS WHICH VARY WITH THE AMOUNT OF WATER CONSUMED.

Factors are based on the pro forma test year average daily consumption for each customer classification.

Customer Classification	Average Daily Consumption, CCF	Allocation Factor
(1)	(2)	(3)
Residential	3,066	0.3322
Commercial	903	0.0978
Industrial	4,394	0.4761
Other Public Authority	817	0.0885
Sales for Resale	0	0.0000
Private Fire Protection	7	0.0008
Public Fire Protection	42	0.0046
Total	9,229	1.0000

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the factors for average daily consumption (Factor 1) and the factors derived from maximum day extra capacity demand for each customer classification, as follows:

	Average Daily Consumption		Maximum Day Extra Capacity		
Customer Classification	Allocation Factor 1	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)x 0.6803	(4)	(5)=(4)x 0.3197	(6)=(3)+(5)
Residential	0.3322	0.2261	0.5138	0.1643	0.3904
Commercial	0.0978	0.0665	0.1073	0.0343	0.1008
Industrial	0.4761	0.3239	0.2762	0.0883	0.4122
Other Public Authority	0.0885	0.0602	0.1027	0.0328	0.0930
Sales for Resale	0.0000	0.0000	0.0000	0.0000	0.0000
Private Fire Protection	0.0008	0.0005			0.0005
Public Fire Protection	0.0046	0.0031			0.0031
Total	1.0000	0.6803	1.0000	0.3197	1.0000

The derivation of the maximum day extra capacity factors in column 4 and the basis for the column 3 and 5 weightings are presented on the following page.

ILLINOIS AMERICAN WATER COMPANY
PEKIN TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS, cont.

		Maximum Day Extra Capacity		
Customer Classification	Average Daily Consumption, CCF	Factor*	Rate of Flow, Thousand Gal. Per Day	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	3,066	1.20	3,679	0.5138
Commercial	903	0.85	768	0.1073
Industrial	4,394	0.45	1,977	0.2762
Other Public Authority	817	0.90	735	0.1027
Sales for Resale	0		0	0.0000
Total	9,180		7,159	1.0000

The weighting of the factors is based on the maximum day ratio of 1.47, based on the Demand Study.

	Maximum Day Ratio	Weight
Average Day	1.00	0.6803
Maximum Day Extra Capacity	0.47	0.3197
Total	1.47	1.0000

* Ratio of maximum day to average day minus 1.0.

ILLINOIS AMERICAN WATER COMPANY
PEKIN TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

	Average Daily Consumption		Maximum Day Extra Capacity		Fire Protection		
Customer Classification	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2) X 0.6240	(4)	(5)=(4) X 0.2933	(6)	(7)=(6) X 0.0827	(8)=(3)+(5)+(7)
Residential	0.3322	0.2073	0.5138	0.1507			0.3580
Commercial	0.0978	0.0610	0.1073	0.0315			0.0925
Industrial	0.4761	0.2971	0.2762	0.0810			0.3781
Other Public Authority	0.0885	0.0552	0.1027	0.0301			0.0853
Sales for Resale	0.0000	0.0000	0.0000	0.0000			0.0000
Private Fire Protection	0.0008	0.0005			0.1397	0.0116	0.0121
Public Fire Protection	0.0046	0.0029			0.8603	0.0711	0.0740
Total	1.0000	0.6240	1.0000	0.2933	1.0000	0.0827	1.0000

ILLINOIS AMERICAN WATER COMPANY
PEKIN TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum day ratio of 1.47 and the average daily system sendout for 2007 of 7.241 MGD. The system demand for fire protection is 4,000 Gallons per minute for 4 hours.

	Ratio	Rate of Flow, (GPD)	Weight
Average Day	1.00	7,241,312	0.6240
Maximum Day Extra Capacity	0.47	3,403,417	0.2933
Subtotal	1.47	10,644,729	0.9173
Fire Protection		960,000	0.0827
Total		11,604,729	1.0000

The public and private fire protection allocation factors in column 6 on the previous page are based on the relative potential demands (see Schedule E).

ILLINOIS AMERICAN WATER COMPANY
PEKIN TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		
Customer Classification	CCF	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3) X 0.3991	(5)	(6)=(5) X 0.2834	(7)	(8)=(7) X 0.3175	(9)=(4)+(6)+(8)
Residential	127.8	0.4925	0.1965	0.6727	0.1905			0.3870
Commercial	37.6	0.1449	0.0578	0.1211	0.0342			0.0920
Industrial	58.0	0.2235	0.0892	0.1018	0.0291			0.1183
Other Public Authority	34.0	0.1310	0.0523	0.1044	0.0296			0.0819
Sales for Resale	0.0	0.0000	0.0000	0.0000	0.0000			0.0000
Private Fire Protection	0.3	0.0012	0.0005			0.1397	0.0444	0.0449
Public Fire Protection	1.8	0.0069	0.0028			0.8603	0.2731	0.2759
Total	259.5	1.0000	0.3991	1.0000	0.2834	1.0000	0.3175	1.0000

The maximum hour extra capacity factors in column 5 are determined on the following page.

ILLINOIS AMERICAN WATER COMPANY
PEKIN TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum hour ratio of 1.71 and the average daily system sendout for 2007 of 7.241 MGD. The system demand for fire protection is 4,000 gallons per minute.

	Ratio	Rate of Flow, (GPM)	Weight
Average Hour	1.00	5,029	0.3991
Maximum Hour Extra Capacity	0.71	3,571	0.2834
Subtotal	1.71	8,600	0.6825
Fire Protection		4,000	0.3175
Total		12,600	1.0000

The maximum hour extra capacity factors in column 5 of the previous page are determined as follows:

Customer Classification	Average Hourly Consumption CCF	Maximum Hour Extra Capacity		
		Factor*	CCF Per Hour	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	127.8	1.80	230.0	0.6727
Commercial	37.6	1.10	41.4	0.1211
Industrial	58.0	0.60	34.8	0.1018
Other Public Authority	34.0	1.05	35.7	0.1044
Sales for Resale	0.0		0.0	0.0000
Total	257.4		341.9	1.0000

* Ratio of Maximum Hour To Average Hour Minus 1.0.

The public and private fire protection allocation factors in column 7 on the previous page are based on the relative potential demands (see Schedule E).

ILLINOIS AMERICAN WATER COMPANY
PEKIN TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES.

Factors are based on the weighting of the average hourly consumption, the maximum hour extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		
	CCF	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3) X 0.4457	(5)	(6)=(5) X 0.3164	(7)	(8)=(7) X 0.2379	(9)=(4)+(6)+(8)
Residential	127.8	0.3322	0.1480	0.5516	0.1745			0.3225
Commercial	37.6	0.0978	0.0436	0.0993	0.0314			0.0750
Industrial	183.1	0.4761	0.2122	0.2635	0.0834			0.2956
Other Public Authority	34.0	0.0884	0.0394	0.0856	0.0271			0.0665
Sales for Resale	0.0	0.0000	0.0000	0.0000	0.0000			0.0000
Private Fire Protection	0.3	0.0008	0.0004			0.1397	0.0332	0.0336
Public Fire Protection	1.8	0.0047	0.0021			0.8603	0.2047	0.2068
Total	384.6	1.0000	0.4457	1.0000	0.3164	1.0000	0.2379	1.0000

The weighting of the factors is based on the ratio of the capacity required for a 4 hour demand of fire flow, as related to total storage capacity. The calculation is shown on the following page.

ILLINOIS AMERICAN WATER COMPANY
PEKIN TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES, cont.

The weighting of the factors is based on the ratio of the capacity required for a 4 hour demand of fire flow, as related to total storage capacity.

Fire Protection Weight = $\frac{4{,}000 \text{ GPM X } 60 \text{ Min. X } 4 \text{ Hrs.}}{4{,}035{,}000 \text{ Gallons}}$ = 0.2379

General Service Weight = 1.0000 - 0.2379 = 0.7621

The weighting of the average hourly consumption and maximum hour extra demand for general service is based on the maximum hour ratio, as follows:

	Maximum Hour Ratio	Percent	Weight
Average Hour	1.00	58.48	0.4457
Extra Capacity Maximum Hour	0.71	41.52	0.3164
Total	1.71	100.00	0.7621

The maximum hour extra capacity factors in column 5 of the previous page are determined as follows:

Customer Classification	Average Hourly Consumption CCF	Maximum Hour Extra Capacity Factor*	Maximum Hour Extra Capacity CCF Per Hour	Maximum Hour Extra Capacity Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	127.8	1.80	230.0	0.5516
Commercial	37.6	1.10	41.4	0.0993
Industrial	183.1	0.60	109.9	0.2635
Other Public Authority	34.0	1.05	35.7	0.0856
Sales for Resale	0.0		0.0	0.0000
Total	382.5		417.0	1.0000

* Ratio of Maximum Hour To Average Hour Minus 1.0.

ILLINOIS AMERICAN WATER COMPANY
PEKIN TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH POWER AND PUMPING FACILITIES.

Factors are based on the weighting of the maximum daily consumption, Factor 2, the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

	Maximum Daily Consumption		Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 2	Weighted Factor	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.6562	(4)	(5)=(4)X 0.1594	(6)	(7)=(6)X 0.1844	(8)=(3)+ (5)+(7)
Residential	0.3904	0.2563	0.3580	0.0571	0.3870	0.0713	0.3847
Commercial	0.1008	0.0661	0.0925	0.0147	0.0920	0.0170	0.0978
Industrial	0.4122	0.2705	0.3781	0.0603	0.1183	0.0218	0.3526
Other Public Authority	0.0930	0.0610	0.0853	0.0136	0.0819	0.0151	0.0897
Sales for Resale	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Private Fire Protection	0.0005	0.0003	0.0121	0.0019	0.0449	0.0083	0.0105
Public Fire Protection	0.0031	0.0020	0.0740	0.0118	0.2759	0.0509	0.0647
Total	1.0000	0.6562	1.0000	0.1594	1.0000	0.1844	1.0000

The weighting of the factors is based on the horsepower of pumps associated with maximum day facilities, maximum day and fire facilities, and maximum hour facilities, as follows:

	Horsepower of Pumps	Weight
Associated with Maximum Day	1,050	0.6562
Associated with Maximum Day and Fire	255	0.1594
Associated with Maximum Hour	295	0.1844
Total	1,600	1.0000

ILLINOIS AMERICAN WATER COMPANY
PEKIN TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 7. ALLOCATION OF COSTS ASSOCIATED WITH TRANSMISSION AND DISTRIBUTION MAINS.

Factors are based on the weighting of the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

	Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.2902	(4)	(5)=(4)X 0.7098	(6)=(3)+(5)
Residential	0.3580	0.1039	0.3870	0.2747	0.3786
Commercial	0.0925	0.0268	0.0920	0.0653	0.0921
Industrial	0.3781	0.1097	0.1183	0.0840	0.1937
Other Public Authority	0.0853	0.0248	0.0819	0.0581	0.0829
Sales for Resale	0.0000	0.0000	0.0000	0.0000	0.0000
Private Fire Protection	0.0121	0.0035	0.0449	0.0319	0.0354
Public Fire Protection	0.0740	0.0215	0.2759	0.1958	0.2173
Total	1.0000	0.2902	1.0000	0.7098	1.0000

The weighting of the factors is based on the total inch-feet of mains, designated as either transmission mains or distribution mains, as follows:

	Total Inch-Feet of Mains	Weight
Transmission Mains	1,892,394	0.2902
Distribution Mains	4,628,663	0.7098
Total	6,521,057	1.0000

ILLINOIS AMERICAN WATER COMPANY
PEKIN TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 8. ALLOCATION OF COSTS ASSOCIATED WITH FIRE HYDRANTS.

Costs are assigned directly to Public Fire Protection.

Customer Classification	Allocation Factor
(1)	(3)
Public Fire Protection	1.0000
Total	1.0000

FACTOR 9. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

Factors are based on the relative cost of meters by size and customer classification, as developed on the following page and summarized below.

Customer Classification	5/8" Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	13,587	0.8385
Commercial	1,851	0.1142
Industrial	94	0.0058
Other Public Authority	673	0.0415
Sales for Resale	0	0.0000
Private Fire	0	0.0000
Total	16,205	1.0000

ILLINOIS AMERICAN WATER COMPANY
PEKIN TARIFF GROUP

BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS

Meter Size	5/8" Equivalent	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Total	
		Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)
5/8	1.0	13,238	13,238	706	706	3	3	50	50	0	0	13,997	13,997
3/4	1.5	136	204	78	117	0	0	17	26	0	0	231	347
1	2.5	56	140	175	438	4	10	28	70	0	0	263	658
1-1/2	5.0	1	5	15	75	5	25	5	25	0	0	26	130
2	8.0	0	0	55	440	7	56	44	352	0	0	106	848
3	15.0	0	0	0	0	0	0	0	0	0	0	0	0
4	25.0	0	0	3	75	0	0	2	50	0	0	5	125
6	50.0	0	0	0	0	0	0	2	100	0	0	2	100
8	80.0	0	0	0	0	0	0	0	0	0	0	0	0
Total		13,431	13,587	1,032	1,851	19	94	148	673	0	0	14,630	16,205

ILLINOIS AMERICAN WATER COMPANY
PEKIN TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 10. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

Factors are based on the relative cost of services by size and customer classification, as developed on the following page and summarized below.

Customer Classification	3/4" Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	13,454	0.8654
Commercial	1,206	0.0776
Industrial	36	0.0023
Other Public Authority	243	0.0156
Sales for Resale	0	0.0000
Private Fire Protection	608	0.0391
Total	15,547	1.0000

ILLINOIS AMERICAN WATER COMPANY
PEKIN TARIFF GROUP

BASIS FOR ALLOCATING SERVICE COSTS TO CUSTOMER CLASSIFICATIONS

Service Size	3/4" Equivalent	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Private Fire Protection		Total	
		Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)=(2)X(11)	(15)	(16)
3/4	1.00	13,374	13,374	784	784	3	3	67	67	0	0	0	0	14,228	14,228
1	1.40	56	78	175	245	4	6	28	39	0	0	0	0	263	368
1-1/2	1.80	1	2	15	27	5	9	5	9	0	0	0	0	26	47
2	2.50	0	0	55	138	7	18	44	110	0	0	2	5	108	271
3	3.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4	4.00	0	0	3	12	0	0	2	8	0	0	17	68	22	88
6	5.00	0	0	0	0	0	0	2	10	0	0	79	395	81	405
8	6.00	0	0	0	0	0	0	0	0	0	0	20	120	20	120
10	6.50	0	0	0	0	0	0	0	0	0	0	2	13	2	13
12	7.00	0	0	0	0	0	0	0	0	0	0	1	7	1	7
Total		13,431	13,454	1,032	1,206	19	36	148	243	0	0	121	608	14,751	15,547

Schedule C-PEK

ILLINOIS AMERICAN WATER COMPANY
PEKIN TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 11. FACTOR NOT USED.

FACTOR 12. ALLOCATION OF TRANSMISSION AND DISTRIBUTION MAINTENANCE SUPERVISION AND ENGINEERING, STRUCTURES AND IMPROVEMENTS, AND OTHER EXPENSES.

Factors are based on transmission and distribution maintenance expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$ 152,677	0.4832
Commercial	24,971	0.0790
Industrial	36,196	0.1145
Other Public Authority	17,198	0.0544
Sales for Resale	-	0.0000
Private Fire Protection	9,813	0.0310
Public Fire Protection	75,193	0.2379
Total	$316,048	1.0000

ILLINOIS AMERICAN WATER COMPANY
PEKIN TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 13. ALLOCATION OF BILLING AND COLLECTING COSTS.

Factors are based on the total number of customers.

Customer Classification	Total Customers	Allocation Factor
(1)	(2)	(3)
Residential	13,431	0.9105
Commercial	1,032	0.0700
Industrial	19	0.0013
Other Public Authority	148	0.0100
Sales for Resale	0	0.0000
Private Fire Protection	121	0.0082
Public Fire Protection	0	0.0000
Total	14,751	1.0000

FACTOR 14. ALLOCATION OF METER READING COSTS.

Factors are based on the number of metered customers.

Customer Classification	Total Metered Customers	Allocation Factor
(1)	(2)	(3)
Residential	13,431	0.9181
Commercial	1,032	0.0705
Industrial	19	0.0013
Other Public Authority	148	0.0101
Sales for Resale	0	0.0000
Total	14,630	1.0000

ILLINOIS AMERICAN WATER COMPANY
PEKIN TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 15. ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES

Factors are based on the allocation of all other operation and maintenance expenses excluding purchased water, power, chemicals and waste disposal.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$709,315	0.6245
Commercial	91,433	0.0805
Industrial	147,942	0.1303
Other Public Authority	52,844	0.0465
Sales for Resale	0	0.0000
Private Fire Protection	19,154	0.0169
Public Fire Protection	115,074	0.1013
Total	$1,135,761	1.0000

FACTOR 15A. ALLOCATION OF CASH WORKING CAPITAL

Factors are based on the allocation of all other operation and maintenance expenses excluding regulatory expense.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$2,070,623	0.6211
Commercial	270,644	0.0812
Industrial	503,209	0.1510
Other Public Authority	157,882	0.0474
Sales for Resale	0	0.0000
Private Fire Protection	48,628	0.0146
Public Fire Protection	282,270	0.0847
Total	$3,333,255	1.0000

ILLINOIS AMERICAN WATER COMPANY
PEKIN TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 16. ALLOCATION OF LABOR RELATED TAXES AND BENEFITS.

Factors are based on the allocation of direct labor expense.

Customer Classification	Direct Labor Expense	Allocation Factor
(1)	(2)	(3)
Residential	$481,045	0.6363
Commercial	59,948	0.0793
Industrial	91,649	0.1212
Other Public Authority	33,206	0.0439
Sales for Resale	0	0.0000
Private Fire Protection	12,219	0.0162
Public Fire Protection	77,916	0.1031
Total	$755,983	1.0000

FACTOR 17. ALLOCATION OF ORGANIZATION, FRANCHISES AND CONSENTS, MISCELLANEOUS INTANGIBLE PLANT AND OTHER RATE BASE ELEMENTS.

Factors are based on the allocation of the original cost less depreciation other than those items being allocated, as follows:

Customer Classification	Original Cost Less Depreciation	Allocation Factor
(1)	(2)	(3)
Residential	$8,482,794	0.5322
Commercial	1,423,363	0.0893
Industrial	2,751,608	0.1726
Other Public Authority	982,722	0.0617
Sales for Resale	0	0.0000
Private Fire Protection	360,170	0.0226
Public Fire Protection	1,937,531	0.1216
Total	$15,938,188	1.0000

ILLINOIS AMERICAN WATER COMPANY
PEKIN TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 18. ALLOCATION OF INCOME TAXES AND INCOME AVAILABLE FOR RETURN.

Factors are based on the allocation of the original cost measure of value rate base as shown on the following pages and summarized below.

Customer Classification	Original Cost Measure of Value	Allocation Factor
(1)	(2)	(3)
Residential	$8,199,156	0.5300
Commercial	1,379,558	0.0892
Industrial	2,694,219	0.1742
Other Public Authority	955,050	0.0617
Sales for Resale	0	0.0000
Private Fire Protection	350,898	0.0227
Public Fire Protection	1,889,476	0.1222
Total	$15,468,356	1.0000

FACTOR 19. ALLOCATION OF REGULATORY COMMISSION EXPENSES, ASSESSMENTS AND OTHER WATER REVENUES.

The factors are based on the allocation of the total cost of service, excluding those items being allocated.

Customer Classification	Total Cost of Service	Allocation Factor
(1)	(2)	(3)
Residential	$3,749,946	0.5989
Commercial	529,950	0.0846
Industrial	942,866	0.1506
Other Public Authority	320,911	0.0513
Sales for Resale	0	0.0000
Private Fire Protection	109,681	0.0175
Public Fire Protection	607,649	0.0971
Total	$6,261,002	1.0000

ILLINOIS AMERICAN WATER COMPANY
PEKIN TARIFF GROUP

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
RATE BASE									
Organization	17	$ 10,025	$ 5,335	$ 895	$ 1,730	$ 619	$ -	$ 227	$ 1,219
Franchises	17	0	0	0	0	0	0	0	0
Land & Ld Rights SS	2	16,665	6,506	1,680	6,869	1,550	0	8	52
Land & Ld Rights P	6	28,985	11,151	2,835	10,220	2,600	0	304	1,875
Land & Ld Rights WT	2	0	0	0	0	0	0	0	0
Land & Ld Rights TD	7	31,825	12,049	2,931	6,165	2,638	0	1,127	6,916
Land & Land Rights AG	15	0	0	0	0	0	0	0	0
Struct & Imp SS	2	4,184	1,633	422	1,725	389	0	2	13
Struct & Imp P	6	71,588	27,540	7,001	25,242	6,421	0	752	4,632
Struct & Imp WT	2	588,627	229,800	59,334	242,632	54,742	0	294	1,825
Struct & Imp TD	7	0	0	0	0	0	0	0	0
Struct & Imp AG	15	0	0	0	0	0	0	0	0
Struct & Imp Offices	15	171,364	107,017	13,795	22,329	7,968	0	2,896	17,359
Struct & Imp Store,Shop,Gar	15	27,444	17,139	2,209	3,576	1,276	0	464	2,780
Struct & Imp Misc	15	787	492	63	103	37	0	13	80
Collect & Impounding	1	0	0	0	0	0	0	0	0
Lake, River & Other Intakes	2	0	0	0	0	0	0	0	0
Wells & Springs	2	78,192	30,526	7,882	32,231	7,272	0	39	242
Infiltration Galleries and Tunnels	2	0							
Supply Mains	2	0	0	0	0	0	0	0	0
Power Generation Equip	6	587,523	226,020	57,460	207,161	52,701	0	6,169	38,013
Power Generation Equip Othe	6		0	0	0	0	0	0	0
Pump Equip Steam	6		0	0	0	0	0	0	0
Pump Equip Electric	6	905,667	348,410	88,574	319,338	81,238	0	9,510	58,597
Pump Equip Diesel	6	84,464	32,493	8,261	29,782	7,576	0	887	5,465
Pump Equip Other	6	715	275	70	252	64	0	8	46
WT Equip Non-Media	2	979,030	382,213	98,686	403,556	91,050	0	490	3,035
WT Treatment Equip Chemical	2	0							
WT Equip Filter Media	2	474,950	185,420	47,875	195,774	44,170	0	237	1,472
Dist Reservoirs & Standpipe	5	217,780	70,234	16,333	64,376	14,482	0	7,317	45,037
Elevated Tanks & Standpipes	5	1,303	420	98	385	87	0	44	270
Ground Level Facilities	5	0	0	0	0	0	0	0	0
TD Mains Not Classified by	7	5,295,287	2,004,796	487,696	1,025,697	438,979	0	187,453	1,150,666
TD Mains 4" & Less	4	1,246	482	115	147	102	0	56	344
TD Mains 6" to 8"	4	9,222	3,569	848	1,091	755	0	414	2,544
TD Mains 10" to 16"	3	0	0	0	0	0	0	0	0
TD Mains 18" & Grtr	3	0	0	0	0	0	0	0	0

ILLINOIS AMERICAN WATER COMPANY
PEKIN TARIFF GROUP

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Fire Mains	8	0	0	0	0	0	0	0	0
Services	10	3,179,993	2,751,966	246,767	7,314	49,608	0	124,338	0
Meters	9	(12,795)	(10,729)	(1,461)	(74)	(531)	0	0	0
Meters Bronze Case	9	900,017	754,665	102,782	5,220	37,351	0	0	0
Meters Plastic Case	9	52,212	43,780	5,963	303	2,167	0	0	0
Meters Other	9	0	0	0	0	0	0	0	0
Meter Installations	9	717,685	601,779	81,960	4,163	29,784	0	0	0
Meter Vaults	9	0	0	0	0	0	0	0	0
Hydrants	8	492,280	0	0	0	0	0	0	492,280
Other P/E Intangible	2	0	0	0	0	0	0	0	0
Other P/E WT Res Hand Equip	2	0	0	0	0	0	0	0	0
Other P/E TD	7	0	0	0	0	0	0	0	0
Other P/E CPS	17	40,948	21,792	3,657	7,068	2,526	0	925	4,979
Office Furniture & Equip	15	42,681	26,654	3,436	5,561	1,985	0	721	4,324
Comp & Periph Equip	15	130,285	81,363	10,488	16,976	6,058	0	2,202	13,198
Computer Software	15	138,154	86,277	11,121	18,002	6,424	0	2,335	13,995
Comp Software Personal	15	(12,633)	(7,889)	(1,017)	(1,646)	(587)	0	(213)	(1,280)
Comp Software Other	15		0	0	0	0	0	0	0
Data Handling Equipment	15	(71)	(44)	(6)	(9)	(3)	0	(1)	(7)
Other Office Equipment	15	(8,058)	(5,032)	(649)	(1,050)	(375)	0	(136)	(816)
Trans Equip Lt Duty Trks	15	(7,485)	(4,674)	(603)	(975)	(348)	0	(126)	(758)
Trans Equip Hvy Duty Trks	15	314,269	196,261	25,299	40,949	14,614	0	5,311	31,835
Trans Equip Autos	15	(13,812)	(8,626)	(1,112)	(1,800)	(642)	0	(233)	(1,399)
Trans Equip Other	15	(2,355)	(1,471)	(190)	(307)	(109)	0	(40)	(239)
Stores Equipment	15	(1,058)	(661)	(85)	(138)	(49)	0	(18)	(107)
Tools,Shop,Garage Equip	15	201,041	125,550	16,184	26,196	9,348	0	3,398	20,365
Tools,Shop,Garage Equip Oth	15	0	0	0	0	0	0	0	0
Laboratory Equipment	2	5,569	2,174	561	2,296	518	0	3	17
Laboratory Equip Other	2		0	0	0	0	0	0	0
Power Operated Equipment	15	45,228	28,245	3,641	5,893	2,103	0	764	4,582
Comm Equip Non-Telephone	15	187,618	117,168	15,103	24,447	8,724	0	3,171	19,006
Remote Control & Instr	15	0	0	0	0	0	0	0	0
Comm Equip Telephone	15	244	153	20	32	11	0	4	25
Misc Equipment	15	12,330	7,700	993	1,607	573	0	208	1,249
Other Tangible Property	17		0	0	0	0	0	0	0
Total Utility Plant in Service		15,989,161	8,509,921	1,427,914	2,760,406	985,867	0	361,322	1,943,729

ILLINOIS AMERICAN WATER COMPANY
PEKIN TARIFF GROUP

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Other Rate Base Items									
Other Utility Plant Adjustments	17	0	0	0	0	0	0	0	0
Cash Working Capital	15A	170,896	106,144	13,877	25,805	8,100	0	2,495	14,475
Materials and Supplies	15	119,866	74,856	9,649	15,619	5,574	0	2,026	12,142
Deferred Charges - Tank Painting	5	149,786	48,306	11,234	44,277	9,961	0	5,033	30,976
Pension / OPEB	16	(273,193)	(173,833)	(21,664)	(33,111)	(11,993)	0	(4,426)	(28,166)
Regulatory Deferrals	17	16,657	8,865	1,487	2,875	1,028	0	376	2,025
Accumulated Deferred ITC (3%)	17	(377)	(201)	(34)	(65)	(23)	0	(9)	(46)
Deferred Income Taxes	17	(788,681)	(419,736)	(70,429)	(136,126)	(48,662)	0	(17,824)	(95,904)
AFUDC Debt	17	84,241	44,833	7,523	14,540	5,198	0	1,904	10,244
Total Other Rate Base Elements		(520,805)	(310,766)	(48,357)	(66,187)	(30,818)	0	(10,425)	(54,253)
Total Original Cost Measure of Value		$ 15,468,356	$ 8,199,156	$ 1,379,558	$2,694,219	$ 955,050	$ -	$ 350,898	$ 1,889,476

Schedule D-PEK

ILLINOIS AMERICAN WATER COMPANY
PEKIN TARIFF GROUP

BASIS FOR ALLOCATING DEMAND RELATED COSTS OF FIRE SERVICE TO PRIVATE AND PUBLIC FIRE PROTECTION CUSTOMER CLASSIFICATIONS

Description		Restrictive Diameters Squared	Quantity	Relative Demand	Allocation Factor
(1)		(2)	(3)	(4)=(2)x(3)	(5)
PRIVATE FIRE PROTECTION					
Fire Lines					
2 -inch		4.00	2	8	
3 -inch		9.00	0	0	
4 -inch		16.00	17	272	
6 -inch		36.00	79	2,844	
8 -inch		64.00	20	1,280	
10 -inch		100.00	2	200	
12 -inch		144.00	1	144	
Private Hydrants			0	0	
Total Private Fire Protection			121	4,748	0.1397
PUBLIC FIRE PROTECTION					
Hydrant	Nozzle Sizes				
4" Standard	4" & 2-2 1/2"	16.00	41	656	
6" Standard	4" & 2-2 1/2"	28.50	1,003	28,586	
Total Public Fire Prorection			1,044	29,242	0.8603
Total Fire Protection			1,165	33,990	1.0000

Schedule E-PEK

ILLINOIS AMERICAN WATER COMPANY
PEKIN TARIFF GROUP

CALCULATION OF CUSTOMER CHARGE

		5/8-Inch Cost Per Month
(1) Cost Related to Meters	$482,912	
(2) Meter Equivalents X 12	194,460	
(3) Cost per Bill - Meter related		$2.48
(4) Cost Related to Services	$893,701	
(5) Service Equivalents X 12	179,268	
(6) Cost per Bill - Services related		4.99
(7) Cost Related to Billing and Collecting	$1,439,918	
(8) Number of Customers X 12	177,012	
(9) Cost per Bill - Billing and Collecting		8.13
(10) Total Customer Charge (3)+(6)+(9)		$15.60

SPSPSB (ZONE 1) TARIFF GROUP

ILLINOIS AMERICAN WATER COMPANY
SPSPSB (ZONE 1) TARIFF GROUP

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND ALLOWED RATES
FOR THE TEST YEAR ENDED JUNE 30, 2009

Customer Classification	Cost of Service Amount (Schedule B)	Cost of Service Percent	Revenues, Previous Rates Amount	Revenues, Previous Rates Percent	Revenues, Allowed Rates Amount	Revenues, Allowed Rates Percent	Allowed Increase Amount	Allowed Increase Percent Increase
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Residential	$ 56,463,490	54.5%	$49,780,193	55.1%	$ 57,800,702	55.7%	$ 8,020,510	16.1%
Commercial	14,806,589	14.2%	13,652,839	15.1%	15,831,937	15.3%	2,179,098	16.0%
Industrial	4,704,149	4.5%	4,038,439	4.5%	4,697,474	4.5%	659,035	16.3%
Large Industrial	2,891,246	2.8%	2,427,957	2.7%	2,809,090	2.7%	381,133	15.7%
Competitive Industrial	2,248,543	2.2%	1,597,278	1.8%	1,598,815	1.5%	1,537	0.1%
Other Public Authority	3,605,686	3.5%	3,283,143	3.6%	3,658,558	3.5%	375,416	11.4%
Large Other Public Authority	131,254	0.1%	91,448	0.1%	94,037	0.1%	2,589	2.8%
Sales for Resale	5,294,466	5.1%	4,863,671	5.4%	5,654,371	5.5%	790,700	16.3%
Large Sales for Resale	6,653,465	6.4%	4,975,214	5.5%	4,975,214	4.8%	-	0.0%
Private Fire Service	1,252,409	1.2%	582,560	0.6%	676,903	0.7%	94,344	16.2%
Public Fire Service	5,672,664	5.5%	5,099,646	5.6%	5,925,298	5.7%	825,652	16.2%
Total Sales	103,723,963	100.0%	90,392,388	100.0%	103,722,401	100.0%	13,330,013	14.7%
Other Revenues	1,377,710		1,080,000		1,377,710		297,710	27.6%
Total	$ 105,101,673		$91,472,388		$ 105,100,111		$13,627,724	14.9%

ILLINOIS AMERICAN WATER COMPANY
SPSPSB (ZONE 1) TARIFF GROUP

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Large Industrial	Competitive Industrial	Public Authorities	Large Public Authorities	Sales for Resale	Large Sales for Resale	Fire Protection	
												Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
OPERATION AND MAINTENANCE EXPENSES													
SOURCE OF SUPPLY EXPENSES													
Salaries and Wages	2	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Labor & Exp Oper SS - Labor	2	98,151	39,162	16,008	6,301	5,192	4,063	4,417	226	9,854	12,504	69	353
Labor & Exp Oper SS	2	477,217	190,409	77,834	30,637	25,245	19,757	21,475	1,098	47,913	60,797	334	1,718
Purchased Water	1	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL SS EXPENSE - OPERATION		575,368	229,572	93,842	36,939	30,437	23,820	25,892	1,323	57,767	73,302	403	2,071
Misc Exp Oper SS	2	0	0	0	0	0	0	0	0	0	0	0	0
Misc Exp Oper SS	2	137,491	54,859	22,425	8,827	7,273	5,692	6,187	316	13,804	17,516	96	495
Rents Oper SS	2	9,613	3,835	1,568	617	509	398	433	22	965	1,225	7	35
Super & Eng Maint SS	2	0	0	0	0	0	0	0	0	0	0	0	0
Struct & Improve Maint SS - Labor	2	2,387	952	389	153	126	99	107	5	240	304	2	9
Struct & Improve Maint SS	2	747	298	122	48	40	31	34	2	75	95	1	3
Collect & Impound Maint SS - Labor	2	2,769	1,105	452	178	146	115	125	6	278	353	2	10
Collect & Impound Maint SS	2	354	141	58	23	19	15	16	1	36	45	0	1
Lake, River & Oth Maint SS - Labor	2	3,809	1,520	621	245	201	158	171	9	382	485	3	14
Lake, River & Oth Maint SS	2	(9)	(4)	(1)	(1)	(0)	(0)	(0)	(0)	(1)	(1)	(0)	(0)
Wells & Springs Maint SS - Labor	2	0	0	0	0	0	0	0	0	0	0	0	0
Wells & Springs Maint SS	2	65,931	26,307	10,753	4,233	3,488	2,730	2,967	152	6,620	8,400	46	237
Infilt Gall & Tunnels Maint SS - Labor	2	0	0	0	0	0	0	0	0	0	0	0	0
Infilt Gall & Tunnels Maint SS	2	(6)	(2)	(1)	(0)	(0)	(0)	(0)	(0)	(1)	(1)	(0)	(0)
Supply Mains Maint SS - Labor	2	0	0	0	0	0	0	0	0	0	0	0	0
Supply Mains Maint SS	2	(10)	(4)	(2)	(1)	(1)	(0)	(0)	(0)	(1)	(1)	(0)	(0)
Misc Plant Maint SS - Labor	2	147,851	58,992	24,114	9,492	7,821	6,121	6,653	340	14,844	18,836	103	532
Misc Plant Maint SS	2	591,051	235,829	96,400	37,945	31,267	24,470	26,597	1,359	59,342	75,300	414	2,128
TOTAL SS EXPENSE - MAINTENANCE		961,977	383,829	156,898	61,759	50,889	39,826	43,289	2,213	96,582	122,556	673	3,463
TOTAL SS EXPENSE		1,537,345	613,401	250,741	98,698	81,326	63,646	69,181	3,536	154,349	195,858	1,076	5,534
POWER AND PUMPING EXPENSES													
Super & Eng Oper P	6	0	0	0	0	0	0	0	0	0	0	0	0
Fuel for Power Prod	1	2,156	796	364	155	137	107	99	5	211	268	2	11
Labor & Exp Oper Pwr Prod - Labor	6	18,817	7,580	3,056	1,153	785	613	832	34	1,488	1,887	226	1,163
Labor & Exp Oper Pwr Prod	6	0	0	0	0	0	0	0	0	0	0	0	0
Purch Fuel/Power for Pump	1	4,962,282	1,831,082	837,137	357,781	315,105	246,625	226,776	11,909	486,800	617,804	4,962	26,300
Labor & Exp Oper Pump - Labor	6	869,734	350,329	141,245	53,315	36,268	28,353	38,442	1,566	68,796	87,234	10,437	53,750
Labor & Exp Oper Pump	6	(21)	(8)	(3)	(1)	(1)	(1)	(1)	(0)	(2)	(2)	(0)	(1)
Expenses Transferred	6	0	0	0	0	0	0	0	0	0	0	0	0
Misc Exp Oper P	6	789	318	128	48	33	26	35	1	62	79	9	49
Rents Oper P	6	987	398	160	61	41	32	44	2	78	99	12	61
TOTAL PUMPING EXPENSE - OPERATION		5,854,744	2,190,493	982,086	412,512	352,368	275,757	266,226	13,517	557,435	707,370	15,648	81,332

ILLINOIS AMERICAN WATER COMPANY
SPSPSB (ZONE 1) TARIFF GROUP

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Large Industrial	Competitive Industrial	Public Authorities	Large Public Authorities	Sales for Resale	Large Sales for Resale	Fire Protection	
												Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Super & Eng Maint P	6	0	0	0	0	0	0	0	0	0	0	0	0
Struct & Improve Maint P - Labor	6	39,669	15,979	6,442	2,432	1,654	1,293	1,753	71	3,138	3,979	476	2,452
Struct & Improve Maint P	6	0	0	0	0	0	0	0	0	0	0	0	0
Power Prod Equip Maint P - Labor	6	25	10	4	2	1	1	1	0	2	3	0	2
Power Prod Equip Maint P	6	1,733	698	281	106	72	57	77	3	137	174	21	107
Pump Equip Maint P - Labor	6	948,761	382,161	154,079	58,159	39,563	30,930	41,935	1,708	75,047	95,161	11,385	58,633
Pump Equip Maint P	6	117,382	47,281	19,063	7,196	4,895	3,827	5,188	211	9,285	11,773	1,409	7,254
TOTAL PUMPING EXPENSES - MAINTENANCE		1,107,570	446,129	179,869	67,894	46,186	36,107	48,955	1,994	87,609	111,089	13,291	68,448
TOTAL PUMPING EXPENSES		6,962,314	2,636,622	1,161,956	480,406	398,553	311,863	315,181	15,511	645,043	818,460	28,939	149,780
WATER TREATMENT													
Super & Eng Oper WT	2	0	0	0	0	0	0	0	0	0	0	0	0
Chemicals	1	3,870,198	1,428,103	652,902	279,041	245,758	192,349	176,868	9,288	379,666	481,840	3,870	20,512
Labor & Exp Oper WT - Labor	2	2,071,076	826,359	337,792	132,963	109,560	85,743	93,198	4,763	207,936	263,855	1,450	7,456
Labor & Exp Oper WT	2	129,494	51,668	21,121	8,314	6,850	5,361	5,827	298	13,001	16,498	91	466
Misc Exp Oper WT	2	0	0	0	0	0	0	0	0	0	0	0	0
Misc Exp Oper WT	1	843,244	311,157	142,255	60,798	53,546	41,909	38,536	2,024	82,722	104,984	843	4,469
Misc Exp Oper WT	2	32,234	12,861	5,257	2,069	1,705	1,334	1,451	74	3,236	4,107	23	116
Rents Oper WT	2	3,697	1,475	603	237	196	153	166	9	371	471	3	13
TOTAL WT EXPENSE - OPERATION		6,949,943	2,631,624	1,159,931	483,423	417,614	326,849	316,047	16,456	686,933	871,754	6,279	33,033
Super & Eng Maint WT	2	221,731	88,471	36,164	14,235	11,730	9,180	9,978	510	22,262	28,249	155	798
Struct & Improve Maint WT - Labor	2	3,330	1,329	543	214	176	138	150	8	334	424	2	12
Struct & Improve Maint WT	2	15,288	6,100	2,494	982	809	633	688	35	1,535	1,948	11	55
WT Equip Maint WT - Labor	2	90,101	35,950	14,695	5,784	4,766	3,730	4,055	207	9,046	11,479	63	324
WT Equip Maint WT	2	366,552	146,254	59,785	23,533	19,391	15,175	16,495	843	36,802	46,699	257	1,320
TOTAL WT EXPENSE - MAINTENANCE		697,002	278,104	113,681	44,748	36,871	28,856	31,365	1,603	69,979	88,798	488	2,509
TOTAL WT EXPENSE		7,646,945	2,909,728	1,273,612	528,170	454,486	355,705	347,412	18,059	756,912	960,552	6,767	35,542
TRANSMISSION AND DISTRIBUTION EXPENSES													
Super & Eng Oper TD	11	0	0	0	0	0	0	0	0	0	0	0	0
Storage Facilty Exp - Labor	5	214	70	26	10	8	6	7	0	16	20	8	43
Storage Facilty Exp	5	0	0	0	0	0	0	0	0	0	0	0	0
TD Lines Exp - Labor	7	3,432	1,593	623	214	72	56	166	3	137	173	65	331
TD Lines Exp	7	77,215	35,828	14,014	4,810	1,622	1,266	3,729	69	3,081	3,899	1,459	7,436
Meter Expense - Labor	9	50,722	40,963	6,817	918	122	25	1,319	41	370	147	0	0
Meter Expense	9	0	0	0	0	0	0	0	0	0	0	0	0
Customer Install Exp - Labor	10	9,643	8,195	824	50	3	1	98	1	10	4	458	0
Customer Install Exp	10	714	606	61	4	0	0	7	0	1	0	34	0

ILLINOIS AMERICAN WATER COMPANY
SPSPSB (ZONE 1) TARIFF GROUP

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Large Industrial	Competitive Industrial	Public Authorities	Large Public Authorities	Sales for Resale	Large Sales for Resale	Fire Protection	
												Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Misc Exp Oper TD - Labor	11	1,679,048	1,032,111	264,618	71,024	21,660	15,951	62,964	1,343	42,816	50,204	24,010	92,348
Misc Exp Oper TD	11	1,359	835	214	57	18	13	51	1	35	41	19	75
Misc Exp Oper TD	11	309,269	190,108	48,741	13,082	3,990	2,938	11,598	247	7,886	9,247	4,423	17,010
Rents Oper TD	11	15,695	9,648	2,474	664	202	149	589	13	400	469	224	863
TOTAL T & D EXPENSE OPERATION		2,147,310	1,319,955	338,412	90,833	27,696	20,406	80,528	1,719	54,751	64,205	30,701	118,105
Super & Eng Maint TD	12	0	0	0	0	0	0	0	0	0	0	0	0
Struct & Improve Maint TD - Labor	12	9,105	4,690	1,406	433	142	109	352	6	271	339	183	1,173
Struct & Improve Maint TD	12	1,797	925	277	86	28	22	70	1	54	67	36	231
Dist Res Stand Maint TD - Labor	5	137	44	17	6	5	4	4	0	10	13	5	27
TD Main Maint TD - Labor	7	132,232	61,356	24,000	8,238	2,777	2,169	6,387	119	5,276	6,678	2,499	12,734
TD Main Maint TD	7	1,028,403	477,179	186,655	64,070	21,596	16,866	49,672	926	41,033	51,934	19,437	99,035
Fire Main Maint TD - Labor	8	0	0	0	0	0	0	0	0	0	0	0	0
Fire Main Maint TD	8	0	0	0	0	0	0	0	0	0	0	0	0
Services Maint TD - Labor	10	36,004	30,596	3,075	187	11	4	367	4	36	14	1,710	0
Services Maint TD	10	174,404	148,209	14,894	907	52	17	1,779	17	174	70	8,284	0
Meters Maint TD - Labor	9	31,301	25,278	4,207	567	75	16	814	25	228	91	0	0
Meters Maint TD	9	94,406	76,243	12,688	1,709	227	47	2,455	76	689	274	0	0
Hydrants Maint TD - Labor	8	32,183	0	0	0	0	0	0	0	0	0	0	32,183
Hydrants Maint TD	8	60,871	0	0	0	0	0	0	0	0	0	0	60,871
Misc Plant Maint TD - Labor	12	2,258,186	1,163,192	348,664	107,490	35,228	27,098	87,392	1,581	67,294	84,005	45,390	290,854
Mat and Sup Maint TD	12	30,582	15,753	4,722	1,456	477	367	1,184	21	911	1,138	615	3,939
Misc Maint TD	12	90,325	46,526	13,946	4,299	1,409	1,084	3,496	63	2,692	3,360	1,816	11,634
Permits TD	12	495	255	76	24	8	6	19	0	15	18	10	64
Amort Def Maint TD	5	185,861	60,293	22,749	8,605	6,933	5,409	5,929	316	13,735	17,434	7,267	37,191
TOTAL T & D EXPENSE - MAINTENANCE		4,166,292	2,110,539	637,377	198,076	68,968	53,217	159,919	3,156	132,419	165,434	87,252	549,937
TOTAL T & D EXPENSE		6,313,602	3,430,494	975,788	288,909	96,663	73,623	240,446	4,875	187,170	229,638	117,953	668,041
CUSTOMER ACCOUNTS													
Supervision CA	13	0	0	0	0	0	0	0	0	0	0	0	0
Meter Reading Exp CA - Labor	14	176,518	161,443	13,362	494	18	18	1,130	0	53	0	0	0
Meter Reading Exp CA	14	(4)	(3)	(0)	(0)	(0)	(0)	(0)	0	(0)	0	0	0
Meter Reading Exp CA	14	(525)	(480)	(40)	(1)	(0)	(0)	(3)	0	(0)	0	0	0
Cust Rec & Collection CA - Labor	13	13,428	12,141	1,006	38	1	1	86	1	4	0	150	0
Cust Rec & Collection CA	13	883,339	798,627	66,162	2,473	88	88	5,653	88	265	0	9,893	0
Uncollectible Accts	13	1,172,269	1,059,849	87,803	3,282	117	117	7,503	117	352	0	13,129	0
Misc Cust Accts Exp CA - Labor	13	2,982,072	2,696,091	223,357	8,350	298	298	19,085	298	895	0	33,399	0
Misc Cust Accts Exp CA	13	0	0	0	0	0	0	0	0	0	0	0	0
Misc Cust Accts Exp CA	13	97,391	88,051	7,295	273	10	10	623	10	29	0	1,091	0
Cust Serv & Info Exp CA	13	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL CUSTOMER ACCOUNTING EXPENSE		5,324,489	4,815,718	398,945	14,909	532	532	34,077	515	1,597	0	57,663	0

ILLINOIS AMERICAN WATER COMPANY
SPSPSB (ZONE 1) TARIFF GROUP

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Large Industrial	Competitive Industrial	Public Authorities	Large Public Authorities	Sales for Resale	Large Sales for Resale	Fire Protection	
												Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
ADMINISTRATIVE AND GENERAL EXPENSES													
Salaries AG	15	463,179	277,213	62,112	18,249	10,653	8,291	14,405	509	20,334	25,567	5,188	20,658
Other Supplies & Exp AG	15	0	0	0	0	0	0	0	0	0	0	0	0
Other Supplies & Exp AG	15	1,019,339	610,075	136,693	40,162	23,445	18,246	31,701	1,121	44,749	56,268	11,417	45,463
Other Supplies & Exp AG	15	396,024	237,020	53,107	15,603	9,109	7,089	12,316	436	17,385	21,861	4,435	17,663
Mgmt Fees-Admin	15	6,414,112	3,838,846	860,132	252,716	147,525	114,813	199,479	7,056	281,580	354,059	71,838	286,069
Mgmt Fees-Customer Service	13	2,837,308	2,565,210	212,514	7,944	284	284	18,159	284	851	0	31,778	0
Mgmt Fees-Belleville Lab	2	490,972	195,898	80,077	31,520	25,972	20,326	22,094	1,129	49,294	62,550	344	1,767
Mgmt Fees- Employee	16	631,278	373,022	86,043	25,504	14,709	11,426	20,201	694	28,092	35,225	7,007	29,354
Outside Services AG	15	559,758	335,015	75,063	22,054	12,874	10,020	17,408	616	24,573	30,899	6,269	24,965
Outside Services AG	15	309,741	185,380	41,536	12,204	7,124	5,544	9,633	341	13,598	17,098	3,469	13,814
Property Insurance	15	0	0	0	0	0	0	0	0	0	0	0	0
Ins Gen Liab Oper AG	15	874,946	523,655	117,330	34,473	20,124	15,662	27,211	962	38,410	48,297	9,799	39,023
Ins Work Comp AG	16	1,209,059	714,433	164,795	48,846	28,171	21,884	38,690	1,330	53,803	67,465	13,421	56,221
Ins Other Oper AG	15	374,045	223,866	50,159	14,737	8,603	6,695	11,633	411	16,421	20,647	4,189	16,682
Property Insurance	15	70,281	42,063	9,425	2,769	1,616	1,258	2,186	77	3,085	3,880	787	3,135
Injuries & Damages	16	10,869	6,422	1,481	439	253	197	348	12	484	606	121	505
Employee Pension & Benefits	16	3,869,694	2,286,602	527,439	156,336	90,164	70,041	123,830	4,257	172,201	215,929	42,954	179,941
Employee Pension & Benefits	16	980,349	579,288	133,622	39,606	22,842	17,744	31,371	1,078	43,626	54,703	10,882	45,586
Employee Pension & Benefits	16	274,347	162,111	37,393	11,084	6,392	4,966	8,779	302	12,208	15,309	3,045	12,757
Reg Commision Exp	19	263,846	144,245	37,572	11,899	7,309	5,673	9,129	343	13,377	16,807	3,166	14,327
Rents AG	15	165,862	99,268	22,242	6,535	3,815	2,969	5,158	182	7,281	9,156	1,858	7,397
Goodwill Advertising Exp	15	18,755	11,225	2,515	739	431	336	583	21	823	1,035	210	836
Misc Exp AG	15	1,553,974	930,054	208,388	61,227	35,741	27,816	48,329	1,709	68,219	85,779	17,405	69,307
Research & Development	15	9,265	5,545	1,242	365	213	166	288	10	407	511	104	413
TOTAL A & G OPERATIONS		22,797,002	14,346,456	2,920,884	815,012	477,369	371,445	652,931	22,881	910,801	1,143,651	249,685	885,885
General Plant Maint AG - Labor	15	23,837	14,266	3,197	939	548	427	741	26	1,046	1,316	267	1,063
General Plant Maint AG	15	310,605	185,897	41,652	12,238	7,144	5,560	9,660	342	13,636	17,145	3,479	13,853
TOTAL A & G EXPENSE - MAINTENANCE		334,442	200,164	44,849	13,177	7,692	5,987	10,401	368	14,682	18,461	3,746	14,916
TOTAL A & G EXPENSE		23,131,444	14,546,620	2,965,732	828,189	485,062	377,432	663,332	23,249	925,483	1,162,112	253,430	900,802
Total Operation & Maintenance Expenses		50,916,138	28,952,583	7,026,774	2,239,280	1,516,622	1,182,801	1,669,629	65,745	2,670,556	3,366,620	465,829	1,759,699

ILLINOIS AMERICAN WATER COMPANY
SPSPSB (ZONE 1) TARIFF GROUP

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Large Industrial	Competitive Industrial	Public Authorities	Large Public Authorities	Sales for Resale	Large Sales for Resale	Fire Protection	
												Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
DEPRECIATION EXPENSE													
Struct & Imp SS	2	205,976	82,184	33,595	13,224	10,896	8,527	9,269	474	20,680	26,241	144	742
Struct & Imp P	6	272,068	109,589	44,184	16,678	11,345	8,869	12,025	490	21,521	27,288	3,265	16,814
Struct & Imp WT	2	1,115,839	445,220	181,993	71,637	59,028	46,196	50,213	2,566	112,030	142,158	781	4,017
Struct & Imp TD	7	14,090	6,538	2,557	878	296	231	681	13	562	712	266	1,357
Struct & Imp AG	15	13,329	7,977	1,787	525	307	239	415	15	585	736	149	594
Struct & Imp Offices	15	137,742	82,438	18,471	5,427	3,168	2,466	4,284	152	6,047	7,603	1,543	6,143
Struct & Imp Store,Shop,Gar	15	58,527	35,029	7,849	2,306	1,346	1,048	1,820	64	2,569	3,231	656	2,610
Struct & Imp Misc	15	17,381	10,402	2,331	685	400	311	541	19	763	959	195	775
Collect & Impounding	1	23,476	8,663	3,960	1,693	1,491	1,167	1,073	56	2,303	2,923	23	124
Lake, River & Other Intakes	2	96,018	38,311	15,660	6,164	5,079	3,975	4,321	221	9,640	12,233	67	346
Wells & Springs	2	16,808	6,706	2,741	1,079	889	696	756	39	1,688	2,141	12	61
Infiltration Galleries and Tunnels	2	0	0	0	0	0	0	0	0	0	0	0	0
Supply Mains	2	82,548	32,937	13,464	5,300	4,367	3,418	3,715	190	8,288	10,517	58	297
Power Generation Equip Othe	6	76,547	30,833	12,431	4,692	3,192	2,495	3,383	138	6,055	7,678	919	4,731
Pump Equip Electric	6	1,226,367	493,981	199,162	75,176	51,140	39,980	54,205	2,207	97,006	123,005	14,716	75,789
Pump Equip Diesel	6	35,546	14,318	5,773	2,179	1,482	1,159	1,571	64	2,812	3,565	427	2,197
Pump Equip Hydraulic	6		0	0	0	0	0	0	0	0	0	0	0
Pump Equip Other	6	6,374	2,568	1,035	391	266	208	282	11	504	639	76	394
WT Equip Non-Media	2	2,039,684	813,834	332,672	130,948	107,899	84,443	91,786	4,691	204,784	259,856	1,428	7,343
WT Equip Chemical	2	7,358	2,936	1,200	472	389	305	331	17	739	937	5	26
WT Equip Filter Media	2	2,906	1,159	474	187	154	120	131	7	292	370	2	10
Dist Reservoirs & Standpipe	5	172,018	55,803	21,055	7,964	6,416	5,006	5,487	292	12,712	16,135	6,726	34,421
Elevated Tanks & Standpipes	5	8,565	2,778	1,048	397	319	249	273	15	633	803	335	1,714
Ground Level Facilities	5	0	0	0	0	0	0	0	0	0	0	0	0
Below Grade Facilities	5	0	0	0	0	0	0	0	0	0	0	0	0
TD Mains Not Classified by	7	2,608,808	1,210,487	473,499	162,529	54,785	42,784	126,005	2,348	104,091	131,745	49,306	251,228
TD Mains 4" & Less	4	31,444	16,801	6,415	2,022	0	0	1,676	0	0	0	742	3,789
TD Mains 6" to 8"	4	30,891	16,505	6,302	1,986	0	0	1,646	0	0	0	729	3,722
TD Mains 10" to 16"	3	33,069	12,229	5,003	1,971	1,624	1,270	1,379	73	3,082	3,905	413	2,120
TD Mains 18" & Grtr	3	16,617	6,145	2,514	990	816	638	693	37	1,549	1,962	208	1,065
Fire Mains	8	0	0	0	0	0	0	0	0	0	0	0	0
Services	10	3,363,087	2,857,951	287,208	17,488	1,009	336	34,303	336	3,363	1,345	159,747	0
Meters	9	14,556	11,755	1,956	263	35	7	378	12	106	42	0	0
Meters Bronze Case	9	2,265,554	1,829,661	304,490	41,007	5,437	1,133	58,904	1,812	16,539	6,570	0	0
Meters Plastic Case	9	0	0	0	0	0	0	0	0	0	0	0	0
Meters Other	9	0	0	0	0	0	0	0	0	0	0	0	0
Meters Other-Rem Rdr Unts	9		0	0	0	0	0	0	0	0	0	0	0
Meter Installations	9	972,600	785,472	130,717	17,604	2,334	486	25,288	778	7,100	2,821	0	0
Meter Vaults	9	3,503	2,829	471	63	8	2	91	3	26	10	0	0
Hydrants	8	714,446	0	0	0	0	0	0	0	0	0	0	714,446
Utility Plant Acquisition Adjustment	17		0	0	0	0	0	0	0	0	0	0	0
Other P/E WT Res Hand Equip	2	0	0	0	0	0	0	0	0	0	0	0	0
Other P/E TD	7	0	0	0	0	0	0	0	0	0	0	0	0
Other P/E CPS	17	(253)	(126)	(39)	(13)	(7)	(5)	(10)	(0)	(13)	(17)	(4)	(19)
Office Furniture & Equip	15	47,698	28,547	6,396	1,879	1,097	854	1,483	52	2,094	2,633	534	2,127
Comp & Periph Equip	15	396,257	237,160	53,138	15,613	9,114	7,093	12,324	436	17,396	21,873	4,438	17,673
Computer Software	15	1,041,948	623,606	139,725	41,053	23,965	18,651	32,405	1,146	45,742	57,516	11,670	46,471

ILLINOIS AMERICAN WATER COMPANY
SPSPSB (ZONE 1) TARIFF GROUP

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Large Industrial	Competitive Industrial	Public Authorities	Large Public Authorities	Sales for Resale	Large Sales for Resale	Fire Protection	
												Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Comp Software Personal	15	16,377	9,802	2,196	645	377	293	509	18	719	904	183	730
Data Handling Equipment	15	2,183	1,307	293	86	50	39	68	2	96	121	24	97
Other Office Equipment	15	6,384	3,821	856	252	147	114	199	7	280	352	71	285
Trans Equip Lt Duty Trks	15	169,480	101,434	22,727	6,678	3,898	3,034	5,271	186	7,440	9,355	1,898	7,559
Trans Equip Hvy Duty Trks	15	88,222	52,801	11,831	3,476	2,029	1,579	2,744	97	3,873	4,870	988	3,935
Trans Equip Autos	15	20,506	12,273	2,750	808	472	367	638	23	900	1,132	230	915
Trans Equip Other	15	4,157	2,488	557	164	96	74	129	5	182	229	47	185
Stores Equipment	15	3,638	2,177	488	143	84	65	113	4	160	201	41	162
Tools,Shop,Garage Equip	15	114,693	68,644	15,380	4,519	2,638	2,053	3,567	126	5,035	6,331	1,285	5,115
Tools,Shop,Garage Equip Oth	15	298	178	40	12	7	5	9	0	13	16	3	13
Laboratory Equipment	2	39,567	15,787	6,453	2,540	2,093	1,638	1,780	91	3,972	5,041	28	142
Laboratory Equip Other	2		0	0	0	0	0	0	0	0	0	0	0
Power Operated Equipment	15	143,766	86,044	19,279	5,664	3,307	2,573	4,471	158	6,311	7,936	1,610	6,412
Comm Equip Non-Telephone	15	305,350	182,752	40,947	12,031	7,023	5,466	9,496	336	13,405	16,855	3,420	13,619
Remote Control & Instr	15	4,666	2,792	626	184	107	84	145	5	205	258	52	208
Comm Equip Telephone	15	11,909	7,127	1,597	469	274	213	370	13	523	657	133	531
Misc Equipment	15	18,367	10,993	2,463	724	422	329	571	20	806	1,014	206	819
Other Tangible Property	15		0	0	0	0	0	0	0	0	0	0	0
Total Depreciation Expense		18,118,950	10,483,645	2,449,723	690,850	393,109	302,282	573,209	19,865	757,207	935,409	269,796	1,243,856
Amort-Other UP	18	63,674	31,366	9,774	3,241	1,777	1,382	2,496	83	3,387	4,266	955	4,947
Amort-Intangible Fin	2	4,908	1,958	800	315	260	203	221	11	493	625	3	18
Taxes Other Than Income													
Utility Reg Assessment Fee	19	0	0	0	0	0	0	0	0	0	0	0	0
Property Taxes	18	2,320,291	1,142,975	356,165	118,103	64,736	50,350	90,955	3,016	123,439	155,459	34,804	180,287
FUTA	16	724	428	99	29	17	13	23	1	32	40	8	34
FICA	16	948,802	560,647	129,322	38,332	22,107	17,173	30,362	1,044	42,222	52,943	10,532	44,119
SUTA	16	0	0	0	0	0	0	0	0	0	0	0	0
Other Taxes & Licenses	15	122,889	73,549	16,479	4,842	2,826	2,200	3,822	135	5,395	6,783	1,376	5,481
Capital Stock Tax	19	2,759,842	1,508,805	393,001	124,469	76,448	59,337	95,491	3,588	139,924	175,802	33,118	149,859
Total Taxes, Other Than Income		6,152,547	3,286,405	895,066	285,774	166,134	129,073	220,653	7,784	311,012	391,028	79,839	379,780
Income Taxes	18	7,690,735	3,788,456	1,180,528	391,458	214,572	166,889	301,477	9,998	409,147	515,279	115,361	597,570
Utility Income Available for Return	18	22,154,720	10,913,415	3,400,750	1,127,675	618,117	480,757	868,465	28,801	1,178,631	1,484,366	332,321	1,721,422
Total Cost of Service		105,101,673	57,457,827	14,963,415	4,738,594	2,910,590	2,263,388	3,636,149	132,287	5,330,433	6,697,594	1,264,104	5,707,292
Less: Other Water Revenues													
Penalties, Rents on Water Property, and Other	19	636,050	347,729	90,574	28,686	17,619	13,675	22,007	827	32,248	40,516	7,633	34,538
Billing and Collecting Related	13	361,112	326,481	27,047	1,011	36	36	2,311	36	108	0	4,044	0
Usage Data Readings	14	215,727	197,304	16,331	604	22	22	1,381	0	65	0	0	0
Lab Testing	2	25,175	10,045	4,106	1,616	1,332	1,042	1,133	58	2,528	3,207	18	91
Reconnection Charges	9	139,646	112,778	18,768	2,528	335	70	3,631	112	1,019	405	0	0
Total Other Water Revenues		1,377,710	994,337	156,826	34,445	19,343	14,845	30,463	1,033	35,968	44,129	11,695	34,628
Total Cost of Service Related to Sales of Water		$ 103,723,963	$ 56,463,490	$14,806,589	$ 4,704,149	$ 2,891,246	$ 2,248,543	$ 3,605,686	$ 131,254	$ 5,294,466	$ 6,653,465	$ 1,252,409	$ 5,672,664

Schedule C-Z-1

ILLINOIS AMERICAN WATER COMPANY
SPSPSB (ZONE 1) TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS

FACTOR 1. ALLOCATION OF COSTS WHICH VARY WITH THE AMOUNT OF WATER CONSUMED.

Factors are based on the pro forma test year average daily consumption for each customer classification.

Customer Classification	Average Daily Consumption, CCF	Allocation Factor
(1)	(2)	(3)
Residential	32,647	0.3690
Commercial	14,923	0.1687
Industrial	6,381	0.0721
Large Industrial	5,619	0.0635
Competitive Industrial	4,398	0.0497
Other Public Authority	4,043	0.0457
Large Other Public Authority	208	0.0024
Sales for Resale	8,679	0.0981
Large Sales for Resale	11,010	0.1245
Private Fire Protection	91	0.0010
Public Fire Protection	466	0.0053
Total	88,465	1.0000

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the factors for average daily consumption (Factor 1) and the factors derived from maximum day extra capacity demand for each customer classification, as follows:

Customer Classification	Average Daily Consumption		Maximum Day Extra Capacity		Allocation Factor
	Allocation Factor 1	Weighted Factor	Allocation Factor	Weighted Factor	
(1)	(2)	(3)=(2)x 0.6803	(4)	(5)=(4)x 0.3197	(6)=(3)+(5)
Residential	0.3690	0.2511	0.4627	0.1479	0.3990
Commercial	0.1687	0.1148	0.1510	0.0483	0.1631
Industrial	0.0721	0.0490	0.0474	0.0152	0.0642
Large Industrial	0.0635	0.0432	0.0303	0.0097	0.0529
Competitive Industrial	0.0497	0.0338	0.0237	0.0076	0.0414
Other Public Authority	0.0457	0.0311	0.0436	0.0139	0.0450
Large Other Public Authority	0.0024	0.0016	0.0022	0.0007	0.0023
Sales for Resale	0.0981	0.0667	0.1054	0.0337	0.1004
Large Sales for Resale	0.1245	0.0847	0.1337	0.0427	0.1274
Private Fire Protection	0.0010	0.0007			0.0007
Public Fire Protection	0.0053	0.0036			0.0036
Total	1.0000	0.6803	1.0000	0.3197	1.0000

The derivation of the maximum day extra capacity factors in column 4 and the basis for the column 3 and 5 weightings are presented on the following page.

Schedule C-Z-1

ILLINOIS AMERICAN WATER COMPANY
SPSPSB (ZONE 1) TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS, cont.

		Maximum Day Extra Capacity		
Customer Classification	Average Daily Consumption, CCF	Factor*	Rate of Flow, Thousand Gal. Per Day	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	32,647	1.05	34,279	0.4627
Commercial	14,923	0.75	11,192	0.1510
Industrial	6,381	0.55	3,510	0.0474
Large Industrial	5,619	0.40	2,248	0.0303
Competitive Industrial	4,398	0.40	1,759	0.0237
Other Public Authority	4,043	0.80	3,234	0.0436
Large Other Public Authority	208	0.80	166	0.0022
Sales for Resale	8,679	0.90	7,811	0.1054
Large Sales for Resale	11,010	0.90	9,909	0.1337
	87,908		74,108	1.0000

The weighting of the factors is based on the maximum day ratio of 1.47, based on the Demand Study.

	Maximum Day Ratio	Weight
Average Day	1.00	0.6803
Maximum Day Extra Capacity	0.47	0.3197
Total	1.47	1.0000

* Ratio of maximum day to average day minus 1.0.

ILLINOIS AMERICAN WATER COMPANY
SPSPSB (ZONE 1) TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

	Average Daily Consumption		Maximum Day Extra Capacity		Fire Protection		
Customer Classification	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2) X 0.6308	(4)	(5)=(4) X 0.2965	(6)	(7)=(6) X 0.0727	(8)=(3)+(5)+(7)
Residential	0.3690	0.2327	0.4627	0.1371			0.3698
Commercial	0.1687	0.1065	0.1510	0.0448			0.1513
Industrial	0.0721	0.0455	0.0474	0.0141			0.0596
Large Industrial	0.0635	0.0401	0.0303	0.0090			0.0491
Competitive Industrial	0.0497	0.0314	0.0237	0.0070			0.0384
Other Public Authority	0.0457	0.0288	0.0436	0.0129			0.0417
Large Other Public Authority	0.0024	0.0015	0.0022	0.0007			0.0022
Sales for Resale	0.0981	0.0619	0.1054	0.0313			0.0932
Large Sales for Resale	0.1245	0.0785	0.1337	0.0396			0.1181
Private Fire Protection	0.0010	0.0006			0.1639	0.0119	0.0125
Public Fire Protection	0.0053	0.0033			0.8361	0.0608	0.0641
Total	1.0000	0.6308	1.0000	0.2965	1.0000	0.0727	1.0000

ILLINOIS AMERICAN WATER COMPANY
SPSPSB (ZONE 1) TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum day ratio of 1.47 and the average daily system sendout for 2007 of 83 MGD. The system demand for fire protection is 16,000 Gallons per minute for 10 hours.

	Ratio	Rate of Flow, (GPD)	Weight
Average Day	1.00	83,307,019	0.6308
Maximum Day Extra Capacity	0.47	39,154,299	0.2965
Subtotal	1.47	122,461,318	0.9273
Fire Protection		9,600,000	0.0727
Total		132,061,318	1.0000

The public and private fire protection allocation factors in column 6 on the previous page are based on the relative potential demands (see Schedule E).

ILLINOIS AMERICAN WATER COMPANY
SPSPSB (ZONE 1) TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		Allocation Factor
	CCF	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	
(1)	(2)	(3)	(4)=(3) X 0.5034	(5)	(6)=(5) X 0.3574	(7)	(8)=(7) X 0.1392	(9)=(4)+(6)+(8)
Residential	1,360.3	0.5684	0.2861	0.6946	0.2482			0.5343
Commercial	621.8	0.2598	0.1308	0.2048	0.0732			0.2040
Industrial	219.6	0.0917	0.0462	0.0506	0.0181			0.0643
Large Industrial	0.0	0.0000	0.0000	0.0000	0.0000			0.0000
Competitive Industrial	0.0	0.0000	0.0000	0.0000	0.0000			0.0000
Other Public Authority	168.5	0.0704	0.0354	0.0500	0.0179			0.0533
Large Other Public Authority	0.0	0.0000	0.0000	0.0000	0.0000			0.0000
Sales for Resale	0.0	0.0000	0.0000	0.0000	0.0000			0.0000
Large Sales for Resale	0.0	0.0000	0.0000	0.0000	0.0000			0.0000
Private Fire Protection	3.8	0.0016	0.0008			0.1639	0.0228	0.0236
Public Fire Protection	19.4	0.0081	0.0041			0.8361	0.1164	0.1205
Total	2,393.4	1.0000	0.5034	1.0000	0.3574	1.0000	0.1392	1.0000

The maximum hour extra capacity factors in column 5 are determined on the following page.

Schedule C-Z-1

ILLINOIS AMERICAN WATER COMPANY
SPSPSB (ZONE 1) TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum hour ratio of 1.71 and the average daily system sendout for 2007 of 83 MGD. The system demand for fire protection is 16,000 gallons per minute.

	Ratio	Rate of Flow, (GPM)	Weight
Average Hour	1.00	57,852	0.5034
Maximum Hour Extra Capacity	0.71	41,075	0.3574
Subtotal	1.71	98,927	0.8608
Fire Protection		16,000	0.1392
Total		114,927	1.0000

The maximum hour extra capacity factors in column 5 of the previous page are determined as follows:

Customer Classification	Average Hourly Consumption CCF	Maximum Hour Extra Capacity		
		Factor*	CCF Per Hour	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	1,360.3	1.55	2,108.5	0.6946
Commercial	621.8	1.00	621.8	0.2048
Industrial	219.6	0.70	153.7	0.0506
Large Industrial	0.0	0.50	0.0	0.0000
Competitive Industrial	0.0	0.50	0.0	0.0000
Other Public Authority	168.5	0.90	151.7	0.0500
Large Other Public Authority	0.0	0.90	0.0	0.0000
Sales for Resale	0.0	1.10	0.0	0.0000
Large Sales for Resale	0.0	1.10	0.0	0.0000
Total	2,370.2		3,035.7	1.0000

* Ratio of Maximum Hour To Average Hour Minus 1.0.

The public and private fire protection allocation factors in column 7 on the previous page are based on the relative potential demands (see Schedule E).

ILLINOIS AMERICAN WATER COMPANY
SPSPSB (ZONE 1) TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES.

Factors are based on the weighting of the average hourly consumption, the maximum hour extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		
	CCF	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3) X 0.4465	(5)	(6)=(5) X 0.3171	(7)	(8)=(7) X 0.2364	(9)=(4)+(6)+(8)
Residential	1,360.3	0.3691	0.1647	0.5036	0.1597			0.3244
Commercial	621.8	0.1686	0.0753	0.1485	0.0471			0.1224
Industrial	265.9	0.0721	0.0322	0.0444	0.0141			0.0463
Large Industrial	234.1	0.0635	0.0284	0.0280	0.0089			0.0373
Competitive Industrial	183.3	0.0497	0.0222	0.0219	0.0069			0.0291
Other Public Authority	168.5	0.0457	0.0204	0.0362	0.0115			0.0319
Large Other Public Authori	8.7	0.0024	0.0011	0.0019	0.0006			0.0017
Sales for Resale	361.6	0.0981	0.0438	0.0950	0.0301			0.0739
Large Sales for Resale	458.8	0.1245	0.0556	0.1205	0.0382			0.0938
Private Fire Protection	3.8	0.0010	0.0004			0.1639	0.0387	0.0391
Public Fire Protection	19.4	0.0053	0.0024			0.8361	0.1977	0.2001
Total	3,686.2	1.0000	0.4465	1.0000	0.3171	1.0000	0.2364	1.0000

The weighting of the factors is based on the ratio of the capacity required for a 10 hour demand of fire flow, as related to total storage capacity. The calculation is shown on the following page.

ILLINOIS AMERICAN WATER COMPANY
SPSPSB (ZONE 1) TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES, cont.

The weighting of the factors is based on the ratio of the capacity required for a 10 hour demand of fire flow, as related to total storage capacity.

Fire Protection Weight = $\frac{16{,}000 \text{ GPM X } 60 \text{ Min. X } 10 \text{ Hrs}}{40{,}602{,}000 \text{ Gallons}} = 0.2364$

General Service Weight = 1.0000 - 0.2364 = 0.7636

The weighting of the average hourly consumption and maximum hour extra demand for general service is based on the maximum hour ratio, as follows:

	Maximum Hour Ratio	Percent	Weight
Average Hour	1.00	58.48	0.4465
Extra Capacity Maximum Hour	0.71	41.52	0.3171
Total	1.71	100.00	0.7636

The maximum hour extra capacity factors in column 5 of the previous page are determined as follows:

Customer Classification	Average Hourly Consumption CCF	Maximum Hour Extra Capacity Factor*	Maximum Hour Extra Capacity CCF Per Hour	Maximum Hour Extra Capacity Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	1,360.3	1.55	2,108.5	0.5036
Commercial	621.8	1.00	621.8	0.1485
Industrial	265.9	0.70	186.1	0.0444
Large Industrial	234.1	0.50	117.1	0.0280
Competitive Industrial	183.3	0.50	91.6	0.0219
Other Public Authority	168.5	0.90	151.6	0.0362
Large Other Public Authority	8.7	0.90	7.8	0.0019
Sales for Resale	361.6	1.10	397.8	0.0950
Large Sales for Resale	458.8	1.10	504.6	0.1205
Total	3,662.8		4,186.9	1.0000

* Ratio of Maximum Hour To Average Hour Minus 1.0.

ILLINOIS AMERICAN WATER COMPANY
SPSPSB (ZONE 1) TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH POWER AND PUMPING FACILITIES.

Factors are based on the weighting of the maximum daily consumption, Factor 2, the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

	Maximum Daily Consumption		Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 2	Weighted Factor	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.1933	(4)	(5)=(4)X 0.6408	(6)	(7)=(6)X 0.1659	(8)=(3)+ (5)+(7)
Residential	0.3990	0.0772	0.3698	0.2369	0.5343	0.0887	0.4028
Commercial	0.1631	0.0316	0.1513	0.0970	0.2040	0.0338	0.1624
Industrial	0.0642	0.0124	0.0596	0.0382	0.0643	0.0107	0.0613
Large Industrial	0.0529	0.0102	0.0491	0.0315	0.0000	0.0000	0.0417
Competitive Industrial	0.0414	0.0080	0.0384	0.0246	0.0000	0.0000	0.0326
Other Public Authority	0.0450	0.0087	0.0417	0.0267	0.0533	0.0088	0.0442
Large Other Public Authority	0.0023	0.0004	0.0022	0.0014	0.0000	0.0000	0.0018
Sales for Resale	0.1004	0.0194	0.0932	0.0597	0.0000	0.0000	0.0791
Large Sales for Resale	0.1274	0.0246	0.1181	0.0757	0.0000	0.0000	0.1003
Private Fire Protection	0.0007	0.0001	0.0125	0.0080	0.0236	0.0039	0.0120
Public Fire Protection	0.0036	0.0007	0.0641	0.0411	0.1205	0.0200	0.0618
Total	1.0000	0.1933	1.0000	0.6408	1.0000	0.1659	1.0000

The weighting of the factors is based on the horsepower of pumps associated with maximum day facilities, maximum day and fire facilities, and maximum hour facilities, as follows:

	Horsepower of Pumps	Weight
Associated with Maximum Day	5,080	0.1933
Associated with Maximum Day and Fire	16,837	0.6408
Associated with Maximum Hour	4,360	0.1659
Total	26,277	1.0000

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ILLINOIS AMERICAN WATER COMPANY
SPSPSB (ZONE 1) TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 7. ALLOCATION OF COSTS ASSOCIATED WITH TRANSMISSION AND DISTRIBUTION MAINS.

Factors are based on the weighting of the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

	Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.4280	(4)	(5)=(4)X 0.5720	(6)=(3)+(5)
Residential	0.3698	0.1584	0.5343	0.3056	0.4640
Commercial	0.1513	0.0648	0.2040	0.1167	0.1815
Industrial	0.0596	0.0255	0.0643	0.0368	0.0623
Large Industrial	0.0491	0.0210	0.0000	0.0000	0.0210
Competitive Industrial	0.0384	0.0164	0.0000	0.0000	0.0164
Other Public Authority	0.0417	0.0178	0.0533	0.0305	0.0483
Large Other Public Authority	0.0022	0.0009	0.0000	0.0000	0.0009
Sales for Resale	0.0932	0.0399	0.0000	0.0000	0.0399
Large Sales for Resale	0.1181	0.0505	0.0000	0.0000	0.0505
Private Fire Protection	0.0125	0.0054	0.0236	0.0135	0.0189
Public Fire Protection	0.0641	0.0274	0.1205	0.0689	0.0963
Total	1.0000	0.4280	1.0000	0.5720	1.0000

The weighting of the factors is based on the inch-feet of mains, designated as either transmission mains or distribution mains, as follows:

	Total Inch-Feet of Mains	Weight
Transmission Mains	45,092,690	0.4280
Distribution Mains	60,253,755	0.5720
Total	105,346,445	1.0000

Schedule C-Z-1

ILLINOIS AMERICAN WATER COMPANY
SPSPSB (ZONE 1) TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 8. ALLOCATION OF COSTS ASSOCIATED WITH FIRE HYDRANTS.

Costs are assigned directly to Public Fire Protection.

Customer Classification	Allocation Factor
(1)	(3)
Public Fire Protection	1.0000
Total	1.0000

FACTOR 9. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

Factors are based on the relative cost of meters by size and customer classification, as developed on the following page and summarized below.

Customer Classification	5/8" Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	150,015	0.8076
Commercial	24,973	0.1344
Industrial	3,370	0.0181
Large Industrial	441	0.0024
Competitive Industrial	84	0.0005
Other Public Authority	4,832	0.0260
Large Other Public Authority	144	0.0008
Sales for Resale	1,354	0.0073
Large Sales for Resale	533	0.0029
Private Fire	0	0.0000
Total	185,746	1.0000

ILLINOIS AMERICAN WATER COMPANY
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BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS

Meter Size	5/8" Equivalent	Residential		Commercial		Industrial		Large Industrial		Competitive Industrial		Other Public Authority		Large Other Public Authority		Sales for Resale		Large Sales for Resale		Total	
		Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)=(2)X(13)	(15)	(16)=(2)X(15)	(17)	(18)=(2)X(17)	(19)	(20)=(2)X(19)	(19)	(20)
5/8	1.0	145,767	145,767	8,530	8,530	115	115	0	0	1	1	403	403		0	5	5		0	154,821	154,821
3/4	1.5	1,490	2,235	644	966	26	39	0	0	0	0	33	49		0	1	2		0	2,194	3,291
1	2.5	604	1,510	1,644	4,110	80	200	0	0	0	0	167	417	1	3	1	3	1	3	2,498	6,246
1-1/2	5.0	27	135	333	1,665	21	105	0	0	0	0	43	213	0	0	0	0		0	424	2,118
2	8.0	46	368	1,049	8,392	157	1,256	2	16	1	8	366	2,930	2	16	13	104		0	1,636	13,090
3	15.0	0	0	14	210	7	105	0	0	0	0	8	113	0	0	1	15		0	30	443
4	25.0	0	0	34	850	42	1,050	5	125	3	75	16	399	1	25	21	525	10	250	132	3,299
6	50.0	0	0	5	250	10	500	6	300	0	0	6	308	2	100	14	700	4	200	47	2,358
8	80.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	80	1	80
10	115.0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0		0	0	0
Total		147,934	150,015	12,253	24,973	458	3,370	13	441	5	84	1,041	4,832	6	144	56	1,354	16	533	161,782	185,746

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ILLINOIS AMERICAN WATER COMPANY
SPSPSB (ZONE 1) TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 10. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

Factors are based on the relative cost of services by size and customer classification, as developed on the following page and summarized below.

Customer Classification	3/4" Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	148,267	0.8498
Commercial	14,896	0.0854
Industrial	913	0.0052
Large Industrial	49	0.0003
Competitive Industrial	16	0.0001
Other Public Authority	1,775	0.0102
Large Other Public Authority	18	0.0001
Sales for Resale	183	0.0010
Large Sales for Resale	63	0.0004
Private Fire Protection	8,286	0.0475
Total	174,466	1.0000

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ILLINOIS AMERICAN WATER COMPANY
SPSPSB (ZONE 1) TARIFF GROUP

BASIS FOR ALLOCATING SERVICE COSTS TO CUSTOMER CLASSIFICATIONS

Service Size	3/4" Equivalent	Residential Number of Services	Residential Weighting	Commercial Number of Services	Commercial Weighting	Industrial Number of Services	Industrial Weighting	Large Industrial Number of Services	Large Industrial Weighting	Competitive Industrial Number of Services	Competitive Industrial Weighting	Other Public Authority Number of Services	Other Public Authority Weighting	Large Other Public Authority Number of Services	Large Other Public Authority Weighting	Sales for Resale Number of Services	Sales for Resale Weighting	Large Sales for Resale Number of Services	Large Sales for Resale Weighting	Private Fire Protection Number of Services	Private Fire Protection Weighting	Total Number of Services	Total Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)=(2)X(13)	(15)	(16)=(2)X(15)	(17)	(18)=(2)X(17)	(19)	(20)=(2)X(19)	(13)	(14)=(2)X(11)	(15)	(16)
3/4	1.00	147,257	147,257	9,174	9,174	141	141	0	0	1	1	436	436	0	0	6	6	0	0	0	0	157,009	157,009
1	1.40	604	846	1,644	2,302	80	112	0	0	0	0	167	234	1	1	1	1	1	1	0	0	2,497	3,496
1-1/2	1.80	27	49	333	599	21	38	0	0	0	0	43	77	0	0	0	0	0	0	0	0	424	763
2	2.50	46	115	1,049	2,623	157	393	2	5	1	3	366	916	2	5	13	33	0	0	93	233	1,716	4,293
3	3.00	0	0	14	42	7	21	0	0	0	0	8	23	0	0	1	3	0	0	2	6	31	92
4	4.00	0	0	34	136	42	168	5	20	3	12	16	64	1	4	21	84	10	40	238	952	349	1,396
6	4.00	0	0	5	20	10	40	6	24	0	0	6	25	2	8	14	56	4	16	984	3,936	1,017	4,069
8	6.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	6	475	2,850	476	2,856
10	6.50	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	29	189	29	189
12	7.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	16	112	16	112
16	7.50	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			1	8	1	8
Total		147,934	148,267	12,253	14,896	458	913	13	49	5	16	1,041	1,775	6	18	56	183	16	63	1,838	8,286	163,564	174,283

ILLINOIS AMERICAN WATER COMPANY
SPSPSB (ZONE 1) TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 11. ALLOCATION OF TRANSMISSION AND DISTRIBUTION OPERATION SUPERVISION AND ENGINEERING AND MISCELLANEOUS EXPENSES.

Factors are based on transmission and distribution operation expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Operating Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$ 87,254	0.6147
Commercial	22,365	0.1576
Industrial	6,006	0.0423
Large Industrial	1,826	0.0129
Competitive Industrial	1,355	0.0095
Other Public Authority	5,326	0.0375
Large Other Public Authority	115	0.0008
Sales for Resale	3,614	0.0255
Large Sales for Resale	4,244	0.0299
Private Fire Protection	2,025	0.0143
Public Fire Protection	7,809	0.0550
Total	141,940	1.0000

FACTOR 12. ALLOCATION OF TRANSMISSION AND DISTRIBUTION MAINTENANCE SUPERVISION AND ENGINEERING, STRUCTURES AND IMPROVEMENTS, AND OTHER EXPENSES.

Factors are based on transmission and distribution maintenance expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$ 818,904	0.5151
Commercial	245,536	0.1544
Industrial	75,683	0.0476
Large Industrial	24,743	0.0156
Competitive Industrial	19,122	0.0120
Other Public Authority	61,478	0.0387
Large Other Public Authority	1,166	0.0007
Sales for Resale	47,448	0.0298
Large Sales for Resale	59,074	0.0372
Private Fire Protection	31,936	0.0201
Public Fire Protection	204,851	0.1288
Total	$1,589,941	1.0000

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ILLINOIS AMERICAN WATER COMPANY
SPSPSB (ZONE 1) TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 13. ALLOCATION OF BILLING AND COLLECTING COSTS.

Factors are based on the total number of customers.

Customer Classification	Total Customers	Allocation Factor
(1)	(2)	(3)
Residential	147,934	0.9041
Commercial	12,253	0.0749
Industrial	458	0.0028
Large Industrial	2	0.0001
Competitive Industrial	5	0.0001
Other Public Authority	1,041	0.0064
Large Other Public Authority	6	0.0001
Sales for Resale	56	0.0003
Large Sales for Resale	2	0.0000
Private Fire Protection	1,838	0.0112
Public Fire Protection	0	0.0000
Total	163,595	1.0000

FACTOR 14. ALLOCATION OF METER READING COSTS.

Factors are based on the number of metered customers.

Customer Classification	Total Metered Customers	Allocation Factor
(1)	(2)	(3)
Residential	147,934	0.9146
Commercial	12,253	0.0757
Industrial	458	0.0028
Large Industrial	2	0.0001
Competitive Industrial	5	0.0001
Other Public Authority	1,041	0.0064
Large Other Public Authority	6	0.0000
Sales for Resale	56	0.0003
Large Sales for Resale	2	0.0000
Total	161,757	1.0000

ILLINOIS AMERICAN WATER COMPANY
SPSPSB (ZONE 1) TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 15. ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES

Factors are based on the allocation of all other operation and maintenance expenses excluding purchased water, power, chemicals and waste disposal.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$10,834,825	0.5985
Commercial	2,428,384	0.1341
Industrial	713,316	0.0394
Large Industrial	417,015	0.0230
Competitive Industrial	324,379	0.0179
Other Public Authority	564,017	0.0311
Large Other Public Authority	19,269	0.0011
Sales for Resale	795,673	0.0439
Large Sales for Resale	999,611	0.0552
Private Fire Protection	202,720	0.0112
Public Fire Protection	807,605	0.0446
Total	$18,106,814	1.0000

FACTOR 15A. ALLOCATION OF CASH WORKING CAPITAL

Factors are based on the allocation of all other operation and maintenance expenses excluding regulatory expense.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$28,808,338	0.5687
Commercial	6,989,203	0.1380
Industrial	2,227,381	0.0440
Large Industrial	1,509,313	0.0298
Competitive Industrial	1,177,129	0.0232
Other Public Authority	1,660,500	0.0328
Large Other Public Authority	65,402	0.0013
Sales for Resale	2,657,179	0.0525
Large Sales for Resale	3,349,813	0.0661
Private Fire Protection	462,663	0.0091
Public Fire Protection	1,745,373	0.0345
Total	$50,652,292	1.0000

ILLINOIS AMERICAN WATER COMPANY
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FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 16. ALLOCATION OF LABOR RELATED TAXES AND BENEFITS.

Factors are based on the allocation of direct labor expense.

Customer Classification	Direct Labor Expense	Allocation Factor
(1)	(2)	(3)
Residential	$7,339,139	0.5909
Commercial	1,692,916	0.1363
Industrial	501,833	0.0404
Large Industrial	289,611	0.0233
Competitive Industrial	225,010	0.0181
Other Public Authority	397,135	0.0320
Large Other Public Authority	13,412	0.0011
Sales for Resale	552,444	0.0445
Large Sales for Resale	693,323	0.0558
Private Fire Protection	137,706	0.0111
Public Fire Protection	576,921	0.0465
Total	$12,419,451	1.0000

FACTOR 17. ALLOCATION OF ORGANIZATION, FRANCHISES AND CONSENTS, MISCELLANEOUS INTANGIBLE PLANT AND OTHER RATE BASE ELEMENTS.

Factors are based on the allocation of the original cost less depreciation other than those items being allocated, as follows:

Customer Classification	Original Cost Less Depreciation	Allocation Factor
(1)	(2)	(3)
Residential	$144,641,304	0.4957
Commercial	44,933,901	0.1540
Industrial	14,877,800	0.0510
Large Industrial	8,087,426	0.0277
Competitive Industrial	6,292,647	0.0216
Other Public Authority	11,472,866	0.0393
Large Other Public Authority	367,523	0.0013
Sales for Resale	15,408,332	0.0528
Large Sales for Resale	19,382,943	0.0664
Private Fire Protection	4,253,596	0.0146
Public Fire Protection	22,048,936	0.0756
Total	$291,767,274	1.0000

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ILLINOIS AMERICAN WATER COMPANY
SPSPSB (ZONE 1) TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 18. ALLOCATION OF INCOME TAXES AND INCOME AVAILABLE FOR RETURN.

Factors are based on the allocation of the original cost measure of value rate base as shown on the following pages and summarized below.

Customer Classification	Original Cost Measure of Value	Allocation Factor
(1)	(2)	(3)
Residential	$139,183,389	0.4926
Commercial	43,365,919	0.1535
Industrial	14,393,772	0.0509
Large Industrial	7,893,953	0.0279
Competitive Industrial	6,141,991	0.0217
Other Public Authority	11,076,809	0.0392
Large Other Public Authority	358,016	0.0013
Sales for Resale	15,045,102	0.0532
Large Sales for Resale	18,931,259	0.0670
Private Fire Protection	4,238,963	0.0150
Public Fire Protection	21,956,536	0.0777
Total	$282,585,710	1.0000

FACTOR 19. ALLOCATION OF REGULATORY COMMISSION EXPENSES, ASSESSMENTS AND OTHER WATER REVENUES.

The factors are based on the allocation of the total cost of service, excluding those items being allocated.

Customer Classification	Total Cost of Service	Allocation Factor
(1)	(2)	(3)
Residential	$55,804,777	0.5467
Commercial	14,532,842	0.1424
Industrial	4,602,226	0.0451
Large Industrial	2,826,833	0.0277
Competitive Industrial	2,198,379	0.0215
Other Public Authority	3,531,530	0.0346
Large Other Public Authority	128,356	0.0013
Sales for Resale	5,177,132	0.0507
Large Sales for Resale	6,504,985	0.0637
Private Fire Protection	1,227,819	0.0120
Public Fire Protection	5,543,106	0.0543
Total	$102,077,985	1.0000

ILLINOIS AMERICAN WATER COMPANY
SPSPSB (ZONE 1) TARIFF GROUP

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Large Industrial	Competitive Industrial	Public Authorities	Large Public Authorities	Sales for Resale	Large Sales for Resale	Fire Protection	
												Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
RATE BASE													
Organization	17	$ 78,840	$ 39,081	$ 12,141	$ 4,021	$ 2,184	$ 1,703	$ 3,098	$ 102	$ 4,163	$ 5,235	$ 1,151	$ 5,960
Franchises	17	768	381	118	39	21	17	30	1	41	51	11	58
Land & Ld Rights SS	2	827,145	330,031	134,907	53,103	43,756	34,244	37,222	1,902	83,045	105,378	579	2,978
Land & Ld Rights P	6	646,035	260,223	104,916	39,602	26,940	21,061	28,555	1,163	51,101	64,797	7,752	39,925
Land & Ld Rights WT	2	1,410,149	562,650	229,995	90,532	74,597	58,380	63,457	3,243	141,579	179,653	987	5,077
Land & Ld Rights TD	7	1,968,728	913,490	357,324	122,652	41,343	32,287	95,090	1,772	78,552	99,421	37,209	189,588
Land & Land Rights AG	15	465,746	278,749	62,457	18,350	10,712	8,337	14,485	512	20,446	25,709	5,216	20,772
Struct & Imp SS	2	5,489,548	2,190,329	895,345	352,429	290,397	227,267	247,030	12,626	551,151	699,368	3,843	19,762
Struct & Imp P	6	6,221,430	2,505,992	1,010,360	381,374	259,434	202,819	274,987	11,199	492,115	624,009	74,657	384,484
Struct & Imp WT	2	31,676,281	12,638,836	5,166,401	2,033,617	1,675,675	1,311,398	1,425,433	72,855	3,180,299	4,035,558	22,173	114,035
Struct & Imp TD	7	391,316	181,571	71,024	24,379	8,218	6,418	18,901	352	15,613	19,761	7,396	37,684
Struct & Imp AG	15	289,584	173,316	38,833	11,410	6,660	5,184	9,006	319	12,713	15,985	3,243	12,915
Struct & Imp Offices	15	2,154,265	1,289,328	288,887	84,878	49,548	38,561	66,998	2,370	94,572	118,915	24,128	96,080
Struct & Imp Store,Shop,Gar	15	776,293	464,611	104,101	30,586	17,855	13,896	24,143	854	34,079	42,851	8,694	34,623
Struct & Imp Misc	15	120,785	72,290	16,197	4,759	2,778	2,162	3,756	133	5,302	6,667	1,353	5,387
Collect & Impounding	1	1,329,694	490,657	224,319	95,871	84,436	66,086	60,767	3,191	130,443	165,547	1,330	7,047
Lake, River & Other Intakes	2	1,795,241	716,301	292,804	115,254	94,968	74,323	80,786	4,129	180,242	228,714	1,257	6,463
Wells & Springs	2	685,273	273,424	111,768	43,995	36,251	28,370	30,837	1,576	68,801	87,304	480	2,467
Infiltration Galleries and Tunnels	2	0	0	0	0	0	0	0	0	0	0	0	0
Supply Mains	2	2,712,568	1,082,315	442,420	174,147	143,495	112,300	122,066	6,239	272,342	345,581	1,899	9,765
Power Generation Equip	6	1,829,411	736,887	297,096	112,143	76,286	59,639	80,860	3,293	144,706	183,490	21,953	113,058
Power Generation Equip Othe	6		0	0	0	0	0	0	0	0	0	0	0
Pump Equip Steam	6		0	0	0	0	0	0	0	0	0	0	0
Pump Equip Electric	6	17,106,102	6,890,338	2,778,031	1,048,604	713,324	557,659	756,090	30,791	1,353,093	1,715,742	205,273	1,057,157
Pump Equip Diesel	6	494,179	199,055	80,255	30,293	20,607	16,110	21,843	890	39,090	49,566	5,930	30,540
Pump Equip Other	6	141,067	56,822	22,909	8,647	5,882	4,599	6,235	254	11,158	14,149	1,693	8,718
WT Equip Non-Media	2	26,627,192	10,624,250	4,342,895	1,709,466	1,408,578	1,102,366	1,198,224	61,243	2,673,370	3,392,304	18,639	95,858
WT Treatment Equip Chemical	2	175,057	69,848	28,552	11,239	9,261	7,247	7,878	403	17,576	22,302	123	630
WT Equip Filter Media	2	52,847	21,086	8,619	3,393	2,796	2,188	2,378	122	5,306	6,733	37	190
Dist Reservoirs & Standpipe	5	5,061,579	1,641,976	619,537	234,351	188,797	147,292	161,464	8,605	374,051	474,776	197,908	1,012,822
Elevated Tanks & Standpipes	5	457,757	148,496	56,029	21,194	17,074	13,321	14,602	778	33,828	42,938	17,898	91,597
Ground Level Facilities	5	0	0	0	0	0	0	0	0	0	0	0	0
Below Grade Facilities	5	0	0	0	0	0	0	0	0	0	0	0	0
TD Mains Not Classified by	7	102,174,399	47,408,921	18,544,653	6,365,465	2,145,662	1,675,660	4,935,023	91,957	4,076,759	5,159,807	1,931,096	9,839,395
TD Mains 4" & Less	4	2,384,077	1,273,813	486,352	153,296	0	0	127,071	0	0	0	56,264	287,281
TD Mains 6" to 8"	4	1,986,833	1,061,565	405,314	127,753	0	0	105,898	0	0	0	46,889	239,413

ILLINOIS AMERICAN WATER COMPANY
SPSPSB (ZONE 1) TARIFF GROUP

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Large Industrial	Competitive Industrial	Public Authorities	Large Public Authorities	Sales for Resale	Large Sales for Resale	Fire Protection	
												Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
TD Mains 10" to 16"	3	2,187,670	809,000	330,994	130,385	107,415	84,007	91,226	4,813	203,891	258,364	27,346	140,230
TD Mains 18" & Grtr	3	1,165,875	431,140	176,397	69,486	57,244	44,770	48,617	2,565	108,660	137,690	14,573	74,733
Fire Mains	8	0	0	0	0	0	0	0	0	0	0	0	0
Services	10	27,789,973	23,615,919	2,373,264	144,508	8,337	2,779	283,458	2,779	27,790	11,116	1,320,024	0
Meters	9	3,174	2,564	427	57	8	2	83	3	23	9	0	0
Meters Bronze Case	9	9,460,161	7,640,026	1,271,446	171,229	22,704	4,730	245,964	7,568	69,059	27,434	0	0
Meters Plastic Case	9	(137,594)	(111,121)	(18,493)	(2,490)	(330)	(69)	(3,577)	(110)	(1,004)	(399)	0	0
Meters Other	9	165,559	133,705	22,251	2,997	397	83	4,305	132	1,209	480	0	0
Meter Installations	9	9,067,439	7,322,864	1,218,664	164,121	21,762	4,534	235,753	7,254	66,192	26,296	0	0
Meter Vaults	9	102,786	83,010	13,814	1,860	247	51	2,672	82	750	298	0	0
Hydrants	8	7,328,046	0	0	0	0	0	0	0	0	0	0	7,328,046
Other P/E Intangible	15	136,227	81,532	18,268	5,367	3,133	2,438	4,237	150	5,980	7,520	1,526	6,076
Other P/E WT Res Hand Equip	2	0	0	0	0	0	0	0	0	0	0	0	0
Other P/E TD	7	0	0	0	0	0	0	0	0	0	0	0	0
Other P/E CPS	17	323,607	160,412	49,836	16,504	8,964	6,990	12,718	421	17,086	21,488	4,725	24,465
Office Furniture & Equip	15	564,528	337,870	75,703	22,242	12,984	10,105	17,557	621	24,783	31,162	6,323	25,178
Comp & Periph Equip	15	1,260,716	754,538	169,062	49,672	28,996	22,567	39,208	1,387	55,345	69,592	14,120	56,228
Computer Software	15	1,542,847	923,394	206,896	60,788	35,485	27,617	47,983	1,697	67,731	85,165	17,280	68,811
Comp Software Personal	15	(162,074)	(97,001)	(21,734)	(6,386)	(3,728)	(2,901)	(5,040)	(178)	(7,115)	(8,946)	(1,815)	(7,228)
Comp Software Other	15		0	0	0	0	0	0	0	0	0	0	0
Data Handling Equipment	15	28,863	17,275	3,871	1,137	664	517	898	32	1,267	1,593	323	1,287
Other Office Equipment	15	25,990	15,555	3,485	1,024	598	465	808	29	1,141	1,435	291	1,159
Trans Equip Lt Duty Trks	15	2,837,023	1,697,958	380,445	111,779	65,252	50,783	88,231	3,121	124,545	156,604	31,775	126,531
Trans Equip Hvy Duty Trks	15	1,571,183	940,353	210,696	61,905	36,137	28,124	48,864	1,728	68,975	86,729	17,597	70,075
Trans Equip Autos	15	(226,759)	(135,715)	(30,408)	(8,934)	(5,215)	(4,059)	(7,052)	(249)	(9,955)	(12,517)	(2,540)	(10,113)
Trans Equip Other	15	97,696	58,471	13,101	3,849	2,247	1,749	3,038	107	4,289	5,393	1,094	4,357
Stores Equipment	15	93,276	55,825	12,508	3,675	2,145	1,670	2,901	103	4,095	5,149	1,045	4,160
Tools,Shop,Garage Equip	15	3,105,867	1,858,861	416,497	122,371	71,435	55,595	96,592	3,416	136,348	171,444	34,786	138,522
Tools,Shop,Garage Equip Oth	15	9,908	5,930	1,329	390	228	177	308	11	435	547	111	442
Laboratory Equipment	2	638,389	254,717	104,121	40,985	33,771	26,429	28,728	1,468	64,094	81,331	447	2,298
Laboratory Equip Other	2		0	0	0	0	0	0	0	0	0	0	0
Power Operated Equipment	15	1,925,826	1,152,607	258,253	75,878	44,294	34,472	59,893	2,118	84,544	106,306	21,569	85,892
Comm Equip Non-Telephone	15	3,162,459	1,892,732	424,086	124,601	72,737	56,608	98,352	3,479	138,832	174,568	35,420	141,046
Remote Control & Instr	15	70,127	41,971	9,404	2,763	1,613	1,255	2,181	77	3,079	3,871	785	3,128
Comm Equip Telephone	15	162,094	97,013	21,737	6,387	3,728	2,901	5,041	178	7,116	8,948	1,815	7,229
Misc Equipment	15	339,415	203,140	45,516	13,373	7,807	6,076	10,556	373	14,900	18,736	3,801	15,138
Other Tangible Property	17		0	0	0	0	0	0	0	0	0	0	0
Total Utility Plant in Service		292,170,489	144,841,178	44,995,996	14,898,364	8,098,595	6,301,357	11,488,713	368,047	15,429,622	19,409,716	4,259,483	22,079,419

ILLINOIS AMERICAN WATER COMPANY
SPSPSB (ZONE 1) TARIFF GROUP

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Large Industrial	Competitive Industrial	Public Authorities	Large Public Authorities	Sales for Resale	Large Sales for Resale	Fire Protection	
												Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Other Rate Base Items													
Add:													
Cash Working Capital	15A	1,900,237	1,080,665	262,233	83,610	56,627	44,085	62,328	2,470	99,762	125,606	17,292	65,558
Materials and Supplies	15	1,909,712	1,142,963	256,092	75,243	43,923	34,184	59,392	2,101	83,836	105,416	21,389	85,173
Deferred Charges - Tank Painting	5	4,988,096	1,618,138	610,543	230,949	186,056	145,154	159,120	8,480	368,620	467,883	195,035	998,118
Pension / OPEB	16	(4,037,193)	(2,385,577)	(550,269)	(163,103)	(94,067)	(73,073)	(129,190)	(4,441)	(179,655)	(225,275)	(44,813)	(187,729)
Regulatory Deferrals	17	186,030	92,215	28,649	9,488	5,153	4,018	7,311	242	9,822	12,352	2,716	14,064
Accumulated Deferred ITC (3%)	17	(4,211)	(2,087)	(648)	(215)	(117)	(91)	(165)	(5)	(222)	(280)	(61)	(318)
Deferred Income Taxes	17	(15,461,282)	(7,664,157)	(2,381,037)	(788,525)	(428,278)	(333,964)	(607,628)	(20,100)	(816,356)	(1,026,629)	(225,735)	(1,168,873)
AFUDC Debt	17	940,805	466,357	144,884	47,981	26,060	20,321	36,974	1,223	49,674	62,469	13,736	71,125
Budget Payment Plan	13	(6,973)	(6,304)	(522)	(20)	(1)	(1)	(45)	(1)	(2)	0	(78)	0
Total Other Rate Base Elements		(9,584,779)	(5,657,789)	(1,630,077)	(504,592)	(204,642)	(159,366)	(411,904)	(10,031)	(384,519)	(478,457)	(20,520)	(122,883)
Total Original Cost Measure of Value		$ 282,585,710	$139,183,389	$43,365,919	$ 14,393,772	$7,893,953	$6,141,991	$11,076,809	$ 358,016	$15,045,102	$ 18,931,259	$ 4,238,963	$21,956,536

Schedule D-Z-1

ILLINOIS AMERICAN WATER COMPANY
SPSPSB (ZONE 1) TARIFF GROUP

BASIS FOR ALLOCATING DEMAND RELATED COSTS OF FIRE SERVICE TO PRIVATE AND PUBLIC FIRE PROTECTION CUSTOMER CLASSIFICATIONS

Description		Restrictive Diameters Squared	Quantity	Relative Demand	Allocation Factor
(1)		(2)	(3)	(4)=(2)x(3)	(5)
PRIVATE FIRE PROTECTION					
Fire Lines					
2 -inch		4.00	93	372	
3 -inch		9.00	2	18	
4 -inch		16.00	238	3,808	
6 -inch		36.00	984	35,424	
8 -inch		64.00	475	30,400	
10 -inch		100.00	29	2,900	
12 -inch		144.00	16	2,304	
16 -inch		256.00	1	256	
Private Hydrants		28.50	2	57	
Total Private Fire Protection			1,840	75,539	0.1639
PUBLIC FIRE PROTECTION					
Hydrant	Nozzle Sizes				
Various	4" & 2-2 1/2"	28.50	13,072	372,552	
Various	4 1/2" & 2-2 1/2"	32.75	392	12,838	
Total Public Fire Prorection			13,464	385,390	
Total Fire Protection			15,304	460,929	
					0.8361
					1.0000

ILLINOIS AMERICAN WATER COMPANY
SPSPSB (ZONE 1) TARIFF GROUP

CALCULATION OF CUSTOMER CHARGE

		5/8-Inch Cost Per Month
(1) Cost Related to Meters	$8,018,501	
(2) Meter Equivalents X 12	2,228,952	
(3) Cost per Bill - Meter related		$3.60
(4) Cost Related to Services	$7,832,445	
(5) Service Equivalents X 12	1,991,964	
(6) Cost per Bill - Services related		3.93
(7) Cost Related to Billing and Collecting	$15,044,428	
(8) Number of Customers X 12	1,963,143	
(9) Cost per Bill - Billing and Collecting		7.66
(10) Total Customer Charge (3)+(6)+(9)		$15.19

STERLING TARIFF GROUP

ILLINOIS AMERICAN WATER COMPANY
STERLING TARIFF GROUP

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND ALLOWED RATES
FOR THE TEST YEAR ENDED JUNE 30, 2009

Customer Classification	Cost of Service Amount (Schedule B)	Cost of Service Percent	Revenues, Previous Rates Amount	Revenues, Previous Rates Percent	Revenues, Allowed Rates Amount	Revenues, Allowed Rates Percent	Allowed Increase Amount	Allowed Increase Percent Increase
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Residential	$ 2,711,766	64.5%	$ 2,047,484	58.9%	$ 2,471,851	58.9%	$ 424,368	20.7%
Commercial	642,937	15.3%	478,233	13.7%	577,311	13.7%	99,078	20.7%
Industrial	102,742	2.4%	86,605	2.5%	104,546	2.5%	17,941	20.7%
Public Authority	141,045	3.4%	107,657	3.1%	129,958	3.1%	22,302	20.7%
Sales for Resale	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Private Fire Service	297,354	7.1%	175,548	5.0%	211,911	5.0%	36,363	20.7%
Public Fire Service	307,209	7.3%	586,011	16.8%	707,407	16.8%	121,396	20.7%
Total Sales	4,203,053	100.0%	3,481,538	100.0%	4,202,984	100.0%	721,446	20.7%
Other Revenues	65,319		52,999		65,319		12,320	23.2%
Total	$ 4,268,372		$ 3,534,537		$ 4,268,303		$ 733,766	20.8%

STE-1

TN-CMA-01-Q29-SUPPLEMENTAL ATTACHMENT
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Schedule A-STE

ILLINOIS AMERICAN WATER COMPANY
STERLING TARIFF GROUP

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
OPERATION AND MAINTENANCE EXPENSES									
SOURCE OF SUPPLY EXPENSES									
Salaries and Wages	2	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Labor & Exp Oper SS - Labor	2	37	25	8	1	2	0	0	0
Labor & Exp Oper SS	2	9,248	6,334	2,035	364	480	0	18	18
Purchased Water	1	0	0	0	0	0	0	0	0
TOTAL SS EXPENSE - OPERATION		9,285	6,359	2,043	366	482	0	18	18
Misc Exp Oper SS	2	0	0	0	0	0	0	0	0
Misc Exp Oper SS	2	325	222	71	13	17	0	1	1
Rents Oper SS	2	0	0	0	0	0	0	0	0
Super & Eng Maint SS	2	0	0	0	0	0	0	0	0
Struct & Improve Maint SS - Labor	2	0	0	0	0	0	0	0	0
Struct & Improve Maint SS	2	0	0	0	0	0	0	0	0
Collect & Impound Maint SS - Labor	2	0	0	0	0	0	0	0	0
Collect & Impound Maint SS	2	0	0	0	0	0	0	0	0
Lake, River & Oth Maint SS - Labor	2	0	0	0	0	0	0	0	0
Lake, River & Oth Maint SS	2	0	0	0	0	0	0	0	0
Wells & Springs Maint SS - Labor	2	0	0	0	0	0	0	0	0
Wells & Springs Maint SS	2	0	0	0	0	0	0	0	0
Infilt Gall & Tunnels Maint SS - Labor	2	0	0	0	0	0	0	0	0
Infilt Gall & Tunnels Maint SS	2	0	0	0	0	0	0	0	0
Supply Mains Maint SS - Labor	2	0	0	0	0	0	0	0	0
Supply Mains Maint SS	2	0	0	0	0	0	0	0	0
Misc Plant Maint SS - Labor	2	84	58	19	3	4	0	0	0
Misc Plant Maint SS	2	541	370	119	21	28	0	1	1
TOTAL SS EXPENSE - MAINTENANCE		950	651	209	37	49	0	2	2
TOTAL SS EXPENSE		10,235	7,010	2,252	403	531	0	19	19
POWER AND PUMPING EXPENSES									
Super & Eng Oper P	6	0	0	0	0	0	0	0	0
Fuel for Power Prod	1	0	0	0	0	0	0	0	0
Labor & Exp Oper Pwr Prod - Labor	6	0	0	0	0	0	0	0	0
Labor & Exp Oper Pwr Prod	6	0	0	0	0	0	0	0	0
Purch Fuel/Power for Pump	1	195,089	129,656	44,090	9,384	10,827	0	566	566
Labor & Exp Oper Pump - Labor	6	19,794	12,371	3,975	713	938	0	920	877
Labor & Exp Oper Pump	6	0	0	0	0	0	0	0	0
Expenses Transferred	6	0	0	0	0	0	0	0	0
Misc Exp Oper P	6	1,746	1,091	351	63	83	0	81	77
Rents Oper P	6	0	0	0	0	0	0	0	0
TOTAL PUMPING EXPENSE - OPERATION		216,630	143,119	48,415	10,159	11,848	0	1,567	1,520

ILLINOIS AMERICAN WATER COMPANY
STERLING TARIFF GROUP

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Super & Eng Maint P	6	0	0	0	0	0	0	0	0
Struct & Improve Maint P - Labor	6	371	232	74	13	18	0	17	16
Struct & Improve Maint P	6	0	0	0	0	0	0	0	0
Power Prod Equip Maint P - Labor	6	0	0	0	0	0	0	0	0
Power Prod Equip Maint P	6	0	0	0	0	0	0	0	0
Pump Equip Maint P - Labor	6	9,031	5,644	1,813	325	428	0	420	400
Pump Equip Maint P	6	10,800	6,750	2,169	389	512	0	502	478
TOTAL PUMPING EXPENSES - MAINTENANCE		20,202	12,626	4,057	727	958	0	939	895
TOTAL PUMPING EXPENSES		236,832	155,745	52,472	10,887	12,806	0	2,507	2,415
WATER TREATMENT									
Super & Eng Oper WT	2	0	0	0	0	0	0	0	0
Chemicals	1	94,193	62,601	21,288	4,531	5,228	0	273	273
Labor & Exp Oper WT - Labor	2	49,155	33,666	10,814	1,937	2,551	0	93	93
Labor & Exp Oper WT	2	7,881	5,398	1,734	311	409	0	15	15
Misc Exp Oper WT	2	0	0	0	0	0	0	0	0
Misc Exp Oper WT	1	6,163	4,096	1,393	296	342	0	18	18
Misc Exp Oper WT	2	14,650	10,034	3,223	577	760	0	28	28
Rents Oper WT	2	0	0	0	0	0	0	0	0
TOTAL WT EXPENSE - OPERATION		172,041	115,794	38,451	7,652	9,290	0	427	427
Super & Eng Maint WT	2	15,856	10,860	3,488	625	823	0	30	30
Struct & Improve Maint WT - Labor	2	502	344	111	20	26	0	1	1
Struct & Improve Maint WT	2	44	30	10	2	2	0	0	0
WT Equip Maint WT - Labor	2	4,972	3,405	1,094	196	258	0	9	9
WT Equip Maint WT	2	10,908	7,471	2,400	430	566	0	21	21
TOTAL WT EXPENSE - MAINTENANCE		32,282	22,110	7,102	1,272	1,675	0	61	61
TOTAL WT EXPENSE		204,323	137,904	45,553	8,923	10,966	0	489	489
TRANSMISSION AND DISTRIBUTION EXPENSES									
Super & Eng Oper TD	11	0	0	0	0	0	0	0	0
Storage Facilty Exp - Labor	5	0	0	0	0	0	0	0	0
Storage Facilty Exp	5	0	0	0	0	0	0	0	0
TD Lines Exp - Labor	7	17,167	6,850	2,106	366	481	0	3,773	3,591
TD Lines Exp	7	(1,077)	(430)	(132)	(23)	(30)	0	(237)	(225)
Meter Expense - Labor	9	53,393	45,576	6,252	363	1,201	0	0	0
Meter Expense	9	0	0	0	0	0	0	0	0
Customer Install Exp - Labor	10	0	0	0	0	0	0	0	0
Customer Install Exp	10	27	23	2	0	0	0	2	0

ILLINOIS AMERICAN WATER COMPANY
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COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Misc Exp Oper TD - Labor	11	25,900	19,381	3,067	264	616	0	1,318	1,254
Misc Exp Oper TD	11	0	0	0	0	0	0	0	0
Misc Exp Oper TD	11	11,838	8,858	1,402	121	282	0	603	573
Rents Oper TD	11	0	0	0	0	0	0	0	0
TOTAL T & D EXPENSE OPERATION		107,248	80,258	12,697	1,091	2,550	0	5,459	5,193
Super & Eng Maint TD	12	0	0	0	0	0	0	0	0
Struct & Improve Maint TD - Labor	12	0	0	0	0	0	0	0	0
Struct & Improve Maint TD	12	0	0	0	0	0	0	0	0
Dist Res Stand Maint TD - Labor	5	0	0	0	0	0	0	0	0
TD Main Maint TD - Labor	7	52,915	21,113	6,493	1,127	1,482	0	11,631	11,070
TD Main Maint TD	7	17,736	7,077	2,176	378	497	0	3,898	3,710
Fire Main Maint TD - Labor	8	0	0	0	0	0	0	0	0
Fire Main Maint TD	8	0	0	0	0	0	0	0	0
Services Maint TD - Labor	10	12,292	10,304	996	50	124	0	819	0
Services Maint TD	10	1,561	1,309	126	6	16	0	104	0
Meters Maint TD - Labor	9	7,320	6,249	857	50	165	0	0	0
Meters Maint TD	9	1,295	1,106	152	9	29	0	0	0
Hydrants Maint TD - Labor	8	5,854	0	0	0	0	0	0	5,854
Hydrants Maint TD	8	636	0	0	0	0	0	0	636
Misc Plant Maint TD - Labor	12	13,378	6,333	1,450	218	310	0	2,210	2,856
Mat and Sup Maint TD	12	123	58	13	2	3	0	20	26
Misc Maint TD	12	4,739	2,244	514	77	110	0	783	1,012
Amort Def Maint TD	5	8,540	3,636	1,061	178	233	0	1,759	1,674
TOTAL T & D EXPENSE - MAINTENANCE		126,391	59,427	13,838	2,095	2,968	0	21,224	26,838
TOTAL T & D EXPENSE		233,639	139,685	26,535	3,186	5,519	0	26,684	32,031
CUSTOMER ACCOUNTS									
Supervision CA	13	0	0	0	0	0	0	0	0
Meter Reading Exp CA - Labor	14	12,794	11,649	999	50	96	0	0	0
Meter Reading Exp CA	14	0	0	0	0	0	0	0	0
Meter Reading Exp CA	14	0	0	0	0	0	0	0	0
Cust Rec & Collection CA - Labor	13	40,735	34,751	2,982	151	285	0	2,566	0
Cust Rec & Collection CA	13	36,158	30,847	2,647	134	253	0	2,278	0
Uncollectible Accts	13	46,734	39,869	3,421	173	327	0	2,944	0
Misc Cust Accts Exp CA - Labor	13	35,438	30,232	2,594	131	248	0	2,233	0
Misc Cust Accts Exp CA	13	0	0	0	0	0	0	0	0
Misc Cust Accts Exp CA	13	3,664	3,126	268	14	26	0	231	0
Cust Serv & Info Exp CA	13	0	0	0	0	0	0	0	0
TOTAL CUSTOMER ACCOUNTING EXPENSE		175,523	150,473	12,911	652	1,235	0	10,252	0

ILLINOIS AMERICAN WATER COMPANY
STERLING TARIFF GROUP

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
ADMINISTRATIVE AND GENERAL EXPENSES									
Salaries AG	15	60,256	42,071	7,773	1,048	1,561	0	4,170	3,633
Other Supplies & Exp AG	15	0	0	0	0	0	0	0	0
Other Supplies & Exp AG	15	52,771	36,845	6,807	918	1,367	0	3,652	3,182
Other Supplies & Exp AG	15	20,679	14,438	2,668	360	536	0	1,431	1,247
Mgmt Fees-Admin	15	263,770	184,164	34,026	4,590	6,832	0	18,253	15,905
Mgmt Fees-Customer Service	13	116,680	99,539	8,541	432	817	0	7,351	0
Mgmt Fees-Belleville Lab	2	20,190	13,828	4,442	796	1,048	0	38	38
Mgmt Fees- Employee	16	25,960	17,876	3,383	454	691	0	1,794	1,763
Outside Services AG	15	29,180	20,374	3,764	508	756	0	2,019	1,760
Outside Services AG	15	7,170	5,006	925	125	186	0	496	432
Property Insurance	15	0	0	0	0	0	0	0	0
Ins Gen Liab Oper AG	15	35,981	25,122	4,642	626	932	0	2,490	2,170
Ins Work Comp AG	16	49,721	34,238	6,479	870	1,323	0	3,436	3,376
Ins Other Oper AG	15	15,382	10,740	1,984	268	398	0	1,064	928
Property Insurance	15	2,890	2,018	373	50	75	0	200	174
Injuries & Damages	16	255	175	33	4	7	0	18	17
Employee Pension & Benefits	16	165,449	113,928	21,558	2,895	4,401	0	11,433	11,234
Employee Pension & Benefits	16	39,830	27,427	5,190	697	1,059	0	2,752	2,704
Employee Pension & Benefits	16	4,039	2,781	526	71	107	0	279	274
Reg Commision Exp	19	10,850	7,032	1,650	263	361	0	761	783
Rents AG	15	24,948	17,419	3,218	434	646	0	1,726	1,504
Goodwill Advertising Exp	15	1,960	1,368	253	34	51	0	136	118
Misc Exp AG	15	30,528	21,315	3,938	531	791	0	2,113	1,841
Research & Development	15	381	266	49	7	10	0	26	23
TOTAL A & G OPERATIONS		978,870	697,970	122,222	15,980	23,952	0	65,637	53,108
General Plant Maint AG - Labor	15	0	0	0	0	0	0	0	0
General Plant Maint AG	15	10,283	7,179	1,326	179	266	0	712	620
TOTAL A & G EXPENSE - MAINTENANCE		10,283	7,179	1,326	179	266	0	712	620
TOTAL A & G EXPENSE		989,153	705,150	123,549	16,159	24,219	0	66,348	53,728
Total Operation & Maintenance Expenses		1,849,705	1,295,967	263,272	40,210	55,275	0	106,299	88,682

ILLINOIS AMERICAN WATER COMPANY
STERLING TARIFF GROUP

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
DEPRECIATION EXPENSE									
Struct & Imp SS	2	0	0	0	0	0	0	0	0
Struct & Imp P	6	52,515	32,822	10,545	1,891	2,489	0	2,442	2,326
Struct & Imp WT	2	47,916	32,818	10,542	1,888	2,487	0	91	91
Struct & Imp TD	7	9	4	1	0	0	0	2	2
Struct & Imp AG	15	130	91	17	2	3	0	9	8
Struct & Imp Offices	15	1,072	748	138	19	28	0	74	65
Struct & Imp Store,Shop,Gar	15	0	0	0	0	0	0	0	0
Struct & Imp Misc	15	27	19	4	0	1	0	2	2
Collect & Impounding	1	0	0	0	0	0	0	0	0
Lake, River & Other Intakes	2	0	0	0	0	0	0	0	0
Wells & Springs	2	8,740	5,986	1,923	344	454	0	17	17
Infiltration Galleries and Tunnels	2	0	0	0	0	0	0	0	0
Supply Mains	2	258	177	57	10	13	0	0	0
Power Generation Equip Othe	6	2,803	1,752	563	101	133	0	130	124
Pump Equip Electric	6	45,587	28,492	9,154	1,641	2,161	0	2,120	2,020
Pump Equip Diesel	6	530	331	106	19	25	0	25	23
Pump Equip Hydraulic	6		0	0	0	0	0	0	0
Pump Equip Other	6	519	324	104	19	25	0	24	23
WT Equip Non-Media	2	121,295	83,075	26,685	4,779	6,295	0	230	230
WT Equip Chemical	2	0	0	0	0	0	0	0	0
WT Equip Filter Media	2	0	0	0	0	0	0	0	0
Dist Reservoirs & Standpipe	5	30,714	13,075	3,815	639	838	0	6,327	6,020
Elevated Tanks & Standpipes	5	25	11	3	1	1	0	5	5
Ground Level Facilities	5	0	0	0	0	0	0	0	0
Below Grade Facilities	5	0	0	0	0	0	0	0	0
TD Mains Not Classified by	7	87,542	34,929	10,741	1,865	2,451	0	19,242	18,314
TD Mains 4" & Less	4	0	0	0	0	0	0	0	0
TD Mains 6" to 8"	4	0	0	0	0	0	0	0	0
TD Mains 10" to 16"	3	1,411	777	250	45	59	0	143	136
TD Mains 18" & Grtr	3	0	0	0	0	0	0	0	0
Fire Mains	8	0	0	0	0	0	0	0	0
Services	10	79,062	66,270	6,404	324	799	0	5,266	0
Meters	9	0	0	0	0	0	0	0	0
Meters Bronze Case	9	105,224	89,819	12,322	716	2,368	0	0	0
Meters Plastic Case	9	0	0	0	0	0	0	0	0
Meters Other	9	0	0	0	0	0	0	0	0
Meters Other-Rem Rdr Unts	9		0	0	0	0	0	0	0
Meter Installations	9	8,386	7,159	982	57	189	0	0	0
Meter Vaults	9	0	0	0	0	0	0	0	0
Hydrants	8	18,974	0	0	0	0	0	0	18,974
Utility Plant Acquisition Adjustment	17		0	0	0	0	0	0	0
Other P/E WT Res Hand Equip	2	37	25	8	1	2	0	0	0
Other P/E TD	11	167	125	20	2	4	0	9	8
Other P/E CPS	17	(0)	(0)	(0)	(0)	(0)	0	(0)	(0)
Office Furniture & Equip	15	1,605	1,121	207	28	42	0	111	97
Comp & Periph Equip	15	17,354	12,116	2,239	302	449	0	1,201	1,046
Computer Software	15	42,830	29,904	5,525	745	1,109	0	2,964	2,583

ILLINOIS AMERICAN WATER COMPANY
STERLING TARIFF GROUP

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Comp Software Personal	15	620	433	80	11	16	0	43	37
Data Handling Equipment	15	30	21	4	1	1	0	2	2
Other Office Equipment	15	411	287	53	7	11	0	28	25
Trans Equip Lt Duty Trks	15	6,579	4,594	849	114	170	0	455	397
Trans Equip Hvy Duty Trks	15	6,536	4,563	843	114	169	0	452	394
Trans Equip Autos	15	1,478	1,032	191	26	38	0	102	89
Trans Equip Other	15	0	0	0	0	0	0	0	0
Stores Equipment	15	13	9	2	0	0	0	1	1
Tools,Shop,Garage Equip	15	5,171	3,611	667	90	134	0	358	312
Tools,Shop,Garage Equip Oth	15	0	0	0	0	0	0	0	0
Laboratory Equipment	2	2,663	1,824	586	105	138	0	5	5
Laboratory Equip Other	2		0	0	0	0	0	0	0
Power Operated Equipment	15	19,453	13,582	2,509	338	504	0	1,346	1,173
Comm Equip Non-Telephone	15	23,458	16,379	3,026	408	608	0	1,623	1,415
Remote Control & Instr	15	0	0	0	0	0	0	0	0
Comm Equip Telephone	15	9	6	1	0	0	0	1	1
Misc Equipment	15	291	203	38	5	8	0	20	18
Other Tangible Property	15		0	0	0	0	0	0	0
Total Depreciation Expense		741,445	488,513	111,202	16,656	24,221	0	44,871	55,981
Amort-Other UP	18	2,619	1,514	433	74	99	0	236	262
Amort-Intangible Fin	2	0	0	0	0	0	0	0	0
Taxes Other Than Income									
Utility Reg Assessment Fee	19	0	0	0	0	0	0	0	0
Property Taxes	18	118,883	68,738	19,675	3,353	4,494	0	10,711	11,912
FUTA	16	1	1	0	0	0	0	0	0
FICA	16	33,458	23,039	4,360	586	890	0	2,312	2,272
SUTA	16	0	0	0	0	0	0	0	0
Other Taxes & Licenses	15	6,518	4,551	841	113	169	0	451	393
Capital Stock Tax	19	113,872	73,801	17,320	2,756	3,792	0	7,982	8,222
Total Taxes, Other Than Income		272,732	170,129	42,196	6,807	9,345	0	21,457	22,799
Income Taxes	18	359,929	208,111	59,568	10,150	13,605	0	32,430	36,065
Utility Income Available for Return	18	1,041,943	602,451	172,442	29,383	39,385	0	93,879	104,403
Total Cost of Service		4,268,372	2,766,686	649,112	103,281	141,931	0	299,171	308,192
Less: Other Water Revenues									
Penalties, Rents on Water Property, and Other	19	13,615	8,824	2,071	329	453	0	954	983
Billing and Collecting Related	13	13,701	11,688	1,003	51	96	0	863	0
Usage Data Readings	14	34,590	31,494	2,701	135	259	0	0	0
Lab Testing	2	0	0	0	0	0	0	0	0
Reconnection Charges	9	3,413	2,913	400	23	77	0	0	0
Total Other Water Revenues		65,319	54,920	6,175	538	886	0	1,818	983
Total Cost of Service Related to Sales of Water		$ 4,203,053	$ 2,711,766	$ 642,937	$ 102,742	$ 141,045	$ -	$ 297,354	$ 307,209

ILLINOIS AMERICAN WATER COMPANY
STERLING TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS

FACTOR 1. ALLOCATION OF COSTS WHICH VARY WITH THE AMOUNT OF WATER CONSUMED.

Factors are based on the pro forma test year average daily consumption for each customer classification.

Customer Classification	Average Daily Consumption, CCF	Allocation Factor
(1)	(2)	(3)
Residential	1,353	0.6646
Commercial	460	0.2260
Industrial	98	0.0481
Other Public Authority	113	0.0555
Sales for Resale	0	0.0000
Private Fire Protection	6	0.0029
Public Fire Protection	6	0.0029
Total	2,036	1.0000

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the factors for average daily consumption (Factor 1) and the factors derived from maximum day extra capacity demand for each customer classification, as follows:

	Average Daily Consumption		Maximum Day Extra Capacity		
Customer Classification	Allocation Factor 1	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)x 0.6667	(4)	(5)=(4)x 0.3333	(6)=(3)+(5)
Residential	0.6646	0.4431	0.7256	0.2418	0.6849
Commercial	0.2260	0.1507	0.2078	0.0693	0.2200
Industrial	0.0481	0.0321	0.0220	0.0073	0.0394
Other Public Authority	0.0555	0.0370	0.0446	0.0149	0.0519
Sales for Resale	0.0000	0.0000	0.0000	0.0000	0.0000
Private Fire Protection	0.0029	0.0019			0.0019
Public Fire Protection	0.0029	0.0019			0.0019
Total	1.0000	0.6667	1.0000	0.3333	1.0000

The derivation of the maximum day extra capacity factors in column 4 and the basis for the column 3 and 5 weightings are presented on the following page.

Schedule C-STE

ILLINOIS AMERICAN WATER COMPANY
STERLING TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS, cont.

		Maximum Day Extra Capacity		
Customer Classification	Average Daily Consumption, CCF	Factor*	Rate of Flow, Thousand Gal. Per Day	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	1,353	0.95	1,285	0.7256
Commercial	460	0.80	368	0.2078
Industrial	98	0.40	39	0.0220
Other Public Authority	113	0.70	79	0.0446
Sales for Resale	0		0	0.0000
Total	2,024		1,771	1.0000

The weighting of the factors is based on the maximum day ratio of 1.50, based on the Demand Study.

	Maximum Day Ratio	Weight
Average Day	1.00	0.6667
Maximum Day Extra Capacity	0.50	0.3333
Total	1.50	1.0000

* Ratio of maximum day to average day minus 1.0.

ILLINOIS AMERICAN WATER COMPANY
STERLING TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

	Average Daily Consumption		Maximum Day Extra Capacity		Fire Protection		
Customer Classification	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2) X 0.5366	(4)	(5)=(4) X 0.2683	(6)	(7)=(6) X 0.1951	(8)=(3)+(5)+(7)
Residential	0.6646	0.3565	0.7256	0.1946			0.5511
Commercial	0.2260	0.1213	0.2078	0.0558			0.1771
Industrial	0.0481	0.0258	0.0220	0.0059			0.0317
Other Public Authority	0.0555	0.0298	0.0446	0.0120			0.0418
Sales for Resale	0.0000	0.0000	0.0000	0.0000			0.0000
Private Fire Protection	0.0029	0.0016			0.5124	0.1000	0.1016
Public Fire Protection	0.0029	0.0016			0.4876	0.0951	0.0967
Total	1.0000	0.5366	1.0000	0.2683	1.0000	0.1951	1.0000

ILLINOIS AMERICAN WATER COMPANY
STERLING TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum day ratio of 1.5 and the average daily system sendout for 2007 of 1.732 MGD. The system demand for fire protection is 3,500 Gallons per minute for 3 hours.

	Ratio	Rate of Flow, (GPD)	Weight
Average Day	1.00	1,732,515	0.5366
Maximum Day Extra Capacity	0.50	866,258	0.2683
Subtotal	1.50	2,598,773	0.8049
Fire Protection		630,000	0.1951
Total		3,228,773	1.0000

The public and private fire protection allocation factors in column 6 on the previous page are based on the relative potential demands (see Schedule E).

ILLINOIS AMERICAN WATER COMPANY
STERLING TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		
	CCF	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3) X 0.1961	(5)	(6)=(5) X 0.2334	(7)	(8)=(7) X 0.5705	(9)=(4)+(6)+(8)
Residential	56.4	0.6636	0.1301	0.7485	0.1747			0.3048
Commercial	19.2	0.2259	0.0443	0.1911	0.0446			0.0889
Industrial	4.1	0.0482	0.0095	0.0232	0.0054			0.0149
Other Public Authority	4.7	0.0553	0.0108	0.0372	0.0087			0.0195
Sales for Resale	0.0	0.0000	0.0000	0.0000	0.0000			0.0000
Private Fire Protection	0.3	0.0035	0.0007			0.5124	0.2923	0.2930
Public Fire Protection	0.3	0.0035	0.0007			0.4876	0.2782	0.2789
Total	85.0	1.0000	0.1961	1.0000	0.2334	1.0000	0.5705	1.0000

The maximum hour extra capacity factors in column 5 are determined on the following page.

ILLINOIS AMERICAN WATER COMPANY
STERLING TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum hour ratio of 2.19 and the average daily system sendout for 2007 of 1.732 MGD. The system demand for fire protection is 3,500 gallons per minute.

	Ratio	Rate of Flow, (GPM)	Weight
Average Hour	1.00	1,203	0.1961
Maximum Hour Extra Capacity	1.19	1,432	0.2334
Subtotal	2.19	2,635	0.4295
Fire Protection		3,500	0.5705
Total		6,135	1.0000

The maximum hour extra capacity factors in column 5 of the previous page are determined as follows:

Customer Classification	Average Hourly Consumption CCF	Maximum Hour Extra Capacity Factor*	Maximum Hour Extra Capacity CCF Per Hour	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	56.4	2.00	112.8	0.7485
Commercial	19.2	1.50	28.8	0.1911
Industrial	4.1	0.85	3.5	0.0232
Other Public Authority	4.7	1.20	5.6	0.0372
Sales for Resale	0.0		0.0	0.0000
Total	84.4		150.7	1.0000

* Ratio of Maximum Hour To Average Hour Minus 1.0.

The public and private fire protection allocation factors in column 7 on the previous page are based on the relative potential demands (see Schedule E).

ILLINOIS AMERICAN WATER COMPANY
STERLING TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES.

Factors are based on the weighting of the average hourly consumption, the maximum hour extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		
	CCF	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3) X 0.2740	(5)	(6)=(5) X 0.3260	(7)	(8)=(7) X 0.4000	(9)=(4)+(6)+(8)
Residential	56.4	0.6636	0.1817	0.7485	0.2440			0.4257
Commercial	19.2	0.2259	0.0619	0.1911	0.0623			0.1242
Industrial	4.1	0.0482	0.0132	0.0232	0.0076			0.0208
Other Public Authority	4.7	0.0553	0.0152	0.0372	0.0121			0.0273
Sales for Resale	0.0	0.0000	0.0000	0.0000	0.0000			0.0000
Private Fire Protection	0.3	0.0035	0.0010			0.5124	0.2050	0.2060
Public Fire Protection	0.3	0.0035	0.0010			0.4876	0.1950	0.1960
Total	85.0	1.0000	0.2740	1.0000	0.3260	1.0000	0.4000	1.0000

The weighting of the factors is based on the ratio of the capacity required for a 3 hour demand of fire flow, as related to total storage capacity. The calculation is shown on the following page.

Schedule C-STE

ILLINOIS AMERICAN WATER COMPANY
STERLING TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES, cont.

The weighting of the factors is based on the ratio of the capacity required for a 3 hour demand of fire flow, as related to total storage capacity.

Fire Protection Weight = $\frac{3{,}500 \text{ GPM X } 60 \text{ Min. X } 3\text{Hrs.}}{1{,}575{,}000 \text{ Gallons}}$ = 0.4000

General Service Weight = 1.0000 - 0.4000 = 0.6000

The weighting of the average hourly consumption and maximum hour extra demand for general service is based on the maximum hour ratio, as follows:

	Maximum Hour Ratio	Percent	Weight
Average Hour	1.00	45.66	0.2740
Extra Capacity Maximum Hour	1.19	54.34	0.3260
Total	2.19	100.00	0.6000

Schedule C-STE

ILLINOIS AMERICAN WATER COMPANY
STERLING TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH POWER AND PUMPING FACILITIES.

Factors are based on the weighting of the maximum daily consumption, Factor 2, the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

	Maximum Daily Consumption		Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 2	Weighted Factor	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.5532	(4)	(5)=(4)X 0.4468	(6)	(7)=(6)X 0.0000	(8)=(3)+ (5)+(7)
Residential	0.6849	0.3788	0.5511	0.2462	0.3048	0.0000	0.6250
Commercial	0.2200	0.1217	0.1771	0.0791	0.0889	0.0000	0.2008
Industrial	0.0394	0.0218	0.0317	0.0142	0.0149	0.0000	0.0360
Other Public Authority	0.0519	0.0287	0.0418	0.0187	0.0195	0.0000	0.0474
Sales for Resale	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Private Fire Protection	0.0019	0.0011	0.1016	0.0454	0.2930	0.0000	0.0465
Public Fire Protection	0.0019	0.0011	0.0967	0.0432	0.2789	0.0000	0.0443
Total	1.0000	0.5532	1.0000	0.4468	1.0000	0.0000	1.0000

The weighting of the factors is based on the horsepower of pumps associated with maximum day facilities, maximum day and fire facilities, and maximum hour facilities, as follows:

	Horsepower of Pumps	Weight
Associated with Maximum Day	390	0.5532
Associated with Maximum Day and Fire	315	0.4468
Associated with Maximum Hour	0	0.0000
Total	705	1.0000

Schedule C-STE

ILLINOIS AMERICAN WATER COMPANY
STERLING TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 7. ALLOCATION OF COSTS ASSOCIATED WITH TRANSMISSION AND DISTRIBUTION MAINS.

Factors are based on the weighting of the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

	Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.3826	(4)	(5)=(4)X 0.6174	(6)=(3)+(5)
Residential	0.5511	0.2108	0.3048	0.1882	0.3990
Commercial	0.1771	0.0678	0.0889	0.0549	0.1227
Industrial	0.0317	0.0121	0.0149	0.0092	0.0213
Other Public Authority	0.0418	0.0160	0.0195	0.0120	0.0280
Sales for Resale	0.0000	0.0000	0.0000	0.0000	0.0000
Private Fire Protection	0.1016	0.0389	0.2930	0.1809	0.2198
Public Fire Protection	0.0967	0.0370	0.2789	0.1722	0.2092
Total	1.0000	0.3826	1.0000	0.6174	1.0000

The weighting of the factors is based on the total inch-feet of mains, designated as either transmission mains or distribution mains, as follows:

	Total Inch Feet of Mains	Weight
Transmission Mains	1,437,438	0.3826
Distribution Mains	2,319,497	0.6174
Total	3,756,935	1.0000

Schedule C-STE

ILLINOIS AMERICAN WATER COMPANY
STERLING TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 8. ALLOCATION OF COSTS ASSOCIATED WITH FIRE HYDRANTS.

Costs are assigned directly to Public Fire Protection.

Customer Classification	Allocation Factor
(1)	(3)
Public Fire Protection	1.0000
Total	1.0000

FACTOR 9. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

Factors are based on the relative cost of meters by size and customer classification, as developed on the following page and summarized below.

Customer Classification	5/8" Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	6,155	0.8536
Commercial	844	0.1171
Industrial	49	0.0068
Other Public Authority	162	0.0225
Sales for Resale	0	0.0000
Private Fire	0	0.0000
Total	7,210	1.0000

ILLINOIS AMERICAN WATER COMPANY
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BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS

Meter Size	5/8" Equivalent	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Total	
		Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)
5/8	1.0	6,015	6,015	412	412	13	13	23	23	0	0	6,463	6,463
3/4	1.5	22	33	25	38	5	8	3	5	0	0	55	84
1	2.5	27	68	39	98	5	13	7	18	0	0	78	197
1-1/2	5.0	3	15	26	130	3	15	9	45	0	0	41	205
2	8.0	3	24	17	136	0	0	7	56	0	0	27	216
3	15.0	0	0	2	30	0	0	1	15	0	0	3	45
4	25.0	0	0	0	0	0	0	0	0	0	0	0	0
6	50.0	0	0	0	0	0	0	0	0	0	0	0	0
8	80.0	0	0	0	0	0	0	0	0	0	0	0	0
Total		6,070	6,155	521	844	26	49	50	162	0	0	6,667	7,210

Schedule C-STE

ILLINOIS AMERICAN WATER COMPANY
STERLING TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 10. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

Factors are based on the relative cost of services by size and customer classification, as developed on the following page and summarized below.

Customer Classification	3/4" Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	6,088	0.8382
Commercial	588	0.0810
Industrial	30	0.0041
Other Public Authority	73	0.0101
Sales for Resale	0	0.0000
Private Fire Protection	484	0.0666
Total	7,263	1.0000

ILLINOIS AMERICAN WATER COMPANY
STERLING TARIFF GROUP

BASIS FOR ALLOCATING SERVICE COSTS TO CUSTOMER CLASSIFICATIONS

Service Size	3/4" Equivalent	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Private Fire Protection		Total	
		Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)=(2)X(11)	(15)	(16)
3/4	1.00	6,037	6,037	437	437	18	18	26	26	0	0	0	0	6,518	6,518
1	1.40	27	38	39	55	5	7	7	10	0	0	0	0	78	110
1-1/2	1.80	3	5	26	47	3	5	9	16	0	0	0	0	41	73
2	2.50	3	8	17	43	0	0	7	18	0	0	0	0	27	69
3	3.00	0	0	2	6	0	0	1	3	0	0	0	0	3	9
4	4.00	0	0	0	0	0	0	0	0	0	0	32	128	32	128
6	5.00	0	0	0	0	0	0	0	0	0	0	47	235	47	235
8	6.00	0	0	0	0	0	0	0	0	0	0	18	108	18	108
10	6.50	0	0	0	0	0	0	0	0	0	0	2	13	2	13
12	7.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total		6,070	6,088	521	588	26	30	50	73	0	0	99	484	6,766	7,263

ILLINOIS AMERICAN WATER COMPANY
STERLING TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 11. ALLOCATION OF TRANSMISSION AND DISTRIBUTION OPERATION SUPERVISION AND ENGINEERING AND MISCELLANEOUS EXPENSES.

Factors are based on transmission and distribution operation expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Operating Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$ 52,019	0.7483
Commercial	8,229	0.1184
Industrial	706	0.0102
Other Public Authority	1,652	0.0238
Sales for Resale	-	0.0000
Private Fire Protection	3,538	0.0509
Public Fire Protection	3,366	0.0484
Total	69,510	1.0000

FACTOR 12. ALLOCATION OF TRANSMISSION AND DISTRIBUTION MAINTENANCE SUPERVISION AND ENGINEERING, STRUCTURES AND IMPROVEMENTS, AND OTHER EXPENSES.

Factors are based on transmission and distribution maintenance expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$ 47,156	0.4734
Commercial	10,800	0.1084
Industrial	1,620	0.0163
Other Public Authority	2,312	0.0232
Sales for Resale	-	0.0000
Private Fire Protection	16,452	0.1652
Public Fire Protection	21,270	0.2135
Total	$99,610	1.0000

Schedule C-STE

ILLINOIS AMERICAN WATER COMPANY
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FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 13. ALLOCATION OF BILLING AND COLLECTING COSTS.

Factors are based on the total number of customers.

Customer Classification	Total Customers	Allocation Factor
(1)	(2)	(3)
Residential	6,070	0.8531
Commercial	521	0.0732
Industrial	26	0.0037
Other Public Authority	50	0.0070
Sales for Resale	0	0.0000
Private Fire Protection	448	0.0630
Public Fire Protection	0	0.0000
Total	7,115	1.0000

FACTOR 14. ALLOCATION OF METER READING COSTS.

Factors are based on the number of metered customers.

Customer Classification	Total Metered Customers	Allocation Factor
(1)	(2)	(3)
Residential	6,070	0.9105
Commercial	521	0.0781
Industrial	26	0.0039
Other Public Authority	50	0.0075
Sales for Resale	0	0.0000
Total	6,667	1.0000

Schedule C-STE

ILLINOIS AMERICAN WATER COMPANY
STERLING TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 15. ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES

Factors are based on the allocation of all other operation and maintenance expenses excluding purchased water, power, chemicals and waste disposal.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$394,464	0.6982
Commercial	72,952	0.1290
Industrial	9,840	0.0174
Other Public Authority	14,659	0.0259
Sales for Resale	0	0.0000
Private Fire Protection	39,094	0.0692
Public Fire Protection	34,097	0.0603
Total	$565,107	1.0000

FACTOR 15A. ALLOCATION OF ADMINISTRATIVE CASH WORKING CAPITAL

Factors are based on the allocation of all other operation and maintenance expenses excluding regulatory expense.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$1,288,935	0.7009
Commercial	261,621	0.1423
Industrial	39,948	0.0217
Other Public Authority	54,914	0.0299
Sales for Resale	0	0.0000
Private Fire Protection	105,538	0.0574
Public Fire Protection	87,898	0.0478
Total	$1,838,855	1.0000

Schedule C-STE

ILLINOIS AMERICAN WATER COMPANY
STERLING TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 16. ALLOCATION OF LABOR RELATED TAXES AND BENEFITS.

Factors are based on the allocation of direct labor expense.

Customer Classification	Direct Labor Expense	Allocation Factor
(1)	(2)	(3)
Residential	$301,113	0.6886
Commercial	56,965	0.1303
Industrial	7,651	0.0175
Other Public Authority	11,617	0.0266
Sales for Resale	0	0.0000
Private Fire Protection	30,211	0.0691
Public Fire Protection	29,686	0.0679
Total	$437,243	1.0000

FACTOR 17. ALLOCATION OF ORGANIZATION, FRANCHISES AND CONSENTS, MISCELLANEOUS INTANGIBLE PLANT AND OTHER RATE BASE ELEMENTS.

Factors are based on the allocation of the original cost less depreciation other than those items being allocated, as follows:

Customer Classification	Original Cost Less Depreciation	Allocation Factor
(1)	(2)	(3)
Residential	$8,080,226	0.5786
Commercial	2,308,740	0.1654
Industrial	393,402	0.0282
Other Public Authority	527,408	0.0378
Sales for Resale	0	0.0000
Private Fire Protection	1,256,169	0.0900
Public Fire Protection	1,396,597	0.1000
Total	$13,962,542	1.0000

ILLINOIS AMERICAN WATER COMPANY
STERLING TARIFF GROUP

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 18. ALLOCATION OF INCOME TAXES AND INCOME AVAILABLE FOR RETURN.

Factors are based on the allocation of the original cost measure of value rate base as shown on the following pages and summarized below.

Customer Classification	Original Cost Measure of Value	Allocation Factor
(1)	(2)	(3)
Residential	$7,682,475	0.5782
Commercial	2,200,031	0.1655
Industrial	375,289	0.0282
Other Public Authority	502,782	0.0378
Sales for Resale	0	0.0000
Private Fire Protection	1,197,950	0.0901
Public Fire Protection	1,331,572	0.1002
Total	$13,290,099	1.0000

FACTOR 19. ALLOCATION OF REGULATORY COMMISSION EXPENSES, ASSESSMENTS AND OTHER WATER REVENUES.

The factors are based on the allocation of the total cost of service, excluding those items being allocated.

Customer Classification	Total Cost of Service	Allocation Factor
(1)	(2)	(3)
Residential	$2,685,853	0.6481
Commercial	630,142	0.1521
Industrial	100,262	0.0242
Other Public Authority	137,778	0.0333
Sales for Resale	0	0.0000
Private Fire Protection	290,428	0.0701
Public Fire Protection	299,187	0.0722
Total	$4,143,650	1.0000

ILLINOIS AMERICAN WATER COMPANY
STERLING TARIFF GROUP

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
RATE BASE									
Organization	17	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Franchises	17	0	0	0	0	0	0	0	0
Land & Ld Rights SS	2	1,374	941	302	54	71	0	3	3
Land & Ld Rights P	6	2,301	1,438	462	83	109	0	107	102
Land & Ld Rights WT	2	47,387	32,455	10,425	1,867	2,459	0	90	90
Land & Ld Rights TD	7	26,819	10,701	3,291	571	751	0	5,895	5,611
Land & Land Rights AG	15	0	0	0	0	0	0	0	0
Struct & Imp SS	2	145	100	32	6	8	0	0	0
Struct & Imp P	6	1,731,821	1,082,388	347,750	62,346	82,088	0	80,530	76,720
Struct & Imp WT	2	2,026,040	1,387,635	445,729	79,826	105,151	0	3,849	3,849
Struct & Imp TD	7	121	48	15	3	3	0	27	25
Struct & Imp AG	15	4,072	2,843	525	71	105	0	282	246
Struct & Imp Offices	15	21,683	15,139	2,797	377	562	0	1,500	1,307
Struct & Imp Store,Shop,Gar	15	0	0	0	0	0	0	0	0
Struct & Imp Misc	15	362	252	47	6	9	0	25	22
Collect & Impounding	1	0	0	0	0	0	0	0	0
Lake, River & Other Intakes	2	0	0	0	0	0	0	0	0
Wells & Springs	2	296,420	203,018	65,212	11,679	15,384	0	563	563
Infiltration Galleries and Tunnels	2	0							
Supply Mains	2	9,640	6,603	2,121	380	500	0	18	18
Power Generation Equip	6	70,097	43,811	14,076	2,524	3,323	0	3,260	3,105
Power Generation Equip Othe	6		0	0	0	0	0	0	0
Pump Equip Steam	6		0	0	0	0	0	0	0
Pump Equip Electric	6	605,561	378,476	121,597	21,800	28,704	0	28,159	26,826
Pump Equip Diesel	6	9,801	6,125	1,968	353	465	0	456	434
Pump Equip Other	6	15,502	9,689	3,113	558	735	0	721	687
WT Equip Non-Media	2	2,141,774	1,466,901	471,190	84,386	111,158	0	4,069	4,069
WT Treatment Equip Chemical	2	0							
WT Equip Filter Media	2	0	0	0	0	0	0	0	0
Dist Reservoirs & Standpipe	5	1,484,605	631,996	184,388	30,880	40,530	0	305,829	290,983
Elevated Tanks & Standpipes	5	1,141	486	142	24	31	0	235	224
Ground Level Facilities	5	0	0	0	0	0	0	0	0
TD Mains Not Classified by	7	3,179,635	1,268,674	390,141	67,726	89,030	0	698,884	665,180
TD Mains 4" & Less	4	0	0	0	0	0	0	0	0
TD Mains 6" to 8"	4	0	0	0	0	0	0	0	0
TD Mains 10" to 16"	3	87,624	48,290	15,518	2,778	3,663	0	8,903	8,473
TD Mains 18" & Grtr	3	0	0	0	0	0	0	0	0
Fire Mains	8	0	0	0	0	0	0	0	0
Services	10	543,586	455,633	44,030	2,229	5,490	0	36,203	0
Meters	9	(341)	(291)	(40)	(2)	(8)	0	0	0
Meters Bronze Case	9	223,993	191,201	26,230	1,523	5,040	0	0	0
Meters Plastic Case	9	0	0	0	0	0	0	0	0
Meters Other	9	0	0	0	0	0	0	0	0
Meter Installations	9	52,382	44,713	6,134	356	1,179	0	0	0
Meter Vaults	9	0	0	0	0	0	0	0	0
Hydrants	8	241,168	0	0	0	0	0	0	241,168
Other P/E Intangible	15	0	0	0	0	0	0	0	0
Other P/E WT Res Hand Equip	2	1,496	1,025	329	59	78	0	3	3

ILLINOIS AMERICAN WATER COMPANY
STERLING TARIFF GROUP

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Other P/E TD	7	9,246	3,689	1,135	197	259	0	2,032	1,934
Other P/E CPS	17	296	171	49	8	11	0	27	30
Office Furniture & Equip	15	19,707	13,759	2,542	343	510	0	1,364	1,188
Comp & Periph Equip	15	76,468	53,390	9,864	1,331	1,981	0	5,292	4,611
Computer Software	15	63,450	44,300	8,185	1,104	1,643	0	4,391	3,826
Comp Software Personal	15	(4,486)	(3,132)	(579)	(78)	(116)	0	(310)	(271)
Comp Software Other	15		0	0	0	0	0	0	0
Data Handling Equipment	15	30	21	4	1	1	0	2	2
Other Office Equipment	15	875	611	113	15	23	0	61	53
Trans Equip Lt Duty Trks	15	102,505	71,569	13,223	1,784	2,655	0	7,093	6,181
Trans Equip Hvy Duty Trks	15	90,806	63,401	11,714	1,580	2,352	0	6,284	5,476
Trans Equip Autos	15	31,116	21,725	4,014	541	806	0	2,153	1,876
Trans Equip Other	15	0	0	0	0	0	0	0	0
Stores Equipment	15	228	159	29	4	6	0	16	14
Tools,Shop,Garage Equip	15	140,950	98,411	18,183	2,453	3,651	0	9,754	8,499
Tools,Shop,Garage Equip Oth	15	0	0	0	0	0	0	0	0
Laboratory Equipment	2	51,515	35,282	11,333	2,030	2,674	0	98	98
Laboratory Equip Other	2		0	0	0	0	0	0	0
Power Operated Equipment	15	229,240	160,056	29,572	3,989	5,937	0	15,863	13,823
Comm Equip Non-Telephone	15	317,103	221,402	40,906	5,518	8,213	0	21,944	19,121
Remote Control & Instr	15	0	0	0	0	0	0	0	0
Comm Equip Telephone	15	112	78	14	2	3	0	8	7
Misc Equipment	15	7,468	5,214	963	130	193	0	517	450
Other Tangible Property	17		0	0	0	0	0	0	0
Total Utility Plant in Service		13,962,838	8,080,397	2,308,789	393,411	527,419	0	1,256,195	1,396,627

ILLINOIS AMERICAN WATER COMPANY
STERLING TARIFF GROUP

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Other Rate Base Items									
Other Utility Plant Adjustments	17	0	0	0	0	0	0	0	0
Cash Working Capital	15A	29,957	20,997	4,263	650	896	0	1,720	1,432
Materials and Supplies	15	62,348	43,531	8,043	1,085	1,615	0	4,314	3,760
Deffered Charges - Tank Painting	5	9,360	3,985	1,163	195	256	0	1,928	1,835
Pension / OPEB	16	(166,951)	(114,962)	(21,754)	(2,922)	(4,441)	0	(11,536)	(11,336)
Regulatory Deferrals	17	7,651	4,427	1,265	216	289	0	689	765
Accumulated Deferred ITC (3%)	17	(173)	(100)	(29)	(5)	(7)	0	(16)	(17)
Deferred Income Taxes	17	(653,620)	(378,185)	(108,109)	(18,432)	(24,707)	0	(58,826)	(65,362)
AFUDC Debt	17	38,689	22,385	6,399	1,091	1,462	0	3,482	3,869
Total Other Rate Base Elements		(672,739)	(397,922)	(108,758)	(18,122)	(24,637)	0	(58,245)	(65,055)
Total Original Cost Measure of Value		$ 13,290,099	$ 7,682,475	$ 2,200,031	$ 375,289	$ 502,782	$ -	$ 1,197,950	$ 1,331,572

Schedule D-STE

ILLINOIS AMERICAN WATER COMPANY
STERLING TARIFF GROUP

BASIS FOR ALLOCATING DEMAND RELATED COSTS OF FIRE SERVICE TO PRIVATE AND PUBLIC FIRE PROTECTION CUSTOMER CLASSIFICATIONS

Description		Restrictive Diameters Squared	Quantity	Relative Demand	Allocation Factor
(1)		(2)	(3)	(4)=(2)x(3)	(5)
PRIVATE FIRE PROTECTION					
Fire Lines					
2 -inch		4.00	0	0	
3 -inch		9.00	0	0	
4 -inch		16.00	32	512	
6 -inch		36.00	47	1,692	
8 -inch		64.00	18	1,152	
10 -inch		100.00	2	200	
12 -inch		144.00	0	0	
Private Hydrants		20.25	349	7,067	
Total Private Fire Protection			448	10,623	0.5124
PUBLIC FIRE PROTECTION					
Hydrant	Nozzle Sizes				
4 1/2" Valve	4" & 2-2 1/2"	20.25	409	8,282	
5" Valve	4" & 2-2 1/2"	25.00	73	1,825	
Total Public Fire Prorection			482	10,107	0.4876
Total Fire Protection			930	20,730	1.0000

Schedule E-STE

ILLINOIS AMERICAN WATER COMPANY
STERLING TARIFF GROUP

CALCULATION OF CUSTOMER CHARGE

			5/8-Inch Cost Per Month
(1)	Cost Related to Meters	$ 441,999	
(2)	Meter Equivalents X 12	86,520	
(3)	Cost per Bill - Meter related		$5.11
(4)	Cost Related to Services	$ 181,918	
(5)	Service Equivalents X 12	81,348	
(6)	Cost per Bill - Services related		2.24
(7)	Cost Related to Billing and Collecting	$ 552,773	
(8)	Number of Customers X 12	85,380	
(9)	Cost per Bill - Billing and Collecting		6.47
(10)	Total Customer Charge (3)+(6)+(9)		$13.82

SPSPSB (ZONE 1) AND STERLING TARIFF GROUPS

ILLINOIS AMERICAN WATER COMPANY
SPSPSB (ZONE 1) AND STERLING TARIFF GROUPS

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND ALLOWED RATES
FOR THE TEST YEAR ENDED JUNE 30, 2009

Customer Classification	Cost of Service Amount (Schedule B)	Cost of Service Percent	Revenues, Previous Rates Amount	Revenues, Previous Rates Percent	Revenues, Allowed Rates Amount	Revenues, Allowed Rates Percent	Allowed Increase Amount	Allowed Increase Percent Increase
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Residential	$ 59,339,615	54.9%	$ 51,827,676	55.1%	$ 60,272,554	55.9%	$ 8,444,877	16.3%
Commercial	15,436,151	14.3%	14,131,072	15.1%	16,409,248	15.3%	2,278,175	16.1%
Industrial	4,832,121	4.5%	4,125,044	4.4%	4,802,020	4.4%	676,976	16.4%
Large Industrial	2,943,965	2.7%	2,427,957	2.6%	2,809,090	2.6%	381,133	15.7%
Competitive Industrial	2,288,579	2.1%	1,597,278	1.7%	1,598,815	1.5%	1,537	0.1%
Other Public Authority	3,750,743	3.5%	3,390,800	3.6%	3,788,517	3.5%	397,717	11.7%
Large Other Public Authority	135,364	0.1%	91,448	0.1%	94,037	0.1%	2,589	2.8%
Sales for Resale	5,389,777	5.0%	4,863,671	5.2%	5,654,371	5.2%	790,700	16.3%
Large Sales for Resale	6,767,230	6.3%	4,975,214	5.3%	4,975,214	4.6%	-	0.0%
Private Fire Service	1,349,919	1.3%	758,107	0.8%	888,814	0.8%	130,707	17.2%
Public Fire Service	5,693,550	5.3%	5,685,657	6.1%	6,632,705	6.1%	947,048	16.7%
Total Sales	107,927,016	100.0%	93,873,926	100.0%	107,925,386	100.0%	14,051,460	15.0%
Other Revenues	1,443,029		1,132,999		1,443,029		310,030	27.4%
Total	$ 109,370,045		$ 95,006,925		$ 109,368,415		$ 14,361,490	15.1%

Z-1 w/STE-1

TN-CMA-01-Q29-SUPPLEMENTAL ATTACHMENT
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Schedule A-Z-1 w/STE

ILLINOIS AMERICAN WATER COMPANY
SPSPSB (ZONE 1) AND STERLING TARIFF GROUPS

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Large Industrial	Competitive Industrial	Public Authorities	Large Public Authorities	Sales for Resale	Large Sales for Resale	Fire Protection Private	Fire Protection Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
OPERATION AND MAINTENANCE EXPENSES													
SOURCE OF SUPPLY EXPENSES													
Salaries and Wages	2	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Labor & Exp Oper SS - Labor	2	98,187	39,825	16,122	6,255	5,076	3,977	4,438	226	9,632	12,224	69	344
Labor & Exp Oper SS	2	486,465	197,310	79,878	30,988	25,150	19,702	21,988	1,119	47,722	60,565	341	1,703
Purchased Water	1	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL SS EXPENSE - OPERATION		584,653	237,135	96,000	37,242	30,227	23,678	26,426	1,345	57,354	72,789	409	2,046
Misc Exp Oper SS	2	0	0	0	0	0	0	0	0	0	0	0	0
Misc Exp Oper SS	2	137,815	55,898	22,629	8,779	7,125	5,582	6,229	317	13,520	17,158	96	482
Rents Oper SS	2	9,613	3,899	1,578	612	497	389	434	22	943	1,197	7	34
Super & Eng Maint SS	2	0	0	0	0	0	0	0	0	0	0	0	0
Struct & Improve Maint SS - Labor	2	2,387	968	392	152	123	97	108	5	234	297	2	8
Struct & Improve Maint SS	2	747	303	123	48	39	30	34	2	73	93	1	3
Collect & Impound Maint SS - Labor	2	2,769	1,123	455	176	143	112	125	6	272	345	2	10
Collect & Impound Maint SS	2	354	144	58	23	18	14	16	1	35	44	0	1
Lake, River & Oth Maint SS - Labor	2	3,809	1,545	625	243	197	154	172	9	374	474	3	13
Lake, River & Oth Maint SS	2	(9)	(4)	(1)	(1)	(0)	(0)	(0)	(0)	(1)	(1)	(0)	(0)
Wells & Springs Maint SS - Labor	2	0	0	0	0	0	0	0	0	0	0	0	0
Wells & Springs Maint SS	2	65,931	26,742	10,826	4,200	3,409	2,670	2,980	152	6,468	8,208	46	231
Infilt Gall & Tunnels Maint SS - Labor	2	0	0	0	0	0	0	0	0	0	0	0	0
Infilt Gall & Tunnels Maint SS	2	(6)	(2)	(1)	(0)	(0)	(0)	(0)	(0)	(1)	(1)	(0)	(0)
Supply Mains Maint SS - Labor	2	0	0	0	0	0	0	0	0	0	0	0	0
Supply Mains Maint SS	2	(10)	(4)	(2)	(1)	(0)	(0)	(0)	(0)	(1)	(1)	(0)	(0)
Misc Plant Maint SS - Labor	2	147,935	60,002	24,291	9,423	7,648	5,991	6,687	340	14,512	18,418	104	518
Misc Plant Maint SS	2	591,592	239,950	97,139	37,684	30,585	23,959	26,740	1,361	58,035	73,653	414	2,071
TOTAL SS EXPENSE - MAINTENANCE		962,927	390,563	158,113	61,338	49,783	38,999	43,524	2,215	94,463	119,884	674	3,370
TOTAL SS EXPENSE		1,547,580	627,698	254,113	98,581	80,010	62,677	69,951	3,559	151,818	192,674	1,083	5,417
POWER AND PUMPING EXPENSES													
Super & Eng Oper P	6	0	0	0	0	0	0	0	0	0	0	0	0
Fuel for Power Prod	1	2,156	810	367	154	134	105	99	5	207	262	2	11
Labor & Exp Oper Pwr Prod - Labor	6	18,817	7,691	3,069	1,142	772	604	837	36	1,464	1,857	245	1,101
Labor & Exp Oper Pwr Prod	6	0	0	0	0	0	0	0	0	0	0	0	0
Purch Fuel/Power for Pump	1	5,157,372	1,937,625	876,753	369,268	320,273	250,648	236,723	11,862	494,592	627,652	5,673	26,303
Labor & Exp Oper Pump - Labor	6	889,528	363,550	145,082	53,994	36,471	28,554	39,584	1,690	69,205	87,796	11,564	52,037
Labor & Exp Oper Pump	6	(21)	(9)	(3)	(1)	(1)	(1)	(1)	(0)	(2)	(2)	(0)	(1)
Expenses Transferred	6	0	0	0	0	0	0	0	0	0	0	0	0
Misc Exp Oper P	6	2,535	1,036	413	154	104	81	113	5	197	250	33	148
Rents Oper P	6	987	403	161	60	40	32	44	2	77	97	13	58
TOTAL PUMPING EXPENSE - OPERATION		6,071,374	2,311,106	1,025,842	424,771	357,792	280,023	277,399	13,599	565,740	717,914	17,529	79,657

ILLINOIS AMERICAN WATER COMPANY
SPSPSB (ZONE 1) AND STERLING TARIFF GROUPS

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Large Industrial	Competitive Industrial	Public Authorities	Large Public Authorities	Sales for Resale	Large Sales for Resale	Fire Protection Private	Fire Protection Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Super & Eng Maint P	6	0	0	0	0	0	0	0	0	0	0	0	0
Struct & Improve Maint P - Labor	6	40,040	16,364	6,530	2,430	1,642	1,285	1,782	76	3,115	3,952	521	2,342
Struct & Improve Maint P	6	0	0	0	0	0	0	0	0	0	0	0	0
Power Prod Equip Maint P - Labor	6	25	10	4	2	1	1	1	0	2	3	0	1
Power Prod Equip Maint P	6	1,733	708	283	105	71	56	77	3	135	171	23	101
Pump Equip Maint P - Labor	6	957,792	391,449	156,216	58,138	39,269	30,745	42,622	1,820	74,516	94,534	12,451	56,031
Pump Equip Maint P	6	128,182	52,388	20,907	7,781	5,255	4,115	5,704	244	9,973	12,652	1,666	7,499
TOTAL PUMPING EXPENSES - MAINTENANCE		1,127,772	460,920	183,940	68,456	46,239	36,201	50,186	2,143	87,741	111,311	14,661	65,975
TOTAL PUMPING EXPENSES		7,199,146	2,772,026	1,209,781	493,227	404,031	316,225	327,585	15,742	653,481	829,225	32,191	145,631
WATER TREATMENT													
Super & Eng Oper WT	2	0	0	0	0	0	0	0	0	0	0	0	0
Chemicals	1	3,964,391	1,489,422	673,946	283,850	246,189	192,669	181,966	9,118	380,185	482,466	4,361	20,218
Labor & Exp Oper WT - Labor	2	2,120,230	859,965	348,142	135,059	109,616	85,869	95,834	4,877	207,995	263,969	1,484	7,421
Labor & Exp Oper WT	2	137,375	55,719	22,557	8,751	7,102	5,564	6,209	316	13,477	17,103	96	481
Misc Exp Oper WT	2	0	0	0	0	0	0	0	0	0	0	0	0
Misc Exp Oper WT	1	849,406	319,122	144,399	60,817	52,748	41,281	38,988	1,954	81,458	103,373	934	4,332
Misc Exp Oper WT	2	46,884	19,016	7,698	2,986	2,424	1,899	2,119	108	4,599	5,837	33	164
Rents Oper WT	2	3,697	1,500	607	236	191	150	167	9	363	460	3	13
TOTAL WT EXPENSE - OPERATION		7,121,984	2,744,744	1,197,350	491,699	418,270	327,432	325,283	16,381	688,076	873,208	6,911	32,629
Super & Eng Maint WT	2	237,587	96,365	39,012	15,134	12,283	9,622	10,739	546	23,307	29,580	166	832
Struct & Improve Maint WT - Labor	2	3,833	1,555	629	244	198	155	173	9	376	477	3	13
Struct & Improve Maint WT	2	15,332	6,219	2,518	977	793	621	693	35	1,504	1,909	11	54
WT Equip Maint WT - Labor	2	95,072	38,561	15,611	6,056	4,915	3,850	4,297	219	9,327	11,837	67	333
WT Equip Maint WT	2	377,460	153,098	61,979	24,044	19,515	15,287	17,061	868	37,029	46,994	264	1,321
TOTAL WT EXPENSE - MAINTENANCE		729,284	295,798	119,748	46,455	37,704	29,536	32,964	1,677	71,543	90,796	510	2,552
TOTAL WT EXPENSE		7,851,268	3,040,542	1,317,098	538,155	455,974	356,968	358,247	18,058	759,619	964,004	7,421	35,182
TRANSMISSION AND DISTRIBUTION EXPENSES													
Super & Eng Oper TD	11	0	0	0	0	0	0	0	0	0	0	0	0
Storage Facilty Exp - Labor	5	214	72	27	10	8	6	7	0	16	20	9	40
Storage Facilty Exp	5	0	0	0	0	0	0	0	0	0	0	0	0
TD Lines Exp - Labor	7	20,599	9,673	3,743	1,269	422	330	995	19	801	1,016	424	1,907
TD Lines Exp	7	76,138	35,754	13,834	4,690	1,561	1,218	3,677	69	2,962	3,754	1,568	7,050
Meter Expense - Labor	9	104,114	84,281	13,931	1,843	239	42	2,686	73	729	292	0	0
Meter Expense	9	0	0	0	0	0	0	0	0	0	0	0	0
Customer Install Exp - Labor	10	9,643	8,194	822	50	3	1	97	1	10	3	463	0
Customer Install Exp	10	741	630	63	4	0	0	7	0	1	0	36	0

ILLINOIS AMERICAN WATER COMPANY
SPSPSB (ZONE 1) AND STERLING TARIFF GROUPS

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Large Industrial	Competitive Industrial	Public Authorities	Large Public Authorities	Sales for Resale	Large Sales for Resale	Fire Protection	
												Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Misc Exp Oper TD - Labor	11	1,704,948	1,117,423	261,369	63,424	18,072	12,958	60,185	1,364	36,486	40,919	20,118	72,631
Misc Exp Oper TD	11	1,359	891	208	51	14	10	48	1	29	33	16	58
Misc Exp Oper TD	11	321,107	210,453	49,226	11,945	3,404	2,440	11,335	257	6,872	7,707	3,789	13,679
Rents Oper TD	11	15,695	10,286	2,406	584	166	119	554	13	336	377	185	669
TOTAL T & D EXPENSE OPERATION		2,254,558	1,477,656	345,628	83,869	23,891	17,124	79,592	1,796	48,240	54,118	26,609	96,035
Super & Eng Maint TD	12	0	0	0	0	0	0	0	0	0	0	0	0
Struct & Improve Maint TD - Labor	12	9,105	4,729	1,406	428	138	107	351	6	264	330	195	1,151
Struct & Improve Maint TD	12	1,797	933	277	84	27	21	69	1	52	65	38	227
Dist Res Stand Maint TD - Labor	5	137	46	17	6	5	4	4	0	10	13	6	26
TD Main Maint TD - Labor	7	185,148	86,945	33,641	11,405	3,796	2,962	8,943	167	7,202	9,128	3,814	17,145
TD Main Maint TD	7	1,046,139	491,267	190,083	64,442	21,446	16,738	50,529	942	40,695	51,575	21,550	96,872
Fire Main Maint TD - Labor	8	0	0	0	0	0	0	0	0	0	0	0	0
Fire Main Maint TD	8	0	0	0	0	0	0	0	0	0	0	0	0
Services Maint TD - Labor	10	48,296	41,037	4,115	251	14	5	488	5	48	14	2,318	0
Services Maint TD	10	175,965	149,518	14,992	915	53	18	1,777	18	176	53	8,446	0
Meters Maint TD - Labor	9	38,621	31,263	5,167	684	89	15	996	27	270	108	0	0
Meters Maint TD	9	95,702	77,471	12,805	1,694	220	38	2,469	67	670	268	0	0
Hydrants Maint TD - Labor	8	38,037	0	0	0	0	0	0	0	0	0	0	38,037
Hydrants Maint TD	8	61,507	0	0	0	0	0	0	0	0	0	0	61,507
Misc Plant Maint TD - Labor	12	2,271,565	1,179,851	350,730	106,764	34,528	26,577	87,682	1,590	65,875	82,231	48,611	287,126
Mat and Sup Maint TD	12	30,705	15,948	4,741	1,443	467	359	1,185	21	890	1,112	657	3,881
Misc Maint TD	12	95,064	49,376	14,678	4,468	1,445	1,112	3,669	67	2,757	3,441	2,034	12,016
Permits TD	12	495	257	76	23	8	6	19	0	14	18	11	63
Amort Def Maint TD	5	194,401	64,852	24,203	9,020	7,154	5,599	6,279	311	14,191	18,002	8,145	36,645
TOTAL T & D EXPENSE - MAINTENANCE		4,292,683	2,193,494	656,932	201,628	69,389	53,562	164,462	3,222	133,116	166,356	95,827	554,695
TOTAL T & D EXPENSE		6,547,241	3,671,150	1,002,560	285,497	93,280	70,686	244,054	5,018	181,356	220,474	122,436	650,730
CUSTOMER ACCOUNTS													
Supervision CA	13	0	0	0	0	0	0	0	0	0	0	0	0
Meter Reading Exp CA - Labor	14	189,312	173,088	14,350	549	19	19	1,231	0	57	0	0	0
Meter Reading Exp CA	14	(4)	(3)	(0)	(0)	(0)	(0)	(0)	0	(0)	0	0	0
Meter Reading Exp CA	14	(525)	(480)	(40)	(2)	(0)	(0)	(3)	0	(0)	0	0	0
Cust Rec & Collection CA - Labor	13	54,163	48,953	4,062	152	5	5	347	5	16	0	617	0
Cust Rec & Collection CA	13	919,498	831,042	68,962	2,575	92	92	5,885	92	276	0	10,482	0
Uncollectible Accts	13	1,219,003	1,101,735	91,425	3,413	122	122	7,802	122	366	0	13,897	0
Misc Cust Accts Exp CA - Labor	13	3,017,510	2,727,226	226,313	8,449	302	302	19,312	302	905	0	34,400	0
Misc Cust Accts Exp CA	13	0	0	0	0	0	0	0	0	0	0	0	0
Misc Cust Accts Exp CA	13	101,055	91,333	7,579	283	10	10	647	10	30	0	1,152	0
Cust Serv & Info Exp CA	13	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL CUSTOMER ACCOUNTING EXPENSE		5,500,012	4,972,893	412,652	15,419	550	550	35,219	531	1,650	0	60,548	0

ILLINOIS AMERICAN WATER COMPANY
SPSPSB (ZONE 1) AND STERLING TARIFF GROUPS

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Large Industrial	Competitive Industrial	Public Authorities	Large Public Authorities	Sales for Resale	Large Sales for Resale	Fire Protection	
												Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
ADMINISTRATIVE AND GENERAL EXPENSES													
Salaries AG	15	523,435	317,778	70,088	20,100	11,620	9,055	16,174	576	22,194	27,847	5,967	22,037
Other Supplies & Exp AG	15	0	0	0	0	0	0	0	0	0	0	0	0
Other Supplies & Exp AG	15	1,072,110	650,878	143,556	41,169	23,801	18,548	33,128	1,179	45,457	57,036	12,222	45,136
Other Supplies & Exp AG	15	416,703	252,980	55,797	16,001	9,251	7,209	12,876	458	17,668	22,169	4,750	17,543
Mgmt Fees-Admin	15	6,677,882	4,054,142	894,168	256,431	148,249	115,527	206,347	7,346	283,142	355,263	76,128	281,139
Mgmt Fees-Customer Service	13	2,953,988	2,669,814	221,549	8,271	295	295	18,906	295	886	0	33,675	0
Mgmt Fees-Belleville Lab	2	511,162	207,327	83,933	32,561	26,427	20,702	23,105	1,176	50,145	63,640	358	1,789
Mgmt Fees- Employee	16	657,238	394,869	89,384	25,829	14,722	11,436	20,834	723	28,130	35,228	7,361	28,721
Outside Services AG	15	588,938	357,544	78,859	22,615	13,074	10,189	18,198	648	24,971	31,331	6,714	24,794
Outside Services AG	15	316,911	192,397	42,434	12,169	7,035	5,483	9,793	349	13,437	16,860	3,613	13,342
Property Insurance	15	0	0	0	0	0	0	0	0	0	0	0	0
Ins Gen Liab Oper AG	15	910,927	553,024	121,973	34,980	20,223	15,759	28,148	1,002	38,623	48,461	10,385	38,350
Ins Work Comp AG	16	1,258,779	756,275	171,194	49,470	28,197	21,903	39,903	1,385	53,876	67,471	14,098	55,009
Ins Other Oper AG	15	389,427	236,421	52,144	14,954	8,645	6,737	12,033	428	16,512	20,717	4,439	16,395
Property Insurance	15	73,172	44,422	9,798	2,810	1,624	1,266	2,261	80	3,102	3,893	834	3,081
Injuries & Damages	16	11,123	6,683	1,513	437	249	194	353	12	476	596	125	486
Employee Pension & Benefits	16	4,035,143	2,424,314	548,779	158,581	90,387	70,211	127,914	4,439	172,704	216,284	45,194	176,336
Employee Pension & Benefits	16	1,020,179	612,923	138,744	40,093	22,852	17,751	32,340	1,122	43,664	54,682	11,426	44,582
Employee Pension & Benefits	16	278,385	167,254	37,860	10,941	6,236	4,844	8,825	306	11,915	14,921	3,118	12,165
Reg Commision Exp	19	274,696	151,660	39,172	12,224	7,444	5,796	9,504	330	13,625	17,114	3,434	14,394
Rents AG	15	190,810	115,841	25,549	7,327	4,236	3,301	5,896	210	8,090	10,151	2,175	8,033
Goodwill Advertising Exp	15	20,715	12,576	2,774	795	460	358	640	23	878	1,102	236	872
Misc Exp AG	15	1,584,503	961,951	212,165	60,845	35,176	27,412	48,961	1,743	67,183	84,296	18,063	66,708
Research & Development	15	9,646	5,856	1,292	370	214	167	298	11	409	513	110	406
TOTAL A & G OPERATIONS		23,775,872	15,146,929	3,042,725	828,974	480,419	374,143	676,436	23,840	917,088	1,149,574	264,426	871,317
General Plant Maint AG - Labor	15	23,837	14,471	3,192	915	529	412	737	26	1,011	1,268	272	1,004
General Plant Maint AG	15	320,888	194,811	42,967	12,322	7,124	5,551	9,915	353	13,606	17,071	3,658	13,509
TOTAL A & G EXPENSE - MAINTENANCE		344,725	209,282	46,159	13,237	7,653	5,964	10,652	379	14,616	18,339	3,930	14,513
TOTAL A & G EXPENSE		24,120,597	15,356,212	3,088,884	842,212	488,072	380,107	687,088	24,220	931,704	1,167,914	268,355	885,830
Total Operation & Maintenance Expenses		52,765,844	30,440,521	7,285,088	2,273,091	1,521,916	1,187,212	1,722,145	67,128	2,679,628	3,374,291	492,034	1,722,789

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ILLINOIS AMERICAN WATER COMPANY
SPSPSB (ZONE 1) AND STERLING TARIFF GROUPS

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Large Industrial	Competitive Industrial	Public Authorities	Large Public Authorities	Sales for Resale	Large Sales for Resale	Fire Protection	
												Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
DEPRECIATION EXPENSE													
Struct & Imp SS	2	205,976	83,544	33,821	13,121	10,649	8,342	9,310	474	20,206	25,644	144	721
Struct & Imp P	6	324,583	132,657	52,940	19,702	13,308	10,419	14,444	617	25,253	32,036	4,220	18,988
Struct & Imp WT	2	1,163,755	472,019	191,088	74,131	60,166	47,132	52,602	2,677	114,164	144,887	815	4,073
Struct & Imp TD	7	14,099	6,621	2,562	868	289	226	681	13	548	695	290	1,306
Struct & Imp AG	15	13,459	8,171	1,802	517	299	233	416	15	571	716	153	567
Struct & Imp Offices	15	138,813	84,274	18,587	5,330	3,082	2,401	4,289	153	5,886	7,385	1,582	5,844
Struct & Imp Store,Shop,Gar	15	58,527	35,532	7,837	2,247	1,299	1,013	1,808	64	2,482	3,114	667	2,464
Struct & Imp Misc	15	17,408	10,568	2,331	668	386	301	538	19	738	926	198	733
Collect & Impounding	1	23,476	8,820	3,991	1,681	1,458	1,141	1,078	54	2,251	2,857	26	120
Lake, River & Other Intakes	2	96,018	38,945	15,766	6,116	4,964	3,889	4,340	221	9,419	11,954	67	336
Wells & Springs	2	25,548	10,362	4,195	1,627	1,321	1,035	1,155	59	2,506	3,181	18	89
Infiltration Galleries and Tunnels	2	0	0	0	0	0	0	0	0	0	0	0	0
Supply Mains	2	82,807	33,586	13,597	5,275	4,281	3,354	3,743	190	8,123	10,309	58	290
Power Generation Equip Othe	6	79,350	32,430	12,942	4,817	3,253	2,547	3,531	151	6,173	7,832	1,032	4,642
Pump Equip Electric	6	1,271,954	519,848	207,456	77,208	52,150	40,830	56,602	2,417	98,958	125,542	16,535	74,409
Pump Equip Diesel	6	36,076	14,744	5,884	2,190	1,479	1,158	1,605	69	2,807	3,561	469	2,110
Pump Equip Hydraulic	6		0	0	0	0	0	0	0	0	0	0	0
Pump Equip Other	6	6,893	2,817	1,124	418	283	221	307	13	536	680	90	403
WT Equip Non-Media	2	2,160,979	876,493	354,833	137,654	111,723	87,520	97,676	4,970	211,992	269,042	1,513	7,563
WT Equip Chemical	2	7,358	2,985	1,208	469	380	298	333	17	722	916	5	26
WT Equip Filter Media	2	2,906	1,179	477	185	150	118	131	7	285	362	2	10
Dist Reservoirs & Standpipe	5	202,731	67,631	25,240	9,407	7,461	5,839	6,548	324	14,799	18,773	8,494	38,215
Elevated Tanks & Standpipes	5	8,590	2,866	1,069	399	316	247	277	14	627	795	360	1,619
Ground Level Facilities	5	0	0	0	0	0	0	0	0	0	0	0	0
Below Grade Facilities	5	0	0	0	0	0	0	0	0	0	0	0	0
TD Mains Not Classified by	7	2,696,349	1,266,206	489,927	166,095	55,275	43,142	130,234	2,427	104,888	132,930	55,545	249,682
TD Mains 4" & Less	4	31,444	16,933	6,399	1,994	0	0	1,667	0	0	0	811	3,641
TD Mains 6" to 8"	4	30,891	16,635	6,286	1,958	0	0	1,637	0	0	0	797	3,577
TD Mains 10" to 16"	3	34,479	12,988	5,258	2,038	1,655	1,296	1,448	76	3,141	3,986	472	2,120
TD Mains 18" & Grtr	3	16,617	6,260	2,534	982	798	625	698	37	1,514	1,921	228	1,022
Fire Mains	8	0	0	0	0	0	0	0	0	0	0	0	0
Services	10	3,442,149	2,924,794	293,271	17,899	1,033	344	34,766	344	3,442	1,033	165,223	0
Meters	9	14,556	11,783	1,948	258	33	6	376	10	102	41	0	0
Meters Bronze Case	9	2,370,778	1,919,145	317,210	41,963	5,453	948	61,166	1,660	16,595	6,638	0	0
Meters Plastic Case	9	0	0	0	0	0	0	0	0	0	0	0	0
Meters Other	9	0	0	0	0	0	0	0	0	0	0	0	0
Meters Other-Rem Rdr Unts	9		0	0	0	0	0	0	0	0	0	0	0
Meter Installations	9	980,987	794,109	131,256	17,363	2,256	392	25,309	687	6,867	2,747	0	0
Meter Vaults	9	3,503	2,836	469	62	8	1	90	2	25	10	0	0
Hydrants	8	733,420	0	0	0	0	0	0	0	0	0	0	733,420
Utility Plant Acquisition Adjustment	17		0	0	0	0	0	0	0	0	0	0	0
Other P/E WT Res Hand Equip	2	37	15	6	2	2	1	2	0	4	5	0	0
Other P/E TD	7	167	79	30	10	3	3	8	0	7	8	3	16
Other P/E CPS	17	(254)	(127)	(39)	(13)	(7)	(5)	(10)	(0)	(13)	(17)	(4)	(19)
Office Furniture & Equip	15	49,303	29,932	6,602	1,893	1,095	853	1,523	54	2,090	2,623	562	2,076
Comp & Periph Equip	15	413,611	251,103	55,382	15,883	9,182	7,155	12,781	455	17,537	22,004	4,715	17,413
Computer Software	15	1,084,778	658,569	145,252	41,655	24,082	18,767	33,520	1,193	45,995	57,710	12,366	45,669

ILLINOIS AMERICAN WATER COMPANY
SPSPSB (ZONE 1) AND STERLING TARIFF GROUPS

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Large Industrial	Competitive Industrial	Public Authorities	Large Public Authorities	Sales for Resale	Large Sales for Resale	Fire Protection	
												Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Comp Software Personal	15	16,997	10,319	2,276	653	377	294	525	19	721	904	194	716
Data Handling Equipment	15	2,214	1,344	296	85	49	38	68	2	94	118	25	93
Other Office Equipment	15	6,795	4,125	910	261	151	118	210	7	288	362	77	286
Trans Equip Lt Duty Trks	15	176,059	106,885	23,574	6,761	3,909	3,046	5,440	194	7,465	9,366	2,007	7,412
Trans Equip Hvy Duty Trks	15	94,758	57,527	12,688	3,639	2,104	1,639	2,928	104	4,018	5,041	1,080	3,989
Trans Equip Autos	15	21,984	13,346	2,944	844	488	380	679	24	932	1,170	251	926
Trans Equip Other	15	4,157	2,524	557	160	92	72	128	5	176	221	47	175
Stores Equipment	15	3,650	2,216	489	140	81	63	113	4	155	194	42	154
Tools,Shop,Garage Equip	15	119,865	72,770	16,050	4,603	2,661	2,074	3,704	132	5,082	6,377	1,366	5,046
Tools,Shop,Garage Equip Oth	15	298	181	40	11	7	5	9	0	13	16	3	13
Laboratory Equipment	2	42,229	17,128	6,934	2,690	2,183	1,710	1,909	97	4,143	5,258	30	148
Laboratory Equip Other	2		0	0	0	0	0	0	0	0	0	0	0
Power Operated Equipment	15	163,218	99,090	21,855	6,268	3,623	2,824	5,043	180	6,920	8,683	1,861	6,871
Comm Equip Non-Telephone	15	328,808	199,620	44,027	12,626	7,300	5,688	10,160	362	13,941	17,493	3,748	13,843
Remote Control & Instr	15	4,666	2,833	625	179	104	81	144	5	198	248	53	196
Comm Equip Telephone	15	11,918	7,235	1,596	458	265	206	368	13	505	634	136	502
Misc Equipment	15	18,658	11,327	2,498	716	414	323	577	21	791	993	213	786
Other Tangible Property	15		0	0	0	0	0	0	0	0	0	0	0
Total Depreciation Expense		18,860,395	10,965,820	2,557,900	714,167	403,372	310,352	598,635	20,649	776,683	959,923	288,592	1,264,301
Amort-Other UP	18	66,293	32,855	10,202	3,354	1,836	1,425	2,605	86	3,494	4,395	1,047	4,992
Amort-Intangible Fin	2	4,908	1,991	806	313	254	199	222	11	481	611	3	17
Taxes Other Than Income													
Utility Reg Assessment Fee	19	0	0	0	0	0	0	0	0	0	0	0	0
Property Taxes	18	2,439,174	1,208,855	375,389	123,422	67,565	52,442	95,860	3,171	128,544	161,717	38,539	183,670
FUTA	16	725	436	99	29	16	13	23	1	31	39	8	32
FICA	16	982,259	590,141	133,587	38,603	22,003	17,091	31,138	1,080	42,041	52,649	11,001	42,925
SUTA	16	0	0	0	0	0	0	0	0	0	0	0	0
Other Taxes & Licenses	15	129,407	78,563	17,328	4,969	2,873	2,239	3,999	142	5,487	6,884	1,475	5,448
Capital Stock Tax	19	2,873,714	1,586,577	409,792	127,880	77,878	60,635	99,430	3,448	142,536	179,032	35,921	150,583
Total Taxes, Other Than Income		6,425,279	3,464,572	936,194	294,903	170,334	132,420	230,449	7,843	318,639	400,322	86,945	382,657
Income Taxes	18	8,050,664	3,989,909	1,238,997	407,364	223,003	173,089	316,391	10,466	424,270	533,759	127,200	606,215
Utility Income Available for Return	18	23,196,663	11,496,266	3,569,966	1,173,751	642,548	498,728	911,629	30,156	1,222,464	1,537,939	366,507	1,746,709
Total Cost of Service		109,370,045	60,391,933	15,599,153	4,866,943	2,963,264	2,303,427	3,782,076	136,339	5,425,659	6,811,239	1,362,330	5,727,680
Less: Other Water Revenues													
Penalties, Rents on Water Property, and Other	19	649,666	358,680	92,642	28,910	17,606	13,708	22,478	780	32,223	40,474	8,121	34,042
Billing and Collecting Related	13	374,813	338,756	28,111	1,049	37	37	2,399	37	112	0	4,273	0
Usage Data Readings	14	250,317	228,865	18,974	726	25	25	1,627	0	75	0	0	0
Lab Testing	2	25,175	10,211	4,134	1,604	1,302	1,020	1,138	58	2,470	3,134	18	88
Reconnection Charges	9	143,059	115,806	19,141	2,532	329	57	3,691	100	1,001	401	0	0
Total Other Water Revenues		1,443,029	1,052,318	163,002	34,821	19,299	14,847	31,333	975	35,882	44,009	12,411	34,131
Total Cost of Service Related to Sales of Water		$ 107,927,016	$ 59,339,615	$15,436,151	$ 4,832,121	$ 2,943,965	$ 2,288,579	$ 3,750,743	$ 135,364	$ 5,389,777	$ 6,767,230	$ 1,349,919	$ 5,693,550

ILLINOIS AMERICAN WATER COMPANY
SPSPSB (ZONE 1) AND STERLING TARIFF GROUPS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS

FACTOR 1. ALLOCATION OF COSTS WHICH VARY WITH THE AMOUNT OF WATER CONSUMED.

Factors are based on the pro forma test year average daily consumption for each customer classification.

Customer Classification	Average Daily Consumption, CCF	Allocation Factor
(1)	(2)	(3)
Residential	33,999	0.3757
Commercial	15,384	0.1700
Industrial	6,479	0.0716
Large Industrial	5,619	0.0621
Competitive Industrial	4,398	0.0486
Other Public Authority	4,157	0.0459
Large Other Public Authority	208	0.0023
Sales for Resale	8,679	0.0959
Large Sales for Resale	11,010	0.1217
Private Fire Protection	103	0.0011
Public Fire Protection	465	0.0051
Total	90,501	1.0000

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the factors for average daily consumption (Factor 1) and the factors derived from maximum day extra capacity demand for each customer classification, as follows:

	Average Daily Consumption		Maximum Day Extra Capacity		
Customer Classification	Allocation Factor 1	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)x 0.6803	(4)	(5)=(4)x 0.3197	(6)=(3)+(5)
Residential	0.3757	0.2556	0.4696	0.1500	0.4056
Commercial	0.1700	0.1157	0.1517	0.0485	0.1642
Industrial	0.0716	0.0487	0.0469	0.0150	0.0637
Large Industrial	0.0621	0.0422	0.0296	0.0095	0.0517
Competitive Industrial	0.0486	0.0331	0.0231	0.0074	0.0405
Other Public Authority	0.0459	0.0312	0.0438	0.0140	0.0452
Large Other Public Authority	0.0023	0.0016	0.0022	0.0007	0.0023
Sales for Resale	0.0959	0.0652	0.1028	0.0329	0.0981
Large Sales for Resale	0.1217	0.0828	0.1303	0.0417	0.1245
Private Fire Protection	0.0011	0.0007			0.0007
Public Fire Protection	0.0051	0.0035			0.0035
Total	1.0000	0.6803	1.0000	0.3197	1.0000

The derivation of the maximum day extra capacity factors in column 4 and the basis for the column 3 and 5 weightings are presented on the following page.

ILLINOIS AMERICAN WATER COMPANY
SPSPSB (ZONE 1) AND STERLING TARIFF GROUPS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS, cont.

		Maximum Day Extra Capacity		
Customer Classification	Average Daily Consumption, CCF	Factor*	Rate of Flow, Thousand Gal. Per Day	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	33,999	1.05	35,699	0.4696
Commercial	15,384	0.75	11,538	0.1517
Industrial	6,479	0.55	3,563	0.0469
Large Industrial	5,619	0.40	2,248	0.0296
Competitive Industrial	4,398	0.40	1,759	0.0231
Other Public Authority	4,157	0.80	3,326	0.0438
Large Other Public Authority	208	0.80	166	0.0022
Sales for Resale	8,679	0.90	7,811	0.1028
Large Sales for Resale	11,010	0.90	9,909	0.1303
	89,933		76,019	1.0000

The weighting of the factors is based on the maximum day ratio of 1.47, based on the Demand Study.

	Maximum Day Ratio	Weight
Average Day	1.00	0.6803
Maximum Day Extra Capacity	0.47	0.3197
Total	1.47	1.0000

* Ratio of maximum day to average day minus 1.0.

ILLINOIS AMERICAN WATER COMPANY
SPSPSB (ZONE 1) AND STERLING TARIFF GROUPS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

	Average Daily Consumption		Maximum Day Extra Capacity		Fire Protection		
Customer Classification	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2) X 0.6318	(4)	(5)=(4) X 0.2969	(6)	(7)=(6) X 0.0713	(8)=(3)+(5)+(7)
Residential	0.3757	0.2373	0.4696	0.1394			0.3767
Commercial	0.1700	0.1075	0.1517	0.0450			0.1525
Industrial	0.0716	0.0452	0.0469	0.0139			0.0591
Large Industrial	0.0621	0.0392	0.0296	0.0088			0.0480
Competitive Industrial	0.0486	0.0307	0.0231	0.0069			0.0376
Other Public Authority	0.0459	0.0290	0.0438	0.0130			0.0420
Large Other Public Authority	0.0023	0.0015	0.0022	0.0007			0.0022
Sales for Resale	0.0959	0.0606	0.1028	0.0305			0.0911
Large Sales for Resale	0.1217	0.0769	0.1303	0.0387			0.1156
Private Fire Protection	0.0011	0.0007			0.1817	0.0130	0.0137
Public Fire Protection	0.0051	0.0032			0.8183	0.0583	0.0615
Total	1.0000	0.6318	1.0000	0.2969	1.0000	0.0713	1.0000

ILLINOIS AMERICAN WATER COMPANY
SPSPSB (ZONE 1) AND STERLING TARIFF GROUPS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum day ratio of 1.47 and the average daily system sendout for 2007 of 85 MGD. The system demand for fire protection is 16,000 Gallons per minute for 10 hours.

	Ratio	Rate of Flow, (GPD)	Weight
Average Day	1.00	85,039,534	0.6318
Maximum Day Extra Capacity	0.47	39,968,581	0.2969
Subtotal	1.47	125,008,115	0.9287
Fire Protection		9,600,000	0.0713
Total		134,608,115	1.0000

The public and private fire protection allocation factors in column 6 on the previous page are based on the relative potential demands (see Schedule E).

ILLINOIS AMERICAN WATER COMPANY
SPSPSB (ZONE 1) AND STERLING TARIFF GROUPS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		
	CCF	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3) X 0.5048	(5)	(6)=(5) X 0.3584	(7)	(8)=(7) X 0.1368	(9)=(4)+(6)+(8)
Residential	1,416.6	0.5716	0.2885	0.6973	0.2500			0.5385
Commercial	641.0	0.2587	0.1306	0.2035	0.0729			0.2035
Industrial	223.7	0.0903	0.0456	0.0497	0.0178			0.0634
Large Industrial	0.0	0.0000	0.0000	0.0000	0.0000			0.0000
Competitive Industrial	0.0	0.0000	0.0000	0.0000	0.0000			0.0000
Other Public Authority	173.2	0.0699	0.0353	0.0495	0.0177			0.0530
Large Other Public Authority	0.0	0.0000	0.0000	0.0000	0.0000			0.0000
Sales for Resale	0.0	0.0000	0.0000	0.0000	0.0000			0.0000
Large Sales for Resale	0.0	0.0000	0.0000	0.0000	0.0000			0.0000
Private Fire Protection	4.3	0.0017	0.0009			0.1817	0.0249	0.0258
Public Fire Protection	19.4	0.0078	0.0039			0.8183	0.1119	0.1158
Total	2,478.2	1.0000	0.5048	1.0000	0.3584	1.0000	0.1368	1.0000

The maximum hour extra capacity factors in column 5 are determined on the following page.

ILLINOIS AMERICAN WATER COMPANY
SPSPSB (ZONE 1) AND STERLING TARIFF GROUPS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum hour ratio of 1.71 and the average daily system sendout for 2007 of 85 MGD. The system demand for fire protection is 16,000 gallons per minute.

	Ratio	Rate of Flow, (GPM)	Weight
Average Hour	1.00	59,055	0.5048
Maximum Hour Extra Capacity	0.71	41,929	0.3584
Subtotal	1.71	100,984	0.8632
Fire Protection		16,000	0.1368
Total		116,984	1.0000

The maximum hour extra capacity factors in column 5 of the previous page are determined as follows:

Customer Classification	Average Hourly Consumption CCF	Maximum Hour Extra Capacity		
		Factor*	CCF Per Hour	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	1,416.6	1.55	2,195.7	0.6973
Commercial	641.0	1.00	641.0	0.2035
Industrial	223.7	0.70	156.6	0.0497
Large Industrial	0.0	0.50	0.0	0.0000
Competitive Industrial	0.0	0.50	0.0	0.0000
Other Public Authority	173.2	0.90	155.9	0.0495
Large Other Public Authority	0.0	0.90	0.0	0.0000
Sales for Resale	0.0	1.10	0.0	0.0000
Large Sales for Resale	0.0	1.10	0.0	0.0000
Total	2,454.5		3,149.2	1.0000

* Ratio of Maximum Hour To Average Hour Minus 1.0.

The public and private fire protection allocation factors in column 7 on the previous page are based on the relative potential demands (see Schedule E).

ILLINOIS AMERICAN WATER COMPANY
SPSPSB (ZONE 1) AND STERLING TARIFF GROUPS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES.

Factors are based on the weighting of the average hourly consumption, the maximum hour extra capacity demand, and the fire protection demand for each customer classification.

	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		
Customer Classification	CCF	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3) X 0.4517	(5)	(6)=(5) X 0.3207	(7)	(8)=(7) X 0.2276	(9)=(4)+(6)+(8)
Residential	1,416.6	0.3758	0.1698	0.5107	0.1638			0.3336
Commercial	641.0	0.1699	0.0767	0.1490	0.0478			0.1245
Industrial	270.0	0.0716	0.0323	0.0439	0.0141			0.0464
Large Industrial	234.1	0.0621	0.0281	0.0272	0.0087			0.0368
Competitive Industrial	183.3	0.0486	0.0220	0.0213	0.0068			0.0288
Other Public Authority	173.2	0.0459	0.0207	0.0363	0.0116			0.0323
Large Other Public Authori	8.7	0.0023	0.0010	0.0018	0.0006			0.0016
Sales for Resale	361.6	0.0959	0.0433	0.0925	0.0297			0.0730
Large Sales for Resale	458.8	0.1217	0.0550	0.1173	0.0376			0.0926
Private Fire Protection	4.3	0.0011	0.0005			0.1817	0.0414	0.0419
Public Fire Protection	19.4	0.0051	0.0023			0.8183	0.1862	0.1885
Total	3,771.0	1.0000	0.4517	1.0000	0.3207	1.0000	0.2276	1.0000

The weighting of the factors is based on the ratio of the capacity required for a 10 hour demand of fire flow, as related to total storage capacity. The calculation is shown on the following page.

ILLINOIS AMERICAN WATER COMPANY
SPSPSB (ZONE 1) AND STERLING TARIFF GROUPS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES, cont.

The weighting of the factors is based on the ratio of the capacity required for a 10 hour demand of fire flow, as related to total storage capacity.

Fire Protection Weight = $\frac{16{,}000 \text{ GPM X } 60 \text{ Min. X } 10 \text{ Hrs}}{42{,}177{,}000 \text{ Gallons}}$ = 0.2276

General Service Weight = 1.0000 - 0.2276 = 0.7724

The weighting of the average hourly consumption and maximum hour extra demand for general service is based on the maximum hour ratio, as follows:

	Maximum Hour Ratio	Percent	Weight
Average Hour	1.00	58.48	0.4517
Extra Capacity Maximum Hour	0.71	41.52	0.3207
Total	1.71	100.00	0.7724

The maximum hour extra capacity factors in column 5 of the previous page are determined as follows:

Customer Classification	Average Hourly Consumption CCF	Maximum Hour Extra Capacity		
		Factor*	CCF Per Hour	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	1,416.6	1.55	2,195.8	0.5107
Commercial	641.0	1.00	641.0	0.1490
Industrial	270.0	0.70	189.0	0.0439
Large Industrial	234.1	0.50	117.1	0.0272
Competitive Industrial	183.3	0.50	91.6	0.0213
Other Public Authority	173.2	0.90	155.9	0.0363
Large Other Public Authority	8.7	0.90	7.8	0.0018
Sales for Resale	361.6	1.10	397.8	0.0925
Large Sales for Resale	458.8	1.10	504.6	0.1173
Total	3,747.2		4,300.6	1.0000

* Ratio of Maximum Hour To Average Hour Minus 1.0.

ILLINOIS AMERICAN WATER COMPANY
SPSPSB (ZONE 1) AND STERLING TARIFF GROUPS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH POWER AND PUMPING FACILITIES.

Factors are based on the weighting of the maximum daily consumption, Factor 2, the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

	Maximum Daily Consumption		Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 2	Weighted Factor	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.2027	(4)	(5)=(4)X 0.6357	(6)	(7)=(6)X 0.1616	(8)=(3)+ (5)+(7)
Residential	0.4056	0.0822	0.3767	0.2395	0.5385	0.0870	0.4087
Commercial	0.1642	0.0333	0.1525	0.0969	0.2035	0.0329	0.1631
Industrial	0.0637	0.0129	0.0591	0.0376	0.0634	0.0102	0.0607
Large Industrial	0.0517	0.0105	0.0480	0.0305	0.0000	0.0000	0.0410
Competitive Industrial	0.0405	0.0082	0.0376	0.0239	0.0000	0.0000	0.0321
Other Public Authority	0.0452	0.0092	0.0420	0.0267	0.0530	0.0086	0.0445
Large Other Public Authority	0.0023	0.0005	0.0022	0.0014	0.0000	0.0000	0.0019
Sales for Resale	0.0981	0.0199	0.0911	0.0579	0.0000	0.0000	0.0778
Large Sales for Resale	0.1245	0.0252	0.1156	0.0735	0.0000	0.0000	0.0987
Private Fire Protection	0.0007	0.0001	0.0137	0.0087	0.0258	0.0042	0.0130
Public Fire Protection	0.0035	0.0007	0.0615	0.0391	0.1158	0.0187	0.0585
Total	1.0000	0.2027	1.0000	0.6357	1.0000	0.1616	1.0000

The weighting of the factors is based on the horsepower of pumps associated with maximum day facilities, maximum day and fire facilities, and maximum hour facilities, as follows:

	Horsepower of Pumps	Weight
Associated with Maximum Day	5,470	0.2027
Associated with Maximum Day and Fire	17,152	0.6357
Associated with Maximum Hour	4,360	0.1616
Total	26,982	1.0000

ILLINOIS AMERICAN WATER COMPANY
SPSPSB (ZONE 1) AND STERLING TARIFF GROUPS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 7. ALLOCATION OF COSTS ASSOCIATED WITH TRANSMISSION AND DISTRIBUTION MAINS.

Factors are based on the weighting of the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

	Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.4265	(4)	(5)=(4)X 0.5735	(6)=(3)+(5)
Residential	0.3767	0.1608	0.5385	0.3088	0.4696
Commercial	0.1525	0.0650	0.2035	0.1167	0.1817
Industrial	0.0591	0.0252	0.0634	0.0364	0.0616
Large Industrial	0.0480	0.0205	0.0000	0.0000	0.0205
Competitive Industrial	0.0376	0.0160	0.0000	0.0000	0.0160
Other Public Authority	0.0420	0.0179	0.0530	0.0304	0.0483
Large Other Public Authority	0.0022	0.0009	0.0000	0.0000	0.0009
Sales for Resale	0.0911	0.0389	0.0000	0.0000	0.0389
Large Sales for Resale	0.1156	0.0493	0.0000	0.0000	0.0493
Private Fire Protection	0.0137	0.0058	0.0258	0.0148	0.0206
Public Fire Protection	0.0615	0.0262	0.1158	0.0664	0.0926
Total	1.0000	0.4265	1.0000	0.5735	1.0000

The weighting of the factors is based on the total inch-feet of mains, designated as either transmission mains or distribution mains, as follows:

	Total Inch feet of Mains	Weight
Transmission Mains	46,530,128	0.4265
Distribution Mains	62,573,251	0.5735
Total	109,103,379	1.0000

ILLINOIS AMERICAN WATER COMPANY
SPSPSB (ZONE 1) AND STERLING TARIFF GROUPS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 8. ALLOCATION OF COSTS ASSOCIATED WITH FIRE HYDRANTS.

Costs are assigned directly to Public Fire Protection.

Customer Classification	Allocation Factor
(1)	(3)
Public Fire Protection	1.0000
Total	1.0000

FACTOR 9. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

Factors are based on the relative cost of meters by size and customer classification, as developed on the following page and summarized below.

Customer Classification	5/8" Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	156,167	0.8095
Commercial	25,817	0.1338
Industrial	3,415	0.0177
Large Industrial	441	0.0023
Competitive Industrial	84	0.0004
Other Public Authority	4,986	0.0258
Large Other Public Authority	144	0.0007
Sales for Resale	1,354	0.0070
Large Sales for Resale	533	0.0028
Private Fire	0	0.0000
Total	192,941	1.0000

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ILLINOIS AMERICAN WATER COMPANY
SPSPSB (ZONE 1) AND STERLING TARIFF GROUPS

BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS

Meter Size	5/8" Equivalent	Residential		Commercial		Industrial		Large Industrial		Competitive Industrial		Other Public Authority		Large Other Public Authority		Sales for Resale		Large Sales for Resale		Total	
		Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)=(2)X(13)	(15)	(16)=(2)X(15)	(17)	(18)=(2)X(17)	(19)	(20)=(2)X(19)	(19)	(20)
5/8	1.0	151,782	151,782	8,942	8,942	127	127	0	0	1	1	426	426		0	5	5		0	161,283	161,283
3/4	1.5	1,512	2,268	669	1,004	31	47	0	0	0	0	36	53		0	1	2		0	2,249	3,374
1	2.5	630	1,575	1,683	4,208	84	210	0	0	0	0	174	434	1	3	1	3	1	3	2,574	6,436
1-1/2	5.0	30	150	359	1,795	24	120	0	0	0	0	51	256	0	0	0	0		0	464	2,321
2	8.0	49	392	1,066	8,528	157	1,256	2	16	1	8	373	2,983	2	18	13	104		0	1,663	13,303
3	15.0	0	0	16	240	7	105	0	0	0	0	8	127	0	0	1	15		0	32	487
4	25.0	0	0	34	850	42	1,050	5	125	3	75	16	399	1	25	21	525	10	250	132	3,299
6	50.0	0	0	5	250	10	500	6	300	0	0	6	308	2	100	14	700	4	200	47	2,358
8	80.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	80	1	80
10	115.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total		154,003	156,167	12,774	25,817	482	3,415	13	441	5	84	1,090	4,986	6	144	56	1,354	16	533	168,445	192,941

ILLINOIS AMERICAN WATER COMPANY
SPSPSB (ZONE 1) AND STERLING TARIFF GROUPS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 10. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

Factors are based on the relative cost of services by size and customer classification, as developed on the following page and summarized below.

Customer Classification	3/4" Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	154,353	0.8497
Commercial	15,482	0.0852
Industrial	941	0.0052
Large Industrial	49	0.0003
Competitive Industrial	16	0.0001
Other Public Authority	1,843	0.0101
Large Other Public Authority	18	0.0001
Sales for Resale	183	0.0010
Large Sales for Resale	63	0.0003
Private Fire Protection	8,723	0.0480
Total	181,671	1.0000

ILLINOIS AMERICAN WATER COMPANY
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BASIS FOR ALLOCATING SERVICE COSTS TO CUSTOMER CLASSIFICATIONS

Service Size	3/4" Equivalent	Residential		Commercial		Industrial		Large Industrial		Competitive Industrial		Other Public Authority		Large Other Public Authority		Sales for Resale		Large Sales for Resale		Private Fire Protection		Total	
		Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)=(2)X(13)	(15)	(16)=(2)X(15)	(17)	(18)=(2)X(17)	(19)	(20)=(2)X(19)	(13)	(14)=(2)X(11)	(15)	(16)
3/4	1.00	153,294	153,294	9,611	9,611	158	158	0	0	1	1	462	462	0	0	6	6	0	0	0	0	163,526	163,526
1	1.40	630	882	1,683	2,356	84	118	0	0	0	0	174	243	1	1	1	1	1	1	0	0	2,573	3,601
1-1/2	1.80	30	54	359	646	24	43	0	0	0	0	51	92	0	0	0	0	0	0	0	0	464	835
2	2.50	49	123	1,066	2,665	157	393	2	5	1	3	373	932	2	5	13	33	0	0	93	233	1,743	4,359
3	3.00	0	0	16	48	7	21	0	0	0	0	8	25	0	0	1	3	0	0	2	6	33	100
4	4.00	0	0	34	136	42	168	5	20	3	12	16	64	1	4	21	84	10	40	270	1,080	381	1,524
6	4.00	0	0	5	20	10	40	6	24	0	0	6	25	2	8	14	56	4	16	1,031	4,124	1,064	4,257
8	6.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	6	493	2,958	494	2,964
10	6.50	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	31	202	31	202
12	7.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	16	112	16	112
16	7.50	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0				1	8	1	8
Total		154,003	154,353	12,774	15,482	482	941	13	49	5	16	1,090	1,843	6	18	56	183	16	63	1,937	8,723	170,326	181,488

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ILLINOIS AMERICAN WATER COMPANY
SPSPSB (ZONE 1) AND STERLING TARIFF GROUPS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 11. ALLOCATION OF TRANSMISSION AND DISTRIBUTION OPERATION SUPERVISION AND ENGINEERING AND MISCELLANEOUS EXPENSES.

Factors are based on transmission and distribution operation expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Operating Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$ 138,603	0.6554
Commercial	32,419	0.1533
Industrial	7,866	0.0372
Large Industrial	2,234	0.0106
Competitive Industrial	1,597	0.0076
Other Public Authority	7,470	0.0353
Large Other Public Authority	161	0.0008
Sales for Resale	4,518	0.0214
Large Sales for Resale	5,084	0.0240
Private Fire Protection	2,500	0.0118
Public Fire Protection	8,998	0.0426
Total	211,450	1.0000

FACTOR 12. ALLOCATION OF TRANSMISSION AND DISTRIBUTION MAINTENANCE SUPERVISION AND ENGINEERING, STRUCTURES AND IMPROVEMENTS, AND OTHER EXPENSES.

Factors are based on transmission and distribution maintenance expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$ 877,546	0.5194
Commercial	260,821	0.1544
Industrial	79,397	0.0470
Large Industrial	25,623	0.0152
Competitive Industrial	19,781	0.0117
Other Public Authority	65,206	0.0386
Large Other Public Authority	1,225	0.0007
Sales for Resale	49,072	0.0290
Large Sales for Resale	61,158	0.0362
Private Fire Protection	36,135	0.0214
Public Fire Protection	213,587	0.1264
Total	$1,689,551	1.0000

ILLINOIS AMERICAN WATER COMPANY
SPSPSB (ZONE 1) AND STERLING TARIFF GROUPS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 13. ALLOCATION OF BILLING AND COLLECTING COSTS.

Factors are based on the total number of customers.

Customer Classification	Total Customers	Allocation Factor
(1)	(2)	(3)
Residential	154,003	0.9038
Commercial	12,774	0.0750
Industrial	482	0.0028
Large Industrial	2	0.0001
Competitive Industrial	5	0.0001
Other Public Authority	1,090	0.0064
Large Other Public Authority	6	0.0001
Sales for Resale	56	0.0003
Large Sales for Resale	2	0.0000
Private Fire Protection	1,937	0.0114
Public Fire Protection	0	0.0000
Total	170,357	1.0000

FACTOR 14. ALLOCATION OF METER READING COSTS.

Factors are based on the number of metered customers.

Customer Classification	Total Metered Customers	Allocation Factor
(1)	(2)	(3)
Residential	154,003	0.9143
Commercial	12,774	0.0758
Industrial	482	0.0029
Large Industrial	2	0.0001
Competitive Industrial	5	0.0001
Other Public Authority	1,090	0.0065
Large Other Public Authority	6	0.0000
Sales for Resale	56	0.0003
Large Sales for Resale	2	0.0000
Total	168,420	1.0000

ILLINOIS AMERICAN WATER COMPANY
SPSPSB (ZONE 1) AND STERLING TARIFF GROUPS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 15. ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES

Factors are based on the allocation of all other operation and maintenance expenses excluding purchased water, power, chemicals and waste disposal.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$11,337,331	0.6071
Commercial	2,500,739	0.1339
Industrial	716,789	0.0384
Large Industrial	414,501	0.0222
Competitive Industrial	322,402	0.0173
Other Public Authority	577,281	0.0309
Large Other Public Authority	19,970	0.0011
Sales for Resale	791,482	0.0424
Large Sales for Resale	992,623	0.0532
Private Fire Protection	212,708	0.0114
Public Fire Protection	786,095	0.0421
Total	$18,671,921	1.0000

FACTOR 15A. ALLOCATION OF CASH WORKING CAPITAL

Factors are based on the allocation of all other operation and maintenance expenses excluding regulatory expense.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$30,079,579	0.5769
Commercial	7,199,757	0.1381
Industrial	2,247,629	0.0431
Large Industrial	1,506,819	0.0289
Competitive Industrial	1,175,453	0.0225
Other Public Authority	1,701,988	0.0326
Large Other Public Authority	66,419	0.0013
Sales for Resale	2,651,387	0.0508
Large Sales for Resale	3,338,838	0.0640
Private Fire Protection	484,671	0.0093
Public Fire Protection	1,693,882	0.0325
Total	$52,146,422	1.0000

ILLINOIS AMERICAN WATER COMPANY
SPSPSB (ZONE 1) AND STERLING TARIFF GROUPS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 16. ALLOCATION OF LABOR RELATED TAXES AND BENEFITS.

Factors are based on the allocation of direct labor expense.

Customer Classification	Direct Labor Expense	Allocation Factor
(1)	(2)	(3)
Residential	$7,724,003	0.6008
Commercial	1,749,152	0.1360
Industrial	504,747	0.0393
Large Industrial	288,145	0.0224
Competitive Industrial	223,818	0.0174
Other Public Authority	407,635	0.0317
Large Other Public Authority	14,020	0.0011
Sales for Resale	550,225	0.0428
Large Sales for Resale	688,949	0.0536
Private Fire Protection	143,894	0.0112
Public Fire Protection	562,107	0.0437
Total	$12,856,694	1.0000

FACTOR 17. ALLOCATION OF ORGANIZATION, FRANCHISES AND CONSENTS, MISCELLANEOUS INTANGIBLE PLANT AND OTHER RATE BASE ELEMENTS.

Factors are based on the allocation of the original cost less depreciation other than those items being allocated, as follows:

Customer Classification	Original Cost Less Depreciation	Allocation Factor
(1)	(2)	(3)
Residential	$152,411,494	0.4986
Commercial	47,208,869	0.1544
Industrial	15,480,694	0.0506
Large Industrial	8,390,154	0.0274
Competitive Industrial	6,533,102	0.0214
Other Public Authority	12,055,638	0.0394
Large Other Public Authority	389,691	0.0013
Sales for Resale	15,981,619	0.0523
Large Sales for Resale	20,117,885	0.0658
Private Fire Protection	4,708,145	0.0154
Public Fire Protection	22,452,525	0.0734
Total	$305,729,816	1.0000

ILLINOIS AMERICAN WATER COMPANY
SPSPSB (ZONE 1) AND STERLING TARIFF GROUPS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 18. ALLOCATION OF INCOME TAXES AND INCOME AVAILABLE FOR RETURN.

Factors are based on the allocation of the original cost measure of value rate base as shown on the following pages and summarized below.

Customer Classification	Original Cost Measure of Value	Allocation Factor
(1)	(2)	(3)
Residential	$146,606,319	0.4956
Commercial	45,544,007	0.1539
Industrial	14,970,397	0.0506
Large Industrial	8,180,982	0.0277
Competitive Industrial	6,370,210	0.0215
Other Public Authority	11,634,622	0.0393
Large Other Public Authority	378,835	0.0013
Sales for Resale	15,587,586	0.0527
Large Sales for Resale	19,626,850	0.0663
Private Fire Protection	4,686,849	0.0158
Public Fire Protection	22,289,153	0.0753
Total	$295,875,809	1.0000

FACTOR 19. ALLOCATION OF REGULATORY COMMISSION EXPENSES, ASSESSMENTS AND OTHER WATER REVENUES.

The factors are based on the allocation of the total cost of service, excluding those items being allocated.

Customer Classification	Total Cost of Service	Allocation Factor
(1)	(2)	(3)
Residential	$58,653,696	0.5521
Commercial	15,150,190	0.1426
Industrial	4,726,838	0.0445
Large Industrial	2,877,942	0.0271
Competitive Industrial	2,236,995	0.0211
Other Public Authority	3,673,141	0.0346
Large Other Public Authority	132,561	0.0012
Sales for Resale	5,269,498	0.0496
Large Sales for Resale	6,615,093	0.0623
Private Fire Protection	1,322,975	0.0125
Public Fire Protection	5,562,704	0.0524
Total	$106,221,635	1.0000

ILLINOIS AMERICAN WATER COMPANY
SPSPSB (ZONE 1) AND STERLING TARIFF GROUPS

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Large Industrial	Competitive Industrial	Public Authorities	Large Public Authorities	Sales for Resale	Large Sales for Resale	Fire Protection	
												Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
RATE BASE													
Organization	17	$ 78,840	$ 39,310	$ 12,173	$ 3,989	$ 2,160	$ 1,687	$ 3,106	$ 102	$ 4,123	$ 5,188	$ 1,214	$ 5,787
Franchises	17	768	383	119	39	21	16	30	1	40	51	12	56
Land & Ld Rights SS	2	828,519	336,047	136,043	52,777	42,834	33,555	37,449	1,906	81,278	103,151	580	2,900
Land & Ld Rights P	6	648,336	264,975	105,744	39,354	26,582	20,812	28,851	1,232	50,441	63,991	8,428	37,928
Land & Ld Rights WT	2	1,457,536	591,177	239,327	92,845	75,355	59,030	65,881	3,352	142,984	181,463	1,020	5,101
Land & Ld Rights TD	7	1,995,547	937,109	362,591	122,926	40,909	31,929	96,385	1,796	77,627	98,380	41,108	184,788
Land & Land Rights AG	15	465,746	282,754	62,363	17,885	10,340	8,057	14,392	512	19,748	24,778	5,310	19,608
Struct & Imp SS	2	5,489,693	2,226,619	901,408	349,693	283,817	222,333	248,134	12,626	538,539	683,467	3,843	19,214
Struct & Imp P	6	7,953,250	3,250,493	1,297,175	482,762	326,083	255,299	353,920	15,111	618,763	784,986	103,392	465,265
Struct & Imp WT	2	33,702,321	13,669,661	5,533,921	2,146,838	1,742,410	1,364,944	1,523,345	77,515	3,306,198	4,195,939	23,592	117,958
Struct & Imp TD	7	391,437	183,819	71,124	24,113	8,024	6,263	18,906	352	15,227	19,298	8,064	36,247
Struct & Imp AG	15	293,656	178,279	39,321	11,276	6,519	5,080	9,074	323	12,451	15,623	3,348	12,363
Struct & Imp Offices	15	2,175,948	1,321,018	291,359	83,556	48,306	37,644	67,237	2,394	92,260	115,760	24,806	91,607
Struct & Imp Store,Shop,Gar	15	776,293	471,288	103,946	29,810	17,234	13,430	23,987	854	32,915	41,299	8,850	32,682
Struct & Imp Misc	15	121,147	73,548	16,222	4,652	2,689	2,096	3,743	133	5,137	6,445	1,381	5,100
Collect & Impounding	1	1,329,694	499,566	226,048	95,206	82,574	64,623	61,033	3,058	127,518	161,824	1,463	6,781
Lake, River & Other Intakes	2	1,795,241	728,150	294,779	114,357	92,814	72,707	81,145	4,129	176,113	223,508	1,257	6,283
Wells & Springs	2	981,693	398,175	161,194	62,534	50,754	39,759	44,373	2,258	96,304	122,221	687	3,436
Infiltration Galleries and Tunnels	2	0	0	0	0	0	0	0	0	0	0	0	0
Supply Mains	2	2,722,208	1,104,128	446,987	173,405	140,738	110,249	123,044	6,261	267,049	338,915	1,906	9,528
Power Generation Equip	6	1,899,508	776,329	309,810	115,300	77,880	60,974	84,528	3,609	147,782	187,481	24,694	111,121
Power Generation Equip Othe	6		0	0	0	0	0	0	0	0	0	0	0
Pump Equip Steam	6		0	0	0	0	0	0	0	0	0	0	0
Pump Equip Electric	6	17,711,663	7,238,757	2,888,772	1,075,098	726,178	568,544	788,169	33,652	1,377,967	1,748,141	230,252	1,036,132
Pump Equip Diesel	6	503,980	205,977	82,199	30,592	20,663	16,178	22,427	958	39,210	49,743	6,552	29,483
Pump Equip Other	6	156,569	63,990	25,536	9,504	6,419	5,026	6,967	297	12,181	15,453	2,035	9,159
WT Equip Non-Media	2	28,768,967	11,668,693	4,723,864	1,832,583	1,487,356	1,165,143	1,300,357	66,169	2,822,236	3,581,736	20,138	100,691
WT Treatment Equip Chemical	2	175,057	71,003	28,744	11,151	9,050	7,090	7,913	403	17,173	21,795	123	613
WT Equip Filter Media	2	52,847	21,435	8,677	3,366	2,732	2,140	2,389	122	5,184	6,579	37	185
Dist Reservoirs & Standpipe	5	6,546,184	2,183,807	815,000	303,743	240,900	188,530	211,442	10,474	477,871	606,177	274,285	1,233,956
Elevated Tanks & Standpipes	5	458,898	153,088	57,133	21,293	16,887	13,216	14,822	734	33,500	42,494	19,228	86,502
Ground Level Facilities	5	0	0	0	0	0	0	0	0	0	0	0	0
Below Grade Facilities	5	0	0	0	0	0	0	0	0	0	0	0	0
TD Mains Not Classified by	7	105,354,034	49,474,254	19,142,828	6,489,808	2,159,758	1,685,665	5,088,600	94,819	4,098,272	5,193,954	2,170,293	9,755,784
TD Mains 4" & Less	4	2,384,077	1,283,826	485,160	151,151	0	0	126,356	0	0	0	61,509	276,076
TD Mains 6" to 8"	4	1,986,833	1,069,910	404,321	125,965	0	0	105,302	0	0	0	51,260	230,075

ILLINOIS AMERICAN WATER COMPANY
SPSPSB (ZONE 1) AND STERLING TARIFF GROUPS

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Large Industrial	Competitive Industrial	Public Authorities	Large Public Authorities	Sales for Resale	Large Sales for Resale	Fire Protection	
												Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
TD Mains 10" to 16"	3	2,275,294	857,103	346,982	134,470	109,214	85,551	95,562	5,006	207,279	263,024	31,172	139,931
TD Mains 18" & Grtr	3	1,165,875	439,185	177,796	68,903	55,962	43,837	48,967	2,565	106,211	134,775	15,972	71,701
Fire Mains	8	0	0	0	0	0	0	0	0	0	0	0	0
Services	10	28,333,559	24,075,025	2,414,019	147,335	8,500	2,833	286,169	2,833	28,334	8,500	1,360,011	0
Meters	9	2,833	2,293	379	50	7	1	73	2	20	8	0	0
Meters Bronze Case	9	9,684,154	7,839,323	1,295,740	171,410	22,274	3,874	249,851	6,779	67,789	27,116	0	0
Meters Plastic Case	9	(137,594)	(111,382)	(18,410)	(2,435)	(316)	(55)	(3,550)	(96)	(963)	(385)	0	0
Meters Other	9	165,559	134,020	22,152	2,930	381	66	4,271	116	1,159	464	0	0
Meter Installations	9	9,119,821	7,382,495	1,220,232	161,421	20,976	3,648	235,291	6,384	63,839	25,536	0	0
Meter Vaults	9	102,786	83,205	13,753	1,819	236	41	2,652	72	720	288	0	0
Hydrants	8	7,569,215	0	0	0	0	0	0	0	0	0	0	7,569,215
Other P/E Intangible	15	136,227	82,704	18,241	5,231	3,024	2,357	4,209	150	5,776	7,247	1,553	5,735
Other P/E WT Res Hand Equip	2	1,496	607	246	95	77	61	68	3	147	186	1	5
Other P/E TD	7	9,246	4,342	1,680	570	190	148	447	8	360	456	190	856
Other P/E CPS	17	323,903	161,498	50,011	16,389	8,875	6,932	12,762	421	16,940	21,313	4,988	23,774
Office Furniture & Equip	15	584,234	354,689	78,229	22,435	12,970	10,107	18,053	643	24,772	31,081	6,660	24,596
Comp & Periph Equip	15	1,337,184	811,804	179,049	51,348	29,685	23,133	41,319	1,471	56,697	71,138	15,244	56,295
Computer Software	15	1,606,297	975,183	215,083	61,682	35,660	27,789	49,635	1,767	68,107	85,455	18,312	67,625
Comp Software Personal	15	(166,560)	(101,118)	(22,302)	(6,396)	(3,698)	(2,881)	(5,147)	(183)	(7,062)	(8,861)	(1,899)	(7,012)
Comp Software Other	15		0	0	0	0	0	0	0	0	0	0	0
Data Handling Equipment	15	28,894	17,541	3,869	1,110	641	500	893	32	1,225	1,537	329	1,216
Other Office Equipment	15	26,865	16,310	3,597	1,032	596	465	830	30	1,139	1,429	306	1,131
Trans Equip Lt Duty Trks	15	2,939,528	1,784,588	393,603	112,878	65,258	50,854	90,831	3,233	124,636	156,383	33,511	123,754
Trans Equip Hvy Duty Trks	15	1,661,989	1,008,993	222,540	63,820	36,896	28,752	51,355	1,828	70,468	88,418	18,947	69,970
Trans Equip Autos	15	(195,644)	(118,775)	(26,197)	(7,513)	(4,343)	(3,385)	(6,045)	(215)	(8,295)	(10,408)	(2,230)	(8,237)
Trans Equip Other	15	97,696	59,312	13,082	3,752	2,169	1,690	3,019	107	4,142	5,197	1,114	4,113
Stores Equipment	15	93,504	56,766	12,520	3,591	2,076	1,618	2,889	103	3,965	4,974	1,066	3,937
Tools,Shop,Garage Equip	15	3,246,817	1,971,142	434,749	124,678	72,079	56,170	100,327	3,571	137,665	172,731	37,014	136,691
Tools,Shop,Garage Equip Oth	15	9,908	6,015	1,327	380	220	171	306	11	420	527	113	417
Laboratory Equipment	2	689,904	279,825	113,282	43,947	35,668	27,941	31,184	1,587	67,680	85,893	483	2,415
Laboratory Equip Other	2		0	0	0	0	0	0	0	0	0	0	0
Power Operated Equipment	15	2,155,067	1,308,341	288,563	82,755	47,842	37,283	66,592	2,371	91,375	114,650	24,568	90,728
Comm Equip Non-Telephone	15	3,479,562	2,112,442	465,913	133,615	77,246	60,196	107,518	3,828	147,533	185,113	39,667	146,490
Remote Control & Instr	15	70,127	42,574	9,390	2,693	1,557	1,213	2,167	77	2,973	3,731	799	2,952
Comm Equip Telephone	15	162,207	98,476	21,719	6,229	3,601	2,806	5,012	178	6,878	8,629	1,849	6,829
Misc Equipment	15	346,884	210,593	46,448	13,320	7,701	6,001	10,719	382	14,708	18,454	3,954	14,604
Other Tangible Property	17		0	0	0	0	0	0	0	0	0	0	0
Total Utility Plant in Service		306,133,327	152,612,684	47,271,171	15,501,112	8,401,211	6,541,737	12,071,536	390,215	16,002,723	20,144,436	4,714,359	22,482,143

ILLINOIS AMERICAN WATER COMPANY
SPSPSB (ZONE 1) AND STERLING TARIFF GROUPS

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Large Industrial	Competitive Industrial	Public Authorities	Large Public Authorities	Sales for Resale	Large Sales for Resale	Fire Protection Private	Fire Protection Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Other Rate Base Items													
Add:													
Cash Working Capital	15A	1,930,194	1,113,529	266,560	83,191	55,783	43,429	62,924	2,509	98,054	123,532	17,951	62,731
Materials and Supplies	15	1,972,060	1,197,238	264,059	75,727	43,780	34,117	60,937	2,169	83,615	104,914	22,481	83,024
Deferred Charges - Tank Painting	5	4,997,456	1,667,151	622,183	231,882	183,906	143,927	161,418	7,996	364,814	462,764	209,393	942,020
Pension / OPEB	16	(4,204,144)	(2,525,850)	(571,764)	(165,223)	(94,173)	(73,152)	(133,271)	(4,625)	(179,937)	(225,342)	(47,086)	(183,721)
Regulatory Deferrals	17	193,681	96,569	29,904	9,800	5,307	4,145	7,631	252	10,130	12,744	2,983	14,216
Accumulated Deferred ITC (3%)	17	(4,384)	(2,186)	(677)	(222)	(120)	(94)	(173)	(6)	(229)	(288)	(68)	(322)
Deferred Income Taxes	17	(16,114,902)	(8,034,890)	(2,488,141)	(815,414)	(441,548)	(344,859)	(634,927)	(20,949)	(842,809)	(1,060,361)	(248,169)	(1,182,834)
AFUDC Debt	17	979,494	488,376	151,234	49,562	26,838	20,961	38,592	1,273	51,228	64,451	15,084	71,895
Budget Payment Plan	13	(6,973)	(6,302)	(523)	(20)	(1)	(1)	(45)	(1)	(2)	0	(79)	0
Total Other Rate Base Elements		(10,257,518)	(6,006,365)	(1,727,164)	(530,715)	(220,228)	(171,527)	(436,914)	(11,381)	(415,138)	(517,586)	(27,510)	(192,990)
Total Original Cost Measure of Value		$ 295,875,809	$146,606,319	$45,544,007	$ 14,970,397	$ 8,180,982	$ 6,370,210	$ 11,634,622	$ 378,835	$15,587,586	$ 19,626,850	$ 4,686,849	$22,289,153

ILLINOIS AMERICAN WATER COMPANY
SPSPSB (ZONE 1) AND STERLING TARIFF GROUPS

BASIS FOR ALLOCATING DEMAND RELATED COSTS OF FIRE SERVICE TO PRIVATE AND PUBLIC FIRE PROTECTION CUSTOMER CLASSIFICATIONS

Description		Restrictive Diameters Squared	Quantity	Relative Demand	Allocation Factor
(1)		(2)	(3)	(4)=(2)x(3)	(5)
PRIVATE FIRE PROTECTION					
Fire Lines					
2 -inch		4.00	93	372	
3 -inch		9.00	2	18	
4 -inch		16.00	270	4,320	
6 -inch		36.00	1,031	37,116	
8 -inch		64.00	493	31,552	
10 -inch		100.00	31	3,100	
12 -inch		144.00	16	2,304	
16 -inch		256.00	1	256	
Private Hydrants		28.50	351	10,004	
Total Private Fire Protection			2,288	89,042	0.1817
PUBLIC FIRE PROTECTION					
Hydrant	Nozzle Sizes				
Various	4" & 2-2 1/2"	28.50	13,623	388,256	
Various	4 1/2" & 2-2 1/2"	32.75	392	12,838	
Total Public Fire Prorection			14,015	401,094	
Total Fire Protection			16,303	490,136	
					0.8183
					1.0000

ILLINOIS AMERICAN WATER COMPANY
SPSPSB (ZONE 1) AND STERLING TARIFF GROUPS

CALCULATION OF CUSTOMER CHARGE

			5/8-Inch Cost Per Month
(1)	Cost Related to Meters	$ 9,099,647	
(2)	Meter Equivalents X 12	2,315,292	
(3)	Cost per Bill - Meter related		$3.93
(4)	Cost Related to Services	$ 7,903,162	
(5)	Service Equivalents X 12	2,073,180	
(6)	Cost per Bill - Services related		3.81
(7)	Cost Related to Billing and Collecting	$ 15,618,466	
(8)	Number of Customers X 12	2,044,282	
(9)	Cost per Bill - Billing and Collecting		7.64
(10)	Total Customer Charge (3)+(6)+(9)		$15.38

CHICAGO METRO WASTEWATER OPERATIONS

ILLINOIS AMERICAN WATER COMPANY
CHICAGO METRO WASTEWATER OPERATIONS

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND ALLOWED RATES
FOR THE TWELVE MONTHS ENDED JUNE 30, 2009

Customer Classification	Cost of Service Amount (Schedule 2)	Cost of Service Percent	Revenues, Previous Rates Amount	Revenues, Previous Rates Percent	Revenues, Allowed Rates Amount	Revenues, Allowed Rates Percent	Allowed Increase Amount	Allowed Increase Percent Increase
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Collection and Treatment	$ 7,850,136	73.0%	$ 5,905,181	45.3%	$ 4,647,146	42.2%	$ (1,258,035)	-21.3%
Collection Only	$ 2,487,147	23.2%	$6,818,588	52.3%	$6,093,737	55.4%	$ (724,851)	-10.6%
Treatment Only	403,896	3.8%	$ 310,708 (a)	2.4%	268,469 (b)	2.4%	$ (42,239)	-13.6%
Total Sales	10,741,179	100.0%	13,034,477	100.0%	11,009,352	100.0%	(2,025,125)	-15.5%
Guaranteed Revenues					0		0	
Total	$ 10,741,179		$13,034,477		$ 11,009,352		$ (2,025,125)	

(a) Equal to 937 units in Tinley Park at $27.29 per month plus Tinley Park West revenue at $7.31 per month.
(b) Equal to the Tinley Park August quarterly bill at the revised rates multiplied by four plus the Tinley Park West monthly rate multiplied by 12.

ILLINOIS AMERICAN WATER COMPANY
CHICAGO METRO WASTEWATER OPERATIONS

ALLOCATION OF COST OF SERVICE BY FUNCTION TO CUSTOMER CLASSIFICATIONS

Description	Collection	Treatment	Customer Facilities	Customer Accounting	Total
(1)	(2)	(3)	(6)	(7)	(8)
Total Cost of Service	$ 2,214,703	$ 7,519,488	$ 184,378	$ 822,611	$ 10,741,180
Factor Reference	A	B	C	D	
Collection and Treatment					
Factor	0.2290	0.9463	0.2257	0.2257	
Cost of Service	$ 507,167	$ 7,115,691	$ 41,614	$ 185,663	$ 7,850,136
Collection Only					
Factor	0.7710	0.0000	0.7742	0.7742	
Cost of Service	$ 1,707,536	$ -	$ 142,746	$ 636,865	$ 2,487,147
Treatment Only					
Factor	-	0.0537	0.0001	0.0001	
Cost of Service	$ -	$ 403,796	$ 18	$ 82	$ 403,896
Total	2,214,703	7,519,487	184,378	822,611	10,741,179

Schedule C-CMWW

ILLINOIS AMERICAN WATER COMPANY
CHICAGO METRO WASTEWATER OPERATIONS

FACTORS FOR ALLOCATING COSTS BY FUNCTION TO CUSTOMER CLASSIFICATIONS

FACTOR A. ALLOCATION OF COLLECTION COSTS.

Factors are based on the pro forma test year average daily consumption and number of customers for each customer class.

	Average Daily Consumption			Number of Customers			
Classification	CCF	Allocation Factor	Weighted Factor	Customers	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3) X 0.3333	(5)	(6)	(7)=(5) X 0.6667	(3)
Collection and Treatment	2,769	0.2355	0.0785	8,447	0.2257	0.1505	0.2290
Collection Only	8,993	0.7645	0.2548	28,974	0.7743	0.5162	0.7710
Treatment Only	0	0	0.0000		0.0000	0.0000	-
Total	11,762	1.0000	0.3333	37,421	1.0000	0.6667	1.0000

FACTOR B. ALLOCATION OF TREATMENT COSTS

Factors are based on proforma test year average daily consumption.

Customer Classification	Average Daily Consumption, CCF	Allocation Factor
(1)	(2)	(5)
Collection and Treatment	2,769	0.9463
Collection Only	0	0.0000
Treatment Only	157	0.0537
Total	2,927	1.0000

* Ratio of Maximum Day To Average Day Minus 1.0.

ILLINOIS AMERICAN WATER COMPANY
CHICAGO METRO WASTEWATER OPERATIONS

FACTORS FOR ALLOCATING COSTS BY FUNCTION TO CUSTOMER CLASSIFICATIONS

FACTOR C. ALLOCATION OF COSTS ASSOCIATED WITH CUSTOMER FACILITIES.

Factors are based on the number of customers, as follows:

Customer Classification	Number Of Customers	Allocation Factor
(1)	(2)	(3)
Collection and Treatment	8,447	0.2257
Collection Only	28,974	0.7742
Treatment Only	2	0.0001
Total	37,423	1.0000

FACTOR D. ALLOCATION OF COSTS ASSOCIATED WITH BILLING AND COLLECTING.

Factors are based on the number of customers

Customer Classification	Number of Bills	Allocation Factor
(1)	(2)	(3)
Collection and Treatment	101,368	0.2257
Collection Only	347,683	0.7742
Treatment Only	8	0.0001
Total	449,060	1.0000

ILLINOIS AMERICAN WATER COMPANY
CHICAGO METRO WASTEWATER OPERATIONS

COST OF SERVICE FOR THE TWELVE MONTHS ENDING JUNE 30, 2009, ALLOCATED TO COST FUNCTIONS

	Account	Factor Ref.	Cost of Service	Collection	Treatment	Customer Facilities	Customer Accounting
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	OPERATION AND MAINTENANCE EXPENSES						
	COLLECTION						
600	Oper. Super. And Eng'ng -Labor	1	0				
601	Labor & Exp Oper SS - Labor	1	0	0	0	0	0
601	Labor & Exp Oper SS	1	48,495	48,495	0	0	0
602	Purchased Water	1	0	0	0	0	0
	TOTAL SS EXPENSE - OPERATION		48,495	48,495	0	0	0
603	Purchased Power SS	1	9	9	0	0	0
603	Misc Exp Oper SS	1	5,067	5,067	0	0	0
601	Transport Maint SS	1					
610	Maint Super & Eng SS - Labor	1		0	0	0	0
611	Struct & Improve Maint SS	1		0	0	0	0
613	Maint. Of Intakes - Mat'l	1		0	0	0	0
614	Maint of Wells	1		0	0	0	0
615	Infilt Gall & Tunnels Maint SS	1		0	0	0	0
615	Infilt Gall & Tunnels Maint SS	1		0	0	0	0
616	Supply Mains Maint SS	1		0	0	0	0
616	Supply Mains Maint SS	1		0	0	0	0
617	Misc Plant Maint SS - Mat'l	1	4,777	4,777	0	0	0
617	Misc Plant Maint SS - Labor	1	59	59	0	0	0
923	Contract Svc - Other Maint SS	1		0	0	0	0
	TOTAL SS EXPENSE - MAINTENANCE		9,912	9,912	0	0	0
	TOTAL COLLECTION EXPENSE		58,407	58,407	0	0	0
	POWER AND PUMPING EXPENSES						
620	Oper Super and Eng - Labor	1		0	0	0	0
621	Fuel for Power Prod	1		0	0	0	0
622	Labor & Exp Oper Pwr Prod	1		0	0	0	0
623	Purch Fuel/Power for Pump	1	592,802	592,802	0	0	0
624	Pumping Labor	1	4,242	4,242	0	0	0
624	Pumping Expense	1		0	0	0	0
626	Misc Pumping Exp - Oper	1		0	0	0	0
627	Rents Oper P	1		0	0	0	0
	TOTAL PUMPING EXPENSE - OPERATION		597,044	597,044	0	0	0

ILLINOIS AMERICAN WATER COMPANY
CHICAGO METRO WASTEWATER OPERATIONS

COST OF SERVICE FOR THE TWELVE MONTHS ENDING JUNE 30, 2009, ALLOCATED TO COST FUNCTIONS

	Account (1)	Factor Ref. (2)	Cost of Service (3)	Collection (4)	Treatment (5)	Customer Facilities (6)	Customer Accounting (7)
630	Maint super and Eng - Labor	1		0	0	0	0
631	Maint of Structures - Mat'l	1	3,390	3,390	0	0	0
631	Maint of Structures - Labor	1		0	0	0	0
632	Maint of Power Prod Eq -Maint	1	11,499	11,499	0	0	0
632	Maint of Power Prod Eq - Labor	1		0	0	0	0
633	Maint of Pumping Eq - Mat'l	1	(49)	(49)	0	0	0
633	Maint of Pumping Eq - Labor	1	134	134	0	0	0
	TOTAL PUMPING EXPENSES - MAINTENANCE		14,974	14,974	0	0	0
	TOTAL PUMPING EXPENSE		612,018	612,018	0	0	0
	SEWAGE TREATMENT						
640	Oper Super and Eng - Labor	2		0	0	0	0
641.1	Chemicals	2	25,123	0	25,123	0	0
642	Gen'l WT Labor	2	361,072	0	361,072	0	0
642	Gen'l WT Exp	2	91,076	0	91,076	0	0
642	Heat - Oil/Gas WT Exp	2		0	0	0	0
642	Lab Supplies	2		0	0	0	0
643	Purchased Power WT	2		0	0	0	0
643	Waste Disposal Exp	2	269,759	0	269,759	0	0
643	Amort Waste Disposal Exp	2		0	0	0	0
643	M & S Oper WT	2		0	0	0	0
643	Trans Oper WT	2		0	0	0	0
643	Misc Oper WT	2	29,075	0	29,075	0	0
644	WT Rents	2		0	0	0	0
923	Contract Services WT	2		0	0	0	0
923	Contract Services Lab Testing	2		0	0	0	0
	TOTAL WT EXPENSE - OPERATION		776,106	0	776,106	0	0
650	Maint Super & Eng - Labor	3	46,477	23,239	23,239	0	0
651	Maint of Structures - Mat'l	3	2,398	1,199	1,199	0	0
651	Maint of Structures - Labor	3		0	0	0	0
652	Maint. Of Treat Eq - Mat'l	2	37,373	0	37,373	0	0
652	Maint. Of Treat Eq - Labor	2		0	0	0	0
652.4							
	TOTAL TREATMENT EXPENSE - MAINTENANCE		86,248	24,438	61,811	0	0
	TOTAL TREATMENT EXPENSE		862,354	24,438	837,916	0	0

ILLINOIS AMERICAN WATER COMPANY
CHICAGO METRO WASTEWATER OPERATIONS

COST OF SERVICE FOR THE TWELVE MONTHS ENDING JUNE 30, 2009, ALLOCATED TO COST FUNCTIONS

	Account	Factor Ref.	Cost of Service	Collection	Treatment	Customer Facilities	Customer Accounting
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	TRANSMISSION						
660	Super & Eng Oper TD - Labor	1		0	0	0	0
661	Storage Facilty Exp - Mat'l	1		0	0	0	0
661	Storage Facilty Exp - Labor	1		0	0	0	0
662	TD Lines Exp - Mat'l	1	497	497	0	0	0
662	TD Lines Exp - Labor	1		0	0	0	0
663	Misc Meter Expense	1		0	0	0	0
663	Misc Meter Labor	1		0	0	0	0
664	Customer Install Exp	1	62	62	0	0	0
664	Customer Installation - Labor	1		0	0	0	0
665	Purchased Power T&D	1		0	0	0	0
665	Misc T&D Oper Labor	1	1,414	1,414	0	0	0
665	Misc. T&D Exp	1	2,522	2,522	0	0	0
666	Rents Oper TD	1		0	0	0	0
	TOTAL T & D EXPENSE OPERATION		4,495	4,495	0	0	0
		1					
670	Super & Eng Maint TD - Labor	1		0	0	0	0
671	Maint of Structures - Mat'l	1		0	0	0	0
671	Maint of Structures - Labor	1		0	0	0	0
672	Maint of Dist Res - Mat'l	1		0	0	0	0
673	Misc Maint of Mains - Mat's	1	50,206	50,206	0	0	0
673	Paving/Backfill T&D	1		0	0	0	0
673	Misc Maint of Mains - Labor	1		0	0	0	0
674	Fire Main Maint TD	1		0	0	0	0
674	Fire Main Maint TD	1		0	0	0	0
675	Maint of Services - Mat'l	1	4,813	4,813	0	0	0
675	Maint of Services - Labor	1		0	0	0	0
676	Maint of Meters - Mat'l	1		0	0	0	0
676	Maint of Meters - Labor	1		0	0	0	0
677	Hydrants Maint TD	1	135	135	0	0	0
678	Maint Other T&D - Labor	1	83,901	83,901	0	0	0
678	Maint Other T&D - Mat'l	1		0	0	0	0
678	Misc Maint T&D	1	12,862	12,862	0	0	0
678	Amort Def Maint Tank Painting	1		0	0	0	0
662	Transport Maint T&D	1		0	0	0	0
923	Contract Svc - Other Maint T&D	1		0	0	0	0
	TOTAL T & D EXPENSE - MAINTENANCE		151,917	151,917	0	0	0
	TOTAL TRANSMISSION EXPENSE		156,412	156,412	0	0	0

ILLINOIS AMERICAN WATER COMPANY
CHICAGO METRO WASTEWATER OPERATIONS

COST OF SERVICE FOR THE TWELVE MONTHS ENDING JUNE 30, 2009, ALLOCATED TO COST FUNCTIONS

	Account	Factor Ref.	Cost of Service	Collection	Treatment	Customer Facilities	Customer Accounting
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	CUSTOMER ACCOUNTS						
901	Supervision Labor	5		0	0	0	0
902	Meter Reading Exp	5		0	0	0	0
902	Meter Reading Labor	5		0	0	0	0
902	Meter Reading Exp CA	5		0	0	0	0
903	Customer Records Labor	5		0	0	0	0
903	Customer Records Misc	5	82,038	0	0	0	82,038
903	Collection Agency Expense	5		0	0	0	0
903	Bank Service Charges	5		0	0	0	0
903	Postage	5		0	0	0	0
904	Uncollectible Accts	5	126,253	0	0	0	126,253
905	Customer Accounting Labor	5	127	0	0	0	127
905	Misc Expenses	5	178	0	0	0	178
905	Telephone	5		0	0	0	0
907	Misc Customer Service	5		0	0	0	0
923	Management & Contract Svc Cust Accting	5		0	0	0	0
931	Rents - Equip Cust Accting	5		0	0	0	0
	TOTAL CUSTOMER ACCOUNTING EXPENSE		208,595	0	0	0	208,595
	ADMINISTRATIVE AND GENERAL EXPENSES						
920	Salaries AG	6	(8,515)	(2,179)	(4,578)	0	(1,758)
601	Pcard Undistributed	6		0	0	0	0
921	Purchased Power AG	6		0	0	0	0
921	Misc. General Exp	6	160,938	41,184	86,520	0	33,234
921	Other Supplies & Exp AG	6	33,331	8,529	17,918	0	6,883
923	Contract Services - Management	6	58,335	14,928	31,361	0	12,046
923	Mgmt Fees-Admin	6	598,305	153,106	321,649	0	123,550
	Mgmt Fees-Customer Service	5	264,663	0	0	0	264,663
	Mgmt Fees-Belleville Lab	2	45,798	0	45,798	0	0
	Mgmt Fees- Employee	7	58,885	12,949	46,137	0	(200)
923	Accounting Services	6		0	0	0	0
923	Legal Services	6		0	0	0	0
923	Other Services	6		0	0	0	0
924	Ins Gen Liab Oper AG	6	81,614	20,885	43,876	0	16,853
924	Ins Work Comp AG	7	112,780	24,800	88,363	0	(383)
924	Ins Other Oper AG	6	41,446	10,606	22,282	0	8,559
925	Injuries & Damages	7	49,176	10,814	38,530	0	(167)
926	Employee Pension & Benefits	7	170,901	37,581	133,901	0	(581)
926	Employee Pension & Benefits	7	36,209	7,962	28,369	0	(123)

ILLINOIS AMERICAN WATER COMPANY
CHICAGO METRO WASTEWATER OPERATIONS

COST OF SERVICE FOR THE TWELVE MONTHS ENDING JUNE 30, 2009, ALLOCATED TO COST FUNCTIONS

	Account	Factor Ref.	Cost of Service	Collection	Treatment	Customer Facilities	Customer Accounting
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
926	Employee Pension & Benefits	7	15,965	3,511	12,509	0	(54)
928	Reg Commision Exp	9	24,612	5,072	17,238	423	1,878
931	Rents AG	6	157	40	85	0	33
9301	Goodwill Advertising Exp	6	1,254	321	674	0	259
930	Misc General Expenses	6	52,675	13,480	28,318	0	10,877
	TOTAL A & G OPERATIONS		1,798,529	363,590	958,949	423	475,566
932	General Plant Maint AG - Labor	6		0	0	0	0
932	General Plant Maint AG	6	24,280	6,213	13,053	0	5,014
	TOTAL A & G EXPENSE - MAINTENANCE		24,280	6,213	13,053	0	5,014
	TOTAL A & G EXPENSE		1,822,808	369,803	972,002	423	480,580
	Total Operation & Maintenance Expenses		3,720,595	1,221,078	1,809,918	423	689,175
	DEPRECIATION EXPENSE						
352200	Other Intangible Plt	2	2	0	2	0	0
389100	Other Plant and Misc Equipment	2	2,494	0	2,494	0	0
354200	Structures and Improvements - Coll	1	75,780	75,780	0	0	0
360000	Collection Sewers Forced	1	79,785	79,785	0	0	0
361100	Collecting Mains	1	(186,387)	(186,387)	0	0	0
363000	Services Sewer	4	82,456	0	0	82,456	0
354300	Structures and Improvements - SPP	1	1,951	1,951	0	0	0
371100	Pumping Equipment - Electrical	1	114,472	114,472	0	0	0
371200	Pumping Equipment - Other	1	10,328	10,328	0	0	0
354400	Structures and Improvements - TDP	2	858,810	0	858,810	0	0
380000	Treatment & Disposal Equipment	2	21,908	0	21,908	0	0
380050	T& D Equip Grit Removal	2	31,637	0	31,637	0	0
380100	T& D Equip Sed Tanks	2	383,488	0	383,488	0	0
380250	T& D Equip Sldge Dig Tnk	2	510	0	510	0	0
380300	T& D Equip Sldge Dry/Filt	2	234,572	0	234,572	0	0
380350	T& D Equip Sec Trmt Filt	2	175,441	0	175,441	0	0
380400	T& D Equip Aux Effl Trmt	2	122,133	0	122,133	0	0
380500	T& D Equip Chem Trmt Plt	2	126,653	0	126,653	0	0
380600	T& D Equip Oth Disp	2	183,992	0	183,992	0	0

ILLINOIS AMERICAN WATER COMPANY
CHICAGO METRO WASTEWATER OPERATIONS

COST OF SERVICE FOR THE TWELVE MONTHS ENDING JUNE 30, 2009, ALLOCATED TO COST FUNCTIONS

	Account	Factor Ref.	Cost of Service	Collection	Treatment	Customer Facilities	Customer Accounting
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
380650	T& D Equip Influent Lift	2	126,298	0	126,298	0	0
382000	Outfall Sewer Lines	2	12,532	0	12,532	0	0
354500	Structures and Improvements - RTP	2	57,004	0	57,004	0	0
390000	Office Furniture	6	20,419	5,225	10,977	0	4,217
391000	Transportation Equipment	6	(2,022)	(517)	(1,087)	0	(418)
392000	Stores Equipment	6	356	91	191	0	73
393000	Tools/Shop/Garage Equipment	6	10,330	2,644	5,554	0	2,133
394000	Laboratory Equipment	2	10,110	0	10,110	0	0
395000	Power Operated Equipment	6	26,681	6,828	14,344	0	5,510
396000	Communications Equipment	6	11,621	2,974	6,247	0	2,400
397000	Misc. Equipment	6	133,191	34,084	71,603	0	27,504
	Total Depreciation Expense		2,726,547	147,256	2,455,415	82,456	41,419
	Amort - Other UP	6	5,940	1,520	3,193	0	1,227
	Amort-Ltd Term Plt	6		0	0	0	0
	Amort-Expense	6		0	0	0	0
	Taxes Other Than Income						
685200	Property Taxes	8	3,368	660	2,567	82	58
685320	FUTA	7	2	0	2	0	(0)
685325	FICA	7	39,227	8,626	30,734	0	(133)
685350	SUTA	7	0	0	0	0	0
685430	Other Taxes & Licenses	8	68,230	13,380	52,012	1,665	1,174
685440	Capital Stock Tax	9	301,907	62,223	211,455	5,193	23,035
	Total Taxes, Other Than Income		412,733	84,890	296,770	6,940	24,134
4091	**Income Taxes**	8	958,119	187,887	730,374	23,378	16,480
	Utility Income Available for Return	8	2,917,246	572,072	2,223,817	71,181	50,177
	Total Cost of Service		10,741,180	2,214,703	7,519,488	184,378	822,611
	Less: Guaranteed Revenues	2		0	0	0	0
	Total Cost of Service Related to Sales of Wastewater Services		10,741,180	2,214,703	7,519,488	184,378	822,611

ILLINOIS AMERICAN WATER COMPANY
CHICAGO METRO WASTEWATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO COST FUNCTIONS

Reference	Collection	Treatment	Customer Facilities	Customer Accounting	Total
Factor 1 - Collection	1.0000				1.0000
Factor 2 - Treatment	0.0000	1.0000			1.0000
Factor 3 - Collection and Treatment	0.5000	0.5000			1.0000
Factor 4 - Customer Facilities			1.0000		1.0000
Factor 5 - Customer Accounting				1.0000	1.0000
Factor 6 - O&M Exp less Power and Chemicals					
Cost	258,464	543,034	0	208,595	1,010,093
Factor	0.2559	0.5376	0.0000	0.2065	1.0000
Factor 6A - O&M Exp					
Cost	851,275	837,916	0	208,595	1,897,787
Factor	0.4486	0.4415	0.0000	0.1099	1.0000
Factor 7 - Labor Expense					
Cost	106,567	379,733	0	-1,631	484,669
Factor	0.2199	0.7835	0.0000	-0.0034	1.0000
Factor 8 - Rate Base					
Cost	7,934,429	30,803,260	984,153	693,683	40,415,526
Factor	0.1961	0.7623	0.0244	0.0172	1.0000
Factor 9 - Total Cost of Service					
Cost	2,141,195	7,277,741	178,762	792,684	10,390,381
Factor	0.2061	0.7004	0.0172	0.0763	1.0000

ILLINOIS AMERICAN WATER COMPANY
CHICAGO METRO WASTEWATER OPERATIONS

COST OF SERVICE FOR THE TWELVE MONTHS ENDING JUNE 30, 2009, ALLOCATED TO COST FUNCTIONS

Account		Factor Ref.	Cost of Service	Collection	Treatment	Customer Facilities	Customer Accounting
(1)		(2)	(3)	(4)	(5)	(6)	(7)
RATE BASE							
	Intangible Plant						
351000	Organization	6	361,048	92,392	194,099	0	74,556
352000	Franchises	6	581,151	148,717	312,427	0	120,008
352200	Other Intangible Plt	6	42,957	10,993	23,094	0	8,871
389100	Other Plant and Misc Equipment	6	1,669,352	427,187	897,443	0	344,721
	Collection Plant						
353200	Land and Land Rights - Coll	1	566,882	566,882	0	0	0
354200	Structures and Improvements - Coll	1	1,559,453	1,559,453	0	0	0
360000	Collection Sewers Forced	1	2,334,070	2,334,070	0	0	0
361100	Collecting Mains	1	368,993	368,993	0	0	0
363000	Services Sewer	4	984,153	0	0	984,153	0
	System Pumping Plant						
354300	Structures and Improvements - SPP	1	64,605	64,605	0	0	0
371100	Pumping Equipment - Electrical	1	2,070,201	2,070,201	0	0	0
371200	Pumping Equipment - Other	1	110,594	110,594	0	0	0
	Treatment and Disposal Plant						
354400	Structures and Improvements - TDP	2	14,862,896	0	14,862,896	0	0
380000	Treatment & Disposal Equipment	2	243,976	0	243,976	0	0
380050	T& D Equip Grit Removal	2	1,096,110	0	1,096,110	0	0
380100	T& D Equip Sed Tanks	2	1,842,572	0	1,842,572	0	0
380250	T& D Equip Sldge Dig Tnk	2	3,404	0	3,404	0	0
380300	T& D Equip Sldge Dry/Filt	2	2,466,777	0	2,466,777	0	0
380350	T& D Equip Sec Trmt Filt	2	2,279,737	0	2,279,737	0	0
380400	T& D Equip Aux Effl Trmt	2	706,650	0	706,650	0	0
380500	T& D Equip Chem Trmt Plt	2	694,606	0	694,606	0	0
380600	T& D Equip Oth Disp	2	1,195,320	0	1,195,320	0	0
380650	T& D Equip Influent Lift	2	1,388,718	0	1,388,718	0	0
382000	Outfall Sewer Lines	2	251,161	0	251,161	0	0
	Reclaimed Treatment Plant						
353500	Land and Land Rights - RTP	2	40,951	0	40,951	0	0
354500	Structures and Improvements - RTP	2	1,865,622	0	1,865,622	0	0
	General Plant						
390000	Office Furniture	6	22,193	5,679	11,931	0	4,583
391000	Transportation Equipment	6	277,030	70,892	148,931	0	57,207
392000	Stores Equipment	6	27,389	7,009	14,725	0	5,656
393000	Tools/Shop/Garage Equipment	6	162,600	41,609	87,414	0	33,577
394000	Laboratory Equipment	2	58,831	0	58,831	0	0

ILLINOIS AMERICAN WATER COMPANY
CHICAGO METRO WASTEWATER OPERATIONS

COST OF SERVICE FOR THE TWELVE MONTHS ENDING JUNE 30, 2009, ALLOCATED TO COST FUNCTIONS

	Account	Factor Ref.	Cost of Service	Collection	Treatment	Customer Facilities	Customer Accounting
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
395000	Power Operated Equipment	6	64,344	16,466	34,591	0	13,287
396000	Communications Equipment	6	117,808	30,147	63,334	0	24,327
397000	Misc. Equipment	6	396,323	101,419	213,063	0	81,841
	Non Distinguishable	6	(362,955)	(92,880)	(195,125)	0	(74,950)
	Total Utility Plant in Service		40,415,526	7,934,429	30,803,260	984,153	693,683
	Other Rate Base Items:						
	Working Capital Allowance	6A	310,919	139,478	137,271	0	34,170
	Materials and Supplies Inventory	6	5,596	1,432	3,008	0	1,156
	Utility Plant Acquistion Allowance - Dupage	8	57,572	11,290	43,887	1,405	990
	Regulatory Asset	8	17,352	3,403	13,227	423	298
	Pension	7	(166,951)	(36,713)	(130,806)	0	568
	Deferred Income Taxes	8	(3,429,848)	(672,593)	(2,614,573)	(83,688)	(58,993)
	ITC	8	(393)	(77)	(300)	(10)	(7)
	Total Other Rate Base Elements		(3,205,753)	(553,780)	(2,548,285)	(81,870)	(21,818)
	Total Original Cost Measure of Value		37,209,773	7,380,649	28,254,975	902,283	671,865

IOWA-AMERICAN WATER COMPANY

Davenport, Iowa

COST OF SERVICE
ALLOCATION STUDY
AS OF DECEMBER 31, 2008
AND
PROPOSED CUSTOMER RATES

GANNETT FLEMING, INC. - VALUATION AND RATE DIVISION

Harrisburg, Pennsylvania

Gannett Fleming

GANNETT FLEMING, INC.
P.O. Box 67100
Harrisburg, PA 17106-7100
Location:
207 Senate Avenue
Camp Hill, PA 17011
Office: (717) 763-7211
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April 24, 2009

Iowa-American Water Company
230 East Second Street
Davenport, IA 52805

Attention Mr. Brock Earnhardt

Gentlemen:

ii Pursuant to your request, we have conducted a cost of service allocation study based on pro forma revenue requirements for the test year ended December 31, 2008, and have prepared proposed rate schedules designed to produce the pro forma revenue requirements.

The attached report presents the results of the study, as well as supporting schedules which set forth the detailed cost allocation calculations. Schedules 1-C and 1-Q present a comparison of the cost of service by customer classification with pro forma revenues under present and proposed rates for the Clinton and Quad Cities Districts.

Respectfully submitted,

GANNETT FLEMING, INC.
Valuation and Rate Division

Paul R Herbert

PAUL R. HERBERT
President

CONSTANCE E. HEPPENSTALL
Rate Analyst

PRH:krm
050741

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Utilities Board
Iowa Department of Commerce

IOWA-AMERICAN WATER COMPANY
Docket No. RPU 09-_____
Test Year Ended December 31, 2008
Exhibit No. ___ [PRH-1]

PART I. INTRODUCTION

IOWA-AMERICAN WATER COMPANY

COST OF SERVICE ALLOCATION STUDY AS OF DECEMBER 31, 2008 AND PROPOSED CUSTOMER RATES

PART I. INTRODUCTION

PLAN OF REPORT

The report sets forth the results of the cost of service allocation study as of December 31, 2008, prepared for Iowa-American Water Company. Part I, Introduction, contains statements with respect to the basis of the study, the procedures employed, and a summary of the results of the study. Part II, Cost of Service by Customer Classification - Clinton District, presents detailed schedules of the allocation of costs to customer classifications for the Clinton District, as well as the bases for the allocations. Part III, Cost of Service by Customer Classification - Quad Cities District, presents detailed schedules of the allocation of costs to customer classifications for the Quad Cities District, as well as the bases for the allocations. Part IV, Proposed Customer Rates, sets forth a comparison of the present and proposed rate structures, for each district.

BASIS OF THE STUDY

The purpose of the study was to allocate costs to several customer classifications based on considerations of quantity of water consumed, variability of rate of flow, and costs associated with metering, billing and accounting. The allocation study was based on recognized procedures for allocating the several categories of costs to customer classifications in proportion to each classification's use of the facilities, commodities and services which entail the total cost of providing water service.

ALLOCATION PROCEDURES

The allocation study was based on the Base-Extra Capacity Method for allocating costs to customer classifications. The method is described in the 2000 edition of AWWA Manual M1, Principles of Water Rates, Fees, and Charges, published by the American Water Works Association. The four basic categories of cost responsibility are base, extra capacity, customer and fire protection costs. The following discussions present a brief description of these costs and the manner in which they were allocated.

Base Costs are costs that tend to vary with the quantity of water used, plus costs associated with supplying, treating, pumping and distributing water to customers under average load conditions, without the elements necessary to meet peak demands. Base costs were allocated to customer classifications on the basis of average daily usage.

Extra Capacity Costs are costs associated with meeting usage requirements in excess of the average. They include operating and capital costs for additional plant and system capacity beyond that required for average use. The extra capacity costs in this study are subdivided into costs necessary to meet maximum day extra demand and costs to meet maximum hour extra demand. The extra capacity costs were allocated to customer classifications on the bases of each classification's maximum day and hour usage in excess of average usage. (Extra capacity costs related to fire protection are allocated directly to the fire protection classifications.)

Customer Costs are costs associated with serving customers regardless of their usage or demand characteristics. Customer costs include the operating and capital costs related to meters and services, meter reading costs, and billing and collecting costs. The

customer costs were allocated on the bases of the relative cost of meters and the number of bills.

Fire Protection Costs are costs associated with providing the facilities to meet the potential peak demand of fire protection service. Fire protection costs are subdivided into costs to meet Public Fire Protection and Private Fire Protection demands. Operating and capital costs for hydrants were allocated directly to the Public Fire Protection classification. The extra capacity costs assigned to fire protection service were allocated to Public and Private Fire Protection on the basis of the total relative demands of the hydrants and fire service lines. Public Fire Protection costs are reallocated to the other classes, excluding Private Fire Protection, based on the total cost of service allocated to each class.

The data summarized in Schedules 1-C for the Clinton District, and 1-Q for the Quad Cities District, "Comparison of Pro Forma Cost of Service with Revenues Under Present and Proposed Rates for the Twelve Months Ended December 31, 2008", constitute the principal results of the allocation study.

The cost of service by customer classification, shown in column 2 of Schedules 1-C and 1-Q, is developed in Schedules 2-C and 2-Q, "Allocation of Cost of Service to Customer Classifications for the Twelve Months Ended December 31, 2008". The allocation of the cost of service to the several customer classifications was performed by applying the allocation factors referenced in column 2 of Schedules 2-C and 2-Q to the cost of service in column 3. The bases of the allocation factors are presented in Schedules 3-C and 3-Q. Summaries of peak day and hour system delivery are presented in Schedules 4-C and 4-Q.

DESIGN OF PROPOSED RATES

A comparison of the present and proposed rate structures is presented in Schedules 5-C and 5-Q of Part IV of the report. The proposed rates maintain the existing structure consisting of customer charges by meter size and declining block rate consumption charges applicable to all metered classifications for each district.

The existing rates were increased so that the revenues under proposed rates would generally move toward the indicated cost of service as shown in Schedules 1-C and 1-Q.

PART II. COST OF SERVICE BY CUSTOMER CLASSIFICATION

II-1

CLINTON DISTRICT

IOWA AMERICAN WATER COMPANY
CLINTON DISTRICT

COMPARISON OF PROFORMA COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008

Customer Classification	Proforma Cost of Service, as of 12/31/2008		Proforma Revenues, Under Present Rates		Proforma Revenues, Under Proposed Rates		Proposed Increase	
	Amount (Schedule B)	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent Increase
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Residential	$ 4,474,755	61.2%	$ 2,663,407	59.7%	$ 4,452,099	60.8%	$ 1,788,692	67.2%
Commercial (a)	1,287,541	17.6%	817,516	18.3%	1,335,974	18.2%	518,458	63.4%
Industrial	1,266,699	17.3%	773,791	17.3%	1,260,207	17.2%	486,416	62.9%
Public Authority	156,530	2.1%	85,877	1.9%	136,582	2.0%	50,705	59.0%
Private Fire Service	135,159	1.8%	125,720	2.8%	135,158	1.8%	9,438	7.5%
Total Sales	7,320,685	100.0%	4,466,311	100.0%	7,320,020	100.0%	2,853,709	63.9%
Other Revenues	85,335		80,877		85,335		4,458	5.5%
Total	$ 7,406,020		$ 4,547,188		$ 7,405,355		$ 2,858,167	62.9%

(a) Includes Miscellaneous metered sales.

Docket No. RPU 09-___
Test Year Ended December 31, 2008
Exhibit No. ___ [PRH-1]
Schedule 1-C
Page 1 of 1

IOWA AMERICAN WATER COMPANY
CLINTON DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection Private	Fire Protection Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
OPERATION AND MAINTENANCE EXPENSES									
SOURCE OF SUPPLY EXPENSES									
Salaries and Wages	2	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Labor & Exp Oper SS - Labor	2	0	0	0	0	0	0	0	0
Labor & Exp Oper SS	2	37,554	19,081	7,976	9,366	980	0	26	124
Purchased Water	1	0	0	0	0	0	0	0	0
TOTAL SS EXPENSE - OPERATION		37,554	19,081	7,976	9,366	980	0	26	124
Misc Exp Oper SS	2	462	235	98	115	12	0	0	2
Misc Exp Oper SS	2	0	0	0	0	0	0	0	0
Rents Oper SS	2	0	0	0	0	0	0	0	0
Super & Eng Maint SS	2	0	0	0	0	0	0	0	0
Struct & Improve Maint SS - Labor	2	0	0	0	0	0	0	0	0
Struct & Improve Maint SS	2	1,411	717	300	352	37	0	1	5
Collect & Impound Maint SS - Labor	2	44	22	9	11	1	0	0	0
Collect & Impound Maint SS	2	0	0	0	0	0	0	0	0
Lake, River & Oth Maint SS - Labor	2	0	0	0	0	0	0	0	0
Lake, River & Oth Maint SS	2	0	0	0	0	0	0	0	0
Wells & Springs Maint SS - Labor	2	0	0	0	0	0	0	0	0
Wells & Springs Maint SS	2	0	0	0	0	0	0	0	0
Infilt Gall & Tunnels Maint SS - Labor	2	0	0	0	0	0	0	0	0
Infilt Gall & Tunnels Maint SS	2	0	0	0	0	0	0	0	0
Supply Mains Maint SS - Labor	2	0	0	0	0	0	0	0	0
Supply Mains Maint SS	2	0	0	0	0	0	0	0	0
Misc Plant Maint SS - Labor	2	0	0	0	0	0	0	0	0
Misc Plant Maint SS	2	15,050	7,647	3,197	3,753	393	0	11	50
TOTAL SS EXPENSE - MAINTENANCE		16,967	8,621	3,604	4,232	443	0	12	56
TOTAL SS EXPENSE		54,521	27,702	11,580	13,598	1,423	0	38	180
POWER AND PUMPING EXPENSES									
Super & Eng Oper P	6	6,060	2,854	1,190	1,394	146	0	70	407
Fuel for Power Prod	1	1,972	893	411	605	50	0	2	11
Labor & Exp Oper Pwr Prod - Labor	6	0	0	0	0	0	0	0	0
Labor & Exp Oper Pwr Prod	6	0	0	0	0	0	0	0	0
Purch Fuel/Power for Pump	1	599,425	271,360	124,860	183,904	15,345	0	659	3,297
Labor & Exp Oper Pump - Labor	6	38,600	18,177	7,577	8,878	930	0	448	2,590
Labor & Exp Oper Pump	6	0	0	0	0	0	0	0	0
Expenses Transferred	6	0	0	0	0	0	0	0	0
Misc Exp Oper P	6	3,592	1,691	705	826	87	0	42	241
Rents Oper P	6	0	0	0	0	0	0	0	0
TOTAL PUMPING EXPENSE - OPERATION		649,649	294,974	134,743	195,607	16,559	0	1,221	6,545

IOWA AMERICAN WATER COMPANY
CLINTON DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Super & Eng Maint P	6	11,739	5,528	2,304	2,700	283	0	136	788
Struct & Improve Maint P - Labor	6	1,051	495	206	242	25	0	12	71
Struct & Improve Maint P	6	1,380	650	271	317	33	0	16	93
Power Prod Equip Maint P - Labor	6	2,024	953	397	466	49	0	23	136
Power Prod Equip Maint P	6	0	0	0	0	0	0	0	0
Pump Equip Maint P - Labor	6	0	0	0	0	0	0	0	0
Pump Equip Maint P	6	9,197	4,331	1,805	2,115	222	0	107	617
TOTAL PUMPING EXPENSES - MAINTENANCE		25,391	11,957	4,984	5,840	612	0	295	1,704
TOTAL PUMPING EXPENSES		675,040	306,931	139,727	201,446	17,171	0	1,516	8,249
WATER TREATMENT									
Super & Eng Oper WT	2	2,828	1,437	601	705	74	0	2	9
Chemicals	1	193,185	87,455	40,240	59,269	4,946	0	213	1,063
Labor & Exp Oper WT - Labor	2	65,803	33,435	13,977	16,411	1,717	0	46	217
Labor & Exp Oper WT	2	10,727	5,450	2,278	2,675	280	0	8	35
Misc Exp Oper WT	2	0	0	0	0	0	0	0	0
Misc Exp Oper WT	1	0	0	0	0	0	0	0	0
Misc Exp Oper WT	2	17	9	4	4	0	0	0	0
Rents Oper WT	2	0	0	0	0	0	0	0	0
TOTAL WT EXPENSE - OPERATION		272,560	127,785	57,100	79,065	7,017	0	268	1,324
Super & Eng Maint WT	2	0	0	0	0	0	0	0	0
Struct & Improve Maint WT - Labor	2	0	0	0	0	0	0	0	0
Struct & Improve Maint WT	2	19	10	4	5	0	0	0	0
WT Equip Maint WT - Labor	2	3,763	1,912	799	938	98	0	3	12
WT Equip Maint WT	2	1,127	573	239	281	29	0	1	4
TOTAL WT EXPENSE - MAINTENANCE		4,909	2,494	1,043	1,224	128	0	3	16
TOTAL WT EXPENSE		277,469	130,280	58,142	80,290	7,145	0	272	1,341
TRANSMISSION AND DISTRIBUTION EXPENSES									
Super & Eng Oper TD	11	0	0	0	0	0	0	0	0
Storage Facilty Exp - Labor	5	0	0	0	0	0	0	0	0
Storage Facilty Exp	5	0	0	0	0	0	0	0	0
TD Lines Exp - Labor	7	80,037	29,574	11,093	12,198	1,361	0	3,794	22,018
TD Lines Exp	7	58	21	8	9	1	0	3	16
Meter Expense - Labor	9	19,890	15,369	3,210	815	495	0	0	0
Meter Expense	9	0	0	0	0	0	0	0	0
Customer Install Exp - Labor	10	9,712	8,027	927	103	90	0	564	0
Customer Install Exp	10	0	0	0	0	0	0	0	0

IOWA AMERICAN WATER COMPANY
CLINTON DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection Private	Fire Protection Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Misc Exp Oper TD - Labor	11	12	6	2	1	0	0	0	2
Misc Exp Oper TD	11	7,442	3,594	1,034	890	132	0	296	1,495
Misc Exp Oper TD	11	9,275	4,480	1,288	1,109	165	0	369	1,863
Rents Oper TD	11	0	0	0	0	0	0	0	0
TOTAL T & D EXPENSE OPERATION		126,426	61,071	17,563	15,126	2,245	0	5,027	25,395
Super & Eng Maint TD	12	0	0	0	0	0	0	0	0
Struct & Improve Maint TD - Labor	12	0	0	0	0	0	0	0	0
Struct & Improve Maint TD	12	729	269	83	83	10	0	30	253
Dist Res Stand Maint TD - Labor	5	0	0	0	0	0	0	0	0
TD Main Maint TD - Labor	7	30,724	11,353	4,258	4,682	522	0	1,456	8,452
TD Main Maint TD	7	69,009	25,499	9,565	10,517	1,173	0	3,271	18,984
Fire Main Maint TD - Labor	8	0	0	0	0	0	0	0	0
Fire Main Maint TD	8	0	0	0	0	0	0	0	0
Services Maint TD - Labor	10	8,102	6,696	774	86	75	0	471	0
Services Maint TD	10	6,984	5,772	667	74	65	0	406	0
Meters Maint TD - Labor	9	380	294	61	16	9	0	0	0
Meters Maint TD	9	0	0	0	0	0	0	0	0
Hydrants Maint TD - Labor	8	16,386	0	0	0	0	0	0	16,386
Hydrants Maint TD	8	2,803	0	0	0	0	0	0	2,803
Misc Plant Maint TD - Labor	12	0	0	0	0	0	0	0	0
Mat and Sup Maint TD	12	315	116	36	36	4	0	13	109
Misc Maint TD	12	8,478	3,131	966	970	116	0	354	2,941
Amort Def Maint TD	5	0	0	0	0	0	0	0	0
TOTAL T & D EXPENSE - MAINTENANCE		143,910	53,130	16,411	16,464	1,976	0	6,001	49,929
TOTAL T & D EXPENSE		270,336	114,201	33,973	31,590	4,221	0	11,027	75,324
CUSTOMER ACCOUNTS									
Supervision CA	13	10,292	9,228	844	46	55	0	119	0
Meter Reading Exp CA - Labor	14	42,097	38,186	3,494	194	223	0	0	0
Meter Reading Exp CA	14	0	0	0	0	0	0	0	0
Meter Reading Exp CA	14	0	0	0	0	0	0	0	0
Cust Rec & Collection CA - Labor	13	52,400	46,982	4,297	236	278	0	608	0
Cust Rec & Collection CA	13	38,521	34,538	3,159	173	204	0	447	0
Uncollectible Accts	13	77,054	69,087	6,318	347	408	0	894	0
Misc Cust Accts Exp CA - Labor	13	11,837	10,613	971	53	63	0	137	0
Misc Cust Accts Exp CA	13	0	0	0	0	0	0	0	0
Misc Cust Accts Exp CA	13	11,846	10,621	971	53	63	0	137	0
Cust Serv & Info Exp CA	13	0	0	0	0	0	0	0	0
TOTAL CUSTOMER ACCOUNTING EXPENSE		244,047	219,255	20,054	1,102	1,293	0	2,343	0

IOWA AMERICAN WATER COMPANY
CLINTON DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
ADMINISTRATIVE AND GENERAL EXPENSES									
Salaries AG	15	175,674	106,019	23,681	20,361	2,635	0	3,461	19,517
Other Supplies & Exp AG	15	0	0	0	0	0	0	0	0
Other Supplies & Exp AG	15	54,578	32,938	7,357	6,326	819	0	1,075	6,064
Other Supplies & Exp AG	15	40,288	24,314	5,431	4,669	604	0	794	4,476
Mgmt Fees-Admin	15	455,967	275,176	61,464	52,847	6,840	0	8,983	50,658
Mgmt Fees-Customer Service	13	149,069	133,655	12,224	671	790	0	1,729	0
Mgmt Fees-Belleville Lab	2	18,471	9,385	3,923	4,607	482	0	13	61
Mgmt Fees- Employee	16	27,133	15,976	3,714	3,248	421	0	524	3,250
Outside Services AG	15	34,701	20,942	4,678	4,022	521	0	684	3,855
Outside Services AG	15	1,322	798	178	153	20	0	26	147
Property Insurance	15	0	0	0	0	0	0	0	0
Ins Gen Liab Oper AG	15	37,371	22,553	5,038	4,331	561	0	736	4,152
Ins Work Comp AG	16	16,735	9,854	2,291	2,003	259	0	323	2,005
Ins Other Oper AG	15	25,991	15,686	3,504	3,012	390	0	512	2,888
Property Insurance	15	4,351	2,626	587	504	65	0	86	483
Injuries & Damages	16	159	94	22	19	2	0	3	19
Employee Pension & Benefits	16	212,572	125,162	29,101	25,445	3,295	0	4,103	25,466
Employee Pension & Benefits	16	157,324	92,632	21,538	18,832	2,439	0	3,036	18,847
Employee Pension & Benefits	16	26,789	15,773	3,667	3,207	415	0	517	3,209
Reg Commision Exp	19	88,131	46,842	13,995	14,762	1,657	0	1,613	9,263
Rents AG	15	19,788	11,942	2,667	2,293	297	0	390	2,198
Goodwill Advertising Exp	15	9,803	5,916	1,321	1,136	147	0	193	1,089
Misc Exp AG	15	115,131	69,482	15,520	13,344	1,727	0	2,268	12,791
Research & Development	15	0	0	0	0	0	0	0	0
TOTAL A & G OPERATIONS		1,671,348	1,037,765	221,901	185,791	24,385	0	31,067	170,439
General Plant Maint AG - Labor	15	0	0	0	0	0	0	0	0
General Plant Maint AG	15	15,672	9,458	2,113	1,816	235	0	309	1,741
TOTAL A & G EXPENSE - MAINTENANCE		15,672	9,458	2,113	1,816	235	0	309	1,741
TOTAL A & G EXPENSE		1,687,020	1,047,223	224,013	187,608	24,620	0	31,376	172,181
Total Operation & Maintenance Expenses		3,208,433	1,845,591	487,490	515,633	55,873	0	46,572	257,274

IOWA AMERICAN WATER COMPANY
CLINTON DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
DEPRECIATION EXPENSE									
Struct & Imp SS	2	9,521	4,838	2,022	2,375	248	0	7	31
Struct & Imp P	6	23,079	10,868	4,530	5,308	556	0	268	1,549
Struct & Imp WT	2	182,751	92,856	38,816	45,578	4,770	0	128	603
Struct & Imp TD	7		0	0	0	0	0	0	0
Struct & Imp AG	15	102	62	14	12	2	0	2	11
Struct & Imp Offices	15	0	0	0	0	0	0	0	0
Struct & Imp Store,Shop,Gar	15	1,295	782	175	150	19	0	26	144
Struct & Imp Misc	15	0	0	0	0	0	0	0	0
Collect & Impounding	1		0	0	0	0	0	0	0
Lake, River & Other Intakes	2		0	0	0	0	0	0	0
Wells & Springs	2	32,702	16,616	6,946	8,156	854	0	23	108
Infiltration Galleries and Tunnels	2		0	0	0	0	0	0	0
Supply Mains	2	14	7	3	3	0	0	0	0
Power Generation Equip Othe	6	19,416	9,143	3,811	4,466	468	0	225	1,303
Pump Equip Electric	6	24,546	11,559	4,818	5,646	592	0	285	1,647
Pump Equip Diesel	6		0	0	0	0	0	0	0
Pump Equip Hydraulic	6		0	0	0	0	0	0	0
Pump Equip Other	6	651	307	128	150	16	0	8	44
WT Equip Non-Media	2	15,865	8,061	3,370	3,957	414	0	11	52
WT Equip Chemical	2		0	0	0	0	0	0	0
WT Equip Filter Media	2		0	0	0	0	0	0	0
Dist Reservoirs & Standpipe	5	8,936	3,404	1,230	1,312	150	0	416	2,424
Elevated Tanks & Standpipes	5	10,102	3,848	1,390	1,483	170	0	471	2,741
Ground Level Facilities	5	10,102	3,848	1,390	1,483	170	0	471	2,741
Below Grade Facilities	5	1,881	716	259	276	32	0	88	510
TD Mains Not Classified by	7		0	0	0	0	0	0	0
TD Mains 4" & Less	4	7,797	2,709	979	1,047	119	0	432	2,511
TD Mains 6" to 8"	4	76,508	26,579	9,602	10,275	1,171	0	4,239	24,643
TD Mains 10" to 16"	3	97,216	44,729	18,685	21,942	2,294	0	1,410	8,156
TD Mains 18" & Grtr	3	0	0	0	0	0	0	0	0
Fire Mains	8		0	0	0	0	0	0	0
Services	10	179,377	148,255	17,131	1,901	1,668	0	10,422	0
Meters	9		0	0	0	0	0	0	0
Meters Bronze Case	9	30,376	23,472	4,903	1,245	756	0	0	0
Meters Plastic Case	9	613	474	99	25	15	0	0	0
Meters Other	9		0	0	0	0	0	0	0
Meters Other-Rem Rdr Unts	9	164	127	26	7	4	0	0	0
Meter Installations	9	9,545	7,375	1,541	391	238	0	0	0
Meter Vaults	9		0	0	0	0	0	0	0
Hydrants	8	34,984	0	0	0	0	0	0	34,984
Utility Plant Acquisition Adjustment	17		0	0	0	0	0	0	0
Other P/E WT Res Hand Equip	2		0	0	0	0	0	0	0
Other P/E TD	7	32	12	4	5	1	0	2	9
Other P/E CPS	17		0	0	0	0	0	0	0
Office Furniture & Equip	15	10,102	6,097	1,362	1,171	152	0	199	1,122
Comp & Periph Equip	15	12,115	7,311	1,633	1,404	182	0	239	1,346

IOWA AMERICAN WATER COMPANY
CLINTON DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Computer Software	15	3,863	2,331	521	448	58	0	76	429
Comp Software Personal	15	0	0	0	0	0	0	0	0
Data Handling Equipment	15	0	0	0	0	0	0	0	0
Other Office Equipment	15	266	161	36	31	4	0	5	30
Trans Equip Lt Duty Trks	15		0	0	0	0	0	0	0
Trans Equip Hvy Duty Trks	15		0	0	0	0	0	0	0
Trans Equip Autos	15		0	0	0	0	0	0	0
Trans Equip Other	15	601	363	81	70	9	0	12	67
Stores Equipment	15		0	0	0	0	0	0	0
Tools,Shop,Garage Equip	15	14,169	8,551	1,910	1,642	213	0	279	1,574
Tools,Shop,Garage Equip Oth	15		0	0	0	0	0	0	0
Laboratory Equipment	2	991	504	210	247	26	0	1	3
Laboratory Equip Other	2		0	0	0	0	0	0	0
Power Operated Equipment	15	1,622	979	219	188	24	0	32	180
Comm Equip Non-Telephone	15	59,272	35,771	7,990	6,870	889	0	1,168	6,585
Remote Control & Instr	15	1,705	1,029	230	198	26	0	34	189
Comm Equip Telephone	15	108	65	15	13	2	0	2	12
Misc Equipment	15	3,359	2,027	453	389	50	0	66	373
Other Tangible Property	15	165	100	22	19	2	0	3	18
Total Depreciation Expense		885,913	485,931	136,552	129,881	16,362	0	21,046	96,142
Amort-Other UP	18	8,188	3,956	1,368	1,478	166	0	168	1,051
Amort-Intangible Fin	2	0	0	0	0	0	0	0	0
Amort of Capitalized Interest	18	2,229	1,077	372	402	45	0	46	286
Taxes Other Than Income									
Utility Reg Assessment Fee	19	3,833	2,037	609	642	72	0	70	403
Property Taxes	18	403,447	194,946	67,416	72,822	8,190	0	8,271	51,803
FUTA	16	591	348	81	71	9	0	11	71
FICA	16	43,857	25,823	6,004	5,250	680	0	846	5,254
SUTA	16	2,646	1,558	362	317	41	0	51	317
Other Taxes & Licenses	15	712	430	96	83	11	0	14	79
Gross Receipts Tax	19	0	0	0	0	0	0	0	0
Total Taxes, Other Than Income		455,086	225,141	74,568	79,184	9,003	0	9,264	57,926
Income Taxes	18	825,268	398,769	137,902	148,961	16,753	0	16,918	105,964
Utility Income Available for Return	18	2,020,903	976,500	337,693	364,773	41,024	0	41,429	259,484
Total Cost of Service		7,406,020	3,936,967	1,175,946	1,240,312	139,226	0	135,441	778,128

IOWA AMERICAN WATER COMPANY
CLINTON DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection Private	Fire Protection Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Less: Other Water Revenues									
Miscellanous	19	(4)	(2)	(1)	(1)	(0)	0	(0)	(0)
Late Payment Fees/NSF	19	15,428	8,200	2,450	2,584	290	0	282	1,621
Customer Activation Charge	9	29,018	22,422	4,684	1,190	723	0	0	0
Reconnection Charges	9	40,893	31,598	6,600	1,677	1,018	0	0	0
Total Other Water Revenues		85,335	62,218	13,733	5,450	2,031	0	282	1,621
Total Cost of Service Related to Sales of Water		$ 7,320,685	$ 3,874,749	$ 1,162,213	$ 1,234,863	$ 137,195	$ -	$ 135,159	$ 776,507
Reallocation of Public Fire	9	0	600,007	125,328	31,837	19,335	0	0	(776,507)
Total		$ 7,320,685	$ 4,474,755	$ 1,287,541	$ 1,266,699	$ 156,530	$ -	$ 135,159	$ -

IOWA AMERICAN WATER COMPANY
CLINTON DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS

FACTOR 1. ALLOCATION OF COSTS WHICH VARY WITH THE AMOUNT OF WATER CONSUMED.

Factors are based on the pro forma test year average daily consumption for each customer classification.

Customer Classification	Average Daily Consumption, CCF	Allocation Factor
(1)	(2)	(3)
Residential	1,714	0.4527
Commercial	789	0.2083
Industrial	1,162	0.3068
Other Public Authority	97	0.0256
Sales for Resale	0	0.0000
Private Fire Protection	4	0.0011
Public Fire Protection	21	0.0055
Total	3,787	1.0000

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the factors for average daily consumption (Factor 1) and the factors derived from maximum day extra capacity demand for each customer classification, as follows:

	Average Daily Consumption		Maximum Day Extra Capacity		
Customer Classification	Allocation Factor 1	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)x 0.6061	(4)	(5)=(4)x 0.3939	(6)=(3)+(5)
Residential	0.4527	0.2743	0.5935	0.2338	0.5081
Commercial	0.2083	0.1263	0.2185	0.0861	0.2124
Industrial	0.3068	0.1860	0.1610	0.0634	0.2494
Other Public Authority	0.0256	0.0155	0.0270	0.0106	0.0261
Sales for Resale	0.0000	0.0000	0.0000	0.0000	0.0000
Private Fire Protection	0.0011	0.0007			0.0007
Public Fire Protection	0.0055	0.0033			0.0033
Total	1.0000	0.6061	1.0000	0.3939	1.0000

The derivation of the maximum day extra capacity factors in column 4 and the basis for the column 3 and 5 weightings are presented on the following page.

IOWA AMERICAN WATER COMPANY
CLINTON DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS, cont.

		Maximum Day Extra Capacity		
Customer Classification	Average Daily Consumption, CCF	Factor*	Rate of Flow, Thousand Gal. Per Day	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	1,714	1.00	1,714	0.5935
Commercial	789	0.80	631	0.2185
Industrial	1,162	0.40	465	0.1610
Other Public Authority	97	0.80	78	0.0270
Sales for Resale	0		0	0.0000
Total	3,762		2,888	1.0000

The weighting of the factors is based on the maximum day ratio of 1.65, based on Schedule D.

	Maximum Day Ratio	Weight
Average Day	1.00	0.6061
Maximum Day Extra Capacity	0.65	0.3939
Total	1.65	1.0000

* Ratio of maximum day to average day minus 1.0.

IOWA AMERICAN WATER COMPANY
CLINTON DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Daily Consumption		Maximum Day Extra Capacity		Fire Protection		Allocation Factor
	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	
(1)	(2)	(3)=(2) X 0.5486	(4)	(5)=(4) X 0.3566	(6)	(7)=(6) X 0.0948	(8)=(3)+(5)+(7)
Residential	0.4527	0.2484	0.5935	0.2117			0.4601
Commercial	0.2083	0.1143	0.2185	0.0779			0.1922
Industrial	0.3068	0.1683	0.1610	0.0574			0.2257
Other Public Authority	0.0256	0.0140	0.0270	0.0096			0.0236
Sales for Resale	0.0000	0.0000	0.0000	0.0000			0.0000
Private Fire Protection	0.0011	0.0006			0.1464	0.0139	0.0145
Public Fire Protection	0.0055	0.0030			0.8536	0.0809	0.0839
Total	1.0000	0.5486	1.0000	0.3566	1.0000	0.0948	1.0000

IOWA AMERICAN WATER COMPANY
CLINTON DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum day ratio of 1.65 and the average daily system sendout for 2008 of 3.64 MGD. The system demand for fire protection is 3,500 Gallons per minute for 3 hours.

	Ratio	Rate of Flow, (GPD)	Weight
Average Day	1.00	3,643,721	0.5486
Maximum Day Extra Capacity	0.65	2,368,418	0.3566
Subtotal	1.65	6,012,139	0.9052
Fire Protection		630,000	0.0948
Total		6,642,139	1.0000

IOWA AMERICAN WATER COMPANY
CLINTON DISTRICT

BASIS FOR ALLOCATING DEMAND RELATED COSTS OF FIRE SERVICE TO PRIVATE AND PUBLIC FIRE PROTECTION CUSTOMER CLASSIFICATIONS

Description		Restrictive Diameters Squared	Quantity	Relative Demand	Allocation Factor
(1)		(2)	(3)	(4)=(2)x(3)	(5)
PRIVATE FIRE PROTECTION					
Fire Lines					
2 -inch		4.00	0	0	
3 -inch		9.00	0	0	
4 -inch		16.00	18	288	
6 -inch		36.00	32	1,152	
8 -inch		64.00	69	4,416	
10 -inch		100.00	2	200	
12 -inch		144.00	0	0	
Private Hydrants			0	0	
Total Private Fire Protection			121	6,056	0.1464
PUBLIC FIRE PROTECTION					
Hydrant	Nozzle Sizes				
6" Standard	4 1/2" & 2-2 1/2"	32.75	1,027	33,634	
6" Standard	2-2 1/2"	12.50	133	1,663	
Total Public Fire Prorection			1,160	35,297	0.8536
Total Fire Protection			1,281	41,353	1.0000

IOWA AMERICAN WATER COMPANY
CLINTON DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		Allocation Factor
	CCF	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	
(1)	(2)	(3)	(4)=(3) X 0.2715	(5)	(6)=(5) X 0.3529	(7)	(8)=(7) X 0.3756	(9)=(4)+(6)+(8)
Residential	71.4	0.4525	0.1228	0.6367	0.2246			0.3474
Commercial	32.9	0.2085	0.0566	0.1956	0.0689			0.1255
Industrial	48.4	0.3067	0.0833	0.1439	0.0510			0.1343
Other Public Authority	4.0	0.0253	0.0069	0.0238	0.0084			0.0153
Sales for Resale	0.0	0.0000	0.0000	0.0000	0.0000			0.0000
Private Fire Protection	0.2	0.0013	0.0004			0.1464	0.0550	0.0554
Public Fire Protection	0.9	0.0057	0.0015			0.8536	0.3206	0.3221
Total	157.8	1.0000	0.2715	1.0000	0.3529	1.0000	0.3756	1.0000

The maximum hour extra capacity factors in column 5 are determined on the following page.

IOWA AMERICAN WATER COMPANY
CLINTON DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum hour ratio of 2.3 and the average daily system sendout for 2008 of 3.64 MGD. The system demand for fire protection is 3,500 gallons per minute.

	Ratio	Rate of Flow, (GPM)	Weight
Average Hour	1.00	2,530	0.2715
Maximum Hour Extra Capacity	1.30	3,289	0.3529
Subtotal	2.30	5,819	0.6244
Fire Protection		3,500	0.3756
Total		9,319	1.0000

The maximum hour extra capacity factors in column 5 of the previous page are determined as follows:

Customer Classification	Estimated Average Hourly Consumption CCF	Maximum Hour Extra Capacity Factor*	Maximum Hour Extra Capacity CCF Per Hour	Maximum Hour Extra Capacity Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	71.4	3.00	214.2	0.6367
Commercial	32.9	2.00	65.8	0.1956
Industrial	48.4	1.00	48.4	0.1439
Other Public Authority	4.0	2.00	8.0	0.0238
Sales for Resale	0.0		0.0	0.0000
Total	156.7		336.4	1.0000

* Ratio of Maximum Hour To Average Hour Minus 1.0.

IOWA AMERICAN WATER COMPANY
CLINTON DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES.

Factors are based on the weighting of the average hourly consumption, the maximum hour extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		
	CCF	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3) X 0.2975	(5)	(6)=(5) X 0.3867	(7)	(8)=(7) X 0.3158	(9)=(4)+(6)+(8)
Residential	71.4	0.4525	0.1347	0.6366	0.2462			0.3809
Commercial	32.9	0.2085	0.0620	0.1955	0.0756			0.1376
Industrial	48.4	0.3067	0.0912	0.1438	0.0556			0.1468
Other Public Authority	4.0	0.0253	0.0075	0.0241	0.0093			0.0168
Sales for Resale	0.0	0.0000	0.0000	0.0000	0.0000			0.0000
Private Fire Protection	0.2	0.0013	0.0004			0.1464	0.0462	0.0466
Public Fire Protection	0.9	0.0057	0.0017			0.8536	0.2696	0.2713
Total	157.8	1.0000	0.2975	1.0000	0.3867	1.0000	0.3158	1.0000

The weighting of the factors is based on the ratio of the capacity required for a 3 hour demand of fire flow, as related to total storage capacity. The calculation is shown on the following page.

IOWA AMERICAN WATER COMPANY
CLINTON DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES, cont.

The weighting of the factors is based on the ratio of the capacity required for a 4 hour demand of fire flow, as related to total storage capacity.

Fire Protection Weight = $\frac{3{,}500 \text{ GPM X } 60 \text{ Min. X } 3 \text{ Hrs.}}{1{,}995{,}000 \text{ Gallons}}$ = 0.3158

General Service Weight = 1.0000 - 0.3158 = 0.6842

The weighting of the average hourly consumption and maximum hour extra demand for general service is based on the maximum hour ratio, as follows:

	Maximum Hour Ratio	Percent	Weight
Average Hour	1.00	43.48	0.2975
Extra Capacity Maximum Hour	1.30	56.52	0.3867
Total	2.30	100.00	0.6842

The maximum hour extra capacity factors in column 5 of the previous page are determined as follows:

Customer Classification	Average Hourly Consumption CCF	Maximum Hour Extra Capacity Factor*	Maximum Hour Extra Capacity CCF Per Hour	Maximum Hour Extra Capacity Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	71.4	3.00	214.3	0.6366
Commercial	32.9	2.00	65.8	0.1955
Industrial	48.4	1.00	48.4	0.1438
Other Public Authority	4.0	2.00	8.1	0.0241
Sales for Resale	0.0		0.0	0.0000
Total	156.8		336.6	1.0000

* Ratio of Maximum Hour To Average Hour Minus 1.0.

IOWA AMERICAN WATER COMPANY
CLINTON DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH POWER AND PUMPING FACILITIES.

Factors are based on the weighting of the maximum daily consumption, Factor 2, the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

	Maximum Daily Consumption		Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 2	Weighted Factor	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.2832	(4)	(5)=(4)X 0.6913	(6)	(7)=(6)X 0.0255	(8)=(3)+ (5)+(7)
Residential	0.5081	0.1439	0.4601	0.3181	0.3474	0.0089	0.4709
Commercial	0.2124	0.0602	0.1922	0.1329	0.1255	0.0032	0.1963
Industrial	0.2494	0.0706	0.2257	0.1560	0.1343	0.0034	0.2300
Other Public Authority	0.0261	0.0074	0.0236	0.0163	0.0153	0.0004	0.0241
Sales for Resale	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Private Fire Protection	0.0007	0.0002	0.0145	0.0100	0.0554	0.0014	0.0116
Public Fire Protection	0.0033	0.0009	0.0839	0.0580	0.3221	0.0082	0.0671
Total	1.0000	0.2832	1.0000	0.6913	1.0000	0.0255	1.0000

The weighting of the factors is based on the horsepower of pumps associated with maximum day facilities, maximum day and fire facilities, and maximum hour facilities, as follows:

	Horsepower of Pumps	Weight
Associated with Maximum Day	555	0.2832
Associated with Maximum Day and Fire	1,355	0.6913
Associated with Maximum Hour	50	0.0255
Total	1,960	1.0000

IOWA AMERICAN WATER COMPANY
CLINTON DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 7. ALLOCATION OF COSTS ASSOCIATED WITH TRANSMISSION AND DISTRIBUTION MAINS.

Factors are based on the weighting of the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

	Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.1974	(4)	(5)=(4)X 0.8026	(6)=(3)+(5)
Residential	0.4601	0.0907	0.3474	0.2788	0.3695
Commercial	0.1922	0.0379	0.1255	0.1007	0.1386
Industrial	0.2257	0.0446	0.1343	0.1078	0.1524
Other Public Authority	0.0236	0.0047	0.0153	0.0123	0.0170
Sales for Resale	0.0000	0.0000	0.0000	0.0000	0.0000
Private Fire Protection	0.0145	0.0029	0.0554	0.0445	0.0474
Public Fire Protection	0.0839	0.0166	0.3221	0.2585	0.2751
Total	1.0000	0.1974	1.0000	0.8026	1.0000

The weighting of the factors is based on the footage of mains, designated as either transmission mains or distribution mains, as follows:

	Total Inch-Feet of Mains	Weight
Transmission Mains (10" and Larger)	157,759	0.1974
Distribution Mains (Less than 10")	641,444	0.8026
Total	799,203	1.0000

IOWA AMERICAN WATER COMPANY
CLINTON DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 8. ALLOCATION OF COSTS ASSOCIATED WITH FIRE HYDRANTS.

Costs are assigned directly to Public Fire Protection.

Customer Classification	Allocation Factor
(1)	(3)
Public Fire Protection	1.0000
Total	1.0000

FACTOR 9. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

Factors are based on the relative cost of meters by size and customer classification, as developed on the following page and summarized below.

Customer Classification	5/8" Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	9,434	0.7727
Commercial	1,970	0.1614
Industrial	500	0.0410
Other Public Authority	304	0.0249
Sales for Resale	0	0.0000
Private Fire	0	0.0000
Total	12,208	1.0000

IOWA AMERICAN WATER COMPANY
CLINTON DISTRICT

BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS

Meter Size	5/8" Equivalent	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Total	
		Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)
5/8	1.0	9,290	9,290	600	600	1	1	13	13	0	0	9,904	9,904
3/4	1.5	33	50	28	42	1	2	1	2	0	0	63	96
1	2.5	29	73	86	215	3	8	8	20	0	0	126	316
1-1/2	5.0	1	5	34	170	1	5	3	15	0	0	39	195
2	8.0	2	16	106	848	33	264	28	224	0	0	169	1,352
3	15.0	0	0	1	15	6	90	2	30	0	0	9	135
4	25.0	0	0	0	0	0	0	0	0	0	0	0	0
6	50.0	0	0	0	0	1	50	0	0	0	0	1	50
8	80.0	0	0	1	80	1	80	0	0	0	0	2	160
Total		9,355	9,434	856	1,970	47	500	55	304	0	0	10,313	12,208

IOWA AMERICAN WATER COMPANY
CLINTON DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 10. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

Factors are based on the relative cost of services by size and customer classification, as developed on the following page and summarized below.

Customer Classification	3/4" Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	9,371	0.8265
Commercial	1,083	0.0955
Industrial	120	0.0106
Other Public Authority	106	0.0093
Sales for Resale	0	0.0000
Private Fire Protection	659	0.0581
Total	11,339	1.0000

IOWA AMERICAN WATER COMPANY
CLINTON DISTRICT

BASIS FOR ALLOCATING SERVICE COSTS TO CUSTOMER CLASSIFICATIONS

Service Size	3/4" Equivalent	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Private Fire Protection		Total	
		Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)=(2)X(11)	(15)	(16)
3/4	1.00	9,323	9,323	628	628	2	2	14	14	0	0	0	0	9,967	9,967
1	1.40	29	41	86	120	3	4	8	11	0	0	0	0	126	176
1-1/2	1.80	1	2	34	61	1	2	3	5	0	0	0	0	39	70
2	2.50	2	5	106	265	33	83	28	70	0	0	0	0	169	423
3	3.00	0	0	1	3	6	18	2	6	0	0	0	0	9	27
4	4.00	0	0	0	0	0	0	0	0	0	0	18	72	18	72
6	5.00	0	0	0	0	1	5	0	0	0	0	32	160	33	165
8	6.00	0	0	1	6	1	6	0	0	0	0	69	414	71	426
10	6.50	0	0	0	0	0	0	0	0	0	0	2	13	2	13
12	7.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total		9,355	9,371	856	1,083	47	120	55	106	0	0	121	659	10,434	11,339

IOWA AMERICAN WATER COMPANY
CLINTON DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 11. ALLOCATION OF TRANSMISSION AND DISTRIBUTION OPERATION SUPERVISION AND ENGINEERING, STRUCTURES AND IMPROVEMENTS, AND OTHER EXPENSES.

Factors are based on transmission and distribution operation expenses other than those being allocated,

Customer Classification	Transmission & Distribution Operating Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$ 52,991	0.4830
Commercial	15,239	0.1389
Industrial	13,125	0.1196
Other Public Authority	1,947	0.0178
Sales for Resale	-	0.0000
Private Fire Protection	4,361	0.0398
Public Fire Protection	22,034	0.2009
Total	109,697	1.0000

FACTOR 12. ALLOCATION OF TRANSMISSION AND DISTRIBUTION MAINTENANCE SUPERVISION AND ENGINEERING, STRUCTURES AND IMPROVEMENTS, AND OTHER EXPENSES.

Factors are based on transmission and distribution maintenance expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$ 49,614	0.3693
Commercial	15,325	0.1140
Industrial	15,375	0.1144
Other Public Authority	1,845	0.0137
Sales for Resale	-	0.0000
Private Fire Protection	5,604	0.0417
Public Fire Protection	46,626	0.3469
Total	$134,388	1.0000

IOWA AMERICAN WATER COMPANY
CLINTON DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 13. ALLOCATION OF BILLING AND COLLECTING COSTS.

Factors are based on the total number of customers.

Customer Classification	Total Customers	Allocation Factor
(1)	(2)	(3)
Residential	9,355	0.8966
Commercial	856	0.0820
Industrial	47	0.0045
Other Public Authority	55	0.0053
Sales for Resale	0	0.0000
Private Fire Protection	121	0.0116
Public Fire Protection	0	0.0000
Total	10,434	1.0000

FACTOR 14. ALLOCATION OF METER READING COSTS.

Factors are based on the number of metered customers.

Customer Classification	Total Metered Customers	Allocation Factor
(1)	(2)	(3)
Residential	9,355	0.9071
Commercial	856	0.0830
Industrial	47	0.0046
Other Public Authority	55	0.0053
Sales for Resale	0	0.0000
Total	10,313	1.0000

IOWA AMERICAN WATER COMPANY
CLINTON DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 15. ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES

Factors are based on the allocation of all other operation and maintenance expenses excluding purchased water, power, chemicals and waste disposal.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$438,661	0.6035
Commercial	97,965	0.1348
Industrial	84,248	0.1159
Other Public Authority	10,912	0.0150
Sales for Resale	0	0.0000
Private Fire Protection	14,322	0.0197
Public Fire Protection	80,723	0.1111
Total	$726,831	1.0000

FACTOR 15A. ALLOCATION OF CASH WORKING CAPITAL

Factors are based on the allocation of all other operation and maintenance expenses excluding regulatory expense.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$1,798,749	0.5765
Commercial	473,495	0.1517
Industrial	500,871	0.1605
Other Public Authority	54,216	0.0174
Sales for Resale	0	0.0000
Private Fire Protection	44,959	0.0144
Public Fire Protection	248,011	0.0795
Total	$3,120,302	1.0000

IOWA AMERICAN WATER COMPANY
CLINTON DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 16. ALLOCATION OF LABOR RELATED TAXES AND BENEFITS.

Factors are based on the allocation of direct labor expense.

Customer Classification	Direct Labor Expense	Allocation Factor
(1)	(2)	(3)
Residential	$347,136	0.5888
Commercial	80,663	0.1369
Industrial	70,525	0.1197
Other Public Authority	9,130	0.0155
Sales for Resale	0	0.0000
Private Fire Protection	11,351	0.0193
Public Fire Protection	70,606	0.1198
Total	$589,411	1.0000

FACTOR 17. ALLOCATION OF ORGANIZATION, FRANCHISES AND CONSENTS, MISCELLANEOUS INTANGIBLE PLANT AND OTHER RATE BASE ELEMENTS.

Factors are based on the allocation of the original cost less depreciation other than those items being allocated, as follows:

Customer Classification	Original Cost Less Depreciation	Allocation Factor
(1)	(2)	(3)
Residential	$10,139,392	0.4790
Commercial	3,551,622	0.1678
Industrial	3,840,752	0.1814
Other Public Authority	432,324	0.0204
Sales for Resale	0	0.0000
Private Fire Protection	439,347	0.0208
Public Fire Protection	2,765,301	0.1306
Total	$21,168,738	1.0000

IOWA AMERICAN WATER COMPANY
CLINTON DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 18. ALLOCATION OF INCOME TAXES AND INCOME AVAILABLE FOR RETURN.

Factors are based on the allocation of the original cost measure of value rate base as shown on the following pages and summarized below.

Customer Classification	Original Cost Measure of Value	Allocation Factor
(1)	(2)	(3)
Residential	$10,016,653	0.4832
Commercial	3,462,747	0.1671
Industrial	3,742,289	0.1805
Other Public Authority	420,577	0.0203
Sales for Resale	0	0.0000
Private Fire Protection	424,094	0.0205
Public Fire Protection	2,660,848	0.1284
Total	$20,727,209	1.0000

FACTOR 19. ALLOCATION OF REGULATORY COMMISSION EXPENSES, ASSESSMENTS AND OTHER WATER REVENUES.

The factors are based on the allocation of the total cost of service, excluding those items being allocated.

Customer Classification	Total Cost of Service	Allocation Factor
(1)	(2)	(3)
Residential	$3,887,011	0.5315
Commercial	1,160,969	0.1588
Industrial	1,224,506	0.1675
Other Public Authority	137,452	0.0188
Sales for Resale	0	0.0000
Private Fire Protection	133,713	0.0183
Public Fire Protection	768,176	0.1051
Total	$7,311,827	1.0000

IOWA AMERICAN WATER COMPANY
CLINTON DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection Private	Fire Protection Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
RATE BASE									
Organization	17	$ 8,821	$ 4,225	$ 1,480	$ 1,600	$ 180	$ -	$ 183	$ 1,152
Franchises	17	22,804	10,923	3,827	4,137	465	0	474	2,978
Land & Ld Rights SS	2	23,472	11,926	4,985	5,854	613	0	16	77
Land & Ld Rights P	6	7,808	3,677	1,533	1,796	188	0	91	524
Land & Ld Rights TD	7	43,670	16,136	6,053	6,655	742	0	2,070	12,014
Land & Land Rights AG	15	15,000	9,053	2,022	1,739	225	0	296	1,667
Struct & Imp SS	2	233,598	118,691	49,616	58,259	6,097	0	164	771
Struct & Imp P	6	583,922	274,969	114,624	134,302	14,073	0	6,773	39,181
Struct & Imp WT	2	5,102,983	2,592,826	1,083,874	1,272,684	133,188	0	3,572	16,840
Struct & Imp AG	15	1,638	988	221	190	25	0	32	182
Struct & Imp Offices	15	0	0	0	0	0	0	0	0
Struct & Imp Store, Shop,Gar	15	19,379	11,695	2,612	2,246	291	0	382	2,153
Struct & Imp Misc	15	0	0	0	0	0	0	0	0
Wells & Springs	2	429,324	218,140	91,188	107,073	11,205	0	301	1,417
Supply Mains	2	266	135	56	66	7	0	0	1
Power Generation Equip Othe	6	280,652	132,159	55,092	64,550	6,764	0	3,256	18,832
Pump Equip Electric	6	469,565	221,118	92,176	108,000	11,317	0	5,447	31,508
Pump Equip Other	6	1,167	549	229	268	28	0	14	78
WT Equip Non-Media	2	103,813	52,747	22,050	25,891	2,710	0	73	343
Dist Reservoirs & Standpipe	5	53,270	20,291	7,330	7,820	895	0	2,482	14,452
Elevated Tanks & Standpipes	5	66,730	25,417	9,182	9,796	1,121	0	3,110	18,104
Clearwell	5	412,228	157,018	56,723	60,515	6,925	0	19,210	111,837
TD Mains 4" & Less	4	153,990	53,496	19,326	20,681	2,356	0	8,531	49,600
TD Mains 6" to 8"	4	3,284,858	1,141,160	412,250	441,156	50,258	0	181,981	1,058,053
TD Mains 10" to 16"	3	5,957,606	2,741,094	1,145,052	1,344,632	140,599	0	86,385	499,843
TD Mains 18" & Gtr	3	0	0	0	0	0	0	0	0

IOWA AMERICAN WATER COMPANY
CLINTON DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection Private	Fire Protection Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Services	10	1,610,558	1,331,126	153,808	17,072	14,978	0	93,573	0
Meters Bronze Case	9	171,322	132,380	27,651	7,024	4,266	0	0	0
Meters Plastic Case	9	(139,401)	(107,716)	(22,499)	(5,715)	(3,471)	0	0	0
Meters Other	9	(1,146)	(885)	(185)	(47)	(29)	0	0	0
Meter Installations	9	402,749	311,204	65,004	16,513	10,028	0	0	0
Hydrants	8	766,078	0	0	0	0	0	0	766,078
Other P/E	2	16,969	8,622	3,604	4,232	443	0	12	56
Other P/E TD	7	882	326	122	134	15	0	42	243
Office Furniture & Equip	15	221,404	133,617	29,845	25,661	3,321	0	4,362	24,598
Comp & Periph Equip	15	66,175	39,937	8,920	7,670	993	0	1,304	7,352
Computer Software	15	71,327	43,046	9,615	8,267	1,070	0	1,405	7,924
Comp Software Personal	15	0	0	0	0	0	0	0	0
Data Handling Equipment	15	14,708	8,877	1,983	1,705	221	0	290	1,634
Other Office Equipment	15	3,762	2,270	507	436	56	0	74	418
Trans Equip Other	15	1,804	1,089	243	209	27	0	36	200
Tools,Shop,Garage Equip	15	276,993	167,165	37,339	32,104	4,155	0	5,457	30,774
Laboratory Equipment	2	2,725	1,385	579	680	71	0	2	9
Power Operated Equipment	15	12,295	7,420	1,657	1,425	184	0	242	1,366
Comm Equip Non-Telephone	15	283,550	171,123	38,223	32,863	4,253	0	5,586	31,502
Remote Control & Instr	15	23,637	14,265	3,186	2,739	355	0	466	2,626
Comm Equip Telephone	15	331	200	45	38	5	0	7	37
Misc Equipment	15	117,079	70,657	15,782	13,569	1,756	0	2,306	13,007
Other Tangible Property	17	(4,371)	(2,094)	(733)	(793)	(89)	0	(91)	(571)
Total Utility Plant in Service		21,195,992	10,152,447	3,556,195	3,845,696	432,880	0	439,914	2,768,860

IOWA AMERICAN WATER COMPANY
CLINTON DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Other Rate Base Items									
Other Utility Plant Adjustments	17	0	0	0	0	0	0	0	0
Cash Working Capital	15A	977,700	563,644	148,317	156,921	17,012	0	14,079	77,727
Materials and Supplies	15	0	0	0	0	0	0	0	0
Allowance for Doubtful Accounts	13	(28,210)	(25,293)	(2,313)	(127)	(150)	0	(327)	0
Deferred Charges - Tank Painting	5		0	0	0	0	0	0	0
Pension / OPEB	16	47,427	27,925	6,493	5,677	735	0	915	5,682
Regulatory Deferrals	17	0	0	0	0	0	0	0	0
Accumulated Deferred ITC (3%)	17	(4,946)	(2,369)	(830)	(897)	(101)	0	(103)	(646)
Deferred Income Taxes	17	(1,553,260)	(744,012)	(260,637)	(281,761)	(31,687)	0	(32,308)	(202,856)
AFUDC Debt	17	92,506	44,310	15,522	16,780	1,887	0	1,924	12,081
Total Other Rate Base Elements		(468,783)	(135,794)	(93,448)	(103,407)	(12,303)	0	(15,820)	(108,012)
Total Original Cost Measure of Value		$ 20,727,209	$ 10,016,653	$ 3,462,747	$ 3,742,289	$ 420,577	$ -	$ 424,094	$ 2,660,848

IOWA AMERICAN WATER COMPANY
CLINTON DISTRICT

SUMMARY OF AVERAGE DAILY SEND OUT AND MAXIMUM DAILY USAGE
FOR THE YEARS 1998-2008

Year	Average Daily Send out (MGD)	Maximum Daily Use		
		MGD	Ratio to Average	Highest Use Day
(1)	(2)	(3)	(4)	(5)
1998	3.397	4.402	1.30	6/20/1998
1999	3.490	5.397	1.55	7/15/1999
2000	3.483	5.077	1.46	10/4/2000
2001	3.845	5.487	1.43	8/1/2001
2002	3.999	4.948	1.24	6/24/2002
2003	3.876	5.227	1.35	8/25/2003
2004	3.494	5.698	1.63	9/23/2004
2005	3.383	4.987	1.47	8/8/2005
2006	3.138	4.680	1.49	8/1/2006
2007	3.499	5.251	1.50	9/24/2007
2008	3.644	5.968	1.64	7/19/2008

PART III. COST OF SERVICE BY CUSTOMER CLASSIFICATION

QUAD CITIES DISTRICT

IOWA AMERICAN WATER COMPANY
QUAD CITIES DISTRICT

COMPARISON OF PROFORMA COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008

Customer Classification	Proforma Cost of Service, as of 12/31/2008		Proforma Revenues, Under Present Rates		Proforma Revenues, Under Proposed Rates		Proposed Increase	
	Amount (Schedule B)	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent Increase
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Residential	$18,534,190	64.8%	$13,640,286	61.9%	$17,851,564	62.4%	$ 4,211,278	30.9%
Commercial (a)	6,993,250	24.5%	5,616,615	25.5%	7,250,438	25.4%	1,633,823	29.1%
Industrial	1,903,293	6.7%	1,598,567	7.2%	2,000,049	7.0%	401,482	25.1%
Public Authority	660,040	2.3%	536,713	2.4%	691,259	2.4%	154,546	28.8%
Private Fire Service	496,115	1.7%	660,761	3.0%	792,924	2.8%	132,163	20.0%
Total Sales	28,586,889	100.0%	22,052,942	100.0%	28,586,234	100.0%	6,533,292	29.6%
Other Revenues	452,490		436,960		452,490		15,530	3.6%
Total	$29,039,378		$22,489,902		$29,038,723		$ 6,548,822	29.1%

(a) Includes Miscelleous billed revenue.

IOWA AMERICAN WATER COMPANY
QUAD CITIES DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
OPERATION AND MAINTENANCE EXPENSES									
SOURCE OF SUPPLY EXPENSES									
Salaries and Wages	2	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Labor & Exp Oper SS - Labor	2	0	0	0	0	0	0	0	0
Labor & Exp Oper SS	2	229,252	128,106	68,959	24,851	6,465	0	138	734
Purchased Water	1	0	0	0	0	0	0	0	0
TOTAL SS EXPENSE - OPERATION		229,252	128,106	68,959	24,851	6,465	0	138	734
Misc Exp Oper SS	2	73,852	41,268	22,215	8,006	2,083	0	44	236
Misc Exp Oper SS	2	0	0	0	0	0	0	0	0
Rents Oper SS	2	0	0	0	0	0	0	0	0
Super & Eng Maint SS	2	0	0	0	0	0	0	0	0
Struct & Improve Maint SS - Labor	2	0	0	0	0	0	0	0	0
Struct & Improve Maint SS	2	0	0	0	0	0	0	0	0
Collect & Impound Maint SS - Labor	2	0	0	0	0	0	0	0	0
Collect & Impound Maint SS	2	0	0	0	0	0	0	0	0
Lake, River & Oth Maint SS - Labor	2	0	0	0	0	0	0	0	0
Lake River & Oth Maint SS	2	0	0	0	0	0	0	0	0
Wells & Springs Maint SS - Labor	2	0	0	0	0	0	0	0	0
Wells & Springs Maint SS	2	0	0	0	0	0	0	0	0
Infilt Gall & Tunnels Maint SS - Labor	2	0	0	0	0	0	0	0	0
Infilt Gall & Tunnels Maint SS	2	0	0	0	0	0	0	0	0
Supply Mains Maint SS - Labor	2	0	0	0	0	0	0	0	0
Supply Mains Maint SS	2	0	0	0	0	0	0	0	0
Misc Plant Maint SS - Labor	2	1,305	729	393	141	37	0	1	4
Misc Plant Maint SS	2	24,547	13,717	7,384	2,661	692	0	15	79
TOTAL SS EXPENSE - MAINTENANCE		99,704	55,715	29,991	10,808	2,812	0	60	319
TOTAL SS EXPENSE		328,956	183,821	98,950	35,659	9,277	0	197	1,053
POWER AND PUMPING EXPENSES									
Super & Eng Oper P	6	34,748	18,399	9,663	3,200	903	0	403	2,179
Fuel for Power Prod	1	0	0	0	0	0	0	0	0
Labor & Exp Oper Pwr Prod - Labor	6	0	0	0	0	0	0	0	0
Labor & Exp Oper Pwr Prod	6	0	0	0	0	0	0	0	0
Purch Fuel/Power for Pump	1	538,597	279,209	164,057	76,696	15,350	0	539	2,747
Labor & Exp Oper Pump - Labor	6	666,260	352,785	185,287	61,363	17,323	0	7,729	41,775
Labor & Exp Oper Pump	6	0	0	0	0	0	0	0	0
Expenses Transferred	6	0	0	0	0	0	0	0	0
Misc Exp Oper P	6	17,504	9,268	4,868	1,612	455	0	203	1,098
Rents Oper P	6	1,712	907	476	158	45	0	20	107
TOTAL PUMPING EXPENSE - OPERATION		1,258,821	660,567	364,351	143,029	34,076	0	8,893	47,905

IOWA AMERICAN WATER COMPANY
QUAD CITIES DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Super & Eng Maint P	6	67,313	35,642	18,720	6,200	1,750	0	781	4,221
Struct & Improve Maint P - Labor	6	81,526	43,168	22,672	7,509	2,120	0	946	5,112
Struct & Improve Maint P	6	86	46	24	8	2	0	1	5
Power Prod Equip Maint P - Labor	6	21,474	11,370	5,972	1,978	558	0	249	1,346
Power Prod Equip Maint P	6	0	0	0	0	0	0	0	0
Pump Equip Maint P - Labor	6	0	0	0	0	0	0	0	0
Pump Equip Maint P	6	0	0	0	0	0	0	0	0
TOTAL PUMPING EXPENSES - MAINTENANCE		170,399	90,226	47,388	15,694	4,430	0	1,977	10,684
TOTAL PUMPING EXPENSES		1,429,220	750,794	411,739	158,723	38,506	0	10,870	58,589
WATER TREATMENT									
Super & Eng Oper WT	2	16,411	9,170	4,936	1,779	463	0	10	53
Chemicals	1	1,704,126	883,419	519,077	242,668	48,568	0	1,704	8,691
Labor & Exp Oper WT - Labor	2	96,028	53,660	28,885	10,409	2,708	0	58	307
Labor & Exp Oper WT	2	41,156	22,998	12,380	4,461	1,161	0	25	132
Misc Exp Oper WT	2	0	0	0	0	0	0	0	0
Misc Exp Oper WT	1	0	0	0	0	0	0	0	0
Misc Exp Oper WT	2	2,708	1,513	815	294	76	0	2	9
Rents Oper WT	2	561	313	169	61	16	0	0	2
TOTAL WT EXPENSE - OPERATION		1,860,990	971,075	566,261	259,672	52,991	0	1,798	9,193
Super & Eng Maint WT	2	0	0	0	0	0	0	0	0
Struct & Improve Maint WT - Labor	2	8,051	4,499	2,422	873	227	0	5	26
Struct & Improve Maint WT	2	1,141	638	343	124	32	0	1	4
WT Equip Maint WT - Labor	2	66,011	36,887	19,856	7,156	1,862	0	40	211
WT Equip Maint WT	2	79,938	44,669	24,045	8,665	2,254	0	48	256
TOTAL WT EXPENSE - MAINTENANCE		155,141	86,693	46,666	16,817	4,375	0	93	496
TOTAL WT EXPENSE		2,016,131	1,057,767	612,928	276,489	57,366	0	1,891	9,689
TRANSMISSION AND DISTRIBUTION EXPENSES									
Super & Eng Oper TD	11	4,964	3,034	996	170	98	0	145	521
Storage Facilty Exp - Labor	5	6,100	2,728	1,251	354	117	0	259	1,392
Storage Facilty Exp	5	0	0	0	0	0	0	0	0
TD Lines Exp - Labor	7	147,248	70,134	33,514	7,819	3,151	0	5,110	27,521
TD Lines Exp	7	31	15	7	2	1	0	1	6
Meter Expense - Labor	9	84,457	65,049	16,444	1,115	1,850	0	0	0
Meter Expense	9	0	0	0	0	0	0	0	0
Customer Install Exp - Labor	10	37,924	30,616	4,130	140	334	0	2,704	0
Customer Install Exp	10	0	0	0	0	0	0	0	0

IOWA AMERICAN WATER COMPANY
QUAD CITIES DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection Private	Fire Protection Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Misc Exp Oper TD - Labor	11	213,992	130,771	42,948	7,319	4,237	0	6,270	22,448
Misc Exp Oper TD	11	4,246	2,595	852	145	84	0	124	445
Misc Exp Oper TD	11	35,928	21,956	7,211	1,229	711	0	1,053	3,769
Rents Oper TD	11	0	0	0	0	0	0	0	0
TOTAL T & D EXPENSE OPERATION		534,890	326,896	107,352	18,292	10,583	0	15,666	56,101
Super & Eng Maint TD	12	4,965	1,958	859	194	80	0	145	1,727
Struct & Improve Maint TD - Labor	12	0	0	0	0	0	0	0	0
Struct & Improve Maint TD	12	4,026	1,588	697	157	65	0	118	1,401
Dist Res Stand Maint TD - Labor	5	0	0	0	0	0	0	0	0
TD Main Maint TD - Labor	7	278,944	132,861	63,488	14,812	5,969	0	9,679	52,135
TD Main Maint TD	7	469,251	223,504	106,802	24,917	10,042	0	16,283	87,703
Fire Main Maint TD - Labor	8	0	0	0	0	0	0	0	0
Fire Main Maint TD	8	0	0	0	0	0	0	0	0
Services Maint TD - Labor	10	54,761	44,209	5,963	203	482	0	3,904	0
Services Maint TD	10	0	0	0	0	0	0	0	0
Meters Maint TD - Labor	9	2,179	1,678	424	29	48	0	0	0
Meters Maint TD	9	526	405	102	7	12	0	0	0
Hydrants Maint TD - Labor	8	186,564	0	0	0	0	0	0	186,564
Hydrants Maint TD	8	28,785	0	0	0	0	0	0	28,785
Misc Plant Maint TD - Labor	12	2,295	905	397	90	37	0	67	798
Mat and Sup Maint TD	12	7,581	2,990	1,312	296	123	0	222	2,637
Misc Maint TD	12	35,949	14,178	6,223	1,406	582	0	1,053	12,507
Amort Def Maint TD	5	209,236	93,570	42,893	12,136	4,017	0	8,872	47,748
TOTAL T & D EXPENSE - MAINTENANCE		1,285,062	517,847	229,161	54,246	21,458	0	40,345	422,005
TOTAL T & D EXPENSE		1,819,952	844,743	336,514	72,538	32,041	0	56,010	478,106
CUSTOMER ACCOUNTS									
Supervision CA	13	0	0	0	0	0	0	0	0
Meter Reading Exp CA - Labor	14	260,400	235,115	23,488	443	1,354	0	0	0
Meter Reading Exp CA	14	0	0	0	0	0	0	0	0
Meter Reading Exp CA	14	0	0	0	0	0	0	0	0
Cust Rec & Collection CA - Labor	13	231,973	206,247	20,599	394	1,206	0	3,526	0
Cust Rec & Collection CA	13	190,365	169,254	16,904	324	990	0	2,894	0
Uncollectible Accts	13	313,869	279,061	27,872	534	1,632	0	4,771	0
Misc Cust Accts Exp CA - Labor	13	68,376	60,793	6,072	116	356	0	1,039	0
Misc Cust Accts Exp CA	13	0	0	0	0	0	0	0	0
Misc Cust Accts Exp CA	13	61,541	54,716	5,465	105	320	0	935	0
Cust Serv & Info Exp CA	13	0	0	0	0	0	0	0	0
TOTAL CUSTOMER ACCOUNTING EXPENSE		1,126,524	1,005,186	100,400	1,915	5,858	0	13,165	0

IOWA AMERICAN WATER COMPANY
QUAD CITIES DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
ADMINISTRATIVE AND GENERAL EXPENSES									
Salaries AG	15	414,422	247,990	81,185	20,928	7,335	0	7,377	49,606
Other Supplies & Exp AG	15	0	0	0	0	0	0	0	0
Other Supplies & Exp AG	15	164,736	98,578	32,272	8,319	2,916	0	2,932	19,719
Other Supplies & Exp AG	15	71,585	42,836	14,024	3,615	1,267	0	1,274	8,569
Mgmt Fees-Admin	15	2,273,634	1,360,543	445,405	114,819	40,243	0	40,471	272,154
Mgmt Fees-Customer Service	13	743,318	660,884	66,007	1,264	3,865	0	11,298	0
Mgmt Fees-Belleville Lab	2	92,106	51,469	27,706	9,984	2,597	0	55	295
Mgmt Fees- Employee	16	135,294	79,634	26,558	6,846	2,422	0	2,232	17,602
Outside Services AG	15	201,892	120,812	39,551	10,196	3,573	0	3,594	24,166
Outside Services AG	15	8,667	5,186	1,698	438	153	0	154	1,037
Property Insurance	15	0	0	0	0	0	0	0	0
Ins Gen Liab Oper AG	15	186,406	111,545	36,517	9,414	3,299	0	3,318	22,313
Ins Work Comp AG	16	83,473	49,132	16,386	4,224	1,494	0	1,377	10,860
Ins Other Oper AG	15	129,646	77,580	25,398	6,547	2,295	0	2,308	15,519
Property Insurance	15	12,404	7,423	2,430	626	220	0	221	1,485
Injuries & Damages	16	257	151	50	13	5	0	4	33
Employee Pension & Benefits	16	975,137	573,966	191,419	49,342	17,455	0	16,090	126,865
Employee Pension & Benefits	16	784,761	461,910	154,049	39,709	14,047	0	12,949	102,097
Employee Pension & Benefits	16	137,882	81,157	27,066	6,977	2,468	0	2,275	17,938
Reg Commision Exp	19	439,457	242,844	96,549	28,345	8,921	0	7,559	55,240
Rents AG	15	276,358	165,373	54,139	13,956	4,892	0	4,919	33,080
Goodwill Advertising Exp	15	43,970	26,312	8,614	2,220	778	0	783	5,263
Misc Exp AG	15	531,106	317,814	104,044	26,821	9,401	0	9,454	63,573
Research & Development	15	0	0	0	0	0	0	0	0
TOTAL A & G OPERATIONS		7,706,512	4,783,140	1,451,064	364,602	129,647	0	130,644	847,415
General Plant Maint AG - Labor	15	0	0	0	0	0	0	0	0
General Plant Maint AG	15	137,694	82,396	26,974	6,954	2,437	0	2,451	16,482
TOTAL A & G EXPENSE - MAINTENANCE		137,694	82,396	26,974	6,954	2,437	0	2,451	16,482
TOTAL A & G EXPENSE		7,844,206	4,865,536	1,478,038	371,556	132,084	0	133,094	863,897
Total Operation & Maintenance Expenses		14,564,989	8,707,847	3,038,569	916,879	275,132	0	215,228	1,411,334

IOWA AMERICAN WATER COMPANY
QUAD CITIES DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
DEPRECIATION EXPENSE									
Struct & Imp SS	2	157	88	47	17	4	0	0	1
Struct & Imp P	6	235,270	124,575	65,429	21,668	6,117	0	2,729	14,751
Struct & Imp WT	2	283,192	158,248	85,184	30,698	7,986	0	170	906
Struct & Imp TD	7	1,167	556	266	62	25	0	40	218
Struct & Imp AG	15	644	385	126	33	11	0	11	77
Struct & Imp Offices	15	565	338	111	29	10	0	10	68
Struct & Imp Store,Shop,Gar	15	0	0	0	0	0	0	0	0
Struct & Imp Misc	15	44,896	26,866	8,795	2,267	795	0	799	5,374
Collect & Impounding	1		0	0	0	0	0	0	0
Lake, River & Other Intakes	2	7,724	4,316	2,323	837	218	0	5	25
Wells & Springs	2		0	0	0	0	0	0	0
Infiltration Galleries and Tunnels	2		0	0	0	0	0	0	0
Supply Mains	2	1,417	792	426	154	40	0	1	5
Power Generation Equip Othe	6	20,898	11,065	5,812	1,925	543	0	242	1,310
Pump Equip Electric	6	159,408	84,407	44,331	14,681	4,145	0	1,849	9,995
Pump Equip Diesel	6		0	0	0	0	0	0	0
Pump Equip Hydraulic	6		0	0	0	0	0	0	0
Pump Equip Other	6	90	48	25	8	2	0	1	6
WT Equip Filter Media	2	93,324	52,149	28,072	10,116	2,632	0	56	299
WT Equip Non-Media	2	521,924	291,651	156,995	56,577	14,718	0	313	1,670
WT Equip Chemical	2		0	0	0	0	0	0	0
WT Equip Filter Media	2		0	0	0	0	0	0	0
Dist Reservoirs & Standpipe	5	220,040	98,402	45,108	12,762	4,225	0	9,330	50,213
Elevated Tanks & Standpipes	5	55,141	24,659	11,304	3,198	1,059	0	2,338	12,583
Ground Level Facilities	5	127	57	26	7	2	0	5	29
Below Grade Facilities	5	97	43	20	6	2	0	4	22
TD Mains Not Classified by	7		0	0	0	0	0	0	0
TD Mains 4" & Less	4	9,964	4,584	2,108	407	198	0	417	2,249
TD Mains 6" to 8"	4	458,767	211,079	97,075	18,718	9,129	0	19,222	103,544
TD Mains 10" to 16"	3	311,043	164,137	86,408	28,616	8,087	0	3,733	20,062
TD Mains 18" & Grtr	3	0	0	0	0	0	0	0	0
Fire Mains	8		0	0	0	0	0	0	0
Services	10	5,385	4,347	586	20	47	0	384	0
Meters	9		0	0	0	0	0	0	0
Meters Bronze Case	9	179,956	138,602	35,037	2,375	3,941	0	0	0
Meters Plastic Case	9	2,359	1,817	459	31	52	0	0	0
Meters Other	9	52	40	10	1	1	0	0	0
Meters Other-Rem Rdr Unts	9	349	269	68	5	8	0	0	0
Meter Installations	9	44,911	34,590	8,744	593	984	0	0	0
Meter Vaults	9		0	0	0	0	0	0	0
Hydrants	8	183,729	0	0	0	0	0	0	183,729
Utility Plant Acquisition Adjustment	17		0	0	0	0	0	0	0
Other P/E WT Res Hand Equip	2	2,597	1,451	781	282	73	0	2	8
Other P/E TD	7		0	0	0	0	0	0	0
Other P/E CPS	17	4,673	2,336	1,081	305	102	0	98	751
Office Furniture & Equip	15	9,841	5,889	1,928	497	174	0	175	1,178

IOWA AMERICAN WATER COMPANY
QUAD CITIES DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Comp & Periph Equip	15	61,186	36,614	11,986	3,090	1,083	0	1,089	7,324
Computer Software	15	21,711	12,992	4,253	1,096	384	0	386	2,599
Computer Software-ORCOM	15	177,447	106,184	34,762	8,961	3,141	0	3,159	21,240
Comp Software Personal	15	20,924	12,521	4,099	1,057	370	0	372	2,505
Data Handling Equipment	15	0	0	0	0	0	0	0	0
Other Office Equipment	15	5,231	3,130	1,025	264	93	0	93	626
Trans Equip Lt Duty Trks	15		0	0	0	0	0	0	0
Trans Equip Hvy Duty Trks	15		0	0	0	0	0	0	0
Trans Equip Autos	15		0	0	0	0	0	0	0
Trans Equip Other	15	2,057	1,231	403	104	36	0	37	246
Stores Equipment	15	(5,008)	(2,997)	(981)	(253)	(89)	0	(89)	(599)
Tools,Shop,Garage Equip	15	11,898	7,120	2,331	601	211	0	212	1,424
Tools,Shop,Garage Equip Oth	15		0	0	0	0	0	0	0
Laboratory Equipment	2	2,440	1,363	734	264	69	0	1	8
Laboratory Equip Other	2		0	0	0	0	0	0	0
Power Operated Equipment	15	4,314	2,581	845	218	76	0	77	516
Comm Equip Non-Telephone	15	7,591	4,542	1,487	383	134	0	135	909
Remote Control & Instr	15	16	10	3	1	0	0	0	2
Comm Equip Telephone	15	557	333	109	28	10	0	10	67
Misc Equipment	15	20,043	11,994	3,926	1,012	355	0	357	2,399
Other Tangible Property	15	548	328	107	28	10	0	10	66
Total Depreciation Expense		3,190,662	1,645,734	753,776	223,748	71,214	0	47,785	448,404
Amort-Other UP	18	51,943	26,091	11,957	3,387	1,127	0	1,096	8,285
Amort-Intangible Fin	2	0	0	0	0	0	0	0	0
Amort- Capitalized Interest	18	11,115	5,583	2,559	725	241	0	235	1,773
Taxes Other Than Income									
Utility Reg Assessment Fee	19	18,523	10,236	4,070	1,195	376	0	319	2,328
Property Taxes	18	1,986,845	997,992	457,372	129,542	43,115	0	41,922	316,902
FUTA	16	2,951	1,737	579	149	53	0	49	384
FICA	16	228,765	134,651	44,907	11,576	4,095	0	3,775	29,762
SUTA	16	12,707	7,479	2,494	643	227	0	210	1,653
Other Taxes & Licenses	15	3,551	2,125	696	179	63	0	63	425
Capital Stock Tax	19	0	0	0	0	0	0	0	0
Total Taxes, Other Than Income		2,253,342	1,154,220	510,117	143,284	47,929	0	46,337	351,455
Income Taxes	18	2,534,716	1,273,188	583,492	165,263	55,003	0	53,483	404,287
Utility Income Available for Return	18	6,432,611	3,231,101	1,480,787	419,406	139,588	0	135,728	1,026,001
Total Cost of Service		29,039,378	16,043,764	6,381,257	1,872,693	590,234	0	499,892	3,651,539

IOWA AMERICAN WATER COMPANY
QUAD CITIES DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Less: Other Water Revenues									
Miscellaneous	19	145,946	80,650	32,064	9,414	2,963	0	2,510	18,345
Late Payment Fees/NSF	19	73,603	40,673	16,170	4,747	1,494	0	1,266	9,252
Customer Activation Charge	9	164,098	126,388	31,950	2,166	3,594	0	0	0
Reconnection Charges	9	68,843	53,023	13,404	909	1,508	0	0	0
Total Other Water Revenues		452,490	300,734	93,588	17,236	9,558	0	3,776	27,597
Total Cost of Service Related to Sales of Water		$ 28,586,889	$ 15,743,030	$ 6,287,668	$ 1,855,457	$ 580,676	$ -	$ 496,115	$ 3,623,942
Reallocation of Public Fire	9	0	2,791,160	705,582	47,836	79,364	0	0	(3,623,942)
Total		$ 28,586,889	$ 18,534,190	$ 6,993,250	$ 1,903,293	$ 660,040	$ -	$ 496,115	$ -

IOWA AMERICAN WATER COMPANY
QUAD CITIES DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS

FACTOR 1. ALLOCATION OF COSTS WHICH VARY WITH THE AMOUNT OF WATER CONSUMED.

Factors are based on the pro forma test year average daily consumption for each customer classification.

Customer Classification	Average Daily Consumption, CCF	Allocation Factor
(1)	(2)	(3)
Residential	9,137	0.5184
Commercial	5,370	0.3046
Industrial	2,511	0.1424
Other Public Authority	503	0.0285
Sales for Resale	0	0.0000
Private Fire Protection	17	0.0010
Public Fire Protection	90	0.0051
Total	17,628	1.0000

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the factors for average daily consumption (Factor 1) and the factors derived from maximum day extra capacity demand for each customer classification, as follows:

	Average Daily Consumption		Maximum Day Extra Capacity		
Customer Classification	Allocation Factor 1	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)x 0.6250	(4)	(5)=(4)x 0.3750	(6)=(3)+(5)
Residential	0.5184	0.3240	0.6263	0.2348	0.5588
Commercial	0.3046	0.1904	0.2945	0.1104	0.3008
Industrial	0.1424	0.0890	0.0516	0.0194	0.1084
Other Public Authority	0.0285	0.0178	0.0276	0.0104	0.0282
Sales for Resale	0.0000	0.0000	0.0000	0.0000	0.0000
Private Fire Protection	0.0010	0.0006			0.0006
Public Fire Protection	0.0051	0.0032			0.0032
Total	1.0000	0.6250	1.0000	0.3750	1.0000

The derivation of the maximum day extra capacity factors in column 4 and the basis for the column 3 and 5 weightings are presented on the following page.

IOWA AMERICAN WATER COMPANY
QUAD CITIES DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS, cont.

		Maximum Day Extra Capacity		
Customer Classification	Average Daily Consumption, CCF	Factor*	Rate of Flow, Thousand Gal. Per Day	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	9,137	1.00	9,137	0.6263
Commercial	5,370	0.80	4,296	0.2945
Industrial	2,511	0.30	753	0.0516
Other Public Authority	503	0.80	402	0.0276
Sales for Resale	0		0	0.0000
Total	17,521		14,588	1.0000

The weighting of the factors is based on the maximum day ratio of 1.60, based on Schedule D.

	Maximum Day Ratio	Weight
Average Day	1.00	0.6250
Maximum Day Extra Capacity	0.60	0.3750
Total	1.60	1.0000

* Ratio of maximum day to average day minus 1.0.

IOWA AMERICAN WATER COMPANY
QUAD CITIES DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Daily Consumption		Maximum Day Extra Capacity		Fire Protection		Allocation Factor
	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	
(1)	(2)	(3)=(2) X 0.4876	(4)	(5)=(4) X 0.4389	(6)	(7)=(6) X 0.0735	(8)=(3)+(5)+(7)
Residential	0.5184	0.2528	0.6263	0.2749			0.5277
Commercial	0.3046	0.1485	0.2945	0.1293			0.2778
Industrial	0.1424	0.0694	0.0516	0.0226			0.0920
Other Public Authority	0.0285	0.0139	0.0276	0.0121			0.0260
Sales for Resale	0.0000	0.0000	0.0000	0.0000			0.0000
Private Fire Protection	0.0010	0.0005			0.1567	0.0115	0.0120
Public Fire Protection	0.0051	0.0025			0.8433	0.0620	0.0645
Total	1.0000	0.4876	1.0000	0.4389	1.0000	0.0735	1.0000

IOWA AMERICAN WATER COMPANY
QUAD CITIES DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum day ratio of 1.60 and the average daily system sendout for 2008 of 15.9 MGD. The system demand for fire protection is 10,000 Gallons per minute for 4 hours.

	Ratio	Rate of Flow, (GPD)	Weight
Average Day	1.00	15,917,318	0.4876
Maximum Day Extra Capacity	0.90	14,325,586	0.4389
Subtotal	1.90	30,242,904	0.9265
Fire Protection		2,400,000	0.0735
Total		32,642,904	1.0000

IOWA AMERICAN WATER COMPANY
QUAD CITIES DISTRICT

BASIS FOR ALLOCATING DEMAND RELATED COSTS OF FIRE SERVICE TO PRIVATE AND PUBLIC FIRE PROTECTION CUSTOMER CLASSIFICATIONS

Description		Restrictive Diameters Squared	Quantity	Relative Demand	Allocation Factor
(1)		(2)	(3)	(4)=(2)x(3)	(5)
PRIVATE FIRE PROTECTION					
Fire Lines					
2 -inch		4.00	1	4	
3 -inch		9.00	1	9	
4 -inch		16.00	94	1,508	
6 -inch		36.00	357	12,843	
8 -inch		64.00	308	19,696	
10 -inch		100.00	14	1,400	
12 -inch		144.00	5	720	
Private Hydrants			0	0	
Total Private Fire Protection			780	36,180	0.1567
PUBLIC FIRE PROTECTION					
Hydrant	Nozzle Sizes				
6" Standard	4 1/2" & 2-2 1/2"	32.75	5,882	192,636	
6" Standard	2-2 1/2"	12.50	171	2,138	
Total Public Fire Prorection			6,053	194,774	0.8433
Total Fire Protection			6,833	230,954	1.0000

IOWA AMERICAN WATER COMPANY
QUAD CITIES DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		Allocation Factor
	CCF	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	
(1)	(2)	(3)	(4)=(3) X 0.2937	(5)	(6)=(5) X 0.4406	(7)	(8)=(7) X 0.2657	(9)=(4)+(6)+(8)
Residential	380.7	0.5437	0.1596	0.6823	0.3005			0.4601
Commercial	223.8	0.3196	0.0939	0.2674	0.1177			0.2116
Industrial	70.2	0.1003	0.0295	0.0252	0.0113			0.0408
Other Public Authority	21.0	0.0300	0.0088	0.0251	0.0111			0.0199
Sales for Resale	0.0	0.0000	0.0000	0.0000	0.0000			0.0000
Private Fire Protection	0.7	0.0010	0.0003			0.1567	0.0416	0.0419
Public Fire Protection	3.8	0.0054	0.0016			0.8433	0.2241	0.2257
Total	700.2	1.0000	0.2937	1.0000	0.4406	1.0000	0.2657	1.0000

The maximum hour extra capacity factors in column 5 are determined on the following page.

IOWA AMERICAN WATER COMPANY
QUAD CITIES DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum hour ratio of 1.9 and the average daily system sendout for 2008 of 15.9 MGD. The system demand for fire protection is 10,000 gallons per minute.

	Ratio	Rate of Flow, (GPM)	Weight
Average Hour	1.00	11,054	0.2937
Maximum Hour Extra Capacity	1.50	16,581	0.4406
Subtotal	2.50	27,635	0.7343
Fire Protection		10,000	0.2657
Total		37,635	1.0000

The maximum hour extra capacity factors in column 5 of the previous page are determined as follows:

Customer Classification	Average Hourly Consumption CCF	Maximum Hour Extra Capacity		
		Factor*	CCF Per Hour	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	380.7	3.00	1,142.1	0.6823
Commercial	223.8	2.00	447.6	0.2674
Industrial	70.2	0.60	42.1	0.0252
Other Public Authority	21.0	2.00	42.0	0.0251
Sales for Resale	0.0		0.0	0.0000
Total	695.7		1,673.8	1.0000

* Ratio of Maximum Hour To Average Hour Minus 1.0.

IOWA AMERICAN WATER COMPANY
QUAD CITIES DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES.

Factors are based on the weighting of the average hourly consumption, the maximum hour extra capacity demand, and the fire protection demand for each customer classification.

	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		
Customer Classification	CCF	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3) X 0.2925	(5)	(6)=(5) X 0.4387	(7)	(8)=(7) X 0.2688	(9)=(4)+(6)+(8)
Residential	380.7	0.5181	0.1515	0.6741	0.2957			0.4472
Commercial	223.8	0.3047	0.0891	0.2641	0.1159			0.2050
Industrial	104.6	0.1424	0.0417	0.0371	0.0163			0.0580
Other Public Authority	21.0	0.0286	0.0084	0.0247	0.0108			0.0192
Sales for Resale	0.0	0.0000	0.0000	0.0000	0.0000			0.0000
Private Fire Protection	0.7	0.0010	0.0003			0.1567	0.0421	0.0424
Public Fire Protection	3.8	0.0052	0.0015			0.8433	0.2267	0.2282
Total	734.6	1.0000	0.2925	1.0000	0.4387	1.0000	0.2688	1.0000

The weighting of the factors is based on the ratio of the capacity required for a 4 hour demand of fire flow, as related to total storage capacity. The calculation is shown on the following page.

IOWA AMERICAN WATER COMPANY
QUAD CITIES DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES, cont.

The weighting of the factors is based on the ratio of the capacity required for a 4 hour demand of fire flow, as related to total storage capacity.

Fire Protection Weight = $\frac{10{,}000 \text{ GPM X } 60 \text{ Min. X } 4 \text{ Hrs.}}{8{,}927{,}301 \text{ Gallons}}$ = 0.2688

General Service Weight = 1.0000 - 0.2688 = 0.7312

The weighting of the average hourly consumption and maximum hour extra demand for general service is based on the maximum hour ratio, as follows:

	Maximum Hour Ratio	Percent	Weight
Average Hour	1.00	40.00	0.2925
Extra Capacity Maximum Hour	1.50	60.00	0.4387
Total	2.50	100.00	0.7312

The maximum hour extra capacity factors in column 5 of the previous page are determined as follows:

Customer Classification	Average Hourly Consumption CCF	Maximum Hour Extra Capacity		
		Factor*	CCF Per Hour	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	380.7	3.00	1,142.1	0.6741
Commercial	223.8	2.00	447.5	0.2641
Industrial	104.6	0.60	62.8	0.0371
Other Public Authority	21.0	2.00	41.9	0.0247
Sales for Resale	0.0		0.0	0.0000
Total	730.0		1,694.3	1.0000

* Ratio of Maximum Hour To Average Hour Minus 1.0.

IOWA AMERICAN WATER COMPANY
QUAD CITIES DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH POWER AND PUMPING FACILITIES.

Factors are based on the weighting of the maximum daily consumption, Factor 2, the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

	Maximum Daily Consumption		Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 2	Weighted Factor	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.1751	(4)	(5)=(4)X 0.7694	(6)	(7)=(6)X 0.0555	(8)=(3)+ (5)+(7)
Residential	0.5588	0.0978	0.5277	0.4061	0.4601	0.0256	0.5295
Commercial	0.3008	0.0527	0.2778	0.2137	0.2116	0.0117	0.2781
Industrial	0.1084	0.0190	0.0920	0.0708	0.0408	0.0023	0.0921
Other Public Authority	0.0282	0.0049	0.0260	0.0200	0.0199	0.0011	0.0260
Sales for Resale	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Private Fire Protection	0.0006	0.0001	0.0120	0.0092	0.0419	0.0023	0.0116
Public Fire Protection	0.0032	0.0006	0.0645	0.0496	0.2257	0.0125	0.0627
Total	1.0000	0.1751	1.0000	0.7694	1.0000	0.0555	1.0000

The weighting of the factors is based on the horsepower of pumps associated with maximum day facilities, maximum day and fire facilities, and maximum hour facilities, as follows:

	Horsepower of Pumps	Weight
Associated with Maximum Day	1,025	0.1751
Associated with Maximum Day and Fire	4,505	0.7694
Associated with Maximum Hour	325	0.0555
Total	5,855	1.0000

IOWA AMERICAN WATER COMPANY
QUAD CITIES DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 7. ALLOCATION OF COSTS ASSOCIATED WITH TRANSMISSION AND DISTRIBUTION MAINS.

Factors are based on the weighting of the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

	Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.2407	(4)	(5)=(4)X 0.7593	(6)=(3)+(5)
Residential	0.5277	0.1270	0.4601	0.3493	0.4763
Commercial	0.2778	0.0669	0.2116	0.1607	0.2276
Industrial	0.0920	0.0221	0.0408	0.0310	0.0531
Other Public Authority	0.0260	0.0063	0.0199	0.0151	0.0214
Sales for Resale	0.0000	0.0000	0.0000	0.0000	0.0000
Private Fire Protection	0.0120	0.0029	0.0419	0.0318	0.0347
Public Fire Protection	0.0645	0.0155	0.2257	0.1714	0.1869
Total	1.0000	0.2407	1.0000	0.7593	1.0000

The weighting of the factors is based on the footage of mains, designated as either transmission mains or distribution mains, as follows:

	Footage of Mains	Weight
Transmission Mains (10 inch and larger)	851,771	0.2407
Distribution Mains (under 10 inch)	2,686,250	0.7593
Total	3,538,021	1.0000

IOWA AMERICAN WATER COMPANY
QUAD CITIES DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 8. ALLOCATION OF COSTS ASSOCIATED WITH FIRE HYDRANTS.

Costs are assigned directly to Public Fire Protection.

Customer Classification	Allocation Factor
(1)	(3)
Public Fire Protection	1.0000
Total	1.0000

FACTOR 9. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

Factors are based on the relative cost of meters by size and customer classification, as developed on the following page and summarized below.

Customer Classification	5/8" Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	50,284	0.7702
Commercial	12,712	0.1947
Industrial	861	0.0132
Other Public Authority	1,429	0.0219
Sales for Resale	0	0.0000
Private Fire	0	0.0000
Total	65,286	1.0000

IOWA AMERICAN WATER COMPANY
QUAD CITIES DISTRICT

BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS

Meter Size	5/8" Equivalent	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Total	
		Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)
5/8	1.0	42,419	42,419	2,234	2,234	4	4	50	50	0	0	44,707	44,707
3/4	1.5	410	615	268	402	3	5	13	20	0	0	694	1,042
1	2.5	2,861	7,153	1,042	2,605	10	25	41	103	0	0	3,954	9,886
1-1/2	5.0	13	65	307	1,535	4	20	22	110	0	0	346	1,730
2	8.0	4	32	707	5,656	54	432	137	1,096	0	0	902	7,216
3	15.0	0	0	2	30	0	0	0	0	0	0	2	30
4	25.0	0	0	4	100	9	225	2	50	0	0	15	375
6	50.0	0	0	3	150	3	150	0	0	0	0	6	300
8	80.0	0	0	0	0	0	0	0	0	0	0	0	0
Total		45,707	50,284	4,567	12,712	87	861	265	1,429	0	0	50,626	65,286

IOWA AMERICAN WATER COMPANY
QUAD CITIES DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 10. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

Factors are based on the relative cost of services by size and customer classification, as developed on the following page and summarized below.

Customer Classification	3/4" Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	46,867	0.8073
Commercial	6,319	0.1089
Industrial	214	0.0037
Other Public Authority	511	0.0088
Sales for Resale	0	0.0000
Private Fire Protection	4,140	0.0713
Total	58,051	1.0000

IOWA AMERICAN WATER COMPANY
QUAD CITIES DISTRICT

BASIS FOR ALLOCATING SERVICE COSTS TO CUSTOMER CLASSIFICATIONS

Service Size	3/4" Equivalent	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Private Fire Protection		Total	
		Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)=(2)X(11)	(15)	(16)
3/4	1.00	42,829	42,829	2,502	2,502	7	7	63	63	0	0	0	0	45,401	45,401
1	1.40	2,861	4,005	1,042	1,459	10	14	41	57	0	0	0	0	3,954	5,535
1-1/2	1.80	13	23	307	553	4	7	22	40	0	0	0	0	346	623
2	2.50	4	10	707	1,768	54	135	137	343	0	0	1	3	903	2,259
3	3.00	0	0	2	6	0	0	0	0	0	0	1	3	3	9
4	4.00	0	0	4	16	9	36	2	8	0	0	94	377	109	437
6	5.00	0	0	3	15	3	15	0	0	0	0	357	1,784	363	1,814
8	6.00	0	0	0	0	0	0	0	0	0	0	308	1,847	308	1,847
10	6.50	0	0	0	0	0	0	0	0	0	0	14	91	14	91
12	7.00	0	0	0	0	0	0	0	0	0	0	5	35	5	35
Total		45,707	46,867	4,567	6,319	87	214	265	511	0	0	780	4,140	51,406	58,051

IOWA AMERICAN WATER COMPANY
QUAD CITIES DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 11. ALLOCATION OF TRANSMISSION AND DISTRIBUTION OPERATION SUPERVISION AND ENGINEERING, STRUCTURES AND IMPROVEMENTS, AND OTHER EXPENSES.

Factors are based on transmission and distribution operation expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Operating Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$ 168,542	0.6111
Commercial	55,345	0.2007
Industrial	9,429	0.0342
Other Public Authority	5,452	0.0198
Sales for Resale	-	0.0000
Private Fire Protection	8,073	0.0293
Public Fire Protection	28,918	0.1049
Total	275,760	1.0000

FACTOR 12. ALLOCATION OF TRANSMISSION AND DISTRIBUTION MAINTENANCE SUPERVISION AND ENGINEERING, STRUCTURES AND IMPROVEMENTS, AND OTHER EXPENSES.

Factors are based on transmission and distribution maintenance expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$ 402,657	0.3944
Commercial	176,779	0.1731
Industrial	39,967	0.0391
Other Public Authority	16,553	0.0162
Sales for Resale	-	0.0000
Private Fire Protection	29,867	0.0293
Public Fire Protection	355,187	0.3479
Total	$1,021,010	1.0000

IOWA AMERICAN WATER COMPANY
QUAD CITIES DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 13. ALLOCATION OF BILLING AND COLLECTING COSTS.

Factors are based on the total number of customers.

Customer Classification	Total Customers	Allocation Factor
(1)	(2)	(3)
Residential	45,707	0.8891
Commercial	4,567	0.0888
Industrial	87	0.0017
Other Public Authority	265	0.0052
Sales for Resale	0	0.0000
Private Fire Protection	780	0.0152
Public Fire Protection	0	0.0000
Total	51,406	1.0000

FACTOR 14. ALLOCATION OF METER READING COSTS.

Factors are based on the number of metered customers.

Customer Classification	Total Metered Customers	Allocation Factor
(1)	(2)	(3)
Residential	45,707	0.9029
Commercial	4,567	0.0902
Industrial	87	0.0017
Other Public Authority	265	0.0052
Sales for Resale	0	0.0000
Total	50,626	1.0000

IOWA AMERICAN WATER COMPANY
QUAD CITIES DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 15. ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES

Factors are based on the allocation of all other operation and maintenance expenses excluding purchased water, power, chemicals and waste disposal.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$2,679,683	0.5984
Commercial	877,397	0.1959
Industrial	225,960	0.0505
Other Public Authority	79,130	0.0177
Sales for Resale	0	0.0000
Private Fire Protection	79,891	0.0178
Public Fire Protection	535,999	0.1197
Total	$4,478,060	1.0000

FACTOR 15A. ALLOCATION OF CASH WORKING CAPITAL

Factors are based on the allocation of all other operation and maintenance expenses excluding regulatory expense.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$8,465,003	0.5993
Commercial	2,942,020	0.2083
Industrial	888,534	0.0629
Other Public Authority	266,211	0.0188
Sales for Resale	0	0.0000
Private Fire Protection	207,670	0.0147
Public Fire Protection	1,356,095	0.0960
Total	$14,125,532	1.0000

IOWA AMERICAN WATER COMPANY
QUAD CITIES DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 16. ALLOCATION OF LABOR RELATED TAXES AND BENEFITS.

Factors are based on the allocation of direct labor expense.

Customer Classification	Direct Labor Expense	Allocation Factor
(1)	(2)	(3)
Residential	$1,800,398	0.5886
Commercial	600,565	0.1963
Industrial	154,732	0.0506
Other Public Authority	54,605	0.0179
Sales for Resale	0	0.0000
Private Fire Protection	50,446	0.0165
Public Fire Protection	397,945	0.1301
Total	$3,058,691	1.0000

FACTOR 17. ALLOCATION OF ORGANIZATION, FRANCHISES AND CONSENTS, MISCELLANEOUS INTANGIBLE PLANT AND OTHER RATE BASE ELEMENTS.

Factors are based on the allocation of the original cost less depreciation other than those items being allocated, as follows:

Customer Classification	Original Cost Less Depreciation	Allocation Factor
(1)	(2)	(3)
Residential	$34,957,896	0.4998
Commercial	16,184,749	0.2313
Industrial	4,569,497	0.0653
Other Public Authority	1,528,111	0.0218
Sales for Resale	0	0.0000
Private Fire Protection	1,471,408	0.0210
Public Fire Protection	11,249,287	0.1608
Total	$69,960,948	1.0000

IOWA AMERICAN WATER COMPANY
QUAD CITIES DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 18. ALLOCATION OF INCOME TAXES AND INCOME AVAILABLE FOR RETURN.

Factors are based on the allocation of the original cost measure of value rate base as shown on the following pages and summarized below.

Customer Classification	Original Cost Measure of Value	Allocation Factor
(1)	(2)	(3)
Residential	$33,135,217	0.5023
Commercial	15,188,163	0.2302
Industrial	4,300,983	0.0652
Other Public Authority	1,432,211	0.0217
Sales for Resale	0	0.0000
Private Fire Protection	1,393,203	0.0211
Public Fire Protection	10,525,719	0.1595
Total	$65,975,496	1.0000

FACTOR 19. ALLOCATION OF REGULATORY COMMISSION EXPENSES, ASSESSMENTS AND OTHER WATER REVENUES.

The factors are based on the allocation of the total cost of service, excluding those items being allocated.

Customer Classification	Total Cost of Service	Allocation Factor
(1)	(2)	(3)
Residential	$15,785,101	0.5526
Commercial	6,278,080	0.2197
Industrial	1,842,428	0.0645
Other Public Authority	580,696	0.0203
Sales for Resale	0	0.0000
Private Fire Protection	491,780	0.0172
Public Fire Protection	3,592,198	0.1257
Total	$28,570,283	1.0000

IOWA AMERICAN WATER COMPANY
QUAD CITIES DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection Private	Fire Protection Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
RATE BASE									
Organization	17	$ 28,310	$ 14,149	$ 6,548	$ 1,849	$ 617	$ -	$ 595	$ 4,552
Land & Ld Rights P	6	254,010	134,498	70,640	23,394	6,604	0	2,947	15,926
Land & Ld Rights WT	2	2,874	1,606	864	312	81	0	2	9
Land & Ld Rights TD	7	505,619	240,826	115,079	26,848	10,820	0	17,545	94,500
Struct & Imp SS	2	35,366	19,762	10,638	3,834	997	0	21	113
Struct & Imp P	6	4,067,188	2,153,576	1,131,085	374,588	105,747	0	47,179	255,013
Struct & Imp WT	2	5,528,446	3,089,296	1,662,957	599,284	155,902	0	3,317	17,691
Struct & Imp TD	7	21,599	10,288	4,916	1,147	462	0	749	4,037
Struct & Imp AG	15	10,449	6,252	2,047	528	185	0	186	1,251
Struct & Imp Offices	15	1,035	619	203	52	18	0	18	124
Struct & Imp Store,Shop,Gar	15	0	0	0	0	0	0	0	0
Struct & Imp Misc	15	687,530	411,418	134,687	34,720	12,169	0	12,238	82,297
Lake, River & Other Intakes	2	153,695	85,885	46,231	16,661	4,334	0	92	492
Supply Mains	2	33,014	18,448	9,931	3,579	931	0	20	106
Power Generation Equip Othe	6	284,602	150,697	79,148	26,212	7,400	0	3,301	17,845
Pump Equip Electric	6	3,201,427	1,695,155	890,317	294,851	83,237	0	37,137	200,729
Pump Equip Other	6	1,570	831	437	145	41	0	18	98
WT Equip Filter Media	2	280,000	156,464	84,224	30,352	7,896	0	168	896
WT Equip Non-Media	2	7,000,257	3,911,744	2,105,677	758,828	197,407	0	4,200	22,401
Dist Reservoirs & Standpipe	5	6,360,138	2,844,254	1,303,828	368,888	122,115	0	269,670	1,451,384
Elevated Tanks & Standpipes	5	2,197,497	982,721	450,487	127,455	42,192	0	93,174	501,469
Below Grade Facilites	5	3,843	1,719	788	223	74	0	163	877
Clearwell	5	4,786	2,140	981	278	92	0	203	1,092
TD Mains 4" & Less	4	139,053	63,978	29,424	5,673	2,767	0	5,826	31,384
TD Mains 6" to 8"	4	18,111,694	8,333,190	3,832,434	738,957	360,423	0	758,880	4,087,809
TD Mains 10" to 16"	3	9,677,425	5,106,777	2,688,389	890,323	251,613	0	116,129	624,194
TD Mains 18" & Gtr	3	109,198	57,624	30,335	10,046	2,839	0	1,310	7,043

IOWA AMERICAN WATER COMPANY
QUAD CITIES DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Services	10	518,777	418,808	56,495	1,919	4,565	0	36,989	0
Meters Bronze Case	9	1,636,079	1,260,108	318,545	21,596	35,830	0	0	0
Meters Plastic Case	9	126,684	97,572	24,665	1,672	2,774	0	0	0
Meters Other	9	4,215	3,246	821	56	92	0	0	0
Meter Installations	9	2,127,342	1,638,479	414,194	28,081	46,589	0	0	0
Hydrants	8	3,427,597	0	0	0	0	0	0	3,427,597
Other P/E WT Res Hand Equip	2	61,048	34,114	18,363	6,618	1,722	0	37	195
Other P/E CPS	17	61,094	30,535	14,131	3,989	1,332	0	1,283	9,824
Office Furniture & Equip	15	122,838	73,506	24,064	6,203	2,174	0	2,187	14,704
Comp & Periph Equip	15	343,753	205,702	67,341	17,360	6,084	0	6,119	41,147
Computer Software	15	626,723	375,031	122,775	31,650	11,093	0	11,156	75,019
Computer Software - ORCOM	15	1,169,043	699,555	229,015	59,037	20,692	0	20,809	139,934
Comp Software Personal	15	8,776	5,251	1,719	443	155	0	156	1,050
Data Handling Equipment	15	168,858	101,044	33,079	8,527	2,989	0	3,006	20,212
Other Office Equipment	15	114,333	68,417	22,398	5,774	2,024	0	2,035	13,686
Trans Equip Other	15	6,172	3,693	1,209	312	109	0	110	739
Stores Equipment	15	27,428	16,413	5,373	1,385	485	0	488	3,283
Tools Shop,Garage Equip	15	166,186	99,446	32,556	8,392	2,941	0	2,958	19,892
Laboratory Equipment	2	23,151	12,937	6,964	2,510	653	0	14	74
Power Operated Equipment	15	96,822	57,938	18,967	4,890	1,714	0	1,723	11,590
Comm Equip Non-Telephone	15	77,854	46,588	15,252	3,932	1,378	0	1,386	9,319
Remote Control & Instr	15	81	49	16	4	1	0	1	10
Comm Equip Telephone	15	4,469	2,674	876	226	79	0	80	535
Misc Equipment	15	430,405	257,554	84,316	21,735	7,618	0	7,661	51,519
Other Tangible Property	17	29,421	14,705	6,805	1,921	641	0	618	4,731
Total Utility Plant in Service		70,079,772	35,017,284	16,212,234	4,577,257	1,530,701	0	1,473,904	11,268,394

IOWA AMERICAN WATER COMPANY
QUAD CITIES DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Other Rate Base Items									
Other Utility Plant Adjustments	17	0	0	0	0	0	0	0	0
Cash Working Capital	15A	2,582,600	1,547,752	537,956	162,446	48,553	0	37,964	247,930
Materials and Supplies	15	0	0	0	0	0	0	0	0
Prepayments	17	0	0	0	0	0	0	0	0
Tank Painting Reserve	5	1,028,797	460,078	210,903	59,670	19,753	0	43,621	234,771
Pension / OPEB	16	238,258	140,238	46,770	12,056	4,265	0	3,931	30,997
Regulatory Deferrals	17	0	0	0	0	0	0	0	0
Accumulated Deferred ITC (3%)	17	(44,022)	(22,002)	(10,182)	(2,875)	(960)	0	(924)	(7,079)
Deferred Income Taxes	17	(8,447,197)	(4,221,909)	(1,953,837)	(551,602)	(184,149)	0	(177,391)	(1,358,309)
Allowance for Doubtful Accounts	13	(140,666)	(125,066)	(12,491)	(239)	(731)	0	(2,138)	0
Post in Service AFUDC	17	216,684	108,299	50,119	14,149	4,724	0	4,550	34,843
AFUDC Debt	17	461,270	230,543	106,692	30,121	10,056	0	9,687	74,172
Total Other Rate Base Elements		(4,104,276)	(1,882,067)	(1,024,070)	(276,274)	(98,490)	0	(80,700)	(742,675)
Total Original Cost Measure of Value		$ 65,975,496	$ 33,135,217	$15,188,163	$ 4,300,983	$ 1,432,211	$ -	$ 1,393,203	$10,525,719

IOWA AMERICAN WATER COMPANY
QUAD CITIES DISTRICT

SUMMARY OF AVERAGE DAILY SEND OUT AND MAXIMUM DAILY USAGE
FOR THE YEARS 1998-2008

Year	Average Daily Send out (MGD)	Maximum Daily Use		
		MGD	Ratio to Average	Highest Use Day
(1)	(2)	(3)	(4)	(5)
1998	17.78	27.931	1.571	7/21/1998
1999	17.95	24.501	1.365	7/18/1999
2000	17.60	25.393	1.442	9/2/2000
2001	17.95	25.50	1.421	8/1/2001
2002	17.02	24.28	1.427	7/3/2002
2003	16.84	23.97	1.423	8/25/2003
2004	16.40	21.40	1.305	8/1/2004
2005	16.84	31.93	1.896	6/27/2005
2006	16.38	26.15	1.597	7/16/2006
2007	16.55	22.90	1.383	6/16/2007
2008	15.917	23.38	1.469	8/18/2008

IV-1

PART IV. PROPOSED CUSTOMER RATES

IOWA AMERICAN WATER COMPANY

CLINTON DISTRICT

COMPARISON OF PRESENT AND PROPOSED RATES

Customer Charges:

Meter size	Present Rate Per Month	Proposed Rate Per Month
5/8 inch	$ 9.90	$ 12.75
3/4 inch	14.85	19.13
1 inch	24.75	31.88
1 1/2 inch	49.50	63.75
2 inch	79.20	102.00
3 inch	148.49	191.24
4 inch	247.49	318.74
6 inch	494.98	637.47
8 inch	791.97	1,019.96
10 inch	1,138.50	1,466.25

Consumption Charges:

Rate Block CCF Per Month	Present Rate Per CCF	Proposed Rate Per CCF
First 30	$ 2.480	$ 4.839
Next 570	1.830	3.001
Next 9,400	1.618	2.654
Over 10,000	1.249	2.186

Private Fire Service

Service Size	Present Rate Per Quarter	Proposed Rate Per Quarter
2 inch	$ 24.84	$ 26.71
3 inch	55.92	60.12
4 inch	99.07	106.51
6 inch	223.66	240.45
8 inch	398.86	428.81
10 inch	623.46	670.27
12 Inch	896.50	963.81

IOWA AMERICAN WATER COMPANY

QUAD CITIES DISTRICT

COMPARISON OF PRESENT AND PROPOSED RATES

Customer Charges:

Meter size	Present Rate Per Month	Proposed Rate Per Month
5/8 inch	$ 7.53	$ 9.75
3/4 inch	11.30	14.63
1 inch	18.84	24.39
1 1/2 inch	37.66	48.76
2 inch	60.25	78.01
3 inch	112.98	146.29
4 inch	188.29	243.80
6 inch	376.59	487.62
8 inch	602.54	780.18
10 Inch	865.95	1,121.25

Consumption Charges:

Rate Block CCF Per Month	Present Rate Per CCF	Proposed Rate Per CCF
First 30	$ 2.750	$ 3.620
Next 570	2.066	2.630
Next 9,400	1.904	2.400
Over 10,000	1.205	1.620

Private Fire Service

Service Size	Present Rate Per Quarter	Proposed Rate Per Quarter
2 inch	$ 18.18	$ 21.82
3 inch	40.95	49.14
4 inch	72.15	86.58
6 inch	163.83	196.60
6 inch (1/2)	81.92	98.30
8 inch	293.73	352.48
10 inch	459.42	551.30
12 inch	659.01	790.81

KENTUCKY AMERICAN WATER COMPANY

LEXINGTON, KENTUCKY

COST OF SERVICE

ALLOCATION STUDY

AS OF MAY 31, 2010

AND

PROPOSED CUSTOMER RATES

Exhibit No. 36
Witness: P. R. Herbert

KENTUCKY AMERICAN WATER COMPANY

Lexington, Kentucky

COST OF SERVICE

ALLOCATION STUDY

AS OF MAY 31, 2010

AND

PROPOSED CUSTOMER RATES

GANNETT FLEMING, INC. - VALUATION AND RATE DIVISION

Harrisburg, Pennsylvania

October 28, 2008

Kentucky American Water Company
2300 Richmond Road
Lexington, KY 40502

Attention Mr. Nick O. Rowe, President

Gentlemen:

ii Pursuant to your request, we have conducted a cost of service allocation study based on pro forma revenue requirements for the test year ending May 31, 2010, and have prepared proposed rate schedules designed to produce the pro forma revenue requirements.

The attached report presents the results of the study, as well as supporting schedules which set forth the detailed cost allocation calculations. Schedule A on page 6 presents a comparison of the cost of service by customer classification with the pro forma revenues produced by each classification under present and proposed rates.

Respectfully submitted,

GANNETT FLEMING, INC.

Paul R Herbert

PAUL R. HERBERT
President
Valuation and Rate Division

PRH:krm

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PART I. INTRODUCTION

Exhibit No. 36
Witness: P. R. Herbert

KENTUCKY AMERICAN WATER COMPANY

COST OF SERVICE ALLOCATION STUDY
AS OF MAY 31, 2010
AND PROPOSED CUSTOMER RATES

PART I. INTRODUCTION

PLAN OF REPORT

The report sets forth the results of the cost of service allocation study as of May 31, 2010, prepared for Kentucky American Water Company. Part I, Introduction, contains statements with respect to the basis of the study, the procedures employed, and a summary of the results of the study. Part II, Cost of Service by Customer Classification and cost function, presents detailed schedules of the allocation of costs to cost functions and customer classifications, as well as the bases for the allocations. Part III, Proposed Customer Rates, sets forth a comparison of the present and proposed rate structures, and the development of the proposed service charges.

BASIS OF THE STUDY

The purpose of the study was to allocate costs to several customer classifications based on considerations of quantity of water consumed, variability of rate of flow, and costs associated with metering, billing and accounting. The allocation study was based on recognized procedures for allocating the several categories of costs to customer classifications in proportion to each classification's use of the facilities, commodities and services which entail the total cost of providing water service.

Exhibit No. 36
Witness: P. R. Herbert

ALLOCATION PROCEDURES

The allocation study was based on the Base-Extra Capacity Method for allocating costs to customer classifications. The method is described in the 2000 and prior editions of the Water Rates Manual, published by the American Water Works Association. The four basic categories of cost responsibility are base, extra capacity, customer and fire protection costs. The following discussions present a brief description of these costs and the manner in which they were allocated.

Base Costs are costs that tend to vary with the quantity of water used, plus costs associated with supplying, treating, pumping and distributing water to customers under average load conditions, without the elements necessary to meet peak demands. Base costs were allocated to customer classifications on the basis of average daily usage.

Extra Capacity Costs are costs associated with meeting usage requirements in excess of the average. They include operating and capital costs for additional plant and system capacity beyond that required for average use. The extra capacity costs in this study are subdivided into costs necessary to meet maximum day extra demand and costs to meet maximum hour extra demand. The extra capacity costs were allocated to customer classifications on the bases of each classification's maximum day and hour usage in excess of average usage. (Extra capacity costs related to fire protection are allocated directly to the fire protection classifications.)

Customer Costs are costs associated with serving customers regardless of their usage or demand characteristics. Customer costs include the operating and capital costs related to meters and services, meter reading costs, and billing and collecting

costs. The customer costs were allocated on the bases of the relative cost of meters and services and the number of customers.

Fire Protection Costs are costs associated with providing the facilities to meet the potential peak demand of fire protection service. Fire protection costs are subdivided into costs to meet Public Fire Protection and Private Fire Protection demands. Operating and capital costs for hydrants were allocated directly to the Public Fire Protection classification. The extra capacity costs assigned to fire protection service were allocated to Public and Private Fire Protection on the basis of the total relative demands of the hydrants and fire service lines.

The data summarized in Schedule A, "Comparison of Cost of Service with Revenues Under Present and Proposed Rates for the Twelve Months Ending May 31, 2010," constitute the principal results of the allocation study.

The cost of service by customer classification, shown in column 2 of Schedule A, is developed in Schedule B, "Allocation of Cost of Service by Cost Function to Customer Classifications". The allocation of the cost of service by function to the several customer classifications was performed by applying the allocation factors referenced in column 2 of Schedule B to the cost of service by function in column 3. The bases of the allocation factors are presented in Schedule C.

The cost of service by cost function is set forth in Schedule D, "Cost of Service for the Twelve Months Ending May 31, 2010, Allocated to Cost Functions." The allocation of the cost of service to the cost functions was performed by applying the allocation factors referenced in column 2 to the cost of service by account in column 3. The bases of the factors are presented in Schedule E.

Exhibit No. 36
Witness: P. R. Herbert

DESIGN OF PROPOSED RATES

A comparison of the present and proposed rate structures is presented in Schedule G of Part III of the report. The proposed rates maintain the existing rate structure consisting of service charges by meter size applicable to all classes and single-block consumption charges for each classification. The service charges were developed on Schedule H, based on the cost of service related to meters, services, billing and collecting and meter reading. The overall increase to the service charges is approximately 8.1%.

The consumption charges as well as private and public fire rates were increased so that the revenues under proposed rates would move toward the indicated cost of service as shown in Schedule A.

KENTUCKY-AMERICAN WATER COMPANY

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES
FOR THE TWELVE MONTHS ENDING MAY 31, 2010

Customer Classification	Cost of Service Amount (Schedule B)	Cost of Service Percent	Revenues, Present Rates Amount	Revenues, Present Rates Percent	Revenues, Proposed Rates Amount	Revenues, Proposed Rates Percent	Proposed Increase Amount	Proposed Increase Percent Increase
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Residential	$ 39,333,034	52.3%	$ 30,588,335	53.8%	$ 39,838,225	53.0%	$ 9,249,890	30.2%
Commercial	20,284,706	26.9%	15,056,530	26.5%	20,285,726	26.9%	5,229,196	34.7%
Industrial	2,707,400	3.6%	1,623,443	2.9%	2,271,313	3.0%	647,870	39.9%
Public Authority	6,205,348	8.2%	4,507,460	7.9%	6,204,332	8.2%	1,696,872	37.6%
Sales for Resale	1,896,442	2.5%	1,364,825	2.4%	1,895,863	2.5%	531,038	38.9%
Private Fire Service	1,813,539	2.4%	1,254,070	2.2%	1,743,239	2.3%	489,169	39.0%
Public Fire Service	3,114,875	4.1%	2,466,049	4.3%	3,116,635	4.1%	650,586	26.4%
Total Sales	75,355,344	100.0%	56,860,712	100.0%	75,355,333	100.0%	18,494,621	32.5%
Other Revenues	5,384,560		$5,384,560		5,384,560		-	0.0%
Total	$ 80,739,904		$ 62,245,272		$ 80,739,893		$ 18,494,621	29.7%

PART II. COST OF SERVICE BY CUSTOMER CLASSIFICATION AND COST FUNCTION

KENTUCKY-AMERICAN WATER COMPANY

ALLOCATION OF COST OF SERVICE BY COST FUNCTION TO CUSTOMER CLASSIFICATIONS

Cost Function	Factor Ref.*	Cost of Service (Schedule D)	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Service	
								Private Fire	Public Fire
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Base	A	$34,629,735	$16,230,957	$11,271,979	$1,759,191	$3,899,308	$1,267,448	$83,111	$117,741
Extra Capacity - Maximum Day	B	13,893,044	6,943,743	4,552,751	584,897	1,389,304	422,349		
Extra Capacity - Maximum Hour	C	8,964,307	4,660,543	3,045,175	341,540	724,316	192,733		
Customer Facilities - Meters	D	3,845,840	3,031,291	627,257	16,537	119,990	11,153	39,612	
Customer Facilities - Services	E	2,815,855	2,359,969	292,849	2,534	32,382	1,408	126,713	
Billing and Collecting	F	4,729,903	4,269,684	345,756	1,892	27,906	946	82,300	1,419
Meter Reading	G	2,023,629	1,836,847	148,939	809	12,142	405	24,486	
Private Fire	H	1,457,317						1,457,317	
Public Fire	I	2,995,715							2,995,715
Total		$75,355,345	$39,333,034	$20,284,706	$2,707,400	$6,205,348	$1,896,442	$1,813,539	$3,114,875

* Schedule C.

KENTUCKY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COSTS BY FUNCTION TO CUSTOMER CLASSIFICATIONS

FACTOR A. ALLOCATION OF BASE COSTS.

Factors are based on the pro forma test year average daily consumption for each customer classification.

Classification	Average Daily Consumption, CCF	Allocation Factor
(1)	(2)	(3)
Residential	23,032	0.4687
Commercial	15,993	0.3255
Industrial	2,495	0.0508
Other Public Authority	5,533	0.1126
Sales for Resale	1,800	0.0366
Private Fire Protection	120	0.0024
Public Fire Protection	167	0.0034
Total	49,140	1.0000

FACTOR B. ALLOCATION OF MAXIMUM DAY EXTRA CAPACITY COSTS.

Factors are based on the maximum day extra capacity demand for each customer classification.

Customer Classification	Average Daily Consumption, CCF	Factor*	Rate of Flow, CCF Per Day	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	23,032	0.90	20,729	0.4998
Commercial	15,993	0.85	13,594	0.3277
Industrial	2,495	0.70	1,747	0.0421
Other Public Authority	5,533	0.75	4,150	0.1000
Sales for Resale	1,800	0.70	1,260	0.0304
Total	48,853		41,480	1.0000

* Ratio of Maximum Day To Average Day Minus 1.0.

KENTUCKY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COSTS BY FUNCTION TO CUSTOMER CLASSIFICATIONS

FACTOR C. ALLOCATION OF MAXIMUM HOUR EXTRA CAPACITY COSTS.

Factors are based on the maximum hour extra capacity demand for each customer classification.

Customer Classification	Average Hourly Consumption, CCF	Factor*	Rate of Flow, CCF Per Hour	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	959.7	1.70	1,631.5	0.5199
Commercial	666.4	1.60	1,066.2	0.3397
Industrial	104.0	1.15	119.6	0.0381
Other Public Authority	230.5	1.10	253.6	0.0808
Sales for Resale	75.0	0.90	67.5	0.0215
Total	2,035.6		3,138.4	1.0000

* Ratio of Maximum Hour To Average Hour Minus 1.0.

FACTOR D. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

Factors are based on the relative cost of meters by size and customer classification, as developed on the following page and summarized below.

Customer Classification	5/8" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	113,279	0.7882
Commercial	23,441	0.1631
Industrial	623	0.0043
Other Public Authority	4,477	0.0312
Sales for Resale	414	0.0029
Private Fire Protection	1,487	0.0103
Total	143,721	1.0000

KENTUCKY-AMERICAN WATER COMPANY

BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS

Meter Size	5/8" Dollar Equivalent	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Private Fire Protection		Total	
		Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)=(2)X(11)	(15)	(16)
5/8	1.0	109,326	109,326	4,795	4,795	2	2	133	133	0	0	1,487	1,487	115,743	115,743
1	1.8	1,779	3,202	2,289	4,120	2	4	176	317	0	0	0	0	4,246	7,643
1-1/2	5.4	14	76	170	918	1	5	27	146	3	16	0	0	215	1,161
2	7.0	85	595	1,704	11,928	24	168	346	2,422	7	49	0	0	2,166	15,162
3	14.0	0	0	6	84	0	0	0	0	0	0	0	0	6	84
4	27.0	0	0	28	756	12	324	37	999	7	189	0	0	84	2,268
6	40.0	2	80	11	440	3	120	9	360	4	160	0	0	29	1,160
8	50.0	0	0	8	400	0	0	2	100	0	0	0	0	10	500
Total		111,206	113,279	9,011	23,441	44	623	730	4,477	21	414	1,487	1,487	122,499	143,721

KENTUCKY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COSTS BY FUNCTION TO CUSTOMER CLASSIFICATIONS

FACTOR E. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

Factors are based on the relative cost of services by size and customer classification, as developed on the following page and summarized below.

Customer Classification	3/4" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	113,127	0.8381
Commercial	14,041	0.1040
Industrial	120	0.0009
Other Public Authority	1,550	0.0115
Sales for Resale	65	0.0005
Private Fire Protection	6,073	0.0450
Total	134,976	1.0000

FACTOR F. ALLOCATION OF BILLING AND COLLECTING COSTS.

Factors are based on the total number of customers.

Customer Classification	Total Customers	Allocation Factor
(1)	(2)	(3)
Residential	111,206	0.9027
Commercial	9,011	0.0731
Industrial	44	0.0004
Other Public Authority	730	0.0059
Sales for Resale	21	0.0002
Private Fire Protection	2,147	0.0174
Public Fire Protection	38	0.0003
Total	123,197	1.0000

KENTUCKY-AMERICAN WATER COMPANY

BASIS FOR ALLOCATING SERVICE COSTS TO CUSTOMER CLASSIFICATIONS

Service Size	3/4" Dollar Equivalent	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Private Fire Protection		Total	
		Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)=(2)X(11)	(15)	(16)
3/4	1.00	79,326 *	79,326	4,795	4,795	2	2	133	133	0	0	0	0	84,256	84,256
1	2.00	16,779 *	33,558	2,289	4,578	2	4	176	352	0	0	0	0	19,246	38,492
1-1/2	2.20	14	31	170	374	1	2	27	59	3	7	0	0	215	473
2	2.40	85	204	1,704	4,090	24	58	346	830	7	17	43	103	2,209	5,302
4	3.50	0	0	34	119	12	42	37	130	7	25	349	1,222	439	1,538
6	4.00	2	8	11	44	3	12	9	36	4	16	816	3,264	845	3,380
8	5.10	0	0	8	41	0	0	2	10	0	0	265	1,352	275	1,403
10	8.90	0	0	0	0	0	0	0	0	0	0	7	62	7	62
12	9.50	0	0	0	0	0	0	0	0	0	0	6	57	6	57
>12	12.70	0	0	0	0	0	0	0	0	0	0	1	13	1	13
Total		96,206	113,127	9,011	14,041	44	120	730	1,550	21	65	1,487	6,073	107,499	134,976

*Adjusted to reflect that approximately 30,000 residential customers are served by 1-inch service lines each serving two residences.

KENTUCKY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COSTS BY FUNCTION TO CUSTOMER CLASSIFICATIONS

FACTOR G. ALLOCATION OF METER READING COSTS.

Factors are based on the number of metered customers.

Customer Classification	Total Metered Customers	Allocation Factor
(1)	(2)	(2)
Residential	111,206	0.9077
Commercial	9,011	0.0736
Industrial	44	0.0004
Other Public Authority	730	0.0060
Sales for Resale	21	0.0002
Private Fire Protection	1,487	0.0121
Total	122,499	1.0000

FACTOR H. ALLOCATION OF PRIVATE FIRE PROTECTION COSTS.

These costs are assigned directly to Private Fire Protection.

Cost Function	Allocation Factor
(1)	(2)
Private Fire Protection	1.0000

FACTOR I. ALLOCATION OF PUBLIC FIRE PROTECTION COSTS.

These costs are assigned directly to Public Fire Protection.

Cost Function	Allocation Factor
(1)	(2)
Public Fire Protection	1.0000

KENTUCKY-AMERICAN WATER COMPANY
COST OF SERVICE FOR THE TWELVE MONTHS ENDING MAY 31, 2010, ALLOCATED TO COST FUNCTIONS

Account	Factor Ref.	Cost of Service	Base	Extra Capacity		Customer Facilities		Customer Accounting		Fire Service	
				Max Day	Max Hour	Meters	Services	Billing & Collecting	Meter Reading	Private Fire	Public Fire
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
OPERATION AND MAINTENANCE EXPENSES											
SOURCE OF SUPPLY EXPENSES											
-OPERATION-											
600 Supervision & Engineering	2	0	0	0	0	0	0	0	0	0	0
601 Operation Expense and Labor											
Expenses	2	0	0	0	0	0	0	0	0	0	0
Labor	2	0	0	0							
602 Purchased Water	1	114,586	114,586	0	0	0	0	0	0	0	0
603 Miscellaneous Expenses	2	41,523	25,167	16,356	0	0	0	0	0	0	0
604 Rents	2	0	0	0	0	0	0	0	0	0	0
Total Operation		156,109	139,753	16,356	0	0	0	0	0	0	0
-MAINTENANCE-											
610 Supervision & Engineering	2	0	0	0	0	0	0	0	0	0	0
612 Maint Coll & Impound Res	1	0	0	0	0	0	0	0	0	0	0
613.1 Maint Lakes, River & Intakes	2	0	0	0	0	0	0	0	0	0	0
613.2 Amort Lakes, River & Intakes	2	0	0	0	0	0	0	0	0	0	0
614 Wells and Springs Maint	2	0	0	0	0	0	0	0	0	0	0
616 Maint Supply Mains Mat	2	0	0	0	0	0	0	0	0	0	0
617 Maint Misc Water Source		0									
Expenses	2	169,450	102,704	66,746	0	0	0	0	0	0	0
Labor	2	0	0	0	0	0	0	0	0	0	0
Total Maintenance		169,450	102,704	66,746	0	0	0	0	0	0	0
Total Source of Supply		325,559	242,457	83,102	0	0	0	0	0	0	0
POWER AND PUMPING EXPENSES											
620 Pumping Supervision & Eng Electric	6	0	0	0	0	0	0	0	0	0	0
622 Pump Power Prod Labor & Exp											
Expenses	6	0	0	0	0	0	0	0	0	0	0
Labor	6	0	0	0	0	0	0	0	0	0	0
623 Pump Fuel and Power Purchase	1	3,598,619	3,598,619	0	0	0	0	0	0	0	0
624 Pump Labor and Expenses											
Expenses	6	0	0	0	0	0	0	0	0	0	0
Labor	6	0	0	0	0	0	0	0	0	0	0
626 Misc Pumping Expenses Electic	6	3,060	1,677	976	264	0	0	0	0	60	84
627 Rents	6	0	0	0	0	0	0	0	0	0	0
Total Operation		3,601,679	3,600,296	976	264	0	0	0	0	60	84

KENTUCKY-AMERICAN WATER COMPANY
COST OF SERVICE FOR THE TWELVE MONTHS ENDING MAY 31, 2010, ALLOCATED TO COST FUNCTIONS

Account	Factor Ref.	Cost of Service	Base	Extra Capacity		Customer Facilities		Customer Accounting		Fire Service	
				Max Day	Max Hour	Meters	Services	Billing & Collecting	Meter Reading	Private Fire	Public Fire
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
-MAINTENANCE-											
630 Supervision & Engineering	6	197,097	108,029	62,854	16,990	0	0	0	0	3,843	5,381
631 Pump Struc & Imp Maint											
Expenses	6	0	0	0	0	0	0	0	0	0	0
Labor	6	0	0	0	0	0	0	0	0	0	0
632 Pump Maint Power Prod Equipment											
Expenses	6	0	0	0	0	0	0	0	0	0	0
Labor	6	0	0	0	0	0	0	0	0	0	0
633 Pump Maint Pumping Equipment											
Expenses	6	0	0	0	0	0	0	0	0	0	0
Labor	6	0	0	0	0	0	0	0	0	0	0
Total Maintenance		197,097	108,029	62,854	16,990	0	0	0	0	3,843	5,381
Total Power and Pumping		3,798,776	3,708,325	63,830	17,254	0	0	0	0	3,903	5,464
WATER TREATMENT											
-OPERATION-											
640 Supervision and Engineering	2	815,083	494,022	321,061	0	0	0	0	0	0	0
641 Chemicals	1	2,745,061	2,745,061	0	0	0	0	0	0	0	0
642 Labor and Expenses											
Expenses	2	162,161	98,286	63,875	0	0	0	0	0	0	0
Labor	2	1,156,657	701,050	455,607	0	0	0	0	0	0	0
643 Misc Water Treatment Exp-Current											
Expenses - Other	2	78,127	47,353	30,774	0	0	0	0	0	0	0
Expenses - Waste Disposal	1	297,231	297,231	0	0	0	0	0	0	0	0
Labor	1	0	0	0	0	0	0	0	0	0	0
644 Rents	2	0	0	0	0	0	0	0	0	0	0
Total Operation		5,254,320	4,383,002	871,318	0	0	0	0	0	0	0
-MAINTENANCE-											
650 Supervision and Engineering	2	0	0	0	0	0	0	0	0	0	0
651 Structures and Improvements											
Expenses	2	280,782	170,182	110,600	0	0	0	0	0	0	0
Labor	2	0	0	0	0	0	0	0	0	0	0
652 General Water Equip											
Expenses	2	85,365	51,740	33,625	0	0	0	0	0	0	0
Labor	2	0	0	0	0	0	0	0	0	0	0
Total Maintenance		366,147	221,922	144,225	0	0	0	0	0	0	0
Total Water Treatment Expenses		5,620,467	4,604,923	1,015,543	0	0	0	0	0	0	0

KENTUCKY-AMERICAN WATER COMPANY
COST OF SERVICE FOR THE TWELVE MONTHS ENDING MAY 31, 2010, ALLOCATED TO COST FUNCTIONS

Account	Factor Ref.	Cost of Service	Base	Extra Capacity		Customer Facilities		Customer Accounting		Fire Service	
				Max Day	Max Hour	Meters	Services	Billing & Collecting	Meter Reading	Private Fire	Public Fire
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
TRANSMISSION AND DISTRIBUTION EXPENSES											
-OPERATION-											
660 Supervision and Engineering	8	483,175	190,468	35,368	204,238	0	0	0	0	22,081	31,020
661 Storage Facilities Expense	5	0	0	0	0	0	0	0	0	0	0
662 Lines Expense											
Expenses	7	17,950	7,078	1,314	7,587	0	0	0	0	820	1,152
Labor	7	831,766	327,976	60,866	351,577	0	0	0	0	37,975	53,372
663 Meter Expense											
Expenses	9	0	0	0	0	0	0	0	0	0	0
Labor	9	0	0	0	0	0	0	0	0	0	0
664 Customer Installation Expenses											
Expenses	9	0	0	0	0	0	0	0	0	0	0
Labor	9	0	0	0	0	0	0	0	0	0	0
665 Maps and Records											
Expenses	8	0	0	0	0	0	0	0	0	0	0
Labor	8	35,818	14,119	2,622	15,140	0	0	0	0	1,637	2,300
665 Miscellaneous Expenses											
Expenses - Other	8	373,917	147,398	27,371	158,055	0	0	0	0	17,088	24,005
Expenses - Distribution Reservoirs	5	0	0	0	0	0	0	0	0	0	0
Labor	8	0	0	0	0	0	0	0	0	0	0
666 Rents	8	4,464	1,760	327	1,887	0	0	0	0	204	287
Total Operation		1,747,090	688,799	127,867	738,485	0	0	0	0	79,805	112,135
-MAINTENANCE-											
670 Supervision and Engineering	14	0	0	0	0	0	0	0	0	0	0
671 T & D Structures & Improve Maint											
Expenses	14	0	0	0	0	0	0	0	0	0	0
Labor	14	0	0	0	0	0	0	0	0	0	0
672 Reservoirs and Standpipes											
Expenses	5	225,277	68,349	0	102,546	0	0	0	0	22,618	31,764
Labor	5	0	0	0	0	0	0	0	0	0	0
673 T & D Mains											
Expenses	7	0	0	0	0	0	0	0	0	0	0
Labor	7	882,969	348,166	64,612	373,220	0	0	0	0	40,313	56,657
675 Services											
Expenses	10	0	0	0	0	0	0	0	0	0	0
Labor	10	395,195	0	0	0	0	395,195	0	0	0	0
676 Meters											
Expenses	9	0	0	0	0	0	0	0	0	0	0
Labor	9	85,398	0	0	0	85,398	0	0	0	0	0

KENTUCKY-AMERICAN WATER COMPANY
COST OF SERVICE FOR THE TWELVE MONTHS ENDING MAY 31, 2010, ALLOCATED TO COST FUNCTIONS

Account	Factor Ref.	Cost of Service	Base	Extra Capacity		Customer Facilities		Customer Accounting		Fire Service	
				Max Day	Max Hour	Meters	Services	Billing & Collecting	Meter Reading	Private Fire	Public Fire
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
677 Hydrants											
Expenses	13	0	0	0	0	0	0	0	0	0	0
Labor	13	0	0	0	0	0	0	0	0	0	0
678 Miscellaneous Plant											
Expenses	14	490,000	128,478	19,943	146,706	26,313	121,863	0	0	19,404	27,293
Labor	14	0	0	0	0	0	0	0	0	0	0
Total Maintenance		2,078,839	544,993	84,555	622,472	111,711	517,058	0	0	82,335	115,714
Total Transmission and Distribution		3,825,929	1,233,792	212,422	1,360,957	111,711	517,058	0	0	162,140	227,849
CUSTOMER ACCOUNTS											
901 Supervision	11	49,412	0	0	0	0	0	49,412	0	0	0
902 Meter Reading Expenses											
Expenses	12	0	0	0	0	0	0	0	0	0	0
Labor	12	670,853	0	0	0	0	0	0	670,853	0	0
903 Recording and Collecting Expenses											
Expenses	11	1,160,913	0	0	0	0	0	1,160,913	0	0	0
Labor	11	178,102	0	0	0	0	0	178,102	0	0	0
904 Uncollectible Accounts	11	572,618	0	0	0	0	0	572,618	0	0	0
905 Misc Customer Accounting Expenses	11	6,430	0	0	0	0	0	6,430	0	0	0
907 Customer Service Expenses											
Labor	11	0	0	0	0	0	0	0	0	0	0
Total Customers' Accounting and Collecting Expenses		2,638,328	0	0	0	0	0	1,967,475	670,853	0	0
ADMINISTRATIVE AND GENERAL EXPENSES -OPERATION-											
920 Administrative & General Salaries											
Expenses	15	0	0	0	0	0	0	0	0	0	0
Labor	15	1,281,023	411,080	186,261	186,773	15,116	70,072	266,581	90,953	22,546	31,641
921 Miscellaneous Office Expenses	15	550,508	176,658	80,044	80,264	6,496	30,113	114,561	39,086	9,689	13,598
923 Outside Services											
Customer Related	11	1,839,044	0	0	0	0	0	1,839,044	0	0	0
Water Quality	1	189,753	189,753	0	0	0	0	0	0	0	0
Other	15	6,456,633	2,071,934	938,794	941,377	76,188	353,178	1,343,625	458,421	113,637	159,479
924 Property Insurance	15	155,642	49,945	22,630	22,693	1,837	8,514	32,389	11,051	2,739	3,844
925 Workers Compensation	16	164,758	60,532	27,745	26,773	2,340	10,858	11,533	17,777	2,999	4,201
925.4 General Liability	15	386,126	123,908	56,143	56,297	4,556	21,121	80,353	27,415	6,796	9,537
926 Employee Pensions and Benefits	16	2,735,723	1,005,105	460,696	444,555	38,847	180,284	191,501	295,185	49,790	69,761
928 Regulatory Expenses	19	355,582	159,052	64,609	41,070	17,957	12,694	30,580	8,925	6,756	13,939
930 Miscellaneous General Expense	15	1,409,346	452,259	204,919	205,483	16,630	77,091	293,285	100,064	24,804	34,811
931 Administrative and General Rents	15	27,504	8,826	3,999	4,010	325	1,504	5,724	1,953	484	679
Total Operation		15,551,641	4,709,052	2,045,840	2,009,295	180,292	765,429	4,209,175	1,050,828	240,240	341,491

KENTUCKY-AMERICAN WATER COMPANY
COST OF SERVICE FOR THE TWELVE MONTHS ENDING MAY 31, 2010, ALLOCATED TO COST FUNCTIONS

Account	Factor Ref.	Cost of Service	Base	Extra Capacity		Customer Facilities		Customer Accounting		Fire Service	
				Max Day	Max Hour	Meters	Services	Billing & Collecting	Meter Reading	Private Fire	Public Fire
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
-MAINTENANCE-											
932 Maintenance of General Plant	15	141,244	45,325	20,537	20,593	1,667	7,726	29,393	10,028	2,486	3,489
Total Maintenance											
Total Administrative and General Expenses		15,692,885	4,754,377	2,066,377	2,029,888	181,958	773,155	4,238,568	1,060,857	242,726	344,979
Total Operation and Maintenance Expenses		31,901,944	14,543,874	3,441,275	3,408,099	293,669	1,290,213	6,206,043	1,731,710	408,769	578,293
503 DEPRECIATION EXPENSE											
301 Organization	17	0	0	0	0	0	0	0	0	0	0
302 Franchise and Consents	15	0	0	0	0	0	0	0	0	0	0
303 Other P/E Intangibles	17	110,411	43,723	20,415	17,975	12,222	3,677	1,181	397	2,992	7,828
310 Land and Land Rights	2	0	0	0	0	0	0	0	0	0	0
311 Source of Supply Struct & Improv	2	94,880	57,507	37,373	0	0	0	0	0	0	0
312 Collecting &Impounding Reservoirs	1	15,187	15,187	0	0	0	0	0	0	0	0
313 Lake, River and Other Intakes	2	12,300	7,455	4,845	0	0	0	0	0	0	0
314 Wells and Springs	2	0	0	0	0	0	0	0	0	0	0
316 Supply Mains	2	93,528	56,687	36,841	0	0	0	0	0	0	0
321 Pumping Structures & Improvements	6	106,264	58,243	33,888	9,160	0	0	0	0	2,072	2,901
322 Boiler Plant Equipment	6	0	0	0	0	0	0	0	0	0	0
323 Other Power Production Equipment	6	25,021	13,714	7,979	2,157	0	0	0	0	488	683
325 Electric Pumping Equipment	6	382,418	209,603	121,953	32,964	0	0	0	0	7,457	10,440
326 Diesel Pumping Equipment	6	17,894	9,808	5,706	1,542	0	0	0	0	349	489
328 Other Pumping Equipment	6	20,106	11,020	6,412	1,733	0	0	0	0	392	549
331 Water Treat Structures & Improv	2	166,570	100,958	65,612	0	0	0	0	0	0	0
332 Water Treat and Equipment	2	689,985	418,200	271,785	0	0	0	0	0	0	0
334 GAC	2	0	0	0	0	0	0	0	0	0	0
341 T & D Structures & Improvements	14	36,098	9,465	1,469	10,808	1,938	8,978	0	0	1,429	2,011
342 Distrib. Reservoirs & Standpipes	5	287,033	87,086	0	130,657	0	0	0	0	28,818	40,472
343 Transmission & Distribution Mains											
Distribution	4	1,507,677	531,908	0	798,013	0	0	0	0	73,876	103,879
Transmission	3	946,523	529,012	343,872	0	0	0	0	0	30,667	42,972
345 Services	10	565,209	0	0	0	0	565,209	0	0	0	0
346 Meters	9	432,436	0	0	0	432,436	0	0	0	0	0
347 Meter Installations	9	466,552	0	0	0	466,552	0	0	0	0	0
348 Fire Hydrants	13	174,898	0	0	0	0	0	0	0	0	174,898
349 Other T & D	14	0	0	0	0	0	0	0	0	0	0
389 Land and Land Rights	15	0	0	0	0	0	0	0	0	0	0
390 General Structures & Improvements	15	0	0	0	0	0	0	0	0	0	0
390.1 Office Structures	15	90,486	29,037	13,157	13,193	1,068	4,950	18,830	6,425	1,593	2,235
390.2 Stores Shop and Gar. Structures	15	23,737	7,617	3,451	3,461	280	1,298	4,940	1,685	418	586
390.3 Miscellaneous Structures & Improv	15	81,913	26,286	11,910	11,943	967	4,481	17,046	5,816	1,442	2,023
391 Office Furniture and Equipment	15	215,155	69,043	31,284	31,370	2,539	11,769	44,774	15,276	3,787	5,314
391.20 Computers & Peripheral Equipment	15	122,911	39,442	17,871	17,920	1,450	6,723	25,578	8,727	2,163	3,036

KENTUCKY-AMERICAN WATER COMPANY
COST OF SERVICE FOR THE TWELVE MONTHS ENDING MAY 31, 2010, ALLOCATED TO COST FUNCTIONS

Account	Factor Ref.	Cost of Service	Base	Extra Capacity		Customer Facilities		Customer Accounting		Fire Service	
				Max Day	Max Hour	Meters	Services	Billing & Collecting	Meter Reading	Private Fire	Public Fire
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
391.25 Computer Software	15	312,827	100,386	45,485	45,610	3,691	17,112	65,099	22,211	5,506	7,727
391.28 Other software	15	114,635	36,786	16,668	16,714	1,353	6,271	23,856	8,139	2,018	2,831
391.30 Other Office Equipment	15	7,549	2,422	1,098	1,101	89	413	1,571	536	133	186
392.11 Transportation Equip-Light Trucks	15	129,235	41,472	18,791	18,842	1,525	7,069	26,894	9,176	2,275	3,192
392.12 Transportation Equip-Heavy Trucks	15	69,780	22,392	10,146	10,174	823	3,817	14,521	4,954	1,228	1,724
392.2 Transportation Equip-Cars	15	41,161	13,209	5,985	6,001	486	2,252	8,566	2,922	724	1,017
392.3 Transportation Equip-Other	15	27,231	8,738	3,959	3,970	321	1,490	5,667	1,933	479	673
393 Stores Equipment	15	1,757	564	255	256	21	96	366	125	31	43
394 Tools, Shop & Garage Equipment	15	142,751	45,809	20,756	20,813	1,684	7,808	29,706	10,135	2,512	3,526
395 Laboratory Equipment	2	84,417	51,165	33,252	0	0	0	0	0	0	0
396 Power Operated Equipment	15	70,863	22,740	10,303	10,332	836	3,876	14,747	5,031	1,247	1,750
397 Communication Equipment	15	139,811	44,865	20,329	20,384	1,650	7,648	29,095	9,927	2,461	3,453
398 Miscellaneous Equipment	15	66,766	21,425	9,708	9,734	788	3,652	13,894	4,740	1,175	1,649
399 Other Tangible Property	15	7,686	2,466	1,118	1,121	91	420	1,599	546	135	190
Total Depreciation Expense		7,901,661	2,745,442	1,233,675	1,247,950	932,811	669,007	347,929	118,702	177,868	428,278
404 AMORTIZATION EXPENSE											
AFUDC	18	71,346	32,755	17,387	8,183	5,066	1,591	642	221	1,669	3,831
Acquisition Adjustment	18	13,051	5,992	3,180	1,497	927	291	117	40	305	701
Property Losses	2	412,192	249,830	162,362	0	0	0	0	0	0	0
Total Amortizations		496,588	288,576	182,930	9,680	5,992	1,882	760	262	1,975	4,532
507.1 TAXES, OTHER THAN INCOME											
Federal and State Payroll Taxes	16	541,285	198,868	91,152	87,959	7,686	35,671	37,890	58,405	9,851	13,803
Property Taxes	18	3,113,602	1,429,455	758,785	357,130	221,066	69,433	28,022	9,652	72,858	167,200
Gross Receipts and surtax	19	128,191	57,340	23,292	14,806	6,474	4,576	11,024	3,218	2,436	5,025
Other General Taxes	18	0	0	0	0	0	0	0	0	0	0
Total Taxes, Other Than Income		3,783,078	1,685,663	873,230	459,895	235,226	109,680	76,937	71,274	85,145	186,028

KENTUCKY-AMERICAN WATER COMPANY
COST OF SERVICE FOR THE TWELVE MONTHS ENDING MAY 31, 2010, ALLOCATED TO COST FUNCTIONS

Account	Factor Ref.	Cost of Service	Base	Extra Capacity		Customer Facilities		Customer Accounting		Fire Service	
				Max Day	Max Hour	Meters	Services	Billing & Collecting	Meter Reading	Private Fire	Public Fire
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
507.2 INCOME TAXES	18	10,563,137	4,849,536	2,574,236	1,211,592	749,983	235,558	95,068	32,746	247,177	567,240
Utility Operating Income Available for Return	18	26,093,497	11,979,524	6,358,985	2,992,924	1,852,638	581,885	234,841	80,890	610,588	1,401,221
Total Cost of Service		80,739,905	36,092,615	14,664,331	9,330,140	4,070,319	2,888,226	6,961,578	2,035,583	1,531,522	3,165,592
Less: Other Water Revenues	19	94,020	42,055	17,083	10,859	4,748	3,357	8,086	2,360	1,786	3,686
Customer Related	11	1,185,324	0	0	0	0	0	1,185,324	0	0	0
AFUDC	18	3,094,804	1,420,825	754,204	354,974	219,731	69,014	27,853	9,594	72,418	166,191
Billing and Collecting Services	11	1,010,412	0	0	0	0	0	1,010,412	0	0	0
Total Other Water Revenues		5,384,560	1,462,880	771,287	365,833	224,479	72,371	2,231,675	11,954	74,205	169,877
Total Cost of Service Related to Sales of Water		75,355,345	34,629,735	13,893,044	8,964,307	3,845,840	2,815,855	4,729,903	2,023,629	1,457,317	2,995,715

KENTUCKY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO COST FUNCTIONS

FACTOR 1. ALLOCATION OF COSTS WHICH VARY WITH THE AMOUNT OF WATER CONSUMED.

Costs are allocated directly to the Base Cost Function.

Cost Function (1)	Allocation Factor (2)
Base	1.0000

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA

The weighting of the Factors is based on the maximum day ratio of 1.65, based on a review of maximum day ratios experienced by the Company. (see Schedule F).

Cost Function (1)	Maximum Day Ratio (2)	Allocation Factor (3)
Average Day	1.00	0.6061
Maximum Day Extra Capacity	0.65	0.3939
Total	1.65	1.0000

KENTUCKY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO COST FUNCTIONS

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA

Factors are based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum day ratio of 1.65 and the average pumpage for the test year. The system demand for fire protection is 10,000 Gallons per minute for 10 hours, or 6 MGD. The Allocation of Fire Protection is based on the relative demand flows, as shown on the following page and summarized below.

Cost Function	Ratio	Rate of Flow, (GPD)	Allocation Factor	Allocation of Fire Protection	Weighted Factor
(1)	(2)	(3)	(4)	(5)	(6)
Average Day	1.00	43,108,090	0.5589		
Maximum Day Extra Capacity	0.65	28,020,259	0.3633		
Subtotal	1.65	71,128,349	0.9222		
Fire Protection		6,000,000	0.0778		
Private Fire				0.4159	0.0324
Public Fire				0.5841	0.0454
Total		77,128,349	1.0000	1.0000	0.0778

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR

The bases for the potential demand of general service are the maximum hour ratio of 2.5 and the average pumpage for the test year. The system demand for fire protection is 10,000 Gallons per minute for 10 hours. The Allocation of Fire Protection is based on the relative demand flows, as shown on the following page and summarized below.

Cost Function	Ratio	Rate of Flow, (GPM)	Allocation Factor	Allocation of Fire Protection	Weighted Factor
(1)	(2)	(3)	(4)	(5)	(6)
Average Hour	1.00	29,936	0.3528		
Maximum Hour Extra Capacity	1.50	44,904	0.5293		
Subtotal	2.50	74,840	0.8821		
Fire Protection		10,000	0.1179		
Private Fire				0.4159	0.0490
Public Fire				0.5841	0.0689
Total		84,840	1.0000	1.0000	0.1179

KENTUCKY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO COST FUNCTIONS

BASIS FOR ALLOCATING DEMAND RELATED COSTS OF FIRE SERVICE
TO PRIVATE AND PUBLIC FIRE PROTECTION CUSTOMER CLASSIFICATIONS

The demand for fire protection is assigned to private and public fire service based on the relative potential demands, as follows:

	Restrictive Diameter Squared	Quantity	Relative Demand*	Allocation Factor
	(1)	(2)	(3)	(4)
Private Fire Protection:				
2 -inch Fire Line	4	43	258	
3 -inch Fire Line	9	0	0	
4 -inch Fire Line	16	349	8,376	
6 -inch Fire Line	36	816	44,064	
8 -inch Fire Line	64	265	25,440	
10 -inch Fire Line	100	7	1,050	
12 -inch Fire Line	144	6	1,296	
14 -inch Fire Line	196	0	0	
16 -inch Fire Line	256	1	384	
Private Hydrants	27.6	816	33,782	
Total Private Fire		2,303	114,650	0.4159
Public Fire Protection:				
4 -1/4 inch w/ 2-2 1/2, 1-4 1/2	20.3	6,572	133,412	
5 -1/4 inch w/ 2-2 1/2, 1-4 1/2	27.6	1,000	27,600	
Total Public Fire		7,572	161,012	0.5841
Total Fire Protection		9,875	275,662	1.0000

* Relative Demand for Private Fire lines and hydrants are calculated at 1.5 times the Public Fire Relative Demand.

KENTUCKY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO COST FUNCTIONS

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES.

Factors are based on the potential demand of general and fire protection service using the ratio of the capacity required for a 10-hour demand of fire flow as related to total storage capacity.

fire Not updated - storage updated

Fire Protection Weight = 10,000 gpm for 10 hours / 24,860,000 Gallons Storage = 0.2414

General Service = 1.0000 - 0.2414 = 0.7586

The General Service weight is assigned to base and maximum hour extra capacity, based on the maximum hour ratio, as follows:

	Ratio	Percent	Weight
Base	1.00	0.4000	0.3034
Maximum Hour Extra Capacity	1.50	0.6000	0.4552
Total	2.50	1.0000	0.7586
Private Fire		0.4159	0.1004
Public Fire		0.5841	0.1410
Total Fire		1.0000	0.2414
Total			1.0000

KENTUCKY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO COST FUNCTIONS

FACTOR 6. ALLOCATION OF PUMPS AND PUMPING EXPENSES.

Cost Function	Factor 2	Weighted Factor	Factor 3	Weighted Factor	Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)x 0.4824	(4)	(5)=(4)x 0.3547	(6)	(7)=(6)x 0.1629	(8)=(3)+(5)+(7)
Base	0.6061	0.2924	0.5589	0.1982	0.3528	0.0575	0.5481
Maximum Day Extra Capacity	0.3939	0.1900	0.3633	0.1289			0.3189
Maximum Hour Extra Capacity					0.5293	0.0862	0.0862
Private Fire Service			0.0324	0.0115	0.0490	0.0080	0.0195
Public Fire Service			0.0454	0.0161	0.0689	0.0112	0.0273
Total	1.0000	0.4824	1.0000	0.3547	1.0000	0.1629	1.0000

The weighting of the factors is based on the horsepower of pumps associated with maximum day facilities, maximum day and fire facilities, and

	Horsepower of Pumps	Weight
Associated with Maximum Day	10,130	0.4824
Associated with Maximum Day and Fire	7,447	0.3547
Associated with Maximum Hour	3,421	0.1629
Total	20,998	1.0000

KENTUCKY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO COST FUNCTIONS

FACTOR 7. ALLOCATION OF LINES EXPENSES.

Cost Function	Transmission Mains Factor 3	Transmission Mains Weighted Factor	Distribution Mains Factor 4	Distribution Mains Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)x 0.2014	(4)	(5)=(4)x 0.7986	(6)=(3)+(5)
Base	0.5589	0.1126	0.3528	0.2817	0.3943
Maximum Day Extra Capacity	0.3633	0.0732	0.0000	0.0000	0.0732
Maximum Hour Extra Capacity	0.0000	0.0000	0.5293	0.4227	0.4227
Private Fire Service	0.0324	0.0065	0.0490	0.0391	0.0457
Public Fire Service	0.0454	0.0091	0.0689	0.0550	0.0642
Total	1.0000	0.2014	1.0000	0.7986	1.0000

The weighting of the factors is based on the total footage of mains, designated as either transmission mains or distribution mains, as follows:

	Total Footage of Mains	Weight
Transmission Mains	2,042,783	0.2014
Distribution Mains	8,099,071	0.7986
Total	10,141,854	1.0000

FACTOR 8. ALLOCATION OF TRANSMISSION AND DISTRIBUTION OPERATION SUPERVISION SALARIES AND WAGES.

The factors are based on the allocation of other transmission and distribution operating expenses, as follows:

Cost Function	Transmission & Distribution Operating Expenses	Allocation Factor
(1)	(2)	(3)
Base	$335,054	0.3942
Maximum Day Extra Capacity	62,179	0.0732
Maximum Hour Extra Capacity	359,165	0.4227
Private Fire Service	38,795	0.0457
Public Fire Service	54,523	0.0642
Total	$849,716	1.0000

KENTUCKY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO COST FUNCTIONS

FACTOR 9. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

These costs are assigned directly to the Customer Facilities Cost Function.

Cost Function (1)	Allocation Factor (2)
Meters	1.0000

FACTOR 10. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

These costs are assigned directly to the Customer Facilities Cost Function.

Cost Function (1)	Allocation Factor (2)
Services	1.0000

FACTOR 11. ALLOCATION OF COSTS ASSOCIATED WITH BILLING AND COLLECTING.

These costs are assigned directly to the Customer Accounting Cost Function.

Cost Function (1)	Allocation Factor (2)
Billing and Collecting	1.0000

KENTUCKY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO COST FUNCTIONS

FACTOR 12. ALLOCATION OF COSTS ASSOCIATED WITH METER READING.

These costs are assigned directly to the Customer Accounting Cost Function.

Cost Function	Allocation Factor
(1)	(2)
Meter Reading	1.0000

FACTOR 13. ALLOCATION OF COSTS ASSOCIATED WITH FIRE HYDRANTS.

These costs are assigned directly to Public Fire Protection.

Cost Function	Allocation Factor
(1)	(2)
Public Fire Protection	1.0000

FACTOR 14. ALLOCATION OF TRANSMISSION AND DISTRIBUTION MISCELLANEOUS MAINTENANCE EXPENSES.

The factors are based on the allocation of other transmission and distribution maintenance expenses.

Cost Function	Transmission & Distribution Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Base	$416,515	0.2622
Maximum Day Extra Capacity	64,612	0.0407
Maximum Hour Extra Capacity	475,766	0.2994
Meters	85,398	0.0537
Services	395,195	0.2487
Private Fire Service	62,931	0.0396
Public Fire Service	88,421	0.0557
Total	$1,588,839	1.0000

KENTUCKY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO COST FUNCTIONS

FACTOR 15. ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES.

The factors are based on the allocation of all other operation and maintenance expenses excluding power, chemicals, and purchased water, as follows:

Cost Function	Other Operating Expenses	Allocation Factor
(1)	(2)	(3)
Base	$3,034,001	0.3209
Maximum Day Extra Capacity	1,374,898	0.1454
Maximum Hour Extra Capacity	1,378,211	0.1458
Meters	111,711	0.0118
Services	517,058	0.0547
Billing and Collecting	1,967,475	0.2081
Meter Reading	670,853	0.0710
Private Fire Service	166,043	0.0176
Public Fire Service	233,313	0.0247
Total	$9,453,562	1.0000

FACTOR 16. ALLOCATION OF LABOR RELATED TAXES AND BENEFITS.

The factors are based on the allocation of operation and maintenance direct labor expense, as summarized below.

Cost Function	Direct Labor Expense	Allocation Factor
(1)	(2)	(3)
Base	$2,594,910	0.3674
Maximum Day Extra Capacity	1,189,252	0.1684
Maximum Hour Extra Capacity	1,147,939	0.1625
Meters	100,514	0.0142
Services	465,267	0.0659
Billing and Collecting	494,095	0.0700
Meter Reading	761,806	0.1079
Private Fire Service	128,396	0.0182
Public Fire Service	180,370	0.0255
Total	$7,062,548	1.0000

KENTUCKY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO COST FUNCTIONS

FACTOR 17. ALLOCATION OF ORGANIZATION AND OTHER RATE BASE ELEMENTS.

The factors are based on the allocation of utility plant in service, as follows:

Cost Function (1)	Utility Plant in Service (2)	Allocation Factor (3)
Base	$90,115,654	0.3960
Maximum Day Extra Capacity	42,090,230	0.1849
Maximum Hour Extra Capacity	37,065,433	0.1628
Meters	25,206,476	0.1107
Services	7,577,827	0.0333
Billing and Collecting	2,424,429	0.0107
Meter Reading	827,172	0.0036
Private Fire Service	6,169,571	0.0271
Public Fire Service	16,146,587	0.0709
Total	$227,623,378	1.0000

FACTOR 18. ALLOCATION OF TAXES AND UTILITY OPERATING INCOME.

The factors are based on the allocation of original cost rate base, as shown on the following pages and summarized below.

Cost Function (1)	Original Cost Rate Base (2)	Allocation Factor (3)
Base	$140,263,125	0.4591
Maximum Day Extra Capacity	74,473,878	0.2437
Maximum Hour Extra Capacity	35,033,545	0.1147
Meters	21,679,871	0.0710
Services	6,808,645	0.0223
Billing and Collecting	2,763,688	0.0090
Meter Reading	944,593	0.0031
Private Fire Service	7,156,371	0.0234
Public Fire Service	16,420,755	0.0537
Total	$305,544,472	1.0000

KENTUCKY-AMERICAN WATER COMPANY
COST OF SERVICE FOR THE TWELVE MONTHS ENDING MAY 31, 2010, ALLOCATED TO COST FUNCTIONS

Account	Factor Ref.	Cost of Service	Base	Extra Capacity		Customer Facilities		Customer Accounting		Fire Service	
				Max Day	Max Hour	Meters	Services	Billing & Collecting	Meter Reading	Private Fire	Public Fire
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
RATE BASE											
301 Organization	17	37,534	14,863	6,940	6,111	4,155	1,250	402	135	1,017	2,661
302 Franchise and Consents	17	70,261	27,823	12,991	11,438	7,778	2,340	752	253	1,904	4,982
303 Other P/E Intangibles	17	6,148	2,435	1,137	1,001	681	205	66	22	167	436
303.6 Other P/E Comprehensive Studies	17	420,904	166,678	77,825	68,523	46,594	14,016	4,504	1,515	11,406	29,842
310 Land and Land Rights	2	335,512	203,354	132,158	0	0	0	0	0	0	0
311 Source of Supply Struct & Improv	2	3,012,645	1,825,964	1,186,681	0	0	0	0	0	0	0
312 Collecting &Impounding Reservoirs	1	653,183	653,183	0	0	0	0	0	0	0	0
313 Lake, River and Other Intakes	2	485,437	294,223	191,214	0	0	0	0	0	0	0
314 Wells and Springs	2	0	0	0	0	0	0	0	0	0	0
316 Supply Mains	2	3,985,807	2,415,798	1,570,009	0	0	0	0	0	0	0
320 Pumping Land & Land Rights	6	91,827	50,330	29,284	7,915	0	0	0	0	1,791	2,507
321 Pumping Structures & Improvements	6	3,651,657	2,001,473	1,164,513	314,773	0	0	0	0	71,207	99,690
323 Other Power Production Equipment	6	455,120	249,451	145,138	39,231	0	0	0	0	8,875	12,425
325 Electric Pumping Equipment	6	12,017,817	6,586,965	3,832,482	1,035,936	0	0	0	0	234,347	328,086
326 Diesel Pumping Equipment	6	368,842	202,162	117,624	31,794	0	0	0	0	7,192	10,069
328 Other Pumping Equipment	6	843,367	462,249	268,950	72,698	0	0	0	0	16,446	23,024
330 Land and Land Rights	2	68,164	41,314	26,850	0	0	0	0	0	0	0
331 Water Treat Structures & Improv	2	8,492,370	5,147,225	3,345,145	0	0	0	0	0	0	0
332 Water Treat and Equipment	2	16,337,180	9,901,965	6,435,215	0	0	0	0	0	0	0
334 GAC	2	0	0	0	0	0	0	0	0	0	0
340 Land and Land Rights	7	4,053,825	1,598,475	296,644	1,713,503	0	0	0	0	185,083	260,120
341 T & D Structures & Improvements	14	296,055	77,626	12,049	88,639	15,898	73,629	0	0	11,724	16,490
342 Distrib. Reservoirs & Standpipes	5	9,322,911	2,828,571	0	4,243,789	0	0	0	0	936,020	1,314,530
343 Transmission & Distribution Mains											
Distribution	4	52,557,226	18,542,189	0	27,818,540	0	0	0	0	2,575,304	3,621,193
Transmission	3	59,152,345	33,060,245	21,490,047	0	0	0	0	0	1,916,536	2,685,516
345 Services	10	6,866,926	0	0	0	0	6,866,926	0	0	0	0
346 Meters	9	13,698,459	0	0	0	13,698,459	0	0	0	0	0
347 Meter Installations	9	11,354,645	0	0	0	11,354,645	0	0	0	0	0
348 Fire Hydrants	13	7,485,173	0	0	0	0	0	0	0	0	7,485,173
390.1 Office Structures	15	3,474,181	1,114,865	505,146	506,536	40,995	190,038	722,977	246,667	61,146	85,812
390.2 General Structures - HVAC	15	786,220	252,298	114,316	114,631	9,277	43,006	163,612	55,822	13,837	19,420
390.3 Miscellaneous Structures & Improv	15	1,508,707	484,144	219,366	219,969	17,803	82,526	313,962	107,118	26,553	37,265
391 Office Furniture and Equipment	15	598,845	192,169	87,072	87,312	7,066	32,757	124,620	42,518	10,540	14,791
392 Transportation Equip	15	948,896	304,501	137,969	138,349	11,197	51,905	197,465	67,372	16,701	23,438
393 Stores Equipment	15	1,160	372	169	169	14	63	241	82	20	29
394 Tools, Shop & Garage Equipment	15	1,692,722	543,194	246,122	246,799	19,974	92,592	352,255	120,183	29,792	41,810
395 Laboratory Equipment	2	386,579	234,306	152,273	0	0	0	0	0	0	0
396 Power Operated Equipment	15	637,537	204,586	92,698	92,953	7,523	34,873	132,671	45,265	11,221	15,747
397 Communication Equipment	15	1,393,199	447,078	202,571	203,128	16,440	76,208	289,925	98,917	24,520	34,412
398 Miscellaneous Equipment	15	794,857	255,070	115,572	115,890	9,379	43,479	165,410	56,435	13,989	19,633
399 Other Tangible Property	15	(186,018)	(59,693)	(27,047)	(27,121)	(2,195)	(10,175)	(38,710)	(13,207)	(3,274)	(4,595)
Total Depreciable Plant Net of Accumulated Depreciation, Contributions and Advances		228,158,225	90,327,454	42,189,123	37,152,506	25,265,684	7,595,637	2,430,152	829,097	6,184,065	16,184,508

KENTUCKY-AMERICAN WATER COMPANY
COST OF SERVICE FOR THE TWELVE MONTHS ENDING MAY 31, 2010, ALLOCATED TO COST FUNCTIONS

Account	Factor Ref.	Cost of Service	Base	Extra Capacity		Customer Facilities		Customer Accounting		Fire Service	
				Max Day	Max Hour	Meters	Services	Billing & Collecting	Meter Reading	Private Fire	Public Fire
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
OTHER RATE BASE ELEMENTS											
Utility Plant Acquisition Adjustments	17	18,488	7,321	3,418	3,010	2,047	616	198	67	501	1,311
Accumulated Amortization	17	0	0	0	0	0	0	0	0	0	0
CWIP - Water Treatment Plant and Supply Mains	2	57,737,073	34,994,440	22,742,633	0	0	0	0	0	0	0
CWIP - Transmission Mains	3	39,414,556	22,028,795	14,319,308	0	0	0	0	0	1,277,032	1,789,421
CWIP - Reservoirs and Standpipes	5	3,570,681	1,083,345	0	1,625,374	0	0	0	0	358,496	503,466
CWIP - Distribution Mains	4	1,437,461	507,136	0	760,848	0	0	0	0	70,436	99,041
CWIP - Meters and Meter Installations	9	269,212	0	0	0	269,212	0	0	0	0	0
CWIP - Services	10	198,186	0	0	0	0	198,186	0	0	0	0
CWIP - Hydrants	13	29,981	0	0	0	0	0	0	0	0	29,981
CWIP - Other	15	160,194	51,406	23,292	23,356	1,890	8,763	33,336	11,374	2,819	3,957
Working Capital Allowance	20	4,271,000	2,579,684	362,181	363,035	29,470	136,245	518,499	176,819	43,564	61,502
Other Working Capital Allowance	15	575,573	184,701	83,688	83,919	6,792	31,484	119,777	40,866	10,130	14,217
Deferred Income Taxes	17	(33,911,117)	(13,428,802)	(6,270,166)	(5,520,730)	(3,753,961)	(1,129,240)	(362,849)	(122,080)	(918,991)	(2,404,298)
Deferred Investment Tax Credits	17	(83,326)	(32,997)	(15,407)	(13,565)	(9,224)	(2,775)	(892)	(300)	(2,258)	(5,908)
Deferred Maintenance											
Treatment Plant	2	1,356,340	822,078	534,262	0	0	0	0	0	0	0
Distribution Reservoir	5	1,595,446	484,058	0	726,247	0	0	0	0	160,183	224,958
Deferred Debits											
Source of Supply	2	1,774,227	1,075,359	698,868	0	0	0	0	0	0	0
General	15	184,719	59,276	26,858	26,932	2,180	10,104	38,440	13,115	3,251	4,563
Other Rate Base Elements	17	(1,212,447)	(480,129)	(224,182)	(197,386)	(134,218)	(40,374)	(12,973)	(4,365)	(32,857)	(85,963)
Community Education Costs	11	0	0	0	0	0	0	0	0	0	0
Total Other Rate Base Elements		77,386,247	49,935,672	32,284,755	(2,118,961)	(3,585,812)	(786,992)	333,537	115,496	972,305	236,247
Total Original Cost Measure of Value		305,544,472	140,263,125	74,473,878	35,033,545	21,679,871	6,808,645	2,763,688	944,593	7,156,371	16,420,755

KENTUCKY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO COST FUNCTIONS

FACTOR 19. ALLOCATION OF OTHER REVENUES.

The factors are based on the allocation of total cost of service, as follows:

Cost Function	Total Cost of Service	Allocation Factor
(1)	(2)	(3)
Base	$35,830,898	0.4473
Maximum Day Extra Capacity	14,555,893	0.1817
Maximum Hour Extra Capacity	9,253,671	0.1155
Meters	4,044,222	0.0505
Services	2,863,229	0.0357
Billing and Collecting	6,890,580	0.0860
Meter Reading	2,013,412	0.0251
Private Fire Service	1,519,844	0.0190
Public Fire Service	3,143,139	0.0392
Total	$80,114,888	1.0000

FACTOR 20. ALLOCATION OF CASH WORKING CAPITAL.

The factors are based on the allocation of all other operation and maintenance expenses including power, chemicals, and purchased water, as follows:

Cost Function	Total Cost of Service	Allocation Factor
(1)	(2)	(3)
Base	$9,789,497	0.6040
Maximum Day Extra Capacity	1,374,898	0.0848
Maximum Hour Extra Capacity	1,378,211	0.0850
Meters	111,711	0.0069
Services	517,058	0.0319
Billing and Collecting	1,967,475	0.1214
Meter Reading	670,853	0.0414
Private Fire Service	166,043	0.0102
Public Fire Service	233,313	0.0144
Total	$16,209,058	1.0000

KENTUCKY-AMERICAN WATER COMPANY

SUMMARYOF AVERAGE DAY AND PEAK DAY DELIVERY FOR THE YEARS 1990-2007

Year	Annual Sendout (MG)	Average Day (MGD)	Peak Day (MGD)	Date	Ratio
(1)	(2)	(3)	(4)	(5)	(6)
2007	15,734	43.11	64.30	6/15	1.49
2006	15,619	42.79	67.22	8/7	1.57
2005	16,068	44.02	69.65	8/2	1.58
2004	14,931	40.91	56.89	6/29	1.39
2003	15,005	41.11	61.37	7/8	1.49
2002	15,956	43.72	71.82	8/5	1.64
2001	14,962	40.99	56.04	6/19	1.37
2000	14,565	39.90	66.37	6/13	1.66
1999	15,077	41.31	61.18	8/11	1.48
1998	14,799	40.55	64.67	9/14	1.60
1997	14,419	39.50	60.70	7/18	1.54
1996	14,265	39.08	53.70	6/30	1.37
1995	14,549	39.86	63.77	7/14	1.60
1994	14,471	39.65	58.36	6/16	1.47
1993	14,290	39.15	60.39	7/8	1.54
1992	13,303	36.45	47.22	7/13	1.30
1991	13,450	36.85	56.42	8/7	1.53
1990	12,557	34.40	58.05	7/9	1.69

PART III. PROPOSED CUSTOMER RATES

KENTUCKY-AMERICAN WATER COMPANY

COMPARISON OF PRESENT AND PROPOSED RATES

Meter Charges, Per Month:

Meter Size	Present Rate	Proposed Rate
5/8	$ 7.95	$ 8.60
3/4	11.94	12.90
1	19.89	21.50
1-1/2	39.77	43.00
2	63.64	68.80
3	119.32	129.00
4	198.86	215.00
6	397.73	430.00
8	636.36	688.00

	Per Thousand Gallons		Per CCF	
Consumption Charges:	Present	Proposed	Present	Proposed
Residential	$ 3.11705	$ 4.44240	$ 2.33779	$ 3.33180
Commercial	2.850693	3.99733	2.13802	2.99800
Industrial	2.285520	3.22667	1.71414	2.42000
Other Public Authority	2.660013	3.75467	1.99501	2.81600
Sales for Resale	2.683813	3.75467	2.01286	2.81600
Hidden Leak	3.117053	4.44240	2.33779	3.33180

Fire Protection:

Private Fire Line Size	Present Rate Per Annum	Proposed Rate Per Annum
2	$ 60.24	$ 83.76
4	241.20	335.28
6	542.05	753.48
8	963.36	1,339.08
10	1,505.40	2,092.56
12	2,168.16	3,013.80
14	2,851.40	4,102.44
16	3,853.92	5,356.92
PrivateFire Hydrant	542.04	753.48
Public Fire Hydrant	325.68	411.60

KENTUCKY-AMERICAN WATER COMPANY

CALCULATION OF MONTHLY SERVICE CHARGES

Cost Function (1)	Cost of Service (Schedule D) (2)	Number of Units (3)	Description (4)	Cost Per Unit Per Month (5)
Meters	$ 3,845,840	143,721	5/8-inch meter equivalents	$ 2.23
Services	2,815,855	134,976	3/4-inch service equivalents	1.74
Billing & Collecting	4,729,903	123,197	Number of customers	3.20
Meter Reading	2,023,629	122,499	No. of metered customers	1.38
Total	$ 13,415,227			$ 8.55

Meter Size (1)	Capacity Ratio	Present Rate	Proposed Rate
5/8-inch	1.0	$ 7.95	$ 8.60
3/4-inch	1.5	11.94	12.90
1-inch	2.5	19.89	21.50
1-1/2-inch	5.0	39.77	43.00
2-inch	8.0	63.64	68.80
3-inch	15.0	119.32	129.00
4-inch	25.0	198.86	215.00
6-inch	50.0	397.73	430.00
8-inch	80.0	636.36	688.00

Exhibit No. 36
Witness: P. R. Herbert

KENTUCKY AMERICAN WATER COMPANY

Lexington, Kentucky

COST OF SERVICE

ALLOCATION STUDY

AS OF SEPTEMBER 30, 2011

AND

PROPOSED CUSTOMER RATES

GANNETT FLEMING, INC. - VALUATION AND RATE DIVISION

Harrisburg, Pennsylvania

February 18, 2010

Kentucky American Water Company
2300 Richmond Road
Lexington, KY 40502

Attention Mr. Nick O. Rowe, President

Gentlemen:

ii

Pursuant to your request, we have conducted a cost of service allocation study based on pro forma revenue requirements for the test year ending September 30, 2011, and have prepared proposed rate schedules designed to produce the pro forma revenue requirements.

The attached report presents the results of the study, as well as supporting schedules which set forth the detailed cost allocation calculations. Schedule A on page 6 presents a comparison of the cost of service by customer classification with the pro forma revenues produced by each classification under present and proposed rates.

Respectfully submitted,

GANNETT FLEMING, INC.
Valuation and Rate Division

Paul R Herbert

PAUL R. HERBERT
President

CONSTANCE E. HEPPENSTALL
Rate Analyst

PRH:krm

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Exhibit No. 36
Witness: P. R. Herbert

KENTUCKY AMERICAN WATER COMPANY

COST OF SERVICE ALLOCATION STUDY
AS OF SEPTEMBER 30, 2011
AND PROPOSED CUSTOMER RATES

PART I. INTRODUCTION

PLAN OF REPORT

The report sets forth the results of the cost of service allocation study as of September 30, 2011, prepared for Kentucky American Water Company. Part I, Introduction, contains statements with respect to the basis of the study, the procedures employed, and a summary of the results of the study. Part II, Cost of Service by Customer Classification, presents detailed schedules of the allocation of costs to customer classifications, as well as the bases for the allocations. Part III, Proposed Customer Rates, sets forth a comparison of the present and proposed rate structures, and the development of the proposed service charges.

BASIS OF THE STUDY

The purpose of the study was to allocate costs to several customer classifications based on considerations of quantity of water consumed, variability of rate of flow, and costs associated with metering, billing and accounting. The allocation study was based on recognized procedures for allocating the several categories of costs to customer classifications in proportion to each classification's use of the facilities, commodities and services which entail the total cost of providing water service.

Exhibit No. 36
Witness: P. R. Herbert

ALLOCATION PROCEDURES

The allocation study was based on the Base-Extra Capacity Method for allocating costs to customer classifications. The method is described in the 2000 and prior editions of the Water Rates Manual, published by the American Water Works Association. The four basic categories of cost responsibility are base, extra capacity, customer and fire protection costs. The following discussions present a brief description of these costs and the manner in which they were allocated.

Base Costs are costs that tend to vary with the quantity of water used, plus costs associated with supplying, treating, pumping and distributing water to customers under average load conditions, without the elements necessary to meet peak demands. Base costs were allocated to customer classifications on the basis of average daily usage.

Extra Capacity Costs are costs associated with meeting usage requirements in excess of the average. They include operating and capital costs for additional plant and system capacity beyond that required for average use. The extra capacity costs in this study are subdivided into costs necessary to meet maximum day extra demand and costs to meet maximum hour extra demand. The extra capacity costs were allocated to customer classifications on the bases of each classification's maximum day and hour usage in excess of average usage. (Extra capacity costs related to fire protection are allocated directly to the fire protection classifications.)

Customer Costs are costs associated with serving customers regardless of their usage or demand characteristics. Customer costs include the operating and capital costs related to meters and services, meter reading costs, and billing and collecting

costs. The customer costs were allocated on the bases of the relative cost of meters and services and the number of customers.

Fire Protection Costs are costs associated with providing the facilities to meet the potential peak demand of fire protection service. Fire protection costs are subdivided into costs to meet Public Fire Protection and Private Fire Protection demands. Operating and capital costs for hydrants were allocated directly to the Public Fire Protection classification. The extra capacity costs assigned to fire protection service were allocated to Public and Private Fire Protection on the basis of the total relative demands of the hydrants and fire service lines.

RESULTS OF STUDY

The results of the cost of service allocation study are set forth in Part II. The data summarized for each district in Schedule A, Comparison of Cost of Service with Revenues Under Present and Proposed Rates for the Test Year Ended September 30, 2011, constitute the principal results of the cost allocation studies and subsequent rate designs.

The cost of service by customer classification shown in column 2 of Schedule A is developed in Schedule B, Cost of Service for the Twelve Months Ended September 30, 2011, Allocated to Customer Classifications. The allocation of the total cost of service to the several customer classifications was performed by applying the allocation factors referenced in column 2 of Schedule B to the cost of service set forth in column 3. The bases for the allocation factors are presented in Schedule C.

Schedule D sets forth the experienced average day and maximum day system sendout and the maximum day ratios from 1990 through 2009. Schedule E presents

the basis for allocating demand related costs of fire service to private and public fire protection classifications.

DESIGN OF PROPOSED RATES

A comparison of the present and proposed rate structures is presented in Schedule G of Part III of the report. The proposed rates maintain the existing rate structure consisting of service charges by meter size applicable to all classes and single-block consumption charges for each classification. The service charges were developed on Schedule F, based on the cost of service related to meters, services, billing and collecting including meter reading. The overall increase to the service charges is approximately 1.8%.

The consumption charges as well as private and public fire rates were increased so that the revenues under proposed rates would move toward the indicated cost of service as shown in Schedule A.

KENTUCKY AMERICAN WATER COMPANY

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES
FOR THE TEST YEAR ENDED SEPTEMBER 30, 2011

Customer Classification	Cost of Service Amount (Schedule B)	Cost of Service Percent	Revenues, Present Rates Amount	Revenues, Present Rates Percent	Revenues, Proposed Rates Amount	Revenues, Proposed Rates Percent	Proposed Increase Amount	Proposed Increase Percent Increase
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Residential	$ 47,792,266	52.8%	$35,142,235 (a)	54.2%	$ 48,192,529 (a)	53.3%	$ 13,050,294	37.1%
Commercial	23,395,225	25.8%	16,389,110	25.3%	23,401,316	25.8%	7,012,206	42.8%
Industrial	2,691,608	3.0%	1,533,405	2.4%	2,288,614	2.5%	755,209	49.3%
Public Authority	8,256,012	9.1%	5,636,110	8.7%	8,259,143	9.1%	2,623,033	46.5%
Sales for Resale	2,368,843	2.6%	1,588,731	2.5%	2,367,137	2.6%	778,406	49.0%
Private Fire Service	2,474,855	2.7%	1,716,893	2.7%	2,472,547	2.7%	755,654	44.0%
Public Fire Service	3,622,964	4.0%	$2,747,004	4.2%	3,619,630	4.0%	872,626	31.8%
Total Sales	90,601,773	100.0%	64,753,488	100.0%	90,600,916	100.0%	25,847,428	39.9%
Other Revenues	3,770,138		$3,770,137		$3,770,137		-	0.0%
Total	$ 94,371,911		$68,523,625		$ 94,371,053		$ 25,847,428	37.7%

(a) Includes Miscellaneous sales.

PART II. COST OF SERVICE BY CUSTOMER CLASSIFICATION

KENTUCKY AMERICAN WATER COMPANY

COST OF SERVICE FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2011, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
OPERATION AND MAINTENANCE EXPENSES									
SOURCE OF SUPPLY EXPENSES									
-OPERATION-									
600 Supervision & Engineering	2	-	-	-	-	-	-	-	-
601 Operation Expense and Labor									
Expenses	2	-	-	-	-	-	-	-	-
Labor	2	-	-	-	-	-	-	-	-
602 Purchased Water	1	120,655	58,916	36,896	4,947	14,756	4,476	302	362
603 Miscellaneous Expenses	2	58,932	29,507	18,051	2,257	6,883	2,039	88	106
604 Rents	2	-	-	-	-	-	-	-	-
Total Operation		179,587	88,423	54,947	7,204	21,639	6,515	390	468
-MAINTENANCE-									
610 Supervision & Engineering	2	-	-	-	-	-	-	-	-
612 Maint Coll & Impound Res	1	-	-	-	-	-	-	-	-
613.1 Maint Lakes, River & Intakes	2	-	-	-	-	-	-	-	-
613.2 Amort Lakes, River & Intakes	2	-	-	-	-	-	-	-	-
614 Wells and Springs Maint	2	-	-	-	-	-	-	-	-
616 Maint Supply Mains Mat	2	-	-	-	-	-	-	-	-
617 Maint Misc Water Source									
Expenses	2	162,505	81,366	49,775	6,224	18,981	5,623	244	293
Labor	2	-	-	-	-	-	-	-	-
Total Maintenance		162,505	81,366	49,775	6,224	18,981	5,623	244	293
Total Source of Supply		342,092	169,789	104,722	13,428	40,620	12,138	634	761
POWER AND PUMPING EXPENSES									
620 Pumping Supervision & Eng Electric	6	0	-	-	-	-	-	-	-
622 Pump Power Prod Labor & Exp									
Expenses	6	0	-	-	-	-	-	-	-
Labor	6	94,553	44,837	27,326	3,319	10,023	2,912	2,752	3,385
623 Pump Fuel and Power Purchase	1	4,375,584	2,136,598	1,338,054	179,399	535,134	162,334	10,939	13,127
624 Pump Labor and Expenses									
Expenses	6	0	-	-	-	-	-	-	-
Labor	6	0	-	-	-	-	-	-	-
626 Misc Pumping Expenses Electic	6	0	-	-	-	-	-	-	-
627 Rents	6	0	-	-	-	-	-	-	-
Total Operation		4,470,137	2,181,435	1,365,379	182,718	545,157	165,246	13,690	16,512

KENTUCKY AMERICAN WATER COMPANY

COST OF SERVICE FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2011, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
-MAINTENANCE-									
630 Supervision & Engineering	6	289,278	137,176	83,601	10,154	30,663	8,910	8,418	10,356
631 Pump Struc & Imp Maint									
Expenses	6	0	-	-	-	-	-	-	-
Labor	6	0	-	-	-	-	-	-	-
632 Pump Maint Power Prod Equipment									
Expenses	6	0	-	-	-	-	-	-	-
Labor	6	0	-	-	-	-	-	-	-
633 Pump Maint Pumping Equipment									
Expenses	6	0	-	-	-	-	-	-	-
Labor	6	0	-	-	-	-	-	-	-
Total Maintenance		289,278	137,176	83,601	10,154	30,663	8,910	8,418	10,356
Total Power and Pumping		4,759,415	2,318,610	1,448,981	192,871	575,820	174,156	22,108	26,868
WATER TREATMENT									
-OPERATION-									
640 Supervision and Engineering	2	910,309	455,792	278,828	34,865	106,324	31,497	1,365	1,639
641 Chemicals	1	1,772,730	865,624	542,101	72,682	216,805	65,768	4,432	5,318
642 Labor and Expenses									
Expenses	2	180,304	90,278	55,227	6,906	21,060	6,239	270	325
Labor	2	1,473,758	737,911	451,412	56,445	172,135	50,992	2,211	2,653
643 Misc Water Treatment Exp-Current									
Expenses - Other	2	119,635	59,901	36,644	4,582	13,973	4,139	179	215
Expenses - Waste Disposal	1	340,226	166,132	104,041	13,949	41,610	12,622	851	1,021
Labor	2	0	-	-	-	-	-	-	-
644 Rents	2	0	-	-	-	-	-	-	-
Total Operation		4,796,963	2,375,639	1,468,253	189,429	571,906	171,257	9,308	11,170
-MAINTENANCE-									
650 Supervision and Engineering	2	0	-	-	-	-	-	-	-
651 Structures and Improvements									
Expenses	2	269,778	135,078	82,633	10,332	31,510	9,334	405	486
Labor	2	0	-	-	-	-	-	-	-
652 General Water Equip									
Expenses	2	17,813	8,919	5,456	682	2,081	616	27	32
Labor	2	0	-	-	-	-	-	-	-
Total Maintenance		287,591	143,997	88,089	11,015	33,591	9,951	431	518

KENTUCKY AMERICAN WATER COMPANY

COST OF SERVICE FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2011, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Total Water Treatment Expenses		5,084,553	2,519,635	1,556,342	200,443	605,497	181,208	9,740	11,688
TRANSMISSION AND DISTRIBUTION EXPENSES -OPERATION-									
660 Supervision and Engineering	11	724,023	327,621	198,455	22,590	66,755	18,752	40,328	49,523
661 Storage Facilities Expense	5	0	-	-	-	-	-	-	-
662 Lines Expense									
Expenses	7	31,503	14,258	8,632	983	2,905	816	1,755	2,155
Labor	7	969,566	438,826	265,661	30,250	89,394	25,112	54,005	66,318
663 Meter Expense									
Expenses	9	0	-	-	-	-	-	-	-
Labor	9	0	-	-	-	-	-	-	-
664 Customer Installation Expenses									
Expenses	10	0	-	-	-	-	-	-	-
Labor	10	0	-	-	-	-	-	-	-
665 Maps and Records									
Expenses	11	0	-	-	-	-	-	-	-
Labor	11	37,516	16,976	10,283	1,171	3,459	972	2,090	2,566
665 Miscellaneous Expenses									
Expenses - Other	11	329,764	149,218	90,388	10,289	30,404	8,541	18,368	22,556
Expenses - Distribution Reservoirs	5	0	-	-	-	-	-	-	-
Labor	11	0	-	-	-	-	-	-	-
666 Rents	11	7,926	3,587	2,173	247	731	205	441	542
Total Operation		2,100,299	950,485	575,592	65,529	193,648	54,398	116,987	143,660

KENTUCKY AMERICAN WATER COMPANY

COST OF SERVICE FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2011, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
-MAINTENANCE-									
670 Supervision and Engineering	12	0	-	-	-	-	-	-	-
671 T & D Structures & Improve Maint									
Expenses	12	0	-	-	-	-	-	-	-
Labor	12	0	-	-	-	-	-	-	-
672 Reservoirs and Standpipes									
Expenses	5	255,074	103,535	62,468	6,938	20,227	5,561	25,252	31,094
Labor	5	0	-	-	-	-	-	-	-
673 T & D Mains									
Expenses	7	0	-	-	-	-	-	-	-
Labor	7	887,585	401,721	243,198	27,693	81,835	22,988	49,439	60,711
675 Services									
Expenses	10	0	-	-	-	-	-	-	-
Labor	10	320,856	268,492	33,979	289	3,786	160	14,150	-
676 Meters									
Expenses	9	0	-	-	-	-	-	-	-
Labor	9	107,293	83,881	18,036	494	3,444	343	1,094	-
677 Hydrants									
Expenses	8	0	-	-	-	-	-	-	-
Labor	8	0	-	-	-	-	-	-	-
678 Miscellaneous Plant									
Expenses	12	376,070	205,334	85,631	8,462	26,174	6,957	21,549	21,962
Labor	12	0	-	-	-	-	-	-	-
Total Maintenance		1,946,878	1,062,964	443,312	43,875	135,467	36,010	111,484	113,767
Total Transmission and Distribution		4,047,177	2,013,449	1,018,904	109,404	329,115	90,408	228,470	257,427
CUSTOMER ACCOUNTS									
901 Supervision	13	62,112	55,795	4,547	25	379	12	1,335	19
902 Meter Reading Expenses									
Expenses	14	0	-	-	-	-	-	-	-
Labor	14	682,306	618,988	50,491	273	4,162	136	8,256	-
903 Recording and Collecting Expenses									
Expenses	13	1,189,966	1,068,946	87,106	476	7,259	238	25,584	357
Labor	13	69,950	62,836	5,120	28	427	14	1,504	21
904 Uncollectible Accounts	20	725,096	623,510	77,730	-	-	-	23,856	-
905 Misc Customer Accounting Expenses	13	0	-	-	-	-	-	-	-
907 Customer Service Expenses									
Labor	13	0	-	-	-	-	-	-	-
Total Customers' Accounting and Collecting Expenses		2,729,430	2,430,076	224,993	802	12,226	401	60,535	397

KENTUCKY AMERICAN WATER COMPANY

COST OF SERVICE FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2011, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
ADMINISTRATIVE AND GENERAL EXPENSES									
-OPERATION-									
920 Administrative & General Salaries									
Expenses	15	0	-	-	-	-	-	-	-
Labor	15	1,410,517	847,862	317,789	33,570	102,827	29,057	41,610	37,802
921 Miscellaneous Office Expenses	15	624,827	375,583	140,773	14,871	45,550	12,871	18,432	16,745
923 Outside Services									
Customer Related	13	1,804,958	1,621,394	132,123	722	11,010	361	38,807	541
Employee Related	16	421,778	236,027	104,348	11,599	35,429	10,080	11,978	12,316
Water Quality	1	209,499	102,298	64,065	8,589	25,622	7,772	524	628
Other	15	7,551,130	4,538,984	1,701,270	179,717	550,477	155,553	222,758	202,370
924 Property Insurance	15	192,767	115,872	43,430	4,588	14,053	3,971	5,687	5,166
925 Workers Compensation	16	131,821	73,767	32,613	3,625	11,073	3,151	3,744	3,849
925.4 General Liability	15	419,691	252,276	94,556	9,989	30,595	8,646	12,381	11,248
926 Employee Pensions and Benefits	16	3,969,884	2,221,547	982,149	109,172	333,470	94,880	112,745	115,921
928 Regulatory Expenses	19	366,462	198,036	92,129	10,481	32,212	9,235	10,078	14,292
930 Miscellaneous General Expense	15	1,385,082	832,573	312,059	32,965	100,972	28,533	40,860	37,120
931 Administrative and General Rents	15	19,728	11,859	4,445	470	1,438	406	582	529
Total Operation		18,508,142	11,428,078	4,021,749	420,357	1,294,729	364,517	520,185	458,528
-MAINTENANCE-									
932 Maintenance of General Plant	15	191,101	114,871	43,055	4,548	13,931	3,937	5,637	5,122
Total Maintenance									
Total Administrative and General Expenses		18,699,243	11,542,949	4,064,804	424,905	1,308,660	368,453	525,823	463,649
Total Operation and Maintenance Expenses		35,661,911	20,994,509	8,418,746	941,854	2,871,939	826,764	847,310	760,790
503 DEPRECIATION EXPENSE									
303 Other P/E Intangibles	17	63,771	31,758	16,938	1,964	6,045	1,728	1,951	3,386
310 Land and Land Rights	2	0	-	-	-	-	-	-	-
311 Source of Supply Struct & Improv	2	545,936	273,350	167,220	20,909	63,765	18,889	819	983
312 Collecting & Impounding Reservoirs	1	13,167	6,429	4,026	540	1,610	488	33	40
313 Lake, River and Other Intakes	2	161,554	80,890	49,484	6,188	18,870	5,590	242	291
314 Wells and Springs	2	0	-	-	-	-	-	-	-
316 Supply Mains	2	131,049	65,616	40,140	5,019	15,307	4,534	197	236

KENTUCKY AMERICAN WATER COMPANY

COST OF SERVICE FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2011, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
321 Pumping Structures & Improvements	6	310,658	147,314	89,780	10,904	32,930	9,568	9,040	11,122
322 Boiler Plant Equipment	6	91,149	43,223	26,342	3,199	9,662	2,807	2,652	3,263
323 Other Power Production Equipment	6	397,622	188,552	114,913	13,957	42,148	12,247	11,571	14,235
325 Electric Pumping Equipment	6	16,094	7,632	4,651	565	1,706	496	468	576
326 Diesel Pumping Equipment	6	191	91	55	7	20	6	6	7
328 Other Pumping Equipment	6	207,195	98,252	59,879	7,273	21,963	6,382	6,029	7,418
331 Water Treat Structures & Improv	2	1,643,197	822,749	503,311	62,934	191,925	56,855	2,465	2,958
332 Water Treat and Equipment	2	1,220,102	610,905	373,717	46,730	142,508	42,216	1,830	2,196
334 GAC	2	40,355	20,206	12,361	1,546	4,713	1,396	61	73
341 T & D Structures & Improvements	7	26,660	12,066	7,305	832	2,458	690	1,485	1,824
342 Distrib. Reservoirs & Standpipes	5	285,656	115,948	69,957	7,770	22,653	6,227	28,280	34,821
343 Transmission & Distribution Mains									
Distribution	4	981,517	443,253	267,365	29,642	86,570	23,851	58,695	72,141
Transmission	3	2,604,593	1,190,299	728,505	90,900	277,910	82,045	105,486	129,448
345 Services	10	564,524	472,394	59,783	508	6,661	282	24,896	-
346 Meters	9	472,941	369,745	79,501	2,176	15,181	1,513	4,824	-
347 Meter Installations	9	463,733	362,546	77,954	2,133	14,886	1,484	4,730	-
348 Hydrants	8	160,681	-	-	-	-	-	-	160,681
390 General Structures & Improvements	15	88,888	53,431	20,026	2,116	6,480	1,831	2,622	2,382
390.1 Office Structures	15	63,462	38,147	14,298	1,510	4,626	1,307	1,872	1,701
390.2 Stores Shop and Gar. Structures	15	66,333	39,873	14,945	1,579	4,836	1,366	1,957	1,778
390.3 Miscellaneous Structures & Improv	15	95,784	57,576	21,580	2,280	6,983	1,973	2,826	2,567
391 Office Furniture and Equipment	15	15,596	9,375	3,514	371	1,137	321	460	418
391 20 Computers & Peripheral Equipment	15	51,072	30,699	11,507	1,216	3,723	1,052	1,507	1,369
391.21 Personal Comp and Periph	15	(98,823)	(59,403)	(22,265)	(2,352)	(7,204)	(2,036)	(2,915)	(2,648)
391.22 Computers and Periph Other	15	52,855	31,771	11,908	1,258	3,853	1,089	1,559	1,417
391.25 Computer Mainframe Software	15	(9,631)	(5,789)	(2,170)	(229)	(702)	(198)	(284)	(258)
391.26 Personal software	15	(87,794)	(52,773)	(19,780)	(2,089)	(6,400)	(1,809)	(2,590)	(2,353)
391.28 Other Software	15	(25,571)	(15,371)	(5,761)	(609)	(1,864)	(527)	(754)	(685)
391.30 Other Office Equipment	15	413	248	93	10	30	9	12	11
392.11 Transportation Equip-Light Trucks	15	49,751	29,905	11,209	1,184	3,627	1,025	1,468	1,333
392.12 Transportation Equip-Heavy Trucks	15	24,643	14,813	5,552	587	1,796	508	727	660
392.2 Transportation Equip-Cars	15	9,412	5,658	2,121	224	686	194	278	252
392.3 Transportation Equip-Other	15	22,190	13,338	4,999	528	1,618	457	655	595
393 Stores Equipment	15	598	359	135	14	44	12	18	16
394 Tools, Shop & Garage Equipment	15	64,338	38,674	14,495	1,531	4,690	1,325	1,898	1,724
395 Laboratory Equipment	2	10,228	5,121	3,133	392	1,195	354	15	18
396 Power Operated Equipment	15	31,742	19,080	7,151	755	2,314	654	936	851
397 Communication Equipment	15	233,292	140,232	52,561	5,552	17,007	4,806	6,882	6,252

KENTUCKY AMERICAN WATER COMPANY

COST OF SERVICE FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2011, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
398 Miscellaneous Equipment	15	67,289	40,447	15,160	1,601	4,905	1,386	1,985	1,803
399 Other Tangible Property	15	(42,336)	(25,448)	(9,538)	(1,008)	(3,086)	(872)	(1,249)	(1,135)
Total Depreciation Expense		11,086,076	5,773,182	2,908,061	332,116	1,029,784	293,523	285,643	463,766
404 AMORTIZATION EXPENSE									
AFUDC	18	80,244	39,993	21,313	2,472	7,607	2,175	2,455	4,229
Acquisition Adjustment	18	7,614	3,795	2,022	235	722	206	233	401
Property Losses	2	145,863	73,034	44,678	5,587	17,037	5,047	219	263
Total Amortizations		233,721	116,822	68,013	8,293	25,366	7,428	2,907	4,893
507.1 TAXES, OTHER THAN INCOME									
Federal and State Payroll Taxes	16	621,307	347,683	153,711	17,086	52,190	14,849	17,645	18,142
Property Taxes	18	4,429,174	2,207,500	1,176,389	136,419	419,886	120,031	135,533	233,417
Gross Receipts and surtax	19	151,649	81,951	38,125	4,337	13,330	3,822	4,170	5,914
Other General Taxes	18	0	-	-	-	-	-	-	-
Total Taxes, Other Than Income		5,202,130	2,637,135	1,368,225	157,842	485,405	138,701	157,348	257,474
507.2 INCOME TAXES	18	11,070,812	5,517,693	2,940,408	340,981	1,049,513	300,019	338,767	583,432
Utility Operating Income Available for Return	18	31,117,261	15,508,843	8,264,745	958,412	2,949,916	843,278	952,188	1,639,880
Total Cost of Service		94,371,911	50,548,183	23,968,197	2,739,496	8,411,924	2,409,713	2,584,164	3,710,234
Less: Other Water Revenues	19	289,029	156,192	72,662	8,266	25,406	7,284	7,948	11,272
Reconnection/Activation - T&D Related	7	603,424	273,110	165,338	18,827	55,636	15,629	33,611	41,274
Reconnection/Activation - Customer Service Related	13	723,356	649,790	52,950	289	4,412	145	15,552	217
AFUDC	18	646,180	322,056	171,625	19,902	61,258	17,511	19,773	34,054
Billing and Collecting Services	13	1,508,148	1,354,770	110,396	603	9,200	302	32,425	452
Total Other Water Revenues		3,770,138	2,755,918	572,972	47,888	155,911	40,870	109,309	87,270
Total Cost of Service Related to Sales of Water		90,601,773	47,792,266	23,395,225	2,691,608	8,256,012	2,368,843	2,474,855	3,622,964

KENTUCKY AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS

FACTOR 1. ALLOCATION OF COSTS WHICH VARY WITH THE AMOUNT OF WATER CONSUMED.

Factors are based on the pro forma test year average daily consumption for each customer classification.

Customer Classification	Average Daily Consumption, CCF	Allocation Factor
(1)	(2)	(3)
Residential	22,576	0.4883
Commercial	14,136	0.3058
Industrial	1,894	0.0410
Other Public Authority	5,656	0.1223
Sales for Resale	1,717	0.0371
Private Fire Protection	114	0.0025
Public Fire Protection	140	0.0030
Total	46,234	1.0000

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the factors for average daily consumption (Factor 1) and the factors derived from maximum day extra capacity demand for each customer classification, as follows:

	Average Daily Consumption		Maximum Day Extra Capacity		
Customer Classification	Allocation Factor 1	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)x 0.6061	(4)	(5)=(4)x 0.3939	(6)=(3)+(5)
Residential	0.4883	0.2960	0.5196	0.2047	0.5007
Commercial	0.3058	0.1853	0.3073	0.1210	0.3063
Industrial	0.0410	0.0249	0.0339	0.0134	0.0383
Other Public Authority	0.1223	0.0741	0.1085	0.0427	0.1168
Sales for Resale	0.0371	0.0225	0.0307	0.0121	0.0346
Private Fire Protection	0.0025	0.0015			0.0015
Public Fire Protection	0.0030	0.0018			0.0018
Total	1.0000	0.6061	1.0000	0.3939	1.0000

The derivation of the maximum day extra capacity factors in column 4 and the basis for the column 3 and 5 weightings are presented on the following page.

KENTUCKY AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS, cont.

Customer Classification	Average Daily Consumption, CCF	Maximum Day Extra Capacity		
		Factor*	Rate of Flow, CCF Per Day	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	22,576	0.90	20,318	0.5196
Commercial	14,136	0.85	12,016	0.3073
Industrial	1,894	0.70	1,326	0.0339
Other Public Authority	5,656	0.75	4,242	0.1085
Sales for Resale	1,717	0.70	1,202	0.0307
Total	45,979		39,104	1.0000

The weighting of the factors is based on the maximum day ratio of 1.65, based on a review of maximum day ratios experienced during the period 1990 through 2009 (see Schedule D).

	Maximum Day Ratio	Weight
Average Day	1.00	0.6061
Maximum Day Extra Capacity	0.65	0.3939
Total	1.65	1.0000

* Ratio of maximum day to average day minus 1.0.

KENTUCKY AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

	Average Daily Consumption		Maximum Day Extra Capacity		Fire Protection		
Customer Classification	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2) X 0.5533	(4)	(5)=(4) X 0.3596	(6)	(7)=(6) X 0.0871	(8)=(3)+(5)+(7)
Residential	0.4883	0.2701	0.5196	0.1869			0.4570
Commercial	0.3058	0.1692	0.3073	0.1105			0.2797
Industrial	0.0410	0.0227	0.0339	0.0122			0.0349
Other Public Authority	0.1223	0.0677	0.1085	0.0390			0.1067
Sales for Resale	0.0371	0.0205	0.0307	0.0110			0.0315
Private Fire Protection	0.0025	0.0014			0.4484	0.0391	0.0405
Public Fire Protection	0.0030	0.0017			0.5516	0.0480	0.0497
Total	1.0000	0.5533	1.0000	0.3596	1.0000	0.0871	1.0000

KENTUCKY AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum day ratio of 1.65 and the average daily system sendout for 2009 of 38.094 MGD. The system demand for fire protection is 10,000 Gallons per minute for 10 hours.

	Ratio	Rate of Flow, (GPD)	Weight
Average Day	1.00	38,094,699	0.5533
Maximum Day Extra Capacity	0.65	24,761,554	0.3596
Subtotal	1.65	62,856,253	0.9129
Fire Protection		6,000,000	0.0871
Total		68,856,253	1.0000

The public and private fire protection allocation factors in column 6 on the previous page are based on the relative potential demands (see Schedule E).

KENTUCKY AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		
	CCF	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3) X 0.3475	(5)	(6)=(5) X 0.5212	(7)	(8)=(7) X 0.1313	(9)=(4)+(6)+(8)
Residential	940.7	0.4883	0.1697	0.5410	0.2819			0.4516
Commercial	589.0	0.3057	0.1062	0.3188	0.1662			0.2724
Industrial	78.9	0.0410	0.0142	0.0307	0.0160			0.0302
Other Public Authority	235.7	0.1223	0.0425	0.0877	0.0457			0.0882
Sales for Resale	71.5	0.0371	0.0129	0.0218	0.0114			0.0243
Private Fire Protection	4.8	0.0025	0.0009			0.4484	0.0589	0.0598
Public Fire Protection	5.9	0.0031	0.0011			0.5516	0.0724	0.0735
Total	1,926.5	1.0000	0.3475	1.0000	0.5212	1.0000	0.1313	1.0000

The maximum hour extra capacity factors in column 5 are determined on the next page.

KENTUCKY AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum hour ratio of 2.5 and the average daily system sendout for 2009 of 38.094 MGD. The system demand for fire protection is 10,000 gallons per minute.

	Ratio	Rate of Flow, (GPM)	Weight
Average Hour	1.00	26,455	0.3475
Maximum Hour Extra Capacity	1.50	39,683	0.5212
Subtotal	2.50	66,138	0.8687
Fire Protection		10,000	0.1313
Total		76,138	1.0000

The maximum hour extra capacity factors in column 5 of the previous page are determined as follows:

Customer Classification	Average Hourly Consumption CCF	Maximum Hour Extra Capacity Factor*	Maximum Hour Extra Capacity 1,000 Gallons Per Hour	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	940.7	1.70	1,599.2	0.5410
Commercial	589.0	1.60	942.4	0.3188
Industrial	78.9	1.15	90.7	0.0307
Other Public Authority	235.7	1.10	259.3	0.0877
Sales for Resale	71.5	0.90	64.4	0.0218
Total	1,915.8		2,956.0	1.0000

* Ratio of Maximum Hour To Average Hour Minus 1.0.

The public and private fire protection allocation factors in column 7 on the previous page are based on the relative potential demands (see Schedule E).

KENTUCKY AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES.

Factors are based on the weighting of the average hourly consumption, the maximum hour extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		Allocation Factor
	CCF	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	
(1)	(2)	(3)	(4)=(3) X 0.3124	(5)	(6)=(5) X 0.4685	(7)	(8)=(7) X 0.2191	(9)=(4)+(6)+(8)
Residential	940.7	0.4883	0.1525	0.5410	0.2534			0.4059
Commercial	589.0	0.3057	0.0955	0.3188	0.1494			0.2449
Industrial	78.9	0.0410	0.0128	0.0307	0.0144			0.0272
Other Public Authority	235.7	0.1223	0.0382	0.0877	0.0411			0.0793
Sales for Resale	71.5	0.0371	0.0116	0.0218	0.0102			0.0218
Private Fire Protection	4.8	0.0025	0.0008			0.4484	0.0982	0.0990
Public Fire Protection	5.9	0.0031	0.0010			0.5516	0.1209	0.1219
Total	1,926.5	1.0000	0.3124	1.0000	0.4685	1.0000	0.2191	1.0000

The weighting of the factors is based on the ratio of the capacity required for a 3 hour demand of fire flow, as related to total storage capacity. The calculation is shown on the following page.

Schedule C

KENTUCKY AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES, cont.

The weighting of the factors is based on the ratio of the capacity required for a 3 hour demand of fire flow, as related to total storage capacity.

Fire Protection Weight = $\frac{10{,}000 \text{ GPM X } 60 \text{ Min. X } 10 \text{ Hrs.}}{27{,}386{,}000 \text{ Gallons}} = 0.2191$

General Service Weight = 1.0000 - 0.2191 = 0.7809

The weighting of the average hourly consumption and maximum hour extra demand for general service is based on the maximum hour ratio, as follows:

	Maximum Hour Ratio	Percent	Weight
Average Hour	1.00	40.00	0.3124
Extra Capacity Maximum Hour	1.50	60.00	0.4685
Total	2.50	100.00	0.7809

Customer Classification	Average Hourly Consumption CCF	Maximum Hour Extra Capacity Factor*	Maximum Hour Extra Capacity CCF Per Hour	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	940.7	1.7	1,599.2	0.5410
Commercial	589.0	1.6	942.4	0.3188
Industrial	78.9	1.2	90.7	0.0307
Other Public Authority	235.7	1.1	259.3	0.0877
Sales for Resale	71.5	0.9	64.4	0.0218
Total	1,915.8		2,956.0	1.0000

* Ratio of Maximum Hour To Average Hour Minus 1.0.

KENTUCKY AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH POWER AND PUMPING FACILITIES.

Factors are based on the weighting of the maximum daily consumption, Factor 2, the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

	Maximum Daily Consumption		Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 2	Weighted Factor	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.4248	(4)	(5)=(4)X 0.3062	(6)	(7)=(6)X 0.2690	(8)=(3)+ (5)+(7)
Residential	0.5007	0.2127	0.4570	0.1400	0.4516	0.1215	0.4742
Commercial	0.3063	0.1301	0.2797	0.0856	0.2724	0.0733	0.2890
Industrial	0.0383	0.0163	0.0349	0.0107	0.0302	0.0081	0.0351
Other Public Authority	0.1168	0.0496	0.1067	0.0327	0.0882	0.0237	0.1060
Sales for Resale	0.0346	0.0147	0.0315	0.0096	0.0243	0.0065	0.0308
Private Fire Protection	0.0015	0.0006	0.0405	0.0124	0.0598	0.0161	0.0291
Public Fire Protection	0.0018	0.0008	0.0497	0.0152	0.0735	0.0198	0.0358
Total	1.0000	0.4248	1.0000	0.3062	1.0000	0.2690	1.0000

The weighting of the factors is based on the horsepower of pumps associated with maximum day facilities, maximum day and fire facilities, and maximum hour facilities, as follows:

	Horsepower of Pumps	Weight
Associated with Maximum Day	10,330	0.4248
Associated with Maximum Day and Fire	7,447	0.3062
Associated with Maximum Hour	6,541	0.2690
Total	24,318	1.0000

KENTUCKY AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 7. ALLOCATION OF COSTS ASSOCIATED WITH TRANSMISSION AND DISTRIBUTION MAINS.

Factors are based on the weighting of the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 5, for each customer classification, as follows:

	Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.2145	(4)	(5)=(4)X 0.7855	(6)=(3)+(5)
Residential	0.4570	0.0979	0.4516	0.3547	0.4526
Commercial	0.2797	0.0600	0.2724	0.2140	0.2740
Industrial	0.0349	0.0075	0.0302	0.0237	0.0312
Other Public Authority	0.1067	0.0229	0.0882	0.0693	0.0922
Sales for Resale	0.0315	0.0068	0.0243	0.0191	0.0259
Private Fire Protection	0.0405	0.0087	0.0598	0.0470	0.0557
Public Fire Protection	0.0497	0.0107	0.0735	0.0577	0.0684
Total	1.0000	0.2145	1.0000	0.7855	1.0000

The weighting of the factors is based on the total footage of mains, designated as either transmission mains or distribution mains, as follows:

	Total Footage of Mains	Weight
Transmission Mains	2,249,898	0.2145
Distribution Mains	8,237,458	0.7855
Total	10,487,356	1.0000

KENTUCKY AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 8. ALLOCATION OF COSTS ASSOCIATED WITH FIRE HYDRANTS.

Costs are assigned directly to Public Fire Protection.

Customer Classification	Allocation Factor
(1)	(3)
Public Fire Protection	1.0000
Total	1.0000

FACTOR 9. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

Factors are based on the relative cost of meters by size and customer classification, as developed on the following page and summarized below.

Customer Classification	5/8" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	113,109	0.7818
Commercial	24,325	0.1681
Industrial	662	0.0046
Other Public Authority	4,643	0.0321
Sales for Resale	460	0.0032
Private Fire	1,478	0.0102
Total	144,677	1.0000

KENTUCKY-AMERICAN WATER COMPANY

BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS

Meter Size	5/8" Dollar Equivalent	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Private Fire Protection		Total	
		Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)=(2)X(11)	(15)	(16)
5/8	1.0	109,238	109,238	4,676	4,676	2	2	139	139	0	0	1,478	1,478	115,533	115,533
1	1.8	1,786	3,215	2,357	4,243	2	4	177	319	0	0	0	0	4,322	7,781
1-1/2	5.4	12	65	169	913	2	11	27	146	4	22	0	0	214	1,157
2	7.0	73	511	1,797	12,579	23	161	355	2,485	7	49	0	0	2,255	15,785
3	14.0	0	0	5	70	0	0	1	14	0	0	0	0	6	84
4	27.0	0	0	32	864	12	324	40	1,080	7	189	0	0	91	2,457
6	40.0	2	80	12	480	4	160	9	360	5	200	0	0	32	1,280
8	50.0	0	0	10	500	0	0	2	100	0	0	0	0	12	600
Total		111,111	113,109	9,058	24,325	45	662	750	4,643	23	460	1,478	1,478	122,465	144,677

KENTUCKY AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 10. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

Factors are based on the relative cost of services by size and customer classification, as developed on the following page and summarized below.

Customer Classification	3/4" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	113,019	0.8368
Commercial	14,304	0.1059
Industrial	123	0.0009
Other Public Authority	1,594	0.0118
Sales for Resale	71	0.0005
Private Fire Protection	5,959	0.0441
Total	135,070	1.0000

KENTUCKY-AMERICAN WATER COMPANY

BASIS FOR ALLOCATING SERVICE COSTS TO CUSTOMER CLASSIFICATIONS

Service Size	3/4" Dollar Equivalent	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Private Fire Protection		Total	
		Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)=(2)X(11)	(15)	(16)
3/4	1.00	76,974 *	76,974	4,676	4,676	2	2	139	139	0	0	0	0	81,791	81,791
1	2.00	17,918 *	35,836	2,357	4,714	2	4	177	354	0	0	0	0	20,454	40,908
1-1/2	2.20	12	26	169	372	2	4	27	59	4	9	0	0	214	470
2	2.40	73	175	1,797	4,313	23	55	355	852	7	17	65	156	2,320	5,568
4	3.50	0	0	37	130	12	42	41	144	7	25	372	1,303	469	1,644
6	4.00	2	8	12	48	4	16	9	36	5	20	783	3,132	815	3,260
8	5.10	0	0	10	51	0	0	2	10	0	0	246	1,255	258	1,316
10	8.90	0	0	0	0	0	0	0	0	0	0	7	62	7	62
12	9.50	0	0	0	0	0	0	0	0	0	0	4	38	4	38
>12	12.70	0	0	0	0	0	0	0	0	0	0	1	13	1	13
Total		94,979	113,019	9,058	14,304	45	123	750	1,594	23	71	1,478	5,959	106,333	135,070

*Adjusted to reflect that approximately 32,264 residential customers are served by 1-inch service lines each serving two residences.

KENTUCKY AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 11. ALLOCATION OF TRANSMISSION AND DISTRIBUTION OPERATION SUPERVISION AND ENGINEERING AND MISCELLANEOUS EXPENSES.

Factors are based on transmission and distribution operation expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Operating Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$ 453,084	0.4525
Commercial	274,293	0.2741
Industrial	31,233	0.0312
Other Public Authority	92,299	0.0922
Sales for Resale	25,928	0.0259
Private Fire Protection	55,760	0.0557
Public Fire Protection	68,473	0.0684
Total	1,001,069	1.0000

FACTOR 12. ALLOCATION OF TRANSMISSION AND DISTRIBUTION MAINTENANCE SUPERVISION AND ENGINEERING, STRUCTURES AND IMPROVEMENTS, AND OTHER EXPENSES.

Factors are based on transmission and distribution maintenance expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$ 857,629	0.5460
Commercial	357,681	0.2277
Industrial	35,413	0.0225
Other Public Authority	109,293	0.0696
Sales for Resale	29,053	0.0185
Private Fire Protection	89,935	0.0573
Public Fire Protection	91,804	0.0584
Total	$1,570,808	1.0000

KENTUCKY AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 13. ALLOCATION OF BILLING AND COLLECTING COSTS.

Factors are based on the total number of customers.

Customer Classification	Total Customers	Allocation Factor
(1)	(2)	(3)
Residential	111,111	0.8983
Commercial	9,058	0.0732
Industrial	45	0.0004
Other Public Authority	750	0.0061
Sales for Resale	23	0.0002
Private Fire Protection	2,658	0.0215
Public Fire Protection	38	0.0003
Total	123,683	1.0000

FACTOR 14. ALLOCATION OF METER READING COSTS.

Factors are based on the number of metered customers.

Customer Classification	Total Metered Customers	Allocation Factor
(1)	(2)	(3)
Residential	111,111	0.9072
Commercial	9,058	0.0740
Industrial	45	0.0004
Other Public Authority	750	0.0061
Sales for Resale	23	0.0002
Private Fire Protection	1,478	0.0121
Total	122,465	1.0000

KENTUCKY AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 15. ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES

Factors are based on the allocation of all other operation and maintenance expenses excluding purchased water, power, chemicals and waste disposal.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$6,224,290	0.6011
Commercial	2,332,851	0.2253
Industrial	245,971	0.0238
Other Public Authority	754,974	0.0729
Sales for Resale	213,110	0.0206
Private Fire Protection	304,965	0.0295
Public Fire Protection	277,313	0.0268
Total	$10,353,473	1.0000

FACTOR 15A. ALLOCATION OF CASH WORKING CAPITAL

Factors are based on the allocation of operation and maintenance expenses including purchased water, power, chemicals, waste disposal, and administrative and general expenses.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$20,994,509	0.5886
Commercial	8,418,746	0.2362
Industrial	941,854	0.0264
Other Public Authority	2,871,939	0.0805
Sales for Resale	826,764	0.0232
Private Fire Protection	847,310	0.0238
Public Fire Protection	760,790	0.0213
Total	$35,661,911	1.0000

KENTUCKY AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 16. ALLOCATION OF LABOR RELATED TAXES AND BENEFITS.

Factors are based on the allocation of direct labor expense.

Customer Classification	Direct Labor Expense	Allocation Factor
(1)	(2)	(3)
Residential	$4,498,713	0.5596
Commercial	1,988,726	0.2474
Industrial	221,164	0.0275
Other Public Authority	675,613	0.0840
Sales for Resale	191,858	0.0239
Private Fire Protection	228,556	0.0284
Public Fire Protection	234,992	0.0292
Total	$8,039,623	1.0000

FACTOR 17. ALLOCATION OF ORGANIZATION, FRANCHISES AND CONSENTS, MISCELLANEOUS INTANGIBLE PLANT AND OTHER RATE BASE ELEMENTS.

Factors are based on the allocation of the original cost less depreciation other than those items being allocated, as follows:

Customer Classification	Original Cost Less Depreciation	Allocation Factor
(1)	(2)	(3)
Residential	$197,588,276	0.4980
Commercial	105,400,643	0.2656
Industrial	12,235,107	0.0308
Other Public Authority	37,618,003	0.0948
Sales for Resale	10,769,889	0.0271
Private Fire Protection	12,140,223	0.0306
Public Fire Protection	21,055,453	0.0531
Total	$396,807,594	1.0000

KENTUCKY AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 18. ALLOCATION OF INCOME TAXES AND INCOME AVAILABLE FOR RETURN.

Factors are based on the allocation of the original cost measure of value rate base as shown on the following pages and summarized below.

Customer Classification	Original Cost Measure of Value	Allocation Factor
(1)	(2)	(3)
Residential	$180,738,822	0.4984
Commercial	96,314,223	0.2656
Industrial	11,183,739	0.0308
Other Public Authority	34,369,121	0.0948
Sales for Resale	9,843,612	0.0271
Private Fire Protection	11,108,618	0.0306
Public Fire Protection	19,113,894	0.0527
Total	$362,672,028	1.0000

FACTOR 19. ALLOCATION OF REGULATORY COMMISSION EXPENSES, ASSESSMENTS AND OTHER WATER REVENUES.

The factors are based on the allocation of the total cost of service, excluding those items being allocated.

Customer Classification	Total Cost of Service	Allocation Factor
(1)	(2)	(3)
Residential	$52,218,132	0.5404
Commercial	24,285,304	0.2514
Industrial	2,764,011	0.0286
Other Public Authority	8,492,475	0.0879
Sales for Resale	2,430,099	0.0252
Private Fire Protection	2,655,725	0.0275
Public Fire Protection	3,765,808	0.0390
Total	$96,611,553	1.0000

KENTUCKY AMERICAN WATER COMPANY

COST OF SERVICE FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2011, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
RATE BASE									
301 Organization	17	37,450	18,650	9,947	1,153	3,550	1,015	1,146	1,989
302 Franchise and Consents	17	70,261	34,990	18,661	2,164	6,661	1,904	2,150	3,731
303 Other P/E Intangibles	17	6,340	3,157	1,684	195	601	172	194	337
303.6 Other P/E Comprehensive Studies	17	516,446	257,190	137,168	15,907	48,959	13,996	15,803	27,423
310 Land and Land Rights	2	953,579	477,457	292,081	36,522	111,378	32,994	1,430	1,716
311 Source of Supply Struct & Improv	2	15,946,932	7,984,629	4,884,545	610,767	1,862,602	551,764	23,920	28,704
312 Collecting &Impounding Reservoirs	1	634,189	309,674	193,935	26,002	77,561	23,528	1,585	1,903
313 Lake, River and Other Intakes	2	6,012,952	3,010,685	1,841,767	230,296	702,313	208,048	9,019	10,823
314 Wells and Springs	2	0	-	-	-	-	-	-	-
316 Supply Mains	2	4,501,356	2,253,829	1,378,765	172,402	525,758	155,747	6,752	8,102
320 Pumping Land & Land Rights	6	195,364	92,642	56,460	6,857	20,709	6,017	5,685	6,994
321 Pumping Structures & Improvements	6	8,601,353	4,078,762	2,485,791	301,907	911,743	264,922	250,299	307,928
323 Other Power Production Equipment	6	2,690,040	1,275,617	777,422	94,420	285,144	82,853	78,280	96,303
325 Electric Pumping Equipment	6	14,424,653	6,840,170	4,168,725	506,305	1,529,013	444,279	419,757	516,403
326 Diesel Pumping Equipment	6	346,201	164,169	100,052	12,152	36,697	10,663	10,074	12,394
328 Other Pumping Equipment	6	8,163,505	3,871,134	2,359,253	286,539	865,332	251,436	237,558	292,253
330 Land and Land Rights	2	561,501	281,144	171,988	21,505	65,583	19,428	842	1,011
331 Water Treat Structures & Improv	2	42,088,824	21,073,874	12,891,807	1,612,002	4,915,975	1,456,273	63,133	75,760
332 Water Treat and Equipment	2	33,105,046	16,575,697	10,140,076	1,267,923	3,866,669	1,145,435	49,658	59,589
334 GAC	2	143,074	71,637	43,824	5,480	16,711	4,950	215	258
340 Land and Land Rights	7	8,047,212	3,642,168	2,204,936	251,073	741,953	208,423	448,230	550,429
341 T & D Structures & Improvements	7	479,875	217,191	131,486	14,972	44,244	12,429	26,729	32,823
342 Distrib. Reservoirs & Standpipes	5	12,116,129	4,917,937	2,967,240	329,559	960,809	264,132	1,199,497	1,476,956
343 Transmission & Distribution Mains									
Distribution	4	47,195,418	21,313,451	12,856,032	1,425,302	4,162,636	1,146,849	2,822,286	3,468,863
Transmission	3	125,239,690	57,234,539	35,029,541	4,370,865	13,363,075	3,945,050	5,072,207	6,224,413
345 Services	10	8,831,169	7,389,922	935,221	7,948	104,208	4,416	389,455	-
346 Meters	9	15,247,471	11,920,473	2,563,100	70,138	489,444	48,792	155,524	-
347 Meter Installations	9	11,434,249	8,939,296	1,922,097	52,598	367,039	36,590	116,629	-
348 Fire Hydrants	8	7,167,217	-	-	-	-	-	-	7,167,217
390 Office Structures	15	9,402,661	5,651,940	2,118,420	223,783	685,454	193,695	277,378	251,991
391 Office Furniture and Equipment	15	(1,295,739)	(778,869)	(291,930)	(30,839)	(94,459)	(26,692)	(38,224)	(34,726)
392 Transportation Equip	15	1,644,818	988,700	370,577	39,147	119,907	33,883	48,522	44,081

KENTUCKY AMERICAN WATER COMPANY

COST OF SERVICE FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2011, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
393 Stores Equipment	15	(513)	(308)	(116)	(12)	(37)	(11)	(15)	(14)
394 Tools, Shop & Garage Equipment	15	1,089,426	654,854	245,448	25,928	79,419	22,442	32,138	29,197
395 Laboratory Equipment	2	60,335	30,210	18,481	2,311	7,047	2,088	91	109
396 Power Operated Equipment	15	591,209	355,376	133,199	14,071	43,099	12,179	17,441	15,844
397 Communication Equipment	15	1,091,976	656,387	246,022	25,989	79,605	22,495	32,213	29,265
398 Miscellaneous Equipment	15	803,750	483,134	181,085	19,129	58,593	16,557	23,711	21,541
399 Other Tangible Property	15	(171,258)	(102,943)	(38,584)	(4,076)	(12,485)	(3,528)	(5,052)	(4,590)
Total Plant in Service, Net of Accumulated Depreciation, Contributions and Advances		387,974,161	192,188,563	103,546,205	12,048,386	37,052,512	10,615,211	11,796,262	20,727,021
OTHER RATE BASE ELEMENTS									
Utility Plant Acquisition Adjustments	17	2,342	1,166	622	72	222	63	72	124
Accumulated Amortization	17		-	-	-	-	-	-	-
CWIP - Water Treatment Plant and Supply Mains	2	572,250	286,526	175,280	21,917	66,839	19,800	858	1,030
CWIP - Transmission Mains	3		-	-	-	-	-	-	-
CWIP - Reservoirs and Standpipes	5		-	-	-	-	-	-	-
CWIP - Distribution Mains	4	3,893,635	1,758,366	1,060,626	117,588	343,419	94,615	232,839	286,182
CWIP - Meters and Meter Installations	9		-	-	-	-	-	-	-
CWIP - Services	10		-	-	-	-	-	-	-
CWIP - Hydrants	8		-	-	-	-	-	-	-
CWIP - Customer Billing Software	13	2,235,817	2,008,434	163,662	894	13,638	447	48,070	671
CWIP - Financial Software	15	2,235,817	1,343,950	503,730	53,212	162,991	46,058	65,957	59,920
CWIP - Other	15	526,411	316,426	118,600	12,529	38,375	10,844	15,529	14,108
Working Capital Allowance	15A	2,634,000	1,550,372	622,151	69,538	212,037	61,109	62,689	56,104
Other Working Capital Allowance	15A	642,421	378,129	151,740	16,960	51,715	14,904	15,290	13,684
Deferred Income Taxes	17	(40,026,731)	(19,933,312)	(10,631,100)	(1,232,823)	(3,794,534)	(1,084,724)	(1,224,818)	(2,125,419)
Deferred Investment Tax Credits	17	(76,952)	(38,322)	(20,438)	(2,370)	(7,295)	(2,085)	(2,355)	(4,086)
Deferred Maintenance									
Treatment Plant	2	1,031,814	516,629	316,045	39,518	120,516	35,701	1,548	1,857
Distribution Reservoir	5	1,676,424	680,461	410,556	45,599	132,940	36,546	165,966	204,356
Deferred Debits									
Source of Supply	2	1,698,131	850,254	520,138	65,038	198,342	58,755	2,547	3,057
General	15	2,342	1,408	528	56	171	48	69	63
Other Rate Base Elements	17	(2,349,854)	(1,170,227)	(624,121)	(72,376)	(222,766)	(63,681)	(71,906)	(124,777)
Total Other Rate Base Elements		(25,302,133)	(11,449,741)	(7,231,983)	(864,648)	(2,683,390)	(771,600)	(687,644)	(1,613,127)
Total Original Cost Measure of Value		362,672,028	180,738,822	96,314,223	11,183,739	34,369,121	9,843,612	11,108,618	19,113,894

KENTUCKY AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 20. ALLOCATION OF UNCOLLECTIBLE ACCOUNTS

Factors are based on the net charge-offs by customer classification.

Customer Classification	Net Charge-Offs	Allocation Factor
(1)	(2)	(3)
Residential	$394,368	0.8599
Commercial	49,150	0.1072
Industrial	0	0.0000
Other Public Authority	0	0.0000
Sales for Resale	0	0.0000
Private Fire	15,101	0.0329
Total	$458,619	1.0000

KENTUCKY-AMERICAN WATER COMPANY

SUMMARY OF AVERAGE DAY AND PEAK DAY DELIVERY FOR THE YEARS 1990-2009

Year	Annual Sendout (MG)	Average Day (MGD)	Peak Day (MGD)	Date	Ratio
(1)	(2)	(3)	(4)	(5)	(6)
2009	13,905	38.09	53.40	7/17	1.40
2008	15,644	42.86	63.09	8/21	1.47
2007	15,734	43.11	64.30	6/15	1.49
2006	15,619	42.79	67.22	8/7	1.57
2005	16,068	44.02	69.65	8/2	1.58
2004	14,931	40.91	56.89	6/29	1.39
2003	15,005	41.11	61.37	7/8	1.49
2002	15,956	43.72	71.82	8/5	1.64
2001	14,962	40.99	56.04	6/19	1.37
2000	14,565	39.90	66.37	6/13	1.66
1999	15,077	41.31	61.18	8/11	1.48
1998	14,799	40.55	64.67	9/14	1.60
1997	14,419	39.50	60.70	7/18	1.54
1996	14,265	39.08	53.70	6/30	1.37
1995	14,549	39.86	63.77	7/14	1.60
1994	14,471	39.65	58.36	6/16	1.47
1993	14,290	39.15	60.39	7/8	1.54
1992	13,303	36.45	47.22	7/13	1.30
1991	13,450	36.85	56.42	8/7	1.53
1990	12,557	34.40	58.05	7/9	1.69

KENTUCKY AMERICAN WATER COMPANY

BASIS FOR ALLOCATING DEMAND RELATED COSTS OF FIRE SERVICE TO PRIVATE AND PUBLIC FIRE PROTECTION CUSTOMER CLASSIFICATIONS

Description	Restrictive Diameters Squared	Quantity	Relative Demand*	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
PRIVATE FIRE PROTECTION				
Fire Lines				
2 -inch	4.0	65	390	
3 -inch	9.0	0	0	
4 -inch	16.0	372	8,937	
6 -inch	36.0	783	42,278	
8 -inch	64.0	246	23,616	
10 -inch	100.0	7	1,050	
12 -inch	144.0	4	864	
14 -inch	196.0	0	0	
16 -inch	256.0	1	384	
Private Hydrants	27.6	1,180	48,842	
Total Private Fire Protection		2,658	126,361	0.4484
PUBLIC FIRE PROTECTION				
4 -1/4 inch w/ 2-2 1/2, 1-4 1/2	20.3	6,297	127,829	
5 -1/4 inch w/ 2-2 1/2, 1-4 1/2	27.6	1,000	27,600	
Total Public Fire Prorection		7,297	155,429	0.5516
Total Fire Protection		9,955	281,790	1.0000

* Relative Demand for Private Fire lines and hydrants are calculated at 1.5 times the Public Fire Relative Demand.

PART III. PROPOSED CUSTOMER RATES

KENTUCKY-AMERICAN WATER COMPANY

CALCULATION OF MONTHLY SERVICE CHARGES

Cost Function	Cost of Service (Schedule D)	Number of Units	Description	Cost Per Unit Per Month
(1)	(2)	(3)	(4)	(5)
Meters	$ 4,337,138	143,199	5/8-inch meter equivalents	$ 2.52
Services	2,650,946	129,111	3/4-inch service equivalents	1.71
Billing & Collecting	7,131,700	120,987	Number of customers	4.91
Total	$ 14,119,783			$ 9.14

Meter Size	Capacity Ratio	Present Rate	Proposed Rate
(1)			
5/8-inch	1.0	$ 8.60	$ 9.15
3/4-inch	1.5	12.90	13.70
1-inch	2.5	21.50	22.90
1-1/2-inch	5.0	43.00	45.80
2-inch	8.0	68.80	73.20
3-inch	15.0	129.00	137.30
4-inch	25.0	215.00	228.80
6-inch	50.0	430.00	457.50
8-inch	80.0	688.00	732.00

KENTUCKY-AMERICAN WATER COMPANY

COMPARISON OF PRESENT AND PROPOSED RATES

Meter Charges, Per Month:

Meter Size	Present Rate	Proposed Rate
5/8	$ 8.60	$ 9.15
3/4	12.90	13.70
1	21.50	22.90
1-1/2	43.00	45.80
2	68.80	73.20
3	129.00	137.30
4	215.00	228.80
6	430.00	457.50
8	688.00	732.00

Consumption Charges:	Per Thousand Gallons		Per CCF	
	Present	Proposed	Present	Proposed
Residential	$ 3.77200	$ 5.76133	$ 2.82900	$ 4.32100
Commercial	$ 3.48667	$ 5.25067	$ 2.61500	$ 3.93800
Industrial	$ 2.81867	$ 4.26667	$ 2.11400	$ 3.20000
Other Public Authority	$ 3.29467	$ 4.96667	$ 2.47100	$ 3.72500
Sales for Resale	$ 3.27067	$ 4.92000	$ 2.45300	$ 3.69000
Hidden Leak	$ 0.94300	$ 1.44033	$ 0.70725	$ 1.08025

Fire Protection:

Private Fire Line Size	Present Rate Per Annum	Proposed Rate Per Annum
2	$72.91	$ 105.00
4	$293.43	$ 422.58
6	$660.03	$ 950.53
8	$1,173.45	$1,689.92
10	$1,833.98	$2,641.17
12	$2,641.62	$3,804.28
14	$3,596.08	$5,178.83
16	$4,695.89	$6,762.70
PrivateFire Hydrant	652.13	939.15
Public Fire Hydrant	371.87	490.00

MISSOURI-AMERICAN WATER COMPANY

St. Louis, Missouri

COST OF SERVICE

ALLOCATION STUDY

FOR THE TEST YEAR ENDED JUNE 30, 2006

GANNETT FLEMING, INC. - VALUATION AND RATE DIVISION

Harrisburg, Pennsylvania Calgary, Alberta Valley Forge, Pennsylvania

July 6, 2007

Missouri-American Water Company
535 North New Ballas Road
St. Louis, MO 63141

ii

Attention Mr. Terry L. Gloriod, President

Gentlemen:

Pursuant to your request, we have conducted cost of service allocation studies based on the district specific revenue requirements estimated for the test year ended June 30, 2006.

The attached report presents the results of the allocation studies, as well as supporting schedules which set forth the detailed cost allocation calculations and the proposed schedule of rates. Schedule A, for each district, presents a comparison of the cost of service by customer classification with the pro forma revenues produced by each classification under present and proposed rates.

Respectfully submitted,

GANNETT FLEMING, INC.

Paul R Herbert

PAUL R. HERBERT
Sr. Vice President
Valuation and Rate Division

PRH:krm

Attachment

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PART I. INTRODUCTION

MISSOURI-AMERICAN WATER COMPANY

COST OF SERVICE ALLOCATION STUDY
FOR THE TEST YEAR ENDED JUNE 30, 2006

PART I. INTRODUCTION

PLAN OF REPORT

The report sets forth the results of the cost of service allocation studies based on district specific revenue requirements as of June 30, 2006, for Missouri-American Water Company. Part I, Introduction, contains statements with respect to the basis of the study, the procedures employed, and a summary of the results of the study. Part II, Cost of Service by Customer Classification, presents detailed schedules of the allocation of costs to district specific customer classifications, as well as the bases for the allocations. Schedule A in Part II summarizes the cost allocation and the revenues produced under present and proposed rates for each district.

BASIS OF STUDY

The purpose of the cost allocation studies was to determine the relative cost of service responsibilities of the several customer classifications within each operating district, based on considerations of quantity of water consumed, variability of rate of consumption, and costs associated with customer metering, billing and accounting. The allocation studies incorporated generally-accepted principles and procedures for allocating the several categories of cost to customer classifications in proportion to each classification's use of facilities, commodities and services required in providing water service.

ALLOCATION PROCEDURES

The allocation studies were based on the Base-Extra Capacity Method for allocating costs to customer classifications. The method is described in the 2000 and prior editions of the Water Rates Manual published by the American Water Works Association. The four basic categories of cost responsibility are base, extra capacity, customer, and fire protection costs. The following discussion presents a brief description of these costs and the manner in which they were allocated.

Base Costs are costs that tend to vary with the quantity of water used, plus costs associated with supplying, treating, pumping, and distributing water to customers under average load conditions, without the elements necessary to meet peak demands. Base costs were allocated to customer classifications on the basis of average daily usage.

Extra Capacity Costs are costs associated with meeting usage requirements in excess of the average. They include operating and capital costs for additional plant and system capacity beyond that required for average use. The extra capacity costs in this study are subdivided into costs necessary to meet maximum day extra demand and costs to meet maximum hour extra demand. The extra capacity costs were allocated to customer classifications on the bases of each classification's maximum day and hour usage in excess of average usage.

Customer Costs are costs associated with serving customers regardless of their usage or demand characteristics. Customer costs include the operating and capital costs related to meters and services, meter reading costs, and billing and collecting costs. The customer costs were allocated on the bases of the capital cost of meters and services, and the number of customers.

Fire Protection Costs are costs associated with providing the facilities to meet the potential peak demand of fire protection service. Fire Protection costs are subdivided into costs to meet Public Fire Protection and Private Fire Protection demands. The extra capacity costs assigned to fire protection service were allocated to Public and Private Fire Protection on the basis of the total relative demands of the hydrants and fire service lines, sized to provide fire protection.

RESULTS OF STUDY

The results of the cost of service allocation study are set forth in Part II. The data summarized for each district in Schedule A, Comparison of Pro Forma Cost of Service with Revenues Under Present and Proposed Rates for the Test Year Ended June 30, 2006, constitute the principal results of the cost allocation studies and subsequent rate designs.

The cost of service by customer classification shown in column 2 of Schedule A is developed in Schedule B, Cost of Service for the Twelve Months Ended June 30, 2006, Allocated to Customer Classifications. The allocation of the total cost of service to the several customer classifications was performed by applying the allocation factors referenced in column 2 of Schedule B to the cost of service set forth in column 3. The bases for the allocation factors are presented in Schedule C.

Schedule D sets forth the experienced average day and maximum day system sendout and the maximum day ratios from 1990 through 2005. Schedule E presents the basis for allocating demand related costs of fire service to private and public fire protection classifications.

II-1

PART II. COST OF SERVICE BY CUSTOMER CLASSIFICATION

BRUNSWICK DISTRICT

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES
FOR THE TEST YEAR ENDED JUNE 30, 2006

Customer Classification	Cost of Service Amount (Schedule B)	Cost of Service Percent	Revenues, Present Rates Amount	Revenues, Present Rates Percent	Revenues, Proposed Rates Amount	Revenues, Proposed Rates Percent	Proposed Increase Amount	Proposed Increase Percent Increase
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Residential	$ 456,704	76.7%	$ 101,775	75.3%	$ 127,477	75.4%	$ 25,702	25.3%
Commercial	111,486	18.7%	24,244	18.1%	30,366	18.0%	6,122	25.3%
Industrial	1,343	0.2%	522	0.4%	654	0.4%	132	25.3%
Public Authority	14,606	2.5%	3,682	2.7%	4,612	2.7%	930	25.3%
Sales for Resale	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Private Fire Service	11,795	2.0%	4,762	3.5%	5,964	3.5%	1,202	25.2%
Public Fire Service	-	0.0%	$0	0.0%	$0	0.0%	-	0.0%
Total Sales	595,935	100.1%	134,985	100.0%	169,073	100.0%	34,088	25.3%
Other Revenues	3,065		$3,065		$3,065		-	0.0%
Total	$ 599,000		$ 138,050		$ 172,138		$ 34,088	24.7%

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection Private	Fire Protection Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
OPERATION AND MAINTENANCE EXPENSES									
SOURCE OF SUPPLY EXPENSES									
Super & Eng Oper SS	2	$ 6,887	$ 5,272	$ 1,366	$ 10	$ 190	$ -	$ 6	$ 41
Labor & Exp Oper SS	2	80	61	16	0	2	0	0	0
Labor & Exp Oper SS	2	158	121	31	0	4	0	0	1
Purchased Water	1	0	0	0	0	0	0	0	0
TOTAL SS EXPENSE - OPERATION		7,125	5,455	1,414	11	197	0	6	43
Misc Exp Oper SS	2	4,751	3,637	943	7	131	0	4	29
Misc Exp Oper SS	2	23	18	5	0	1	0	0	0
Rents Oper SS	2	0	0	0	0	0	0	0	0
Super & Eng Maint SS	2	0	0	0	0	0	0	0	0
Struct & Improve Maint SS	2	0	0	0	0	0	0	0	0
Struct & Improve Maint SS	2	0	0	0	0	0	0	0	0
Collect & Impound Maint SS	2	0	0	0	0	0	0	0	0
Collect & Impound Maint SS	2	0	0	0	0	0	0	0	0
Lake, River & Oth Maint SS	2	0	0	0	0	0	0	0	0
Lake, River & Oth Maint SS	2	0	0	0	0	0	0	0	0
Wells & Springs Maint SS	2	0	0	0	0	0	0	0	0
Wells & Springs Maint SS	2	0	0	0	0	0	0	0	0
Infilt Gall & Tunnels Maint SS	2	0	0	0	0	0	0	0	0
Infilt Gall & Tunnels Maint SS	2	0	0	0	0	0	0	0	0
Supply Mains Maint SS	2	0	0	0	0	0	0	0	0
Supply Mains Maint SS	2	0	0	0	0	0	0	0	0
Misc Plant Maint SS	2	1	0	0	0	0	0	0	0
Misc Plant Maint SS	2	481	368	95	1	13	0	0	3
TOTAL SS EXPENSE - MAINTENANCE		5,256	4,024	1,043	8	145	0	5	32
TOTAL SS EXPENSE		12,380	9,478	2,456	19	342	0	11	74
POWER AND PUMPING EXPENSES									
Super & Eng Oper P	6	0	0	0	0	0	0	0	0
Fuel for Power Prod	1	0	0	0	0	0	0	0	0
Labor & Exp Oper Pwr Prod	6	(1,325)	(877)	(227)	(2)	(32)	0	(26)	(161)
Labor & Exp Oper Pwr Prod	6	0	0	0	0	0	0	0	0
Purch Fuel/Power for Pump	1	4,013	3,001	843	6	118	0	6	39
Labor & Exp Oper Pump	6	3,537	2,342	607	5	85	0	70	429
Labor & Exp Oper Pump	6	0	0	0	0	0	0	0	0

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection Private	Fire Protection Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Expenses Transferred	6	0	0	0	0	0	0	0	0
Misc Exp Oper P	6	0	0	0	0	0	0	0	0
Rents Oper P	6	0	0	0	0	0	0	0	0
TOTAL PUMPING EXPENSE - OPERATION		6,224	4,466	1,223	9	171	0	50	307
Super & Eng Maint P	6	0	0	0	0	0	0	0	0
Struct & Improve Maint P	6	0	0	0	0	0	0	0	0
Struct & Improve Maint P	6	0	0	0	0	0	0	0	0
Power Prod Equip Maint P	6	0	0	0	0	0	0	0	0
Power Prod Equip Maint P	6	0	0	0	0	0	0	0	0
Pump Equip Maint P	6	2,826	1,871	485	4	68	0	56	343
Pump Equip Maint P	6	1,082	716	186	1	26	0	21	131
TOTAL PUMPING EXPENSES - MAINTENANCE		3,908	2,588	671	5	93	0	77	474
TOTAL PUMPING EXPENSES		10,133	7,053	1,893	14	264	0	127	782
WATER TREATMENT									
Super & Eng Oper WT	2	18,401	14,087	3,651	28	508	0	17	110
Chemicals	1	5,117	3,827	1,075	8	150	0	8	49
Labor & Exp Oper WT	2	14,156	10,838	2,808	21	391	0	13	85
Labor & Exp Oper WT	2	5,849	4,478	1,161	9	161	0	5	35
Misc Exp Oper WT	2	799	612	159	1	22	0	1	5
Misc Exp Oper WT	1	7,989	5,975	1,679	12	235	0	12	77
Misc Exp Oper WT	2	861	659	171	1	24	0	1	5
Rents Oper WT	2	0	0	0	0	0	0	0	0
TOTAL WT EXPENSE - OPERATION		53,172	40,476	10,703	80	1,491	0	56	366
Super & Eng Maint WT	2	18,454	14,128	3,661	28	509	0	17	111
Struct & Improve Maint WT	2	0	0	0	0	0	0	0	0
Struct & Improve Maint WT	2	0	0	0	0	0	0	0	0
WT Equip Maint WT	2	0	0	0	0	0	0	0	0
WT Equip Maint WT	2	4,035	3,089	801	6	111	0	4	24
TOTAL WT EXPENSE - MAINTENANCE		22,489	17,217	4,462	34	621	0	20	135
TOTAL WT EXPENSE		75,660	57,694	15,164	113	2,112	0	76	501
TRANSMISSION AND DISTRIBUTION EXPENSES									
Super & Eng Oper TD	11	2,296	918	229	1	31	0	156	961
Storage Facilty Exp	5	0	0	0	0	0	0	0	0
Storage Facilty Exp	5	0	0	0	0	0	0	0	0
TD Lines Exp	7	9,627	3,797	952	2	132	0	661	4,083
TD Lines Exp	7	473	186	47	0	6	0	32	200
Meter Expense	9	99	80	17	1	2	0	0	0
Meter Expense	9	0	0	0	0	0	0	0	0

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Customer Install Exp	10	39	32	6	0	1	0	1	0
Customer Install Exp	10	0	0	0	0	0	0	0	0
Misc Exp Oper TD	11	2,444	978	244	1	33	0	166	1,023
Misc Exp Oper TD	11	117	47	12	0	2	0	8	49
Misc Exp Oper TD	11	1,269	508	127	0	17	0	86	531
Rents Oper TD	11	15	6	1	0	0	0	1	6
TOTAL T & D EXPENSE OPERATION		16,380	6,552	1,635	5	225	0	1,111	6,853
Super & Eng Maint TD	12	2,296	906	227	0	31	0	158	974
Struct & Improve Maint TD	12	0	0	0	0	0	0	0	0
Struct & Improve Maint TD	12	0	0	0	0	0	0	0	0
Dist Res Stand Maint TD	5	0	0	0	0	0	0	0	0
TD Main Maint TD	7	92	36	9	0	1	0	6	39
TD Main Maint TD	7	0	0	0	0	0	0	0	0
Fire Main Maint TD	8	0	0	0	0	0	0	0	0
Fire Main Maint TD	8	0	0	0	0	0	0	0	0
Services Maint TD	10	0	0	0	0	0	0	0	0
Services Maint TD	10	0	0	0	0	0	0	0	0
Meters Maint TD	9	0	0	0	0	0	0	0	0
Meters Maint TD	9	0	0	0	0	0	0	0	0
Hydrants Maint TD	8	0	0	0	0	0	0	0	0
Hydrants Maint TD	8	0	0	0	0	0	0	0	0
Misc Plant Maint TD	12	24	10	2	0	0	0	2	10
Mat and Sup Maint TD	12	3,609	1,423	357	1	49	0	248	1,530
Misc Maint TD	12	0	0	0	0	0	0	0	0
Amort Def Maint TD	5	19,742	9,772	2,487	0	375	0	995	6,112
TOTAL T & D EXPENSE - MAINTENANCE		25,763	12,147	3,083	1	458	0	1,409	8,666
TOTAL T & D EXPENSE		42,144	18,699	4,718	6	682	0	2,520	15,519
CUSTOMER ACCOUNTS									
Supervision CA	13	2,296	1,882	356	10	29	0	20	0
Meter Reading Exp CA	14	1,270	1,050	199	5	16	0	0	0
Meter Reading Exp CA	14	0	0	0	0	0	0	0	0
Meter Reading Exp CA	14	(3)	(3)	(0)	(0)	(0)	0	0	0
Cust Rec & Collection CA	13	0	0	0	0	0	0	0	0
Cust Rec & Collection CA	13	1,817	1,489	282	8	23	0	15	0
Uncollectible Accts	13	5,642	4,624	875	24	72	0	48	0
Misc Cust Accts Exp CA	13	0	0	0	0	0	0	0	0

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection Private	Fire Protection Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Misc Cust Accts Exp CA	13	0	0	0	0	0	0	0	0
Misc Cust Accts Exp CA	13	2,125	1,741	329	9	27	0	18	0
Cust Serv & Info Exp CA	13	(0)	(0)	(0)	(0)	(0)	0	(0)	0
TOTAL CUSTOMER ACCOUNTING EXPENSE		13,146	10,784	2,039	55	167	0	101	0
ADMINISTRATIVE AND GENERAL EXPENSES									
Salaries AG	15	30,166	20,111	5,017	39	679	0	621	3,698
Other Supplies & Exp AG	15	0	0	0	0	0	0	0	0
Other Supplies & Exp AG	15	4,096	2,731	681	5	92	0	84	502
Other Supplies & Exp AG	15	6,397	4,265	1,064	8	144	0	132	784
Mgmt Fees-Coporate/Shared Service Center	15	18,175	12,117	3,023	24	409	0	374	2,228
Mgmt Fees-Call Center	13	666	546	103	3	8	0	6	0
Mgmt Fees-Belleville Lab	2	838	642	166	1	23	0	1	5
Mgmt Fees- Financial ITS	15	6,334	4,223	1,053	8	143	0	130	777
Mgmt Fees- Customer Billings ITS	13	(0)	(0)	(0)	(0)	(0)	0	(0)	0
Mgmt Fees-Other ITS	15	82	55	14	0	2	0	2	10
Outside Services AG	15	787	525	131	1	18	0	16	96
Outside Services AG	15	9,521	6,347	1,583	12	214	0	196	1,167
Property Insurance	15	0	0	0	0	0	0	0	0
Ins Gen Liab Oper AG	15	2,893	1,929	481	4	65	0	60	355
Ins Work Comp AG	16	4,481	3,056	774	6	106	0	77	463
Ins Other Oper AG	15	1,104	736	184	1	25	0	23	135
Property Insurance	15	552	368	92	1	12	0	11	68
Injuries & Damages	16	5	3	1	0	0	0	0	1
Employee Pension & Benefits	16	37,486	25,566	6,474	49	885	0	641	3,872
Employee Pension & Benefits	16	12,203	8,323	2,108	16	288	0	209	1,261
Employee Pension & Benefits	16	2,104	1,435	363	3	50	0	36	217
Reg Commision Exp	15	268	179	45	0	6	0	6	33
Rents AG	15	2,069	1,380	344	3	47	0	43	254
Goodwill Advertising Exp	15	12	8	2	0	0	0	0	1
Misc Exp AG	15	17,613	11,743	2,929	23	396	0	363	2,159
Research & Development	15	0	0	0	0	0	0	0	0
TOTAL A & G OPERATIONS		157,853	106,287	26,631	207	3,611	0	3,030	18,087
General Plant Maint AG	15	0	0	0	0	0	0	0	0
General Plant Maint AG	15	468	312	78	1	11	0	10	57
TOTAL A & G EXPENSE - MAINTENANCE		468	312	78	1	11	0	10	57
TOTAL A & G EXPENSE		158,321	106,599	26,708	208	3,622	0	3,040	18,145
Total Operation & Maintenance Expenses		311,785	210,306	52,980	415	7,189	0	5,874	35,020

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection Private	Fire Protection Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
DEPRECIATION EXPENSE									
Organization	17	0	0	0	0	0	0	0	0
Franchises	17	0	0	0	0	0	0	0	0
Land & Ld Rights SS	2	0	0	0	0	0	0	0	0
Land & Ld Rights P	6	0	0	0	0	0	0	0	0
Land & Ld Rights WT	7	0	0	0	0	0	0	0	0
Land & Ld Rights TD	15	0	0	0	0	0	0	0	0
Land & Land Rights AG	2	0	0	0	0	0	0	0	0
Struct & Imp SS	2	554	424	110	1	15	0	0	3
Struct & Imp P	6	1,632	1,081	280	2	39	0	32	198
Struct & Imp WT	2	6,369	4,876	1,264	10	176	0	6	38
Struct & Imp TD	7	560	221	55	0	8	0	38	237
Struct & Imp Offices	15	112	75	19	0	3	0	2	14
Struct & Imp Store,Shop,Gar	15	28	19	5	0	1	0	1	3
Struct & Imp Misc	15	188	125	31	0	4	0	4	23
Collect & Impounding	1	0	0	0	0	0	0	0	0
Lake, River & Other Intakes	2	0	0	0	0	0	0	0	0
Infiltration Galleries & Tunnels	2	0	0	0	0	0	0	0	0
Wells & Springs	2	3,454	2,644	685	5	95	0	3	21
Supply Mains	2	1,299	995	258	2	36	0	1	8
Power Generation Equip Othe	6	36	24	6	0	1	0	1	4
Pump Equip Electric	6	2,033	1,346	349	3	49	0	40	247
Pump Equip Other	6	229	152	39	0	5	0	5	28
WT Equip Non-Media	2	4,181	3,201	830	6	115	0	4	25
WT Equip Filter Media	2	991	759	197	1	27	0	1	6
Dist Reservoirs & Standpipe	5	1,306	646	165	0	25	0	66	404
Elevated Tanks & Standpipes	5	396	196	50	0	8	0	20	123
Ground Level Facilities	5	0	0	0	0	0	0	0	0
TD Mains Not Classified by	7	4,720	1,862	467	1	65	0	324	2,002
TD Mains 4 & Less "	4	786	277	69	0	10	0	60	370
TD Mains 6 to 8" "	4	2,823	996	247	0	34	0	216	1,330
TD Mains 10 to 16" "	3	0	0	0	0	0	0	0	0
TD Mains 18 & Grtr "	3	0	0	0	0	0	0	0	0
Services	10	(393)	(318)	(62)	(2)	(6)	0	(6)	0
Meters Bronze Case	9	1,086	874	185	7	20	0	0	0
Meters Plastic Case	9	0	0	0	0	0	0	0	0
Meters Other	9	391	315	67	2	7	0	0	0
Meters Other-Rem Rdr Unts	9	0	0	0	0	0	0	0	0
Meter Installations	9	2,045	1,646	349	12	37	0	0	0
Meter Installation Other	9	0	0	0	0	0	0	0	0
Hydrants	8	1,242	0	0	0	0	0	0	1,242
Other P/E Intangible	17	0	0	0	0	0	0	0	0
Utility Plant Acquisition Adjustment	17	0	0	0	0	0	0	0	0
Other P/E WT Res Hand Equip	2	0	0	0	0	0	0	0	0
Other P/E TD	7	0	0	0	0	0	0	0	0
Other P/E CPS	15	0	0	0	0	0	0	0	0

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection Private	Fire Protection Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Office Furniture & Equip	15	197	131	33	0	4	0	4	24
Comp & Periph Equip	15	1,039	693	173	1	23	0	21	127
Computer Software	15	1,420	947	236	2	32	0	29	174
Comp Software Personal	15	19	13	3	0	0	0	0	2
Data Handling Equipment	15	1,931	1,287	321	3	43	0	40	237
Other Office Equipment	15	191	127	32	0	4	0	4	23
Trans Equip Lt Duty Trks	15	97	65	16	0	2	0	2	12
Trans Equip Hvy Duty Trks	15	0	0	0	0	0	0	0	0
Trans Equip Autos	15	19	13	3	0	0	0	0	2
Trans Equip Other	15	0	0	0	0	0	0	0	0
Stores Equipment	15	859	573	143	1	19	0	18	105
Tools,Shop,Garage Equip	15	2,663	1,775	443	3	60	0	55	326
Tools,Shop,Garage Equip Oth	15	0	0	0	0	0	0	0	0
Laboratory Equipment	2	2,751	2,106	546	4	76	0	2	17
Laboratory Equip Other	2	0	0	0	0	0	0	0	0
Power Operated Equipment	15	0	0	0	0	0	0	0	0
Comm Equip Non-Telephone	15	0	0	0	0	0	0	0	0
Comm Equip Telephone	15	1	1	0	0	0	0	0	0
Misc Equipment	15	12,852	8,568	2,137	17	289	0	265	1,576
Other Tangible Property	15	7,681	5,121	1,277	10	173	0	158	942
Total Depreciation Expense		67,788	43,855	11,027	93	1,501	0	1,417	9,895
Amort-Other UP	18	62	40	10	0	1	0	1	9
Amort-Intangible Fin	2	334	256	66	1	9	0	0	2
Taxes Other Than Income									
Utility Reg Assessment Fee	19	1,155	765	191	2	26	0	23	149
Property Taxes	18	22,775	14,756	3,598	39	471	0	478	3,432
FUTA	16	114	78	20	0	3	0	2	12
FICA	16	8,846	6,032	1,528	11	209	0	151	915
SUTA	16	75	51	13	0	2	0	1	8
Other Taxes & Licenses	15	568	379	94	1	13	0	12	70
Gross Receipts Tax	19	0	0	0	0	0	0	0	0
Total Taxes, Other Than Income		33,533	22,061	5,444	53	723	0	667	4,585
Income Taxes	18	52,060	33,730	8,225	89	1,078	0	1,093	7,845
Utility Income Available for Return	18	133,437	86,454	21,083	227	2,762	0	2,802	20,109
Total Cost of Service		599,000	396,696	98,835	878	13,264	0	11,856	77,472
Less: Other Water Revenues	19	3,065	2,030	506	5	68	0	61	396
Revenue Contribution	19	0	0	0	0	0	0	0	0
Total Other Water Revenues		3,065	2,030	506	5	68	0	61	396
Total Cost of Service Related to Sales of Water		$ 595,935	$ 394,666	$ 98,329	$ 873	$ 13,196	$ -	$ 11,795	$ 77,076
Reallocation of Public Fire	20	0	62,038	13,157	470	1,410	0	0	(77,076)
Total		$ 595,935	$ 456,704	$ 111,486	$ 1,343	$ 14,606	$ -	$ 11,795	$ -

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS

FACTOR 1. ALLOCATION OF COSTS WHICH VARY WITH THE AMOUNT OF WATER CONSUMED.

Factors are based on the pro forma test year average daily consumption for each customer classification.

Customer Classification	Average Daily Consumption, Thousand Gallons	Allocation Factor
(1)	(2)	(3)
Residential	48.4	0.7479
Commercial	13.6	0.2101
Industrial	0.1	0.0015
Other Public Authority	1.9	0.0294
Sales for Resale	0.0	0.0000
Private Fire Protection	0.1	0.0015
Public Fire Protection	0.6	0.0096
Total	64.7	1.0000

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the factors for average daily consumption (Factor 1) and the factors derived from maximum day extra capacity demand for each customer classification, as follows:

	Average Daily Consumption		Maximum Day Extra Capacity		
Customer Classification	Allocation Factor 1	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)x 0.6250	(4)	(5)=(4)x 0.3750	(6)=(3)+(5)
Residential	0.7479	0.4675	0.7948	0.2981	0.7656
Commercial	0.2101	0.1313	0.1790	0.0671	0.1984
Industrial	0.0015	0.0009	0.0016	0.0006	0.0015
Other Public Authority	0.0294	0.0184	0.0246	0.0092	0.0276
Sales for Resale	0.0000	0.0000	0.0000	0.0000	0.0000
Private Fire Protection	0.0015	0.0009			0.0009
Public Fire Protection	0.0096	0.0060			0.0060
Total	1.0000	0.6250	1.0000	0.3750	1.0000

The derivation of the maximum day extra capacity factors in column 4 and the basis for the column 3 and 5 weightings are presented on the following page.

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS, cont.

		Maximum Day Extra Capacity		
Customer Classification	Average Daily Consumption, Thousand Gal.	Factor*	Rate of Flow, Thousand Gal. Per Day	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	48.4	1.0	48.4	0.7948
Commercial	13.6	0.8	10.9	0.1790
Industrial	0.1	0.5	0.1	0.0016
Other Public Authority	1.9	0.8	1.5	0.0246
Sales for Resale	0.0	0.6	0.0	0.0000
Total	64.0		60.9	1.0000

The weighting of the factors is based on the maximum day ratio of 1.60, based on a review of maximum day ratios experienced during the period 1990 through 2005 (see Schedule D).

	Maximum Day Ratio	Weight
Average Day	1.00	0.6250
Maximum Day Extra Capacity	0.60	0.3750
Total	1.60	1.0000

* Ratio of maximum day to average day minus 1.0.

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

	Average Daily Consumption		Maximum Day Extra Capacity		Fire Protection		
Customer Classification	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2) X 0.5406	(4)	(5)=(4) X 0.3243	(6)	(7)=(6) X 0.1351	(8)=(3)+(5)+(7)
Residential	0.7479	0.4043	0.7948	0.2578			0.6621
Commercial	0.2101	0.1136	0.1790	0.0580			0.1716
Industrial	0.0015	0.0008	0.0016	0.0005			0.0013
Other Public Authority	0.0294	0.0159	0.0246	0.0080			0.0239
Sales for Resale	0.0000	0.0000	0.0000	0.0000			0.0000
Private Fire Protection	0.0015	0.0008			0.1400	0.0189	0.0197
Public Fire Protection	0.0096	0.0052			0.8600	0.1162	0.1214
Total	1.0000	0.5406	1.0000	0.3243	1.0000	0.1351	1.0000

Schedule C-BRU

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum day ratio of 1.60 and the average daily system sendout for 2005 of 0.144 MGD. The system demand for fire protection is 300 Gallons per minute for 2 hours.

	Ratio	Rate of Flow, (GPD)	Weight
Average Day	1.00	144,000	0.5406
Maximum Day Extra Capacity	0.60	86,400	0.3243
Subtotal	1.60	230,400	0.8649
Fire Protection		36,000	0.1351
Total		266,400	1.0000

The public and private fire protection allocation factors in column 6 on the previous page are based on the relative potential demands (see Schedule E).

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		
Customer Classification	Thousand Gallons	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3) X 0.1818	(5)	(6)=(5) X 0.2727	(7)	(8)=(7) X 0.5455	(9)=(4)+(6)+(8)
Residential	2.02	0.7482	0.1360	0.7953	0.2169			0.3528
Commercial	0.57	0.2111	0.0384	0.1800	0.0491			0.0876
Industrial	0.00	0.0000	0.0000	0.0000	0.0000			0.0000
Other Public Authority	0.08	0.0296	0.0054	0.0247	0.0067			0.0121
Sales for Resale	0.00	0.0000	0.0000	0.0000	0.0000			0.0000
Private Fire Protection	0.00	0.0000	0.0000			0.1400	0.0764	0.0764
Public Fire Protection	0.03	0.0111	0.0020			0.8600	0.4691	0.4711
Total	2.70	1.0000	0.1818	1.0000	0.2727	1.0000	0.5455	1.0000

The maximum hour extra capacity factors in column 5 are determined on the next page.

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum hour ratio of 2.5 and the average daily system sendout for 2005 of 0.144 MGD. The system demand for fire protection is 300 gallons per minute.

	Ratio	Rate of Flow, (GPM)	Weight
Average Hour	1.00	100	0.1818
Maximum Hour Extra Capacity	1.50	150	0.2727
Subtotal	2.50	250	0.4545
Fire Protection		300	0.5455
Total		550	1.0000

The maximum hour extra capacity factors in column 5 of the previous page are determined as follows:

Customer Classification	Average Hourly Consumption Thousand Gal.	Maximum Hour Extra Capacity		
		Factor*	1,000 Gallons Per Hour	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	2.02	3.5	7.07	0.7953
Commercial	0.57	2.8	1.60	0.1800
Industrial	0.00	1.5	0.00	0.0000
Other Public Authority	0.08	2.8	0.22	0.0247
Sales for Resale	0.00	2.0	0.00	0.0000
Total	2.67		8.89	1.0000

* Ratio of Maximum Hour To Average Hour Minus 1.0.

The public and private fire protection allocation factors in column 7 on the previous page are based on the relative potential demands (see Schedule E).

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES.

Factors are based on the weighting of the average hourly consumption, the maximum hour extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		
	Thousand Gallons	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3) X 0.2560	(5)	(6)=(5) X 0.3840	(7)	(8)=(7) X 0.3600	(9)=(4)+(6)+(8)
Residential	2.0	0.7408	0.1896	0.7953	0.3054			0.4950
Commercial	0.6	0.2222	0.0569	0.1800	0.0691			0.1260
Industrial	0.0	0.0000	0.0000	0.0000	0.0000			0.0000
Other Public Authority	0.1	0.0370	0.0095	0.0247	0.0095			0.0190
Sales for Resale	0.0	0.0000	0.0000	0.0000	0.0000			0.0000
Private Fire Protection	0.0	0.0000	0.0000			0.1400	0.0504	0.0504
Public Fire Protection	0.0	0.0000	0.0000			0.8600	0.3096	0.3096
Total	2.7	1.0000	0.2560	1.0000	0.3840	1.0000	0.3600	1.0000

The weighting of the factors is based on the ratio of the capacity required for a 2 hour demand of fire flow, as related to total storage capacity. The calculation is shown on the following page.

MISSOURI-AMERICAN WATER COMPANY
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FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES, cont.

The weighting of the factors is based on the ratio of the capacity required for a 2 hour demand of fire flow, as related to total storage capacity.

Fire Protection Weight = $\frac{300 \text{ GPM X } 60 \text{ Min. X } 2 \text{ Hrs.}}{100{,}000 \text{ Gallons}} = 0.3600$

General Service Weight = 1.0000 - 0.3600 = 0.6400

The weighting of the average hourly consumption and maximum hour extra demand for general service is based on the maximum hour ratio, as follows:

	Maximum Hour Ratio	Percent	Weight
Average Hour	1.00	40.00	0.2560
Extra Capacity Maximum Hour	1.50	60.00	0.3840
Total	2.50	100.00	0.6400

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH POWER AND PUMPING FACILITIES.

Factors are based on the weighting of the maximum daily consumption, Factor 2, the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

	Maximum Daily Consumption		Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 2	Weighted Factor	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.0000	(4)	(5)=(4)X 1.0000	(6)	(7)=(6)X 0.0000	(8)=(3)+ (5)+(7)
Residential	0.7656	0.0000	0.6621	0.6621	0.3528	0.0000	0.6621
Commercial	0.1984	0.0000	0.1716	0.1716	0.0876	0.0000	0.1716
Industrial	0.0015	0.0000	0.0013	0.0013	0.0000	0.0000	0.0013
Other Public Authority	0.0276	0.0000	0.0239	0.0239	0.0121	0.0000	0.0239
Sales for Resale	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Private Fire Protection	0.0009	0.0000	0.0197	0.0197	0.0764	0.0000	0.0197
Public Fire Protection	0.0060	0.0000	0.1214	0.1214	0.4711	0.0000	0.1214
Total	1.0000	0.0000	1.0000	1.0000	1.0000	0.0000	1.0000

The weighting of the factors is based on the horsepower of pumps associated with maximum day facilities, maximum day and fire facilities, and maximum hour facilities, as follows:

	Horsepower of Pumps	Weight
Associated with Maximum Day	0	0.0000
Associated with Maximum Day and Fire	100	1.0000
Associated with Maximum Hour	0	0.0000
Total	100	1.0000

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MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 7. ALLOCATION OF COSTS ASSOCIATED WITH TRANSMISSION AND DISTRIBUTION MAINS.

Factors are based on the weighting of the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

	Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.1343	(4)	(5)=(4)X 0.8657	(6)=(3)+(5)
Residential	0.6621	0.0890	0.3528	0.3054	0.3944
Commercial	0.1716	0.0230	0.0876	0.0759	0.0989
Industrial	0.0013	0.0002	0.0000	0.0000	0.0002
Other Public Authority	0.0239	0.0032	0.0121	0.0105	0.0137
Sales for Resale	0.0000	0.0000	0.0000	0.0000	0.0000
Private Fire Protection	0.0197	0.0026	0.0764	0.0661	0.0687
Public Fire Protection	0.1214	0.0163	0.4711	0.4078	0.4241
Total	1.0000	0.1343	1.0000	0.8657	1.0000

The weighting of the factors is based on the total footage of mains, designated as either transmission mains or distribution mains, as follows:

	Total Footage of Mains	Weight
Transmission Mains	9,795	0.1343
Distribution Mains	63,160	0.8657
Total	72,955	1.0000

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 8. ALLOCATION OF COSTS ASSOCIATED WITH FIRE HYDRANTS.

Costs are assigned directly to Public Fire Protection.

Customer Classification	Allocation Factor
(1)	(3)
Public Fire Protection	1.0000
Total	1.0000

FACTOR 9. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

Factors are based on the relative cost of meters by size and customer classification, as developed on the following page and summarized below.

Customer Classification	5/8" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	396	0.8049
Commercial	84	0.1707
Industrial	3	0.0061
Other Public Authority	9	0.0183
Sales for Resale	0	0.0000
Private Fire	0	0.0000
Total	492	1.0000

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT

BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS

Meter Size	5/8" Dollar Equivalent	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Total	
		Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)
5/8	1.0	383	383	65	65	0	0	5	5	0	0	453	453
3/4	1.3	0	0	0	0	0	0	0	0	0	0	0	0
1	1.7	0	0	6	10	2	3	0	0	0	0	8	13
1-1/2	3.5	0	0	0	0	0	0	0	0	0	0	0	0
2	4.3	3	13	2	9	0	0	1	4	0	0	6	26
3	19.0	0	0	0	0	0	0	0	0	0	0	0	0
4	29.3	0	0	0	0	0	0	0	0	0	0	0	0
6	48.4	0	0	0	0	0	0	0	0	0	0	0	0
8	112.9	0	0	0	0	0	0	0	0	0	0	0	0
Total		386	396	73	84	2	3	6	9	0	0	467	492

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 10. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

Factors are based on the relative cost of services by size and customer classification, as developed on the following page and summarized below.

Customer Classification	3/4" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	389	0.8086
Commercial	76	0.1580
Industrial	2	0.0042
Other Public Authority	7	0.0146
Sales for Resale	0	0.0000
Private Fire Protection	7	0.0146
Total	481	1.0000

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT

BASIS FOR ALLOCATING SERVICE COSTS TO CUSTOMER CLASSIFICATIONS

Service Size	3/4" Dollar Equivalent	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Private Fire Protection		Total	
		Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)=(2)X(11)	(15)	(16)
3/4	1.00	383	383	65	65	0	0	5	5	0	0	0	0	453	453
1	1.17	0	0	6	7	2	2	0	0	0	0	0	0	8	9
1-1/2	1.58	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2	2.04	3	6	2	4	0	0	1	2	0	0	0	0	6	12
3	2.73	0	0	0	0	0	0	0	0	0	0	1	3	1	
4	2.88	0	0	0	0	0	0	0	0	0	0	0	0	0	
6	4.24	0	0	0	0	0	0	0	0	0	0	1	4	1	
8	6.98	0	0	0	0	0	0	0	0	0	0	0	0	0	
10	9.50	0	0	0	0	0	0	0	0	0	0	0	0	0	
12	12.16	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total		386	389	73	76	2	2	6	7	0	0	2	7	469	481

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 11. ALLOCATION OF TRANSMISSION AND DISTRIBUTION OPERATION SUPERVISION AND ENGINEERING AND MISCELLANEOUS EXPENSES.

Factors are based on transmission and distribution operation expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Operating Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$ 4,095	0.4000
Commercial	1,022	0.0998
Industrial	3	0.0003
Other Public Authority	141	0.0137
Sales for Resale	-	0.0000
Private Fire Protection	694	0.0678
Public Fire Protection	4,283	0.4184
Total	10,239	1.0000

FACTOR 12. ALLOCATION OF TRANSMISSION AND DISTRIBUTION MAINTENANCE SUPERVISION AND ENGINEERING, STRUCTURES AND IMPROVEMENTS, AND OTHER EXPENSES.

Factors are based on transmission and distribution maintenance expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$ 36	0.3944
Commercial	9	0.0989
Industrial	0	0.0002
Other Public Authority	1	0.0137
Sales for Resale	-	0.0000
Private Fire Protection	6	0.0687
Public Fire Protection	39	0.4241
Total	$92	1.0000

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 13. ALLOCATION OF BILLING AND COLLECTING COSTS.

Factors are based on the total number of customers.

Customer Classification	Total Customers	Allocation Factor
(1)	(2)	(3)
Residential	386	0.8196
Commercial	73	0.1550
Industrial	2	0.0042
Other Public Authority	6	0.0127
Sales for Resale	0	0.0000
Private Fire Protection	4	0.0085
Public Fire Protection	0	0.0000
Total	471	1.0000

FACTOR 14. ALLOCATION OF METER READING COSTS.

Factors are based on the number of metered customers.

Customer Classification	Total Metered Customers	Allocation Factor
(1)	(2)	(3)
Residential	386	0.8266
Commercial	73	0.1563
Industrial	2	0.0043
Other Public Authority	6	0.0128
Sales for Resale	0	0.0000
Total	467	1.0000

MISSOURI-AMERICAN WATER COMPANY
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FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 15. ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES AND CASH WORKING CAPITAL.

Factors are based on the allocation of all other operation and maintenance expenses excluding purchased water, power, chemicals and waste disposal.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$90,905	0.6667
Commercial	22,675	0.1663
Industrial	182	0.0013
Other Public Authority	3,064	0.0225
Sales for Resale	0	0.0000
Private Fire Protection	2,808	0.0206
Public Fire Protection	16,711	0.1226
Total	$136,345	1.0000

MISSOURI-AMERICAN WATER COMPANY
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FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 16. ALLOCATION OF LABOR RELATED TAXES AND BENEFITS.

Factors are based on the allocation of direct labor expense.

Customer Classification	Direct Labor Expense	Allocation Factor
(1)	(2)	(3)
Residential	$77,523	0.6820
Commercial	19,625	0.1727
Industrial	152	0.0013
Other Public Authority	2,677	0.0236
Sales for Resale	0	0.0000
Private Fire Protection	1,941	0.0171
Public Fire Protection	11,747	0.1033
Total	$113,667	1.0000

FACTOR 17. ALLOCATION OF ORGANIZATION, FRANCHISES AND CONSENTS, MISCELLANEOUS INTANGIBLE PLANT AND OTHER RATE BASE ELEMENTS.

Factors are based on the allocation of the original cost less depreciation other than those items being allocated, as follows:

Customer Classification	Original Cost Less Depreciation	Allocation Factor
(1)	(2)	(3)
Residential	$1,065,746	0.6478
Commercial	259,920	0.1580
Industrial	2,850	0.0017
Other Public Authority	34,119	0.0207
Sales for Resale	0	0.0000
Private Fire Protection	34,583	0.0210
Public Fire Protection	248,069	0.1508
Total	$1,645,287	1.0000

MISSOURI-AMERICAN WATER COMPANY
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FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 18. ALLOCATION OF INCOME TAXES AND INCOME AVAILABLE FOR RETURN.

Factors are based on the allocation of the original cost measure of value rate base as shown on the following pages and summarized below.

Customer Classification	Original Cost Measure of Value	Allocation Factor
(1)	(2)	(3)
Residential	$1,014,530	0.6479
Commercial	247,439	0.1580
Industrial	2,712	0.0017
Other Public Authority	32,488	0.0207
Sales for Resale	0	0.0000
Private Fire Protection	32,949	0.0210
Public Fire Protection	236,043	0.1507
Total	$1,566,161	1.0000

FACTOR 19. ALLOCATION OF REGULATORY COMMISSION EXPENSES, ASSESSMENTS AND OTHER WATER REVENUES.

The factors are based on the allocation of the total cost of service, excluding those items being allocated.

Customer Classification	Total Cost of Service	Allocation Factor
(1)	(2)	(3)
Residential	$395,758	0.6623
Commercial	98,600	0.1650
Industrial	875	0.0015
Other Public Authority	13,232	0.0221
Sales for Resale	0	0.0000
Private Fire Protection	11,827	0.0198
Public Fire Protection	77,283	0.1293
Total	$597,575	1.0000

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection Private	Fire Protection Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
RATE BASE									
Organization	17	$ 181	$ 117	$ 29	$ 0	$ 4	$ -	$ 4	$ 27
Franchises	17	1,092	707	173	2	23	0	23	165
Land & Ld Rights SS	2	11,981	9,173	2,377	18	331	0	11	72
Land & Ld Rights P	6	0	0	0	0	0	0	0	0
Land & Ld Rights WT	2	1,468	1,124	291	2	41	0	1	9
Land & Ld Rights TD	7	591	233	58	0	8	0	41	251
Land & Land Rights AG	15	0	0	0	0	0	0	0	0
Struct & Imp SS	2	20,910	16,009	4,149	31	577	0	19	125
Struct & Imp P	6	49,701	32,907	8,529	65	1,188	0	979	6,034
Struct & Imp Pumps (STL)	6	0	0	0	0	0	0	0	0
Struct & Imp Pump Boosters	6	0	0	0	0	0	0	0	0
Struct & Imp WT	2	216,492	165,746	42,952	325	5,975	0	195	1,299
Struct & Imp WT Nth Plt (ST	2	0	0	0	0	0	0	0	0
Struct & Imp WT Ctrl Plt 1	2	0	0	0	0	0	0	0	0
Struct & Imp WT Ctrl Plt 3	2	0	0	0	0	0	0	0	0
Struct & Imp WT Sth Plt (ST	2	0	0	0	0	0	0	0	0
Struct & Imp WT Meramec (ST	2	0	0	0	0	0	0	0	0
Struct & Imp TD	7	22,527	8,885	2,228	5	309	0	1,548	9,554
Struct & Imp TD Spec Cross	7	0	0	0	0	0	0	0	0
Struct & Imp Offices	15	4,267	2,845	710	6	96	0	88	523
Struct & Imp Leasehold	15	0	0	0	0	0	0	0	0
Struct & Imp Leasehold	15	0	0	0	0	0	0	0	0
Struct & Imp Store,Shop,Gar	15	468	312	78	1	11	0	10	57
Struct & Imp Misc	15	17,564	11,710	2,921	23	395	0	362	2,153
Collect & Impounding	1	0	0	0	0	0	0	0	0
Lake, River & Other Intakes	2	0	0	0	0	0	0	0	0
Infiltration Galleries & Tunnels	2	0	0	0	0	0	0	0	0
Wells & Springs	2	115,490	88,419	22,913	173	3,188	0	104	693
Supply Mains	2	49,761	38,097	9,873	75	1,373	0	45	299
Supply Mains Nth Plt (STL)	2	0	0	0	0	0	0	0	0
Supply Mains Ctrl Plt (STL)	2	0	0	0	0	0	0	0	0
Supply Mains Sth Plt (STL)	2	0	0	0	0	0	0	0	0
Supply Mains Meramec Plt (S	2	0	0	0	0	0	0	0	0
Power Generation Equip Othe	6	697	461	120	1	17	0	14	85
Boiler Plant Equipment P	6	0	0	0	0	0	0	0	0
Pump Equip Steam	6	0	0	0	0	0	0	0	0
Pump Equip Electric	6	67,038	44,386	11,504	87	1,602	0	1,321	8,138
Pump Equip Elec Pre46 (STL)	6	0	0	0	0	0	0	0	0
Pump Equip Elec Post46 (STL	6	0	0	0	0	0	0	0	0
Pump Equip Elec Boosters Po	6	0	0	0	0	0	0	0	0
Pump Equip Diesel	6	0	0	0	0	0	0	0	0
Pump Equip Diesel Stratman\	6	0	0	0	0	0	0	0	0
Pump Equip Diesel Ctrl Plt	6	0	0	0	0	0	0	0	0
Pump Equip Hydraulic	6	0	0	0	0	0	0	0	0
Pump Equip Other	6	19,257	12,750	3,305	25	460	0	379	2,338
WT Equip Non-Media	2	98,701	75,565	19,582	148	2,724	0	89	592

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
WT Equip Non-Med North (STL	2	0	0	0	0	0	0	0	0
WT Equip Non Media Ctrl 1 &	2	0	0	0	0	0	0	0	0
WT Equip Non Media Ctrl 3 (	2	0	0	0	0	0	0	0	0
WT Equip Non Media Sth (STL	2	0	0	0	0	0	0	0	0
WT Equip Non Media Mer (STL	2	0	0	0	0	0	0	0	0
WT Equip Filter Media	2	48,106	36,830	9,544	72	1,328	0	43	289
Dist Reservoirs & Standpipe	5	34,620	17,137	4,362	0	658	0	1,745	10,718
Elevated Tanks & Standpipes	5	16,259	8,048	2,049	0	309	0	819	5,034
Ground Level Facilities	5	0	0	0	0	0	0	0	0
TD Mains Not Classified by	7	119,520	47,139	11,821	24	1,637	0	8,211	50,688
TD Mains 4 & Less "	4	32,837	11,585	2,877	0	397	0	2,509	15,470
TD Mains 6 to 8" "	4	120,204	42,408	10,530	0	1,454	0	9,184	56,628
TD Mains 10 to 16" "	3	0	0	0	0	0	0	0	0
TD Mains 18 & Grtr "	3	0	0	0	0	0	0	0	0
TD Mains AC 4 (STL) "	4	0	0	0	0	0	0	0	0
TD Mains CI <10 1900-28 (S"	4	0	0	0	0	0	0	0	0
TD Mains CI <10 1929-56 (S"	4	0	0	0	0	0	0	0	0
TD Mains CI <10 1957-93 (S"	4	0	0	0	0	0	0	0	0
TD Mains CI 12 (STL) "	3	0	0	0	0	0	0	0	0
TD Mains CI 16 (STL) "	3	0	0	0	0	0	0	0	0
TD Mains DI 6-8 (STL) "	4	0	0	0	0	0	0	0	0
TD Mains DI 12 (STL) "	3	0	0	0	0	0	0	0	0
TD Mains DI 16 & >(STL)	3	0	0	0	0	0	0	0	0
TD Mains Galve 1 (STL) "	4	0	0	0	0	0	0	0	0
TD Mains LJ 20 (STL) "	3	0	0	0	0	0	0	0	0
Fire Mains	8	0	0	0	0	0	0	0	0
Services	10	176,492	142,711	27,886	741	2,577	0	2,577	0
Meters Bronze Case	9	47,449	38,192	8,100	289	868	0	0	0
Meters Plastic Case	9	0	0	0	0	0	0	0	0
Meters Other	9	(1,548)	(1,246)	(264)	(9)	(28)	0	0	0
Meters Other-Rem Rdr Unts	9	0	0	0	0	0	0	0	0
Meter Installations	9	73,097	58,836	12,478	446	1,338	0	0	0
Meter Installation Other	9	0	0	0	0	0	0	0	0
Hydrants	8	51,463	0	0	0	0	0	0	51,463
Other P/E Intangible	15	2,294	1,529	381	3	52	0	47	281
Other P/E WT Res Hand Equip	2	0	0	0	0	0	0	0	0
Other P/E TD	7	0	0	0	0	0	0	0	0
Other P/E CPS	15	2,105	1,404	350	3	47	0	43	258
Office Furniture & Equip	15	3,542	2,361	589	5	80	0	73	434
Comp & Periph Equip	15	3,377	2,252	562	4	76	0	70	414
Computer Software	15	(7,657)	(5,105)	(1,273)	(10)	(172)	0	(158)	(939)
Comp Software Personal	15	1	1	0	0	0	0	0	0
Data Handling Equipment	15	25,726	17,152	4,278	33	579	0	530	3,154
Other Office Equipment	15	2,287	1,525	380	3	51	0	47	280
Trans Equip Lt Duty Trks	15	16,794	11,197	2,793	22	378	0	346	2,059
Trans Equip Hvy Duty Trks	15	0	0	0	0	0	0	0	0
Trans Equip Autos	15	(489)	(326)	(81)	(1)	(11)	0	(10)	(60)

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection Private	Fire Protection Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Trans Equip Other	15	(12,484)	(8,323)	(2,076)	(16)	(281)	0	(257)	(1,531)
Stores Equipment	15	10,094	6,730	1,679	13	227	0	208	1,238
Tools,Shop,Garage Equip	15	49,406	32,939	8,216	64	1,112	0	1,018	6,057
Tools,Shop,Garage Equip Oth	15	0	0	0	0	0	0	0	0
Laboratory Equipment	2	22,515	17,237	4,467	34	621	0	20	135
Laboratory Equip Other	2	0	0	0	0	0	0	0	0
Power Operated Equipment	15	0	0	0	0	0	0	0	0
Comm Equip Non-Telephone	15	2,069	1,379	344	3	47	0	43	254
Comm Equip Telephone	15	(3,088)	(2,059)	(514)	(4)	(69)	0	(64)	(379)
Misc Equipment	15	113,382	75,592	18,855	147	2,551	0	2,336	13,901
Other Tangible Property	17	19,873	12,874	3,140	34	411	0	417	2,997
Total Utility Plant in Service		1,666,433	1,079,444	263,261	2,886	34,557	0	35,027	251,258
Other Rate Base Items									
Add:									
Other Utility Plant Adjustments	17	0	0	0	0	0	0	0	0
Cash Working Capital	15	13,000	8,667	2,162	17	293	0	268	1,594
Materials and Supplies	15	4,574	3,049	761	6	103	0	94	561
Prepayments	15	688	459	114	1	15	0	14	84
OPEB's Contributed to External Fund	16	4,324	2,949	747	6	102	0	74	447
Premature Retirement	17	0	0	0	0	0	0	0	0
Regulatory Deferrals	17	30,953	20,051	4,891	53	641	0	650	4,668
Less:									
Accumulated Deferred ITC (3%)	17	0	0	0	0	0	0	0	0
Deferred Income Taxes	17	(140,626)	(91,098)	(22,219)	(239)	(2,911)	0	(2,953)	(21,206)
Pensions	16	(13,185)	(8,992)	(2,277)	(17)	(311)	0	(225)	(1,362)
Total Other Rate Base Elements		(100,272)	(64,914)	(15,822)	(174)	(2,068)	0	(2,078)	(15,215)
Total Original Cost Measure of Value		$ 1,566,161	$ 1,014,530	$ 247,439	$ 2,712	$ 32,488	$ -	$ 32,949	$ 236,043

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT

SUMMARY OF AVERAGE DAILY SEND OUT AND MAXIMUM DAILY USAGE
FOR THE YEARS 1990-2005

Year	Average Daily Send out (MGD)	Maximum Daily Use		
		MGD	Ratio to Average	Highest Use Day
(1)	(2)	(3)	(4)	(5)
1990	0.179	0.275	1.53	12/28/1990
1991	0.208	0.315	1.51	4/6/1991
1992	0.180	0.266	1.47	8/26/1992
1993	0.154	0.299	1.94	7/29/1993
1994	0.154	0.225	1.46	9/24/1994
1995	0.151	0.204	1.35	7/5/1995
1996	0.151	0.242	1.60	2/7/1996
1997	0.149	0.236	1.58	4/2/1997
1998	0.140	0.200	1.43	5/23/1998
1999	0.145	0.238	1.64	5/27/1999
2000	0.147	0.228	1.55	8/27/2000
2001	0.134	0.207	1.54	11/1/2001
2002	0.135	0.192	1.42	6/13/2002
2003	0.127	0.223	1.76	2/2/2003
2004	0.128	0.203	1.58	2/19/2004
2005	0.144	0.197	1.37	8/30/2005

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT

BASIS FOR ALLOCATING DEMAND RELATED COSTS OF FIRE SERVICE TO PRIVATE AND PUBLIC FIRE PROTECTION CUSTOMER CLASSIFICATIONS

Description		Restrictive Diameters Squared	Quantity	Relative Demand*	Allocation Factor
(1)		(2)	(3)	(4)=(2)x(3)	(5)
PRIVATE FIRE PROTECTION					
Fire Lines					
2 -inch		4.00	0	0	
3 -inch		9.00	0	0	
4 -inch		16.00	0	0	
6 -inch		36.00	1	36	
8 -inch		64.00	0	0	
10 -inch		100.00	0	0	
12 -inch		144.00	0	0	
Private Hydrants		32.75	3	98	
Total Private Fire Protection			4	134	0.1400
PUBLIC FIRE PROTECTION					
Hydrant	Nozzle Sizes				
6" Valve	2- 2-1/2" & 1 - 4.5"	32.75	3	98	
6" Valve	2- 2-1/2"	12.50	58	725	
Total Public Fire Prorection			61	823	0.8600
Total Fire Protection			65	957	1.0000

JEFFERSON CITY DISTRICT

MISSOURI-AMERICAN WATER COMPANY
JEFFERSON CITY DISTRICT

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES
FOR THE TEST YEAR ENDED JUNE 30, 2006

Customer Classification	Cost of Service Amount (Schedule B)	Cost of Service Percent	Revenues, Present Rates Amount	Revenues, Present Rates Percent	Revenues, Proposed Rates Amount	Revenues, Proposed Rates Percent	Proposed Increase Amount	Proposed Increase Percent Increase
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Residential	$ 3,256,090	58.5%	$ 2,191,791	53.4%	$ 2,745,080	53.5%	$ 553,289	25.2%
Commercial	1,549,461	27.8%	1,241,210	30.3%	1,555,122	30.3%	313,912	25.3%
Industrial	281,511	5.0%	207,426	5.2%	259,776	5.1%	52,350	25.2%
Public Authority	406,743	7.3%	334,917	8.2%	419,446	8.2%	84,529	25.2%
Sales for Resale	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Private Fire Service	80,742	1.4%	120,054	2.9%	150,424	2.9%	30,370	25.3%
Public Fire Service	-	0.0%	$0	0.0%	-	0.0%	-	0.0%
Total Sales	5,574,548	100.0%	4,095,398	100.0%	5,129,848	100.0%	1,034,450	25.3%
Other Revenues	23,272		23,272		23,272		-	0.0%
Total	$ 5,597,820		$ 4,118,670		$ 5,153,120		$ 1,034,450	25.1%

JFC-1

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Schedule A-JFC

MISSOURI-AMERICAN WATER COMPANY

JEFFERSON CITY DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
OPERATION AND MAINTENANCE EXPENSES									
SOURCE OF SUPPLY EXPENSES									
Super & Eng Oper SS	2	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Labor & Exp Oper SS	2	0	0	0	0	0	0	0	0
Labor & Exp Oper SS	2	1,843	852	663	148	173	0	1	6
Purchased Water	1	2,212	951	821	213	213	0	2	12
TOTAL SS EXPENSE - OPERATION		4,055	1,803	1,485	360	386	0	3	18
Misc Exp Oper SS	2	0	0	0	0	0	0	0	0
Misc Exp Oper SS	2	(17)	(8)	(6)	(1)	(2)	0	(0)	(0)
Rents Oper SS	2	0	0	0	0	0	0	0	0
Super & Eng Maint SS	2	0	0	0	0	0	0	0	0
Struct & Improve Maint SS	2	0	0	0	0	0	0	0	0
Struct & Improve Maint SS	2	0	0	0	0	0	0	0	0
Collect & Impound Maint SS	2	0	0	0	0	0	0	0	0
Collect & Impound Maint SS	2	0	0	0	0	0	0	0	0
Lake, River & Oth Maint SS	2	0	0	0	0	0	0	0	0
Lake, River & Oth Maint SS	2	0	0	0	0	0	0	0	0
Wells & Springs Maint SS	2	0	0	0	0	0	0	0	0
Wells & Springs Maint SS	2	0	0	0	0	0	0	0	0
Infilt Gall & Tunnels Maint SS	2	0	0	0	0	0	0	0	0
Infilt Gall & Tunnels Maint SS	2	0	0	0	0	0	0	0	0
Supply Mains Maint SS	2	0	0	0	0	0	0	0	0
Supply Mains Maint SS	2	0	0	0	0	0	0	0	0
Misc Plant Maint SS	2	249	115	90	20	23	0	0	1
Misc Plant Maint SS	2	24	11	9	2	2	0	0	0
TOTAL SS EXPENSE - MAINTENANCE		257	119	92	21	24	0	0	1
TOTAL SS EXPENSE		4,312	1,922	1,577	381	410	0	3	19
POWER AND PUMPING EXPENSES									
Super & Eng Oper P	6	0	0	0	0	0	0	0	0
Fuel for Power Prod	1	0	0	0	0	0	0	0	0
Labor & Exp Oper Pwr Prod	6	0	0	0	0	0	0	0	0
Labor & Exp Oper Pwr Prod	6	0	0	0	0	0	0	0	0
Purch Fuel/Power for Pump	1	267,773	115,116	99,424	25,760	25,760	0	268	1,446
Labor & Exp Oper Pump	6	35	16	12	3	3	0	0	1
Labor & Exp Oper Pump	6	(16)	(7)	(6)	(1)	(1)	0	(0)	(0)
Expenses Transferred	6	0	0	0	0	0	0	0	0
Misc Exp Oper P	6	(29)	(13)	(10)	(2)	(3)	0	(0)	(0)
Rents Oper P	6	0	0	0	0	0	0	0	0
TOTAL PUMPING EXPENSE - OPERATION		267,763	115,111	99,420	25,759	25,759	0	268	1,446

MISSOURI-AMERICAN WATER COMPANY

JEFFERSON CITY DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Super & Eng Maint P	6	0	0	0	0	0	0	0	0
Struct & Improve Maint P	6	0	0	0	0	0	0	0	0
Struct & Improve Maint P	6	0	0	0	0	0	0	0	0
Power Prod Equip Maint P	6	0	0	0	0	0	0	0	0
Power Prod Equip Maint P	6	0	0	0	0	0	0	0	0
Pump Equip Maint P	6	0	0	0	0	0	0	0	0
Pump Equip Maint P	6	0	0	0	0	0	0	0	0
TOTAL PUMPING EXPENSES - MAINTENANCE		0	0	0	0	0	0	0	0
TOTAL PUMPING EXPENSES		267,763	115,111	99,420	25,759	25,759	0	268	1,446
WATER TREATMENT									
Super & Eng Oper WT	2	16,930	7,825	6,093	1,356	1,591	0	10	54
Chemicals	1	326,563	140,389	121,253	31,415	31,415	0	327	1,763
Labor & Exp Oper WT	2	256,581	118,592	92,343	20,552	24,119	0	154	821
Labor & Exp Oper WT	2	5,433	2,511	1,955	435	511	0	3	17
Misc Exp Oper WT	2	(1)	(0)	(0)	(0)	(0)	0	(0)	(0)
Misc Exp Oper WT	1	35	15	13	3	3	0	0	0
Misc Exp Oper WT	2	7,631	3,527	2,746	611	717	0	5	24
Rents Oper WT	2	0	0	0	0	0	0	0	0
TOTAL WT EXPENSE - OPERATION		613,172	272,859	224,404	54,373	58,357	0	499	2,681
Super & Eng Maint WT	2	62,146	28,724	22,366	4,978	5,842	0	37	199
Struct & Improve Maint WT	2	0	0	0	0	0	0	0	0
Struct & Improve Maint WT	2	0	0	0	0	0	0	0	0
WT Equip Maint WT	2	0	0	0	0	0	0	0	0
WT Equip Maint WT	2	22,718	10,500	8,176	1,820	2,135	0	14	73
TOTAL WT EXPENSE - MAINTENANCE		84,864	39,224	30,543	6,798	7,977	0	51	272
TOTAL WT EXPENSE		698,036	312,083	254,946	61,171	66,334	0	549	2,952
TRANSMISSION AND DISTRIBUTION EXPENSES									
Super & Eng Oper TD	11	8	3	2	0	1	0	0	2
Storage Facilty Exp	5	0	0	0	0	0	0	0	0
Storage Facilty Exp	5	0	0	0	0	0	0	0	0
TD Lines Exp	7	6,555	2,239	1,698	345	446	0	280	1,548
TD Lines Exp	7	4,508	1,540	1,168	237	307	0	192	1,064
Meter Expense	9	1,279	907	262	10	99	0	0	0
Meter Expense	9	(8)	(6)	(2)	(0)	(1)	0	0	0
Customer Install Exp	10	0	0	0	0	0	0	0	0
Customer Install Exp	10	0	0	0	0	0	0	0	0
Misc Exp Oper TD	11	0	0	0	0	0	0	0	0
Misc Exp Oper TD	11	2,741	1,040	695	132	189	0	105	581

MISSOURI-AMERICAN WATER COMPANY

JEFFERSON CITY DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Misc Exp Oper TD	11	5,848	2,219	1,482	281	404	0	224	1,239
Rents Oper TD	11	21,600	8,197	5,473	1,037	1,490	0	827	4,575
TOTAL T & D EXPENSE OPERATION		42,531	16,140	10,777	2,042	2,935	0	1,629	9,008
Super & Eng Maint TD	12	33,700	24,207	5,412	276	1,378	0	1,459	967
Struct & Improve Maint TD	12	404	291	65	3	17	0	18	12
Struct & Improve Maint TD	12	0	0	0	0	0	0	0	0
Dist Res Stand Maint TD	5	0	0	0	0	0	0	0	0
TD Main Maint TD	7	10,446	3,568	2,706	549	710	0	446	2,466
TD Main Maint TD	7	0	0	0	0	0	0	0	0
Fire Main Maint TD	8	0	0	0	0	0	0	0	0
Fire Main Maint TD	8	0	0	0	0	0	0	0	0
Services Maint TD	10	74,434	57,344	10,942	156	2,761	0	3,230	0
Services Maint TD	10	1,070	824	157	2	40	0	46	0
Meters Maint TD	9	0	0	0	0	0	0	0	0
Meters Maint TD	9	0	0	0	0	0	0	0	0
Hydrants Maint TD	8	0	0	0	0	0	0	0	0
Hydrants Maint TD	8	0	0	0	0	0	0	0	0
Misc Plant Maint TD	12	35,469	25,478	5,696	291	1,451	0	1,536	1,018
Mat and Sup Maint TD	12	113,997	81,884	18,308	935	4,662	0	4,936	3,272
Misc Maint TD	12	2,914	2,093	468	24	119	0	126	84
Amort Def Maint TD	5	(141,310)	(57,259)	(43,099)	(8,535)	(11,333)	0	(3,222)	(17,862)
TOTAL T & D EXPENSE - MAINTENANCE		131,125	138,429	655	(6,298)	(194)	0	8,576	(10,043)
TOTAL T & D EXPENSE		173,655	154,570	11,432	(4,256)	2,740	0	10,205	(1,035)
CUSTOMER ACCOUNTS									
Supervision CA	13	15,598	12,889	2,073	19	396	0	221	0
Meter Reading Exp CA	14	63,435	53,178	8,551	76	1,630	0	0	0
Meter Reading Exp CA	14	(22)	(18)	(3)	(0)	(1)	0	0	0
Meter Reading Exp CA	14	(87)	(73)	(12)	(0)	(2)	0	0	0
Cust Rec & Collection CA	13	68,443	56,554	9,096	82	1,738	0	972	0
Cust Rec & Collection CA	13	43,067	35,586	5,724	52	1,094	0	612	0
Uncollectible Accts	13	57,413	47,440	7,630	69	1,458	0	815	0
Misc Cust Accts Exp CA	13	352	291	47	0	9	0	5	0
Misc Cust Accts Exp CA	13	0	0	0	0	0	0	0	0
Misc Cust Accts Exp CA	13	9,543	7,885	1,268	11	242	0	136	0
Cust Serv & Info Exp CA	13	(2)	(2)	(0)	(0)	(0)	0	(0)	0
TOTAL CUSTOMER ACCOUNTING EXPENSE		257,740	213,730	34,374	309	6,566	0	2,761	0

MISSOURI-AMERICAN WATER COMPANY

JEFFERSON CITY DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
ADMINISTRATIVE AND GENERAL EXPENSES									
Salaries AG	15	118,501	79,621	26,532	3,828	6,541	0	1,943	36
Other Supplies & Exp AG	15	5,374	3,611	1,203	174	297	0	88	2
Other Supplies & Exp AG	15	41,360	27,789	9,260	1,336	2,283	0	678	12
Other Supplies & Exp AG	15	64,494	43,333	14,440	2,083	3,560	0	1,058	19
Mgmt Fees-Coporate/Shared Service Center	15	427,113	286,977	95,631	13,796	23,577	0	7,005	128
Mgmt Fees-Call Center	13	15,652	12,933	2,080	19	398	0	222	0
Mgmt Fees-Belleville Lab	2	19,700	9,105	7,090	1,578	1,852	0	12	63
Mgmt Fees- Financial ITS	15	148,850	100,013	33,328	4,808	8,217	0	2,441	45
Mgmt Fees- Customer Billings ITS	13	(5)	(4)	(1)	(0)	(0)	0	(0)	0
Mgmt Fees-Other ITS	15	1,931	1,297	432	62	107	0	32	1
Outside Services AG	15	13,955	9,377	3,125	451	770	0	229	4
Outside Services AG	15	174,839	117,474	39,146	5,647	9,651	0	2,867	52
Property Insurance	15	0	0	0	0	0	0	0	0
Ins Gen Liab Oper AG	15	68,282	45,878	15,288	2,205	3,769	0	1,120	20
Ins Work Comp AG	16	30,141	18,600	7,647	1,284	1,923	0	407	280
Ins Other Oper AG	15	26,051	17,504	5,833	841	1,438	0	427	8
Property Insurance	15	3,127	2,101	700	101	173	0	51	1
Injuries & Damages	16	67	41	17	3	4	0	1	1
Employee Pension & Benefits	16	227,038	140,105	57,600	9,672	14,485	0	3,065	2,111
Employee Pension & Benefits	16	84,621	52,220	21,468	3,605	5,399	0	1,142	787
Employee Pension & Benefits	16	15,976	9,859	4,053	681	1,019	0	216	149
Reg Commision Exp	15	6,319	4,246	1,415	204	349	0	104	2
Rents AG	15	6,953	4,672	1,557	225	384	0	114	2
Goodwill Advertising Exp	15	963	647	216	31	53	0	16	0
Misc Exp AG	15	120,304	80,832	26,936	3,886	6,641	0	1,973	36
Research & Development	15	0	0	0	0	0	0	0	0
TOTAL A & G OPERATIONS		1,621,604	1,068,231	374,996	56,519	92,888	0	25,211	3,760
General Plant Maint AG	15	0	0	0	0	0	0	0	0
General Plant Maint AG	15	8,380	5,631	1,876	271	463	0	137	3
TOTAL A & G EXPENSE - MAINTENANCE		8,380	5,631	1,876	271	463	0	137	3
TOTAL A & G EXPENSE		1,629,984	1,073,862	376,873	56,789	93,351	0	25,348	3,762
Total Operation & Maintenance Expenses		3,031,491	1,871,278	778,622	140,153	195,160	0	39,134	7,143

MISSOURI-AMERICAN WATER COMPANY

JEFFERSON CITY DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
DEPRECIATION EXPENSE									
Struct & Imp SS	2	87	40	31	7	8	0	0	0
Struct & Imp P	6	18,311	8,350	6,500	1,447	1,697	0	49	267
Struct & Imp WT	2	45,186	20,885	16,262	3,619	4,247	0	27	145
Struct & Imp TD	7	1,021	349	264	54	69	0	44	241
Struct & Imp Offices	15	6,110	4,105	1,368	197	337	0	100	2
Struct & Imp Store,Shop,Gar	15	0	0	0	0	0	0	0	0
Struct & Imp Misc	15	0	0	0	0	0	0	0	0
Collect & Impounding	1	0	0	0	0	0	0	0	0
Lake, River & Other Intakes	2	41,095	18,994	14,790	3,292	3,863	0	25	132
Wells & Springs	2	0	0	0	0	0	0	0	0
Supply Mains	2	0	0	0	0	0	0	0	0
Power Generation Equip Othe	6	0	0	0	0	0	0	0	0
Pump Equip Electric	6	29,723	13,554	10,552	2,348	2,755	0	80	434
Pump Equip Diesel	6	0	0	0	0	0	0	0	0
Pump Equip Other	6	0	0	0	0	0	0	0	0
WT Equip Non-Media	2	63,448	29,326	22,835	5,082	5,964	0	38	203
Dist Reservoirs & Standpipe	5	0	0	0	0	0	0	0	0
Elevated Tanks & Standpipes	5	0	0	0	0	0	0	0	0
Ground Level Facilities	5	21,877	8,865	6,672	1,321	1,755	0	499	2,765
TD Mains Not Classified by	7	79,059	27,007	20,476	4,159	5,376	0	3,376	18,666
TD Mains 4 & Less "	4	328	107	80	16	21	0	16	88
TD Mains 6 to 8" "	4	5,600	1,822	1,372	272	361	0	272	1,502
TD Mains 10 to 16" "	3	11,702	5,036	3,921	872	1,024	0	130	720
TD Mains 18 & Grtr "	3	0	0	0	0	0	0	0	0
Services	10	9,853	7,591	1,448	21	366	0	428	0
Meters Bronze Case	9	38	27	8	0	3	0	0	0
Meters Plastic Case	9	0	0	0	0	0	0	0	0
Meters Other	9	25,456	18,058	5,211	206	1,980	0	0	0
Meters Other-Rem Rdr Unts	9	0	0	0	0	0	0	0	0
Meter Installations	9	5,066	3,594	1,037	41	394	0	0	0
Meter Installation Other	9	0	0	0	0	0	0	0	0
Hydrants	8	15,988	0	0	0	0	0	0	15,988
Utility Plant Acquisition Adjustment	17	0	0	0	0	0	0	0	0
Other P/E WT Res Hand Equip	2	0	0	0	0	0	0	0	0
Other P/E TD	7	0	0	0	0	0	0	0	0
Other P/E CPS	15	0	0	0	0	0	0	0	0
Office Furniture & Equip	15	10,598	7,121	2,373	342	585	0	174	3
Comp & Periph Equip	15	80,899	54,356	18,113	2,613	4,466	0	1,327	24
Computer Software	15	33,514	22,518	7,504	1,083	1,850	0	550	10
Comp Software Personal	15	455	306	102	15	25	0	7	0
Data Handling Equipment	15	0	0	0	0	0	0	0	0
Other Office Equipment	15	21	14	5	1	1	0	0	0
Trans Equip Lt Duty Trks	15	4,858	3,264	1,088	157	268	0	80	1
Trans Equip Hvy Duty Trks	15	0	0	0	0	0	0	0	0
Trans Equip Autos	15	3,003	2,018	672	97	166	0	49	1
Trans Equip Other	15	0	0	0	0	0	0	0	0

MISSOURI-AMERICAN WATER COMPANY

JEFFERSON CITY DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Stores Equipment	15	115	77	26	4	6	0	2	0
Tools,Shop,Garage Equip	15	13,195	8,866	2,954	426	728	0	216	4
Tools,Shop,Garage Equip Oth	15	0	0	0	0	0	0	0	0
Laboratory Equipment	2	3,964	1,832	1,427	318	373	0	2	13
Laboratory Equip Other	2	0	0	0	0	0	0	0	0
Power Operated Equipment	15	6,166	4,143	1,381	199	340	0	101	2
Comm Equip Non-Telephone	15	3,556	2,389	796	115	196	0	58	1
Comm Equip Telephone	15	35	24	8	1	2	0	1	0
Misc Equipment	15	8,877	5,964	1,988	287	490	0	146	3
Total Depreciation Expense		549,204	280,600	151,265	28,610	39,718	0	7,796	41,215
Amort-Other UP	18	550	244	155	31	41	0	9	70
Amort-Intangible Fin	2	2,940	1,359	1,058	235	276	0	2	9
Taxes Other Than Income									
Utility Reg Assessment Fee	19	26,011	14,225	6,953	1,303	1,792	0	377	1,360
Property Taxes	18	252,978	112,120	71,340	14,141	19,049	0	4,326	32,002
FUTA	16	896	553	227	38	57	0	12	8
FICA	16	59,218	36,543	15,024	2,523	3,778	0	799	551
SUTA	16	502	310	127	21	32	0	7	5
Other Taxes & Licenses	15	13,401	9,004	3,000	433	740	0	220	4
Gross Receipts Tax	19	0	0	0	0	0	0	0	0
Total Taxes, Other Than Income		353,006	172,756	96,671	18,460	25,448	0	5,741	33,930
Income Taxes	18	460,556	204,119	129,877	25,745	34,680	0	7,876	58,260
Utility Income Available for Return	18	1,200,071	531,871	338,420	67,084	90,365	0	20,521	151,809
Total Cost of Service		5,597,820	3,062,227	1,496,070	280,318	385,689	0	81,080	292,436
Less: Other Water Revenues	19	23,272	12,727	6,221	1,166	1,603	0	337	1,217
Revenue Contribution	19	0	0	0	0	0	0	0	0
Total Other Water Revenues		23,272	12,727	6,221	1,166	1,603	0	337	1,217
Total Cost of Service Related to Sales of Water		$ 5,574,548	$ 3,049,500	$ 1,489,849	$ 279,152	$ 384,086	$ -	$ 80,742	$ 291,219
Reallocation of Public Fire	20	0	206,591	59,612	2,359	22,657	0	0	(291,219)
Total		$ 5,574,548	$ 3,256,090	$ 1,549,461	$ 281,511	$ 406,743	$ -	$ 80,742	$ -

MISSOURI-AMERICAN WATER COMPANY
JEFFERSON CITY DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS

FACTOR 1. ALLOCATION OF COSTS WHICH VARY WITH THE AMOUNT OF WATER CONSUMED.

Factors are based on the pro forma test year average daily consumption for each customer classification.

Customer Classification	Average Daily Consumption, Thousand Gallons	Allocation Factor
(1)	(2)	(3)
Residential	1,444	0.4299
Commercial	1,247	0.3713
Industrial	323	0.0962
Other Public Authority	323	0.0962
Sales for Resale	0	0.0000
Private Fire Protection	3	0.0010
Public Fire Protection	18	0.0054
Total	3,358	1.0000

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the factors for average daily consumption (Factor 1) and the factors derived from maximum day extra capacity demand for each customer classification, as follows:

Customer Classification	Average Daily Consumption		Maximum Day Extra Capacity		Allocation Factor
	Allocation Factor 1	Weighted Factor	Allocation Factor	Weighted Factor	
(1)	(2)	(3)=(2)x 0.5882	(4)	(5)=(4)x 0.4118	(6)=(3)+(5)
Residential	0.4299	0.2528	0.5085	0.2094	0.4622
Commercial	0.3713	0.2184	0.3437	0.1415	0.3599
Industrial	0.0962	0.0566	0.0570	0.0235	0.0801
Other Public Authority	0.0962	0.0566	0.0908	0.0374	0.0940
Sales for Resale	0.0000	0.0000	0.0000	0.0000	0.0000
Private Fire Protection	0.0010	0.0006			0.0006
Public Fire Protection	0.0054	0.0032			0.0032
Total	1.0000	0.5882	1.0000	0.4118	1.0000

The derivation of the maximum day extra capacity factors in column 4 and the basis for the column 3 and 5 weightings are presented on the following page.

Schedule C-JFC

MISSOURI-AMERICAN WATER COMPANY
JEFFERSON CITY DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS, cont.

		Maximum Day Extra Capacity		
Customer Classification	Average Daily Consumption, Thousand Gal.	Factor*	Rate of Flow, Thousand Gal. Per Day	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	1,444	1.0	1,444	0.5085
Commercial	1,220	0.8	976	0.3437
Industrial	323	0.5	162	0.0570
Other Public Authority	323	0.8	258	0.0908
Sales for Resale	0	0.6	0	0.0000
Total	3,310		2,840	1.0000

The weighting of the factors is based on the maximum day ratio of 1.70, based on a review of maximum day ratios experienced during the period 1999 through 2005 (see Schedule D).

	Maximum Day Ratio	Weight
Average Day	1.00	0.5882
Maximum Day Extra Capacity	0.70	0.4118
Total	1.70	1.0000

* Ratio of maximum day to average day minus 1.0.

MISSOURI-AMERICAN WATER COMPANY
JEFFERSON CITY DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

	Average Daily Consumption		Maximum Day Extra Capacity		Fire Protection		
Customer Classification	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2) X 0.5476	(4)	(5)=(4) X 0.3833	(6)	(7)=(6) X 0.0691	(8)=(3)+(5)+(7)
Residential	0.4299	0.2353	0.5085	0.1950			0.4303
Commercial	0.3713	0.2034	0.3437	0.1317			0.3351
Industrial	0.0962	0.0527	0.0570	0.0218			0.0745
Other Public Authority	0.0962	0.0527	0.0908	0.0348			0.0875
Sales for Resale	0.0000	0.0000	0.0000	0.0000			0.0000
Private Fire Protection	0.0010	0.0005			0.1535	0.0106	0.0111
Public Fire Protection	0.0054	0.0030			0.8465	0.0585	0.0615
Total	1.0000	0.5476	1.0000	0.3833	1.0000	0.0691	1.0000

Schedule C-JFC

MISSOURI-AMERICAN WATER COMPANY
JEFFERSON CITY DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum day ratio of 1.70 and the average daily system sendout for 2005 of 4.276 MGD. The system demand for fire protection is 3,000 Gallons per minute for 3 hours.

	Ratio	Rate of Flow, (GPD)	Weight
Average Day	1.00	4,276,000	0.5476
Maximum Day Extra Capacity	0.70	2,993,200	0.3833
Subtotal	1.70	7,269,200	0.9309
Fire Protection		540,000	0.0691
Total		7,809,200	1.0000

The public and private fire protection allocation factors in column 6 on the previous page are based on the relative potential demands (see Schedule E).

MISSOURI-AMERICAN WATER COMPANY
JEFFERSON CITY DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		Allocation Factor
	Thousand Gallons	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	
(1)	(2)	(3)	(4)=(3) X 0.3115	(5)	(6)=(5) X 0.3738	(7)	(8)=(7) X 0.3147	(9)=(4)+(6)+(8)
Residential	60.2	0.4296	0.1339	0.5126	0.1915			0.3254
Commercial	52.0	0.3712	0.1156	0.3461	0.1294			0.2450
Industrial	13.5	0.0964	0.0300	0.0494	0.0185			0.0485
Other Public Authority	13.5	0.0964	0.0300	0.0919	0.0344			0.0644
Sales for Resale	0.0	0.0000	0.0000	0.0000	0.0000			0.0000
Private Fire Protection	0.1	0.0007	0.0002			0.1535	0.0483	0.0485
Public Fire Protection	0.8	0.0057	0.0018			0.8465	0.2664	0.2682
Total	140.1	1.0000	0.3115	1.0000	0.3738	1.0000	0.3147	1.0000

The maximum hour extra capacity factors in column 5 are determined on the next page.

MISSOURI-AMERICAN WATER COMPANY
JEFFERSON CITY DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum hour ratio of 2.20 and the average daily system sendout for 2005 of 4.276 MGD. The system demand for fire protection is 3,000 gallons per minute.

	Ratio	Rate of Flow, (GPM)	Weight
Average Hour	1.00	2,969	0.3115
Maximum Hour Extra Capacity	1.20	3,563	0.3738
Subtotal	2.20	6,532	0.6853
Fire Protection		3,000	0.3147
Total		9,532	1.0000

The maximum hour extra capacity factors in column 5 of the previous page are determined as follows:

Customer Classification	Average Hourly Consumption Thousand Gal.	Maximum Hour Extra Capacity		
		Factor*	1,000 Gallons Per Hour	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	60.2	3.5	210.7	0.5126
Commercial	50.8	2.8	142.3	0.3461
Industrial	13.5	1.5	20.3	0.0494
Other Public Authority	13.5	2.8	37.8	0.0919
Sales for Resale	0.0	2.0	0.0	0.0000
Total	138.0		411.1	1.0000

* Ratio of Maximum Hour To Average Hour Minus 1.0.

The public and private fire protection allocation factors in column 7 on the previous page are based on the relative potential demands (see Schedule E).

MISSOURI-AMERICAN WATER COMPANY
JEFFERSON CITY DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES.

Factors are based on the weighting of the average hourly consumption, the maximum hour extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		Allocation Factor
	Thousand Gallons	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	
(1)	(2)	(3)	(4)=(3) X 0.3879	(5)	(6)=(5) X 0.4654	(7)	(8)=(7) X 0.1467	(9)=(4)+(6)+(8)
Residential	60.2	0.4296	0.1667	0.5126	0.2385			0.4052
Commercial	52.0	0.3712	0.1439	0.3461	0.1611			0.3050
Industrial	13.5	0.0964	0.0374	0.0494	0.0230			0.0604
Other Public Authority	13.5	0.0964	0.0374	0.0919	0.0428			0.0802
Sales for Resale	0.0	0.0000	0.0000	0.0000	0.0000			0.0000
Private Fire Protection	0.1	0.0007	0.0003			0.1535	0.0225	0.0228
Public Fire Protection	0.8	0.0057	0.0022			0.8465	0.1242	0.1264
Total	140.1	1.0000	0.3879	1.0000	0.4654	1.0000	0.1467	1.0000

The weighting of the factors is based on the ratio of the capacity required for a 3 hour demand of fire flow, as related to total storage capacity. The calculation is shown on the following page.

MISSOURI-AMERICAN WATER COMPANY
JEFFERSON CITY DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES, cont.

The weighting of the factors is based on the ratio of the capacity required for a 3 hour demand of fire flow, as related to total storage capacity.

Fire Protection Weight = $\frac{3{,}000 \text{ GPM X } 60 \text{ Min. X } 3 \text{ Hrs.}}{3{,}680{,}000 \text{ Gallons}} = 0.1467$

General Service Weight = 1.0000 - 0.1467 = 0.8533

The weighting of the average hourly consumption and maximum hour extra demand for general service is based on the maximum hour ratio, as follows:

	Maximum Hour Ratio	Percent	Weight
Average Hour	1.00	45.45	0.3879
Extra Capacity Maximum Hour	1.20	54.55	0.4654
Total	2.20	100.00	0.8533

MISSOURI-AMERICAN WATER COMPANY
JEFFERSON CITY DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH POWER AND PUMPING FACILITIES.

Factors are based on the weighting of the maximum daily consumption, Factor 2, the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

	Maximum Daily Consumption		Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 2	Weighted Factor	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.8042	(4)	(5)=(4)X 0.1958	(6)	(7)=(6)X 0.0000	(8)=(3)+ (5)+(7)
Residential	0.4622	0.3717	0.4303	0.0843	0.3254	0.0000	0.4560
Commercial	0.3599	0.2894	0.3351	0.0656	0.2450	0.0000	0.3550
Industrial	0.0801	0.0644	0.0745	0.0146	0.0485	0.0000	0.0790
Other Public Authority	0.0940	0.0756	0.0875	0.0171	0.0644	0.0000	0.0927
Sales for Resale	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Private Fire Protection	0.0006	0.0005	0.0111	0.0022	0.0485	0.0000	0.0027
Public Fire Protection	0.0032	0.0026	0.0615	0.0120	0.2682	0.0000	0.0146
Total	1.0000	0.8042	1.0000	0.1958	1.0000	0.0000	1.0000

The weighting of the factors is based on the horsepower of pumps associated with maximum day facilities, maximum day and fire facilities, and maximum hour facilities, as follows:

	Horsepower of Pumps	Weight
Associated with Maximum Day	1,160	0.8042
Associated with Maximum Day and Fire	283	0.1958
Associated with Maximum Hour	0	0.0000
Total	1,443	1.0000

MISSOURI-AMERICAN WATER COMPANY
JEFFERSON CITY DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 7. ALLOCATION OF COSTS ASSOCIATED WITH TRANSMISSION AND DISTRIBUTION MAINS.

Factors are based on the weighting of the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

	Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.1555	(4)	(5)=(4)X 0.8445	(6)=(3)+(5)
Residential	0.4303	0.0669	0.3254	0.2747	0.3416
Commercial	0.3351	0.0521	0.2450	0.2069	0.2590
Industrial	0.0745	0.0116	0.0485	0.0410	0.0526
Other Public Authority	0.0875	0.0136	0.0644	0.0544	0.0680
Sales for Resale	0.0000	0.0000	0.0000	0.0000	0.0000
Private Fire Protection	0.0111	0.0017	0.0485	0.0410	0.0427
Public Fire Protection	0.0615	0.0096	0.2682	0.2265	0.2361
Total	1.0000	0.1555	1.0000	0.8445	1.0000

The weighting of the factors is based on the total footage of mains, designated as either transmission mains or distribution mains, as follows:

	Total Footage of Mains	Weight
Transmission Mains	120,431	0.1555
Distribution Mains	654,029	0.8445
Total	774,460	1.0000

MISSOURI-AMERICAN WATER COMPANY
JEFFERSON CITY DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 8. ALLOCATION OF COSTS ASSOCIATED WITH FIRE HYDRANTS.

Costs are assigned directly to Public Fire Protection.

Customer Classification	Allocation Factor
(1)	(3)
Public Fire Protection	1.0000
Total	1.0000

FACTOR 9. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

Factors are based on the relative cost of meters by size and customer classification, as developed on the following page and summarized below.

Customer Classification	5/8" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	9,298	0.7094
Commercial	2,683	0.2047
Industrial	106	0.0081
Other Public Authority	1,019	0.0778
Sales for Resale	0	0.0000
Private Fire	0	0.0000
Total	13,106	1.0000

MISSOURI-AMERICAN WATER COMPANY
JEFFERSON CITY DISTRICT

BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS

Meter Size	5/8" Dollar Equivalent	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Total	
		Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)
5/8	1.0	8,095	8,095	868	868	3	3	55	55	0	0	9,021	9,021
3/4	1.3	729	948	60	78	0	0	5	7	0	0	794	1,033
1	1.7	126	214	275	468	2	3	67	114	0	0	470	799
1-1/2	3.5	2	7	70	245	0	0	38	133	0	0	110	385
2	4.3	8	34	153	658	5	22	96	413	0	0	262	1,127
3	19.0	0	0	9	171	1	19	11	209	0	0	21	399
4	29.3	0	0	5	147	2	59	3	88	0	0	10	294
6	48.4	0	0	1	48	0	0	0	0	0	0	1	48
8	112.9	0	0	0	0	0	0	0	0	0	0	0	0
Total		8,960	9,298	1,441	2,683	13	106	275	1,019	0	0	10,689	13,106

MISSOURI-AMERICAN WATER COMPANY
JEFFERSON CITY DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 10. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

Factors are based on the relative cost of services by size and customer classification, as developed on the following page and summarized below.

Customer Classification	3/4" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	8,990	0.7704
Commercial	1,716	0.1470
Industrial	24	0.0021
Other Public Authority	433	0.0371
Sales for Resale	0	0.0000
Private Fire Protection	507	0.0434
Total	11,670	1.0000

MISSOURI-AMERICAN WATER COMPANY
JEFFERSON CITY DISTRICT

BASIS FOR ALLOCATING SERVICE COSTS TO CUSTOMER CLASSIFICATIONS

Service Size	3/4" Dollar Equivalent	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Private Fire Protection		Total	
		Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)=(2)X(11)	(15)	(16)
3/4	1.00	8,824	8,824	928	928	3	3	60	60	0	0	0	0	9,815	9,815
1	1.17	126	147	275	322	2	2	67	78	0	0	0	0	470	549
1-1/2	1.58	2	3	70	111	0	0	38	60	0	0	0	0	110	174
2	2.04	8	16	153	312	5	10	96	196	0	0	10	20	272	554
3	2.73	0	0	9	25	1	3	11	30	0	0	1	3	22	61
4	2.88	0	0	5	14	2	6	3	9	0	0	27	78	37	107
6	4.24	0	0	1	4	0	0	0	0	0	0	53	225	54	229
8	6.98	0	0	0	0	0	0	0	0	0	0	19	133	19	133
10	9.50	0	0	0	0	0	0	0	0	0	0	5	48	5	48
12	12.16	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total		8,960	8,990	1,441	1,716	13	24	275	433	0	0	115	507	10,804	11,670

MISSOURI-AMERICAN WATER COMPANY
JEFFERSON CITY DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 11. ALLOCATION OF TRANSMISSION AND DISTRIBUTION OPERATION SUPERVISION AND ENGINEERING AND MISCELLANEOUS EXPENSES.

Factors are based on transmission and distribution operation expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Operating Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$ 4,680	0.3795
Commercial	3,125	0.2534
Industrial	592	0.0480
Other Public Authority	851	0.0690
Sales for Resale	-	0.0000
Private Fire Protection	472	0.0383
Public Fire Protection	2,612	0.2118
Total	12,333	1.0000

FACTOR 12. ALLOCATION OF TRANSMISSION AND DISTRIBUTION MAINTENANCE SUPERVISION AND ENGINEERING, STRUCTURES AND IMPROVEMENTS, AND OTHER EXPENSES.

Factors are based on transmission and distribution maintenance expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$ 61,736	0.7183
Commercial	13,805	0.1606
Industrial	708	0.0082
Other Public Authority	3,512	0.0409
Sales for Resale	-	0.0000
Private Fire Protection	3,723	0.0433
Public Fire Protection	2,466	0.0287
Total	$85,950	1.0000

MISSOURI-AMERICAN WATER COMPANY
JEFFERSON CITY DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 13. ALLOCATION OF BILLING AND COLLECTING COSTS.

Factors are based on the total number of customers.

Customer Classification	Total Customers	Allocation Factor
(1)	(2)	(3)
Residential	8,960	0.8263
Commercial	1,441	0.1329
Industrial	13	0.0012
Other Public Authority	275	0.0254
Sales for Resale	0	0.0000
Private Fire Protection	154	0.0142
Public Fire Protection	0	0.0000
Total	10,843	1.0000

FACTOR 14. ALLOCATION OF METER READING COSTS.

Factors are based on the number of metered customers.

Customer Classification	Total Metered Customers	Allocation Factor
(1)	(2)	(3)
Residential	8,960	0.8383
Commercial	1,441	0.1348
Industrial	13	0.0012
Other Public Authority	275	0.0257
Sales for Resale	0	0.0000
Total	10,689	1.0000

MISSOURI-AMERICAN WATER COMPANY
JEFFERSON CITY DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 15. ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES AND CASH WORKING CAPITAL.

Factors are based on the allocation of all other operation and maintenance expenses excluding purchased water, power, chemicals and waste disposal.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$540,945	0.6719
Commercial	180,239	0.2239
Industrial	25,973	0.0323
Other Public Authority	44,418	0.0552
Sales for Resale	0	0.0000
Private Fire Protection	13,190	0.0164
Public Fire Protection	160	0.0003
Total	$804,923	1.0000

Schedule C-JFC

MISSOURI-AMERICAN WATER COMPANY
JEFFERSON CITY DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 16. ALLOCATION OF LABOR RELATED TAXES AND BENEFITS.

Factors are based on the allocation of direct labor expense.

Customer Classification	Direct Labor Expense	Allocation Factor
(1)	(2)	(3)
Residential	$471,840	0.6171
Commercial	193,986	0.2537
Industrial	32,546	0.0426
Other Public Authority	48,757	0.0638
Sales for Resale	0	0.0000
Private Fire Protection	10,313	0.0135
Public Fire Protection	7,123	0.0093
Total	$764,565	1.0000

FACTOR 17. ALLOCATION OF ORGANIZATION, FRANCHISES AND CONSENTS, MISCELLANEOUS INTANGIBLE PLANT AND OTHER RATE BASE ELEMENTS.

Factors are based on the allocation of the original cost less depreciation other than those items being allocated, as follows:

Customer Classification	Original Cost Less Depreciation	Allocation Factor
(1)	(2)	(3)
Residential	$6,771,750	0.4436
Commercial	4,309,409	0.2823
Industrial	855,095	0.0560
Other Public Authority	1,150,229	0.0753
Sales for Resale	0	0.0000
Private Fire Protection	259,912	0.0170
Public Fire Protection	1,921,093	0.1258
Total	$15,267,488	1.0000

MISSOURI-AMERICAN WATER COMPANY
JEFFERSON CITY DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 18. ALLOCATION OF INCOME TAXES AND INCOME AVAILABLE FOR RETURN.

Factors are based on the allocation of the original cost measure of value rate base as shown on the following pages and summarized below.

Customer Classification	Original Cost Measure of Value	Allocation Factor
(1)	(2)	(3)
Residential	$6,242,287	0.4432
Commercial	3,972,072	0.2820
Industrial	787,986	0.0559
Other Public Authority	1,060,484	0.0753
Sales for Resale	0	0.0000
Private Fire Protection	240,776	0.0171
Public Fire Protection	1,781,734	0.1265
Total	$14,085,339	1.0000

FACTOR 19. ALLOCATION OF REGULATORY COMMISSION EXPENSES, ASSESSMENTS AND OTHER WATER REVENUES.

The factors are based on the allocation of the total cost of service, excluding those items being allocated.

Customer Classification	Total Cost of Service	Allocation Factor
(1)	(2)	(3)
Residential	$3,043,754	0.5469
Commercial	1,487,702	0.2673
Industrial	278,811	0.0501
Other Public Authority	383,548	0.0689
Sales for Resale	0	0.0000
Private Fire Protection	80,599	0.0145
Public Fire Protection	291,074	0.0523
Total	$5,565,488	1.0000

MISSOURI-AMERICAN WATER COMPANY

JEFFERSON CITY DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection Private	Fire Protection Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
RATE BASE									
Organization	17	$ 5,040	$ 2,236	$ 1,423	$ 282	$ 380	$ -	$ 86	$ 634
Franchises	17	0	0	0	0	0	0	0	0
Land & Ld Rights SS	2	0	0	0	0	0	0	0	0
Land & Ld Rights P	6	944	430	335	75	88	0	3	14
Land & Ld Rights WT	2	50,762	23,462	18,269	4,066	4,772	0	30	162
Land & Ld Rights TD	7	45,514	15,548	11,788	2,394	3,095	0	1,943	10,746
Land & Land Rights AG	15	7,181	4,825	1,608	232	396	0	118	2
Struct & Imp SS	2	1,007	465	362	81	95	0	1	3
Struct & Imp P	6	535,625	244,245	190,147	42,314	49,652	0	1,446	7,820
Struct & Imp Pumps (STL)	6	0	0	0	0	0	0	0	0
Struct & Imp Pump Boosters	6	0	0	0	0	0	0	0	0
Struct & Imp WT	2	2,087,116	964,665	751,153	167,178	196,189	0	1,252	6,679
Struct & Imp WT Nth Plt (ST	2	0	0	0	0	0	0	0	0
Struct & Imp WT Ctrl Plt 1	2	0	0	0	0	0	0	0	0
Struct & Imp WT Ctrl Plt 3	2	0	0	0	0	0	0	0	0
Struct & Imp WT Sth Plt (ST	2	0	0	0	0	0	0	0	0
Struct & Imp WT Meramec (ST	2	0	0	0	0	0	0	0	0
Struct & Imp TD	7	41,129	14,050	10,652	2,163	2,797	0	1,756	9,711
Struct & Imp TD Spec Cross	7	0	0	0	0	0	0	0	0
Struct & Imp Offices	15	125,567	84,368	28,114	4,056	6,931	0	2,059	38
Struct & Imp Leasehold	15	0	0	0	0	0	0	0	0
Struct & Imp Leasehold	15	0	0	0	0	0	0	0	0
Struct & Imp Store,Shop,Gar	15	0	0	0	0	0	0	0	0
Struct & Imp Misc	15	0	0	0	0	0	0	0	0
Collect & Impounding	1	0	0	0	0	0	0	0	0
Lake, River & Other Intakes	2	336,839	155,687	121,228	26,981	31,663	0	202	1,078
Wells & Springs	2	0	0	0	0	0	0	0	0
Supply Mains	2	0	0	0	0	0	0	0	0
Supply Mains Nth Plt (STL)	2	0	0	0	0	0	0	0	0
Supply Mains Ctrl Plt (STL)	2	0	0	0	0	0	0	0	0
Supply Mains Sth Plt (STL)	2	0	0	0	0	0	0	0	0
Supply Mains Meramec Plt (S	2	0	0	0	0	0	0	0	0
Power Generation Equip Othe	6	0	0	0	0	0	0	0	0
Boiler Plant Equipment P	6	0	0	0	0	0	0	0	0
Pump Equip Steam	6	0	0	0	0	0	0	0	0
Pump Equip Electric	6	1,114,417	508,174	395,618	88,039	103,306	0	3,009	16,270
Pump Equip Elec Pre46 (STL)	6	0	0	0	0	0	0	0	0
Pump Equip Elec Post46 (STL	6	0	0	0	0	0	0	0	0
Pump Equip Elec Boosters Po	6	0	0	0	0	0	0	0	0
Pump Equip Diesel	6	0	0	0	0	0	0	0	0
Pump Equip Diesel Stratman\	6	0	0	0	0	0	0	0	0
Pump Equip Diesel Ctrl Plt	6	0	0	0	0	0	0	0	0
Pump Equip Hydraulic	6	0	0	0	0	0	0	0	0
Pump Equip Other	6	0	0	0	0	0	0	0	0
WT Equip Non-Media	2	1,718,451	794,268	618,471	137,648	161,534	0	1,031	5,499
WT Equip Non-Med North (STL	2	0	0	0	0	0	0	0	0

MISSOURI-AMERICAN WATER COMPANY

JEFFERSON CITY DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
WT Equip Non Media Ctrl 1 &	2	0	0	0	0	0	0	0	0
WT Equip Non Media Ctrl 3 (	2	0	0	0	0	0	0	0	0
WT Equip Non Media Sth (STL	2	0	0	0	0	0	0	0	0
WT Equip Non Media Mer (STL	2	0	0	0	0	0	0	0	0
WT Equip Filter Media	2	(9,153)	(4,231)	(3,294)	(733)	(860)	0	(5)	(29)
Dist Reservoirs & Standpipe	5	0	0	0	0	0	0	0	0
Elevated Tanks & Standpipes	5	0	0	0	0	0	0	0	0
Ground Level Facilities	5	936,457	379,452	285,619	56,562	75,104	0	21,351	118,368
TD Mains Not Classified by	7	3,926,633	1,341,338	1,016,998	206,541	267,011	0	167,667	927,078
TD Mains 4 & Less "	4	19,371	6,303	4,746	939	1,247	0	939	5,195
TD Mains 6 to 8" "	4	334,178	108,742	81,874	16,208	21,521	0	16,208	89,627
TD Mains 10 to 16" "	3	687,704	295,919	230,449	51,234	60,174	0	7,634	42,294
TD Mains 18 & Grtr "	3	0	0	0	0	0	0	0	0
TD Mains AC 4 (STL) "	4	0	0	0	0	0	0	0	0
TD Mains CI <10 1900-28 (S"	4	0	0	0	0	0	0	0	0
TD Mains CI <10 1929-56 (S"	4	0	0	0	0	0	0	0	0
TD Mains CI <10 1957-93 (S"	4	0	0	0	0	0	0	0	0
TD Mains CI 12 (STL) "	3	0	0	0	0	0	0	0	0
TD Mains CI 16 (STL) "	3	0	0	0	0	0	0	0	0
TD Mains DI 6-8 (STL) "	4	0	0	0	0	0	0	0	0
TD Mains DI 12 (STL) "	3	0	0	0	0	0	0	0	0
TD Mains DI 16 & >(STL)	3	0	0	0	0	0	0	0	0
TD Mains Galve 1 (STL) "	4	0	0	0	0	0	0	0	0
TD Mains LJ 20 (STL) "	3	0	0	0	0	0	0	0	0
Fire Mains	8	0	0	0	0	0	0	0	0
Services	10	334,926	258,027	49,234	703	12,426	0	14,536	0
Meters Bronze Case	9	2,785	1,976	570	23	217	0	0	0
Meters Plastic Case	9	0	0	0	0	0	0	0	0
Meters Other	9	844,710	599,237	172,912	6,842	65,718	0	0	0
Meters Other-Rem Rdr Unts	9	0	0	0	0	0	0	0	0
Meter Installations	9	273,204	193,811	55,925	2,213	21,255	0	0	0
Meter Installation Other	9	0	0	0	0	0	0	0	0
Hydrants	8	680,097	0	0	0	0	0	0	680,097
Other P/E Intangible	15	0	0	0	0	0	0	0	0
Other P/E WT Res Hand Equip	2	0	0	0	0	0	0	0	0
Other P/E TD	7	0	0	0	0	0	0	0	0
Other P/E CPS	15	91,678	61,599	20,527	2,961	5,061	0	1,504	28
Office Furniture & Equip	15	212,856	143,018	47,658	6,875	11,750	0	3,491	64
Comp & Periph Equip	15	352,460	236,818	78,916	11,384	19,456	0	5,780	106
Computer Software	15	142,858	95,986	31,986	4,614	7,886	0	2,343	43
Comp Software Personal	15	2,790	1,875	625	90	154	0	46	1
Data Handling Equipment	15	0	0	0	0	0	0	0	0
Other Office Equipment	15	336	226	75	11	19	0	6	0
Trans Equip Lt Duty Trks	15	12,363	8,307	2,768	399	682	0	203	4
Trans Equip Hvy Duty Trks	15	0	0	0	0	0	0	0	0
Trans Equip Autos	15	4,248	2,854	951	137	234	0	70	1
Trans Equip Other	15	0	0	0	0	0	0	0	0

MISSOURI-AMERICAN WATER COMPANY

JEFFERSON CITY DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Stores Equipment	15	895	601	200	29	49	0	15	0
Tools,Shop,Garage Equip	15	213,514	143,460	47,806	6,897	11,786	0	3,502	64
Tools,Shop,Garage Equip Oth	15	0	0	0	0	0	0	0	0
Laboratory Equipment	2	30,976	14,317	11,148	2,481	2,912	0	19	99
Laboratory Equip Other	2	0	0	0	0	0	0	0	0
Power Operated Equipment	15	(47,169)	(31,693)	(10,561)	(1,524)	(2,604)	0	(774)	(14)
Comm Equip Non-Telephone	15	19,971	13,419	4,472	645	1,102	0	328	6
Comm Equip Telephone	15	736	495	165	24	41	0	12	0
Misc Equipment	15	133,512	89,707	29,893	4,312	7,370	0	2,190	40
Other Tangible Property	17	0	0	0	0	0	0	0	0
Total Utility Plant in Service		15,272,528	6,773,985	4,310,832	855,378	1,150,609	0	259,998	1,921,727
Other Rate Base Items									
Add:									
Other Utility Plant Adjustments	17	0	0	0	0	0	0	0	0
Cash Working Capital	15	21,000	14,110	4,702	678	1,159	0	344	6
Materials and Supplies	15	177,087	118,985	39,650	5,720	9,775	0	2,904	53
Prepayments	15	16,223	10,900	3,632	524	896	0	266	5
OPEB's Contributed to External Fund	16	0	0	0	0	0	0	0	0
Premature Retirement	17	0	0	0	0	0	0	0	0
Regulatory Deferrals	17	232,156	102,984	65,538	13,001	17,481	0	3,947	29,205
Less:									
Accumulated Deferred ITC (3%)	17	0	0	0	0	0	0	0	0
Deferred Income Taxes	17	(1,322,480)	(586,652)	(373,336)	(74,059)	(99,583)	0	(22,482)	(166,368)
Pensions	16	(311,175)	(192,026)	(78,945)	(13,256)	(19,853)	0	(4,201)	(2,894)
Total Other Rate Base Elements		(1,187,189)	(531,699)	(338,760)	(67,392)	(90,124)	0	(19,222)	(139,992)
Total Original Cost Measure of Value		$ 14,085,339	$ 6,242,287	$ 3,972,072	$ 787,986	$ 1,060,484	$ -	$ 240,776	$ 1,781,734

MISSOURI-AMERICAN WATER COMPANY
JEFFERSON CITY DISTRICT

SUMMARY OF AVERAGE DAILY SEND OUT AND MAXIMUM DAILY USAGE
FOR THE YEARS 1999-2005

Year	Average Daily Send out (MGD)	Maximum Daily Use		
		MGD	Ratio to Average	Highest Use Day
(1)	(2)	(3)	(4)	(5)
1999	3.810	6.500	1.71	7/22/1999
2000	4.101	5.690	1.39	7/11/2000
2001	3.739	5.240	1.40	8/21/2001
2002	3.861	5.980	1.55	8/5/2002
2003	4.171	6.990	1.68	8/17/2003
2004	4.042	5.760	1.42	7/22/2004
2005	4.276	6.348	1.48	8/2/2005

MISSOURI-AMERICAN WATER COMPANY
JEFFERSON CITY DISTRICT

BASIS FOR ALLOCATING DEMAND RELATED COSTS OF FIRE SERVICE TO PRIVATE AND PUBLIC FIRE PROTECTION CUSTOMER CLASSIFICATIONS

Description		Restrictive Diameters Squared	Quantity	Relative Demand*	Allocation Factor
(1)		(2)	(3)	(4)=(2)x(3)	(5)
PRIVATE FIRE PROTECTION					
Fire Lines					
2 -inch		4.00	10	40	
3 -inch		9.00	1	9	
4 -inch		16.00	27	432	
6 -inch		36.00	53	1,908	
8 -inch		64.00	19	1,216	
10 -inch		100.00	5	500	
12 -inch		144.00	0	0	
Private Hydrants		32.75	39	1,277	
Total Private Fire Protection			154	5,382	0.1535
PUBLIC FIRE PROTECTION					
Hydrant	Nozzle Sizes				
6" Valve	2- 2-1/2" & 1- 4.5"	32.75	904	29,606	
2 -inch Fire Line		4.00	13	52	
4 -inch Fire Line		16.00	1	16	
Total Public Fire Prorection			918	29,674	0.8465
Total Fire Protection			1,072	35,056	1.0000

JOPLIN DISTRICT

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES
FOR THE TEST YEAR ENDED JUNE 30, 2006

Customer Classification	Cost of Service		Revenues, Present Rates		Revenues, Proposed Rates		Proposed Increase	
	Amount (Schedule B)	Percent	Amount	Percent	Amount	Percent	Amount	Percent Increase
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Residential	$ 6,286,720	49.2%	$ 4,079,112	53.2%	$ 5,109,295	53.2%	$ 1,030,183	25.3%
Commercial	2,863,942	22.4%	1,597,510	20.8%	2,000,752	20.8%	403,242	25.2%
Industrial	2,625,729	20.5%	1,370,588	17.8%	1,716,530	17.8%	345,942	25.2%
Public Authority	339,749	2.7%	187,361	2.4%	234,649	2.4%	47,288	25.2%
Sales for Resale	463,650	3.6%	200,198	2.6%	250,726	2.6%	50,528	25.2%
Private Fire Service	198,447	1.6%	244,802	3.2%	306,592	3.2%	61,790	25.2%
Public Fire Service	-	0.0%	$0	0.0%	$0	0.0%	-	-
Total Sales	12,778,238	100.0%	7,679,571	100.0%	9,618,544	100.0%	1,938,973	25.2%
Other Revenues	239,184		239,184		239,184		-	0.0%
Total	$ 13,017,423		$ 7,918,755		$ 9,857,728		$ 1,938,973	24.5%

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Schedule A-JOP

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection Private	Fire Protection Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
OPERATION AND MAINTENANCE EXPENSES									
SOURCE OF SUPPLY EXPENSES									
Super & Eng Oper SS	2	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Labor & Exp Oper SS	2	0	0	0	0	0	0	0	0
Labor & Exp Oper SS	2	19,106	6,787	4,706	6,097	543	909	15	50
Purchased Water	1	0	0	0	0	0	0	0	0
TOTAL SS EXPENSE - OPERATION		19,106	6,787	4,706	6,097	543	909	15	50
Misc Exp Oper SS	2	293,303	104,181	72,241	93,593	8,330	13,961	235	763
Misc Exp Oper SS	2	2,548	905	628	813	72	121	2	7
Rents Oper SS	2	0	0	0	0	0	0	0	0
Super & Eng Maint SS	2	0	0	0	0	0	0	0	0
Struct & Improve Maint SS	2	0	0	0	0	0	0	0	0
Struct & Improve Maint SS	2	0	0	0	0	0	0	0	0
Collect & Impound Maint SS	2	0	0	0	0	0	0	0	0
Collect & Impound Maint SS	2	0	0	0	0	0	0	0	0
Lake, River & Oth Maint SS	2	0	0	0	0	0	0	0	0
Lake, River & Oth Maint SS	2	0	0	0	0	0	0	0	0
Wells & Springs Maint SS	2	0	0	0	0	0	0	0	0
Wells & Springs Maint SS	2	0	0	0	0	0	0	0	0
Infilt Gall & Tunnels Maint SS	2	0	0	0	0	0	0	0	0
Infilt Gall & Tunnels Maint SS	2	0	0	0	0	0	0	0	0
Supply Mains Maint SS	2	0	0	0	0	0	0	0	0
Supply Mains Maint SS	2	0	0	0	0	0	0	0	0
Misc Plant Maint SS	2	13,326	4,733	3,282	4,252	378	634	11	35
Misc Plant Maint SS	2	2,307	819	568	736	66	110	2	6
TOTAL SS EXPENSE - MAINTENANCE		311,484	110,639	76,719	99,395	8,846	14,827	249	810
TOTAL SS EXPENSE		330,590	117,426	81,424	105,491	9,389	15,736	264	860
POWER AND PUMPING EXPENSES									
Super & Eng Oper P	6	57,635	20,518	14,207	17,838	1,637	2,738	167	530
Fuel for Power Prod	1	0	0	0	0	0	0	0	0
Labor & Exp Oper Pwr Prod	6	0	0	0	0	0	0	0	0
Labor & Exp Oper Pwr Prod	6	0	0	0	0	0	0	0	0
Purch Fuel/Power for Pump	1	318,642	98,683	75,773	117,196	8,731	16,410	446	1,402
Labor & Exp Oper Pump	6	262,034	93,284	64,591	81,100	7,442	12,447	760	2,411
Labor & Exp Oper Pump	6	721	257	178	223	20	34	2	7
Expenses Transferred	6	0	0	0	0	0	0	0	0
Misc Exp Oper P	6	4,898	1,744	1,207	1,516	139	233	14	45
Rents Oper P	6	0	0	0	0	0	0	0	0
TOTAL PUMPING EXPENSE - OPERATION		643,930	214,486	155,957	217,873	17,969	31,861	1,389	4,395

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Super & Eng Maint P	6	33,301	11,855	8,209	10,307	946	1,582	97	306
Struct & Improve Maint P	6	0	0	0	0	0	0	0	0
Struct & Improve Maint P	6	0	0	0	0	0	0	0	0
Power Prod Equip Maint P	6	0	0	0	0	0	0	0	0
Power Prod Equip Maint P	6	0	0	0	0	0	0	0	0
Pump Equip Maint P	6	38,802	13,813	9,565	12,009	1,102	1,843	113	357
Pump Equip Maint P	6	9,718	3,460	2,395	3,008	276	462	28	89
TOTAL PUMPING EXPENSES - MAINTENANCE		81,821	29,128	20,169	25,323	2,324	3,886	237	753
TOTAL PUMPING EXPENSES		725,751	243,614	176,125	243,197	20,293	35,748	1,627	5,147
WATER TREATMENT									
Super & Eng Oper WT	2	24,583	8,732	6,055	7,845	698	1,170	20	64
Chemicals	1	455,848	141,176	108,401	167,661	12,490	23,476	638	2,006
Labor & Exp Oper WT	2	77,288	27,453	19,036	24,662	2,195	3,679	62	201
Labor & Exp Oper WT	2	8,644	3,070	2,129	2,758	245	411	7	22
Misc Exp Oper WT	2	66,403	23,586	16,355	21,189	1,886	3,161	53	173
Misc Exp Oper WT	1	12,626	3,910	3,002	4,644	346	650	18	56
Misc Exp Oper WT	2	18,894	6,711	4,653	6,029	537	899	15	49
Rents Oper WT	2	0	0	0	0	0	0	0	0
TOTAL WT EXPENSE - OPERATION		664,285	214,639	159,631	234,788	18,397	33,447	813	2,570
Super & Eng Maint WT	2	48,755	17,318	12,008	15,558	1,385	2,321	39	127
Struct & Improve Maint WT	2	0	0	0	0	0	0	0	0
Struct & Improve Maint WT	2	0	0	0	0	0	0	0	0
WT Equip Maint WT	2	0	0	0	0	0	0	0	0
WT Equip Maint WT	2	16,863	5,990	4,153	5,381	479	803	13	44
TOTAL WT EXPENSE - MAINTENANCE		65,618	23,307	16,162	20,939	1,864	3,123	52	171
TOTAL WT EXPENSE		729,903	237,946	175,793	255,727	20,261	36,570	865	2,741
TRANSMISSION AND DISTRIBUTION EXPENSES									
Super & Eng Oper TD	11	16,175	10,449	3,086	869	477	345	264	686
Storage Facilty Exp	5	0	0	0	0	0	0	0	0
Storage Facilty Exp	5	172	54	36	39	4	6	8	24
TD Lines Exp	7	77,562	29,458	19,817	8,020	2,288	3,599	3,397	10,983
TD Lines Exp	7	17,056	6,478	4,358	1,764	503	791	747	2,415
Meter Expense	9	201,478	152,700	33,425	6,870	6,226	2,257	0	0
Meter Expense	9	5,882	4,458	976	201	182	66	0	0
Customer Install Exp	10	14,170	11,214	1,713	88	125	13	1,017	0
Customer Install Exp	10	0	0	0	0	0	0	0	0
Misc Exp Oper TD	11	8,867	5,728	1,692	476	262	189	145	376

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection Private	Fire Protection Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Misc Exp Oper TD	11	1,182	764	226	63	35	25	19	50
Misc Exp Oper TD	11	21,432	13,845	4,089	1,151	632	457	349	909
Rents Oper TD	11	0	0	0	0	0	0	0	0
TOTAL T & D EXPENSE OPERATION		363,976	235,148	69,418	19,541	10,733	7,747	5,946	15,443
Super & Eng Maint TD	12	0	0	0	0	0	0	0	0
Struct & Improve Maint TD	12	0	0	0	0	0	0	0	0
Struct & Improve Maint TD	12	78	26	15	6	2	3	3	25
Dist Res Stand Maint TD	5	0	0	0	0	0	0	0	0
TD Main Maint TD	7	105,659	40,129	26,996	10,925	3,117	4,903	4,628	14,961
TD Main Maint TD	7	0	0	0	0	0	0	0	0
Fire Main Maint TD	8	0	0	0	0	0	0	0	0
Fire Main Maint TD	8	0	0	0	0	0	0	0	0
Services Maint TD	10	6,292	4,979	761	39	55	6	452	0
Services Maint TD	10	0	0	0	0	0	0	0	0
Meters Maint TD	9	6,836	5,181	1,134	233	211	77	0	0
Meters Maint TD	9	935	709	155	32	29	10	0	0
Hydrants Maint TD	8	33,609	0	0	0	0	0	0	33,609
Hydrants Maint TD	8	0	0	0	0	0	0	0	0
Misc Plant Maint TD	12	0	0	0	0	0	0	0	0
Mat and Sup Maint TD	12	25,848	8,597	4,896	1,892	576	843	856	8,189
Misc Maint TD	12	0	0	0	0	0	0	0	0
Amort Def Maint TD	5	86,898	27,425	18,179	19,908	2,094	3,224	3,797	12,270
TOTAL T & D EXPENSE - MAINTENANCE		266,155	87,046	52,135	33,035	6,085	9,064	9,735	69,054
TOTAL T & D EXPENSE		630,131	322,194	121,553	52,576	16,818	16,811	15,681	84,497
CUSTOMER ACCOUNTS									
Supervision CA	13	0	0	0	0	0	0	0	0
Meter Reading Exp CA	14	183,489	160,479	21,248	606	1,101	55	0	0
Meter Reading Exp CA	14	0	0	0	0	0	0	0	0
Meter Reading Exp CA	14	(29)	(26)	(3)	(0)	(0)	(0)	0	0
Cust Rec & Collection CA	13	0	0	0	0	0	0	0	0
Cust Rec & Collection CA	13	95,553	82,252	10,883	306	564	29	1,519	0
Uncollectible Accts	13	145,763	125,473	16,602	466	860	44	2,318	0
Misc Cust Accts Exp CA	13	18,359	15,803	2,091	59	108	6	292	0
Misc Cust Accts Exp CA	13	0	0	0	0	0	0	0	0
Misc Cust Accts Exp CA	13	11,956	10,291	1,362	38	71	4	190	0
Cust Serv & Info Exp CA	13	(5)	(4)	(1)	(0)	(0)	(0)	(0)	0
TOTAL CUSTOMER ACCOUNTING EXPENSE		455,085	394,269	52,183	1,475	2,703	137	4,319	0
ADMINISTRATIVE AND GENERAL EXPENSES									
Salaries AG	15	271,415	139,534	54,690	48,040	6,243	8,387	2,823	11,698
Other Supplies & Exp AG	15	1,737	893	350	307	40	54	18	75

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Other Supplies & Exp AG	15	60,033	30,863	12,097	10,626	1,381	1,855	624	2,587
Other Supplies & Exp AG	15	45,805	23,548	9,230	8,107	1,054	1,415	476	1,974
Mgmt Fees-Coporate/Shared Service Center	15	928,743	477,467	187,142	164,387	21,361	28,698	9,659	40,029
Mgmt Fees-Call Center	13	34,035	29,298	3,877	109	201	10	541	0
Mgmt Fees-Belleville Lab	2	42,836	15,215	10,551	13,669	1,217	2,039	34	111
Mgmt Fees- Financial ITS	15	323,670	166,399	65,220	57,290	7,444	10,001	3,366	13,950
Mgmt Fees- Customer Billings ITS	13	(12)	(10)	(1)	(0)	(0)	(0)	(0)	0
Mgmt Fees-Other ITS	15	4,199	2,159	846	743	97	130	44	181
Outside Services AG	15	30,506	15,683	6,147	5,400	702	943	317	1,315
Outside Services AG	15	180,812	92,956	36,434	32,004	4,159	5,587	1,880	7,793
Property Insurance	15	0	0	0	0	0	0	0	0
Ins Gen Liab Oper AG	15	148,715	76,455	29,966	26,323	3,420	4,595	1,547	6,410
Ins Work Comp AG	16	59,119	30,488	11,972	9,849	1,419	1,821	562	3,009
Ins Other Oper AG	15	56,738	29,169	11,433	10,043	1,305	1,753	590	2,445
Property Insurance	15	5,158	2,651	1,039	913	119	159	54	222
Injuries & Damages	16	220	114	45	37	5	7	2	11
Employee Pension & Benefits	16	418,021	215,573	84,649	69,642	10,032	12,875	3,971	21,277
Employee Pension & Benefits	16	173,379	89,412	35,109	28,885	4,161	5,340	1,647	8,825
Employee Pension & Benefits	16	41,475	21,388	8,399	6,910	995	1,277	394	2,111
Reg Commision Exp	15	13,762	7,075	2,773	2,436	317	425	143	593
Rents AG	15	36,992	19,018	7,454	6,548	851	1,143	385	1,594
Goodwill Advertising Exp	15	575	295	116	102	13	18	6	25
Misc Exp AG	15	187,640	96,466	37,810	33,212	4,316	5,798	1,951	8,087
Research & Development	15	0	0	0	0	0	0	0	0
TOTAL A & G OPERATIONS		3,065,573	1,582,108	617,344	535,581	70,850	94,331	31,035	134,324
General Plant Maint AG	15	0	0	0	0	0	0	0	0
General Plant Maint AG	15	15,535	7,986	3,130	2,750	357	480	162	670
TOTAL A & G EXPENSE - MAINTENANCE		15,535	7,986	3,130	2,750	357	480	162	670
TOTAL A & G EXPENSE		3,081,108	1,590,094	620,474	538,331	71,207	94,811	31,196	134,994
Total Operation & Maintenance Expenses		5,952,568	2,905,543	1,227,553	1,196,796	140,671	199,813	53,953	228,239

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
DEPRECIATION EXPENSE									
Struct & Imp SS	2	49,629	17,628	12,224	15,837	1,409	2,362	40	129
Struct & Imp P	6	302,190	107,580	74,490	93,528	8,582	14,354	876	2,780
Struct & Imp WT	2	20,231	7,186	4,983	6,456	575	963	16	53
Struct & Imp TD	7	8,914	3,386	2,278	922	263	414	390	1,262
Struct & Imp Offices	15	360	185	73	64	8	11	4	16
Struct & Imp Leasehold	15	498	256	100	88	11	15	5	21
Struct & Imp Store,Shop,Gar	15	1,628	837	328	288	37	50	17	70
Struct & Imp Misc	15	868	446	175	154	20	27	9	37
Collect & Impounding	1	1,685	522	401	620	46	87	2	7
Lake, River & Other Intakes	2	5,571	1,979	1,372	1,778	158	265	4	14
Wells & Springs	2	78,226	27,786	19,267	24,962	2,222	3,724	63	203
Supply Mains	2	5,523	1,962	1,360	1,762	157	263	4	14
Power Generation Equip Othe	6	1,682	599	415	521	48	80	5	15
Boiler Plant Equipment P	6	19	7	5	6	1	1	0	0
Pump Equip Electric	6	47,035	16,744	11,594	14,557	1,336	2,234	136	433
Pump Equip Diesel	6	1,547	551	381	479	44	73	4	14
Pump Equip Steam	6	81	29	20	25	2	4	0	1
Pump Equip Other	6	2,941	1,047	725	910	84	140	9	27
WT Equip Non-Media	2	47,959	17,035	11,812	15,304	1,362	2,283	38	125
WT Equip Filter Media	2	3,880	1,378	956	1,238	110	185	3	10
Dist Reservoirs & Standpipe	5	54,193	17,103	11,337	12,416	1,306	2,011	2,368	7,652
Elevated Tanks & Standpipes	5	59,599	18,809	12,468	13,654	1,436	2,211	2,604	8,415
Ground Level Facilities	5	33	10	7	8	1	1	1	5
TD Mains Not Classified by	7	60,438	22,954	15,442	6,249	1,783	2,804	2,647	8,558
TD Mains 4 & Less "	4	25,357	9,882	6,608	1,402	763	1,187	1,303	4,212
TD Mains 6 to 8" "	4	238,148	92,806	62,061	13,170	7,168	11,145	12,241	39,556
TD Mains 10 to 16" "	3	147,124	49,757	34,501	44,711	3,972	6,650	1,780	5,753
TD Mains 18 & Grtr "	3	12,832	4,340	3,009	3,900	346	580	155	502
Services	10	(89,532)	(70,856)	(10,824)	(555)	(788)	(81)	(6,428)	0
Meters Bronze Case	9	(10,504)	(7,961)	(1,743)	(358)	(325)	(118)	0	0
Meters Plastic Case	9	265	201	44	9	8	3	0	0
Meters Other	9	3,739	2,834	620	127	116	42	0	0
Meters Other-Rem Rdr Unts	9	0	0	0	0	0	0	0	0
Meter Installations	9	81,120	61,481	13,458	2,766	2,507	909	0	0
Meter Installation Other	9	0	0	0	0	0	0	0	0
Hydrants	8	4,509	0	0	0	0	0	0	4,509
Utility Plant Acquisition Adjustment	17	0	0	0	0	0	0	0	0
Other P/E WT Res Hand Equip	2	151	54	37	48	4	7	0	0
Other P/E TD	7	0	0	0	0	0	0	0	0
Other P/E CPS	15	0	0	0	0	0	0	0	0
Office Furniture & Equip	15	8,106	4,167	1,633	1,435	186	250	84	349
Comp & Periph Equip	15	78,448	40,330	15,807	13,885	1,804	2,424	816	3,381
Computer Software	15	72,993	37,526	14,708	12,920	1,679	2,255	759	3,146
Comp Software Personal	15	1,419	730	286	251	33	44	15	61

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection Private	Fire Protection Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Data Handling Equipment	15	269	138	54	48	6	8	3	12
Other Office Equipment	15	1,791	921	361	317	41	55	19	77
Trans Equip Lt Duty Trks	15	5,791	2,977	1,167	1,025	133	179	60	250
Trans Equip Hvy Duty Trks	15	1,044	537	210	185	24	32	11	45
Trans Equip Autos	15	3,583	1,842	722	634	82	111	37	154
Trans Equip Other	15	0	0	0	0	0	0	0	0
Stores Equipment	15	560	288	113	99	13	17	6	24
Tools,Shop,Garage Equip	15	19,039	9,788	3,836	3,370	438	588	198	821
Tools,Shop,Garage Equip Oth	15	0	0	0	0	0	0	0	0
Laboratory Equipment	2	4,899	1,740	1,207	1,563	139	233	4	13
Laboratory Equip Other	2	0	0	0	0	0	0	0	0
Power Operated Equipment	15	11,092	5,702	2,235	1,963	255	343	115	478
Comm Equip Non-Telephone	15	2,879	1,480	580	510	66	89	30	124
Comm Equip Telephone	15	76	39	15	13	2	2	1	3
Misc Equipment	15	5,026	2,584	1,013	890	116	155	52	217
Total Depreciation Expense		1,384,954	519,346	333,931	316,151	39,792	61,674	20,510	93,550
Amort-Other UP	18	1,714	743	377	345	44	64	39	102
Taxes Other Than Income									
Utility Reg Assessment Fee	19	57,531	26,067	12,409	11,725	1,438	2,088	892	2,911
Property Taxes	18	404,897	175,483	88,996	81,546	10,365	15,103	9,272	24,132
FUTA	16	1,503	775	304	250	36	46	14	76
FICA	16	116,151	59,899	23,521	19,351	2,788	3,577	1,103	5,912
SUTA	16	847	437	171	141	20	26	8	43
Other Taxes & Licenses	15	29,186	15,005	5,881	5,166	671	902	304	1,258
Gross Receipts Tax	19	0	0	0	0	0	0	0	0
Total Taxes, Other Than Income		610,114	277,665	131,283	118,179	15,319	21,743	11,593	34,333
Income Taxes	18	1,427,238	618,565	313,707	287,446	36,537	53,236	32,684	85,063
Utility Income Available for Return	18	3,640,835	1,577,938	800,256	733,264	93,205	135,803	83,375	216,994
Total Cost of Service		13,017,423	5,899,800	2,807,106	2,652,182	325,568	472,333	202,154	658,281
Less: Other Water Revenues	19	239,184	108,374	51,592	48,746	5,980	8,682	3,707	12,103
Revenue Contribution	19	0	0	0	0	0	0	0	0
Total Other Water Revenues		239,184	108,374	51,592	48,746	5,980	8,682	3,707	12,103
Total Cost of Service Related to Sales of Water		$ 12,778,238	$ 5,791,425	$ 2,755,514	$ 2,603,436	$ 319,588	$ 463,650	$ 198,447	$ 646,178
Reallocation of Public Fire	20	0	495,295	108,429	22,293	20,161	0	0	(646,178)
Total		$ 12,778,238	$ 6,286,720	$ 2,863,942	$ 2,625,729	$ 339,749	$ 463,650	$ 198,447	$ -

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS

FACTOR 1. ALLOCATION OF COSTS WHICH VARY WITH THE AMOUNT OF WATER CONSUMED.

Factors are based on the pro forma test year average daily consumption for each customer classification.

Customer Classification	Average Daily Consumption, Thousand Gallons	Allocation Factor
(1)	(2)	(3)
Residential	3,362	0.3097
Commercial	2,582	0.2378
Industrial	3,994	0.3678
Other Public Authority	298	0.0274
Sales for Resale	559	0.0515
Private Fire Protection	15	0.0014
Public Fire Protection	48	0.0044
Total	10,858	1.0000

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the factors for average daily consumption (Factor 1) and the factors derived from maximum day extra capacity demand for each customer classification, as follows:

	Average Daily Consumption		Maximum Day Extra Capacity		
Customer Classification	Allocation Factor 1	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)x 0.5882	(4)	(5)=(4)x 0.4118	(6)=(3)+(5)
Residential	0.3097	0.1822	0.4203	0.1730	0.3552
Commercial	0.2378	0.1399	0.2583	0.1064	0.2463
Industrial	0.3678	0.2163	0.2497	0.1028	0.3191
Other Public Authority	0.0274	0.0161	0.0298	0.0123	0.0284
Sales for Resale	0.0515	0.0303	0.0419	0.0173	0.0476
Private Fire Protection	0.0014	0.0008			0.0008
Public Fire Protection	0.0044	0.0026			0.0026
Total	1.0000	0.5882	1.0000	0.4118	1.0000

The derivation of the maximum day extra capacity factors in column 4 and the basis for the column 3 and 5 weightings are presented on the following page.

Schedule C-JOP

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS, cont.

		Maximum Day Extra Capacity		
Customer Classification	Average Daily Consumption, Thousand Gal.	Factor*	Rate of Flow, Thousand Gal. Per Day	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	3,362	1.0	3,362	0.4203
Commercial	2,582	0.8	2,066	0.2583
Industrial	3,994	0.5	1,997	0.2497
Other Public Authority	298	0.8	238	0.0298
Sales for Resale	559	0.6	335	0.0419
Total	10,795		7,998	1.0000

The weighting of the factors is based on the maximum day ratio of 1.70, based on a review of maximum day ratios experienced during the period 1990 through 2005 (see Schedule D).

	Maximum Day Ratio	Weight
Average Day	1.00	0.5882
Maximum Day Extra Capacity	0.70	0.4118
Total	1.70	1.0000

* Ratio of maximum day to average day minus 1.0.

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

	Average Daily Consumption		Maximum Day Extra Capacity		Fire Protection		
Customer Classification	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2) X 0.5600	(4)	(5)=(4) X 0.3921	(6)	(7)=(6) X 0.0479	(8)=(3)+(5)+(7)
Residential	0.3097	0.1734	0.4203	0.1648			0.3382
Commercial	0.2378	0.1332	0.2583	0.1013			0.2345
Industrial	0.3678	0.2060	0.2497	0.0979			0.3039
Other Public Authority	0.0274	0.0153	0.0298	0.0117			0.0270
Sales for Resale	0.0515	0.0288	0.0419	0.0164			0.0452
Private Fire Protection	0.0014	0.0008			0.2366	0.0113	0.0121
Public Fire Protection	0.0044	0.0025			0.7634	0.0366	0.0391
Total	1.0000	0.5600	1.0000	0.3921	1.0000	0.0479	1.0000

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum day ratio of 1.70 and the average daily system sendout for 2005 of 12.632 MGD. The system demand for fire protection is 6,000 Gallons per minute for 3 hours.

	Ratio	Rate of Flow, (GPD)	Weight
Average Day	1.00	12,632,000	0.5600
Maximum Day Extra Capacity	0.70	8,842,400	0.3921
Subtotal	1.70	21,474,400	0.9521
Fire Protection		1,080,000	0.0479
Total		22,554,400	1.0000

The public and private fire protection allocation factors in column 6 on the previous page are based on the relative potential demands (see Schedule E).

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		Allocation Factor
	Thousand Gallons	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	
(1)	(2)	(3)	(4)=(3) X 0.3140	(5)	(6)=(5) X 0.4711	(7)	(8)=(7) X 0.2149	(9)=(4)+(6)+(8)
Residential	140.1	0.4412	0.1386	0.5329	0.2511			0.3897
Commercial	107.6	0.3389	0.1064	0.3274	0.1542			0.2606
Industrial	31.5	0.0992	0.0311	0.0514	0.0242			0.0553
Other Public Authority	12.4	0.0391	0.0123	0.0377	0.0178			0.0301
Sales for Resale	23.3	0.0734	0.0230	0.0506	0.0238			0.0468
Private Fire Protection	0.6	0.0019	0.0006			0.2366	0.0508	0.0514
Public Fire Protection	2.0	0.0063	0.0020			0.7634	0.1641	0.1661
Total	317.5	1.0000	0.3140	1.0000	0.4711	1.0000	0.2149	1.0000

The maximum hour extra capacity factors in column 5 are determined on the next page.

Schedule C-JOP

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum hour ratio of 2.5 and the average daily system sendout for 2005 of 12.632 MGD. The system demand for fire protection is 6,000 gallons per minute.

	Ratio	Rate of Flow, (GPM)	Weight
Average Hour	1.00	8,772	0.3140
Maximum Hour Extra Capacity	1.50	13,158	0.4711
Subtotal	2.50	21,930	0.7851
Fire Protection		6,000	0.2149
Total		27,930	1.0000

The maximum hour extra capacity factors in column 5 of the previous page are determined as follows:

Customer Classification	Average Hourly Consumption Thousand Gal.	Maximum Hour Extra Capacity		
		Factor*	1,000 Gallons Per Hour	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	140.1	3.5	490.4	0.5329
Commercial	107.6	2.8	301.3	0.3274
Industrial	31.5	1.5	47.3	0.0514
Other Public Authority	12.4	2.8	34.7	0.0377
Sales for Resale	23.3	2.0	46.6	0.0506
Total	314.9		920.3	1.0000

* Ratio of Maximum Hour To Average Hour Minus 1.0.

The public and private fire protection allocation factors in column 7 on the previous page are based on the relative potential demands (see Schedule E).

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES.

Factors are based on the weighting of the average hourly consumption, the maximum hour extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		Allocation Factor
	Thousand Gallons	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	
(1)	(2)	(3)	(4)=(3) X 0.3268	(5)	(6)=(5) X 0.4901	(7)	(8)=(7) X 0.1831	(9)=(4)+(6)+(8)
Residential	140.1	0.3098	0.1013	0.4369	0.2143			0.3156
Commercial	107.6	0.2378	0.0777	0.2684	0.1315			0.2092
Industrial	166.4	0.3678	0.1202	0.2223	0.1089			0.2291
Other Public Authority	12.4	0.0274	0.0090	0.0309	0.0151			0.0241
Sales for Resale	23.3	0.0515	0.0168	0.0415	0.0203			0.0371
Private Fire Protection	0.6	0.0013	0.0004			0.2366	0.0433	0.0437
Public Fire Protection	2.0	0.0044	0.0014			0.7634	0.1398	0.1412
Total	452.4	1.0000	0.3268	1.0000	0.4901	1.0000	0.1831	1.0000

The weighting of the factors is based on the ratio of the capacity required for a 3 hour demand of fire flow, as related to total storage capacity. The calculation is shown on the following page.

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES, cont.

The weighting of the factors is based on the ratio of the capacity required for a 3 hour demand of fire flow, as related to total storage capacity.

Fire Protection Weight = $\frac{\text{6,000 GPM X 60 Min. X 3 Hrs.}}{\text{5,900,000 Gallons}}$ = 0.1831

General Service Weight = 1.0000 - 0.1831 = 0.8169

The weighting of the average hourly consumption and maximum hour extra demand for general service is based on the maximum hour ratio, as follows:

	Maximum Hour Ratio	Percent	Weight
Average Hour	1.00	40.00	0.3268
Extra Capacity Maximum Hour	1.50	60.00	0.4901
Total	2.50	100.00	0.8169

Customer Classification	Average Hourly Consumption Thousand Gal.	Maximum Hour Extra Capacity Factor*	Maximum Hour Extra Capacity 1,000 Gallons Per Hour	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	140.1	3.5	490.4	0.4369
Commercial	107.6	2.8	301.3	0.2684
Industrial	166.4	1.5	249.6	0.2223
Other Public Authority	12.4	2.8	34.7	0.0309
Sales for Resale	23.3	2.0	46.6	0.0415
Total	449.8		1,122.6	1.0000

* Ratio of Maximum Hour To Average Hour Minus 1.0.

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH POWER AND PUMPING FACILITIES.

Factors are based on the weighting of the maximum daily consumption, Factor 2, the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

	Maximum Daily Consumption		Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 2	Weighted Factor	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.9365	(4)	(5)=(4)X 0.0291	(6)	(7)=(6)X 0.0344	(8)=(3)+ (5)+(7)
Residential	0.3552	0.3327	0.3382	0.0099	0.3897	0.0134	0.3560
Commercial	0.2463	0.2307	0.2345	0.0068	0.2606	0.0090	0.2465
Industrial	0.3191	0.2988	0.3039	0.0088	0.0553	0.0019	0.3095
Other Public Authority	0.0284	0.0266	0.0270	0.0008	0.0301	0.0010	0.0284
Sales for Resale	0.0476	0.0446	0.0452	0.0013	0.0468	0.0016	0.0475
Private Fire Protection	0.0008	0.0007	0.0121	0.0004	0.0514	0.0018	0.0029
Public Fire Protection	0.0026	0.0024	0.0391	0.0011	0.1661	0.0057	0.0092
Total	1.0000	0.9365	1.0000	0.0291	1.0000	0.0344	1.0000

The weighting of the factors is based on the horsepower of pumps associated with maximum day facilities, maximum day and fire facilities, and maximum hour facilities, as follows:

	Horsepower of Pumps	Weight
Associated with Maximum Day	4,350	0.9365
Associated with Maximum Day and Fire	135	0.0291
Associated with Maximum Hour	160	0.0344
Total	4,645	1.0000

Schedule C-JOP

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 7. ALLOCATION OF COSTS ASSOCIATED WITH TRANSMISSION AND DISTRIBUTION MAINS.

Factors are based on the weighting of the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 5, for each customer classification, as follows:

	Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.1935	(4)	(5)=(4)X 0.8065	(6)=(3)+(5)
Residential	0.3382	0.0655	0.3897	0.3143	0.3798
Commercial	0.2345	0.0454	0.2606	0.2101	0.2555
Industrial	0.3039	0.0588	0.0553	0.0446	0.1034
Other Public Authority	0.0270	0.0052	0.0301	0.0243	0.0295
Sales for Resale	0.0452	0.0087	0.0468	0.0377	0.0464
Private Fire Protection	0.0121	0.0023	0.0514	0.0415	0.0438
Public Fire Protection	0.0391	0.0076	0.1661	0.1340	0.1416
Total	1.0000	0.1935	1.0000	0.8065	1.0000

The weighting of the factors is based on the total footage of mains, designated as either transmission mains or distribution mains, as follows:

	Total Footage of Mains	Weight
Transmission Mains	417,044	0.1935
Distribution Mains	1,738,356	0.8065
Total	2,155,400	1.0000

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 8. ALLOCATION OF COSTS ASSOCIATED WITH FIRE HYDRANTS.

Costs are assigned directly to Public Fire Protection.

Customer Classification	Allocation Factor
(1)	(3)
Public Fire Protection	1.0000
Total	1.0000

FACTOR 9. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

Factors are based on the relative cost of meters by size and customer classification, as developed on the following page and summarized below.

Customer Classification	5/8" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	22,194	0.7579
Commercial	4,858	0.1659
Industrial	998	0.0341
Other Public Authority	904	0.0309
Sales for Resale	329	0.0112
Private Fire	0	0.0000
Total	29,283	1.0000

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT

BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS

Meter Size	5/8" Dollar Equivalent	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Total	
		Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)
5/8	1.0	18,246	18,246	1,806	1,806	8	8	36	36	0	0	20,096	20,096
3/4	1.3	0	0	4	5	0	0	0	0	0	0	4	5
1	1.7	2,250	3,825	549	933	14	24	43	73	1	2	2,857	4,857
1-1/2	3.5	3	11	14	49	0	0	2	7	0	0	19	67
2	4.3	26	112	327	1,406	33	142	51	219	1	4	438	1,883
3	19.0	0	0	0	0	0	0	0	0	0	0	0	0
4	29.3	0	0	12	352	16	469	4	117	0	0	32	938
6	48.4	0	0	4	194	5	242	0	0	2	97	11	533
8	112.9	0	0	1	113	1	113	4	452	2	226	8	904
Total		20,525	22,194	2,717	4,858	77	998	140	904	6	329	23,465	29,283

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 10. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

Factors are based on the relative cost of services by size and customer classification, as developed on the following page and summarized below.

Customer Classification	3/4" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	20,937	0.7914
Commercial	3,200	0.1209
Industrial	165	0.0062
Other Public Authority	233	0.0088
Sales for Resale	25	0.0009
Private Fire Protection	1,899	0.0718
Total	26,459	1.0000

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT

BASIS FOR ALLOCATING SERVICE COSTS TO CUSTOMER CLASSIFICATIONS

Service Size	3/4" Dollar Equivalent	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Private Fire Protection		Total	
		Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)=(2)X(11)	(15)	(16)
3/4	1.00	18,246	18,246	1,810	1,810	8	8	36	36	0	0	0	0	20,100	20,100
1	1.17	2,250	2,633	549	642	14	16	43	50	1	1	0	0	2,857	3,342
1-1/2	1.58	3	5	14	22	0	0	2	3	0	0	0	0	19	30
2	2.04	26	53	327	667	33	67	51	104	1	2	8	16	446	909
3	2.73	0	0	0	0	0	0	0	0	0	0	1	3	1	3
4	2.88	0	0	12	35	16	46	4	12	0	0	49	141	81	234
6	4.24	0	0	4	17	5	21	0	0	2	8	190	806	201	852
8	6.98	0	0	1	7	1	7	4	28	2	14	117	817	125	873
10	9.50	0	0	0	0	0	0	0	0	0	0	7	67	7	67
12	12.16	0	0	0	0	0	0	0	0	0	0	4	49	4	49
Total		20,525	20,937	2,717	3,200	77	165	140	233	6	25	376	1,899	23,841	26,459

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 11. ALLOCATION OF TRANSMISSION AND DISTRIBUTION OPERATION SUPERVISION AND ENGINEERING AND MISCELLANEOUS EXPENSES.

Factors are based on transmission and distribution operation expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Operating Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$ 204,362	0.6460
Commercial	60,325	0.1908
Industrial	16,982	0.0537
Other Public Authority	9,328	0.0295
Sales for Resale	6,732	0.0213
Private Fire Protection	5,169	0.0163
Public Fire Protection	13,422	0.0424
Total	316,320	1.0000

FACTOR 12. ALLOCATION OF TRANSMISSION AND DISTRIBUTION MAINTENANCE SUPERVISION AND ENGINEERING, STRUCTURES AND IMPROVEMENTS, AND OTHER EXPENSES.

Factors are based on transmission and distribution maintenance expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$ 50,998	0.3326
Commercial	29,046	0.1894
Industrial	11,229	0.0732
Other Public Authority	3,412	0.0223
Sales for Resale	4,995	0.0326
Private Fire Protection	5,080	0.0331
Public Fire Protection	48,571	0.3168
Total	$153,331	1.0000

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 13. ALLOCATION OF BILLING AND COLLECTING COSTS.

Factors are based on the total number of customers.

Customer Classification	Total Customers	Allocation Factor
(1)	(2)	(3)
Residential	20,525	0.8608
Commercial	2,717	0.1139
Industrial	77	0.0032
Other Public Authority	140	0.0059
Sales for Resale	6	0.0003
Private Fire Protection	380	0.0159
Public Fire Protection	0	0.0000
Total	23,845	1.0000

FACTOR 14. ALLOCATION OF METER READING COSTS.

Factors are based on the number of metered customers.

Customer Classification	Total Metered Customers	Allocation Factor
(1)	(2)	(3)
Residential	20,525	0.8746
Commercial	2,717	0.1158
Industrial	77	0.0033
Other Public Authority	140	0.0060
Sales for Resale	6	0.0003
Total	23,465	1.0000

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 15. ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES AND CASH WORKING CAPITAL.

Factors are based on the allocation of all other operation and maintenance expenses excluding purchased water, power, chemicals and waste disposal.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$1,071,679	0.5141
Commercial	419,903	0.2015
Industrial	368,964	0.1770
Other Public Authority	47,897	0.0230
Sales for Resale	64,466	0.0309
Private Fire Protection	21,654	0.0104
Public Fire Protection	89,782	0.0431
Total	$2,084,344	1.0000

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MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 16. ALLOCATION OF LABOR RELATED TAXES AND BENEFITS.

Factors are based on the allocation of direct labor expense.

Customer Classification	Direct Labor Expense	Allocation Factor
(1)	(2)	(3)
Residential	$773,362	0.5157
Commercial	303,606	0.2025
Industrial	249,795	0.1666
Other Public Authority	35,995	0.0240
Sales for Resale	46,247	0.0308
Private Fire Protection	14,284	0.0095
Public Fire Protection	76,344	0.0509
Total	$1,499,633	1.0000

FACTOR 17. ALLOCATION OF ORGANIZATION, FRANCHISES AND CONSENTS, MISCELLANEOUS INTANGIBLE PLANT AND OTHER RATE BASE ELEMENTS.

Factors are based on the allocation of the original cost less depreciation other than those items being allocated, as follows:

Customer Classification	Original Cost Less Depreciation	Allocation Factor
(1)	(2)	(3)
Residential	$20,119,415	0.4333
Commercial	10,209,078	0.2199
Industrial	9,348,111	0.2013
Other Public Authority	1,188,311	0.0256
Sales for Resale	1,733,002	0.0373
Private Fire Protection	1,064,887	0.0229
Public Fire Protection	2,771,093	0.0597
Total	$46,433,897	1.0000

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 18. ALLOCATION OF INCOME TAXES AND INCOME AVAILABLE FOR RETURN.

Factors are based on the allocation of the original cost measure of value rate base as shown on the following pages and summarized below.

Customer Classification	Original Cost Measure of Value	Allocation Factor
(1)	(2)	(3)
Residential	$18,518,767	0.4334
Commercial	9,393,887	0.2198
Industrial	8,606,742	0.2014
Other Public Authority	1,092,981	0.0256
Sales for Resale	1,594,698	0.0373
Private Fire Protection	979,963	0.0229
Public Fire Protection	2,545,765	0.0596
Total	$42,732,803	1.0000

FACTOR 19. ALLOCATION OF REGULATORY COMMISSION EXPENSES, ASSESSMENTS AND OTHER WATER REVENUES.

The factors are based on the allocation of the total cost of service, excluding those items being allocated.

Customer Classification	Total Cost of Service	Allocation Factor
(1)	(2)	(3)
Residential	$5,869,908	0.4531
Commercial	2,794,178	0.2157
Industrial	2,640,942	0.2039
Other Public Authority	324,073	0.0250
Sales for Resale	470,255	0.0363
Private Fire Protection	201,126	0.0155
Public Fire Protection	654,800	0.0505
Total	$12,955,282	1.0000

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection Private	Fire Protection Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
RATE BASE									
Organization	17	$ 9,296	$ 4,028	$ 2,044	$ 1,871	$ 238	$ 347	$ 213	$ 555
Franchises	17	20,740	8,987	4,561	4,175	531	774	475	1,238
Land & Ld Rights SS	2	146,949	52,196	36,194	46,891	4,173	6,995	118	382
Land & Ld Rights P	6	12,561	4,472	3,096	3,888	357	597	36	116
Land & Ld Rights WT	2	11,715	4,161	2,885	3,738	333	558	9	30
Land & Ld Rights TD	7	27,039	10,269	6,908	2,796	798	1,255	1,184	3,829
Land & Land Rights AG	15	717	369	144	127	16	22	7	31
Struct & Imp SS	2	2,040,321	724,722	502,531	651,066	57,945	97,119	1,632	5,305
Struct & Imp P	6	10,281,486	3,660,209	2,534,386	3,182,120	291,994	488,371	29,816	94,590
Struct & Imp Pumps (STL)	6	0	0	0	0	0	0	0	0
Struct & Imp Pump Boosters	6	0	0	0	0	0	0	0	0
Struct & Imp WT	2	924,401	328,347	227,680	294,976	26,253	44,002	740	2,403
Struct & Imp WT Nth Plt (ST	2	0	0	0	0	0	0	0	0
Struct & Imp WT Ctrl Plt 1	2	0	0	0	0	0	0	0	0
Struct & Imp WT Ctrl Plt 3	2	0	0	0	0	0	0	0	0
Struct & Imp WT Sth Plt (ST	2	0	0	0	0	0	0	0	0
Struct & Imp WT Meramec (ST	2	0	0	0	0	0	0	0	0
Struct & Imp TD	7	390,217	148,204	99,700	40,348	11,511	18,106	17,092	55,255
Struct & Imp TD Spec Cross	7	0	0	0	0	0	0	0	0
Struct & Imp Offices	15	26,898	13,828	5,420	4,761	619	831	280	1,159
Struct & Imp Leasehold	15	4,710	2,421	949	834	108	146	49	203
Struct & Imp Leasehold	15	0	0	0	0	0	0	0	0
Struct & Imp Store,Shop,Gar	15	26,035	13,385	5,246	4,608	599	804	271	1,122
Struct & Imp Misc	15	79,006	40,617	15,920	13,984	1,817	2,441	822	3,405
Collect & Impounding	1	27,584	8,543	6,559	10,145	756	1,421	39	121
Lake, River & Other Intakes	2	15,180	5,392	3,739	4,844	431	723	12	39
Wells & Springs	2	3,644,453	1,294,510	897,629	1,162,945	103,502	173,476	2,916	9,476
Supply Mains	2	89,830	31,908	22,125	28,665	2,551	4,276	72	234
Supply Mains Nth Plt (STL)	2	0	0	0	0	0	0	0	0
Supply Mains Ctrl Plt (STL)	2	0	0	0	0	0	0	0	0
Supply Mains Sth Plt (STL)	2	0	0	0	0	0	0	0	0
Supply Mains Meramec Plt (S	2	0	0	0	0	0	0	0	0
Power Generation Equip Othe	6	61,646	21,946	15,196	19,079	1,751	2,928	179	567
Boiler Plant Equipment P	6	348	124	86	108	10	17	1	3
Pump Equip Steam	6	6,907	2,459	1,703	2,138	196	328	20	64
Pump Equip Electric	6	1,385,331	493,178	341,484	428,760	39,343	65,803	4,017	12,745
Pump Equip Elec Pre46 (STL)	6	0	0	0	0	0	0	0	0
Pump Equip Elec Post46 (STL	6	0	0	0	0	0	0	0	0
Pump Equip Elec Boosters Po	6	0	0	0	0	0	0	0	0
Pump Equip Diesel	6	101,801	36,241	25,094	31,507	2,891	4,836	295	937
Pump Equip Diesel Stratman\	6	0	0	0	0	0	0	0	0
Pump Equip Diesel Ctrl Plt	6	0	0	0	0	0	0	0	0
Pump Equip Hydraulic	6	0	0	0	0	0	0	0	0
Pump Equip Other	6	145,715	51,875	35,919	45,099	4,138	6,921	423	1,341

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
WT Equip Non-Media	2	1,383,681	491,483	340,801	441,533	39,297	65,863	1,107	3,598
WT Equip Non-Med North (STL	2	0	0	0	0	0	0	0	0
WT Equip Non Media Ctrl 1 &	2	0	0	0	0	0	0	0	0
WT Equip Non Media Ctrl 3 (	2	0	0	0	0	0	0	0	0
WT Equip Non Media Sth (STL	2	0	0	0	0	0	0	0	0
WT Equip Non Media Mer (STL	2	0	0	0	0	0	0	0	0
WT Equip Filter Media	2	177,764	63,142	43,783	56,725	5,049	8,462	142	462
Dist Reservoirs & Standpipe	5	1,726,527	544,892	361,189	395,547	41,609	64,054	75,449	243,786
Elevated Tanks & Standpipes	5	2,554,817	806,300	534,468	585,309	61,571	94,784	111,646	360,740
Ground Level Facilities	5	1,487	469	311	341	36	55	65	210
TD Mains Not Classified by	7	394,035	149,654	100,676	40,743	11,624	18,283	17,259	55,795
TD Mains 4 & Less "	4	658,531	256,629	171,613	36,417	19,822	30,819	33,848	109,382
TD Mains 6 to 8" "	4	6,177,819	2,407,496	1,609,940	341,633	185,952	289,122	317,540	1,026,136
TD Mains 10 to 16" "	3	3,793,259	1,282,880	889,519	1,152,771	102,418	171,455	45,898	148,316
TD Mains 18 & Grtr "	3	326,902	110,558	76,658	99,345	8,826	14,776	3,956	12,782
TD Mains AC 4 (STL) "	4	0	0	0	0	0	0	0	0
TD Mains CI <10 1900-28 (S"	4	0	0	0	0	0	0	0	0
TD Mains CI <10 1929-56 (S"	4	0	0	0	0	0	0	0	0
TD Mains CI <10 1957-93 (S"	4	0	0	0	0	0	0	0	0
TD Mains CI 12 (STL) "	3	0	0	0	0	0	0	0	0
TD Mains CI 16 (STL) "	3	0	0	0	0	0	0	0	0
TD Mains DI 6-8 (STL) "	4	0	0	0	0	0	0	0	0
TD Mains DI 12 (STL) "	3	0	0	0	0	0	0	0	0
TD Mains DI 16 & >(STL)	3	0	0	0	0	0	0	0	0
TD Mains Galve 1 (STL) "	4	0	0	0	0	0	0	0	0
TD Mains LJ 20 (STL) "	3	0	0	0	0	0	0	0	0
Fire Mains	8	0	0	0	0	0	0	0	0
Services	10	5,512,150	4,362,316	666,419	34,175	48,507	4,961	395,772	0
Meters Bronze Case	9	891,467	675,643	147,894	30,399	27,546	9,984	0	0
Meters Plastic Case	9	12,265	9,296	2,035	418	379	137	0	0
Meters Other	9	43,872	33,251	7,278	1,496	1,356	491	0	0
Meters Other-Rem Rdr Unts	9	0	0	0	0	0	0	0	0
Meter Installations	9	2,425,765	1,838,487	402,434	82,719	74,956	27,169	0	0
Meter Installation Other	9	0	0	0	0	0	0	0	0
Hydrants	8	607,544	0	0	0	0	0	0	607,544
Other P/E Intangible	15	0	0	0	0	0	0	0	0
Other P/E WT Res Hand Equip	2	8,197	2,912	2,019	2,616	233	390	7	21
Other P/E TD	7	(868)	(330)	(222)	(90)	(26)	(40)	(38)	(123)
Other P/E CPS	15	(14,063)	(7,230)	(2,834)	(2,489)	(323)	(435)	(146)	(606)
Office Furniture & Equip	15	71,180	36,594	14,343	12,599	1,637	2,199	740	3,068
Comp & Periph Equip	15	283,126	145,555	57,050	50,113	6,512	8,749	2,945	12,203
Computer Software	15	(370,321)	(190,382)	(74,620)	(65,547)	(8,517)	(11,443)	(3,851)	(15,961)
Comp Software Personal	15	5,374	2,763	1,083	951	124	166	56	232
Data Handling Equipment	15	4,112	2,114	829	728	95	127	43	177
Other Office Equipment	15	19,950	10,256	4,020	3,531	459	616	207	860

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Trans Equip Lt Duty Trks	15	(159,902)	(82,206)	(32,220)	(28,303)	(3,678)	(4,941)	(1,663)	(6,892)
Trans Equip Hvy Duty Trks	15	6,492	3,338	1,308	1,149	149	201	68	280
Trans Equip Autos	15	(13,134)	(6,752)	(2,647)	(2,325)	(302)	(406)	(137)	(566)
Trans Equip Other	15	56,310	28,949	11,346	9,967	1,295	1,740	586	2,427
Stores Equipment	15	(1,921)	(988)	(387)	(340)	(44)	(59)	(20)	(83)
Tools,Shop,Garage Equip	15	262,656	135,032	52,925	46,490	6,041	8,116	2,732	11,320
Tools,Shop,Garage Equip Oth	15	0	0	0	0	0	0	0	0
Laboratory Equipment	2	81,907	29,093	20,174	26,137	2,326	3,899	66	213
Laboratory Equip Other	2	0	0	0	0	0	0	0	0
Power Operated Equipment	15	24,182	12,432	4,873	4,280	556	747	251	1,042
Comm Equip Non-Telephone	15	35,643	18,324	7,182	6,309	820	1,101	371	1,536
Comm Equip Telephone	15	(34,386)	(17,678)	(6,929)	(6,086)	(791)	(1,063)	(358)	(1,482)
Misc Equipment	15	30,628	15,746	6,172	5,421	704	946	319	1,320
Other Tangible Property	17	0	0	0	0	0	0	0	0
Total Utility Plant in Service		46,463,933	20,132,429	10,215,683	9,354,157	1,189,080	1,734,122	1,065,575	2,772,886
Other Rate Base Items									
Add:									
Other Utility Plant Adjustments	17	0	0	0	0	0	0	0	0
Cash Working Capital	15	170,000	87,397	34,255	30,090	3,910	5,253	1,768	7,327
Materials and Supplies	15	373,938	192,242	75,349	66,187	8,601	11,555	3,889	16,117
Prepayments	15	35,333	18,165	7,120	6,254	813	1,092	367	1,523
OPEB's Contributed to External Fund	16	216,464	111,630	43,834	36,063	5,195	6,667	2,056	11,018
Premature Retirement	17	0	0	0	0	0	0	0	0
Regulatory Deferrals	17	224,384	97,226	49,342	45,168	5,744	8,370	5,138	13,396
Less:									
Accumulated Amortization	15	(71,296)	(36,653)	(14,366)	(12,619)	(1,640)	(2,203)	(741)	(3,073)
Accumulated Deferred ITC (3%)	17	(9,438)	(4,089)	(2,075)	(1,900)	(242)	(352)	(216)	(563)
Deferred Income Taxes	17	(3,992,787)	(1,730,075)	(878,014)	(803,748)	(102,215)	(148,931)	(91,435)	(238,369)
Pensions	16	(677,728)	(349,504)	(137,240)	(112,909)	(16,265)	(20,874)	(6,438)	(34,496)
Total Other Rate Base Elements		(3,731,130)	(1,613,662)	(821,796)	(747,414)	(96,100)	(139,424)	(85,612)	(227,122)
Total Original Cost Measure of Value		$ 42,732,803	$ 18,518,767	$ 9,393,887	$ 8,606,742	$ 1,092,981	$ 1,594,698	$ 979,963	$ 2,545,765

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT

SUMMARY OF AVERAGE DAILY SEND OUT AND MAXIMUM DAILY USAGE
FOR THE YEARS 1990-2005

Year	Average Daily Send out (MGD)	Maximum Daily Use		
		MGD	Ratio to Average	Highest Use Day
(1)	(2)	(3)	(4)	(5)
1990	9.656	14.110	1.46	8/29/1990
1991	9.954	16.140	1.62	7/22/1991
1992	9.610	14.828	1.54	6/30/1992
1993	9.947	12.940	1.30	8/23/1993
1994	10.586	15.120	1.43	7/6/1994
1995	10.895	16.800	1.55	8/30/1995
1996	11.063	15.440	1.40	6/26/1996
1997	10.681	14.900	1.40	7/31/1997
1998	10.902	15.760	1.45	9/4/1998
1999	10.993	18.452	1.68	7/30/1999
2000	11.334	18.747	1.65	8/29/2000
2001	10.862	16.432	1.51	7/20/2001
2002	11.694	18.552	1.59	8/2/2002
2003	11.217	17.360	1.55	8/18/2003
2004	11.673	19.768	1.69	8/23/2004
2005	12.632	19.322	1.53	7/23/2005

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT

BASIS FOR ALLOCATING DEMAND RELATED COSTS OF FIRE SERVICE TO PRIVATE AND PUBLIC FIRE PROTECTION CUSTOMER CLASSIFICATIONS

Description		Restrictive Diameters Squared	Quantity	Relative Demand	Allocation Factor
(1)		(2)	(3)	(4)=(2)x(3)	(5)
PRIVATE FIRE PROTECTION					
Fire Lines					
2 -inch		4.00	8	32	
3 -inch		9.00	0	0	
4 -inch		16.00	49	784	
6 -inch		36.00	190	6,840	
8 -inch		64.00	117	7,488	
10 -inch		100.00	7	700	
12 -inch		144.00	4	576	
Private Hydrants		32.75	5	164	
Total Private Fire Protection			380	16,584	0.2366
PUBLIC FIRE PROTECTION					
Hydrant	Nozzle Sizes				
6" Valve	2- 2-1/2" & 1- 4.5"	32.75	1,634	53,514	
6" Valve	2- 2-1/2" & 1- 4"	28.50	0	0	
Total Public Fire Prorection			1,634	53,514	0.7634
Total Fire Protection			2,014	70,098	1.0000

MEXICO DISTRICT

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES
FOR THE TEST YEAR ENDED JUNE 30, 2006

Customer Classification	Cost of Service Amount (Schedule B)	Cost of Service Percent	Revenues, Present Rates Amount	Revenues, Present Rates Percent	Revenues, Proposed Rates Amount	Revenues, Proposed Rates Percent	Proposed Increase Amount	Proposed Increase Percent Increase
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Residential	$ 1,975,601	52.1%	$ 1,223,689	48.9%	$ 1,532,696	48.9%	$ 309,007	25.3%
Commercial	510,593	13.5%	330,756	13.2%	414,246	13.2%	83,490	25.2%
Industrial	524,480	13.9%	372,292	14.9%	466,258	14.9%	93,966	25.2%
Public Authority	287,329	7.6%	185,910	7.4%	232,833	7.4%	46,923	25.2%
Sales for Resale	427,864	11.3%	289,296	11.5%	362,308	11.5%	73,012	25.2%
Private Fire Service	58,661	1.6%	102,835	4.1%	128,793	4.1%	25,958	25.2%
Public Fire Service	-	0.0%	$0	0.0%	$0	0.0%	-	0.0%
Total Sales	3,784,528	100.0%	2,504,778	100.0%	3,137,134	100.0%	632,356	25.2%
Other Revenues	47,986		47,986		47,986		-	0.0%
Total	$ 3,832,513		$ 2,552,764		$ 3,185,120		$ 632,356	24.8%

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
OPERATION AND MAINTENANCE EXPENSES									
SOURCE OF SUPPLY EXPENSES									
Super & Eng Oper SS	2	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Labor & Exp Oper SS	2	54,487	21,571	8,211	10,342	5,242	8,881	65	174
Labor & Exp Oper SS	2	1,842	729	278	350	177	300	2	6
Purchased Water	1	0	0	0	0	0	0	0	0
TOTAL SS EXPENSE - OPERATION		56,329	22,301	8,489	10,691	5,419	9,182	68	180
Misc Exp Oper SS	2	150,415	59,549	22,668	28,549	14,470	24,518	180	481
Misc Exp Oper SS	2	311	123	47	59	30	51	0	1
Rents Oper SS	2	0	0	0	0	0	0	0	0
Super & Eng Maint SS	2	0	0	0	0	0	0	0	0
Struct & Improve Maint SS	2	0	0	0	0	0	0	0	0
Struct & Improve Maint SS	2	189	75	28	36	18	31	0	1
Collect & Impound Maint SS	2	0	0	0	0	0	0	0	0
Collect & Impound Maint SS	2	0	0	0	0	0	0	0	0
Lake, River & Oth Maint SS	2	0	0	0	0	0	0	0	0
Lake, River & Oth Maint SS	2	0	0	0	0	0	0	0	0
Wells & Springs Maint SS	2	0	0	0	0	0	0	0	0
Wells & Springs Maint SS	2	0	0	0	0	0	0	0	0
Infilt Gall & Tunnels Maint SS	2	0	0	0	0	0	0	0	0
Infilt Gall & Tunnels Maint SS	2	4,600	1,821	693	873	443	750	6	15
Supply Mains Maint SS	2	0	0	0	0	0	0	0	0
Supply Mains Maint SS	2	0	0	0	0	0	0	0	0
Misc Plant Maint SS	2	2	1	0	0	0	0	0	0
Misc Plant Maint SS	2	22,872	9,055	3,447	4,341	2,200	3,728	27	73
TOTAL SS EXPENSE - MAINTENANCE		178,388	70,624	26,883	33,858	17,161	29,077	214	571
TOTAL SS EXPENSE		234,717	92,924	35,372	44,549	22,580	38,259	282	751
POWER AND PUMPING EXPENSES									
Super & Eng Oper P	6	0	0	0	0	0	0	0	0
Fuel for Power Prod	1	0	0	0	0	0	0	0	0
Labor & Exp Oper Pwr Prod	6	(6)	(2)	(1)	(1)	(1)	(1)	(0)	(0)
Labor & Exp Oper Pwr Prod	6	0	0	0	0	0	0	0	0
Purch Fuel/Power for Pump	1	61,382	22,380	9,152	12,945	5,844	10,680	104	276
Labor & Exp Oper Pump	6	14	6	2	3	1	2	0	0
Labor & Exp Oper Pump	6	0	0	0	0	0	0	0	0
Expenses Transferred	6	0	0	0	0	0	0	0	0
Misc Exp Oper P	6	197	78	30	37	19	32	0	1
Rents Oper P	6	0	0	0	0	0	0	0	0
TOTAL PUMPING EXPENSE - OPERATION		61,588	22,461	9,183	12,984	5,863	10,714	105	277

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Super & Eng Maint P	6	0	0	0	0	0	0	0	0
Struct & Improve Maint P	6	698	277	105	133	67	114	1	2
Struct & Improve Maint P	6	0	0	0	0	0	0	0	0
Power Prod Equip Maint P	6	0	0	0	0	0	0	0	0
Power Prod Equip Maint P	6	0	0	0	0	0	0	0	0
Pump Equip Maint P	6	464	184	70	88	45	76	1	1
Pump Equip Maint P	6	1,133	449	171	215	109	185	1	4
TOTAL PUMPING EXPENSES - MAINTENANCE		2,295	909	346	436	221	374	3	7
TOTAL PUMPING EXPENSES		63,883	23,370	9,529	13,420	6,084	11,088	107	284
WATER TREATMENT									
Super & Eng Oper WT	2	0	0	0	0	0	0	0	0
Chemicals	1	64,439	23,494	9,608	13,590	6,135	11,212	110	290
Labor & Exp Oper WT	2	10,139	4,014	1,528	1,924	975	1,653	12	32
Labor & Exp Oper WT	2	6,145	2,433	926	1,166	591	1,002	7	20
Misc Exp Oper WT	2	(1)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Misc Exp Oper WT	1	30,021	10,946	4,476	6,331	2,858	5,224	51	135
Misc Exp Oper WT	2	2,567	1,016	387	487	247	418	3	8
Rents Oper WT	2	0	0	0	0	0	0	0	0
TOTAL WT EXPENSE - OPERATION		113,310	41,903	16,925	23,499	10,806	19,509	183	485
Super & Eng Maint WT	2	0	0	0	0	0	0	0	0
Struct & Improve Maint WT	2	0	0	0	0	0	0	0	0
Struct & Improve Maint WT	2	0	0	0	0	0	0	0	0
WT Equip Maint WT	2	0	0	0	0	0	0	0	0
WT Equip Maint WT	2	15,246	6,036	2,298	2,894	1,467	2,485	18	49
TOTAL WT EXPENSE - MAINTENANCE		15,246	6,036	2,298	2,894	1,467	2,485	18	49
TOTAL WT EXPENSE		128,556	47,939	19,222	26,393	12,273	21,994	201	534
TRANSMISSION AND DISTRIBUTION EXPENSES									
Super & Eng Oper TD	11	0	0	0	0	0	0	0	0
Storage Facilty Exp	5	0	0	0	0	0	0	0	0
Storage Facilty Exp	5	501	175	64	68	40	63	23	68
TD Lines Exp	7	70,987	20,217	7,376	7,993	4,685	7,347	5,892	17,477
TD Lines Exp	7	2,362	673	245	266	156	244	196	582
Meter Expense	9	0	0	0	0	0	0	0	0
Meter Expense	9	(5)	(4)	(1)	(0)	(0)	(0)	0	0
Customer Install Exp	10	0	0	0	0	0	0	0	0
Customer Install Exp	10	242	212	22	1	5	0	2	0
Misc Exp Oper TD	11	143	41	15	16	9	15	12	35
Misc Exp Oper TD	11	183	53	19	21	12	19	15	45

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Misc Exp Oper TD	11	5,031	1,444	523	566	332	520	415	1,231
Rents Oper TD	11	220	63	23	25	15	23	18	54
M&S Maint TD Hydrants	8	189	0	0	0	0	0	0	189
TOTAL T & D EXPENSE OPERATION		79,853	22,874	8,286	8,955	5,254	8,231	6,573	19,680
Super & Eng Maint TD	12	0	0	0	0	0	0	0	0
Struct & Improve Maint TD	12	21,625	13,768	1,881	759	683	642	586	3,304
Struct & Improve Maint TD	12	0	0	0	0	0	0	0	0
Dist Res Stand Maint TD	5	0	0	0	0	0	0	0	0
TD Main Maint TD	7	0	0	0	0	0	0	0	0
TD Main Maint TD	7	2,383	679	248	268	157	247	198	587
Fire Main Maint TD	8	0	0	0	0	0	0	0	0
Fire Main Maint TD	8	0	0	0	0	0	0	0	0
Services Maint TD	10	5,415	4,742	491	28	110	8	35	0
Services Maint TD	10	0	0	0	0	0	0	0	0
Meters Maint TD	9	71	52	9	5	4	1	0	0
Meters Maint TD	9	0	0	0	0	0	0	0	0
Hydrants Maint TD	8	726	0	0	0	0	0	0	726
Hydrants Maint TD	8	0	0	0	0	0	0	0	0
Misc Plant Maint TD	12	185	118	16	6	6	5	5	28
Mat and Sup Maint TD	12	86,638	55,162	7,537	3,041	2,738	2,573	2,348	13,238
Misc Maint TD	12	443	282	39	16	14	13	12	68
Amort Def Maint TD	5	(110,346)	(38,456)	(13,992)	(15,007)	(8,894)	(13,882)	(5,076)	(15,040)
TOTAL T & D EXPENSE - MAINTENANCE		7,139	36,348	(3,771)	(10,884)	(5,182)	(10,392)	(1,892)	2,911
TOTAL T & D EXPENSE		86,992	59,222	4,515	(1,929)	73	(2,161)	4,681	22,592
CUSTOMER ACCOUNTS									
Supervision CA	13	0	0	0	0	0	0	0	0
Meter Reading Exp CA	14	31,105	27,490	2,815	146	616	37	0	0
Meter Reading Exp CA	14	(15)	(13)	(1)	(0)	(0)	(0)	0	0
Meter Reading Exp CA	14	(25)	(22)	(2)	(0)	(1)	(0)	0	0
Cust Rec & Collection CA	13	11,634	10,112	1,035	55	227	14	191	0
Cust Rec & Collection CA	13	20,355	17,693	1,812	96	397	24	334	0
Uncollectible Accts	13	28,630	24,885	2,548	135	558	34	470	0
Misc Cust Accts Exp CA	13	39	34	3	0	1	0	1	0
Misc Cust Accts Exp CA	13	0	0	0	0	0	0	0	0
Misc Cust Accts Exp CA	13	6,901	5,999	614	32	135	8	113	0
Cust Serv & Info Exp CA	13	(18)	(16)	(2)	(0)	(0)	(0)	(0)	0
TOTAL CUSTOMER ACCOUNTING EXPENSE		98,606	86,162	8,823	463	1,932	118	1,108	0

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
ADMINISTRATIVE AND GENERAL EXPENSES									
Salaries AG	15	69,625	38,524	8,265	7,624	4,282	6,426	933	3,572
Other Supplies & Exp AG	15	3,181	1,760	378	348	196	294	43	163
Other Supplies & Exp AG	15	20,980	11,608	2,490	2,297	1,290	1,936	281	1,076
Other Supplies & Exp AG	15	14,420	7,979	1,712	1,579	887	1,331	193	740
Mgmt Fees-Coporate/Shared Service Center	15	192,655	106,596	22,868	21,096	11,848	17,782	2,582	9,883
Mgmt Fees-Call Center	13	7,060	6,137	628	33	138	8	116	0
Mgmt Fees-Belleville Lab	2	8,886	3,518	1,339	1,687	855	1,448	11	28
Mgmt Fees- Financial ITS	15	67,141	37,149	7,970	7,352	4,129	6,197	900	3,444
Mgmt Fees- Customer Billings ITS	13	(2)	(2)	(0)	(0)	(0)	(0)	(0)	0
Mgmt Fees-Other ITS	15	871	482	103	95	54	80	12	45
Outside Services AG	15	7,513	4,157	892	823	462	693	101	385
Outside Services AG	15	142,016	78,577	16,857	15,551	8,734	13,108	1,903	7,285
Property Insurance	15	0	0	0	0	0	0	0	0
Ins Gen Liab Oper AG	15	30,958	17,129	3,675	3,390	1,904	2,857	415	1,588
Ins Work Comp AG	16	10,934	5,565	1,254	1,148	668	994	305	999
Ins Other Oper AG	15	11,811	6,535	1,402	1,293	726	1,090	158	606
Property Insurance	15	1,292	715	153	141	79	119	17	66
Injuries & Damages	16	53	27	6	6	3	5	1	5
Employee Pension & Benefits	16	94,081	47,887	10,791	9,879	5,748	8,552	2,625	8,599
Employee Pension & Benefits	16	29,966	15,252	3,437	3,146	1,831	2,724	836	2,739
Employee Pension & Benefits	16	6,258	3,186	718	657	382	569	175	572
Reg Commision Exp	15	3,225	1,785	383	353	198	298	43	165
Rents AG	15	6,884	3,809	817	754	423	635	92	353
Goodwill Advertising Exp	15	528	292	63	58	32	49	7	27
Misc Exp AG	15	51,997	28,770	6,172	5,694	3,198	4,799	697	2,667
Research & Development	15	0	0	0	0	0	0	0	0
TOTAL A & G OPERATIONS		782,332	427,436	92,372	85,003	48,069	71,997	12,445	45,010
General Plant Maint AG	15	0	0	0	0	0	0	0	0
General Plant Maint AG	15	3,362	1,860	399	368	207	310	45	172
TOTAL A & G EXPENSE - MAINTENANCE		3,362	1,860	399	368	207	310	45	172
TOTAL A & G EXPENSE		785,693	429,296	92,771	85,371	48,276	72,307	12,490	45,182
Total Operation & Maintenance Expenses		1,398,447	738,913	170,232	168,269	91,217	141,605	18,869	69,344

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
DEPRECIATION EXPENSE									
Struct & Imp SS	2	1,576	624	238	299	152	257	2	5
Struct & Imp P	6	2,189	867	330	415	211	357	3	7
Struct & Imp WT	2	92,603	36,662	13,955	17,576	8,908	15,094	111	296
Struct & Imp TD	7	1,476	420	153	166	97	153	123	363
Struct & Imp Offices	15	3,218	1,781	382	352	198	297	43	165
Struct & Imp Store,Shop,Gar	15	1,371	759	163	150	84	127	18	70
Struct & Imp Misc	15	0	0	0	0	0	0	0	0
Collect & Impounding	1	3	1	0	1	0	1	0	0
Lake, River & Other Intakes	2	0	0	0	0	0	0	0	0
Wells & Springs	2	18,132	7,178	2,732	3,441	1,744	2,956	22	58
Supply Mains	2	13,933	5,516	2,100	2,644	1,340	2,271	17	45
Power Generation Equip Othe	6	130	51	20	25	13	21	0	0
Pump Equip Electric	6	14,390	5,697	2,169	2,731	1,384	2,346	17	46
Pump Equip Diesel	6	0	0	0	0	0	0	0	0
Pump Equip Other	6	377	149	57	72	36	61	0	1
WT Equip Non-Media	2	52,814	20,909	7,959	10,024	5,081	8,609	63	169
WT Equip Filter Media	2	2,144	849	323	407	206	349	3	7
Dist Reservoirs & Standpipe	5	6,734	2,347	854	916	543	847	310	918
Elevated Tanks & Standpipes	5	861	300	109	117	69	108	40	117
Ground Level Facilities	5	432	151	55	59	35	54	20	59
TD Mains Not Classified by	4	48,170	13,536	4,923	5,279	3,131	4,880	4,138	12,283
TD Mains 4 & Less "	4	2,360	663	241	259	153	239	203	602
TD Mains 6 to 8" "	4	11,409	3,206	1,166	1,250	742	1,156	980	2,909
TD Mains 10 to 16" "	3	7,740	2,887	1,100	1,385	702	1,189	121	357
TD Mains 18 & Grtr "	3	0	0	0	0	0	0	0	0
Fire Mains	8	434	0	0	0	0	0	0	434
Services	10	27,727	24,283	2,515	144	566	39	180	0
Meters Bronze Case	9	9,004	6,650	1,123	632	469	130	0	0
Meters Plastic Case	9	0	0	0	0	0	0	0	0
Meters Other	9	2,086	1,541	260	146	109	30	0	0
Meters Other-Rem Rdr Unts	9	0	0	0	0	0	0	0	0
Meter Installations	9	18,922	13,976	2,360	1,328	986	272	0	0
Meter Installation Other	9	0	0	0	0	0	0	0	0
Hydrants	8	5,687	0	0	0	0	0	0	5,687
Utility Plant Acquisition Adjustment	17	0	0	0	0	0	0	0	0
Other P/E WT Res Hand Equip	2	427	169	64	81	41	70	1	1
Other P/E TD	7	239	68	25	27	16	25	20	59
Other P/E CPS	15	0	0	0	0	0	0	0	0
Office Furniture & Equip	15	1,640	907	195	180	101	151	22	84
Comp & Periph Equip	15	10,121	5,600	1,201	1,108	622	934	136	519
Computer Software	15	22,466	12,430	2,667	2,460	1,382	2,074	301	1,153

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Comp Software Personal	15	206	114	24	23	13	19	3	11
Data Handling Equipment	15	985	545	117	108	61	91	13	51
Other Office Equipment	15	10	6	1	1	1	1	0	1
Trans Equip Lt Duty Trks	15	1,337	740	159	146	82	123	18	69
Trans Equip Hvy Duty Trks	15	0	0	0	0	0	0	0	0
Trans Equip Autos	15	2,255	1,248	268	247	139	208	30	116
Trans Equip Other	15	0	0	0	0	0	0	0	0
Stores Equipment	15	832	460	99	91	51	77	11	43
Tools,Shop,Garage Equip	15	3,924	2,171	466	430	241	362	53	201
Tools,Shop,Garage Equip Oth	15	0	0	0	0	0	0	0	0
Laboratory Equipment	2	1,001	396	151	190	96	163	1	3
Laboratory Equip Other	2	0	0	0	0	0	0	0	0
Power Operated Equipment	15	502	278	60	55	31	46	7	26
Comm Equip Non-Telephone	15	1,160	642	138	127	71	107	16	60
Comm Equip Telephone	15	190	105	23	21	12	18	3	10
Misc Equipment	15	756	418	90	83	46	70	10	39
Total Depreciation Expense		393,973	177,300	51,032	55,197	29,965	46,381	7,056	27,043
Amort-Other UP	18	464	208	61	67	36	56	8	29
Taxes Other Than Income									
Utility Reg Assessment Fee	19	13,723	6,562	1,751	1,846	1,000	1,552	213	799
Property Taxes	18	150,997	67,707	19,841	21,683	11,732	18,225	2,461	9,347
FUTA	16	395	201	45	41	24	36	11	36
FICA	16	21,373	10,879	2,452	2,244	1,306	1,943	596	1,954
SUTA	16	268	137	31	28	16	24	7	25
Other Taxes & Licenses	15	6,076	3,362	721	665	374	561	81	312
Gross Receipts Tax	19	0	0	0	0	0	0	0	0
Total Taxes, Other Than Income		192,832	88,848	24,841	26,508	14,453	22,341	3,370	12,471
Income Taxes	18	591,672	265,306	77,746	84,964	45,973	71,415	9,644	36,624
Utility Income Available for Return	18	1,255,125	562,798	164,923	180,236	97,523	151,494	20,459	77,692
Total Cost of Service		3,832,513	1,833,372	488,834	515,241	279,167	433,291	59,405	223,203
Less: Other Water Revenues	19	47,986	22,947	6,123	6,454	3,498	5,427	744	2,793
Revenue Contribution	19	0	0	0	0	0	0	0	0
Total Other Water Revenues		47,986	22,947	6,123	6,454	3,498	5,427	744	2,793
Total Cost of Service Related to Sales of Water		$ 3,784,528	$ 1,810,426	$ 482,711	$ 508,787	$ 275,669	$ 427,864	$ 58,661	$ 220,410
Reallocation of Public Fire	20	0	165,175	27,882	15,693	11,660	0	0	(220,410)
Total		$ 3,784,528	$ 1,975,601	$ 510,593	$ 524,480	$ 287,329	$ 427,864	$ 58,661	$ -

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS

FACTOR 1. ALLOCATION OF COSTS WHICH VARY WITH THE AMOUNT OF WATER CONSUMED.

Factors are based on the pro forma test year average daily consumption for each customer classification.

Customer Classification	Average Daily Consumption, Thousand Gallons	Allocation Factor
(1)	(2)	(3)
Residential	643	0.3646
Commercial	263	0.1491
Industrial	372	0.2109
Other Public Authority	168	0.0952
Sales for Resale	307	0.1740
Private Fire Protection	3	0.0017
Public Fire Protection	8	0.0045
Total	1,764	1.0000

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the factors for average daily consumption (Factor 1) and the factors derived from maximum day extra capacity demand for each customer classification, as follows:

	Average Daily Consumption		Maximum Day Extra Capacity		
Customer Classification	Allocation Factor 1	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)x 0.7143	(4)	(5)=(4)x 0.2857	(6)=(3)+(5)
Residential	0.3646	0.2605	0.4738	0.1354	0.3959
Commercial	0.1491	0.1065	0.1548	0.0442	0.1507
Industrial	0.2109	0.1506	0.1371	0.0392	0.1898
Other Public Authority	0.0952	0.0680	0.0987	0.0282	0.0962
Sales for Resale	0.1740	0.1243	0.1356	0.0387	0.1630
Private Fire Protection	0.0017	0.0012			0.0012
Public Fire Protection	0.0045	0.0032			0.0032
Total	1.0000	0.7143	1.0000	0.2857	1.0000

The derivation of the maximum day extra capacity factors in column 4 and the basis for the column 3 and 5 weightings are presented on the following page.

Schedule C-MEX

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS, cont.

		Maximum Day Extra Capacity		
Customer Classification	Average Daily Consumption, Thousand Gal.	Factor*	Rate of Flow, Thousand Gal. Per Day	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	643	1.0	643	0.4738
Commercial	263	0.8	210	0.1548
Industrial	372	0.5	186	0.1371
Other Public Authority	168	0.8	134	0.0987
Sales for Resale	307	0.6	184	0.1356
Total	1,753		1,357	1.0000

The weighting of the factors is based on the maximum day ratio of 1.40, based on a review of maximum day ratios experienced during the period 1990 through 2005 (see Schedule D).

	Maximum Day Ratio	Weight
Average Day	1.00	0.7143
Maximum Day Extra Capacity	0.40	0.2857
Total	1.40	1.0000

* Ratio of maximum day to average day minus 1.0.

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

	Average Daily Consumption		Maximum Day Extra Capacity		Fire Protection		
Customer Classification	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2) X 0.6731	(4)	(5)=(4) X 0.2693	(6)	(7)=(6) X 0.0576	(8)=(3)+(5)+(7)
Residential	0.3646	0.2454	0.4738	0.1276			0.3730
Commercial	0.1491	0.1004	0.1548	0.0417			0.1421
Industrial	0.2109	0.1420	0.1371	0.0369			0.1789
Other Public Authority	0.0952	0.0641	0.0987	0.0266			0.0907
Sales for Resale	0.1740	0.1171	0.1356	0.0365			0.1536
Private Fire Protection	0.0017	0.0011			0.2520	0.0145	0.0156
Public Fire Protection	0.0045	0.0030			0.7480	0.0431	0.0461
Total	1.0000	0.6731	1.0000	0.2693	1.0000	0.0576	1.0000

Schedule C-MEX

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum day ratio of 1.40 and the average daily system sendout for 2005 of 2.105 MGD. The system demand for fire protection is 1,500 Gallons per minute for 2 hours.

	Ratio	Rate of Flow, (GPD)	Weight
Average Day	1.00	2,105,000	0.6731
Maximum Day Extra Capacity	0.40	842,000	0.2693
Subtotal	1.40	2,947,000	0.9424
Fire Protection		180,000	0.0576
Total		3,127,000	1.0000

The public and private fire protection allocation factors in column 6 on the previous page are based on the relative potential demands (see Schedule E).

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		
	Thousand Gallons	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3) X 0.3305	(5)	(6)=(5) X 0.3305	(7)	(8)=(7) X 0.3390	(9)=(4)+(6)+(8)
Residential	26.8	0.3646	0.1204	0.4857	0.1606			0.2810
Commercial	11.0	0.1497	0.0495	0.1595	0.0527			0.1022
Industrial	15.5	0.2109	0.0697	0.1207	0.0399			0.1096
Other Public Authority	7.0	0.0952	0.0315	0.1015	0.0335			0.0650
Sales for Resale	12.8	0.1741	0.0575	0.1326	0.0438			0.1013
Private Fire Protection	0.1	0.0014	0.0005			0.2520	0.0854	0.0859
Public Fire Protection	0.3	0.0041	0.0014			0.7480	0.2536	0.2550
Total	73.5	1.0000	0.3305	1.0000	0.3305	1.0000	0.3390	1.0000

The maximum hour extra capacity factors in column 5 are determined on the next page.

Schedule C-MEX

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum hour ratio of 2.0 and the average daily system sendout for 2005 of 2.105 MGD. The system demand for fire protection is 1,500 gallons per minute.

	Ratio	Rate of Flow, (GPM)	Weight
Average Hour	1.00	1,462	0.3305
Maximum Hour Extra Capacity	1.00	1,462	0.3305
Subtotal	2.00	2,924	0.6610
Fire Protection		1,500	0.3390
Total		4,424	1.0000

The maximum hour extra capacity factors in column 5 of the previous page are determined as follows:

Customer Classification	Average Hourly Consumption Thousand Gal.	Maximum Hour Extra Capacity		
		Factor*	1,000 Gallons Per Hour	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	26.8	3.5	93.8	0.4857
Commercial	11.0	2.8	30.8	0.1595
Industrial	15.5	1.5	23.3	0.1207
Other Public Authority	7.0	2.8	19.6	0.1015
Sales for Resale	12.8	2.0	25.6	0.1326
Total	73.1		193.1	1.0000

* Ratio of Maximum Hour To Average Hour Minus 1.0.

The public and private fire protection allocation factors in column 7 on the previous page are based on the relative potential demands (see Schedule E).

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES.

Factors are based on the weighting of the average hourly consumption, the maximum hour extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		Allocation Factor
	Thousand Gallons	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	
(1)	(2)	(3)	(4)=(3) X 0.4100	(5)	(6)=(5) X 0.4100	(7)	(8)=(7) X 0.1800	(9)=(4)+(6)+(8)
Residential	26.8	0.3646	0.1494	0.4857	0.1991			0.3485
Commercial	11.0	0.1497	0.0614	0.1595	0.0654			0.1268
Industrial	15.5	0.2109	0.0865	0.1207	0.0495			0.1360
Other Public Authority	7.0	0.0952	0.0390	0.1015	0.0416			0.0806
Sales for Resale	12.8	0.1741	0.0714	0.1326	0.0544			0.1258
Private Fire Protection	0.1	0.0014	0.0006			0.2520	0.0454	0.0460
Public Fire Protection	0.3	0.0041	0.0017			0.7480	0.1346	0.1363
Total	73.5	1.0000	0.4100	1.0000	0.4100	1.0000	0.1800	1.0000

The weighting of the factors is based on the ratio of the capacity required for a 2 hour demand of fire flow, as related to total storage capacity. The calculation is shown on the following page.

Schedule C-MEX

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES, cont.

The weighting of the factors is based on the ratio of the capacity required for a 2 hour demand of fire flow, as related to total storage capacity.

Fire Protection Weight = $\frac{\text{1,500 GPM X 60 Min. X 2 Hrs.}}{\text{1,000,000 Gallons}}$ = 0.1800

General Service Weight = 1.0000 - 0.1800 = 0.8200

The weighting of the average hourly consumption and maximum hour extra demand for general service is based on the maximum hour ratio, as follows:

	Maximum Hour Ratio	Percent	Weight
Average Hour	1.00	50.00	0.4100
Extra Capacity Maximum Hour	1.00	50.00	0.4100
Total	2.00	100.00	0.8200

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH POWER AND PUMPING FACILITIES.

Factors are based on the weighting of the maximum daily consumption, Factor 2, the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

	Maximum Daily Consumption		Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 2	Weighted Factor	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 1.0000	(4)	(5)=(4)X 0.0000	(6)	(7)=(6)X 0.0000	(8)=(3)+ (5)+(7)
Residential	0.3959	0.3959	0.3730	0.0000	0.2810	0.0000	0.3959
Commercial	0.1507	0.1507	0.1421	0.0000	0.1022	0.0000	0.1507
Industrial	0.1898	0.1898	0.1789	0.0000	0.1096	0.0000	0.1898
Other Public Authority	0.0962	0.0962	0.0907	0.0000	0.0650	0.0000	0.0962
Sales for Resale	0.1630	0.1630	0.1536	0.0000	0.1013	0.0000	0.1630
Private Fire Protection	0.0012	0.0012	0.0156	0.0000	0.0859	0.0000	0.0012
Public Fire Protection	0.0032	0.0032	0.0461	0.0000	0.2550	0.0000	0.0032
Total	1.0000	1.0000	1.0000	0.0000	1.0000	0.0000	1.0000

The weighting of the factors is based on the horsepower of pumps associated with maximum day facilities, maximum day and fire facilities, and maximum hour facilities, as follows:

	Horsepower of Pumps	Weight
Associated with Maximum Day	1,415	1.0000
Associated with Maximum Day and Fire	0	0.0000
Associated with Maximum Hour	0	0.0000
Total	1,415	1.0000

Schedule C-MEX

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 7. ALLOCATION OF COSTS ASSOCIATED WITH TRANSMISSION AND DISTRIBUTION MAINS.

Factors are based on the weighting of the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 5, for each customer classification, as follows:

	Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.0424	(4)	(5)=(4)X 0.9576	(6)=(3)+(5)
Residential	0.3730	0.0158	0.2810	0.2690	0.2848
Commercial	0.1421	0.0060	0.1022	0.0979	0.1039
Industrial	0.1789	0.0076	0.1096	0.1050	0.1126
Other Public Authority	0.0907	0.0038	0.0650	0.0622	0.0660
Sales for Resale	0.1536	0.0065	0.1013	0.0970	0.1035
Private Fire Protection	0.0156	0.0007	0.0859	0.0823	0.0830
Public Fire Protection	0.0461	0.0020	0.2550	0.2442	0.2462
Total	1.0000	0.0424	1.0000	0.9576	1.0000

The weighting of the factors is based on the total footage of mains, designated as either transmission mains or distribution mains, as follows:

	Total Footage of Mains	Weight
Transmission Mains	19,696	0.0424
Distribution Mains	444,684	0.9576
Total	464,380	1.0000

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 8. ALLOCATION OF COSTS ASSOCIATED WITH FIRE HYDRANTS.

Costs are assigned directly to Public Fire Protection.

Customer Classification	Allocation Factor
(1)	(3)
Public Fire Protection	1.0000
Total	1.0000

FACTOR 9. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

Factors are based on the relative cost of meters by size and customer classification, as developed on the following page and summarized below.

Customer Classification	5/8" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	4,306	0.7386
Commercial	727	0.1247
Industrial	409	0.0702
Other Public Authority	304	0.0521
Sales for Resale	84	0.0144
Private Fire	0	0.0000
Total	5,830	1.0000

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT

BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS

Meter Size	5/8" Dollar Equivalent	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Total	
		Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)
5/8	1.0	4,268	4,268	309	309	1	1	34	34	0	0	4,612	4,612
3/4	1.3	2	3	5	7	0	0	2	3	0	0	9	13
1	1.7	15	26	77	131	5	9	19	32	0	0	116	198
1-1/2	3.5	0	0	0	0	0	0	1	4	0	0	1	4
2	4.3	2	9	45	194	5	22	36	155	4	17	92	397
3	19.0	0	0	2	38	5	95	4	76	1	19	12	228
4	29.3	0	0	0	0	3	88	0	0	0	0	3	88
6	48.4	0	0	1	48	4	194	0	0	1	48	6	290
8	112.9	0	0	0	0	0	0	0	0	0	0	0	0
Total		4,287	4,306	439	727	23	409	96	304	6	84	4,851	5,830

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 10. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

Factors are based on the relative cost of services by size and customer classification, as developed on the following page and summarized below.

Customer Classification	3/4" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	56,422	0.8758
Commercial	5,843	0.0907
Industrial	337	0.0052
Other Public Authority	1,311	0.0204
Sales for Resale	88	0.0014
Private Fire Protection	420	0.0065
Total	64,421	1.0000

MISSOURI-AMERICAN WATER COMPANY
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BASIS FOR ALLOCATING SERVICE COSTS TO CUSTOMER CLASSIFICATIONS

Service Size	3/4" Dollar Equivalent	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Private Fire Protection		Total	
		Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)=(2)X(11)	(15)	(16)
3/4	1.00	4,270	4,270	314	314	1	1	36	36	0	0	0	0	4,621	4,621
1	1.17	15	18	77	90	5	6	19	22	0	0	0	0	116	136
1-1/2	1.58	0	0	0	0	0	0	1	2	0	0	0	0	1	2
2	2.04	2	4	45	92	5	10	36	73	4	8	3	6	95	193
3	2.73	0	0	2	5	5	14	4	11	1	3	1	3	13	36
4	2.88	0	0	0	0	3	9	0	0	0	0	12	35	15	44
6	4.24	0	0	1	4	4	17	0	0	1	4	24	102	30	127
8	6.98	0	0	0	0	0	0	0	0	0	0	16	112	16	112
10	9.50	0	0	0	0	0	0	0	0	0	0	17	162	17	162
12	12.16	4,287	52,130	439	5,338	23	280	96	1,167	6	73	0	0	4,851	58,988
Total		8,574	56,422	878	5,843	46	337	192	1,311	12	88	73	420	9,775	64,421

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 11. ALLOCATION OF TRANSMISSION AND DISTRIBUTION OPERATION SUPERVISION AND ENGINEERING AND MISCELLANEOUS EXPENSES.

Factors are based on transmission and distribution operation expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Operating Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$ 21,273	0.2871
Commercial	7,706	0.1040
Industrial	8,328	0.1124
Other Public Authority	4,886	0.0660
Sales for Resale	7,655	0.1033
Private Fire Protection	6,113	0.0825
Public Fire Protection	18,127	0.2447
Total	74,087	1.0000

FACTOR 12. ALLOCATION OF TRANSMISSION AND DISTRIBUTION MAINTENANCE SUPERVISION AND ENGINEERING, STRUCTURES AND IMPROVEMENTS, AND OTHER EXPENSES.

Factors are based on transmission and distribution maintenance expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$ 5,474	0.6367
Commercial	748	0.0870
Industrial	301	0.0351
Other Public Authority	271	0.0316
Sales for Resale	255	0.0297
Private Fire Protection	233	0.0271
Public Fire Protection	1,313	0.1528
Total	$8,595	1.0000

Schedule C-MEX

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 13. ALLOCATION OF BILLING AND COLLECTING COSTS.

Factors are based on the total number of customers.

Customer Classification	Total Customers	Allocation Factor
(1)	(2)	(3)
Residential	4,287	0.8692
Commercial	439	0.0890
Industrial	23	0.0047
Other Public Authority	96	0.0195
Sales for Resale	6	0.0012
Private Fire Protection	81	0.0164
Public Fire Protection	0	0.0000
Total	4,932	1.0000

FACTOR 14. ALLOCATION OF METER READING COSTS.

Factors are based on the number of metered customers.

Customer Classification	Total Metered Customers	Allocation Factor
(1)	(2)	(3)
Residential	4,287	0.8838
Commercial	439	0.0905
Industrial	23	0.0047
Other Public Authority	96	0.0198
Sales for Resale	6	0.0012
Total	4,851	1.0000

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 15. ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES AND CASH WORKING CAPITAL.

Factors are based on the allocation of all other operation and maintenance expenses excluding purchased water, power, chemicals and waste disposal.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$252,797	0.5533
Commercial	54,224	0.1187
Industrial	50,030	0.1095
Other Public Authority	28,105	0.0615
Sales for Resale	42,181	0.0923
Private Fire Protection	6,114	0.0134
Public Fire Protection	23,460	0.0513
Total	$456,912	1.0000

Schedule C-MEX

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 16. ALLOCATION OF LABOR RELATED TAXES AND BENEFITS.

Factors are based on the allocation of direct labor expense.

Customer Classification	Direct Labor Expense	Allocation Factor
(1)	(2)	(3)
Residential	$141,149	0.5090
Commercial	31,822	0.1147
Industrial	29,121	0.1050
Other Public Authority	16,953	0.0611
Sales for Resale	25,221	0.0909
Private Fire Protection	7,733	0.0279
Public Fire Protection	25,353	0.0914
Total	$277,353	1.0000

FACTOR 17. ALLOCATION OF ORGANIZATION, FRANCHISES AND CONSENTS, MISCELLANEOUS INTANGIBLE PLANT AND OTHER RATE BASE ELEMENTS.

Factors are based on the allocation of the original cost less depreciation other than those items being allocated, as follows:

Customer Classification	Original Cost Less Depreciation	Allocation Factor
(1)	(2)	(3)
Residential	$7,109,945	0.4485
Commercial	2,082,230	0.1314
Industrial	2,273,947	0.1434
Other Public Authority	1,229,817	0.0776
Sales for Resale	1,911,033	0.1206
Private Fire Protection	260,266	0.0164
Public Fire Protection	985,028	0.0621
Total	$15,852,267	1.0000

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 18. ALLOCATION OF INCOME TAXES AND INCOME AVAILABLE FOR RETURN.

Factors are based on the allocation of the original cost measure of value rate base as shown on the following pages and summarized below.

Customer Classification	Original Cost Measure of Value	Allocation Factor
(1)	(2)	(3)
Residential	$6,604,155	0.4484
Commercial	1,936,244	0.1314
Industrial	2,116,055	0.1436
Other Public Authority	1,144,020	0.0777
Sales for Resale	1,778,001	0.1207
Private Fire Protection	240,703	0.0163
Public Fire Protection	912,335	0.0619
Total	$14,731,514	1.0000

FACTOR 19. ALLOCATION OF REGULATORY COMMISSION EXPENSES, ASSESSMENTS AND OTHER WATER REVENUES.

The factors are based on the allocation of the total cost of service, excluding those items being allocated.

Customer Classification	Total Cost of Service	Allocation Factor
(1)	(2)	(3)
Residential	$1,826,007	0.4782
Commercial	487,074	0.1276
Industrial	513,512	0.1345
Other Public Authority	278,207	0.0729
Sales for Resale	431,845	0.1131
Private Fire Protection	59,152	0.0155
Public Fire Protection	222,247	0.0582
Total	$3,818,044	1.0000

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection Private	Fire Protection Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
RATE BASE									
Organization	17	$ 1,935	$ 868	$ 254	$ 277	$ 150	$ 233	$ 32	$ 120
Franchises	17	0	0	0	0	0	0	0	0
Land & Ld Rights SS	2	25,516	10,102	3,845	4,843	2,455	4,159	31	82
Land & Ld Rights P	6	58,808	23,282	8,862	11,162	5,657	9,586	71	188
Land & Ld Rights WT	2	13,920	5,511	2,098	2,642	1,339	2,269	17	45
Land & Ld Rights TD	7	13,336	3,798	1,386	1,502	880	1,380	1,107	3,283
Land & Land Rights AG	15	2,057	1,138	244	225	127	190	28	106
Struct & Imp SS	2	40,480	16,026	6,100	7,683	3,894	6,598	49	130
Struct & Imp P	6	48,545	19,219	7,316	9,214	4,670	7,913	58	155
Struct & Imp Pumps (STL)	6	0	0	0	0	0	0	0	0
Struct & Imp Pump Boosters	6	0	0	0	0	0	0	0	0
Struct & Imp WT	2	4,625,223	1,831,126	697,021	877,867	444,946	753,911	5,550	14,801
Struct & Imp WT Nth Plt (ST	2	0	0	0	0	0	0	0	0
Struct & Imp WT Ctrl Plt 1	2	0	0	0	0	0	0	0	0
Struct & Imp WT Ctrl Plt 3	2	0	0	0	0	0	0	0	0
Struct & Imp WT Sth Plt (ST	2	0	0	0	0	0	0	0	0
Struct & Imp WT Meramec (ST	2	0	0	0	0	0	0	0	0
Struct & Imp TD	7	60,590	17,256	6,295	6,822	3,999	6,271	5,029	14,917
Struct & Imp TD Spec Cross	7	0	0	0	0	0	0	0	0
Struct & Imp Offices	15	94,868	52,490	11,261	10,388	5,834	8,756	1,271	4,867
Struct & Imp Leasehold	15	0	0	0	0	0	0	0	0
Struct & Imp Leasehold	15	0	0	0	0	0	0	0	0
Struct & Imp Store,Shop,Gar	15	21,918	12,127	2,602	2,400	1,348	2,023	294	1,124
Struct & Imp Misc	15	0	0	0	0	0	0	0	0
Collect & Impounding	1	42	15	6	9	4	7	0	0
Lake, River & Other Intakes	2	0	0	0	0	0	0	0	0
Wells & Springs	2	639,344	253,116	96,349	121,347	61,505	104,213	767	2,046
Supply Mains	2	698,681	276,608	105,291	132,610	67,213	113,885	838	2,236
Supply Mains Nth Plt (STL)	2	0	0	0	0	0	0	0	0
Supply Mains Ctrl Plt (STL)	2	0	0	0	0	0	0	0	0
Supply Mains Sth Plt (STL)	2	0	0	0	0	0	0	0	0
Supply Mains Meramec Plt (S	2	0	0	0	0	0	0	0	0
Power Generation Equip Othe	6	5,188	2,054	782	985	499	846	6	17
Boiler Plant Equipment P	6	0	0	0	0	0	0	0	0
Pump Equip Steam	6	0	0	0	0	0	0	0	0
Pump Equip Electric	6	839,198	332,238	126,467	159,280	80,731	136,789	1,007	2,685
Pump Equip Elec Pre46 (STL)	6	0	0	0	0	0	0	0	0
Pump Equip Elec Post46 (STL	6	0	0	0	0	0	0	0	0
Pump Equip Elec Boosters Po	6	0	0	0	0	0	0	0	0
Pump Equip Diesel	6	0	0	0	0	0	0	0	0
Pump Equip Diesel Stratman\	6	0	0	0	0	0	0	0	0
Pump Equip Diesel Ctrl Plt	6	0	0	0	0	0	0	0	0
Pump Equip Hydraulic	6	0	0	0	0	0	0	0	0
Pump Equip Other	6	30,431	12,048	4,586	5,776	2,927	4,960	37	97
WT Equip Non-Media	2	2,095,398	829,568	315,776	397,707	201,577	341,550	2,514	6,705

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
WT Equip Non-Med North (STL	2	0	0	0	0	0	0	0	0
WT Equip Non Media Ctrl 1 &	2	0	0	0	0	0	0	0	0
WT Equip Non Media Ctrl 3 (	2	0	0	0	0	0	0	0	0
WT Equip Non Media Sth (STL	2	0	0	0	0	0	0	0	0
WT Equip Non Media Mer (STL	2	0	0	0	0	0	0	0	0
WT Equip Filter Media	2	101,662	40,248	15,320	19,295	9,780	16,571	122	325
Dist Reservoirs & Standpipe	5	193,898	67,573	24,586	26,370	15,628	24,392	8,919	26,428
Elevated Tanks & Standpipes	5	36,411	12,689	4,617	4,952	2,935	4,580	1,675	4,963
Ground Level Facilities	5	18,686	6,512	2,369	2,541	1,506	2,351	860	2,547
TD Mains Not Classified by	7	1,783,599	507,969	185,316	200,833	117,718	184,602	148,039	439,122
TD Mains 4 & Less "	4	127,194	35,742	12,999	13,940	8,268	12,885	10,926	32,434
TD Mains 6 to 8" "	4	607,414	170,683	62,078	66,573	39,482	61,531	52,177	154,891
TD Mains 10 to 16" "	3	382,215	142,566	54,313	68,378	34,667	58,708	5,963	17,620
TD Mains 18 & Grtr "	3	0	0	0	0	0	0	0	0
TD Mains AC 4 (STL) "	4	0	0	0	0	0	0	0	0
TD Mains CI <10 1900-28 (S"	4	0	0	0	0	0	0	0	0
TD Mains CI <10 1929-56 (S"	4	0	0	0	0	0	0	0	0
TD Mains CI <10 1957-93 (S"	4	0	0	0	0	0	0	0	0
TD Mains CI 12 (STL) "	3	0	0	0	0	0	0	0	0
TD Mains CI 16 (STL) "	3	0	0	0	0	0	0	0	0
TD Mains DI 6-8 (STL) "	4	0	0	0	0	0	0	0	0
TD Mains DI 12 (STL) "	3	0	0	0	0	0	0	0	0
TD Mains DI 16 & >(STL)	3	0	0	0	0	0	0	0	0
TD Mains Galve 1 (STL) "	4	0	0	0	0	0	0	0	0
TD Mains LJ 20 (STL) "	3	0	0	0	0	0	0	0	0
Fire Mains	8	22,833	0	0	0	0	0	0	22,833
Services	10	1,625,772	1,423,851	147,458	8,454	33,166	2,276	10,568	0
Meters Bronze Case	9	530,393	391,748	66,140	37,234	27,633	7,638	0	0
Meters Plastic Case	9	0	0	0	0	0	0	0	0
Meters Other	9	2,484	1,835	310	174	129	36	0	0
Meters Other-Rem Rdr Unts	9	0	0	0	0	0	0	0	0
Meter Installations	9	699,846	516,906	87,271	49,129	36,462	10,078	0	0
Meter Installation Other	9	0	0	0	0	0	0	0	0
Hydrants	8	221,860	0	0	0	0	0	0	221,860
Other P/E Intangible	15	1,730	957	205	189	106	160	23	89
Other P/E WT Res Hand Equip	2	23,163	9,170	3,491	4,396	2,228	3,776	28	74
Other P/E TD	7	5,604	1,596	582	631	370	580	465	1,380
Other P/E CPS	15	14,771	8,173	1,753	1,617	908	1,363	198	758
Office Furniture & Equip	15	32,756	18,124	3,888	3,587	2,014	3,023	439	1,680
Comp & Periph Equip	15	34,658	19,176	4,114	3,795	2,131	3,199	464	1,778
Computer Software	15	(52,262)	(28,917)	(6,203)	(5,723)	(3,214)	(4,824)	(700)	(2,681)
Comp Software Personal	15	60	33	7	7	4	6	1	3
Data Handling Equipment	15	12,505	6,919	1,484	1,369	769	1,154	168	642
Other Office Equipment	15	(286)	(158)	(34)	(31)	(18)	(26)	(4)	(15)
Trans Equip Lt Duty Trks	15	(841)	(465)	(100)	(92)	(52)	(78)	(11)	(43)
Trans Equip Hvy Duty Trks	15	0	0	0	0	0	0	0	0

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Trans Equip Autos	15	(4,493)	(2,486)	(533)	(492)	(276)	(415)	(60)	(230)
Trans Equip Other	15	0	0	0	0	0	0	0	0
Stores Equipment	15	8,567	4,740	1,017	938	527	791	115	439
Tools,Shop,Garage Equip	15	72,611	40,176	8,619	7,951	4,466	6,702	973	3,725
Tools,Shop,Garage Equip Oth	15	0	0	0	0	0	0	0	0
Laboratory Equipment	2	19,127	7,572	2,882	3,630	1,840	3,118	23	61
Laboratory Equip Other	2	0	0	0	0	0	0	0	0
Power Operated Equipment	15	(2,935)	(1,624)	(348)	(321)	(181)	(271)	(39)	(151)
Comm Equip Non-Telephone	15	28,590	15,819	3,394	3,131	1,758	2,639	383	1,467
Comm Equip Telephone	15	(14,033)	(7,764)	(1,666)	(1,537)	(863)	(1,295)	(188)	(720)
Misc Equipment	15	5,166	2,858	613	566	318	477	69	265
Other Tangible Property	17	0	0	0	0	0	0	0	0
Total Utility Plant in Service		15,854,202	7,110,813	2,082,485	2,274,224	1,229,967	1,911,267	260,298	985,148
Other Rate Base Items									
Add:									
Other Utility Plant Adjustments	17	0	0	0	0	0	0	0	0
Cash Working Capital	15	0	0	0	0	0	0	0	0
Materials and Supplies	15	18,263	10,105	2,168	2,000	1,123	1,686	245	937
Prepayments	15	7,355	4,070	873	805	452	679	99	377
OPEB's Contributed to External Fund	16	44,928	22,868	5,153	4,717	2,745	4,084	1,253	4,106
Premature Retirement	17	0	0	0	0	0	0	0	0
Regulatory Deferrals	17	49,446	22,177	6,497	7,091	3,837	5,963	811	3,071
Less:									
Accumulated Deferred ITC (3%)	17	0	0	0	0	0	0	0	0
Deferred Income Taxes	17	(1,101,597)	(494,066)	(144,750)	(157,969)	(85,484)	(132,853)	(18,066)	(68,409)
Pensions	16	(141,083)	(71,811)	(16,182)	(14,814)	(8,620)	(12,824)	(3,936)	(12,895)
Total Other Rate Base Elements		(1,122,688)	(506,658)	(146,241)	(158,170)	(85,946)	(133,265)	(19,595)	(72,813)
Total Original Cost Measure of Value		$ 14,731,514	$ 6,604,155	$ 1,936,244	$ 2,116,055	$ 1,144,020	$ 1,778,001	$ 240,703	$ 912,335

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT

SUMMARY OF AVERAGE DAILY SEND OUT AND MAXIMUM DAILY USAGE
FOR THE YEARS 1990-2005

Year	Average Daily Send out (MGD)	Maximum Daily Use		
		MGD	Ratio to Average	Highest Use Day
(1)	(2)	(3)	(4)	(5)
1990	1.859	3.044	1.64	7/15/1990
1991	2.008	2.738	1.36	3/29/1991
1992	2.044	3.182	1.56	7/2/1992
1993	1.989	2.553	1.28	8/20/1993
1994	1.964	2.525	1.29	8/22/1994
1995	2.282	2.917	1.28	8/28/1995
1996	2.186	3.047	1.39	7/18/1996
1997	2.223	2.886	1.30	7/17/1997
1998	2.240	2.868	1.28	5/19/1998
1999	2.223	3.010	1.35	7/28/1999
2000	2.199	2.770	1.26	8/17/2000
2001	2.322	2.955	1.27	8/1/2001
2002	2.245	2.953	1.32	8/5/2002
2003	2.254	2.937	1.30	8/28/2003
2004	2.116	2.745	1.30	8/18/2004
2005	2.105	2.912	1.38	11/7/2005

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT

BASIS FOR ALLOCATING DEMAND RELATED COSTS OF FIRE SERVICE TO PRIVATE AND PUBLIC FIRE PROTECTION CUSTOMER CLASSIFICATIONS

Description		Restrictive Diameters Squared	Quantity	Relative Demand*	Allocation Factor
(1)		(2)	(3)	(4)=(2)x(3)	(5)
PRIVATE FIRE PROTECTION					
Fire Lines					
2 -inch		4.00	3	12	
3 -inch		9.00	0	0	
4 -inch		16.00	12	192	
6 -inch		36.00	24	864	
8 -inch		64.00	16	1,024	
10 -inch		100.00	17	1,700	
12 -inch		144.00	2	288	
Private Hydrants		24.75	7	173	
Total Private Fire Protection			81	4,253	0.2520
PUBLIC FIRE PROTECTION					
Hydrant	Nozzle Sizes				
6" Valve	2- 2-1/2" & 1- 3.5"	24.75	510	12,623	
6" Valve	2- 2-1/2" & 1- 4"	28.50	0	0	
Total Public Fire Prorection			510	12,623	0.7480
Total Fire Protection			591	16,876	1.0000

PARKVILLE WATER DISTRICT

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES
FOR THE TEST YEAR ENDED JUNE 30, 2006

Customer Classification	Cost of Service Amount (Schedule B)	Cost of Service Percent	Revenues, Present Rates Amount	Revenues, Present Rates Percent	Revenues, Proposed Rates Amount	Revenues, Proposed Rates Percent	Proposed Increase Amount	Proposed Increase Percent Increase
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Residential	$ 3,013,232	72.8%	$ 2,313,628	70.4%	$ 2,897,735	70.4%	$ 584,107	25.2%
Commercial	755,998	18.2%	654,724	19.9%	820,046	19.9%	165,322	25.3%
Industrial	27,618	0.7%	29,634	0.9%	37,112	0.9%	7,478	25.2%
Public Authority	57,634	1.4%	47,145	1.4%	59,045	1.4%	11,900	25.2%
Sales for Resale	208,382	5.0%	159,292	4.8%	199,494	4.8%	40,202	25.2%
Private Fire Service	80,528	1.9%	85,380	2.6%	106,936	2.6%	21,556	25.2%
Public Fire Service	-	0.0%	$0	0.0%	$0	0.0%	-	0.0%
Total Sales	4,143,392	100.0%	3,289,803	100.0%	4,120,368	100.0%	830,565	25.2%
Other Revenues	35,193		35,193		35,193		-	0.0%
Total	$ 4,178,585		$ 3,324,996		$ 4,155,561		$ 830,565	25.0%

PKW-1

TN-CMA-01-Q29-SUPPLEMENTAL ATTACHMENT
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Schedule A-PKW

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection Private	Fire Protection Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
OPERATION AND MAINTENANCE EXPENSES									
SOURCE OF SUPPLY EXPENSES									
Super & Eng Oper SS	2	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Labor & Exp Oper SS	2	0	0	0	0	0	0	0	0
Labor & Exp Oper SS	2	743	541	138	6	9	48	0	1
Purchased Water	1	58,184	37,261	13,615	692	902	5,429	52	233
TOTAL SS EXPENSE - OPERATION		58,927	37,802	13,753	698	911	5,477	53	234
Misc Exp Oper SS	2	0	0	0	0	0	0	0	0
Misc Exp Oper SS	2	1,225	891	227	10	15	79	0	2
Rents Oper SS	2	360	262	67	3	4	23	0	1
Super & Eng Maint SS	2	0	0	0	0	0	0	0	0
Struct & Improve Maint SS	2	0	0	0	0	0	0	0	0
Struct & Improve Maint SS	2	0	0	0	0	0	0	0	0
Collect & Impound Maint SS	2	0	0	0	0	0	0	0	0
Collect & Impound Maint SS	2	0	0	0	0	0	0	0	0
Lake, River & Oth Maint SS	2	0	0	0	0	0	0	0	0
Lake, River & Oth Maint SS	2	0	0	0	0	0	0	0	0
Wells & Springs Maint SS	2	144	105	27	1	2	9	0	0
Wells & Springs Maint SS	2	0	0	0	0	0	0	0	0
Infilt Gall & Tunnels Maint SS	2	0	0	0	0	0	0	0	0
Infilt Gall & Tunnels Maint SS	2	0	0	0	0	0	0	0	0
Supply Mains Maint SS	2	0	0	0	0	0	0	0	0
Supply Mains Maint SS	2	0	0	0	0	0	0	0	0
Misc Plant Maint SS	2	229	166	42	2	3	15	0	0
Misc Plant Maint SS	2	(587)	(427)	(109)	(5)	(7)	(38)	(0)	(1)
TOTAL SS EXPENSE - MAINTENANCE		1,370	997	254	11	17	89	1	2
TOTAL SS EXPENSE		60,297	38,799	14,007	709	928	5,566	53	236
POWER AND PUMPING EXPENSES									
Super & Eng Oper P	6	0	0	0	0	0	0	0	0
Fuel for Power Prod	1	0	0	0	0	0	0	0	0
Labor & Exp Oper Pwr Prod	6	(6)	(5)	(1)	(0)	(0)	(0)	(0)	(0)
Labor & Exp Oper Pwr Prod	6	0	0	0	0	0	0	0	0
Purch Fuel/Power for Pump	1	118,011	75,574	27,614	1,404	1,829	11,010	106	472
Labor & Exp Oper Pump	6	3,600	2,527	644	27	42	225	22	112
Labor & Exp Oper Pump	6	0	0	0	0	0	0	0	0
Expenses Transferred	6	0	0	0	0	0	0	0	0
Misc Exp Oper P	6	684	480	122	5	8	43	4	21
Rents Oper P	6	0	0	0	0	0	0	0	0
TOTAL PUMPING EXPENSE - OPERATION		122,288	78,576	28,380	1,437	1,880	11,278	132	606

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection Private	Fire Protection Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Super & Eng Maint P	6	0	0	0	0	0	0	0	0
Struct & Improve Maint P	6	0	0	0	0	0	0	0	0
Struct & Improve Maint P	6	0	0	0	0	0	0	0	0
Power Prod Equip Maint P	6	0	0	0	0	0	0	0	0
Power Prod Equip Maint P	6	0	0	0	0	0	0	0	0
Pump Equip Maint P	6	1,489	1,045	266	11	18	93	9	46
Pump Equip Maint P	6	9	6	2	0	0	1	0	0
TOTAL PUMPING EXPENSES - MAINTENANCE		1,498	1,052	268	11	18	94	9	47
TOTAL PUMPING EXPENSES		123,787	79,628	28,648	1,448	1,897	11,372	141	652
WATER TREATMENT									
Super & Eng Oper WT	2	0	0	0	0	0	0	0	0
Chemicals	1	99,952	64,009	23,389	1,189	1,549	9,326	90	400
Labor & Exp Oper WT	2	43,498	31,649	8,065	344	535	2,819	17	70
Labor & Exp Oper WT	2	6,151	4,476	1,140	49	76	399	2	10
Misc Exp Oper WT	2	7,505	5,461	1,391	59	92	486	3	12
Misc Exp Oper WT	1	23	15	5	0	0	2	0	0
Misc Exp Oper WT	2	6,815	4,958	1,263	54	84	442	3	11
Rents Oper WT	2	0	0	0	0	0	0	0	0
TOTAL WT EXPENSE - OPERATION		163,944	110,568	35,254	1,695	2,336	13,473	116	502
Super & Eng Maint WT	2	6,048	4,401	1,121	48	74	392	2	10
Struct & Improve Maint WT	2	0	0	0	0	0	0	0	0
Struct & Improve Maint WT	2	0	0	0	0	0	0	0	0
WT Equip Maint WT	2	8,643	6,289	1,602	68	106	560	3	14
WT Equip Maint WT	2	9,850	7,167	1,826	78	121	638	4	16
TOTAL WT EXPENSE - MAINTENANCE		24,541	17,856	4,550	194	302	1,590	10	39
TOTAL WT EXPENSE		188,486	128,424	39,804	1,889	2,638	15,063	125	542
TRANSMISSION AND DISTRIBUTION EXPENSES									
Super & Eng Oper TD	11	0	0	0	0	0	0	0	0
Storage Facilty Exp	5	0	0	0	0	0	0	0	0
Storage Facilty Exp	5	(17)	(10)	(3)	(0)	(0)	(1)	(0)	(1)
TD Lines Exp	7	5,243	2,823	831	31	56	277	200	1,024
TD Lines Exp	7	2,158	1,162	342	13	23	114	82	421
Meter Expense	9	40	31	7	0	1	0	0	0
Meter Expense	9	313	242	59	1	7	4	0	0
Customer Install Exp	10	0	0	0	0	0	0	0	0
Customer Install Exp	10	0	0	0	0	0	0	0	0

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection Private	Fire Protection Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Misc Exp Oper TD	11	30,354	16,670	4,848	179	340	1,545	1,108	5,664
Misc Exp Oper TD	11	60,086	32,999	9,596	355	673	3,058	2,193	11,212
Misc Exp Oper TD	11	12,060	6,623	1,926	71	135	614	440	2,250
Rents Oper TD	11	0	0	0	0	0	0	0	0
TOTAL T & D EXPENSE OPERATION		110,237	60,541	17,605	650	1,235	5,611	4,024	20,570
Super & Eng Maint TD	12	0	0	0	0	0	0	0	0
Struct & Improve Maint TD	12	0	0	0	0	0	0	0	0
Struct & Improve Maint TD	12	0	0	0	0	0	0	0	0
Dist Res Stand Maint TD	5	0	0	0	0	0	0	0	0
TD Main Maint TD	7	3,000	1,616	476	18	32	158	115	586
TD Main Maint TD	7	0	0	0	0	0	0	0	0
Fire Main Maint TD	8	0	0	0	0	0	0	0	0
Fire Main Maint TD	8	0	0	0	0	0	0	0	0
Services Maint TD	10	0	0	0	0	0	0	0	0
Services Maint TD	10	0	0	0	0	0	0	0	0
Meters Maint TD	9	0	0	0	0	0	0	0	0
Meters Maint TD	9	0	0	0	0	0	0	0	0
Hydrants Maint TD	8	0	0	0	0	0	0	0	0
Hydrants Maint TD	8	0	0	0	0	0	0	0	0
Misc Plant Maint TD	12	4,573	2,463	725	27	49	241	175	893
Mat and Sup Maint TD	12	44,279	23,844	7,018	266	474	2,338	1,691	8,648
Misc Maint TD	12	244	131	39	1	3	13	9	48
Amort Def Maint TD	5	24,143	14,896	4,684	167	319	1,531	418	2,129
TOTAL T & D EXPENSE - MAINTENANCE		76,240	42,951	12,941	479	876	4,281	2,408	12,304
TOTAL T & D EXPENSE		186,477	103,492	30,546	1,130	2,111	9,893	6,431	32,874
CUSTOMER ACCOUNTS									
Supervision CA	13	0	0	0	0	0	0	0	0
Meter Reading Exp CA	14	24,749	22,534	1,977	49	171	17	0	0
Meter Reading Exp CA	14	(23)	(21)	(2)	(0)	(0)	(0)	0	0
Meter Reading Exp CA	14	(50)	(46)	(4)	(0)	(0)	(0)	0	0
Cust Rec & Collection CA	13	27,995	25,039	2,198	56	190	20	493	0
Cust Rec & Collection CA	13	22,850	20,437	1,794	46	155	16	402	0
Uncollectible Accts	13	28,517	25,506	2,239	57	194	20	502	0
Misc Cust Accts Exp CA	13	0	0	0	0	0	0	0	0
Misc Cust Accts Exp CA	13	0	0	0	0	0	0	0	0
Misc Cust Accts Exp CA	13	5,509	4,927	432	11	37	4	97	0
Cust Serv & Info Exp CA	13	(20)	(18)	(2)	(0)	(0)	(0)	(0)	0
TOTAL CUSTOMER ACCOUNTING EXPENSE		109,527	98,359	8,632	219	747	77	1,493	0

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection Private	Fire Protection Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
ADMINISTRATIVE AND GENERAL EXPENSES									
Salaries AG	15	76,612	53,077	11,124	414	789	3,164	1,563	6,481
Other Supplies & Exp AG	15	2,523	1,748	366	14	26	104	51	213
Other Supplies & Exp AG	15	21,088	14,609	3,062	114	217	871	430	1,784
Other Supplies & Exp AG	15	25,107	17,394	3,645	136	259	1,037	512	2,124
Mgmt Fees-Coporate/Shared Service Center	15	214,465	148,581	31,140	1,158	2,209	8,857	4,375	18,144
Mgmt Fees-Call Center	13	7,859	7,029	617	16	53	6	138	0
Mgmt Fees-Belleville Lab	2	9,892	7,197	1,834	78	122	641	4	16
Mgmt Fees- Financial ITS	15	74,742	51,781	10,853	404	770	3,087	1,525	6,323
Mgmt Fees- Customer Billings ITS	13	(3)	(2)	(0)	(0)	(0)	(0)	(0)	0
Mgmt Fees-Other ITS	15	970	672	141	5	10	40	20	82
Outside Services AG	15	10,144	7,028	1,473	55	104	419	207	858
Outside Services AG	15	58,615	40,608	8,511	317	604	2,421	1,196	4,959
Property Insurance	15	0	0	0	0	0	0	0	0
Ins Gen Liab Oper AG	15	34,430	23,853	4,999	186	355	1,422	702	2,913
Ins Work Comp AG	16	9,312	6,719	1,338	50	95	376	146	588
Ins Other Oper AG	15	13,136	9,101	1,907	71	135	543	268	1,111
Property Insurance	15	917	636	133	5	9	38	19	78
Injuries & Damages	16	59	42	8	0	1	2	1	4
Employee Pension & Benefits	16	54,571	39,373	7,842	295	557	2,205	857	3,443
Employee Pension & Benefits	16	25,430	18,348	3,654	137	259	1,027	399	1,605
Employee Pension & Benefits	16	2,016	1,455	290	11	21	81	32	127
Reg Commision Exp	15	3,386	2,346	492	18	35	140	69	286
Rents AG	15	2,606	1,806	378	14	27	108	53	220
Goodwill Advertising Exp	15	146	101	21	1	1	6	3	12
Misc Exp AG	15	19,010	13,170	2,760	103	196	785	388	1,608
Research & Development	15	0	0	0	0	0	0	0	0
TOTAL A & G OPERATIONS		667,031	466,670	96,589	3,600	6,854	27,380	12,958	52,980
General Plant Maint AG	15	0	0	0	0	0	0	0	0
General Plant Maint AG	15	4,134	2,864	600	22	43	171	84	350
TOTAL A & G EXPENSE - MAINTENANCE		4,134	2,864	600	22	43	171	84	350
TOTAL A & G EXPENSE		671,165	469,534	97,190	3,622	6,896	27,550	13,042	53,330
Total Operation & Maintenance Expenses		1,339,739	918,235	218,827	9,017	15,218	69,520	21,287	87,634

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection Private	Fire Protection Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
DEPRECIATION EXPENSE									
Struct & Imp SS	2	437	318	81	3	5	28	0	1
Struct & Imp P	6	475	333	85	4	6	30	3	15
Struct & Imp WT	2	9,725	7,076	1,803	77	120	630	4	16
Struct & Imp TD	7	3,150	1,696	499	19	34	166	120	615
Struct & Imp Offices	15	1,752	1,214	254	9	18	72	36	148
Struct & Imp Store,Shop,Gar	15	1,191	825	173	6	12	49	24	101
Struct & Imp Misc	15	5,640	3,907	819	30	58	233	115	477
Collect & Impounding	1	0	0	0	0	0	0	0	0
Lake, River & Other Intakes	2	0	0	0	0	0	0	0	0
Wells & Springs	2	4,126	3,002	765	33	51	267	2	7
Supply Mains	2	2,686	1,954	498	21	33	174	1	4
Power Generation Equip Othe	6	0	0	0	0	0	0	0	0
Pump Equip Electric	6	15,569	10,926	2,785	118	184	975	95	486
Pump Equip Diesel	6	150	105	27	1	2	9	1	5
Pump Equip Hydraulic	6	954	670	171	7	11	60	6	30
Pump Equip Other	6	683	479	122	5	8	43	4	21
WT Equip Non-Media	2	50,817	36,974	9,421	401	625	3,293	20	81
WT Equip Filter Media	2	1,482	1,078	275	12	18	96	1	2
Dist Reservoirs & Standpipe	5	23,216	14,324	4,504	160	306	1,472	402	2,048
Elevated Tanks & Standpipes	5	1,923	1,186	373	13	25	122	33	170
Ground Level Facilities	5	1,179	727	229	8	16	75	20	104
TD Mains Not Classified by	7	111,780	60,194	17,717	671	1,196	5,902	4,270	21,831
TD Mains 4 & Less "	4	3,972	1,913	602	21	41	197	196	1,001
TD Mains 6 to 8" "	4	35,542	17,121	5,388	192	366	1,759	1,756	8,960
TD Mains 10 to 16" "	3	67,764	47,292	12,048	508	793	4,215	474	2,433
TD Mains 18 & Grtr "	3	0	0	0	0	0	0	0	0
Fire Mains	8	1,224	0	0	0	0	0	0	1,224
Services	10	(6,289)	(5,311)	(596)	(16)	(58)	(11)	(296)	0
Meters Bronze Case	9	(3,605)	(2,793)	(676)	(14)	(78)	(45)	0	0
Meters Plastic Case	9	0	0	0	0	0	0	0	0
Meters Other	9	1,495	1,158	280	6	32	19	0	0
Meters Other-Rem Rdr Unts	9	0	0	0	0	0	0	0	0
Meter Installations	9	26,961	20,887	5,052	102	585	334	0	0
Meter Installation Other	9	0	0	0	0	0	0	0	0
Hydrants	8	8,410	0	0	0	0	0	0	8,410
Utility Plant Acquisition Adjustment	17	0	0	0	0	0	0	0	0
Other P/E WT Res Hand Equip	2	0	0	0	0	0	0	0	0
Other P/E TD	11	401	220	64	2	4	20	15	75
Other P/E CPS	15	0	0	0	0	0	0	0	0
Office Furniture & Equip	15	3,561	2,467	517	19	37	147	73	301
Comp & Periph Equip	15	16,702	11,571	2,425	90	172	690	341	1,413
Computer Software	15	24,476	16,957	3,554	132	252	1,011	499	2,071
Comp Software Personal	15	229	159	33	1	2	9	5	19
Data Handling Equipment	15	10,432	7,227	1,515	56	107	431	213	883

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS

FACTOR 1. ALLOCATION OF COSTS WHICH VARY WITH THE AMOUNT OF WATER CONSUMED.

Factors are based on the pro forma test year average daily consumption for each customer classification.

Customer Classification	Average Daily Consumption, Thousand Gallons	Allocation Factor
(1)	(2)	(3)
Residential	1,448	0.6404
Commercial	529	0.2340
Industrial	27	0.0119
Other Public Authority	35	0.0155
Sales for Resale	211	0.0933
Private Fire Protection	2	0.0009
Public Fire Protection	9	0.0040
Total	2,261	1.0000

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the factors for average daily consumption (Factor 1) and the factors derived from maximum day extra capacity demand for each customer classification, as follows:

	Average Daily Consumption		Maximum Day Extra Capacity		
Customer Classification	Allocation Factor 1	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)x 0.4000	(4)	(5)=(4)x 0.6000	(6)=(3)+(5)
Residential	0.6404	0.2561	0.7859	0.4715	0.7276
Commercial	0.2340	0.0936	0.1530	0.0918	0.1854
Industrial	0.0119	0.0048	0.0051	0.0031	0.0079
Other Public Authority	0.0155	0.0062	0.0101	0.0061	0.0123
Sales for Resale	0.0933	0.0373	0.0459	0.0275	0.0648
Private Fire Protection	0.0009	0.0004			0.0004
Public Fire Protection	0.0040	0.0016			0.0016
Total	1.0000	0.4000	1.0000	0.6000	1.0000

The derivation of the maximum day extra capacity factors in column 4 and the basis for the column 3 and 5 weightings are presented on the following page.

Schedule C-PKW

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS, cont.

		Maximum Day Extra Capacity		
Customer Classification	Average Daily Consumption, Thousand Gal.	Factor*	Rate of Flow, Thousand Gal. Per Day	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	1,448	1.5	2,172	0.7859
Commercial	529	0.8	423	0.1530
Industrial	27	0.5	14	0.0051
Other Public Authority	35	0.8	28	0.0101
Sales for Resale	211	0.6	127	0.0459
Total	2,250		2,764	1.0000

The weighting of the factors is based on the maximum day ratio of 2.20, based on a review of maximum day ratios experienced during the period 1990 through 2005 (see Schedule D).

	Maximum Day Ratio	Weight
Average Day	1.00	0.4000
Maximum Day Extra Capacity	1.50	0.6000
Total	2.50	1.0000

* Ratio of maximum day to average day minus 1.0.

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

	Average Daily Consumption		Maximum Day Extra Capacity		Fire Protection		
Customer Classification	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2) X 0.3836	(4)	(5)=(4) X 0.5753	(6)	(7)=(6) X 0.0411	(8)=(3)+(5)+(7)
Residential	0.6404	0.2457	0.7859	0.4522			0.6979
Commercial	0.2340	0.0898	0.1530	0.0880			0.1778
Industrial	0.0119	0.0046	0.0051	0.0029			0.0075
Other Public Authority	0.0155	0.0059	0.0101	0.0058			0.0117
Sales for Resale	0.0933	0.0358	0.0459	0.0264			0.0622
Private Fire Protection	0.0009	0.0003			0.1636	0.0067	0.0070
Public Fire Protection	0.0040	0.0015			0.8364	0.0344	0.0359
Total	1.0000	0.3836	1.0000	0.5753	1.0000	0.0411	1.0000

Schedule C-PKW

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum day ratio of 2.50 and the average daily system sendout for 2005 of 2.238 MGD. The system demand for fire protection is 2,000 Gallons per minute for 2 hours.

	Ratio	Rate of Flow, (GPD)	Weight
Average Day	1.00	2,238,000	0.3836
Maximum Day Extra Capacity	1.50	3,357,000	0.5753
Subtotal	2.50	5,595,000	0.9589
Fire Protection		240,000	0.0411
Total		5,835,000	1.0000

The public and private fire protection allocation factors in column 6 on the previous page are based on the relative potential demands (see Schedule E).

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		Allocation Factor
	Thousand Gallons	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	
(1)	(2)	(3)	(4)=(3) X 0.2332	(5)	(6)=(5) X 0.4666	(7)	(8)=(7) X 0.3002	(9)=(4)+(6)+(8)
Residential	60.3	0.6402	0.1492	0.7127	0.3325			0.4817
Commercial	22.0	0.2335	0.0545	0.2080	0.0971			0.1516
Industrial	1.1	0.0117	0.0027	0.0057	0.0027			0.0054
Other Public Authority	1.5	0.0159	0.0037	0.0142	0.0066			0.0103
Sales for Resale	8.8	0.0934	0.0218	0.0594	0.0277			0.0495
Private Fire Protection	0.1	0.0011	0.0003			0.1636	0.0491	0.0494
Public Fire Protection	0.4	0.0042	0.0010			0.8364	0.2511	0.2521
Total	94.2	1.0000	0.2332	1.0000	0.4666	1.0000	0.3002	1.0000

The maximum hour extra capacity factors in column 5 are determined on the following page.

Schedule C-PKW

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum hour ratio of 3.0 and the average daily system sendout for 2005 of 2.238 MGD. The system demand for fire protection is 2,000 gallons per minute.

	Ratio	Rate of Flow, (GPM)	Weight
Average Hour	1.00	1,554	0.2332
Maximum Hour Extra Capacity	2.00	3,108	0.4666
Subtotal	3.00	4,662	0.6998
Fire Protection		2,000	0.3002
Total		6,662	1.0000

The maximum hour extra capacity factors in column 5 of the previous page are determined as follows:

Customer Classification	Average Hourly Consumption Thousand Gal.	Maximum Hour Extra Capacity		
		Factor*	1,000 Gallons Per Hour	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	60.3	3.5	211.1	0.7127
Commercial	22.0	2.8	61.6	0.2080
Industrial	1.1	1.5	1.7	0.0057
Other Public Authority	1.5	2.8	4.2	0.0142
Sales for Resale	8.8	2.0	17.6	0.0594
Total	93.7		296.2	1.0000

* Ratio of Maximum Hour To Average Hour Minus 1.0.

The public and private fire protection allocation factors in column 7 on the previous page are based on the relative potential demands (see Schedule E).

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES.

Factors are based on the weighting of the average hourly consumption, the maximum hour extra capacity demand, and the fire protection demand for each customer classification.

	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		
Customer Classification	Thousand Gallons	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3) X 0.2987	(5)	(6)=(5) X 0.5974	(7)	(8)=(7) X 0.1039	(9)=(4)+(6)+(8)
Residential	60.3	0.6402	0.1913	0.7127	0.4257			0.6170
Commercial	22.0	0.2335	0.0697	0.2080	0.1243			0.1940
Industrial	1.1	0.0117	0.0035	0.0057	0.0034			0.0069
Other Public Authority	1.5	0.0159	0.0047	0.0142	0.0085			0.0132
Sales for Resale	8.8	0.0934	0.0279	0.0594	0.0355			0.0634
Private Fire Protection	0.1	0.0011	0.0003			0.1636	0.0170	0.0173
Public Fire Protection	0.4	0.0042	0.0013			0.8364	0.0869	0.0882
Total	94.2	1.0000	0.2987	1.0000	0.5974	1.0000	0.1039	1.0000

The weighting of the factors is based on the ratio of the capacity required for a 2 hour demand of fire flow, as related to total storage capacity. The calculation is shown on the following page.

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MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES, cont.

The weighting of the factors is based on the ratio of the capacity required for a 2 hour demand of fire flow, as related to total storage capacity.

Fire Protection Weight = $\frac{\text{2,000 GPM X 60 Min. X 2 Hrs.}}{\text{2,310,000 Gallons}}$ = 0.1039

General Service Weight = 1.0000 - 0.1039 = 0.8961

The weighting of the average hourly consumption and maximum hour extra demand for general service is based on the maximum hour ratio, as follows:

	Maximum Hour Ratio	Percent	Weight
Average Hour	1.00	33.33	0.2987
Extra Capacity Maximum Hour	2.00	66.67	0.5974
Total	3.00	100.00	0.8961

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH POWER AND PUMPING FACILITIES.

Factors are based on the weighting of the maximum daily consumption, Factor 2, the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

	Maximum Daily Consumption		Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 2	Weighted Factor	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.1358	(4)	(5)=(4)X 0.8642	(6)	(7)=(6)X 0.0000	(8)=(3)+ (5)+(7)
Residential	0.7276	0.0987	0.6979	0.6031	0.4817	0.0000	0.7018
Commercial	0.1854	0.0252	0.1778	0.1537	0.1516	0.0000	0.1789
Industrial	0.0079	0.0011	0.0075	0.0065	0.0054	0.0000	0.0076
Other Public Authority	0.0123	0.0017	0.0117	0.0101	0.0103	0.0000	0.0118
Sales for Resale	0.0648	0.0088	0.0622	0.0538	0.0495	0.0000	0.0626
Private Fire Protection	0.0004	0.0001	0.0070	0.0060	0.0494	0.0000	0.0061
Public Fire Protection	0.0016	0.0002	0.0359	0.0310	0.2521	0.0000	0.0312
Total	1.0000	0.1358	1.0000	0.8642	1.0000	0.0000	1.0000

The weighting of the factors is based on the horsepower of pumps associated with maximum day facilities, maximum day and fire facilities, and maximum hour facilities, as follows:

	Horsepower of Pumps	Weight
Associated with Maximum Day	165	0.1358
Associated with Maximum Day and Fire	1,050	0.8642
Associated with Maximum Hour	0	0.0000
Total	1,215	1.0000

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 7. ALLOCATION OF COSTS ASSOCIATED WITH TRANSMISSION AND DISTRIBUTION MAINS.

Factors are based on the weighting of the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

	Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.2626	(4)	(5)=(4)X 0.7374	(6)=(3)+(5)
Residential	0.6979	0.1833	0.4817	0.3552	0.5385
Commercial	0.1778	0.0467	0.1516	0.1118	0.1585
Industrial	0.0075	0.0020	0.0054	0.0040	0.0060
Other Public Authority	0.0117	0.0031	0.0103	0.0076	0.0107
Sales for Resale	0.0622	0.0163	0.0495	0.0365	0.0528
Private Fire Protection	0.0070	0.0018	0.0494	0.0364	0.0382
Public Fire Protection	0.0359	0.0094	0.2521	0.1859	0.1953
Total	1.0000	0.2626	1.0000	0.7374	1.0000

The weighting of the factors is based on the total footage of mains, designated as either transmission mains or distribution mains, as follows:

	Total Footage of Mains	Weight
Transmission Mains	114,534	0.2626
Distribution Mains	321,700	0.7374
Total	436,234	1.0000

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 8. ALLOCATION OF COSTS ASSOCIATED WITH FIRE HYDRANTS.

Costs are assigned directly to Public Fire Protection.

Customer Classification	Allocation Factor
(1)	(3)
Public Fire Protection	1.0000
Total	1.0000

FACTOR 9. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

Factors are based on the relative cost of meters by size and customer classification, as developed on the following page and summarized below.

Customer Classification	5/8" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	5,358	0.7747
Commercial	1,296	0.1874
Industrial	26	0.0038
Other Public Authority	150	0.0217
Sales for Resale	86	0.0124
Private Fire	0	0.0000
Total	6,916	1.0000

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS

Meter Size	5/8" Dollar Equivalent	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Total	
		Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)
5/8	1.0	4,686	4,686	261	261	6	6	17	17	0	0	4,970	4,970
3/4	1.3	0	0	0	0	0	0	0	0	0	0	0	0
1	1.7	308	524	74	126	0	0	4	7	0	0	386	657
1-1/2	3.5	20	70	30	105	2	7	7	25	0	0	59	207
2	4.3	7	30	53	228	3	13	8	34	0	0	71	305
3	19.0	1	19	17	323	0	0	1	19	3	57	22	418
4	29.3	1	29	2	59	0	0	0	0	1	29	4	117
6	48.4	0	0	4	194	0	0	1	48	0	0	5	242
8	112.9	0	0	0	0	0	0	0	0	0	0	0	0
Total		5,023	5,358	441	1,296	11	26	38	150	4	86	5,517	6,916

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 10. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

Factors are based on the relative cost of services by size and customer classification, as developed on the following page and summarized below.

Customer Classification	3/4" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	5,098	0.8445
Commercial	572	0.0948
Industrial	15	0.0025
Other Public Authority	56	0.0093
Sales for Resale	11	0.0018
Private Fire Protection	284	0.0471
Total	6,036	1.0000

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

BASIS FOR ALLOCATING SERVICE COSTS TO CUSTOMER CLASSIFICATIONS

Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Private Fire Protection		Total	
Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting
(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)=(2)X(11)	(15)	(16)
4,686	4,686	261	261	6	6	17	17	0	0	0	0	4,970	4,970
308	360	74	87	0	0	4	5	0	0	0	0	386	452
20	32	30	47	2	3	7	11	0	0	0	0	59	93
7	14	53	108	3	6	8	16	0	0	6	12	77	156
1	3	17	46	0	0	1	3	3	8	1	3	23	63
1	3	2	6	0	0	0	0	1	3	8	23	12	35
0	0	4	17	0	0	1	4	0	0	38	161	43	182
0	0	0	0	0	0	0	0	0	0	8	56	8	56
0	0	0	0	0	0	0	0	0	0	3	29	3	29
0	0	0	0	0	0	0	0	0	0	0	0	0	0
5,023	5,098	441	572	11	15	38	56	4	11	64	284	5,581	6,036

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 11. ALLOCATION OF TRANSMISSION AND DISTRIBUTION OPERATION SUPERVISION AND ENGINEERING AND MISCELLANEOUS EXPENSES.

Factors are based on transmission and distribution operation expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Operating Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$ 4,248	0.5492
Commercial	1,236	0.1597
Industrial	46	0.0059
Other Public Authority	87	0.0112
Sales for Resale	394	0.0509
Private Fire Protection	282	0.0365
Public Fire Protection	1,444	0.1866
Total	7,736	1.0000

FACTOR 12. ALLOCATION OF TRANSMISSION AND DISTRIBUTION MAINTENANCE SUPERVISION AND ENGINEERING, STRUCTURES AND IMPROVEMENTS, AND OTHER EXPENSES.

Factors are based on transmission and distribution maintenance expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$ 1,616	0.5385
Commercial	476	0.1585
Industrial	18	0.0060
Other Public Authority	32	0.0107
Sales for Resale	158	0.0528
Private Fire Protection	115	0.0382
Public Fire Protection	586	0.1953
Total	$3,000	1.0000

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MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 13. ALLOCATION OF BILLING AND COLLECTING COSTS.

Factors are based on the total number of customers.

Customer Classification	Total Customers	Allocation Factor
(1)	(2)	(3)
Residential	5,023	0.8944
Commercial	441	0.0785
Industrial	11	0.0020
Other Public Authority	38	0.0068
Sales for Resale	4	0.0007
Private Fire Protection	99	0.0176
Public Fire Protection	0	0.0000
Total	5,616	1.0000

FACTOR 14. ALLOCATION OF METER READING COSTS.

Factors are based on the number of metered customers.

Customer Classification	Total Metered Customers	Allocation Factor
(1)	(2)	(3)
Residential	5,023	0.9105
Commercial	441	0.0799
Industrial	11	0.0020
Other Public Authority	38	0.0069
Sales for Resale	4	0.0007
Total	5,517	1.0000

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 15. ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES AND CASH WORKING CAPITAL.

Factors are based on the allocation of all other operation and maintenance expenses excluding purchased water, power, chemicals and waste disposal.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$271,842	0.6928
Commercial	57,014	0.1452
Industrial	2,108	0.0054
Other Public Authority	4,041	0.0103
Sales for Resale	16,203	0.0413
Private Fire Protection	7,996	0.0204
Public Fire Protection	33,199	0.0846
Total	$392,404	1.0000

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 16. ALLOCATION OF LABOR RELATED TAXES AND BENEFITS.

Factors are based on the allocation of direct labor expense.

Customer Classification	Direct Labor Expense	Allocation Factor
(1)	(2)	(3)
Residential	$170,430	0.7215
Commercial	33,952	0.1437
Industrial	1,277	0.0054
Other Public Authority	2,408	0.0102
Sales for Resale	9,536	0.0404
Private Fire Protection	3,708	0.0157
Public Fire Protection	14,901	0.0631
Total	$236,211	1.0000

FACTOR 17. ALLOCATION OF ORGANIZATION, FRANCHISES AND CONSENTS, MISCELLANEOUS INTANGIBLE PLANT AND OTHER RATE BASE ELEMENTS.

Factors are based on the allocation of the original cost less depreciation other than those items being allocated, as follows:

Customer Classification	Original Cost Less Depreciation	Allocation Factor
(1)	(2)	(3)
Residential	$11,152,478	0.6222
Commercial	2,891,891	0.1613
Industrial	108,198	0.0060
Other Public Authority	208,749	0.0116
Sales for Resale	880,553	0.0491
Private Fire Protection	384,546	0.0215
Public Fire Protection	2,300,594	0.1283
Total	$17,927,011	1.0000

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 18. ALLOCATION OF INCOME TAXES AND INCOME AVAILABLE FOR RETURN.

Factors are based on the allocation of the original cost measure of value rate base as shown on the following pages and summarized below.

Customer Classification	Original Cost Measure of Value	Allocation Factor
(1)	(2)	(3)
Residential	$10,230,835	0.6215
Commercial	2,657,048	0.1614
Industrial	99,457	0.0060
Other Public Authority	191,872	0.0117
Sales for Resale	809,378	0.0492
Private Fire Protection	353,630	0.0215
Public Fire Protection	2,118,778	0.1287
Total	$16,460,998	1.0000

FACTOR 19. ALLOCATION OF REGULATORY COMMISSION EXPENSES, ASSESSMENTS AND OTHER WATER REVENUES.

The factors are based on the allocation of the total cost of service, excluding those items being allocated.

Customer Classification	Total Cost of Service	Allocation Factor
(1)	(2)	(3)
Residential	$2,679,632	0.6435
Commercial	675,520	0.1622
Industrial	26,076	0.0063
Other Public Authority	48,148	0.0116
Sales for Resale	209,503	0.0503
Private Fire Protection	80,862	0.0194
Public Fire Protection	444,360	0.1067
Total	$4,164,100	1.0000

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection Private	Fire Protection Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
RATE BASE									
Organization	17	$ 2,152	$ 1,339	$ 347	$ 13	$ 25	$ 106	$ 46	$ 276
Franchises	17	13	8	2	0	0	1	0	2
Land & Ld Rights SS	2	1,735	1,262	322	14	21	112	1	3
Land & Ld Rights P	6	0	0	0	0	0	0	0	0
Land & Ld Rights WT	2	432	314	80	3	5	28	0	1
Land & Ld Rights TD	7	35,898	19,331	5,690	215	384	1,895	1,371	7,011
Land & Land Rights AG	15	142	98	21	1	1	6	3	12
Struct & Imp SS	2	10,954	7,970	2,031	87	135	710	4	18
Struct & Imp P	6	8,805	6,179	1,575	67	104	551	54	275
Struct & Imp Pumps (STL)	6	0	0	0	0	0	0	0	0
Struct & Imp Pump Boosters	6	0	0	0	0	0	0	0	0
Struct & Imp WT	2	383,330	278,911	71,069	3,028	4,715	24,840	153	613
Struct & Imp WT Nth Plt (ST	2	0	0	0	0	0	0	0	0
Struct & Imp WT Ctrl Plt 1	2	0	0	0	0	0	0	0	0
Struct & Imp WT Ctrl Plt 3	2	0	0	0	0	0	0	0	0
Struct & Imp WT Sth Plt (ST	2	0	0	0	0	0	0	0	0
Struct & Imp WT Meramec (ST	2	0	0	0	0	0	0	0	0
Struct & Imp TD	7	131,237	70,671	20,801	787	1,404	6,929	5,013	25,631
Struct & Imp TD Spec Cross	7	0	0	0	0	0	0	0	0
Struct & Imp Offices	15	36,980	25,620	5,369	200	381	1,527	754	3,129
Struct & Imp Leasehold	15	0	0	0	0	0	0	0	0
Struct & Imp Leasehold	15	0	0	0	0	0	0	0	0
Struct & Imp Store,Shop,Gar	15	19,036	13,188	2,764	103	196	786	388	1,610
Struct & Imp Misc	15	519,741	360,077	75,466	2,807	5,353	21,465	10,603	43,970
Collect & Impounding	1	0	0	0	0	0	0	0	0
Lake, River & Other Intakes	2	0	0	0	0	0	0	0	0
Wells & Springs	2	129,080	93,919	23,931	1,020	1,588	8,364	52	207
Supply Mains	2	123,342	89,744	22,868	974	1,517	7,993	49	197
Supply Mains Nth Plt (STL)	2	0	0	0	0	0	0	0	0
Supply Mains Ctrl Plt (STL)	2	0	0	0	0	0	0	0	0
Supply Mains Sth Plt (STL)	2	0	0	0	0	0	0	0	0
Supply Mains Meramec Plt (S	2	0	0	0	0	0	0	0	0
Power Generation Equip Othe	6	0	0	0	0	0	0	0	0
Boiler Plant Equipment P	6	0	0	0	0	0	0	0	0
Pump Equip Steam	6	0	0	0	0	0	0	0	0
Pump Equip Electric	6	544,460	382,102	97,404	4,138	6,425	34,083	3,321	16,987
Pump Equip Elec Pre46 (STL)	6	0	0	0	0	0	0	0	0
Pump Equip Elec Post46 (STL	6	0	0	0	0	0	0	0	0
Pump Equip Elec Boosters Po	6	0	0	0	0	0	0	0	0
Pump Equip Diesel	6	12,525	8,790	2,241	95	148	784	76	391
Pump Equip Diesel Stratman\	6	0	0	0	0	0	0	0	0
Pump Equip Diesel Ctrl Plt	6	0	0	0	0	0	0	0	0
Pump Equip Hydraulic	6	81,548	57,230	14,589	620	962	5,105	497	2,544
Pump Equip Other	6	57,879	40,619	10,355	440	683	3,623	353	1,806

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
WT Equip Non-Media	2	1,794,936	1,305,995	332,781	14,180	22,078	116,312	718	2,872
WT Equip Non-Med North (STL	2	0	0	0	0	0	0	0	0
WT Equip Non Media Ctrl 1 &	2	0	0	0	0	0	0	0	0
WT Equip Non Media Ctrl 3 (	2	0	0	0	0	0	0	0	0
WT Equip Non Media Sth (STL	2	0	0	0	0	0	0	0	0
WT Equip Non Media Mer (STL	2	0	0	0	0	0	0	0	0
WT Equip Filter Media	2	68,399	49,767	12,681	540	841	4,432	27	109
Dist Reservoirs & Standpipe	5	913,526	563,646	177,224	6,303	12,059	57,918	15,804	80,573
Elevated Tanks & Standpipes	5	49,925	30,804	9,685	344	659	3,165	864	4,403
Ground Level Facilities	5	51,076	31,514	9,909	352	674	3,238	884	4,505
TD Mains Not Classified by	7	4,531,096	2,439,995	718,179	27,187	48,483	239,242	173,088	884,923
TD Mains 4 & Less "	4	178,191	85,834	27,014	962	1,835	8,820	8,803	44,922
TD Mains 6 to 8" "	4	1,843,164	887,852	279,424	9,953	18,985	91,237	91,052	464,662
TD Mains 10 to 16" "	3	3,081,081	2,150,287	547,816	23,108	36,049	191,643	21,568	110,611
TD Mains 18 & Grtr "	3	0	0	0	0	0	0	0	0
TD Mains AC 4 (STL) "	4	0	0	0	0	0	0	0	0
TD Mains CI <10 1900-28 (S"	4	0	0	0	0	0	0	0	0
TD Mains CI <10 1929-56 (S"	4	0	0	0	0	0	0	0	0
TD Mains CI <10 1957-93 (S"	4	0	0	0	0	0	0	0	0
TD Mains CI 12 (STL) "	3	0	0	0	0	0	0	0	0
TD Mains CI 16 (STL) "	3	0	0	0	0	0	0	0	0
TD Mains DI 6-8 (STL) "	4	0	0	0	0	0	0	0	0
TD Mains DI 12 (STL) "	3	0	0	0	0	0	0	0	0
TD Mains DI 16 & >(STL)	3	0	0	0	0	0	0	0	0
TD Mains Galve 1 (STL) "	4	0	0	0	0	0	0	0	0
TD Mains LJ 20 (STL) "	3	0	0	0	0	0	0	0	0
Fire Mains	8	72,599	0	0	0	0	0	0	72,599
Services	10	807,691	682,095	76,569	2,019	7,512	1,454	38,042	0
Meters Bronze Case	9	448,694	347,603	84,085	1,705	9,737	5,564	0	0
Meters Plastic Case	9	0	0	0	0	0	0	0	0
Meters Other	9	(2,448)	(1,896)	(459)	(9)	(53)	(30)	0	0
Meters Other-Rem Rdr Unts	9	0	0	0	0	0	0	0	0
Meter Installations	9	888,515	688,333	166,508	3,376	19,281	11,018	0	0
Meter Installation Other	9	0	0	0	0	0	0	0	0
Hydrants	8	480,387	0	0	0	0	0	0	480,387
Other P/E Intangible	2	0	0	0	0	0	0	0	0
Other P/E WT Res Hand Equip	2	0	0	0	0	0	0	0	0
Other P/E TD	2	14,553	10,589	2,698	115	179	943	6	23
Other P/E CPS	2	20,246	14,731	3,754	160	249	1,312	8	32
Office Furniture & Equip	15	15,917	11,027	2,311	86	164	657	325	1,347
Comp & Periph Equip	15	59,627	41,310	8,658	322	614	2,463	1,216	5,044
Computer Software	15	(64,014)	(44,349)	(9,295)	(346)	(659)	(2,644)	(1,306)	(5,416)
Comp Software Personal	15	67	46	10	0	1	3	1	6
Data Handling Equipment	15	127,239	88,151	18,475	687	1,311	5,255	2,596	10,764
Other Office Equipment	15	23,706	16,424	3,442	128	244	979	484	2,006

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection Private	Fire Protection Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Trans Equip Lt Duty Trks	15	22,791	15,790	3,309	123	235	941	465	1,928
Trans Equip Hvy Duty Trks	15	0	0	0	0	0	0	0	0
Trans Equip Autos	15	(5,078)	(3,518)	(737)	(27)	(52)	(210)	(104)	(430)
Trans Equip Other	15	(17,258)	(11,956)	(2,506)	(93)	(178)	(713)	(352)	(1,460)
Stores Equipment	15	1,569	1,087	228	8	16	65	32	133
Tools,Shop,Garage Equip	15	106,723	73,938	15,496	576	1,099	4,408	2,177	9,029
Tools,Shop,Garage Equip Oth	15	0	0	0	0	0	0	0	0
Laboratory Equipment	2	50,573	36,797	9,376	400	622	3,277	20	81
Laboratory Equip Other	2	0	0	0	0	0	0	0	0
Power Operated Equipment	15	(127)	(88)	(18)	(1)	(1)	(5)	(3)	(11)
Comm Equip Non-Telephone	15	9,268	6,421	1,346	50	95	383	189	784
Comm Equip Telephone	15	(412)	(285)	(60)	(2)	(4)	(17)	(8)	(35)
Misc Equipment	15	257,664	178,510	37,413	1,391	2,654	10,642	5,256	21,798
Other Tangible Property	17	0	0	0	0	0	0	0	0
Total Utility Plant in Service		17,929,176	11,153,825	2,892,241	108,211	208,774	880,660	384,593	2,300,872
Other Rate Base Items									
Add:									
Other Utility Plant Adjustments	17	0	0	0	0	0	0	0	0
Cash Working Capital	15	0	0	0	0	0	0	0	0
Materials and Supplies	15	7,903	5,475	1,148	43	81	326	161	669
Prepayments	15	8,180	5,667	1,188	44	84	338	167	692
OPEB's Contributed to External Fund	16	49,910	36,010	7,172	270	509	2,016	784	3,149
Premature Retirement	17	0	0	0	0	0	0	0	0
Regulatory Deferrals	17	90,986	56,611	14,676	546	1,055	4,467	1,956	11,674
Less:									
Accumulated Deferred ITC (3%)	17	0	0	0	0	0	0	0	0
Deferred Income Taxes	17	(1,468,251)	(913,546)	(236,829)	(8,810)	(17,032)	(72,091)	(31,567)	(188,377)
Pensions	16	(156,906)	(113,208)	(22,547)	(847)	(1,600)	(6,339)	(2,463)	(9,901)
Total Other Rate Base Elements		(1,468,178)	(922,990)	(235,193)	(8,755)	(16,902)	(71,282)	(30,963)	(182,094)
Total Original Cost Measure of Value		$ 16,460,998	$ 10,230,835	$ 2,657,048	$ 99,457	$ 191,872	$ 809,378	$ 353,630	$ 2,118,778

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE DISTRICT

SUMMARY OF AVERAGE DAILY SEND OUT AND MAXIMUM DAILY USAGE
FOR THE YEARS 1990-2005

Year	Average Daily Send out (MGD)	Maximum Daily Use		
		MGD	Ratio to Average	Highest Use Day
(1)	(2)	(3)	(4)	(5)
1990	N/A	2.867	N/A	N/A
1991	N/A	2.950	N/A	N/A
1992	N/A	2.700	N/A	N/A
1993	N/A	2.310	N/A	N/A
1994	1.710	3.200	1.87	N/A
1995	1.627	3.319	2.04	N/A
1996	1.764	3.200	1.81	N/A
1997	1.860	3.106	1.67	7/26/1997
1998	1.719	3.360	1.95	7/19/1998
1999	1.893	4.200	2.22	7/18/1999
2000	2.229	4.582	2.06	7/16/2000
2001	2.146	4.783	2.23	7/22/2001
2002	2.349	5.088	2.17	7/26/2002
2003	2.488	6.626	2.66	8/23/2003
2004	2.087	4.630	2.22	8/18/2004
2005	2.238	5.328	2.38	8/2/2005

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

BASIS FOR ALLOCATING DEMAND RELATED COSTS OF FIRE SERVICE TO PRIVATE AND PUBLIC FIRE PROTECTION CUSTOMER CLASSIFICATIONS

Description		Restrictive Diameters Squared	Quantity	Relative Demand	Allocation Factor
(1)		(2)	(3)	(4)=(2)x(3)	(5)
PRIVATE FIRE PROTECTION					
Fire Lines					
2 -inch		4.00	6	24	
3 -inch		9.00	1	9	
4 -inch		16.00	8	128	
6 -inch		36.00	38	1,368	
8 -inch		64.00	8	512	
10 -inch		100.00	3	300	
12 -inch		144.00	0	0	
Private Hydrants		32.75	35	1,146	
Total Private Fire Protection			99	3,487	0.1636
PUBLIC FIRE PROTECTION					
Hydrant	Nozzle Sizes				
6" Valve	2- 2-1/2" & 1- 4.5"	32.75	38	1,245	
6" Valve	2- 2-1/2" & 1- 4"	28.50	582	16,587	
Total Public Fire Prorection			620	17,832	0.8364
Total Fire Protection			719	21,319	1.0000

ST. CHARLES DISTRICT

MISSOURI-AMERICAN WATER COMPANY
ST. CHARLES DISTRICT

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES
FOR THE TEST YEAR ENDED JUNE 30, 2006

Customer Classification	Cost of Service Amount (Schedule B)	Cost of Service Percent	Revenues, Present Rates Amount	Revenues, Present Rates Percent	Revenues, Proposed Rates Amount	Revenues, Proposed Rates Percent	Proposed Increase Amount	Proposed Increase Percent Increase
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Residential	$ 10,112,716	88.6%	$ 7,749,744	86.4%	$ 9,706,789	86.3%	$ 1,957,045	25.3%
Commercial	952,783	8.3%	921,076	10.3%	1,153,582	10.4%	232,506	25.2%
Industrial	2,072	0.0%	2,429	0.0%	3,043	0.0%	614	25.3%
Public Authority	167,045	1.5%	165,791	1.8%	207,637	1.8%	41,846	25.2%
Sales for Resale	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Private Fire Service	186,315	1.6%	136,606	1.5%	170,822	1.5%	34,216	25.0%
Public Fire Service	-	0.0%	$0	0.0%	$0	0.0%	-	0.0%
Total Sales	11,420,930	100.0%	8,975,646	100.0%	11,241,873	100.0%	2,266,227	25.2%
Other Revenues	265,173		265,173		265,173		-	0.0%
Total	$ 11,686,102		$ 9,240,819		$ 11,507,046		$ 2,266,227	24.5%

SCH-1

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Schedule A-SCH

MISSOURI-AMERICAN WATER COMPANY
ST. CHARLES DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
OPERATION AND MAINTENANCE EXPENSES									
SOURCE OF SUPPLY EXPENSES									
Super & Eng Oper SS	2	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Labor & Exp Oper SS	2	0	0	0	0	0	0	0	0
Labor & Exp Oper SS	2	738	650	75	0	11	0	0	1
Purchased Water	1	711,384	602,542	90,203	285	14,370	0	640	3,344
TOTAL SS EXPENSE - OPERATION		712,122	603,192	90,278	285	14,381	0	641	3,345
Misc Exp Oper SS	2	0	0	0	0	0	0	0	0
Misc Exp Oper SS	2	9	8	1	0	0	0	0	0
Rents Oper SS	2	0	0	0	0	0	0	0	0
Super & Eng Maint SS	2	0	0	0	0	0	0	0	0
Struct & Improve Maint SS	2	0	0	0	0	0	0	0	0
Struct & Improve Maint SS	2	0	0	0	0	0	0	0	0
Collect & Impound Maint SS	2	0	0	0	0	0	0	0	0
Collect & Impound Maint SS	2	0	0	0	0	0	0	0	0
Lake, River & Oth Maint SS	2	0	0	0	0	0	0	0	0
Lake, River & Oth Maint SS	2	0	0	0	0	0	0	0	0
Wells & Springs Maint SS	2	0	0	0	0	0	0	0	0
Wells & Springs Maint SS	2	0	0	0	0	0	0	0	0
Infilt Gall & Tunnels Maint SS	2	0	0	0	0	0	0	0	0
Infilt Gall & Tunnels Maint SS	2	0	0	0	0	0	0	0	0
Supply Mains Maint SS	2	0	0	0	0	0	0	0	0
Supply Mains Maint SS	2	0	0	0	0	0	0	0	0
Misc Plant Maint SS	2	268	236	27	0	4	0	0	1
Misc Plant Maint SS	2	3,284	2,895	333	1	48	0	1	6
TOTAL SS EXPENSE - MAINTENANCE		3,562	3,139	362	1	52	0	1	7
TOTAL SS EXPENSE		715,683	606,331	90,640	286	14,433	0	642	3,352
POWER AND PUMPING EXPENSES									
Super & Eng Oper P	6	0	0	0	0	0	0	0	0
Fuel for Power Prod	1	0	0	0	0	0	0	0	0
Labor & Exp Oper Pwr Prod	6	0	0	0	0	0	0	0	0
Labor & Exp Oper Pwr Prod	6	0	0	0	0	0	0	0	0
Purch Fuel/Power for Pump	1	37,059	31,389	4,699	15	749	0	33	174
Labor & Exp Oper Pump	6	31,537	26,223	3,069	6	448	0	271	1,520
Labor & Exp Oper Pump	6	0	0	0	0	0	0	0	0
Expenses Transferred	6	0	0	0	0	0	0	0	0
Misc Exp Oper P	6	0	0	0	0	0	0	0	0
Rents Oper P	6	0	0	0	0	0	0	0	0
TOTAL PUMPING EXPENSE - OPERATION		68,595	57,611	7,768	21	1,196	0	305	1,694

MISSOURI-AMERICAN WATER COMPANY
ST. CHARLES DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Super & Eng Maint P	6	0	0	0	0	0	0	0	0
Struct & Improve Maint P	6	0	0	0	0	0	0	0	0
Struct & Improve Maint P	6	0	0	0	0	0	0	0	0
Power Prod Equip Maint P	6	1,831	1,522	178	0	26	0	16	88
Power Prod Equip Maint P	6	0	0	0	0	0	0	0	0
Pump Equip Maint P	6	35,119	29,202	3,417	7	499	0	302	1,693
Pump Equip Maint P	6	105	87	10	0	1	0	1	5
TOTAL PUMPING EXPENSES - MAINTENANCE		37,055	30,812	3,605	7	526	0	319	1,786
TOTAL PUMPING EXPENSES		105,651	88,423	11,373	29	1,723	0	623	3,480
WATER TREATMENT									
Super & Eng Oper WT	2	0	0	0	0	0	0	0	0
Chemicals	1	(2)	(2)	(0)	(0)	(0)	0	(0)	(0)
Labor & Exp Oper WT	2	19	16	2	0	0	0	0	0
Labor & Exp Oper WT	2	369	325	37	0	5	0	0	1
Misc Exp Oper WT	2	(1,309)	(1,154)	(133)	(0)	(19)	0	(1)	(2)
Misc Exp Oper WT	1	100	85	13	0	2	0	0	0
Misc Exp Oper WT	2	(13)	(12)	(1)	(0)	(0)	0	(0)	(0)
Rents Oper WT	2	0	0	0	0	0	0	0	0
TOTAL WT EXPENSE - OPERATION		(836)	(740)	(82)	(0)	(12)	0	(0)	(1)
Super & Eng Maint WT	2	0	0	0	0	0	0	0	0
Struct & Improve Maint WT	2	0	0	0	0	0	0	0	0
Struct & Improve Maint WT	2	0	0	0	0	0	0	0	0
WT Equip Maint WT	2	0	0	0	0	0	0	0	0
WT Equip Maint WT	2	898	791	91	0	13	0	0	2
TOTAL WT EXPENSE - MAINTENANCE		898	791	91	0	13	0	0	2
TOTAL WT EXPENSE		62	51	9	0	1	0	0	0
TRANSMISSION AND DISTRIBUTION EXPENSES									
Super & Eng Oper TD	11	217	155	17	0	3	0	7	35
Storage Facilty Exp	5	0	0	0	0	0	0	0	0
Storage Facilty Exp	5	2,769	1,788	231	1	37	0	108	605
TD Lines Exp	7	244,466	166,579	20,780	49	3,227	0	8,116	45,715
TD Lines Exp	7	7,359	5,014	626	1	97	0	244	1,376
Meter Expense	9	81	72	7	0	2	0	0	0
Meter Expense	9	(132)	(118)	(11)	(0)	(4)	0	0	0
Customer Install Exp	10	39,471	36,586	1,654	4	197	0	1,030	0
Customer Install Exp	10	0	0	0	0	0	0	0	0
Misc Exp Oper TD	11	77,481	55,322	6,137	15	938	0	2,503	12,567

MISSOURI-AMERICAN WATER COMPANY
ST. CHARLES DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Misc Exp Oper TD	11	609	435	48	0	7	0	20	99
Misc Exp Oper TD	11	4,473	3,194	354	1	54	0	144	726
Rents Oper TD	11	0	0	0	0	0	0	0	0
TOTAL T & D EXPENSE OPERATION		376,795	269,028	29,842	71	4,559	0	12,172	61,123
Super & Eng Maint TD	12	0	0	0	0	0	0	0	0
Struct & Improve Maint TD	12	0	0	0	0	0	0	0	0
Struct & Improve Maint TD	12	0	0	0	0	0	0	0	0
Dist Res Stand Maint TD	5	0	0	0	0	0	0	0	0
TD Main Maint TD	7	32,109	21,879	2,729	6	424	0	1,066	6,004
TD Main Maint TD	7	0	0	0	0	0	0	0	0
Fire Main Maint TD	8	0	0	0	0	0	0	0	0
Fire Main Maint TD	8	0	0	0	0	0	0	0	0
Services Maint TD	10	17,884	16,576	749	2	89	0	467	0
Services Maint TD	10	10	9	0	0	0	0	0	0
Meters Maint TD	9	10,370	9,235	856	1	279	0	0	0
Meters Maint TD	9	0	0	0	0	0	0	0	0
Hydrants Maint TD	8	8,347	0	0	0	0	0	0	8,347
Hydrants Maint TD	8	0	0	0	0	0	0	0	0
Misc Plant Maint TD	12	29,636	20,573	1,870	3	341	0	661	6,188
Mat and Sup Maint TD	12	53,998	37,485	3,407	5	621	0	1,204	11,275
Misc Maint TD	12	361	251	23	0	4	0	8	75
Amort Def Maint TD	5	(5,143)	(3,322)	(428)	(1)	(68)	0	(200)	(1,123)
TOTAL T & D EXPENSE - MAINTENANCE		147,572	102,687	9,206	17	1,690	0	3,206	30,766
TOTAL T & D EXPENSE		524,367	371,715	39,048	88	6,248	0	15,378	91,889
CUSTOMER ACCOUNTS									
Supervision CA	13	16,571	15,907	530	0	38	0	96	0
Meter Reading Exp CA	14	163,197	157,567	5,255	0	375	0	0	0
Meter Reading Exp CA	14	0	0	0	0	0	0	0	0
Meter Reading Exp CA	14	(29)	(28)	(1)	0	(0)	0	0	0
Cust Rec & Collection CA	13	143,765	138,000	4,600	0	331	0	834	0
Cust Rec & Collection CA	13	120,044	115,230	3,841	0	276	0	696	0
Uncollectible Accts	13	140,975	135,322	4,511	0	324	0	818	0
Misc Cust Accts Exp CA	13	1,496	1,436	48	0	3	0	9	0
Misc Cust Accts Exp CA	13	0	0	0	0	0	0	0	0
Misc Cust Accts Exp CA	13	11,639	11,172	372	0	27	0	68	0
Cust Serv & Info Exp CA	13	1,908	1,831	61	0	4	0	11	0
TOTAL CUSTOMER ACCOUNTING EXPENSE		599,566	576,437	19,219	0	1,379	0	2,531	0

MISSOURI-AMERICAN WATER COMPANY
ST. CHARLES DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
ADMINISTRATIVE AND GENERAL EXPENSES									
Salaries AG	15	77,953	65,723	4,256	8	561	0	1,208	6,197
Other Supplies & Exp AG	15	41	35	2	0	0	0	1	3
Other Supplies & Exp AG	15	63,769	53,764	3,482	6	459	0	988	5,070
Other Supplies & Exp AG	15	77,044	64,955	4,207	8	555	0	1,194	6,125
Mgmt Fees-Coporate/Shared Service Center	15	1,161,383	979,162	63,412	116	8,362	0	18,001	92,330
Mgmt Fees-Call Center	13	42,561	40,854	1,362	0	98	0	247	0
Mgmt Fees-Belleville Lab	2	53,566	47,208	5,437	16	782	0	21	102
Mgmt Fees- Financial ITS	15	404,746	341,242	22,099	40	2,914	0	6,274	32,177
Mgmt Fees- Customer Billings ITS	13	(15)	(14)	(0)	0	(0)	0	(0)	0
Mgmt Fees-Other ITS	15	5,251	4,427	287	1	38	0	81	417
Outside Services AG	15	43,161	36,389	2,357	4	311	0	669	3,431
Outside Services AG	15	95,928	80,877	5,238	10	691	0	1,487	7,626
Property Insurance	15	0	0	0	0	0	0	0	0
Ins Gen Liab Oper AG	15	183,145	154,410	10,000	18	1,319	0	2,839	14,560
Ins Work Comp AG	16	36,735	30,071	2,215	4	309	0	654	3,482
Ins Other Oper AG	15	69,874	58,911	3,815	7	503	0	1,083	5,555
Property Insurance	15	5,158	4,348	282	1	37	0	80	410
Injuries & Damages	16	237	194	14	0	2	0	4	22
Employee Pension & Benefits	16	298,803	244,601	18,018	30	2,510	0	5,319	28,327
Employee Pension & Benefits	16	113,353	92,791	6,835	11	952	0	2,018	10,746
Employee Pension & Benefits	16	30,073	24,617	1,813	3	253	0	535	2,851
Reg Commision Exp	15	16,948	14,289	925	2	122	0	263	1,347
Rents AG	15	11,510	9,704	628	1	83	0	178	915
Goodwill Advertising Exp	15	774	653	42	0	6	0	12	62
Misc Exp AG	15	201,957	170,270	11,027	20	1,454	0	3,130	16,056
Research & Development	15	0	0	0	0	0	0	0	0
TOTAL A & G OPERATIONS		2,993,955	2,519,479	167,752	306	22,319	0	46,287	237,812
General Plant Maint AG	15	0	0	0	0	0	0	0	0
General Plant Maint AG	15	24,833	20,937	1,356	2	179	0	385	1,974
TOTAL A & G EXPENSE - MAINTENANCE		24,833	20,937	1,356	2	179	0	385	1,974
TOTAL A & G EXPENSE		3,018,788	2,540,416	169,108	308	22,498	0	46,672	239,786
Total Operation & Maintenance Expenses		4,964,117	4,183,373	329,396	711	46,282	0	65,847	338,508

MISSOURI-AMERICAN WATER COMPANY
ST. CHARLES DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
DEPRECIATION EXPENSE									
Struct & Imp P	6	40,105	33,347	3,902	8	569	0	345	1,933
Struct & Imp WT	2	3,515	3,098	357	1	51	0	1	7
Struct & Imp TD	7	20,126	13,714	1,711	4	266	0	668	3,764
Struct & Imp Offices	15	8,876	7,483	485	1	64	0	138	706
Struct & Imp Store,Shop,Gar	15	2,764	2,330	151	0	20	0	43	220
Struct & Imp Misc	15	10	8	1	0	0	0	0	1
Collect & Impounding	1	0	0	0	0	0	0	0	0
Lake, River & Other Intakes	2	0	0	0	0	0	0	0	0
Wells & Springs	2	0	0	0	0	0	0	0	0
Supply Mains	2	0	0	0	0	0	0	0	0
Power Generation Equip Othe	6	6,089	5,063	592	1	86	0	52	293
Pump Equip Electric	6	45,592	37,910	4,436	9	647	0	392	2,198
Pump Equip Other	7	625	426	53	0	8	0	21	117
WT Equip Non-Media	2	347	306	35	0	5	0	0	1
Dist Reservoirs & Standpipe	5	35,764	23,100	2,979	7	476	0	1,391	7,811
Elevated Tanks & Standpipes	5	2,906	1,877	242	1	39	0	113	635
Ground Level Facilities	5	0	0	0	0	0	0	0	0
TD Mains Not Classified by	7	234,633	159,879	19,944	47	3,097	0	7,790	43,876
TD Mains 4 & Less "	4	7,188	4,588	591	1	94	0	289	1,624
TD Mains 6 to 8" "	4	111,209	70,985	9,141	22	1,457	0	4,471	25,133
TD Mains 10 to 16" "	3	218,476	178,866	20,580	44	2,949	0	2,425	13,611
TD Mains 18 & Grtr "	3	108,883	89,143	10,257	22	1,470	0	1,209	6,783
Fire Mains	8	3,992	0	0	0	0	0	0	3,992
Services	10	(202,061)	(187,290)	(8,466)	(20)	(1,010)	0	(5,274)	0
Meters Bronze Case	9	(10,824)	(9,639)	(893)	(1)	(291)	0	0	0
Meters Plastic Case	9	0	0	0	0	0	0	0	0
Meters Other	9	5,561	4,952	459	1	150	0	0	0
Meters Other-Rem Rdr Unts	9	0	0	0	0	0	0	0	0
Meter Installations	9	88,242	78,580	7,280	9	2,374	0	0	0
Meter Installation Other	9	0	0	0	0	0	0	0	0
Hydrants	8	51,696	0	0	0	0	0	0	51,696
Utility Plant Acquisition Adjustment	17	0	0	0	0	0	0	0	0
Other P/E WT Res Hand Equip	2	0	0	0	0	0	0	0	0
Other P/E TD	7	98	67	8	0	1	0	3	18
Other P/E CPS	15	0	0	0	0	0	0	0	0
Office Furniture & Equip	15	19,681	16,593	1,075	2	142	0	305	1,565
Comp & Periph Equip	15	59,659	50,299	3,257	6	430	0	925	4,743
Computer Software	15	93,283	78,647	5,093	9	672	0	1,446	7,416
Comp Software Personal	15	18,932	15,962	1,034	2	136	0	293	1,505
Data Handling Equipment	15	0	0	0	0	0	0	0	0
Other Office Equipment	15	56	47	3	0	0	0	1	4
Trans Equip Lt Duty Trks	15	2,553	2,152	139	0	18	0	40	203
Trans Equip Hvy Duty Trks	15	0	0	0	0	0	0	0	0
Trans Equip Autos	15	1,188	1,002	65	0	9	0	18	94

MISSOURI-AMERICAN WATER COMPANY
ST. CHARLES DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Trans Equip Other	15	0	0	0	0	0	0	0	0
Stores Equipment	15	68	57	4	0	0	0	1	5
Tools,Shop,Garage Equip	15	15,725	13,258	859	2	113	0	244	1,250
Tools,Shop,Garage Equip Oth	15	0	0	0	0	0	0	0	0
Laboratory Equipment	2	452	398	46	0	7	0	0	1
Laboratory Equip Other	2	0	0	0	0	0	0	0	0
Power Operated Equipment	15	5,200	4,384	284	1	37	0	81	413
Comm Equip Non-Telephone	15	1,196	1,008	65	0	9	0	19	95
Comm Equip Telephone	15	423	357	23	0	3	0	7	34
Misc Equipment	16	10,030	8,211	605	1	84	0	179	951
Other Tangible Property	15	267,591	225,606	14,610	27	1,927	0	4,148	21,273
Total Depreciation Expense		1,279,849	936,773	101,007	206	16,109	0	21,782	203,972
Amort-Other UP	18	2,008	1,487	161	0	27	0	38	294
Taxes Other Than Income									
Utility Reg Assessment Fee	19	65,817	51,594	4,877	13	763	0	1,073	7,497
Property Taxes	18	687,463	509,067	55,272	137	9,281	0	13,062	100,645
FUTA	16	1,209	989	73	0	10	0	22	115
FICA	16	72,105	59,025	4,348	7	606	0	1,283	6,836
SUTA	16	388	318	23	0	3	0	7	37
Other Taxes & Licenses	15	35,944	30,304	1,963	4	259	0	557	2,858
Gross Receipts Tax	19	0	0	0	0	0	0	0	0
Total Taxes, Other Than Income		862,927	651,298	66,556	162	10,922	0	16,004	117,986
Income Taxes	18	1,283,916	950,740	103,227	257	17,333	0	24,394	187,965
Utility Income Available for Return	18	3,293,285	2,438,678	264,780	659	44,459	0	62,572	482,137
Total Cost of Service		11,686,102	9,162,348	865,128	1,995	135,133	0	190,637	1,330,862
Less: Other Water Revenues	19	265,173	207,869	19,649	53	3,076	0	4,322	30,203
Revenue Contribution	19	0	0	0	0	0	0	0	0
Total Other Water Revenues		265,173	207,869	19,649	53	3,076	0	4,322	30,203
Total Cost of Service Related to Sales of Water		$ 11,420,930	$ 8,954,479	$ 845,478	$ 1,942	$ 132,057	$ -	$ 186,315	$ 1,300,659
Reallocation of Public Fire	20	0	1,158,237	107,304	130	34,988	0	0	(1,300,659)
Total		$ 11,420,930	$ 10,112,716	$ 952,783	$ 2,072	$ 167,045	$ -	$ 186,315	$ -

MISSOURI-AMERICAN WATER COMPANY
ST. CHARLES DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS

FACTOR 1. ALLOCATION OF COSTS WHICH VARY WITH THE AMOUNT OF WATER CONSUMED.

Factors are based on the pro forma test year average daily consumption for each customer classification.

Customer Classification	Average Daily Consumption, Thousand Gallons	Allocation Factor
(1)	(2)	(3)
Residential	7,649	0.8470
Commercial	1,145	0.1268
Industrial	4	0.0004
Other Public Authority	182	0.0202
Sales for Resale	0	0.0000
Private Fire Protection	8	0.0009
Public Fire Protection	42	0.0047
Total	9,030	1.0000

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the factors for average daily consumption (Factor 1) and the factors derived from maximum day extra capacity demand for each customer classification, as follows:

	Average Daily Consumption		Maximum Day Extra Capacity		
Customer Classification	Allocation Factor 1	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)x 0.4000	(4)	(5)=(4)x 0.6000	(6)=(3)+(5)
Residential	0.8470	0.3387	0.9045	0.5426	0.8813
Commercial	0.1268	0.0507	0.0846	0.0508	0.1015
Industrial	0.0004	0.0002	0.0001	0.0001	0.0003
Other Public Authority	0.0202	0.0081	0.0108	0.0065	0.0146
Sales for Resale	0.0000	0.0000	0.0000	0.0000	0.0000
Private Fire Protection	0.0009	0.0004			0.0004
Public Fire Protection	0.0047	0.0019			0.0019
Total	1.0000	0.4000	1.0000	0.6000	1.0000

The derivation of the maximum day extra capacity factors in column 4 and the basis for the column 3 and 5 weightings are presented on the following page.

MISSOURI-AMERICAN WATER COMPANY
ST. CHARLES DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS, cont.

		Maximum Day Extra Capacity		
Customer Classification	Average Daily Consumption, Thousand Gal.	Factor*	Rate of Flow, Thousand Gal. Per Day	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	7,649	1.6	12,238	0.9045
Commercial	1,145	1.0	1,145	0.0846
Industrial	4	0.5	2	0.0001
Other Public Authority	182	0.8	146	0.0108
Sales for Resale	0	0.6	0	0.0000
Total	8,980		13,531	1.0000

The weighting of the factors is based on the maximum day ratio of 2.50, based on a review of maximum day ratios experienced during the period 1990 through 2005 (see Schedule D).

	Maximum Day Ratio	Weight
Average Day	1.00	0.4000
Maximum Day Extra Capacity	1.50	0.6000
Total	2.50	1.0000

* Ratio of maximum day to average day minus 1.0.

MISSOURI-AMERICAN WATER COMPANY
ST. CHARLES DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

	Average Daily Consumption		Maximum Day Extra Capacity		Fire Protection		
Customer Classification	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2) X 0.3714	(4)	(5)=(4) X 0.5572	(6)	(7)=(6) X 0.0714	(8)=(3)+(5)+(7)
Residential	0.8470	0.3147	0.9045	0.5040			0.8187
Commercial	0.1268	0.0471	0.0846	0.0471			0.0942
Industrial	0.0004	0.0001	0.0001	0.0001			0.0002
Other Public Authority	0.0202	0.0075	0.0108	0.0060			0.0135
Sales for Resale	0.0000	0.0000	0.0000	0.0000			0.0000
Private Fire Protection	0.0009	0.0003			0.1511	0.0108	0.0111
Public Fire Protection	0.0047	0.0017			0.8489	0.0606	0.0623
Total	1.0000	0.3714	1.0000	0.5572	1.0000	0.0714	1.0000

Schedule C-SCH

MISSOURI-AMERICAN WATER COMPANY
ST. CHARLES DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum day ratio of 2.50 and the average daily system sendout for 2005 of 9.990 MGD. The system demand for fire protection is 8,000 Gallons per minute for 4 hours.

	Ratio	Rate of Flow, (GPD)	Weight
Average Day	1.00	9,990,000	0.3714
Maximum Day Extra Capacity	1.50	14,985,000	0.5572
Subtotal	2.50	24,975,000	0.9286
Fire Protection		1,920,000	0.0714
Total		26,895,000	1.0000

The public and private fire protection allocation factors in column 6 on the previous page are based on the relative potential demands (see Schedule E).

MISSOURI-AMERICAN WATER COMPANY
ST. CHARLES DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		
Customer Classification	Thousand Gallons	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3) X 0.2297	(5)	(6)=(5) X 0.5054	(7)	(8)=(7) X 0.2649	(9)=(4)+(6)+(8)
Residential	318.7	0.8469	0.1946	0.8779	0.4437			0.6383
Commercial	47.7	0.1268	0.0291	0.1051	0.0531			0.0822
Industrial	0.2	0.0005	0.0001	0.0002	0.0001			0.0002
Other Public Authority	7.6	0.0202	0.0046	0.0168	0.0085			0.0131
Sales for Resale	0.0	0.0000	0.0000	0.0000	0.0000			0.0000
Private Fire Protection	0.3	0.0008	0.0002			0.1511	0.0400	0.0402
Public Fire Protection	1.8	0.0048	0.0011			0.8489	0.2249	0.2260
Total	376.3	1.0000	0.2297	1.0000	0.5054	1.0000	0.2649	1.0000

The maximum hour extra capacity factors in column 5 are determined on the following page.

MISSOURI-AMERICAN WATER COMPANY
ST. CHARLES DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum hour ratio of 3.20 and the average daily system sendout for 2005 of 9.990 MGD. The system demand for fire protection is 8,000 gallons per minute.

	Ratio	Rate of Flow, (GPM)	Weight
Average Hour	1.00	6,938	0.2297
Maximum Hour Extra Capacity	2.20	15,264	0.5054
Subtotal	3.20	22,202	0.7351
Fire Protection		8,000	0.2649
Total		30,202	1.0000

The maximum hour extra capacity factors in column 5 of the previous page are determined as follows:

Customer Classification	Average Hourly Consumption Thousand Gal.	Maximum Hour Extra Capacity Factor*	Maximum Hour Extra Capacity 1,000 Gallons Per Hour	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	318.7	3.5	1,115.5	0.8779
Commercial	47.7	2.8	133.6	0.1051
Industrial	0.2	1.5	0.3	0.0002
Other Public Authority	7.6	2.8	21.3	0.0168
Sales for Resale	0.0	2.0	0.0	0.0000
Total	374.2		1,270.7	1.0000

* Ratio of Maximum Hour To Average Hour Minus 1.0.

The public and private fire protection allocation factors in column 7 on the previous page are based on the relative potential demands (see Schedule E).

MISSOURI-AMERICAN WATER COMPANY
ST. CHARLES DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES.

Factors are based on the weighting of the average hourly consumption, the maximum hour extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		
	Thousand Gallons	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3) X 0.2325	(5)	(6)=(5) X 0.5115	(7)	(8)=(7) X 0.2560	(9)=(4)+(6)+(8)
Residential	318.7	0.8469	0.1969	0.8779	0.4490			0.6459
Commercial	47.7	0.1268	0.0295	0.1051	0.0538			0.0833
Industrial	0.2	0.0005	0.0001	0.0002	0.0001			0.0002
Other Public Authority	7.6	0.0202	0.0047	0.0168	0.0086			0.0133
Sales for Resale	0.0	0.0000	0.0000	0.0000	0.0000			0.0000
Private Fire Protection	0.3	0.0008	0.0002			0.1511	0.0387	0.0389
Public Fire Protection	1.8	0.0048	0.0011			0.8489	0.2173	0.2184
Total	376.3	1.0000	0.2325	1.0000	0.5115	1.0000	0.2560	1.0000

The weighting of the factors is based on the ratio of the capacity required for a 4 hour demand of fire flow, as related to total storage capacity. The calculation is shown on the following page.

Schedule C-SCH

MISSOURI-AMERICAN WATER COMPANY
ST. CHARLES DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES, cont.

The weighting of the factors is based on the ratio of the capacity required for a 4 hour demand of fire flow, as related to total storage capacity.

Fire Protection Weight = $\frac{8{,}000 \text{ GPM X } 60 \text{ Min. X } 4 \text{ Hrs.}}{7{,}500{,}000 \text{ Gallons}} = 0.2560$

General Service Weight = 1.0000 - 0.2560 = 0.7440

The weighting of the average hourly consumption and maximum hour extra demand for general service is based on the maximum hour ratio, as follows:

	Maximum Hour Ratio	Percent	Weight
Average Hour	1.00	31.25	0.2325
Extra Capacity Maximum Hour	2.20	68.75	0.5115
Total	3.20	100.00	0.7440

MISSOURI-AMERICAN WATER COMPANY
ST. CHARLES DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH POWER AND PUMPING FACILITIES.

Factors are based on the weighting of the maximum daily consumption, Factor 2, the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

	Maximum Daily Consumption		Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 2	Weighted Factor	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.7144	(4)	(5)=(4)X 0.1084	(6)	(7)=(6)X 0.1772	(8)=(3)+ (5)+(7)
Residential	0.8813	0.6296	0.8187	0.0887	0.6383	0.1132	0.8315
Commercial	0.1015	0.0725	0.0942	0.0102	0.0822	0.0146	0.0973
Industrial	0.0003	0.0002	0.0002	0.0000	0.0002	0.0000	0.0002
Other Public Authority	0.0146	0.0104	0.0135	0.0015	0.0131	0.0023	0.0142
Sales for Resale	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Private Fire Protection	0.0004	0.0003	0.0111	0.0012	0.0402	0.0071	0.0086
Public Fire Protection	0.0019	0.0014	0.0623	0.0068	0.2260	0.0400	0.0482
Total	1.0000	0.7144	1.0000	0.1084	1.0000	0.1772	1.0000

The weighting of the factors is based on the horsepower of pumps associated with maximum day facilities, maximum day and fire facilities, and maximum hour facilities, as follows:

	Horsepower of Pumps	Weight
Associated with Maximum Day	1,351	0.7144
Associated with Maximum Day and Fire	205	0.1084
Associated with Maximum Hour	335	0.1772
Total	1,891	1.0000

Schedule C-SCH

MISSOURI-AMERICAN WATER COMPANY
ST. CHARLES DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 7. ALLOCATION OF COSTS ASSOCIATED WITH TRANSMISSION AND DISTRIBUTION MAINS.

Factors are based on the weighting of the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

	Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.2380	(4)	(5)=(4)X 0.7620	(6)=(3)+(5)
Residential	0.8187	0.1950	0.6383	0.4864	0.6814
Commercial	0.0942	0.0224	0.0822	0.0626	0.0850
Industrial	0.0002	0.0000	0.0002	0.0002	0.0002
Other Public Authority	0.0135	0.0032	0.0131	0.0100	0.0132
Sales for Resale	0.0000	0.0000	0.0000	0.0000	0.0000
Private Fire Protection	0.0111	0.0026	0.0402	0.0306	0.0332
Public Fire Protection	0.0623	0.0148	0.2260	0.1722	0.1870
Total	1.0000	0.2380	1.0000	0.7620	1.0000

The weighting of the factors is based on the total footage of mains, designated as either transmission mains or distribution mains, as follows:

	Total Footage of Mains	Weight
Transmission Mains	590,244	0.2380
Distribution Mains	1,889,762	0.7620
Total	2,480,006	1.0000

MISSOURI-AMERICAN WATER COMPANY
ST. CHARLES DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 8. ALLOCATION OF COSTS ASSOCIATED WITH FIRE HYDRANTS.

Costs are assigned directly to Public Fire Protection.

Customer Classification	Allocation Factor
(1)	(3)
Public Fire Protection	1.0000
Total	1.0000

FACTOR 9. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

Factors are based on the relative cost of meters by size and customer classification, as developed on the following page and summarized below.

Customer Classification	5/8" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	29,379	0.8905
Commercial	2,722	0.0825
Industrial	4	0.0001
Other Public Authority	889	0.0269
Sales for Resale	0	0.0000
Private Fire	0	0.0000
Total	32,994	1.0000

MISSOURI-AMERICAN WATER COMPANY
ST. CHARLES DISTRICT

BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS

Meter Size	5/8" Dollar Equivalent	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Total	
		Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)
5/8	1.0	27,171	27,171	391	391	0	0	6	6	0	0	27,568	27,568
3/4	1.3	1	1	0	0	0	0	0	0	0	0	1	1
1	1.7	1,191	2,025	200	340	0	0	5	9	0	0	1,396	2,374
1-1/2	3.5	31	109	174	609	0	0	5	18	0	0	210	736
2	4.3	17	73	163	701	1	4	24	103	0	0	205	881
3	19.0	0	0	6	114	0	0	14	266	0	0	20	380
4	29.3	0	0	10	293	0	0	10	293	0	0	20	586
6	48.4	0	0	1	48	0	0	4	194	0	0	5	242
8	112.9	0	0	2	226	0	0	0	0	0	0	2	226
Total		28,411	29,379	947	2,722	1	4	68	889	0	0	29,427	32,994

MISSOURI-AMERICAN WATER COMPANY
ST. CHARLES DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 10. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

Factors are based on the relative cost of services by size and customer classification, as developed on the following page and summarized below.

Customer Classification	3/4" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	28,649	0.9269
Commercial	1,296	0.0419
Industrial	2	0.0001
Other Public Authority	153	0.0050
Sales for Resale	0	0.0000
Private Fire Protection	806	0.0261
Total	30,906	1.0000

MISSOURI-AMERICAN WATER COMPANY
ST. CHARLES DISTRICT

BASIS FOR ALLOCATING SERVICE COSTS TO CUSTOMER CLASSIFICATIONS

Service Size	3/4" Dollar Equivalent	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Private Fire Protection		Total	
		Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)=(2)X(11)	(15)	(16)
3/4	1.00	27,172	27,172	391	391	0	0	6	6	0	0	0	0	27,569	27,569
1	1.17	1,191	1,393	200	234	0	0	5	6	0	0	0	0	1,396	1,633
1-1/2	1.58	31	49	174	275	0	0	5	8	0	0	0	0	210	332
2	2.04	17	35	163	333	1	2	24	49	0	0	12	24	217	443
3	2.73	0	0	6	16	0	0	14	38	0	0	1	3	21	57
4	2.88	0	0	10	29	0	0	10	29	0	0	18	52	38	110
6	4.24	0	0	1	4	0	0	4	17	0	0	67	284	72	305
8	6.98	0	0	2	14	0	0	0	0	0	0	58	405	60	419
10	9.50	0	0	0	0	0	0	0	0	0	0	4	38	4	38
12	12.16	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total		28,411	28,649	947	1,296	1	2	68	153	0	0	160	806	29,587	30,906

MISSOURI-AMERICAN WATER COMPANY
ST. CHARLES DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 11. ALLOCATION OF TRANSMISSION AND DISTRIBUTION OPERATION SUPERVISION AND ENGINEERING AND MISCELLANEOUS EXPENSES.

Factors are based on transmission and distribution operation expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Operating Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$ 209,922	0.7140
Commercial	23,285	0.0792
Industrial	55	0.0002
Other Public Authority	3,557	0.0121
Sales for Resale	-	0.0000
Private Fire Protection	9,498	0.0323
Public Fire Protection	47,696	0.1622
Total	294,014	1.0000

FACTOR 12. ALLOCATION OF TRANSMISSION AND DISTRIBUTION MAINTENANCE SUPERVISION AND ENGINEERING, STRUCTURES AND IMPROVEMENTS, AND OTHER EXPENSES.

Factors are based on transmission and distribution maintenance expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$ 47,700	0.6942
Commercial	4,335	0.0631
Industrial	9	0.0001
Other Public Authority	792	0.0115
Sales for Resale	-	0.0000
Private Fire Protection	1,533	0.0223
Public Fire Protection	14,351	0.2088
Total	$68,720	1.0000

Schedule C-SCH

MISSOURI-AMERICAN WATER COMPANY
ST. CHARLES DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 13. ALLOCATION OF BILLING AND COLLECTING COSTS.

Factors are based on the total number of customers.

Customer Classification	Total Customers	Allocation Factor
(1)	(2)	(3)
Residential	28,411	0.9599
Commercial	947	0.0320
Industrial	1	0.0000
Other Public Authority	68	0.0023
Sales for Resale	0	0.0000
Private Fire Protection	173	0.0058
Public Fire Protection	0	0.0000
Total	29,600	1.0000

FACTOR 14. ALLOCATION OF METER READING COSTS.

Factors are based on the number of metered customers.

Customer Classification	Total Metered Customers	Allocation Factor
(1)	(2)	(3)
Residential	28,411	0.9655
Commercial	947	0.0322
Industrial	1	0.0000
Other Public Authority	68	0.0023
Sales for Resale	0	0.0000
Total	29,427	1.0000

MISSOURI-AMERICAN WATER COMPANY
ST. CHARLES DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 15. ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES AND CASH WORKING CAPITAL.

Factors are based on the allocation of all other operation and maintenance expenses excluding purchased water, power, chemicals and waste disposal.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$1,008,943	0.8431
Commercial	65,373	0.0546
Industrial	103	0.0001
Other Public Authority	8,664	0.0072
Sales for Resale	0	0.0000
Private Fire Protection	18,501	0.0155
Public Fire Protection	95,204	0.0795
Total	$1,196,788	1.0000

MISSOURI-AMERICAN WATER COMPANY
ST. CHARLES DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 16. ALLOCATION OF LABOR RELATED TAXES AND BENEFITS.

Factors are based on the allocation of direct labor expense.

Customer Classification	Direct Labor Expense	Allocation Factor
(1)	(2)	(3)
Residential	$762,810	0.8186
Commercial	56,181	0.0603
Industrial	102	0.0001
Other Public Authority	7,785	0.0084
Sales for Resale	0	0.0000
Private Fire Protection	16,586	0.0178
Public Fire Protection	88,356	0.0948
Total	$931,820	1.0000

FACTOR 17. ALLOCATION OF ORGANIZATION, FRANCHISES AND CONSENTS, MISCELLANEOUS INTANGIBLE PLANT AND OTHER RATE BASE ELEMENTS.

Factors are based on the allocation of the original cost less depreciation other than those items being allocated, as follows:

Customer Classification	Original Cost Less Depreciation	Allocation Factor
(1)	(2)	(3)
Residential	$31,788,849	0.7412
Commercial	3,440,142	0.0802
Industrial	7,314	0.0002
Other Public Authority	575,326	0.0134
Sales for Resale	0	0.0000
Private Fire Protection	815,538	0.0190
Public Fire Protection	6,259,310	0.1460
Total	$42,886,479	1.0000

MISSOURI-AMERICAN WATER COMPANY
ST. CHARLES DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 18. ALLOCATION OF INCOME TAXES AND INCOME AVAILABLE FOR RETURN.

Factors are based on the allocation of the original cost measure of value rate base as shown on the following pages and summarized below.

Customer Classification	Original Cost Measure of Value	Allocation Factor
(1)	(2)	(3)
Residential	$28,625,024	0.7405
Commercial	3,107,556	0.0804
Industrial	6,507	0.0002
Other Public Authority	520,377	0.0135
Sales for Resale	0	0.0000
Private Fire Protection	735,191	0.0190
Public Fire Protection	5,658,930	0.1464
Total	$38,653,585	1.0000

FACTOR 19. ALLOCATION OF REGULATORY COMMISSION EXPENSES, ASSESSMENTS AND OTHER WATER REVENUES.

The factors are based on the allocation of the total cost of service, excluding those items being allocated.

Customer Classification	Total Cost of Service	Allocation Factor
(1)	(2)	(3)
Residential	$9,105,917	0.7840
Commercial	860,414	0.0741
Industrial	1,983	0.0002
Other Public Authority	134,404	0.0116
Sales for Resale	0	0.0000
Private Fire Protection	189,306	0.0163
Public Fire Protection	1,322,038	0.1138
Total	$11,614,062	1.0000

MISSOURI-AMERICAN WATER COMPANY
ST. CHARLES DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
RATE BASE									
Organization	17	$ 11,448	$ 8,485	$ 918	$ 2	$ 153	$ -	$ 218	$ 1,671
Franchises	17	12,572	9,318	1,008	3	168	0	239	1,836
Land & Ld Rights SS	2	5,308	4,678	539	2	77	0	2	10
Land & Ld Rights P	6	1,193	992	116	0	17	0	10	58
Land & Ld Rights WT	2	5,372	4,734	545	2	78	0	2	10
Land & Ld Rights TD	7	314,898	214,571	26,766	63	4,157	0	10,455	58,886
Land & Land Rights AG	15	0	0	0	0	0	0	0	0
Struct & Imp SS	2	0	0	0	0	0	0	0	0
Struct & Imp P	6	1,056,956	878,859	102,842	211	15,009	0	9,090	50,945
Struct & Imp Pumps (STL)	6	0	0	0	0	0	0	0	0
Struct & Imp Pump Boosters	6	0	0	0	0	0	0	0	0
Struct & Imp WT	2	198,232	174,702	20,121	59	2,894	0	79	377
Struct & Imp WT Nth Plt (ST	2	0	0	0	0	0	0	0	0
Struct & Imp WT Ctrl Plt 1	2	0	0	0	0	0	0	0	0
Struct & Imp WT Ctrl Plt 3	2	0	0	0	0	0	0	0	0
Struct & Imp WT Sth Plt (ST	2	0	0	0	0	0	0	0	0
Struct & Imp WT Meramec (ST	2	0	0	0	0	0	0	0	0
Struct & Imp TD	7	604,029	411,585	51,342	121	7,973	0	20,054	112,953
Struct & Imp TD Spec Cross	7	0	0	0	0	0	0	0	0
Struct & Imp Offices	15	232,671	196,165	12,704	23	1,675	0	3,606	18,497
Struct & Imp Leasehold	15	0	0	0	0	0	0	0	0
Struct & Imp Leasehold	15	0	0	0	0	0	0	0	0
Struct & Imp Store,Shop,Gar	15	46,974	39,604	2,565	5	338	0	728	3,734
Struct & Imp Misc	15	952	803	52	0	7	0	15	76
Collect & Impounding	1	0	0	0	0	0	0	0	0
Lake, River & Other Intakes	2	0	0	0	0	0	0	0	0
Wells & Springs	2	0	0	0	0	0	0	0	0
Supply Mains	2	0	0	0	0	0	0	0	0
Supply Mains Nth Plt (STL)	2	0	0	0	0	0	0	0	0
Supply Mains Ctrl Plt (STL)	2	0	0	0	0	0	0	0	0
Supply Mains Sth Plt (STL)	2	0	0	0	0	0	0	0	0
Supply Mains Meramec Plt (S	2	0	0	0	0	0	0	0	0
Power Generation Equip Othe	6	192,971	160,455	18,776	39	2,740	0	1,660	9,301
Boiler Plant Equipment P	6	0	0	0	0	0	0	0	0
Pump Equip Steam	6	0	0	0	0	0	0	0	0
Pump Equip Electric	6	1,493,671	1,241,987	145,334	299	21,210	0	12,846	71,995
Pump Equip Elec Pre46 (STL)	6	0	0	0	0	0	0	0	0
Pump Equip Elec Post46 (STL	6	0	0	0	0	0	0	0	0
Pump Equip Elec Boosters Po	6	0	0	0	0	0	0	0	0
Pump Equip Diesel	6	0	0	0	0	0	0	0	0
Pump Equip Diesel Stratman\	6	0	0	0	0	0	0	0	0
Pump Equip Diesel Ctrl Plt	6	0	0	0	0	0	0	0	0
Pump Equip Hydraulic	6	0	0	0	0	0	0	0	0
Pump Equip Other	6	48,528	40,351	4,722	10	689	0	417	2,339

MISSOURI-AMERICAN WATER COMPANY
ST. CHARLES DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
WT Equip Non-Media	2	12,133	10,693	1,231	4	177	0	5	23
WT Equip Non-Med North (STL	2	0	0	0	0	0	0	0	0
WT Equip Non Media Ctrl 1 &	2	0	0	0	0	0	0	0	0
WT Equip Non Media Ctrl 3 (	2	0	0	0	0	0	0	0	0
WT Equip Non Media Sth (STL	2	0	0	0	0	0	0	0	0
WT Equip Non Media Mer (STL	2	0	0	0	0	0	0	0	0
WT Equip Filter Media	2	0	0	0	0	0	0	0	0
Dist Reservoirs & Standpipe	5	960,956	620,681	80,048	192	12,781	0	37,381	209,873
Elevated Tanks & Standpipes	5	119,027	76,880	9,915	24	1,583	0	4,630	25,995
Ground Level Facilities	5	0	0	0	0	0	0	0	0
TD Mains Not Classified by	7	7,608,901	5,184,705	646,757	1,522	100,437	0	252,616	1,422,865
TD Mains 4 & Less "	4	325,019	207,460	26,717	65	4,258	0	13,066	73,454
TD Mains 6 to 8" "	4	4,894,643	3,124,251	402,340	979	64,120	0	196,765	1,106,189
TD Mains 10 to 16" "	3	9,606,749	7,865,046	904,956	1,921	129,691	0	106,635	598,500
TD Mains 18 & Grtr "	3	4,750,006	3,888,830	447,451	950	64,125	0	52,725	295,925
TD Mains AC 4 (STL) "	4	0	0	0	0	0	0	0	0
TD Mains CI <10 1900-28 (S"	4	0	0	0	0	0	0	0	0
TD Mains CI <10 1929-56 (S"	4	0	0	0	0	0	0	0	0
TD Mains CI <10 1957-93 (S"	4	0	0	0	0	0	0	0	0
TD Mains CI 12 (STL) "	3	0	0	0	0	0	0	0	0
TD Mains CI 16 (STL) "	3	0	0	0	0	0	0	0	0
TD Mains DI 6-8 (STL) "	4	0	0	0	0	0	0	0	0
TD Mains DI 12 (STL) "	3	0	0	0	0	0	0	0	0
TD Mains DI 16 & >(STL)	3	0	0	0	0	0	0	0	0
TD Mains Galve 1 (STL) "	4	0	0	0	0	0	0	0	0
TD Mains LJ 20 (STL) "	3	0	0	0	0	0	0	0	0
Fire Mains	8	245,343	0	0	0	0	0	0	245,343
Services	10	3,316,000	3,073,600	138,940	332	16,580	0	86,548	0
Meters Bronze Case	9	1,830,477	1,630,040	151,014	183	49,240	0	0	0
Meters Plastic Case	9	0	0	0	0	0	0	0	0
Meters Other	9	(15,146)	(13,488)	(1,250)	(2)	(407)	0	0	0
Meters Other-Rem Rdr Unts	9	0	0	0	0	0	0	0	0
Meter Installations	9	3,102,626	2,762,888	255,967	310	83,461	0	0	0
Meter Installation Other	9	(388,359)	(345,834)	(32,040)	(39)	(10,447)	0	0	0
Hydrants	8	1,920,093	0	0	0	0	0	0	1,920,093
Other P/E Intangible	15	(306,586)	(258,483)	(16,740)	(31)	(2,207)	0	(4,752)	(24,374)
Other P/E WT Res Hand Equip	2	0	0	0	0	0	0	0	0
Other P/E TD	7	2,703	1,842	230	1	36	0	90	505
Other P/E CPS	15	(8,862)	(7,472)	(484)	(1)	(64)	0	(137)	(705)
Office Furniture & Equip	15	444,576	374,822	24,274	44	3,201	0	6,891	35,344
Comp & Periph Equip	15	192,358	162,177	10,503	19	1,385	0	2,982	15,292
Computer Software	15	(449,462)	(378,941)	(24,541)	(45)	(3,236)	0	(6,967)	(35,732)
Comp Software Personal	15	98,975	83,446	5,404	10	713	0	1,534	7,869
Data Handling Equipment	15	0	0	0	0	0	0	0	0
Other Office Equipment	15	(1,706)	(1,438)	(93)	(0)	(12)	0	(26)	(136)

MISSOURI-AMERICAN WATER COMPANY
ST. CHARLES DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Trans Equip Lt Duty Trks	15	16,965	14,303	926	2	122	0	263	1,349
Trans Equip Hvy Duty Trks	15	0	0	0	0	0	0	0	0
Trans Equip Autos	15	(29,602)	(24,957)	(1,616)	(3)	(213)	0	(459)	(2,353)
Trans Equip Other	15	760	641	41	0	5	0	12	60
Stores Equipment	15	(9)	(8)	(0)	(0)	(0)	0	(0)	(1)
Tools,Shop,Garage Equip	15	315,260	265,796	17,213	32	2,270	0	4,887	25,063
Tools,Shop,Garage Equip Oth	15	0	0	0	0	0	0	0	0
Laboratory Equipment	2	(953)	(840)	(97)	(0)	(14)	0	(0)	(2)
Laboratory Equip Other	2	0	0	0	0	0	0	0	0
Power Operated Equipment	15	41,085	34,639	2,243	4	296	0	637	3,266
Comm Equip Non-Telephone	15	12,676	10,687	692	1	91	0	196	1,008
Comm Equip Telephone	15	(13,219)	(11,145)	(722)	(1)	(95)	0	(205)	(1,051)
Misc Equipment	15	81,296	68,541	4,439	8	585	0	1,260	6,463
Other Tangible Property	17	647,746	480,109	51,949	130	8,680	0	12,307	94,571
Total Utility Plant in Service		43,558,245	32,286,762	3,494,018	7,449	584,328	0	828,301	6,357,388
Other Rate Base Items									
Add:									
Other Utility Plant Adjustments	17	0	0	0	0	0	0	0	0
Cash Working Capital	15	0	0	0	0	0	0	0	0
Materials and Supplies	15	128,860	108,642	7,036	13	928	0	1,997	10,244
Prepayments	15	43,514	36,687	2,376	4	313	0	674	3,459
OPEB's Contributed to External Fund	16	266,562	218,208	16,074	27	2,239	0	4,745	25,270
Premature Retirement	17	0	0	0	0	0	0	0	0
Regulatory Deferrals	17	133,598	99,023	10,715	27	1,790	0	2,538	19,505
Less:									
Accumulated Deferred ITC (3%)	17	0	0	0	0	0	0	0	0
Deferred Income Taxes	17	(4,642,560)	(3,441,065)	(372,333)	(929)	(62,210)	0	(88,209)	(677,814)
Pensions	16	(834,634)	(683,231)	(50,328)	(83)	(7,011)	0	(14,856)	(79,123)
Total Other Rate Base Elements		(4,904,660)	(3,661,738)	(386,462)	(941)	(63,951)	0	(93,110)	(698,458)
Total Original Cost Measure of Value		$ 38,653,585	$ 28,625,024	$ 3,107,556	$ 6,507	$ 520,377	$ -	$ 735,191	$ 5,658,930

MISSOURI-AMERICAN WATER COMPANY
ST. CHARLES DISTRICT

SUMMARY OF AVERAGE DAILY SEND OUT AND MAXIMUM DAILY USAGE
FOR THE YEARS 1990-2005

Year	Average Daily Send out (MGD)	Maximum Daily Use		
		MGD	Ratio to Average	Highest Use Day
(1)	(2)	(3)	(4)	(5)
1990	5.336	N/A	N/A	N/A
1991	6.749	N/A	N/A	N/A
1992	6.624	N/A	N/A	N/A
1993	6.001	10.000	1.67	6/18/1993
1994	7.158	16.543	2.31	6/15/1994
1995	8.125	18.000	2.22	7/13/1995
1996	7.343	17.573	2.39	7/7/1996
1997	8.345	18.550	2.22	7/25/1997
1998	7.802	19.001	2.44	7/19/1998
1999	8.835	20.447	2.31	7/24/1999
2000	8.290	17.570	2.12	7/9/2000
2001	8.755	19.920	2.28	8/5/2001
2002	8.970	21.350	2.38	7/21/2002
2003	8.580	21.570	2.51	8/24/2003
2004	8.753	16.100	1.84	6/30/2004
2005	9.990	21.650	2.17	7/10/2005

MISSOURI-AMERICAN WATER COMPANY
ST. CHARLES DISTRICT

BASIS FOR ALLOCATING DEMAND RELATED COSTS OF FIRE SERVICE TO PRIVATE AND PUBLIC FIRE PROTECTION CUSTOMER CLASSIFICATIONS

Description		Restrictive Diameters Squared	Quantity	Relative Demand*	Allocation Factor
(1)		(2)	(3)	(4)=(2)x(3)	(5)
PRIVATE FIRE PROTECTION					
Fire Lines					
2 -inch		4.00	12	48	
3 -inch		9.00	0	0	
4 -inch		16.00	18	288	
6 -inch		36.00	67	2,412	
8 -inch		64.00	58	3,712	
10 -inch		100.00	4	400	
12 -inch		144.00	0	0	
Private Hydrants		32.75	14	459	
Total Private Fire Protection			173	7,319	0.1511
PUBLIC FIRE PROTECTION					
Hydrant	Nozzle Sizes				
6" Valve	2- 2-1/2" & 1- 4.5"	32.75	201	6,583	
6" Valve	2- 2-1/2"	12.50	2,762	34,525	
Total Public Fire Prorection			2,963	41,108	0.8489
Total Fire Protection			3,136	48,427	1.0000

ST. JOSEPH DISTRICT

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES
FOR THE TEST YEAR ENDED JUNE 30, 2006

Customer Classification	Cost of Service		Revenues, Present Rates		Revenues, Proposed Rates		Proposed Increase	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent Increase
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Residential	$ 10,600,587	50.6%	$ 7,789,999	49.3%	$ 9,884,475	50.0%	$ 2,094,476	26.9%
Commercial	3,903,818	18.7%	3,092,963	19.6%	3,879,583	19.6%	786,620	25.4%
Industrial	2,921,721	14.0%	2,211,762	14.0%	2,718,194	13.7%	506,432	22.9%
Public Authority	851,423	4.1%	610,802	3.9%	760,317	3.8%	149,515	24.5%
Sales for Resale	2,408,757	11.5%	1,871,755	11.9%	2,303,257	11.6%	431,502	23.1%
Private Fire Service	229,087	1.1%	201,248	1.3%	263,147	1.3%	61,899	30.8%
Public Fire Service	-	0.0%	$0	0.0%	$0	0.0%	-	-
Total Sales	20,915,394	100.0%	15,778,529	100.0%	19,808,973	100.0%	4,030,444	25.5%
Other Revenues *	389,356		389,356		$368,968		(20,388)	-5.2%
Total	$ 21,304,750		$ 16,167,885		$ 20,177,941		$ 4,010,056	24.8%

* Includes Industrial Contract Sales.

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Schedule A-SJO

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection Private	Fire Protection Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
OPERATION AND MAINTENANCE EXPENSES									
SOURCE OF SUPPLY EXPENSES									
Super & Eng Oper SS	2	0	0	0	0	0	0	0	0
Labor & Exp Oper SS	2	0							
Labor & Exp Oper SS	2	62,571	24,991	12,596	11,632	2,935	10,168	44	206
Purchased Water	1	0	0	0	0	0	0	0	0
TOTAL SS EXPENSE - OPERATION		62,571	24,991	12,596	11,632	2,935	10,168	44	206
Misc Exp Oper SS	2	0	0	0	0	0	0	0	0
Misc Exp Oper SS	2	406	162	82	75	19	66	0	1
Rents Oper SS	2	0	0	0	0	0	0	0	0
Super & Eng Maint SS	2	0	0	0	0	0	0	0	0
Struct & Improve Maint SS	2	0	0	0	0	0	0	0	0
Struct & Improve Maint SS	2	0	0	0	0	0	0	0	0
Collect & Impound Maint SS	2	0	0	0	0	0	0	0	0
Collect & Impound Maint SS	2	0	0	0	0	0	0	0	0
Lake, River & Oth Maint SS	2	0	0	0	0	0	0	0	0
Lake, River & Oth Maint SS	2	0	0	0	0	0	0	0	0
Wells & Springs Maint SS	2	0	0	0	0	0	0	0	0
Wells & Springs Maint SS	2	0	0	0	0	0	0	0	0
Infilt Gall & Tunnels Maint SS	2	0	0	0	0	0	0	0	0
Infilt Gall & Tunnels Maint SS	2	0	0	0	0	0	0	0	0
Supply Mains Maint SS	2	0	0	0	0	0	0	0	0
Supply Mains Maint SS	2	0	0	0	0	0	0	0	0
Misc Plant Maint SS	2	12	5	2	2	1	2	0	0
Misc Plant Maint SS	2	17,004	6,792	3,423	3,161	798	2,763	12	56
TOTAL SS EXPENSE - MAINTENANCE		17,423	6,959	3,507	3,239	817	2,831	12	57
TOTAL SS EXPENSE		79,994	31,950	16,103	14,871	3,752	12,999	56	264
POWER AND PUMPING EXPENSES									
Super & Eng Oper P	6	60,858	23,680	11,928	10,942	2,775	9,543	359	1,631
Fuel for Power Prod	1	0	0	0	0	0	0	0	0
Labor & Exp Oper Pwr Prod	6	(1,259)	(490)	(247)	(226)	(57)	(197)	(7)	(34)
Labor & Exp Oper Pwr Prod	6	0	0	0	0	0	0	0	0
Purch Fuel/Power for Pump	1	582,381	211,579	115,719	122,533	26,964	102,091	641	2,854
Labor & Exp Oper Pump	6	358,711	139,574	70,307	64,496	16,357	56,246	2,116	9,613
Labor & Exp Oper Pump	6	1,183	460	232	213	54	185	7	32
Expenses Transferred	6	0	0	0	0	0	0	0	0
Misc Exp Oper P	6	5,062	1,970	992	910	231	794	30	136
Rents Oper P	6	0	0	0	0	0	0	0	0
TOTAL PUMPING EXPENSE - OPERATION		1,006,936	376,773	198,932	198,868	46,324	168,662	3,145	14,232

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Super & Eng Maint P	6	16,219	6,311	3,179	2,916	740	2,543	96	435
Struct & Improve Maint P	6	0	0	0	0	0	0	0	0
Struct & Improve Maint P	6	0	0	0	0	0	0	0	0
Power Prod Equip Maint P	6	0	0	0	0	0	0	0	0
Power Prod Equip Maint P	6	0	0	0	0	0	0	0	0
Pump Equip Maint P	6	0	0	0	0	0	0	0	0
Pump Equip Maint P	6	156	61	31	28	7	24	1	4
TOTAL PUMPING EXPENSES - MAINTENANCE		16,375	6,372	3,209	2,944	747	2,568	97	439
TOTAL PUMPING EXPENSES		1,023,311	383,145	202,141	201,812	47,071	171,229	3,242	14,671
WATER TREATMENT									
Super & Eng Oper WT	2	72,590	28,992	14,612	13,494	3,404	11,796	51	240
Chemicals	1	730,060	265,231	145,063	153,605	33,802	127,980	803	3,577
Labor & Exp Oper WT	2	75,969	30,342	15,293	14,123	3,563	12,345	53	251
Labor & Exp Oper WT	2	38,364	15,323	7,723	7,132	1,799	6,234	27	127
Misc Exp Oper WT	2	3,003	1,199	604	558	141	488	2	10
Misc Exp Oper WT	1	258,724	93,994	51,408	54,436	11,979	45,354	285	1,268
Misc Exp Oper WT	2	37,368	14,925	7,522	6,947	1,753	6,072	26	123
Rents Oper WT	2	0	0	0	0	0	0	0	0
TOTAL WT EXPENSE - OPERATION		1,216,077	450,006	242,226	250,294	56,441	210,269	1,247	5,595
Super & Eng Maint WT	2	10,849	4,333	2,184	2,017	509	1,763	8	36
Struct & Improve Maint WT	2	0	0	0	0	0	0	0	0
Struct & Improve Maint WT	2	0	0	0	0	0	0	0	0
WT Equip Maint WT	2	0	0	0	0	0	0	0	0
WT Equip Maint WT	2	35,337	14,114	7,113	6,569	1,657	5,742	25	117
TOTAL WT EXPENSE - MAINTENANCE		46,186	18,447	9,297	8,586	2,166	7,505	32	152
TOTAL WT EXPENSE		1,262,263	468,453	251,523	258,880	58,607	217,774	1,279	5,748
TRANSMISSION AND DISTRIBUTION EXPENSES									
Super & Eng Oper TD	11	17,590	10,462	2,860	858	573	347	630	1,859
Storage Facilty Exp	5	71	26	13	10	3	9	2	8
Storage Facilty Exp	5	5,036	1,842	893	720	208	671	127	575
TD Lines Exp	7	207,416	84,646	41,628	15,204	9,707	6,160	9,043	41,027
TD Lines Exp	7	24,580	10,031	4,933	1,802	1,150	730	1,072	4,862
Meter Expense	9	105,082	84,371	14,396	2,995	2,354	967	0	0
Meter Expense	9	966	776	132	28	22	9	0	0
Customer Install Exp	10	96,594	79,874	9,486	695	889	135	5,516	0
Customer Install Exp	10	(1)	(1)	(0)	(0)	(0)	(0)	(0)	0
Misc Exp Oper TD	11	16,322	9,708	2,654	797	532	322	584	1,725

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Misc Exp Oper TD	11	3,176	1,889	516	155	104	63	114	336
Misc Exp Oper TD	11	42,432	25,239	6,900	2,071	1,383	836	1,519	4,485
Rents Oper TD	11	0	0	0	0	0	0	0	0
M & S Oper TD Mains	11	7,177	4,269	1,167	350	234	141	257	759
TOTAL T & D EXPENSE OPERATION		526,441	313,132	85,578	25,684	17,159	10,390	18,863	55,636
Super & Eng Maint TD	12	16,560	7,616	2,689	893	586	353	498	3,925
Struct & Improve Maint TD	12	0	0	0	0	0	0	0	0
Struct & Improve Maint TD	12	229	105	37	12	8	5	7	54
Dist Res Stand Maint TD	5	0	0	0	0	0	0	0	0
TD Main Maint TD	7	104,352	42,586	20,943	7,649	4,884	3,099	4,550	20,641
TD Main Maint TD	7	13	5	3	1	1	0	1	3
Fire Main Maint TD	8	93	0	0	0	0	0	0	93
Fire Main Maint TD	8	0	0	0	0	0	0	0	0
Services Maint TD	10	4,923	4,070	483	35	45	7	281	0
Services Maint TD	10	62	51	6	0	1	0	4	0
Meters Maint TD	9	28,482	22,868	3,902	812	638	262	0	0
Meters Maint TD	9	5,196	4,172	712	148	116	48	0	0
Hydrants Maint TD	8	17,277	0	0	0	0	0	0	17,277
Hydrants Maint TD	8	0	0	0	0	0	0	0	0
Misc Plant Maint TD	12	0	0	0	0	0	0	0	0
Mat and Sup Maint TD	12	120,665	55,494	19,596	6,504	4,272	2,570	3,632	28,598
Misc Maint TD	12	100	46	16	5	4	2	3	24
Amort Def Maint TD	5	359,120	131,330	63,672	51,318	14,868	47,871	9,050	41,012
TOTAL T & D EXPENSE - MAINTENANCE		657,072	268,344	112,060	67,378	25,422	54,217	18,025	111,625
TOTAL T & D EXPENSE		1,183,513	581,476	197,638	93,062	42,581	64,607	36,888	167,261
CUSTOMER ACCOUNTS									
Supervision CA	13	44,409	39,222	4,068	173	275	27	644	0
Meter Reading Exp CA	14	289,277	259,279	26,874	1,128	1,822	174	0	0
Meter Reading Exp CA	14	2,780	2,492	258	11	18	2	0	0
Meter Reading Exp CA	14	4,422	3,964	411	17	28	3	0	0
Cust Rec & Collection CA	13	16,364	14,453	1,499	64	101	10	237	0
Cust Rec & Collection CA	13	132,493	117,018	12,136	517	821	79	1,921	0
Uncollectible Accts	13	158,660	140,128	14,533	619	984	95	2,301	0
Misc Cust Accts Exp CA	13	0	0	0	0	0	0	0	0
Misc Cust Accts Exp CA	13	0	0	0	0	0	0	0	0
Misc Cust Accts Exp CA	13	21,434	18,930	1,963	84	133	13	311	0
Cust Serv & Info Exp CA	13	(9)	(8)	(1)	(0)	(0)	(0)	(0)	0
TOTAL CUSTOMER ACCOUNTING EXPENSE		669,830	595,478	61,742	2,612	4,183	402	5,414	0

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Schedule B-SJO

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
ADMINISTRATIVE AND GENERAL EXPENSES									
Salaries AG	15	146,285	82,285	23,040	13,297	4,608	10,591	2,501	9,962
Other Supplies & Exp AG	15	646	363	102	59	20	47	11	44
Other Supplies & Exp AG	15	143,988	80,993	22,678	13,089	4,536	10,425	2,462	9,806
Other Supplies & Exp AG	15	77,732	43,724	12,243	7,066	2,449	5,628	1,329	5,294
Mgmt Fees-Coporate/Shared Service Center	15	1,272,315	715,677	200,390	115,653	40,078	92,116	21,757	86,645
Mgmt Fees-Call Center	13	46,557	41,119	4,265	182	289	28	675	0
Mgmt Fees-Belleville Lab	2	58,596	23,403	11,795	10,893	2,748	9,522	41	193
Mgmt Fees- Financial ITS	15	442,751	249,047	69,733	40,246	13,947	32,055	7,571	30,151
Mgmt Fees- Customer Billings ITS	13	(16)	(14)	(1)	(0)	(0)	(0)	(0)	0
Mgmt Fees-Other ITS	15	5,744	3,231	905	522	181	416	98	391
Outside Services AG	15	45,029	25,329	7,092	4,093	1,418	3,260	770	3,066
Outside Services AG	15	96,018	54,010	15,123	8,728	3,025	6,952	1,642	6,539
Property Insurance	15	0	0	0	0	0	0	0	0
Ins Gen Liab Oper AG	15	202,531	113,923	31,899	18,410	6,380	14,663	3,463	13,792
Ins Work Comp AG	16	67,221	38,410	10,715	6,010	2,144	4,591	1,069	4,282
Ins Other Oper AG	15	77,270	43,464	12,170	7,024	2,434	5,594	1,321	5,262
Property Insurance	15	7,545	4,244	1,188	686	238	546	129	514
Injuries & Damages	16	345	197	55	31	11	24	5	22
Employee Pension & Benefits	16	503,477	287,687	80,254	45,011	16,061	34,388	8,005	32,072
Employee Pension & Benefits	16	190,082	108,613	30,299	16,993	6,064	12,983	3,022	12,108
Employee Pension & Benefits	16	33,889	19,364	5,402	3,030	1,081	2,315	539	2,159
Reg Commision Exp	15	19,242	10,823	3,031	1,749	606	1,393	329	1,310
Rents AG	15	59,070	33,227	9,304	5,369	1,861	4,277	1,010	4,023
Goodwill Advertising Exp	15	2,753	1,549	434	250	87	199	47	187
Misc Exp AG	15	265,629	149,416	41,837	24,146	8,367	19,232	4,542	18,089
Research & Development	15	0	0	0	0	0	0	0	0
TOTAL A & G OPERATIONS		3,764,697	2,130,087	593,950	342,536	118,631	271,242	62,340	245,911
General Plant Maint AG	15	117	66	18	11	4	8	2	8
General Plant Maint AG	15	28,523	16,044	4,492	2,593	898	2,065	488	1,942
TOTAL A & G EXPENSE - MAINTENANCE		28,640	16,110	4,511	2,603	902	2,074	490	1,950
TOTAL A & G EXPENSE		3,793,337	2,146,196	598,461	345,139	119,533	273,316	62,830	247,862
Total Operation & Maintenance Expenses		8,012,248	4,206,697	1,327,607	916,376	275,726	740,327	109,709	435,805

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
DEPRECIATION EXPENSE									
Struct & Imp SS	2	48,407	19,334	9,744	8,999	2,270	7,866	34	160
Struct & Imp P	6	137,109	53,349	26,873	24,652	6,252	21,499	809	3,675
Struct & Imp WT	2	442,789	176,850	89,133	82,314	20,767	71,953	310	1,461
Struct & Imp TD	7	8,530	3,481	1,712	625	399	253	372	1,687
Struct & Imp Offices	15	0	0	0	0	0	0	0	0
Struct & Imp Store,Shop,Gar	15	11,375	6,398	1,792	1,034	358	824	195	775
Struct & Imp Misc	15	17,851	10,041	2,812	1,623	562	1,292	305	1,216
Collect & Impounding	1	0	0	0	0	0	0	0	0
Lake, River & Other Intakes	2	669	267	135	124	31	109	0	2
Wells & Springs	2	681	272	137	127	32	111	0	2
Supply Mains	2	149,929	59,882	30,181	27,872	7,032	24,363	105	495
Pump Equip Electric	6	97,296	37,858	19,070	17,494	4,437	15,256	574	2,608
Pump Equip Other	6	31	12	6	6	1	5	0	1
WT Equip Non-Media	2	433,919	173,307	87,348	80,666	20,351	70,512	304	1,432
WT Equip Filter Media	2	415	166	84	77	19	67	0	1
Dist Reservoirs & Standpipe	5	35,625	13,028	6,316	5,091	1,475	4,749	898	4,068
Elevated Tanks & Standpipes	5	6,758	2,471	1,198	966	280	901	170	772
Ground Level Facilities	5	0	0	0	0	0	0	0	0
TD Mains Not Classified by	7	34,277	13,988	6,879	2,513	1,604	1,018	1,494	6,780
TD Mains 4 & Less "	4	11,391	4,763	2,328	560	543	0	576	2,620
TD Mains 6 to 8" "	4	128,986	53,929	26,365	6,346	6,153	0	6,527	29,667
TD Mains 10 to 16" "	3	143,063	52,661	26,538	24,492	6,180	21,417	2,132	9,642
TD Mains 18 & Grtr "	3	67,287	24,768	12,482	11,520	2,907	10,073	1,003	4,535
Services	10	59,804	49,452	5,873	431	550	84	3,415	0
Meters Bronze Case	9	13,934	11,188	1,909	397	312	128	0	0
Meters Plastic Case	9	2,084	1,673	286	59	47	19	0	0
Meters Other	9	7,113	5,711	974	203	159	65	0	0
Meters Other-Rem Rdr Unts	9	0	0	0	0	0	0	0	0
Meter Installations	9	76,632	61,528	10,499	2,184	1,717	705	0	0
Meter Installation Other	9	0	0	0	0	0	0	0	0
Hydrants	8	29,953	0	0	0	0	0	0	29,953
Utility Plant Acquisition Adjustment	17	0	0	0	0	0	0	0	0
Other P/E WT Res Hand Equip	2	25,943	10,362	5,222	4,823	1,217	4,216	18	86
Other P/E TD	7	0	0	0	0	0	0	0	0
Other P/E CPS	15	0	0	0	0	0	0	0	0
Office Furniture & Equip	15	16,002	9,001	2,520	1,455	504	1,159	274	1,090
Comp & Periph Equip	15	80,084	45,047	12,613	7,280	2,523	5,798	1,369	5,454
Computer Software	15	135,304	76,109	21,310	12,299	4,262	9,796	2,314	9,214
Comp Software Personal	15	4,974	2,798	783	452	157	360	85	339
Data Handling Equipment	15	2,396	1,348	377	218	75	173	41	163
Other Office Equipment	15	11,975	6,736	1,886	1,089	377	867	205	815
Trans Equip Lt Duty Trks	15	15,315	8,615	2,412	1,392	482	1,109	262	1,043
Trans Equip Hvy Duty Trks	15	3,768	2,120	593	343	119	273	64	257

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Trans Equip Autos	15	5,410	3,043	852	492	170	392	93	368
Trans Equip Other	15	0	0	0	0	0	0	0	0
Stores Equipment	15	13,108	7,373	2,065	1,192	413	949	224	893
Tools,Shop,Garage Equip	15	32,885	18,498	5,179	2,989	1,036	2,381	562	2,239
Tools,Shop,Garage Equip Oth	15	0	0	0	0	0	0	0	0
Laboratory Equipment	2	28,006	11,186	5,638	5,206	1,313	4,551	20	92
Laboratory Equip Other	2	0	0	0	0	0	0	0	0
Power Operated Equipment	15	15,559	8,752	2,451	1,414	490	1,126	266	1,060
Comm Equip Non-Telephone	15	3,638	2,046	573	331	115	263	62	248
Comm Equip Telephone	15	1,420	799	224	129	45	103	24	97
Misc Equipment	15	9,526	5,358	1,500	866	300	690	163	649
Total Depreciation Expense		2,371,221	1,055,568	436,873	342,342	98,037	287,474	25,269	125,657
Amort-Other UP	18	3,026	1,273	571	469	130	397	27	159
Amort-Intangible Fin	2	158,908	63,468	31,988	29,541	7,453	25,823	111	524
Taxes Other Than Income									
Utility Reg Assessment Fee	19	81,759	37,953	14,651	11,275	3,229	9,386	899	4,366
Property Taxes	18	914,456	384,712	172,466	141,741	39,322	119,977	8,230	48,009
FUTA	16	1,965	1,123	313	176	63	134	31	125
FICA	16	132,731	75,843	21,157	11,866	4,234	9,066	2,110	8,455
SUTA	16	661	378	105	59	21	45	11	42
Other Taxes & Licenses	15	39,748	22,358	6,260	3,613	1,252	2,878	680	2,707
Gross Receipts Tax	19	0	0	0	0	0	0	0	0
Total Taxes, Other Than Income		1,171,321	522,366	214,954	168,729	48,121	141,485	11,961	63,704
Income Taxes	18	2,690,462	1,131,877	507,421	417,022	115,690	352,989	24,214	141,249
Utility Income Available for Return	18	6,897,565	2,901,806	1,300,881	1,069,123	296,595	904,961	62,078	362,122
Total Cost of Service		21,304,750	9,883,055	3,820,295	2,943,602	841,752	2,453,455	233,370	1,129,221
Less: Other Water Revenues	19	389,356	180,739	69,773	53,692	15,380	44,698	4,283	20,792
Revenue Contribution	19	0	0	0	0	0	0	0	0
Total Other Water Revenues		389,356	180,739	69,773	53,692	15,380	44,698	4,283	20,792
Total Cost of Service Related to Sales of Water		20,915,394	9,702,316	3,750,522	2,889,909	826,373	2,408,757	229,087	1,108,429
Reallocation of Public Fire	20	0	898,271	153,296	31,812	25,051	0	0	(1,108,429)
Total		$ 20,915,394	$ 10,600,587	$ 3,903,818	$ 2,921,721	$ 851,423	$ 2,408,757	$ 229,087	$ -

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS

FACTOR 1. ALLOCATION OF COSTS WHICH VARY WITH THE AMOUNT OF WATER CONSUMED.

Factors are based on the pro forma test year average daily consumption for each customer classification.

Customer Classification	Average Daily Consumption, Thousand Gallons	Allocation Factor
(1)	(2)	(3)
Residential	4,493	0.3633
Commercial	2,457	0.1987
Industrial	2,603	0.2104
Other Public Authority	573	0.0463
Sales for Resale	2,168	0.1753
Private Fire Protection	14	0.0011
Public Fire Protection	61	0.0049
Total	12,369	1.0000

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the factors for average daily consumption (Factor 1) and the factors derived from maximum day extra capacity demand for each customer classification, as follows:

	Average Daily Consumption		Maximum Day Extra Capacity		
Customer Classification	Allocation Factor 1	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)x 0.6667	(4)	(5)=(4)x 0.3333	(6)=(3)+(5)
Residential	0.3633	0.2421	0.4719	0.1573	0.3994
Commercial	0.1987	0.1325	0.2065	0.0688	0.2013
Industrial	0.2104	0.1403	0.1368	0.0456	0.1859
Other Public Authority	0.0463	0.0309	0.0481	0.0160	0.0469
Sales for Resale	0.1753	0.1169	0.1367	0.0456	0.1625
Private Fire Protection	0.0011	0.0007			0.0007
Public Fire Protection	0.0049	0.0033			0.0033
Total	1.0000	0.6667	1.0000	0.3333	1.0000

The derivation of the maximum day extra capacity factors in column 4 and the basis for the column 3 and 5 weightings are presented on the following page.

Schedule C-SJO

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS, cont.

		Maximum Day Extra Capacity		
Customer Classification	Average Daily Consumption, Thousand Gal.	Factor*	Rate of Flow, Thousand Gal. Per Day	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	4,493	1.0	4,493	0.4719
Commercial	2,457	0.8	1,966	0.2065
Industrial	2,603	0.5	1,302	0.1368
Other Public Authority	573	0.8	458	0.0481
Sales for Resale	2,168	0.6	1,301	0.1367
Total	12,294		9,520	1.0000

The weighting of the factors is based on the maximum day ratio of 1.50, based on a review of maximum day ratios experienced during the period 1990 through 2005 (see Schedule D).

	Maximum Day Ratio	Weight
Average Day	1.00	0.6667
Maximum Day Extra Capacity	0.50	0.3333
Total	1.50	1.0000

* Ratio of maximum day to average day minus 1.0.

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

	Average Daily Consumption		Maximum Day Extra Capacity		Fire Protection		
Customer Classification	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2) X 0.6143	(4)	(5)=(4) X 0.3071	(6)	(7)=(6) X 0.0786	(8)=(3)+(5)+(7)
Residential	0.3633	0.2232	0.4719	0.1449			0.3681
Commercial	0.1987	0.1221	0.2065	0.0634			0.1855
Industrial	0.2104	0.1292	0.1368	0.0420			0.1712
Other Public Authority	0.0463	0.0284	0.0481	0.0148			0.0432
Sales for Resale	0.1753	0.1077	0.1367	0.0420			0.1497
Private Fire Protection	0.0011	0.0007			0.1802	0.0142	0.0149
Public Fire Protection	0.0049	0.0030			0.8198	0.0644	0.0674
Total	1.0000	0.6143	1.0000	0.3071	1.0000	0.0786	1.0000

Schedule C-SJO

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum day ratio of 1.50 and the average daily system sendout for 2005 of 15.003 MGD. The system demand for fire protection is 8,000 Gallons per minute for 4 hours.

	Ratio	Rate of Flow, (GPD)	Weight
Average Day	1.00	15,003,000	0.6143
Maximum Day Extra Capacity	0.50	7,501,500	0.3071
Subtotal	1.50	22,504,500	0.9214
Fire Protection		1,920,000	0.0786
Total		24,424,500	1.0000

The public and private fire protection allocation factors in column 6 on the previous page are based on the relative potential demands (see Schedule E).

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		
Customer Classification	Thousand Gallons	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3) X 0.3613	(5)	(6)=(5) X 0.3613	(7)	(8)=(7) X 0.2774	(9)=(4)+(6)+(8)
Residential	187.2	0.5374	0.1941	0.6202	0.2240			0.4181
Commercial	102.4	0.2941	0.1063	0.2714	0.0981			0.2044
Industrial	31.7	0.0910	0.0329	0.0451	0.0163			0.0492
Other Public Authority	23.9	0.0686	0.0248	0.0633	0.0229			0.0477
Sales for Resale	0.0	0.0000	0.0000	0.0000	0.0000			0.0000
Private Fire Protection	0.6	0.0017	0.0006			0.1802	0.0500	0.0506
Public Fire Protection	2.5	0.0072	0.0026			0.8198	0.2274	0.2300
Total	348.3	1.0000	0.3613	1.0000	0.3613	1.0000	0.2774	1.0000

The maximum hour extra capacity factors in column 5 are determined on the following page.

Schedule C-SJO

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum hour ratio of 2.0 and the average daily system sendout for 2005 of 15.003 MGD. The system demand for fire protection is 8,000 gallons per minute.

	Ratio	Rate of Flow, (GPM)	Weight
Average Hour	1.00	10,419	0.3613
Maximum Hour Extra Capacity	1.00	10,419	0.3613
Subtotal	2.00	20,838	0.7226
Fire Protection		8,000	0.2774
Total		28,838	1.0000

The maximum hour extra capacity factors in column 5 of the previous page are determined as follows:

Customer Classification	Average Hourly Consumption Thousand Gal.	Maximum Hour Extra Capacity Factor*	Maximum Hour Extra Capacity 1,000 Gallons Per Hour	Maximum Hour Extra Capacity Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	187.2	3.5	655.2	0.6202
Commercial	102.4	2.8	286.7	0.2714
Industrial	31.7	1.5	47.6	0.0451
Other Public Authority	23.9	2.8	66.9	0.0633
Sales for Resale	0.0	2.0	0.0	0.0000
Total	345.2		1,056.4	1.0000

* Ratio of Maximum Hour To Average Hour Minus 1.0.

The public and private fire protection allocation factors in column 7 on the previous page are based on the relative potential demands (see Schedule E).

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES.

Factors are based on the weighting of the average hourly consumption, the maximum hour extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		
	Thousand Gallons	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3) X 0.4316	(5)	(6)=(5) X 0.4316	(7)	(8)=(7) X 0.1368	(9)=(4)+(6)+(8)
Residential	187.2	0.3631	0.1567	0.4845	0.2090			0.3657
Commercial	102.4	0.1987	0.0858	0.2120	0.0915			0.1773
Industrial	108.5	0.2105	0.0909	0.1204	0.0520			0.1429
Other Public Authority	23.9	0.0464	0.0200	0.0495	0.0214			0.0414
Sales for Resale	90.3	0.1752	0.0756	0.1336	0.0577			0.1333
Private Fire Protection	0.6	0.0012	0.0005			0.1802	0.0247	0.0252
Public Fire Protection	2.5	0.0049	0.0021			0.8198	0.1121	0.1142
Total	515.4	1.0000	0.4316	1.0000	0.4316	1.0000	0.1368	1.0000

The weighting of the factors is based on the ratio of the capacity required for a 4 hour demand of fire flow, as related to total storage capacity. The calculation is shown on the following page.

Schedule C-SJO

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES, cont.

The weighting of the factors is based on the ratio of the capacity required for a 4 hour demand of fire flow, as related to total storage capacity.

Fire Protection Weight = $\frac{\text{8,000 GPM X 60 Min. X 4 Hrs.}}{\text{14,040,000 Gallons}}$ = 0.1368

General Service Weight = 1.0000 - 0.1368 = 0.8632

The weighting of the average hourly consumption and maximum hour extra demand for general service is based on the maximum hour ratio, as follows:

	Maximum Hour Ratio	Percent	Weight
Average Hour	1.00	50.00	0.4316
Extra Capacity Maximum Hour	1.00	50.00	0.4316
Total	2.00	100.00	0.8632

Customer Classification	Average Hourly Consumption Thousand Gal.	Maximum Hour Extra Capacity Factor*	Maximum Hour Extra Capacity 1,000 Gallons Per Hour	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	187.2	3.5	655.2	0.4845
Commercial	102.4	2.8	286.7	0.2120
Industrial	108.5	1.5	162.8	0.1204
Other Public Authority	23.9	2.8	66.9	0.0495
Sales for Resale	90.3	2.0	180.6	0.1336
Total	512.3		1352.2	1.0000

* Ratio of Maximum Hour To Average Hour Minus 1.0.

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH POWER AND PUMPING FACILITIES.

Factors are based on the weighting of the maximum daily consumption, Factor 2, the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

	Maximum Daily Consumption		Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 2	Weighted Factor	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.6555	(4)	(5)=(4)X 0.3361	(6)	(7)=(6)X 0.0084	(8)=(3)+ (5)+(7)
Residential	0.3994	0.2617	0.3681	0.1238	0.4181	0.0036	0.3891
Commercial	0.2013	0.1320	0.1855	0.0623	0.2044	0.0017	0.1960
Industrial	0.1859	0.1219	0.1712	0.0575	0.0492	0.0004	0.1798
Other Public Authority	0.0469	0.0307	0.0432	0.0145	0.0477	0.0004	0.0456
Sales for Resale	0.1625	0.1065	0.1497	0.0503	0.0000	0.0000	0.1568
Private Fire Protection	0.0007	0.0005	0.0149	0.0050	0.0506	0.0004	0.0059
Public Fire Protection	0.0033	0.0022	0.0674	0.0227	0.2300	0.0019	0.0268
Total	1.0000	0.6555	1.0000	0.3361	1.0000	0.0084	1.0000

The weighting of the factors is based on the horsepower of pumps associated with maximum day facilities, maximum day and fire facilities, and maximum hour facilities, as follows:

	Horsepower of Pumps	Weight
Associated with Maximum Day	2,350	0.6555
Associated with Maximum Day and Fire	1,205	0.3361
Associated with Maximum Hour	30	0.0084
Total	3,585	1.0000

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MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 7. ALLOCATION OF COSTS ASSOCIATED WITH TRANSMISSION AND DISTRIBUTION MAINS.

Factors are based on the weighting of the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

	Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.1983	(4)	(5)=(4)X 0.8017	(6)=(3)+(5)
Residential	0.3681	0.0729	0.4181	0.3352	0.4081
Commercial	0.1855	0.0368	0.2044	0.1639	0.2007
Industrial	0.1712	0.0339	0.0492	0.0394	0.0733
Other Public Authority	0.0432	0.0086	0.0477	0.0382	0.0468
Sales for Resale	0.1497	0.0297	0.0000	0.0000	0.0297
Private Fire Protection	0.0149	0.0030	0.0506	0.0406	0.0436
Public Fire Protection	0.0674	0.0134	0.2300	0.1844	0.1978
Total	1.0000	0.1983	1.0000	0.8017	1.0000

The weighting of the factors is based on the total footage of mains, designated as either transmission mains or distribution mains, as follows:

	Total Footage of Mains	Weight
Transmission Mains	649,052	0.1983
Distribution Mains	2,624,707	0.8017
Total	3,273,759	1.0000

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 8. ALLOCATION OF COSTS ASSOCIATED WITH FIRE HYDRANTS.

Costs are assigned directly to Public Fire Protection.

Customer Classification	Allocation Factor
(1)	(3)
Public Fire Protection	1.0000
Total	1.0000

FACTOR 9. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

Factors are based on the relative cost of meters by size and customer classification, as developed on the following page and summarized below.

Customer Classification	5/8" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	29,521	0.8029
Commercial	5,037	0.1370
Industrial	1,047	0.0285
Other Public Authority	822	0.0224
Sales for Resale	339	0.0092
Private Fire	0	0.0000
Total	36,766	1.0000

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS

Meter Size	5/8" Dollar Equivalent	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Total	
		Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)
5/8	1.0	26,909	26,909	2,045	2,045	6	6	39	39	0	0	28,999	28,999
3/4	1.3	1,101	1,431	157	204	4	5	13	17	0	0	1,275	1,657
1	1.7	636	1,081	387	658	18	31	38	65	0	0	1,079	1,835
1-1/2	3.5	6	21	85	298	3	11	19	67	0	0	113	397
2	4.3	14	60	273	1,174	73	314	82	353	11	47	453	1,948
3	19.0	1	19	11	209	3	57	3	57	0	0	18	342
4	29.3	0	0	12	352	13	381	6	176	5	147	36	1,056
6	48.4	0	0	2	97	5	242	1	48	3	145	11	532
8	112.9	0	0	0	0	0	0	0	0	0	0	0	0
Total		28,667	29,521	2,972	5,037	125	1,047	201	822	19	339	31,984	36,766

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 10. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

Factors are based on the relative cost of services by size and customer classification, as developed on the following page and summarized below.

Customer Classification	3/4" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	28,795	0.8269
Commercial	3,419	0.0982
Industrial	251	0.0072
Other Public Authority	322	0.0092
Sales for Resale	49	0.0014
Private Fire Protection	1,990	0.0571
Total	34,826	1.0000

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

BASIS FOR ALLOCATING SERVICE COSTS TO CUSTOMER CLASSIFICATIONS

Service Size	3/4" Dollar Equivalent	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Private Fire Protection		Total	
		Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)=(2)X(11)	(15)	(16)
3/4	1.00	28,010	28,010	2,202	2,202	10	10	52	52	0	0	0	0	30,274	30,274
1	1.17	636	744	387	453	18	21	38	44	0	0	0	0	1,079	1,262
1-1/2	1.58	6	9	85	134	3	5	19	30	0	0	0	0	113	178
2	2.04	14	29	273	557	73	149	82	167	11	22	12	24	465	948
3	2.73	1	3	11	30	3	8	3	8	0	0	1	3	19	52
4	2.88	0	0	12	35	13	37	6	17	5	14	100	288	136	391
6	4.24	0	0	2	8	5	21	1	4	3	13	168	712	179	758
8	6.98	0	0	0	0	0	0	0	0	0	0	100	698	100	698
10	9.50	0	0	0	0	0	0	0	0	0	0	15	143	15	143
12	12.16	0	0	0	0	0	0	0	0	0	0	10	122	10	122
Total		28,667	28,795	2,972	3,419	125	251	201	322	19	49	406	1,990	32,390	34,826

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 11. ALLOCATION OF TRANSMISSION AND DISTRIBUTION OPERATION SUPERVISION AND ENGINEERING AND MISCELLANEOUS EXPENSES.

Factors are based on transmission and distribution operation expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Operating Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$ 261,564	0.5948
Commercial	71,481	0.1626
Industrial	21,453	0.0488
Other Public Authority	14,333	0.0326
Sales for Resale	8,682	0.0197
Private Fire Protection	15,759	0.0358
Public Fire Protection	46,472	0.1057
Total	439,744	1.0000

FACTOR 12. ALLOCATION OF TRANSMISSION AND DISTRIBUTION MAINTENANCE SUPERVISION AND ENGINEERING, STRUCTURES AND IMPROVEMENTS, AND OTHER EXPENSES.

Factors are based on transmission and distribution maintenance expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$ 73,753	0.4599
Commercial	26,049	0.1624
Industrial	8,646	0.0539
Other Public Authority	5,685	0.0354
Sales for Resale	3,416	0.0213
Private Fire Protection	4,835	0.0301
Public Fire Protection	38,014	0.2370
Total	$160,397	1.0000

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MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 13. ALLOCATION OF BILLING AND COLLECTING COSTS.

Factors are based on the total number of customers.

Customer Classification	Total Customers	Allocation Factor
(1)	(2)	(3)
Residential	28,667	0.8832
Commercial	2,972	0.0916
Industrial	125	0.0039
Other Public Authority	201	0.0062
Sales for Resale	19	0.0006
Private Fire Protection	469	0.0145
Public Fire Protection	0	0.0000
Total	32,453	1.0000

FACTOR 14. ALLOCATION OF METER READING COSTS.

Factors are based on the number of metered customers.

Customer Classification	Total Metered Customers	Allocation Factor
(1)	(2)	(3)
Residential	28,667	0.8963
Commercial	2,972	0.0929
Industrial	125	0.0039
Other Public Authority	201	0.0063
Sales for Resale	19	0.0006
Total	31,984	1.0000

MISSOURI-AMERICAN WATER COMPANY
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FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 15. ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES AND CASH WORKING CAPITAL.

Factors are based on the allocation of all other operation and maintenance expenses excluding purchased water, power, chemicals and waste disposal.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$1,489,697	0.5625
Commercial	416,956	0.1575
Industrial	240,664	0.0909
Other Public Authority	83,448	0.0315
Sales for Resale	191,586	0.0724
Private Fire Protection	45,151	0.0171
Public Fire Protection	180,245	0.0681
Total	$2,647,745	1.0000

Schedule C-SJO

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 16. ALLOCATION OF LABOR RELATED TAXES AND BENEFITS.

Factors are based on the allocation of direct labor expense.

Customer Classification	Direct Labor Expense	Allocation Factor
(1)	(2)	(3)
Residential	$974,280	0.5714
Commercial	271,812	0.1594
Industrial	152,385	0.0894
Other Public Authority	54,313	0.0319
Sales for Resale	116,510	0.0683
Private Fire Protection	27,164	0.0159
Public Fire Protection	108,696	0.0637
Total	$1,705,161	1.0000

FACTOR 17. ALLOCATION OF ORGANIZATION, FRANCHISES AND CONSENTS, MISCELLANEOUS INTANGIBLE PLANT AND OTHER RATE BASE ELEMENTS.

Factors are based on the allocation of the original cost less depreciation other than those items being allocated, as follows:

Customer Classification	Original Cost Less Depreciation	Allocation Factor
(1)	(2)	(3)
Residential	$37,100,891	0.4216
Commercial	16,587,366	0.1884
Industrial	13,613,886	0.1547
Other Public Authority	3,784,294	0.0430
Sales for Resale	11,517,757	0.1308
Private Fire Protection	794,623	0.0090
Public Fire Protection	4,623,818	0.0525
Total	$88,022,635	1.0000

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 18. ALLOCATION OF INCOME TAXES AND INCOME AVAILABLE FOR RETURN.

Factors are based on the allocation of the original cost measure of value rate base as shown on the following pages and summarized below.

Customer Classification	Original Cost Measure of Value	Allocation Factor
(1)	(2)	(3)
Residential	$34,063,952	0.4207
Commercial	15,266,609	0.1886
Industrial	12,545,652	0.1550
Other Public Authority	3,484,529	0.0430
Sales for Resale	10,618,000	0.1312
Private Fire Protection	728,765	0.0090
Public Fire Protection	4,249,828	0.0525
Total	$80,957,336	1.0000

FACTOR 19. ALLOCATION OF REGULATORY COMMISSION EXPENSES, ASSESSMENTS AND OTHER WATER REVENUES.

The factors are based on the allocation of the total cost of service, excluding those items being allocated.

Customer Classification	Total Cost of Service	Allocation Factor
(1)	(2)	(3)
Residential	$9,777,265	0.4642
Commercial	3,773,878	0.1792
Industrial	2,904,041	0.1379
Other Public Authority	831,222	0.0395
Sales for Resale	2,419,480	0.1149
Private Fire Protection	232,042	0.0110
Public Fire Protection	1,123,074	0.0533
Total	$21,061,001	1.0000

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
RATE BASE									
Organization	17	$ 12,660	$ 5,337	$ 2,385	$ 1,959	$ 544	$ 1,656	$ 114	$ 665
Franchises	17	0	0	0	0	0	0	0	0
Land & Ld Rights SS	2	1,414,424	564,921	284,724	262,941	66,336	229,844	990	4,668
Land & Ld Rights P	6	8,921	3,471	1,749	1,604	407	1,399	53	239
Land & Ld Rights WT	2	0	0	0	0	0	0	0	0
Land & Ld Rights TD	7	786,054	320,789	157,761	57,618	36,787	23,346	34,272	155,481
Land & Land Rights AG	15	8,112	4,563	1,278	737	256	587	139	552
Struct & Imp SS	2	1,932,594	771,878	389,031	359,269	90,639	314,047	1,353	6,378
Struct & Imp P	6	4,341,240	1,689,176	850,883	780,555	197,961	680,706	25,613	116,345
Struct & Imp Pumps (STL)	6	0	0	0	0	0	0	0	0
Struct & Imp Pump Boosters	6	0	0	0	0	0	0	0	0
Struct & Imp WT	2	20,773,203	8,296,817	4,181,646	3,861,738	974,263	3,375,645	14,541	68,552
Struct & Imp WT Nth Plt (ST	2	0	0	0	0	0	0	0	0
Struct & Imp WT Ctrl Plt 1	2	0	0	0	0	0	0	0	0
Struct & Imp WT Ctrl Plt 3	2	0	0	0	0	0	0	0	0
Struct & Imp WT Sth Plt (ST	2	0	0	0	0	0	0	0	0
Struct & Imp WT Meramec (ST	2	0	0	0	0	0	0	0	0
Struct & Imp TD	7	363,015	148,146	72,857	26,609	16,989	10,782	15,827	71,804
Struct & Imp TD Spec Cross	7	0	0	0	0	0	0	0	0
Struct & Imp Offices	15	441,210	248,181	69,491	40,106	13,898	31,944	7,545	30,046
Struct & Imp Leasehold	15	0	0	0	0	0	0	0	0
Struct & Imp Leasehold	15	0	0	0	0	0	0	0	0
Struct & Imp Store,Shop,Gar	15	173,427	97,553	27,315	15,765	5,463	12,556	2,966	11,810
Struct & Imp Misc	15	805,759	453,239	126,907	73,243	25,381	58,337	13,778	54,872
Collect & Impounding	1	0	0	0	0	0	0	0	0
Lake, River & Other Intakes	2	685,894	273,946	138,070	127,508	32,168	111,458	480	2,263
Wells & Springs	2	64,549	25,781	12,994	12,000	3,027	10,489	45	213
Supply Mains	2	8,342,997	3,332,193	1,679,445	1,550,963	391,287	1,355,737	5,840	27,532
Supply Mains Nth Plt (STL)	2	0	0	0	0	0	0	0	0
Supply Mains Ctrl Plt (STL)	2	0	0	0	0	0	0	0	0
Supply Mains Sth Plt (STL)	2	0	0	0	0	0	0	0	0
Supply Mains Meramec Plt (S	2	0	0	0	0	0	0	0	0
Power Generation Equip Othe	6	0	0	0	0	0	0	0	0
Boiler Plant Equipment P	6	0	0	0	0	0	0	0	0
Pump Equip Steam	6	0	0	0	0	0	0	0	0
Pump Equip Electric	6	4,102,802	1,596,400	804,149	737,684	187,088	643,319	24,207	109,955
Pump Equip Elec Pre46 (STL)	6	0	0	0	0	0	0	0	0
Pump Equip Elec Post46 (STL	6	0	0	0	0	0	0	0	0
Pump Equip Elec Boosters Po	6	0	0	0	0	0	0	0	0
Pump Equip Diesel	6	0	0	0	0	0	0	0	0
Pump Equip Diesel Stratman\	6	0	0	0	0	0	0	0	0
Pump Equip Diesel Ctrl Plt	6	0	0	0	0	0	0	0	0
Pump Equip Hydraulic	6	0	0	0	0	0	0	0	0

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Pump Equip Other	6	2,618	1,019	513	471	119	411	15	70
WT Equip Non-Media	2	15,741,726	6,287,245	3,168,809	2,926,387	738,287	2,558,030	11,019	51,948
WT Equip Non-Med North (STL	2	0	0	0	0	0	0	0	0
WT Equip Non Media Ctrl 1 &	2	0	0	0	0	0	0	0	0
WT Equip Non Media Ctrl 3 (	2	0	0	0	0	0	0	0	0
WT Equip Non Media Sth (STL	2	0	0	0	0	0	0	0	0
WT Equip Non Media Mer (STL	2	0	0	0	0	0	0	0	0
WT Equip Filter Media	2	19,566	7,815	3,939	3,637	918	3,180	14	65
Dist Reservoirs & Standpipe	5	762,873	278,983	135,257	109,015	31,583	101,691	19,224	87,120
Elevated Tanks & Standpipes	5	280,791	102,685	49,784	40,125	11,625	37,429	7,076	32,066
Ground Level Facilities	5	0	0	0	0	0	0	0	0
TD Mains Not Classified by	7	(1,729,789)	(705,927)	(347,169)	(126,794)	(80,954)	(51,375)	(75,419)	(342,152)
TD Mains 4 & Less "	4	648,995	271,345	132,655	31,931	30,957	0	32,839	149,269
TD Mains 6 to 8" "	4	6,787,539	2,837,870	1,387,373	333,947	323,766	0	343,449	1,561,134
TD Mains 10 to 16" "	3	7,440,914	2,739,000	1,380,289	1,273,884	321,447	1,113,905	110,870	501,518
TD Mains 18 & Grtr "	3	3,482,459	1,281,893	645,996	596,197	150,442	521,324	51,889	234,718
TD Mains AC 4 (STL) "	4	0	0	0	0	0	0	0	0
TD Mains CI <10 1900-28 (S"	4	0	0	0	0	0	0	0	0
TD Mains CI <10 1929-56 (S"	4	0	0	0	0	0	0	0	0
TD Mains CI <10 1957-93 (S"	4	0	0	0	0	0	0	0	0
TD Mains CI 12 (STL) "	3	0	0	0	0	0	0	0	0
TD Mains CI 16 (STL) "	3	0	0	0	0	0	0	0	0
TD Mains DI 6-8 (STL) "	4	0	0	0	0	0	0	0	0
TD Mains DI 12 (STL) "	3	0	0	0	0	0	0	0	0
TD Mains DI 16 & >(STL)	3	0	0	0	0	0	0	0	0
TD Mains Galve 1 (STL) "	4	0	0	0	0	0	0	0	0
TD Mains LJ 20 (STL) "	3	0	0	0	0	0	0	0	0
Fire Mains	8	0	0	0	0	0	0	0	0
Services	10	2,264,277	1,872,330	222,352	16,303	20,831	3,170	129,290	0
Meters Bronze Case	9	2,496,813	2,004,691	342,063	71,159	55,929	22,971	0	0
Meters Plastic Case	9	69,596	55,879	9,535	1,983	1,559	640	0	0
Meters Other	9	(790,536)	(634,721)	(108,303)	(22,530)	(17,708)	(7,273)	0	0
Meters Other-Rem Rdr Unts	9	0	0	0	0	0	0	0	0
Meter Installations	9	2,121,310	1,703,200	290,619	60,457	47,517	19,516	0	0
Meter Installation Other	9	0	0	0	0	0	0	0	0
Hydrants	8	1,619,969	0	0	0	0	0	0	1,619,969
Other P/E Intangible	15	0	0	0	0	0	0	0	0
Other P/E WT Res Hand Equip	2	1,370,337	547,313	275,849	254,746	64,269	222,680	959	4,522
Other P/E TD	7	0	0	0	0	0	0	0	0
Other P/E CPS	15	(62,172)	(34,972)	(9,792)	(5,651)	(1,958)	(4,501)	(1,063)	(4,234)
Office Furniture & Equip	15	(90,229)	(50,754)	(14,211)	(8,202)	(2,842)	(6,533)	(1,543)	(6,145)
Comp & Periph Equip	15	355,957	200,226	56,063	32,356	11,213	25,771	6,087	24,241
Computer Software	15	(412,261)	(231,897)	(64,931)	(37,475)	(12,986)	(29,848)	(7,050)	(28,075)
Comp Software Personal	15	36,715	20,652	5,783	3,337	1,157	2,658	628	2,500

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Data Handling Equipment	15	31,096	17,492	4,898	2,827	980	2,251	532	2,118
Other Office Equipment	15	143,408	80,667	22,587	13,036	4,517	10,383	2,452	9,766
Trans Equip Lt Duty Trks	15	181,250	101,953	28,547	16,476	5,709	13,123	3,099	12,343
Trans Equip Hvy Duty Trks	15	40,665	22,874	6,405	3,696	1,281	2,944	695	2,769
Trans Equip Autos	15	(9,715)	(5,465)	(1,530)	(883)	(306)	(703)	(166)	(662)
Trans Equip Other	15	(237,688)	(133,700)	(37,436)	(21,606)	(7,487)	(17,209)	(4,064)	(16,187)
Stores Equipment	15	144,447	81,251	22,750	13,130	4,550	10,458	2,470	9,837
Tools,Shop,Garage Equip	15	580,249	326,390	91,389	52,745	18,278	42,010	9,922	39,515
Tools,Shop,Garage Equip Oth	15	0	0	0	0	0	0	0	0
Laboratory Equipment	2	279,472	111,621	56,258	51,954	13,107	45,414	196	922
Laboratory Equip Other	2	0	0	0	0	0	0	0	0
Power Operated Equipment	15	89,279	50,219	14,061	8,115	2,812	6,464	1,527	6,080
Comm Equip Non-Telephone	15	37,028	20,828	5,832	3,366	1,166	2,681	633	2,522
Comm Equip Telephone	15	16,835	9,470	2,652	1,530	530	1,219	288	1,146
Misc Equipment	15	64,640	36,360	10,181	5,876	2,036	4,680	1,105	4,402
Other Tangible Property	17	0	0	0	0	0	0	0	0
Total Utility Plant in Service		88,035,295	37,106,229	16,589,751	13,615,845	3,784,838	11,519,413	794,737	4,624,482
Other Rate Base Items									
Add:									
Other Utility Plant Adjustments	17	0	0	0	0	0	0	0	0
Cash Working Capital	15	0	0	0	0	0	0	0	0
Materials and Supplies	15	206,757	116,301	32,564	18,794	6,513	14,969	3,536	14,080
Prepayments	15	48,119	27,067	7,579	4,374	1,516	3,484	823	3,277
OPEB's Contributed to External Fund	16	294,666	168,372	46,970	26,343	9,400	20,126	4,685	18,770
Premature Retirement	17	0	0	0	0	0	0	0	0
Regulatory Deferrals	17	278,055	117,228	52,386	43,015	11,956	36,370	2,502	14,598
Less:									
Accumulated Deferred ITC (3%)	17	(22,972)	(9,685)	(4,328)	(3,554)	(988)	(3,005)	(207)	(1,206)
Deferred Income Taxes	17	(6,959,608)	(2,934,171)	(1,311,190)	(1,076,651)	(299,263)	(910,317)	(62,636)	(365,379)
Pensions	16	(922,976)	(527,388)	(147,122)	(82,514)	(29,443)	(63,039)	(14,675)	(58,794)
Total Other Rate Base Elements		(7,077,959)	(3,042,276)	(1,323,142)	(1,070,193)	(300,309)	(901,412)	(65,972)	(374,654)
Total Original Cost Measure of Value		$ 80,957,336	$ 34,063,952	$ 15,266,609	$ 12,545,652	$ 3,484,529	$ 10,618,000	$ 728,765	$ 4,249,828

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

SUMMARY OF AVERAGE DAILY SEND OUT AND MAXIMUM DAILY USAGE
FOR THE YEARS 1990-2005

	Average Daily	Maximum Daily Use		
	Send out		Ratio to	Highest
Year	(MGD)	MGD	Average	Use Day
(1)	(2)	(3)	(4)	(5)
1990	16.540	22.556	1.36	9/30/1990
1991	16.389	24.628	1.50	7/20/1991
1992	15.936	21.983	1.38	6/30/1992
1993	15.958	21.619	1.35	6/15/1993
1994	14.665	22.291	1.52	8/25/1994
1995	14.525	22.125	1.52	7/12/1995
1996	15.116	19.378	1.28	7/18/1996
1997	15.018	20.865	1.39	7/16/1997
1998	15.018	20.912	1.39	8/24/1998
1999	16.047	21.888	1.36	7/30/1999
2000	15.185	21.096	1.39	8/16/2000
2001	14.232	19.574	1.38	8/6/2001
2002	15.117	22.027	1.46	7/31/2002
2003	14.994	22.510	1.50	8/8/2003
2004	14.889	19.653	1.32	7/27/2004
2005	15.003	21.333	1.42	7/21/2005

Schedule E-SJO

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

BASIS FOR ALLOCATING DEMAND RELATED COSTS OF FIRE SERVICE
TO PRIVATE AND PUBLIC FIRE PROTECTION CUSTOMER CLASSIFICATIONS

Description		Restrictive Diameters Squared	Quantity	Relative Demand*	Allocation Factor
(1)		(2)	(3)	(4)=(2)x(3)	(5)
PRIVATE FIRE PROTECTION					
Fire Lines					
2 -inch		4.00	12	48	
3 -inch		9.00	1	9	
4 -inch		16.00	100	1,600	
6 -inch		36.00	168	6,048	
8 -inch		64.00	100	6,400	
10 -inch		100.00	15	1,500	
12 -inch		144.00	10	1,440	
Private Hydrants		32.75	63	2,063	
Total Private Fire Protection			469	19,108	0.1802
PUBLIC FIRE PROTECTION					
Hydrant	Nozzle Sizes				
6" Valve	2- 2-1/2" & 1- 4.5"	32.75	141	4,618	
6" Valve	2- 2-1/2" & 1- 4"	28.50	2,888	82,308	
Total Public Fire Prorection			3,029	86,926	0.8198
Total Fire Protection			3,498	106,034	1.0000

ST. LOUIS COUNTY DISTRICT

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS COUNTY DISTRICT

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES
FOR THE TEST YEAR ENDED JUNE 30, 2006

Customer Classification	Cost of Service Amount (Schedule B)	Cost of Service Percent	Revenues, Present Rates Amount	Revenues, Present Rates Percent	Revenues, Proposed Rates Amount	Revenues, Proposed Rates Percent	Proposed Increase Amount	Proposed Increase Percent Increase
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Rate A	$ 117,947,777	85.3%	$ 100,449,288	86.8%	$ 125,324,774	85.8%	$ 24,875,486	24.8%
Rate B	2,126,085	1.5%	1,987,396	1.7%	2,573,864	1.8%	586,468	29.5%
Rate J	6,976,887	5.0%	6,158,095	5.3%	8,204,798	5.6%	2,046,703	33.2%
Rate G	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Other	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Rate F	1,023,737	0.7%	1,326,062	1.1%	1,772,725	1.2%	446,663	33.7%
Rate E	10,430,697	7.5%	6,081,874	5.1%	8,103,606	5.6%	2,021,732	33.2%
Total Sales	138,505,183	100.0%	116,002,715	100.0%	145,979,767	100.0%	29,977,052	25.8%
Other Revenues*	4,403,825		4,403,825		4,404,339		514	0.0%
Total	$ 142,909,008		$ 120,406,541		$ 150,384,107		$ 29,977,566	24.9%

* Includes Rate G and H Contract Sales.

STL-1

TN-CMA-01-Q29-SUPPLEMENTAL ATTACHMENT
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Schedule A-STL

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS COUNTY DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Rate A	Rate B	Rate J	Rate G	Other	Fire Protection Rate F	Fire Protection Rate E
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
OPERATION AND MAINTENANCE EXPENSES									
SOURCE OF SUPPLY EXPENSES									
Super & Eng Oper SS	2	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Labor & Exp Oper SS	2	195,696	170,412	6,497	18,063	0	0	117	607
Labor & Exp Oper SS	2	124,795	108,671	4,143	11,519	0	0	75	387
Purchased Water	1	215,786	179,167	8,027	27,081	0	0	237	1,273
TOTAL SS EXPENSE - OPERATION		536,277	458,250	18,668	56,662	0	0	430	2,267
Misc Exp Oper SS	2	372,000	323,938	12,350	34,336	0	0	223	1,153
Misc Exp Oper SS	2	131	114	4	12	0	0	0	0
Rents Oper SS	2	0	0	0	0	0	0	0	0
Super & Eng Maint SS	2	0	0	0	0	0	0	0	0
Struct & Improve Maint SS	2	5,619	4,893	187	519	0	0	3	17
Struct & Improve Maint SS	2	0	0	0	0	0	0	0	0
Collect & Impound Maint SS	2	0	0	0	0	0	0	0	0
Lake, River & Oth Maint SS	2	70,912	61,750	2,354	6,545	0	0	43	220
Lake, River & Oth Maint SS	2	0	0	0	0	0	0	0	0
Wells & Springs Maint SS	2	0	0	0	0	0	0	0	0
Wells & Springs Maint SS	2	0	0	0	0	0	0	0	0
Infilt Gall & Tunnels Maint SS	2	0	0	0	0	0	0	0	0
Supply Mains Maint SS	2	0	0	0	0	0	0	0	0
Misc Plant Maint SS	2	103,511	90,137	3,437	9,554	0	0	62	321
Misc Plant Maint SS	2	116,095	101,096	3,854	10,716	0	0	70	360
TOTAL SS EXPENSE - MAINTENANCE		668,268	581,927	22,186	61,681	0	0	401	2,072
TOTAL SS EXPENSE		1,204,544	1,040,178	40,854	118,344	0	0	831	4,338
POWER AND PUMPING EXPENSES									
Super & Eng Oper P	6	0	0	0	0	0	0	0	0
Fuel for Power Prod	1	0	0	0	0	0	0	0	0
Labor & Exp Oper Pwr Prod	6	11,117	9,587	366	1,016	0	0	23	125
Labor & Exp Oper Pwr Prod	6	0	0	0	0	0	0	0	0
Purch Fuel/Power for Pump	1	7,093,927	5,890,087	263,894	890,288	0	0	7,803	41,854
Labor & Exp Oper Pump	6	922,267	795,363	30,343	84,295	0	0	1,937	10,329
Labor & Exp Oper Pump	6	0	0	0	0	0	0	0	0
Expenses Transferred	6	0	0	0	0	0	0	0	0
Misc Exp Oper P	6	100,592	86,751	3,309	9,194	0	0	211	1,127
Rents Oper P	6	0	0	0	0	0	0	0	0
TOTAL PUMPING EXPENSE - OPERATION		8,127,903	6,781,788	297,912	984,793	0	0	9,975	53,435

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS COUNTY DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Rate A	Rate B	Rate J	Rate G	Other	Fire Protection Rate F	Fire Protection Rate E
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Super & Eng Maint P	6	21,910	18,895	721	2,003	0	0	46	245
Struct & Improve Maint P	6	374,237	322,742	12,312	34,205	0	0	786	4,191
Power Prod Equip Maint P	6	223,342	192,610	7,348	20,413	0	0	469	2,501
Pump Equip Maint P	6	42,862	36,964	1,410	3,918	0	0	90	480
Pump Equip Maint P	6	78,064	67,322	2,568	7,135	0	0	164	874
TOTAL PUMPING EXPENSES - MAINTENANCE		740,415	638,534	24,360	67,674	0	0	1,555	8,293
TOTAL PUMPING EXPENSES		8,868,317	7,420,322	322,272	1,052,467	0	0	11,530	61,727
WATER TREATMENT									
Super & Eng Oper WT	2	74,451	64,832	2,472	6,872	0	0	45	231
Chemicals	1	4,848,894	4,026,037	180,379	608,536	0	0	5,334	28,608
Labor & Exp Oper WT	2	1,575,061	1,371,563	52,292	145,378	0	0	945	4,883
Labor & Exp Oper WT	2	129,368	112,654	4,295	11,941	0	0	78	401
Misc Exp Oper WT	2	(155,426)	(135,345)	(5,160)	(14,346)	0	0	(93)	(482)
Misc Exp Oper WT	1	379,059	314,733	14,101	47,572	0	0	417	2,236
Misc Exp Oper WT	2	43,503	37,882	1,444	4,015	0	0	26	135
Rents Oper WT	2	0	0	0	0	0	0	0	0
TOTAL WT EXPENSE - OPERATION		6,894,910	5,792,355	249,823	809,968	0	0	6,751	36,012
Super & Eng Maint WT	2	45,253	39,406	1,502	4,177	0	0	27	140
Struct & Improve Maint WT	2	49,960	43,505	1,659	4,611	0	0	30	155
Struct & Improve Maint WT	2	0	0	0	0	0	0	0	0
WT Equip Maint WT	2	483,898	421,378	16,065	44,664	0	0	290	1,500
WT Equip Maint WT	2	427,572	372,330	14,195	39,465	0	0	257	1,325
TOTAL WT EXPENSE - MAINTENANCE		1,006,683	876,619	33,422	92,917	0	0	604	3,121
TOTAL WT EXPENSE		7,901,592	6,668,974	283,245	902,885	0	0	7,355	39,133
TRANSMISSION AND DISTRIBUTION EXPENSES									
Super & Eng Oper TD	11	998,037	919,891	4,391	24,552	0	0	16,168	33,035
Storage Facilty Exp	5	8,920	6,965	257	679	0	0	163	856
Storage Facilty Exp	5	0	0	0	0	0	0	0	0
TD Lines Exp	7	638,376	582,263	4,022	15,896	0	0	5,809	30,387
TD Lines Exp	7	1,564,812	1,427,265	9,858	38,964	0	0	14,240	74,485
Meter Expense	9	513,958	487,129	0	22,152	0	0	4,677	0
Meter Expense	9	0	0	0	0	0	0	0	0
Customer Install Exp	10	466,932	439,149	0	934	0	0	26,849	0
Customer Install Exp	10	335	315	0	1	0	0	19	0
Misc Exp Oper TD	11	367,362	338,598	1,616	9,037	0	0	5,951	12,160
Misc Exp Oper TD	11	0	0	0	0	0	0	0	0
Misc Exp Oper TD	11	462,474	426,263	2,035	11,377	0	0	7,492	15,308
Rents Oper TD	11	52,503	48,392	231	1,292	0	0	851	1,738
TOTAL T & D EXPENSE OPERATION		5,073,710	4,676,230	22,411	124,882	0	0	82,219	167,969

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS COUNTY DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Rate A	Rate B	Rate J	Rate G	Other	Fire Protection Rate F	Fire Protection Rate E
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Super & Eng Maint TD	12	102,310	76,630	307	2,005	0	0	1,688	21,679
Struct & Improve Maint TD	12	6,589	4,935	20	129	0	0	109	1,396
Struct & Improve Maint TD	12	0	0	0	0	0	0	0	0
Dist Res Stand Maint TD	5	18,726	14,621	539	1,425	0	0	343	1,798
TD Main Maint TD	7	0	0	0	0	0	0	0	0
TD Main Maint TD	7	832,721	759,525	5,246	20,735	0	0	7,578	39,638
Fire Main Maint TD	8	278	0	0	0	0	0	0	278
Services Maint TD	10	355,718	334,553	0	711	0	0	20,454	0
Services Maint TD	10	0	0	0	0	0	0	0	0
Meters Maint TD	9	336,073	318,530	0	14,485	0	0	3,058	0
Meters Maint TD	9	0	0	0	0	0	0	0	0
Hydrants Maint TD	8	362,123	0	0	0	0	0	0	362,123
Hydrants Maint TD	8	0	0	0	0	0	0	0	0
Misc Plant Maint TD	12	3,836,980	2,873,898	11,511	75,205	0	0	63,310	813,056
Mat and Sup Maint TD	12	1,129,074	845,676	3,387	22,130	0	0	18,630	239,251
Misc Maint TD	12	(77,855)	(58,313)	(234)	(1,526)	0	0	(1,285)	(16,497)
Amort Def Maint TD	5	546,806	426,946	15,748	41,612	0	0	10,007	52,493
Permits TD	12	80,945	60,628	243	1,587	0	0	1,336	17,152
TOTAL T & D EXPENSE - MAINTENANCE		7,530,488	5,657,629	36,768	178,498	0	0	125,227	1,532,367
TOTAL T & D EXPENSE		12,604,198	10,333,859	59,178	303,379	0	0	207,446	1,700,336
CUSTOMER ACCOUNTS									
Supervision CA	13	0	0	0	0	0	0	0	0
Meter Reading Exp CA	14	998,307	997,609	0	699	0	0	0	0
Meter Reading Exp CA	14	(172)	(172)	0	(0)	0	0	0	0
Meter Reading Exp CA	14	(356)	(356)	0	(0)	0	0	0	0
Cust Rec & Collection CA	13	460,498	454,604	0	322	0	0	5,572	0
Cust Rec & Collection CA	13	1,436,524	1,418,137	0	1,006	0	0	17,382	0
Uncollectible Accts	13	1,610,836	1,590,218	0	1,128	0	0	19,491	0
Misc Cust Accts Exp CA	13	130,878	129,203	0	92	0	0	1,584	0
Misc Cust Accts Exp CA	13	0	0	0	0	0	0	0	0
Misc Cust Accts Exp CA	13	97,129	95,885	0	68	0	0	1,175	0
Cust Serv & Info Exp CA	13	(75)	(74)	0	(0)	0	0	(1)	0
TOTAL CUSTOMER ACCOUNTING EXPENSE		4,733,569	4,685,053	0	3,313	0	0	45,203	0

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS COUNTY DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Rate A	Rate B	Rate J	Rate G	Other	Fire Protection	
								Rate F	Rate E
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
ADMINISTRATIVE AND GENERAL EXPENSES									
Salaries AG	15	2,523,128	2,186,795	26,493	89,319	0	0	28,764	191,758
Other Supplies & Exp AG	15	52,687	45,664	553	1,865	0	0	601	4,004
Other Supplies & Exp AG	15	747,473	647,835	7,848	26,461	0	0	8,521	56,808
Other Supplies & Exp AG	15	887,123	768,869	9,315	31,404	0	0	10,113	67,421
Mgmt Fees-Coporate/Shared Service Center	15	13,653,064	11,833,110	143,357	483,318	0	0	155,645	1,037,633
Mgmt Fees-Call Center	13	500,339	493,935	0	350	0	0	6,054	0
Mgmt Fees-Belleville Lab	2	629,717	548,358	20,907	58,123	0	0	378	1,952
Mgmt Fees- Financial ITS	15	4,758,144	4,123,884	49,961	168,438	0	0	54,243	361,619
Mgmt Fees- Customer Billings ITS	13	(171)	(169)	0	(0)	0	0	(2)	0
Mgmt Fees-Other ITS	15	61,728	53,500	648	2,185	0	0	704	4,691
Outside Services AG	15	787,426	682,462	8,268	27,875	0	0	8,977	59,844
Outside Services AG	15	1,009,954	875,327	10,605	35,752	0	0	11,513	76,756
Property Insurance	15	0	0	0	0	0	0	0	0
Ins Gen Liab Oper AG	15	2,170,838	1,881,465	22,794	76,848	0	0	24,748	164,984
Ins Work Comp AG	16	643,583	544,471	7,401	25,357	0	0	7,466	58,888
Ins Other Oper AG	15	828,222	717,820	8,696	29,319	0	0	9,442	62,945
Property Insurance	15	63,859	55,346	671	2,261	0	0	728	4,853
Injuries & Damages	16	45,705	38,666	526	1,801	0	0	530	4,182
Employee Pension & Benefits	16	4,216,157	3,566,869	48,486	166,117	0	0	48,907	385,778
Employee Pension & Benefits	16	1,858,783	1,572,531	21,376	73,236	0	0	21,562	170,079
Employee Pension & Benefits	16	694,529	587,572	7,987	27,364	0	0	8,057	63,549
Reg Commision Exp	15	200,891	174,113	2,109	7,112	0	0	2,290	15,268
Rents AG	15	338,302	293,206	3,552	11,976	0	0	3,857	25,711
Goodwill Advertising Exp	15	17,315	15,007	182	613	0	0	197	1,316
Misc Exp AG	15	639,934	554,631	6,719	22,654	0	0	7,295	48,635
Research & Development	15	0	0	0	0	0	0	0	0
TOTAL A & G OPERATIONS		37,328,731	32,261,267	408,453	1,369,747	0	0	420,588	2,868,675
General Plant Maint AG	15	26	23	0	1	0	0	0	2
General Plant Maint AG	15	252,814	219,114	2,655	8,950	0	0	2,882	19,214
TOTAL A & G EXPENSE - MAINTENANCE		252,840	219,136	2,655	8,951	0	0	2,882	19,216
TOTAL A & G EXPENSE		37,581,571	32,480,403	411,108	1,378,698	0	0	423,471	2,887,891
Total Operation & Maintenance Expenses		72,893,792	62,628,789	1,116,657	3,759,086	0	0	695,835	4,693,425

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS COUNTY DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Rate A	Rate B	Rate J	Rate G	Other	Fire Protection Rate F	Fire Protection Rate E
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
DEPRECIATION EXPENSE									
Struct & Imp SS	2	137,379	119,630	4,561	12,680	0	0	82	426
Struct & Imp P	6	8,919	7,692	293	815	0	0	19	100
Struct & Imp Pumps (STL)	6	144,340	124,479	4,749	13,193	0	0	303	1,617
Struct & Imp Pump Boosters	6	75,560	65,163	2,486	6,906	0	0	159	846
Struct & Imp WT	2	205,136	178,632	6,811	18,934	0	0	123	636
Struct & Imp WT Nth Plt (ST	2	103,678	90,283	3,442	9,569	0	0	62	321
Struct & Imp WT Ctrl Plt 1	2	48,645	42,360	1,615	4,490	0	0	29	151
Struct & Imp WT Ctrl Plt 3	2	393,609	342,755	13,068	36,330	0	0	236	1,220
Struct & Imp WT Sth Plt (ST	2	40,153	34,965	1,333	3,706	0	0	24	124
Struct & Imp WT Meramec (ST	2	168,295	146,551	5,587	15,534	0	0	101	522
Struct & Imp TD	7	468,653	427,458	2,953	11,669	0	0	4,265	22,308
Struct & Imp TD Spec Cross	7	16,630	15,168	105	414	0	0	151	792
Struct & Imp Offices	15	0	0	0	0	0	0	0	0
Struct & Imp Leasehold	15	16,055	13,915	169	568	0	0	183	1,220
Struct & Imp Leasehold	15	94,563	81,958	993	3,348	0	0	1,078	7,187
Struct & Imp Store,Shop,Gar	15	73,569	63,762	772	2,604	0	0	839	5,591
Struct & Imp Misc	15	26,330	22,820	276	932	0	0	300	2,001
Collect & Impounding	1	0	0	0	0	0	0	0	0
Lake, River & Other Intakes	2	0	0	0	0	0	0	0	0
Wells & Springs	2	0	0	0	0	0	0	0	0
Supply Mains	2	63	55	2	6	0	0	0	0
Supply Mains Nth Plt (STL)	2	3,956	3,445	131	365	0	0	2	12
Supply Mains Ctrl Plt (STL)	2	63,265	55,091	2,100	5,839	0	0	38	196
Supply Mains Sth Plt (STL)	2	5,433	4,731	180	501	0	0	3	17
Supply Mains Meramec Plt (S	2	21,153	18,420	702	1,952	0	0	13	66
Power Generation Equip Othe	6	0	0	0	0	0	0	0	0
Boiler Plant Equipment P	6	0	0	0	0	0	0	0	0
Pump Equip Steam	6	0	0	0	0	0	0	0	0
Pump Equip Electric	6	9,510	8,201	313	869	0	0	20	107
Pump Equip Elec Pre46 (STL)	6	10,228	8,821	337	935	0	0	21	115
Pump Equip Elec Post46 (STL	6	514,018	443,289	16,911	46,981	0	0	1,079	5,757
Pump Equip Elec Boosters Po	6	17,396	15,002	572	1,590	0	0	37	195
Pump Equip Diesel	6	0	0	0	0	0	0	0	0
Pump Equip Diesel Stratman\	6	5,240	4,519	172	479	0	0	11	59
Pump Equip Diesel Ctrl Plt	6	42,810	36,919	1,408	3,913	0	0	90	479
Pump Equip Hydraulic	6	0	0	0	0	0	0	0	0
Pump Equip Other	6	408	352	13	37	0	0	1	5
WT Equip Non-Media	2	35,521	30,932	1,179	3,279	0	0	21	110
WT Equip Non-Med North (STL	2	152,915	133,158	5,077	14,114	0	0	92	474
WT Equip Non Media Ctrl 1 &	2	48,057	41,848	1,595	4,436	0	0	29	149
WT Equip Non Media Ctrl 3 (	2	464,448	404,441	15,420	42,869	0	0	279	1,440
WT Equip Non Media Sth (STL	2	55,990	48,756	1,859	5,168	0	0	34	174
WT Equip Non Media Mer (STL	2	156,681	136,438	5,202	14,462	0	0	94	486
WT Equip Filter Media	2	20,577	17,918	683	1,899	0	0	12	64
Dist Reservoirs & Standpipe	5	0	0	0	0	0	0	0	0

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS COUNTY DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Rate A	Rate B	Rate J	Rate G	Other	Fire Protection	
								Rate F	Rate E
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Elevated Tanks & Standpipes	5	52,204	40,761	1,503	3,973	0	0	955	5,012
Ground Level Facilities	5	210,499	164,358	6,062	16,019	0	0	3,852	20,208
TD Mains Not Classified by	7	336,494	306,916	2,120	8,379	0	0	3,062	16,017
TD Mains 4 & Less "	4	0	0	0	0	0	0	0	0
TD Mains 6 to 8" "	4	0	0	0	0	0	0	0	0
TD Mains 10 to 16" "	3	0	0	0	0	0	0	0	0
TD Mains 18 & Grtr "	3	0	0	0	0	0	0	0	0
TD Mains AC 4 (STL) "	4	29,390	27,312	0	270	0	0	288	1,519
TD Mains CI <10 1900-28 (S"	4	31,405	29,185	0	289	0	0	308	1,624
TD Mains CI <10 1929-56 (S"	4	240,298	223,309	0	2,211	0	0	2,355	12,423
TD Mains CI <10 1957-93 (S"	4	695,477	646,307	0	6,398	0	0	6,816	35,956
TD Mains CI 12 (STL) "	3	150,974	127,135	4,846	13,482	0	0	891	4,620
TD Mains CI 16 (STL) "	3	237,138	199,694	7,612	21,176	0	0	1,399	7,256
TD Mains DI 6-8 (STL) "	4	3,463,314	3,218,458	0	31,862	0	0	33,940	179,053
TD Mains DI 12 (STL) "	3	813,674	685,195	26,119	72,661	0	0	4,801	24,898
TD Mains DI 16 & >(STL)	3	1,367,201	1,151,320	43,887	122,091	0	0	8,066	41,836
TD Mains Galve 1 (STL) "	4	371	345	0	3	0	0	4	19
TD Mains LJ 20 (STL) "	3	49,496	41,681	1,589	4,420	0	0	292	1,515
TD Mains PL 6-8in (STL) "	4	12,936	12,021	0	119	0	0	127	669
TD Mains PL 12in (STL) "	3	5,184	4,365	166	463	0	0	31	159
Fire Mains	8	0	0	0	0	0	0	0	0
Services	10	(2,837,026)	(2,668,223)	0	(5,674)	0	0	(163,129)	0
Meters Bronze Case	9	0	0	0	0	0	0	0	0
Meters Plastic Case	9	0	0	0	0	0	0	0	0
Meters Other	9	564,782	535,300	0	24,342	0	0	5,140	0
Meters Other-Rem Rdr Unts	9	111,481	105,662	0	4,805	0	0	1,014	0
Meter Installations	9	50,134	47,517	0	2,161	0	0	456	0
Meter Installation Other	9	214,047	202,874	0	9,225	0	0	1,948	0
Hydrants	8	592,484	0	0	0	0	0	0	592,484
Utility Plant Acquisition Adjustment	17	0	0	0	0	0	0	0	0
Other P/E WT Res Hand Equip	2	0	0	0	0	0	0	0	0
Other P/E TD	7	0	0	0	0	0	0	0	0
Other P/E CPS	15	0	0	0	0	0	0	0	0
Office Furniture & Equip	15	367,920	318,876	3,863	13,024	0	0	4,194	27,962
Comp & Periph Equip	15	1,217,280	1,055,017	12,781	43,092	0	0	13,877	92,513
Computer Software	15	1,501,261	1,301,143	15,763	53,145	0	0	17,114	114,096
Comp Software Personal	15	14,468	12,539	152	512	0	0	165	1,100
Data Handling Equipment	15	0	0	0	0	0	0	0	0
Other Office Equipment	15	11,192	9,700	118	396	0	0	128	851
Trans Equip Lt Duty Trks	15	1,907	1,653	20	68	0	0	22	145
Trans Equip Hvy Duty Trks	15	356,807	309,245	3,746	12,631	0	0	4,068	27,117
Trans Equip Autos	15	14,085	12,207	148	499	0	0	161	1,070
Trans Equip Other	15	0	0	0	0	0	0	0	0
Stores Equipment	15	8,890	7,705	93	315	0	0	101	676
Tools,Shop,Garage Equip	15	49,319	42,745	518	1,746	0	0	562	3,748
Tools,Shop,Garage Equip Oth	15	166,578	144,373	1,749	5,897	0	0	1,899	12,660
Laboratory Equipment	2	89,993	78,366	2,988	8,306	0	0	54	279

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS COUNTY DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Rate A	Rate B	Rate J	Rate G	Other	Fire Protection Rate F	Fire Protection Rate E
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Laboratory Equip Other	2	19,181	16,703	637	1,770	0	0	12	59
Power Operated Equipment	15	39,831	34,522	418	1,410	0	0	454	3,027
Comm Equip Non-Telephone	15	59,679	51,724	627	2,113	0	0	680	4,536
Comm Equip Telephone	15	2,453	2,126	26	87	0	0	28	186
Misc Equipment	15	23,679	20,523	249	838	0	0	270	1,800
Other Tangible Property	17	11,738	9,913	176	560	0	0	81	1,008
Total Depreciation Expense		13,997,401	11,720,498	241,049	776,472	0	0	(33,684)	1,293,067
Amort-Other UP	18	20,742	17,525	311	989	0	0	143	1,773
Amort-Intangible Fin	2	110,764	96,453	3,677	10,223	0	0	66	343
Taxes Other Than Income									
Utility Reg Assessment Fee	19	807,121	687,264	12,430	40,679	0	0	5,973	60,776
Property Taxes	18	7,053,541	5,959,537	105,803	336,454	0	0	48,669	603,078
FUTA	16	18,987	16,063	218	748	0	0	220	1,737
FICA	16	1,269,219	1,073,759	14,596	50,007	0	0	14,723	116,134
SUTA	16	(5,418)	(4,584)	(62)	(213)	0	0	(63)	(496)
Other Taxes & Licenses	15	426,045	369,253	4,473	15,082	0	0	4,857	32,379
Gross Receipts Tax	19	0	0	0	0	0	0	0	0
Total Taxes, Other Than Income		9,569,495	8,101,292	137,458	442,757	0	0	74,379	813,609
Income Taxes	18	12,969,686	10,958,088	194,545	618,654	0	0	89,491	1,108,908
Utility Income Available for Return	18	33,347,129	28,174,989	500,207	1,590,658	0	0	230,095	2,851,180
Total Cost of Service		142,909,008	121,697,634	2,193,904	7,198,839	0	0	1,056,326	10,762,305
Less: Other Water Revenues	19	1,595,131	1,358,254	24,565	80,395	0	0	11,804	120,113
Contract Sales	19	2,808,694	2,391,603	43,254	141,558	0	0	20,784	211,495
Revenue Contribution	19	0	0	0	0	0	0	0	0
Total Other Water Revenues		4,403,825	3,749,857	67,819	221,953	0	0	32,588	331,608
Total Cost of Service Related to Sales of Water		$ 138,505,183	$ 117,947,777	$ 2,126,085	$ 6,976,887	$ -	$ -	$ 1,023,737	$ 10,430,697

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS COUNTY DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS

FACTOR 1. ALLOCATION OF COSTS WHICH VARY WITH THE AMOUNT OF WATER CONSUMED.

Factors are based on the pro forma test year average daily consumption for each customer classification.

Customer Classification	Average Daily Consumption, Thousand Gallons	Allocation Factor
(1)	(2)	(3)
Rate A	109,515	0.8303
Rate B	4,911	0.0372
Rate J	16,555	0.1255
Rate G	0	0.0000
Other	0	0.0000
Rate F	149	0.0011
Rate E	781	0.0059
Total	131,911	1.0000

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the factors for average daily consumption (Factor 1) and the factors derived from maximum day extra capacity demand for each customer classification, as follows:

	Average Daily Consumption		Maximum Day Extra Capacity		
Customer Classification	Allocation Factor 1	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)x 0.5263	(4)	(5)=(4)x 0.4737	(6)=(3)+(5)
Rate A	0.8303	0.4369	0.9158	0.4339	0.8708
Rate B	0.0372	0.0196	0.0288	0.0136	0.0332
Rate J	0.1255	0.0661	0.0554	0.0262	0.0923
Rate G	0.0000	0.0000	0.0000	0.0000	0.0000
Other	0.0000	0.0000	0.0000	0.0000	0.0000
Rate F	0.0011	0.0006			0.0006
Rate E	0.0059	0.0031			0.0031
Total	1.0000	0.5263	1.0000	0.4737	1.0000

The derivation of the maximum day extra capacity factors in column 4 and the basis for the column 3 and 5 weightings are presented on the following page.

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS COUNTY DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS, cont.

		Maximum Day Extra Capacity		
Customer Classification	Average Daily Consumption, Thousand Gal.	Factor*	Rate of Flow, Thousand Gal. Per Day	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Rate A	109,515	1.0	109,515	0.9158
Rate B	4,911	0.7	3,438	0.0288
Rate J	16,555	0.4	6,622	0.0554
Rate G	0	0.5	0	0.0000
Other	0	0.0	0	0.0000
Total	130,981		119,575	1.0000

The weighting of the factors is based on the maximum day ratio of 1.90, based on a review of maximum day ratios experienced during the period 1999 through 2005 (see Schedule D).

	Maximum Day Ratio	Weight
Average Day	1.00	0.5263
Maximum Day Extra Capacity	0.90	0.4737
Total	1.90	1.0000

* Ratio of maximum day to average day minus 1.0.

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS COUNTY DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

	Average Daily Consumption		Maximum Day Extra Capacity		Fire Protection		
Customer Classification	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2) X 0.5090	(4)	(5)=(4) X 0.4581	(6)	(7)=(6) X 0.0329	(8)=(3)+(5)+(7)
Rate A	0.8303	0.4226	0.9158	0.4195			0.8421
Rate B	0.0372	0.0189	0.0288	0.0132			0.0321
Rate J	0.1255	0.0639	0.0554	0.0254			0.0893
Rate G	0.0000	0.0000	0.0000	0.0000			0.0000
Other	0.0000	0.0000	0.0000	0.0000			0.0000
Rate F	0.0011	0.0006			0.1598	0.0053	0.0059
Rate E	0.0059	0.0030			0.8402	0.0276	0.0306
Total	1.0000	0.5090	1.0000	0.4581	1.0000	0.0329	1.0000

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS COUNTY DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum day ratio of 1.90 and the average daily system sendout for 2005 of 185.871 MGD. The system demand for fire protection is 20,000 Gallons per minute for 10 hours.

	Ratio	Rate of Flow, (GPD)	Weight
Average Day	1.00	185,871,000	0.5090
Maximum Day Extra Capacity	0.90	167,283,900	0.4581
Subtotal	1.90	353,154,900	0.9671
Fire Protection		12,000,000	0.0329
Total		365,154,900	1.0000

The public and private fire protection allocation factors in column 6 on the previous page are based on the relative potential demands (see Schedule E).

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS COUNTY DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		
Customer Classification	Thousand Gallons	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3) X 0.3766	(5)	(6)=(5) X 0.5650	(7)	(8)=(7) X 0.0584	(9)=(4)+(6)+(8)
Rate A	4,563.1	0.9769	0.3679	0.9936	0.5614			0.9293
Rate B	0.0	0.0000	0.0000	0.0000	0.0000			0.0000
Rate J	69.0	0.0148	0.0056	0.0064	0.0036			0.0092
Rate G	0.0	0.0000	0.0000	0.0000	0.0000			0.0000
Other	0.0	0.0000	0.0000	0.0000	0.0000			0.0000
Rate F	6.2	0.0013	0.0005			0.1598	0.0093	0.0098
Rate E	32.5	0.0070	0.0026			0.8402	0.0491	0.0517
Total	4,670.8	1.0000	0.3766	1.0000	0.5650	1.0000	0.0584	1.0000

The maximum hour extra capacity factors in column 5 are determined as follows:

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS COUNTY DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum hour ratio of 2.5 and the average daily system sendout for 2005 of 185.871 MGD. The system demand for fire protection is 20,000 gallons per minute.

	Ratio	Rate of Flow, (GPM)	Weight
Average Hour	1.00	129,077	0.3766
Maximum Hour Extra Capacity	1.50	193,616	0.5650
Subtotal	2.50	322,693	0.9416
Fire Protection		20,000	0.0584
Total		342,693	1.0000

The maximum hour extra capacity factors in column 5 of the previous page are determined as follows:

Customer Classification	Average Hourly Consumption Thousand Gal.	Maximum Hour Extra Capacity		
		Factor*	1,000 Gallons Per Hour	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Rate A	4,563.1	3.5	15,970.9	0.9936
Rate B	0.0	2.5	0.0	0.0000
Rate J	69.0	1.5	103.5	0.0064
Rate G	0.0	2.0	0.0	0.0000
Other	0.0	0.0	0.0	0.0000
Total	4,632.1		16,074.4	1.0000

* Ratio of Maximum Hour To Average Hour Minus 1.0.

The public and private fire protection allocation factors in column 7 on the previous page are based on the relative potential demands (see Schedule E).

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS COUNTY DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES.

Factors are based on the weighting of the average hourly consumption, the maximum hour extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		
	Thousand Gallons	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3) X 0.3553	(5)	(6)=(5) X 0.5329	(7)	(8)=(7) X 0.1118	(9)=(4)+(6)+(8)
Rate A	4,563.1	0.8303	0.2950	0.9117	0.4858			0.7808
Rate B	204.6	0.0372	0.0132	0.0292	0.0156			0.0288
Rate J	689.8	0.1255	0.0446	0.0591	0.0315			0.0761
Rate G	0.0	0.0000	0.0000	0.0000	0.0000			0.0000
Other	0.0	0.0000	0.0000	0.0000	0.0000			0.0000
Rate F	6.2	0.0011	0.0004			0.1598	0.0179	0.0183
Rate E	32.5	0.0059	0.0021			0.8402	0.0939	0.0960
Total	5,496.2	1.0000	0.3553	1.0000	0.5329	1.0000	0.1118	1.0000

The weighting of the factors is based on the ratio of the capacity required for a 10 hour demand of fire flow, as related to total storage capacity. The calculation is shown on the following page.

Schedule C-STL

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS COUNTY DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES, cont.

The weighting of the factors is based on the ratio of the capacity required for a 10 hour demand of fire flow, as related to total storage capacity.

Fire Protection Weight = $\frac{\text{20,000 GPM X 60 Min. X 10 Hrs.}}{\text{107,320,000 Gallons}}$ = 0.1118

General Service Weight = 1.0000 - 0.1118 = 0.8882

The weighting of the average hourly consumption and maximum hour extra demand for general service is based on the maximum hour ratio, as follows:

	Maximum Hour Ratio	Percent	Weight
Average Hour	1.00	40.00	0.3553
Extra Capacity Maximum Hour	1.50	60.00	0.5329
Total	2.50	100.00	0.8882

Customer Classification	Average Hourly Consumption Thousand Gal.	Maximum Hour Extra Capacity Factor*	1,000 Gallons Per Hour	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Rate A	4,563.1	3.5	15,970.9	0.9117
Rate B	204.6	2.5	511.5	0.0292
Rate J	689.8	1.5	1,034.7	0.0591
Rate G	-	2.0	0.0	0.0000
Other	-	0.0	0.0	0.0000
Total	5,457.5		17,517.1	1.0000

* Ratio of maximum day to average day minus 1.0.

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS COUNTY DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH POWER AND PUMPING FACILITIES.

Factors are based on the weighting of the maximum daily consumption, Factor 2, the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

	Maximum Daily Consumption		Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 2	Weighted Factor	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.7055	(4)	(5)=(4)X 0.2945	(6)	(7)=(6)X 0.0000	(8)=(3)+ (5)+(7)
Rate A	0.8708	0.6144	0.8421	0.2480	0.9293	0.0000	0.8624
Rate B	0.0332	0.0234	0.0321	0.0095	0.0000	0.0000	0.0329
Rate J	0.0923	0.0651	0.0893	0.0263	0.0092	0.0000	0.0914
Rate G	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Other	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Rate F	0.0006	0.0004	0.0059	0.0017	0.0098	0.0000	0.0021
Rate E	0.0031	0.0022	0.0306	0.0090	0.0517	0.0000	0.0112
Total	1.0000	0.7055	1.0000	0.2945	1.0000	0.0000	1.0000

The weighting of the factors is based on the horsepower of pumps associated with maximum day facilities, maximum day and fire facilities, and maximum hour facilities, as follows:

	Horsepower of Pumps	Weight
Associated with Maximum Day	43,023	0.7055
Associated with Maximum Day and Fire	17,955	0.2945
Associated with Maximum Hour	0	0.0000
Total	60,978	1.0000

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS COUNTY DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 7. ALLOCATION OF COSTS ASSOCIATED WITH TRANSMISSION AND DISTRIBUTION MAINS.

Factors are based on the weighting of the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

	Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.1956	(4)	(5)=(4)X 0.8044	(6)=(3)+(5)
Rate A	0.8421	0.1646	0.9293	0.7475	0.9121
Rate B	0.0321	0.0063	0.0000	0.0000	0.0063
Rate J	0.0893	0.0175	0.0092	0.0074	0.0249
Rate G	0.0000	0.0000	0.0000	0.0000	0.0000
Other	0.0000	0.0000	0.0000	0.0000	0.0000
Rate F	0.0059	0.0012	0.0098	0.0079	0.0091
Rate E	0.0306	0.0060	0.0517	0.0416	0.0476
Total	1.0000	0.1956	1.0000	0.8044	1.0000

The weighting of the factors is based on the total footage of mains, designated as either transmission mains or distribution mains, as follows:

	Total Footage of Mains	Weight
Transmission Mains	4,267,601	0.1956
Distribution Mains	17,551,169	0.8044
Total	21,818,770	1.0000

MISSOURI-AMERICAN WATER COMPANY
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FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 8. ALLOCATION OF COSTS ASSOCIATED WITH FIRE HYDRANTS.

Costs are assigned directly to Rate E.

Customer Classification	Allocation Factor
(1)	(3)
Rate E	1.0000
Total	1.0000

FACTOR 9. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

Factors are based on the relative cost of meters by size and customer classification, as developed on the following page and summarized below.

Customer Classification	5/8" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Rate A	326,511	0.9478
Rate B	0	0.0000
Rate J	14,838	0.0431
Rate G	0	0.0000
Other	0	0.0000
Rate F	3,149	0.0091
Total	344,498	1.0000

MISSOURI-AMERICAN WATER COMPANY
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BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS

Meter Size	5/8" Dollar Equivalent	Rate A		Rate B		Rate J		Rate G		Other		Rate F		Total	
		Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Services	Weighting	Number of Meters	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)=(2)X(11)	(15)	(16)
5/8	1.0	295,892	295,892	0	0	4	4	0	0	0	0	35	35	295,931	295,931
3/4	1.2	16,562	19,875	0	0	1	1	0	0	0	0	2,434	2,921	18,997	22,797
1	1.9	2,696	5,122	0	0	3	6	0	0	0	0	31	59	2,730	5,187
1-1/2	5.0	278	1,390	0	0	12	60	0	0	0	0	2	10	292	1,460
2	6.5	495	3,218	0	0	50	325	0	0	0	0	19	124	564	3,667
3	36.6	1	37	0	0	31	1,135	0	0	0	0		0	32	1,172
4	78.8	0	0	0	0	60	4,728	0	0	0	0		0	60	4,728
6	147.8	4	591	0	0	34	5,025	0	0	0	0		0	38	5,616
8	193.1	2	386	0	0	14	2,703	0	0	0	0		0	16	3,089
10	283.8	0	0	0	0	3	851	0	0	0	0		0	3	851
12	400.0	0	0	0	0	0	0	0	0	0	0		0	0	0
Total		315,930	326,511	0	0	212	14,838	0	0	0	0	2,521	3,149	318,663	344,498

MISSOURI-AMERICAN WATER COMPANY
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FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 10. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

Factors are based on the relative cost of services by size and customer classification, as developed on the following page and summarized below.

Customer Classification	3/4" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Rate A	317,091	0.9405
Rate B	0	0.0000
Rate J	659	0.0020
Rate G	0	0.0000
Other	0	0.0000
Rate F	19,384	0.0575
Total	337,134	1.0000

MISSOURI-AMERICAN WATER COMPANY
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BASIS FOR ALLOCATING SERVICE COSTS TO CUSTOMER CLASSIFICATIONS

Service Size	3/4" Dollar Equivalent	Rate A		Rate B		Rate J		Rate G		Other		Rate F		Total	
		Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)=(2)X(11)	(15)	(16)
3/4	1.00	312,454	312,454	0	0	5	5	0	0	0	0	0	0	312,459	312,459
1	1.17	2,696	3,154	0	0	3	4	0	0	0	0	0	0	2,699	3,158
1-1/2	1.58	278	439	0	0	12	19	0	0	0	0	0	0	290	458
2	2.04	495	1,010	0	0	50	102	0	0	0	0	128	261	673	1,373
3	2.73	1	3	0	0	31	85	0	0	0	0	0	0	32	88
4	2.88	0	0	0	0	60	173	0	0	0	0	484	1,394	544	1,567
6	4.24	4	17	0	0	34	144	0	0	0	0	1,960	8,310	1,998	8,471
8	6.98	2	14	0	0	14	98	0	0	0	0	1,184	8,264	1,200	8,376
10	9.50	0	0	0	0	3	29	0	0	0	0	37	352	40	381
12	12.16	0	0	0	0	0	0	0	0	0	0	66	803	66	803
Total		315,930	317,091	0	0	212	659	0	0	0	0	3,859	19,384	320,001	337,134

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS COUNTY DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 11. ALLOCATION OF TRANSMISSION AND DISTRIBUTION OPERATION SUPERVISION AND ENGINEERING AND MISCELLANEOUS EXPENSES.

Factors are based on transmission and distribution operation expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Operating Expenses	Allocation Factor
(1)	(2)	(3)
Rate A	$ 2,943,087	0.9217
Rate B	14,137	0.0044
Rate J	78,624	0.0246
Rate G	-	0.0000
Other	-	0.0000
Rate F	51,757	0.0162
Rate E	105,728	0.0331
Total	3,193,333	1.0000

FACTOR 12. ALLOCATION OF TRANSMISSION AND DISTRIBUTION MAINTENANCE SUPERVISION AND ENGINEERING, STRUCTURES AND IMPROVEMENTS, AND OTHER EXPENSES.

Factors are based on transmission and distribution maintenance expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Rate A	$ 1,427,229	0.7490
Rate B	5,785	0.0030
Rate J	37,356	0.0196
Rate G	-	0.0000
Other	-	0.0000
Rate F	31,433	0.0165
Rate E	403,836	0.2119
Total	$1,905,639	1.0000

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MISSOURI-AMERICAN WATER COMPANY
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FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 13. ALLOCATION OF BILLING AND COLLECTING COSTS.

Factors are based on the total number of customers.

Customer Classification	Total Customers	Allocation Factor
(1)	(2)	(3)
Rate A	315,930	0.9872
Rate B	0	0.0000
Rate J	212	0.0007
Rate G	0	0.0000
Other	0	0.0000
Rate F	3,859	0.0121
Rate E	0	0.0000
Total	320,001	1.0000

FACTOR 14. ALLOCATION OF METER READING COSTS.

Factors are based on the number of metered customers.

Customer Classification	Total Metered Customers	Allocation Factor
(1)	(2)	(3)
Rate A	315,930	0.9993
Rate B	0	0.0000
Rate J	212	0.0007
Rate G	0	0.0000
Other	0	0.0000
Total	316,142	1.0000

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS COUNTY DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 15. ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES AND CASH WORKING CAPITAL.

Factors are based on the allocation of all other operation and maintenance expenses excluding purchased water, power, chemicals and waste disposal.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Rate A	$19,738,362	0.8667
Rate B	239,147	0.0105
Rate J	806,911	0.0354
Rate G	0	0.0000
Other	0	0.0000
Rate F	258,573	0.0114
Rate E	1,731,562	0.0760
Total	$22,774,555	1.0000

Schedule C-STL

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS COUNTY DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 16. ALLOCATION OF LABOR RELATED TAXES AND BENEFITS.

Factors are based on the allocation of direct labor expense.

Customer Classification	Direct Labor Expense	Allocation Factor
(1)	(2)	(3)
Rate A	$13,809,432	0.8460
Rate B	188,121	0.0115
Rate J	643,874	0.0394
Rate G	0	0.0000
Other	0	0.0000
Rate F	189,413	0.0116
Rate E	1,494,474	0.0915
Total	$16,325,313	1.0000

FACTOR 17. ALLOCATION OF ORGANIZATION, FRANCHISES AND CONSENTS, MISCELLANEOUS INTANGIBLE PLANT AND OTHER Rate Base ELEMENTS.

Factors are based on the allocation of the original cost less depreciation other than those items being allocated, as follows:

Customer Classification	Original Cost Less Depreciation	Allocation Factor
(1)	(2)	(3)
Rate A	$370,852,738	0.8445
Rate B	6,586,930	0.0150
Rate J	20,951,300	0.0477
Rate G	0	0.0000
Other	0	0.0000
Rate F	3,032,877	0.0069
Rate E	37,716,820	0.0859
Total	$439,140,664	1.0000

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS COUNTY DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 18. ALLOCATION OF INCOME TAXES AND INCOME AVAILABLE FOR RETURN.

Factors are based on the allocation of the original cost measure of value Rate Base as shown on the following pages and summarized below.

Customer Classification	Original Cost Measure of Value	Allocation Factor
(1)	(2)	(3)
Rate A	$330,710,064	0.8449
Rate B	5,866,772	0.0150
Rate J	18,650,464	0.0477
Rate G	0	0.0000
Other	0	0.0000
Rate F	2,695,603	0.0069
Rate E	33,475,322	0.0855
Total	$391,398,225	1.0000

FACTOR 19. ALLOCATION OF REGULATORY COMMISSION EXPENSES, ASSESSMENTS AND OTHER WATER REVENUES.

The factors are based on the allocation of the total cost of service, excluding those items being allocated.

Customer Classification	Total Cost of Service	Allocation Factor
(1)	(2)	(3)
Rate A	$120,836,258	0.8515
Rate B	2,179,365	0.0154
Rate J	7,151,049	0.0504
Rate G	0	0.0000
Other	0	0.0000
Rate F	1,048,063	0.0074
Rate E	10,686,261	0.0753
Total	$141,900,996	1.0000

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS COUNTY DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Rate A	Rate B	Rate J	Rate G	Other	Fire Protection Rate F	Fire Protection Rate E
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Rate Base									
Organization	17	$ 157,215	$ 132,768	$ 2,358	$ 7,499	$ -	$ -	$ 1,085	$ 13,505
Franchises	17	0	0	0	0	0	0	0	0
Land & Ld Rights SS	2	91,400	79,591	3,034	8,436	0	0	55	283
Land & Ld Rights P	6	284,588	245,429	9,363	26,011	0	0	598	3,187
Land & Ld Rights WT	2	1,494,922	1,301,778	49,631	137,981	0	0	897	4,634
Land & Ld Rights TD	7	3,998,413	3,646,952	25,190	99,560	0	0	36,386	190,324
Land & Land Rights AG	15	0	0	0	0	0	0	0	0
Struct & Imp SS	2	3,155,148	2,747,503	104,751	291,220	0	0	1,893	9,781
Struct & Imp P	6	238,286	205,498	7,840	21,779	0	0	500	2,669
Struct & Imp Pumps (STL)	6	2,378,382	2,051,117	78,249	217,384	0	0	4,995	26,638
Struct & Imp Pump Boosters	6	1,936,129	1,669,718	63,699	176,962	0	0	4,066	21,685
Struct & Imp WT	2	11,384,095	9,913,270	377,952	1,050,752	0	0	6,830	35,291
Struct & Imp WT Nth Plt (ST	2	3,297,014	2,871,040	109,461	304,314	0	0	1,978	10,221
Struct & Imp WT Ctrl Plt 1	2	478,933	417,055	15,901	44,206	0	0	287	1,485
Struct & Imp WT Ctrl Plt 3	2	11,116,877	9,680,576	369,080	1,026,088	0	0	6,670	34,462
Struct & Imp WT Sth Plt (ST	2	931,479	811,132	30,925	85,976	0	0	559	2,888
Struct & Imp WT Meramec (ST	2	5,047,894	4,395,706	167,590	465,921	0	0	3,029	15,648
Struct & Imp TD	7	20,209,099	18,432,719	127,317	503,207	0	0	183,903	961,953
Struct & Imp TD Spec Cross	7	(65,915)	(60,121)	(415)	(1,641)	0	0	(600)	(3,138)
Struct & Imp Offices	15	(183,305)	(158,870)	(1,925)	(6,489)	0	0	(2,090)	(13,931)
Struct & Imp Leasehold	15	241,586	209,383	2,537	8,552	0	0	2,754	18,361
Struct & Imp Leasehold	15	1,031,377	893,894	10,829	36,511	0	0	11,758	78,385
Struct & Imp Store,Shop,Gar	15	1,433,860	1,242,726	15,056	50,759	0	0	16,346	108,973
Struct & Imp Misc	15	1,059,310	918,104	11,123	37,500	0	0	12,076	80,508
Collect & Impounding	1	0	0	0	0	0	0	0	0
Lake, River & Other Intakes	2	0	0	0	0	0	0	0	0
Wells & Springs	2	0	0	0	0	0	0	0	0
Supply Mains	2	8,348	7,269	277	771	0	0	5	26
Supply Mains Nth Plt (STL)	2	80,093	69,745	2,659	7,393	0	0	48	248
Supply Mains Ctrl Plt (STL)	2	2,022,967	1,761,600	67,163	186,720	0	0	1,214	6,271
Supply Mains Sth Plt (STL)	2	8,754	7,623	291	808	0	0	5	27
Supply Mains Meramec Plt (S	2	619,385	539,360	20,564	57,169	0	0	372	1,920
Power Generation Equip Othe	6	(5,541)	(4,779)	(182)	(506)	0	0	(12)	(62)
Boiler Plant Equipment P	6	0	0	0	0	0	0	0	0
Pump Equip Steam	6	0	0	0	0	0	0	0	0
Pump Equip Electric	6	817,649	705,140	26,901	74,733	0	0	1,717	9,158
Pump Equip Elec Pre46 (STL)	6	860,418	742,024	28,308	78,642	0	0	1,807	9,637
Pump Equip Elec Post46 (STL	6	12,384,568	10,680,451	407,452	1,131,950	0	0	26,008	138,707
Pump Equip Elec Boosters Po	6	(247,583)	(213,516)	(8,145)	(22,629)	0	0	(520)	(2,773)
Pump Equip Diesel	6	0	0	0	0	0	0	0	0
Pump Equip Diesel Stratman\	6	188,768	162,794	6,210	17,253	0	0	396	2,114
Pump Equip Diesel Ctrl Plt	6	470,648	405,887	15,484	43,017	0	0	988	5,271
Pump Equip Hydraulic	6	0	0	0	0	0	0	0	0
Pump Equip Other	6	22,182	19,130	730	2,027	0	0	47	248
WT Equip Non-Media	2	1,639,336	1,427,534	54,426	151,311	0	0	984	5,082
WT Equip Non-Med North (STL	2	3,329,607	2,899,422	110,543	307,323	0	0	1,998	10,322

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS COUNTY DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Rate A	Rate B	Rate J	Rate G	Other	Fire Protection Rate F	Fire Protection Rate E
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
WT Equip Non Media Ctrl 1 &	2	30,660	26,699	1,018	2,830	0	0	18	95
WT Equip Non Media Ctrl 3 (	2	12,282,870	10,695,923	407,791	1,133,709	0	0	7,370	38,077
WT Equip Non Media Sth (STL	2	648,906	565,067	21,544	59,894	0	0	389	2,012
WT Equip Non Media Mer (STL	2	3,008,164	2,619,509	99,871	277,654	0	0	1,805	9,325
WT Equip Filter Media	2	977,930	851,581	32,467	90,263	0	0	587	3,032
Dist Reservoirs & Standpipe	5	0	0	0	0	0	0	0	0
Elevated Tanks & Standpipes	5	1,556,388	1,215,228	44,824	118,441	0	0	28,482	149,413
Ground Level Facilities	5	4,634,596	3,618,693	133,476	352,693	0	0	84,813	444,921
TD Mains Not Classified by	7	25,073,263	22,869,323	157,962	624,324	0	0	228,167	1,193,487
TD Mains 4 & Less "	4	0	0	0	0	0	0	0	0
TD Mains 6 to 8" "	4	0	0	0	0	0	0	0	0
TD Mains 10 to 16" "	3	0	0	0	0	0	0	0	0
TD Mains 18 & Grtr "	3	0	0	0	0	0	0	0	0
TD Mains AC 4 (STL) "	4	963,100	895,008	0	8,861	0	0	9,438	49,792
TD Mains CI <10 1900-28 (S"	4	849,544	789,481	0	7,816	0	0	8,326	43,921
TD Mains CI <10 1929-56 (S"	4	2,211,414	2,055,067	0	20,345	0	0	21,672	114,330
TD Mains CI <10 1957-93 (S"	4	12,872,871	11,962,759	0	118,430	0	0	126,154	665,527
TD Mains CI 12 (STL) "	3	4,714,222	3,969,846	151,327	420,980	0	0	27,814	144,255
TD Mains CI 16 (STL) "	3	6,061,457	5,104,353	194,573	541,288	0	0	35,763	185,481
TD Mains DI 6-8 (STL) "	4	118,150,039	109,796,831	0	1,086,980	0	0	1,157,870	6,108,357
TD Mains DI 12 (STL) "	3	29,708,212	25,017,285	953,634	2,652,943	0	0	175,278	909,071
TD Mains DI 16 & >(STL)	3	54,643,322	46,015,142	1,754,051	4,879,649	0	0	322,396	1,672,086
TD Mains Galve 1 (STL) "	4	(48,578)	(45,144)	0	(447)	0	0	(476)	(2,511)
TD Mains LJ 20 (STL) "	3	1,771,548	1,491,821	56,867	158,199	0	0	10,452	54,209
TD Mains PL 6-8in (STL) "	4	382,854	355,787	0	3,522	0	0	3,752	19,794
TD Mains PL 12in (STL) "	3	159,790	134,559	5,129	14,269	0	0	943	4,890
Fire Mains	8	0	0	0	0	0	0	0	0
Services	10	17,151	16,130	0	34	0	0	986	0
Meters Bronze Case	9	0	0	0	0	0	0	0	0
Meters Plastic Case	9	0	0	0	0	0	0	0	0
Meters Other	9	13,565,466	12,857,349	0	584,672	0	0	123,446	0
Meters Other-Rem Rdr Unts	9	2,038,652	1,932,234	0	87,866	0	0	18,552	0
Meter Installations	9	1,006,717	954,166	0	43,390	0	0	9,161	0
Meter Installation Other	9	3,871,569	3,669,473	0	166,865	0	0	35,231	0
Hydrants	8	22,354,274	0	0	0	0	0	0	22,354,274
Other P/E Intangible	15	0	0	0	0	0	0	0	0
Other P/E WT Res Hand Equip	2	0	0	0	0	0	0	0	0
Other P/E TD	7	0	0	0	0	0	0	0	0
Other P/E CPS	15	430,744	373,326	4,523	15,248	0	0	4,910	32,737
Office Furniture & Equip	15	8,729,186	7,565,586	91,656	309,013	0	0	99,513	663,418
Comp & Periph Equip	15	3,950,414	3,423,824	41,479	139,845	0	0	45,035	300,231
Computer Software	15	6,417,480	5,562,030	67,384	227,179	0	0	73,159	487,728
Comp Software Personal	15	88,707	76,882	931	3,140	0	0	1,011	6,742
Data Handling Equipment	15	0	0	0	0	0	0	0	0
Other Office Equipment	15	112,473	97,480	1,181	3,982	0	0	1,282	8,548
Trans Equip Lt Duty Trks	15	(782,343)	(678,057)	(8,215)	(27,695)	0	0	(8,919)	(59,458)
Trans Equip Hvy Duty Trks	15	788,781	683,636	8,282	27,923	0	0	8,992	59,947

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS COUNTY DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Rate A	Rate B	Rate J	Rate G	Other	Fire Protection Rate F	Fire Protection Rate E
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Trans Equip Autos	15	(8,775)	(7,605)	(92)	(311)	0	0	(100)	(667)
Trans Equip Other	15	0	0	0	0	0	0	0	0
Stores Equipment	15	417,728	362,045	4,386	14,788	0	0	4,762	31,747
Tools,Shop,Garage Equip	15	371,032	321,573	3,896	13,135	0	0	4,230	28,198
Tools,Shop,Garage Equip Oth	15	1,831,894	1,587,703	19,235	64,849	0	0	20,884	139,224
Laboratory Equipment	2	433,289	377,308	14,385	39,993	0	0	260	1,343
Laboratory Equip Other	2	88,374	76,956	2,934	8,157	0	0	53	274
Power Operated Equipment	15	129,187	111,966	1,356	4,573	0	0	1,473	9,818
Comm Equip Non-Telephone	15	464,205	402,326	4,874	16,433	0	0	5,292	35,280
Comm Equip Telephone	15	79,043	68,507	830	2,798	0	0	901	6,007
Misc Equipment	15	333,673	289,194	3,504	11,812	0	0	3,804	25,359
Other Tangible Property	17	(7,507)	(6,340)	(113)	(358)	0	0	(52)	(645)
Total Utility Plant in Service		439,290,372	370,979,166	6,589,175	20,958,441	0	0	3,033,910	37,729,680
Other Rate Base Items									
Add:									
Other Utility Plant Adjustments	17	0	0	0	0	0	0	0	0
Cash Working Capital	15	5,662,000	4,907,255	59,451	200,435	0	0	64,547	430,312
Materials and Supplies	15	2,410,307	2,089,013	25,308	85,325	0	0	27,477	183,183
Prepayments	15	515,772	447,020	5,416	18,258	0	0	5,880	39,199
OPEB's Contributed to External Fund	16	0	0	0	0	0	0	0	0
Premature Retirement	17	0	0	0	0	0	0	0	0
Regulatory Deferrals	17	1,933,487	1,632,830	29,002	92,227	0	0	13,341	166,087
Less: Accumulated Amortization	17	(386,257)	(326,194)	(5,794)	(18,424)	0	0	(2,665)	(33,179)
Accumulated Deferred ITC (3%)	17	0	0	0	0	0	0	0	0
Deferred Income Taxes	17	(48,134,475)	(40,649,564)	(722,017)	(2,296,014)	0	0	(332,128)	(4,134,751)
Pensions	16	(9,892,981)	(8,369,462)	(113,769)	(389,783)	0	0	(114,759)	(905,208)
Total Other Rate Base Elements		(47,892,147)	(40,269,102)	(722,403)	(2,307,977)	0	0	(338,306)	(4,254,358)
Total Original Cost Measure of Value		$ 391,398,225	$ 330,710,064	$ 5,866,772	$ 18,650,464	$ -	$ -	$ 2,695,603	$ 33,475,322

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS COUNTY DISTRICT

SUMMARY OF AVERAGE DAILY SEND OUT AND MAXIMUM DAILY USAGE
FOR THE YEARS 1999-2005

Year	Average Daily Send out (MGD)	Maximum Daily Use		
		MGD	Ratio to Average	Highest Use Day
(1)	(2)	(3)	(4)	(5)
1999	167.199	317.210	1.90	7/22/1999
2000	158.813	258.520	1.63	7/11/2000
2001	164.312	274.090	1.67	8/21/2001
2002	166.256	309.430	1.86	8/5/2002
2003	167.899	322.790	1.92	8/23/2003
2004	171.808	268.970	1.57	7/22/2004
2005	185.871	333.620	1.79	6/25/2005

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS COUNTY DISTRICT

BASIS FOR ALLOCATING DEMAND RELATED COSTS OF FIRE SERVICE TO PRIVATE AND PUBLIC FIRE PROTECTION CUSTOMER CLASSIFICATIONS

Description		Restrictive Diameters Squared	Quantity	Relative Demand	Allocation Factor
(1)		(2)	(3)	(4)=(2)x(3)	(5)
PRIVATE FIRE PROTECTION					
Fire Lines					
2 -inch		4.00	128	512	
3 -inch		9.00	-	0	
4 -inch		16.00	484	7,744	
6 -inch		36.00	1,960	70,560	
8 -inch		64.00	1,184	75,776	
10 -inch		100.00	37	3,700	
12 -inch		144.00	65	9,360	
20 -inch		400.00	1	400	
Private Hydrants		32.75	-	0	
Total Rate F			3,859	168,052	0.1598
PUBLIC FIRE PROTECTION					
Hydrant	Nozzle Sizes				
6" Valve	2- 2-1/2" & 1- 4.5"	32.75	738	24,170	
6" Valve	2- 2-1/2" & 1- 4"	28.50	30,147	859,190	
Total Rate E			30,885	883,360	0.8402
Total Fire Protection			34,744	1,051,412	1.0000

WARREN COUNTY WATER DISTRICT

MISSOURI-AMERICAN WATER COMPANY
WARREN COUNTY WATER OPERATIONS

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES
FOR THE TEST YEAR ENDED JUNE 30, 2006

Customer Classification	Cost of Service Amount (Schedule B)	Cost of Service Percent	Revenues, Present Rates Amount	Revenues, Present Rates Percent	Revenues, Proposed Rates Amount	Revenues, Proposed Rates Percent	Proposed Increase Amount	Proposed Increase Percent Increase
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Residential	$ 300,938	99.4%	$ 111,571	98.8%	$ 139,716	98.8%	$ 28,145	25.2%
Commercial	1,790	0.6%	1,355	1.2%	1,696	1.2%	341	25.2%
Industrial	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Public Authority	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Sales for Resale	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Private Fire Service	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Public Fire Service	-	0.0%	$0	0.0%	$0	0.0%	-	0.0%
Total Sales	302,728	100.0%	112,926	100.0%	141,412	100.0%	28,486	25.2%
Other Revenues	-		-		-		-	0.0%
Total	$ 302,728		$ 112,926		$ 141,412		$ 28,486	25.2%

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Schedule A-WCW

MISSOURI-AMERICAN WATER COMPANY

WARREN COUNTY WATER OPERATIONS

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection Private	Fire Protection Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
OPERATION AND MAINTENANCE EXPENSES									
SOURCE OF SUPPLY EXPENSES									
Super & Eng Oper SS	2	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Labor & Exp Oper SS	2	0	0	0	0	0	0	0	0
Labor & Exp Oper SS	2	13	13	0	0	0	0	0	0
Purchased Water	1	0	0	0	0	0	0	0	0
TOTAL SS EXPENSE - OPERATION		13	13	0	0	0	0	0	0
Misc Exp Oper SS	2	7,595	7,489	71	0	0	0	0	35
Misc Exp Oper SS	2	0	0	0	0	0	0	0	0
Rents Oper SS	2	0	0	0	0	0	0	0	0
Super & Eng Maint SS	2	0	0	0	0	0	0	0	0
Struct & Improve Maint SS	2	0	0	0	0	0	0	0	0
Struct & Improve Maint SS	2	0	0	0	0	0	0	0	0
Collect & Impound Maint SS	2	0	0	0	0	0	0	0	0
Collect & Impound Maint SS	2	0	0	0	0	0	0	0	0
Lake, River & Oth Maint SS	2	0	0	0	0	0	0	0	0
Lake, River & Oth Maint SS	2	0	0	0	0	0	0	0	0
Wells & Springs Maint SS	2	0	0	0	0	0	0	0	0
Wells & Springs Maint SS	2	0	0	0	0	0	0	0	0
Infilt Gall & Tunnels Maint SS	2	0	0	0	0	0	0	0	0
Infilt Gall & Tunnels Maint SS	2	0	0	0	0	0	0	0	0
Supply Mains Maint SS	2	0	0	0	0	0	0	0	0
Supply Mains Maint SS	2	0	0	0	0	0	0	0	0
Misc Plant Maint SS	2	0	0	0	0	0	0	0	0
Misc Plant Maint SS	2	(0)	(0)	(0)	0	0	0	0	(0)
TOTAL SS EXPENSE - MAINTENANCE		7,595	7,490	71	0	0	0	0	35
TOTAL SS EXPENSE		7,609	7,503	71	0	0	0	0	35
POWER AND PUMPING EXPENSES									
Super & Eng Oper P	6	0	0	0	0	0	0	0	0
Fuel for Power Prod	1	0	0	0	0	0	0	0	0
Labor & Exp Oper Pwr Prod	6	0	0	0	0	0	0	0	0
Labor & Exp Oper Pwr Prod	6	0	0	0	0	0	0	0	0
Purch Fuel/Power for Pump	1	(86)	(84)	(1)	0	0	0	0	(1)
Labor & Exp Oper Pump	6	0	0	0	0	0	0	0	0
Labor & Exp Oper Pump	6	0	0	0	0	0	0	0	0
Expenses Transferred	6	0	0	0	0	0	0	0	0
Misc Exp Oper P	6	0	0	0	0	0	0	0	0
Rents Oper P	6	0	0	0	0	0	0	0	0
TOTAL PUMPING EXPENSE - OPERATION		(86)	(84)	(1)	0	0	0	0	(1)

MISSOURI-AMERICAN WATER COMPANY

WARREN COUNTY WATER OPERATIONS

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Super & Eng Maint P	6	0	0	0	0	0	0	0	0
Struct & Improve Maint P	6	0	0	0	0	0	0	0	0
Struct & Improve Maint P	6	0	0	0	0	0	0	0	0
Power Prod Equip Maint P	6	0	0	0	0	0	0	0	0
Power Prod Equip Maint P	6	0	0	0	0	0	0	0	0
Pump Equip Maint P	6	0	0	0	0	0	0	0	0
Pump Equip Maint P	6	0	0	0	0	0	0	0	0
TOTAL PUMPING EXPENSES - MAINTENANCE		0	0	0	0	0	0	0	0
TOTAL PUMPING EXPENSES		(86)	(84)	(1)	0	0	0	0	(1)
WATER TREATMENT									
Super & Eng Oper WT	2	0	0	0	0	0	0	0	0
Chemicals	1	2,249	2,197	26	0	0	0	0	26
Labor & Exp Oper WT	2	0	0	0	0	0	0	0	0
Labor & Exp Oper WT	2	49	49	0	0	0	0	0	0
Misc Exp Oper WT	2	(0)	(0)	(0)	0	0	0	0	(0)
Misc Exp Oper WT	1	1	1	0	0	0	0	0	0
Misc Exp Oper WT	2	(0)	(0)	(0)	0	0	0	0	(0)
Rents Oper WT	2	0	0	0	0	0	0	0	0
TOTAL WT EXPENSE - OPERATION		2,299	2,246	27	0	0	0	0	26
Super & Eng Maint WT	2	0	0	0	0	0	0	0	0
Struct & Improve Maint WT	2	0	0	0	0	0	0	0	0
Struct & Improve Maint WT	2	0	0	0	0	0	0	0	0
WT Equip Maint WT	2	0	0	0	0	0	0	0	0
WT Equip Maint WT	2	16	16	0	0	0	0	0	0
TOTAL WT EXPENSE - MAINTENANCE		16	16	0	0	0	0	0	0
TOTAL WT EXPENSE		2,315	2,262	27	0	0	0	0	26
TRANSMISSION AND DISTRIBUTION EXPENSES									
Super & Eng Oper TD	11	0	0	0	0	0	0	0	0
Storage Facilty Exp	5	0	0	0	0	0	0	0	0
Storage Facilty Exp	5	0	0	0	0	0	0	0	0
TD Lines Exp	7	49,718	25,466	0	0	0	0	0	24,253
TD Lines Exp	7	1,399	717	0	0	0	0	0	682
Meter Expense	9	0	0	0	0	0	0	0	0
Meter Expense	9	(1)	(1)	(0)	0	0	0	0	0
Customer Install Exp	10	0	0	0	0	0	0	0	0
Customer Install Exp	10	(1)	(1)	(0)	0	0	0	0	0
Misc Exp Oper TD	11	0	0	0	0	0	0	0	0

MISSOURI-AMERICAN WATER COMPANY

WARREN COUNTY WATER OPERATIONS

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Misc Exp Oper TD	11	0	0	0	0	0	0	0	0
Misc Exp Oper TD	11	27	14	0	0	0	0	0	13
Rents Oper TD	11	0	0	0	0	0	0	0	0
TOTAL T & D EXPENSE OPERATION		51,142	26,194	(0)	0	0	0	0	24,948
Super & Eng Maint TD	12	0	0	0	0	0	0	0	0
Struct & Improve Maint TD	12	0	0	0	0	0	0	0	0
Struct & Improve Maint TD	12	0	0	0	0	0	0	0	0
Dist Res Stand Maint TD	5	0	0	0	0	0	0	0	0
TD Main Maint TD	7	0	0	0	0	0	0	0	0
TD Main Maint TD	7	0	0	0	0	0	0	0	0
Fire Main Maint TD	8	0	0	0	0	0	0	0	0
Fire Main Maint TD	8	0	0	0	0	0	0	0	0
Services Maint TD	10	0	0	0	0	0	0	0	0
Services Maint TD	10	0	0	0	0	0	0	0	0
Meters Maint TD	9	0	0	0	0	0	0	0	0
Meters Maint TD	9	0	0	0	0	0	0	0	0
Hydrants Maint TD	8	0	0	0	0	0	0	0	0
Hydrants Maint TD	8	0	0	0	0	0	0	0	0
Misc Plant Maint TD	12	0	0	0	0	0	0	0	0
Mat and Sup Maint TD	12	2,873	1,472	0	0	0	0	0	1,402
Misc Maint TD	12	0	0	0	0	0	0	0	0
Amort Def Maint TD	5	0	0	0	0	0	0	0	0
TOTAL T & D EXPENSE - MAINTENANCE		2,873	1,472	0	0	0	0	0	1,402
TOTAL T & D EXPENSE		54,016	27,666	(0)	0	0	0	0	26,350
CUSTOMER ACCOUNTS									
Supervision CA	13	0	0	0	0	0	0	0	0
Meter Reading Exp CA	14	0	0	0	0	0	0	0	0
Meter Reading Exp CA	14	0	0	0	0	0	0	0	0
Meter Reading Exp CA	14	0	0	0	0	0	0	0	0
Cust Rec & Collection CA	13	0	0	0	0	0	0	0	0
Cust Rec & Collection CA	13	(13,798)	(13,733)	(65)	0	0	0	0	0
Uncollectible Accts	13	3,044	3,029	14	0	0	0	0	0
Misc Cust Accts Exp CA	13	0	0	0	0	0	0	0	0
Misc Cust Accts Exp CA	13	0	0	0	0	0	0	0	0
Misc Cust Accts Exp CA	13	2	2	0	0	0	0	0	0
Cust Serv & Info Exp CA	13	(0)	(0)	(0)	0	0	0	0	0
TOTAL CUSTOMER ACCOUNTING EXPENSE		(10,752)	(10,702)	(51)	0	0	0	0	0

MISSOURI-AMERICAN WATER COMPANY

WARREN COUNTY WATER OPERATIONS

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection Private	Fire Protection Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
ADMINISTRATIVE AND GENERAL EXPENSES									
Salaries AG	15	0	0	0	0	0	0	0	0
Other Supplies & Exp AG	15	0	0	0	0	0	0	0	0
Other Supplies & Exp AG	15	446	215	0	0	0	0	0	231
Other Supplies & Exp AG	15	369	178	0	0	0	0	0	191
Mgmt Fees-Coporate/Shared Service Center	15	7,270	3,501	3	0	0	0	0	3,766
Mgmt Fees-Call Center	13	266	265	1	0	0	0	0	0
Mgmt Fees-Belleville Lab	2	335	331	3	0	0	0	0	2
Mgmt Fees- Financial ITS	15	2,534	1,220	1	0	0	0	0	1,312
Mgmt Fees- Customer Billings ITS	13	(0)	(0)	(0)	0	0	0	0	0
Mgmt Fees-Other ITS	15	33	16	0	0	0	0	0	17
Outside Services AG	15	732	352	0	0	0	0	0	379
Outside Services AG	15	1	1	0	0	0	0	0	1
Property Insurance	15	0	0	0	0	0	0	0	0
Ins Gen Liab Oper AG	15	2,315	1,115	1	0	0	0	0	1,199
Ins Work Comp AG	16	1,960	1,004	0	0	0	0	0	956
Ins Other Oper AG	15	883	425	0	0	0	0	0	457
Property Insurance	15	0	0	0	0	0	0	0	0
Injuries & Damages	16	4	2	0	0	0	0	0	2
Employee Pension & Benefits	16	16,237	8,317	0	0	0	0	0	7,920
Employee Pension & Benefits	16	5,267	2,698	0	0	0	0	0	2,569
Employee Pension & Benefits	16	1,383	708	0	0	0	0	0	675
Reg Commision Exp	15	214	103	0	0	0	0	0	111
Rents AG	15	59	28	0	0	0	0	0	30
Goodwill Advertising Exp	15	10	5	0	0	0	0	0	5
Misc Exp AG	15	340	164	0	0	0	0	0	176
Research & Development	15	0	0	0	0	0	0	0	0
TOTAL A & G OPERATIONS		40,657	20,647	10	0	0	0	0	20,000
General Plant Maint AG	15	0	0	0	0	0	0	0	0
General Plant Maint AG	15	238	115	0	0	0	0	0	124
TOTAL A & G EXPENSE - MAINTENANCE		238	115	0	0	0	0	0	124
TOTAL A & G EXPENSE		40,896	20,762	11	0	0	0	0	20,123
Total Operation & Maintenance Expenses		93,997	47,407	56	0	0	0	0	46,534

MISSOURI-AMERICAN WATER COMPANY

WARREN COUNTY WATER OPERATIONS

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection Private	Fire Protection Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
DEPRECIATION EXPENSE									
Struct & Imp SS	2	0	0	0	0	0	0	0	0
Struct & Imp P	6	0	0	0	0	0	0	0	0
Struct & Imp WT	2	1,248	1,231	12	0	0	0	0	6
Struct & Imp TD	7	44	23	0	0	0	0	0	21
Struct & Imp Offices	15	0	0	0	0	0	0	0	0
Struct & Imp Store,Shop,Gar	15	0	0	0	0	0	0	0	0
Struct & Imp Misc	15	0	0	0	0	0	0	0	0
Collect & Impounding	1	0	0	0	0	0	0	0	0
Lake, River & Other Intakes	2	0	0	0	0	0	0	0	0
Wells & Springs	2	21,343	21,046	198	0	0	0	0	98
Supply Mains	2	0	0	0	0	0	0	0	0
Power Generation Equip Othe	6	0	0	0	0	0	0	0	0
Pump Equip Electric	6	3,013	2,971	28	0	0	0	0	14
Pump Equip Diesel	6	0	0	0	0	0	0	0	0
Pump Equip Other	6	0	0	0	0	0	0	0	0
WT Equip Non-Media	2	434	428	4	0	0	0	0	2
Dist Reservoirs & Standpipe	5	0	0	0	0	0	0	0	0
Elevated Tanks & Standpipes	5	372	305	0	0	0	0	0	67
Ground Level Facilities	5	0	0	0	0	0	0	0	0
TD Mains Not Classified by	7	371	190	0	0	0	0	0	181
TD Mains 4 & Less "	4	650	333	0	0	0	0	0	317
TD Mains 6 to 8" "	4	2,312	1,184	0	0	0	0	0	1,128
TD Mains 6 to 10in (TN)"	4	141	72	0	0	0	0	0	69
TD Mains 10 to 16" "	3	0	0	0	0	0	0	0	0
TD Mains 18 & Grtr "	3	0	0	0	0	0	0	0	0
Fire Mains	8	0	0	0	0	0	0	0	0
Services	10	1,220	1,214	6	0	0	0	0	0
Meters Bronze Case	9	2,385	2,374	11	0	0	0	0	0
Meters Plastic Case	9	0	0	0	0	0	0	0	0
Meters Other	9	357	355	2	0	0	0	0	0
Meters Other-Rem Rdr Unts	9	0	0	0	0	0	0	0	0
Meter Installations	9	535	532	3	0	0	0	0	0
Meter Installation Other	9	0	0	0	0	0	0	0	0
Hydrants	8	278	0	0	0	0	0	0	278
Utility Plant Acquisition Adjustment	17	0	0	0	0	0	0	0	0
Other P/E WT Res Hand Equip	2	0	0	0	0	0	0	0	0
Other P/E TD	7	0	0	0	0	0	0	0	0
Other P/E CPS	15	0	0	0	0	0	0	0	0
Office Furniture & Equip	15	98	47	0	0	0	0	0	51
Comp & Periph Equip	15	711	342	0	0	0	0	0	368
Computer Software	15	1,136	547	0	0	0	0	0	588
Comp Software Personal	15	15	7	0	0	0	0	0	8
Data Handling Equipment	15	0	0	0	0	0	0	0	0

MISSOURI-AMERICAN WATER COMPANY

WARREN COUNTY WATER OPERATIONS

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Other Office Equipment	15	1	0	0	0	0	0	0	1
Trans Equip Lt Duty Trks	15	2	1	0	0	0	0	0	1
Trans Equip Hvy Duty Trks	15	0	0	0	0	0	0	0	0
Trans Equip Autos	15	15	7	0	0	0	0	0	8
Trans Equip Other	15	0	0	0	0	0	0	0	0
Stores Equipment	15	0	0	0	0	0	0	0	0
Tools,Shop,Garage Equip	15	2,752	1,325	1	0	0	0	0	1,426
Tools,Shop,Garage Equip Oth	15	0	0	0	0	0	0	0	0
Laboratory Equipment	2	0	0	0	0	0	0	0	0
Laboratory Equip Other	2	0	0	0	0	0	0	0	0
Power Operated Equipment	15	0	0	0	0	0	0	0	0
Comm Equip Non-Telephone	15	572	275	0	0	0	0	0	296
Comm Equip Telephone	15	1	0	0	0	0	0	0	1
Misc Equipment	15	309	149	0	0	0	0	0	160
Other Tangible Property	15	0	0	0	0	0	0	0	0
Total Depreciation Expense		40,315	34,962	266	0	0	0	0	5,088
Amort-Other UP	18	33	29	0	0	0	0	0	4
Taxes Other Than Income									
Utility Reg Assessment Fee	19	800	606	4	0	0	0	0	190
Property Taxes	18	7,054	6,235	49	0	0	0	0	770
FUTA	16	10	5	0	0	0	0	0	5
FICA	16	3,932	2,014	0	0	0	0	0	1,918
SUTA	16	28	14	0	0	0	0	0	14
Other Taxes & Licenses	15	455	219	0	0	0	0	0	236
Gross Receipts Tax	19	0	0	0	0	0	0	0	0
Total Taxes, Other Than Income		12,278	9,093	53	0	0	0	0	3,132
Income Taxes	18	59,190	52,318	408	0	0	0	0	6,464
Utility Income Available for Return	18	96,915	85,663	669	0	0	0	0	10,583
Total Cost of Service		302,728	229,472	1,452	0	0	0	0	71,803
Less: Other Water Revenues	19	0	0	0	0	0	0	0	0
Revenue Contribution	19	0	0	0	0	0	0	0	0
Total Other Water Revenues		0	0	0	0	0	0	0	0
Total Cost of Service Related to Sales of Water		$ 302,728	$ 229,472	$ 1,452	$ -	$ -	$ -	$ -	$ 71,803
Reallocation of Public Fire	20	0	71,466	337	0	0	0	0	(71,803)
Total		$ 302,728	$ 300,938	$ 1,790	$ -	$ -	$ -	$ -	$ -

MISSOURI-AMERICAN WATER COMPANY
WARREN COUNTY WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS

FACTOR 1. ALLOCATION OF COSTS WHICH VARY WITH THE AMOUNT OF WATER CONSUMED.

Factors are based on the pro forma test year average daily consumption for each customer classification.

Customer Classification	Average Daily Consumption, Thousand Gallons	Allocation Factor
(1)	(2)	(3)
Residential	84	0.9768
Commercial	1	0.0116
Industrial	0	0.0000
Other Public Authority	0	0.0000
Sales for Resale	0	0.0000
Private Fire Protection	0	0.0000
Public Fire Protection	1	0.0116
Total	86	1.0000

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the factors for average daily consumption (Factor 1) and the factors derived from maximum day extra capacity demand for each customer classification, as follows:

	Average Daily Consumption		Maximum Day Extra Capacity		
Customer Classification	Allocation Factor 1	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)x 0.4000	(4)	(5)=(4)x 0.6000	(6)=(3)+(5)
Residential	0.9768	0.3908	0.9921	0.5953	0.9861
Commercial	0.0116	0.0046	0.0079	0.0047	0.0093
Industrial	0.0000	0.0000	0.0000	0.0000	0.0000
Other Public Authority	0.0000	0.0000	0.0000	0.0000	0.0000
Sales for Resale	0.0000	0.0000	0.0000	0.0000	0.0000
Private Fire Protection	0.0000	0.0000			0.0000
Public Fire Protection	0.0116	0.0046			0.0046
Total	1.0000	0.4000	1.0000	0.6000	1.0000

The derivation of the maximum day extra capacity factors in column 4 and the basis for the column 3 and 5 weightings are presented on the following page.

Schedule C-WCW

MISSOURI-AMERICAN WATER COMPANY
WARREN COUNTY WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS, cont.

		Maximum Day Extra Capacity		
Customer Classification	Average Daily Consumption, Thousand Gal.	Factor*	Rate of Flow, Thousand Gal. Per Day	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	84	1.5	126	0.9921
Commercial	1	0.8	1	0.0079
Industrial	0	0.5	0	0.0000
Other Public Authority	0	0.8	0	0.0000
Sales for Resale	0	0.6	0	0.0000
Total	85		127	1.0000

The weighting of the factors is based on the maximum day ratio of 1.50, based on a review of maximum day ratios experienced during 2005

	Maximum Day Ratio	Weight
Average Day	1.00	0.4000
Maximum Day Extra Capacity	1.50	0.6000
Total	2.50	1.0000

* Ratio of maximum day to average day minus 1.0.

MISSOURI-AMERICAN WATER COMPANY
WARREN COUNTY WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

	Average Daily Consumption		Maximum Day Extra Capacity		Fire Protection		
Customer Classification	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2) X 0.3498	(4)	(5)=(4) X 0.5248	(6)	(7)=(6) X 0.1254	(8)=(3)+(5)+(7)
Residential	0.9768	0.3416	0.9921	0.5207			0.8623
Commercial	0.0116	0.0041	0.0079	0.0041			0.0082
Industrial	0.0000	0.0000	0.0000	0.0000			0.0000
Other Public Authority	0.0000	0.0000	0.0000	0.0000			0.0000
Sales for Resale	0.0000	0.0000	0.0000	0.0000			0.0000
Private Fire Protection	0.0000	0.0000			0.0000	0.0000	0.0000
Public Fire Protection	0.0116	0.0041			1.0000	0.1254	0.1295
Total	1.0000	0.3498	1.0000	0.5248	1.0000	0.1254	1.0000

Schedule C-WCW

MISSOURI-AMERICAN WATER COMPANY
WARREN COUNTY WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum day ratio of 2.5 and the average daily system sendout for 2005 of .100 MGD. The system demand for fire protection is 300 Gallons per minute for 2 hours.

	Ratio	Rate of Flow, (GPD)	Weight
Average Day	1.00	100,400	0.3498
Maximum Day Extra Capacity	1.50	150,600	0.5248
Subtotal	2.50	251,000	0.8746
Fire Protection		36,000	0.1254
Total		287,000	1.0000

The public and private fire protection allocation factors in column 6 on the previous page are based on the relative potential demands (see Schedule E).

MISSOURI-AMERICAN WATER COMPANY
WARREN COUNTY WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		
Customer Classification	Thousand Gallons	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3) X 0.1138	(5)	(6)=(5) X 0.3984	(7)	(8)=(7) X 0.4878	(9)=(4)+(6)+(8)
Residential	3.5	1.0000	0.1138	1.0000	0.3984			0.5122
Commercial	0.0	0.0000	0.0000	0.0000	0.0000			0.0000
Industrial	0.0	0.0000	0.0000	0.0000	0.0000			0.0000
Other Public Authority	0.0	0.0000	0.0000	0.0000	0.0000			0.0000
Sales for Resale	0.0	0.0000	0.0000	0.0000	0.0000			0.0000
Private Fire Protection	0.0	0.0000	0.0000			0.0000	0.0000	0.0000
Public Fire Protection	0.0	0.0000	0.0000			1.0000	0.4878	0.4878
Total	3.5	1.0000	0.1138	1.0000	0.3984	1.0000	0.4878	1.0000

The maximum hour extra capacity factors in column 5 are determined as follows:

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MISSOURI-AMERICAN WATER COMPANY
WARREN COUNTY WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum hour ratio of 3.5 and the average daily system sendout for 2005 of .100 MGD. The system demand for fire protection is 300 gallons per minute.

	Ratio	Rate of Flow, (GPM)	Weight
Average Hour	1.00	70	0.1138
Maximum Hour Extra Capacity	3.50	245	0.3984
Subtotal	4.50	315	0.5122
Fire Protection		300	0.4878
Total		615	1.0000

The maximum hour extra capacity factors in column 5 of the previous page are determined as follows:

Customer Classification	Average Hourly Consumption Thousand Gal.	Maximum Hour Extra Capacity		
		Factor*	1,000 Gallons Per Hour	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	3.5	3.5	12.3	1.0000
Commercial	0.0	2.8	0.0	0.0000
Industrial	0.0	1.5	0.0	0.0000
Other Public Authority	0.0	2.8	0.0	0.0000
Sales for Resale	0.0	2.0	0.0	0.0000
Total	3.5		12.3	1.0000

* Ratio of Maximum Hour To Average Hour Minus 1.0.

The public and private fire protection allocation factors in column 7 on the previous page are based on the relative potential demands (see Schedule E).

MISSOURI-AMERICAN WATER COMPANY
WARREN COUNTY WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES.

Factors are based on the weighting of the average hourly consumption, the maximum hour extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		Allocation Factor
	Thousand Gallons	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	
(1)	(2)	(3)	(4)=(3) X 0.1822	(5)	(6)=(5) X 0.6378	(7)	(8)=(7) X 0.1800	(9)=(4)+(6)+(8)
Residential	3.5	1.0000	0.1822	1.0000	0.6378			0.8200
Commercial	0.0	0.0000	0.0000	0.0000	0.0000			0.0000
Industrial	0.0	0.0000	0.0000	0.0000	0.0000			0.0000
Other Public Authority	0.0	0.0000	0.0000	0.0000	0.0000			0.0000
Sales for Resale	0.0	0.0000	0.0000	0.0000	0.0000			0.0000
Private Fire Protection	0.0	0.0000	0.0000			0.0000	0.0000	0.0000
Public Fire Protection	0.0	0.0000	0.0000			1.0000	0.1800	0.1800
Total	3.5	1.0000	0.1822	1.0000	0.6378	1.0000	0.1800	1.0000

The weighting of the factors is based on the ratio of the capacity required for a 2 hour demand of fire flow, as related to total storage capacity. The calculation is shown on the following page.

MISSOURI-AMERICAN WATER COMPANY
WARREN COUNTY WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES, cont.

The weighting of the factors is based on the ratio of the capacity required for a 2 hour demand of fire flow, as related to total storage capacity.

Fire Protection Weight = $\frac{300 \text{ GPM X } 60 \text{ Min. X } 2 \text{ Hrs.}}{200{,}000 \text{ Gallons}}$ = 0.1800

General Service Weight 1.0000 - 0.1800 = 0.8200

The weighting of the average hourly consumption and maximum hour extra demand for general service is based on the maximum hour ratio, as follows:

	Maximum Hour Ratio	Percent	Weight
Average Hour	1.00	22.22	0.1822
Extra Capacity Maximum Hour	3.50	77.78	0.6378
Total	4.50	100.00	0.8200

MISSOURI-AMERICAN WATER COMPANY
WARREN COUNTY WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH POWER AND PUMPING FACILITIES.

Factors are based on the weighting of the maximum daily consumption, Factor 2, the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

	Maximum Daily Consumption		Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 2	Weighted Factor	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 1.0000	(4)	(5)=(4)X 0.0000	(6)	(7)=(6)X 0.0000	(8)=(3)+ (5)+(7)
Residential	0.9861	0.9861	0.8623	0.0000	0.5122	0.0000	0.9861
Commercial	0.0093	0.0093	0.0082	0.0000	0.0000	0.0000	0.0093
Industrial	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Other Public Authority	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Sales for Resale	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Private Fire Protection	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Public Fire Protection	0.0046	0.0046	0.1295	0.0000	0.4878	0.0000	0.0046
Total	1.0000	1.0000	1.0000	0.0000	1.0000	0.0000	1.0000

The weighting of the factors is based on the horsepower of pumps associated with maximum day facilities, maximum day and fire facilities, and maximum hour facilities, as follows:

	Horsepower of Pumps	Weight
Associated with Maximum Day	30	1.0000
Associated with Maximum Day and Fire	0	0.0000
Associated with Maximum Hour	0	0.0000
Total	30	1.0000

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MISSOURI-AMERICAN WATER COMPANY
WARREN COUNTY WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 7. ALLOCATION OF COSTS ASSOCIATED WITH TRANSMISSION AND DISTRIBUTION MAINS.

Factors are based on the weighting of the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

	Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.0000	(4)	(5)=(4)X 1.0000	(6)=(3)+(5)
Residential	0.8623	0.0000	0.5122	0.5122	0.5122
Commercial	0.0082	0.0000	0.0000	0.0000	0.0000
Industrial	0.0000	0.0000	0.0000	0.0000	0.0000
Other Public Authority	0.0000	0.0000	0.0000	0.0000	0.0000
Sales for Resale	0.0000	0.0000	0.0000	0.0000	0.0000
Private Fire Protection	0.0000	0.0000	0.0000	0.0000	0.0000
Public Fire Protection	0.1295	0.0000	0.4878	0.4878	0.4878
Total	1.0000	0.0000	1.0000	1.0000	1.0000

The weighting of the factors is based on the total footage of mains, designated as either transmission mains or distribution mains, as follows:

	Total Footage of Mains	Weight
Transmission Mains	0	0.0000
Distribution Mains	58,173	1.0000
Total	58,173	1.0000

MISSOURI-AMERICAN WATER COMPANY
WARREN COUNTY WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 8. ALLOCATION OF COSTS ASSOCIATED WITH FIRE HYDRANTS.

Costs are assigned directly to Public Fire Protection.

Customer Classification	Allocation Factor
(1)	(3)
Public Fire Protection	1.0000
Total	1.0000

FACTOR 9. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

Factors are based on the relative cost of meters by size and customer classification, as developed on the following page and summarized below.

Customer Classification	5/8" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	421	0.9953
Commercial	2	0.0047
Industrial	0	0.0000
Other Public Authority	0	0.0000
Sales for Resale	0	0.0000
Private Fire	0	0.0000
Total	423	1.0000

MISSOURI-AMERICAN WATER COMPANY
WARREN COUNTY WATER OPERATIONS

BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS

Meter Size	5/8" Dollar Equivalent	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Total	
		Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)
5/8	1.0	421	421	2	2	0	0	0	0	0	0	423	423
3/4	1.3	0	0	0	0	0	0	0	0	0	0	0	0
1	1.7	0	0	0	0	0	0	0	0	0	0	0	0
1-1/2	3.5	0	0	0	0	0	0	0	0	0	0	0	0
2	4.3	0	0	0	0	0	0	0	0	0	0	0	0
3	19.0	0	0	0	0	0	0	0	0	0	0	0	0
4	29.3	0	0	0	0	0	0	0	0	0	0	0	0
6	48.4	0	0	0	0	0	0	0	0	0	0	0	0
8	112.9	0	0	0	0	0	0	0	0	0	0	0	0
Total		421	421	2	2	0	0	0	0	0	0	423	423

MISSOURI-AMERICAN WATER COMPANY
WARREN COUNTY WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 10. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

Factors are based on the relative cost of services by size and customer classification, as developed on the following page and summarized below.

Customer Classification	3/4" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	421	0.9953
Commercial	2	0.0047
Industrial	0	0.0000
Other Public Authority	0	0.0000
Sales for Resale	0	0.0000
Private Fire Protection	0	0.0000
Total	423	1.0000

MISSOURI-AMERICAN WATER COMPANY
WARREN COUNTY WATER OPERATIONS

BASIS FOR ALLOCATING SERVICE COSTS TO CUSTOMER CLASSIFICATIONS

Service Size	3/4" Dollar Equivalent	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Private Fire Protection		Total	
		Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)=(2)X(11)	(15)	(16)
3/4	1.00	421	421	2	2	0	0	0	0	0	0	0	0	423	423
1	1.17	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1-1/2	1.58	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2	2.04	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3	2.73	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4	2.88	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6	4.24	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8	6.98	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10	9.50	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12	12.16	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total		421	421	2	2	0	0	0	0	0	0	0	0	423	423

MISSOURI-AMERICAN WATER COMPANY
WARREN COUNTY WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 11. ALLOCATION OF TRANSMISSION AND DISTRIBUTION OPERATION SUPERVISION AND ENGINEERING AND MISCELLANEOUS EXPENSES.

Factors are based on transmission and distribution operation expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Operating Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$ 26,180	0.5122
Commercial	(0)	0.0000
Industrial	-	0.0000
Other Public Authority	-	0.0000
Sales for Resale	-	0.0000
Private Fire Protection	-	0.0000
Public Fire Protection	24,935	0.4878
Total	51,115	1.0000

FACTOR 12. ALLOCATION OF TRANSMISSION AND DISTRIBUTION MAINTENANCE SUPERVISION AND ENGINEERING, STRUCTURES AND IMPROVEMENTS, AND OTHER EXPENSES.

Factors are based on transmission and distribution maintenance expenses other than those being allocated, however, due to no expenses in these categories, Factor 7 is used as follows:

Customer Classification	Transmission & Distribution Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
		Factor 7
Residential	$ -	0.5122
Commercial	-	0.0000
Industrial	-	0.0000
Other Public Authority	-	0.0000
Sales for Resale	-	0.0000
Private Fire Protection	-	0.0000
Public Fire Protection	-	0.4878
Total	$0	1.0000

MISSOURI-AMERICAN WATER COMPANY
WARREN COUNTY WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 13. ALLOCATION OF BILLING AND COLLECTING COSTS.

Factors are based on the total number of customers.

Customer Classification	Total Customers	Allocation Factor
(1)	(2)	(3)
Residential	421	0.9953
Commercial	2	0.0047
Industrial	0	0.0000
Other Public Authority	0	0.0000
Sales for Resale	0	0.0000
Private Fire Protection	0	0.0000
Public Fire Protection	0	0.0000
Total	423	1.0000

FACTOR 14. ALLOCATION OF METER READING COSTS.

Factors are based on the number of metered customers.

Customer Classification	Total Metered Customers	Allocation Factor
(1)	(2)	(3)
Residential	421	0.9953
Commercial	2	0.0047
Industrial	0	0.0000
Other Public Authority	0	0.0000
Sales for Resale	0	0.0000
Total	423	1.0000

MISSOURI-AMERICAN WATER COMPANY
WARREN COUNTY WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 15. ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES AND CASH WORKING CAPITAL.

Factors are based on the allocation of all other operation and maintenance expenses excluding purchased water, power, chemicals and waste disposal.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$24,531	0.4816
Commercial	21	0.0004
Industrial	0	0.0000
Other Public Authority	0	0.0000
Sales for Resale	0	0.0000
Private Fire Protection	0	0.0000
Public Fire Protection	26,385	0.5180
Total	$50,937	1.0000

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MISSOURI-AMERICAN WATER COMPANY
WARREN COUNTY WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 16. ALLOCATION OF LABOR RELATED TAXES AND BENEFITS.

Factors are based on the allocation of direct labor expense.

Customer Classification	Direct Labor Expense	Allocation Factor
(1)	(2)	(3)
Residential	$25,466	0.5122
Commercial	0	0.0000
Industrial	0	0.0000
Other Public Authority	0	0.0000
Sales for Resale	0	0.0000
Private Fire Protection	0	0.0000
Public Fire Protection	24,253	0.4878
Total	$49,718	1.0000

FACTOR 17. ALLOCATION OF ORGANIZATION, FRANCHISES AND CONSENTS, MISCELLANEOUS INTANGIBLE PLANT AND OTHER RATE BASE ELEMENTS.

Factors are based on the allocation of the original cost less depreciation other than those items being allocated, as follows:

Customer Classification	Original Cost Less Depreciation	Allocation Factor
(1)	(2)	(3)
Residential	$1,087,777	0.8825
Commercial	8,462	0.0069
Industrial	0	0.0000
Other Public Authority	0	0.0000
Sales for Resale	0	0.0000
Private Fire Protection	0	0.0000
Public Fire Protection	136,283	0.1106
Total	$1,232,522	1.0000

MISSOURI-AMERICAN WATER COMPANY
WARREN COUNTY WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 18. ALLOCATION OF INCOME TAXES AND INCOME AVAILABLE FOR RETURN.

Factors are based on the allocation of the original cost measure of value rate base as shown on the following pages and summarized below.

Customer Classification	Original Cost Measure of Value	Allocation Factor
(1)	(2)	(3)
Residential	$1,005,392	0.8839
Commercial	7,840	0.0069
Industrial	0	0.0000
Other Public Authority	0	0.0000
Sales for Resale	0	0.0000
Private Fire Protection	0	0.0000
Public Fire Protection	124,271	0.1092
Total	$1,137,503	1.0000

FACTOR 19. ALLOCATION OF REGULATORY COMMISSION EXPENSES, ASSESSMENTS AND OTHER WATER REVENUES.

The factors are based on the allocation of the total cost of service, excluding those items being allocated.

Customer Classification	Total Cost of Service	Allocation Factor
(1)	(2)	(3)
Residential	$228,935	0.7583
Commercial	1,450	0.0048
Industrial	0	0.0000
Other Public Authority	0	0.0000
Sales for Resale	0	0.0000
Private Fire Protection	0	0.0000
Public Fire Protection	71,504	0.2369
Total	$301,889	1.0000

MISSOURI-AMERICAN WATER COMPANY

WARREN COUNTY WATER OPERATIONS

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection Private	Fire Protection Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
RATE BASE									
Organization	17	$ 145	$ 128	$ 1	$ -	$ -	$ -	$ -	$ 16
Franchises	17	0	0	0	0	0	0	0	0
Land & Ld Rights SS	2	0	0	0	0	0	0	0	0
Land & Ld Rights P	6	0	0	0	0	0	0	0	0
Land & Ld Rights WT	2	0	0	0	0	0	0	0	0
Land & Ld Rights TD	7	65,000	33,293	0	0	0	0	0	31,707
Land & Land Rights AG	15	0	0	0	0	0	0	0	0
Struct & Imp SS	2	0	0	0	0	0	0	0	0
Struct & Imp P	6	0	0	0	0	0	0	0	0
Struct & Imp Pumps (STL)	6	0	0	0	0	0	0	0	0
Struct & Imp Pump Boosters	6	0	0	0	0	0	0	0	0
Struct & Imp WT	2	31,606	31,167	294	0	0	0	0	145
Struct & Imp WT Nth Plt (ST	2	0	0	0	0	0	0	0	0
Struct & Imp WT Ctrl Plt 1	2	0	0	0	0	0	0	0	0
Struct & Imp WT Ctrl Plt 3	2	0	0	0	0	0	0	0	0
Struct & Imp WT Sth Plt (ST	2	0	0	0	0	0	0	0	0
Struct & Imp WT Meramec (ST	2	0	0	0	0	0	0	0	0
Struct & Imp TD	7	966	495	0	0	0	0	0	471
Struct & Imp TD Spec Cross	7	0	0	0	0	0	0	0	0
Struct & Imp Offices	15	0	0	0	0	0	0	0	0
Struct & Imp Leasehold	15	0	0	0	0	0	0	0	0
Struct & Imp Leasehold	15	0	0	0	0	0	0	0	0
Struct & Imp Store,Shop,Gar	15	0	0	0	0	0	0	0	0
Struct & Imp Misc	15	0	0	0	0	0	0	0	0
Collect & Impounding	1	0	0	0	0	0	0	0	0
Lake, River & Other Intakes	2	0	0	0	0	0	0	0	0
Wells & Springs	2	667,771	658,489	6,210	0	0	0	0	3,072
Supply Mains	2	0	0	0	0	0	0	0	0
Supply Mains Nth Plt (STL)	2	0	0	0	0	0	0	0	0
Supply Mains Ctrl Plt (STL)	2	0	0	0	0	0	0	0	0
Supply Mains Sth Plt (STL)	2	0	0	0	0	0	0	0	0
Supply Mains Meramec Plt (S	2	0	0	0	0	0	0	0	0
Power Generation Equip Othe	6	0	0	0	0	0	0	0	0
Boiler Plant Equipment P	6	0	0	0	0	0	0	0	0
Pump Equip Steam	6	0	0	0	0	0	0	0	0
Pump Equip Electric	6	119,855	118,189	1,115	0	0	0	0	551
Pump Equip Elec Pre46 (STL)	6	0	0	0	0	0	0	0	0
Pump Equip Elec Post46 (STL	6	0	0	0	0	0	0	0	0
Pump Equip Elec Boosters Po	6	0	0	0	0	0	0	0	0
Pump Equip Diesel	6	0	0	0	0	0	0	0	0
Pump Equip Diesel Stratman\	6	0	0	0	0	0	0	0	0
Pump Equip Diesel Ctrl Plt	6	0	0	0	0	0	0	0	0
Pump Equip Hydraulic	6	0	0	0	0	0	0	0	0

MISSOURI-AMERICAN WATER COMPANY

WARREN COUNTY WATER OPERATIONS

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Pump Equip Other	6	0	0	0	0	0	0	0	0
WT Equip Non-Media	2	19,727	19,453	183	0	0	0	0	91
WT Equip Non-Med North (STL	2	0	0	0	0	0	0	0	0
WT Equip Non Media Ctrl 1 &	2	0	0	0	0	0	0	0	0
WT Equip Non Media Ctrl 3 (	2	0	0	0	0	0	0	0	0
WT Equip Non Media Sth (STL	2	0	0	0	0	0	0	0	0
WT Equip Non Media Mer (STL	2	0	0	0	0	0	0	0	0
WT Equip Filter Media	2	0	0	0	0	0	0	0	0
Dist Reservoirs & Standpipe	5	0	0	0	0	0	0	0	0
Elevated Tanks & Standpipes	5	7;863	6,448	0	0	0	0	0	1,415
Ground Level Facilities	5	0	0	0	0	0	0	0	0
TD Mains Not Classified by	7	31,152	15,956	0	0	0	0	0	15,196
TD Mains 4 & Less "	4	19,699	10,090	0	0	0	0	0	9,609
TD Mains 6 to 8" "	4	39,141	20,048	0	0	0	0	0	19,093
TD Mains 6 to 10in (TN)"	4	2,211	1,132	0	0	0	0	0	1,079
TD Mains 10 to 16" "	3	0	0	0	0	0	0	0	0
TD Mains 18 & Grtr "	3	0	0	0	0	0	0	0	0
TD Mains AC 4 (STL) "	4	0	0	0	0	0	0	0	0
TD Mains CI <10 1900-28 (S"	4	0	0	0	0	0	0	0	0
TD Mains CI <10 1929-56 (S"	4	0	0	0	0	0	0	0	0
TD Mains CI <10 1957-93 (S"	4	0	0	0	0	0	0	0	0
TD Mains CI 12 (STL) "	3	0	0	0	0	0	0	0	0
TD Mains CI 16 (STL) "	3	0	0	0	0	0	0	0	0
TD Mains DI 6-8 (STL) "	4	0	0	0	0	0	0	0	0
TD Mains DI 12 (STL) "	3	0	0	0	0	0	0	0	0
TD Mains DI 16 & >(STL)	3	0	0	0	0	0	0	0	0
TD Mains Galve 1 (STL) "	4	0	0	0	0	0	0	0	0
TD Mains LJ 20 (STL) "	3	0	0	0	0	0	0	0	0
Fire Mains	8	0	0	0	0	0	0	0	0
Services	10	44,803	44,592	211	0	0	0	0	0
Meters Bronze Case	9	72,431	72,091	340	0	0	0	0	0
Meters Plastic Case	9	0	0	0	0	0	0	0	0
Meters Other	9	1,706	1,698	8	0	0	0	0	0
Meters Other-Rem Rdr Unts	9	0	0	0	0	0	0	0	0
Meter Installations	9	14,325	14,258	67	0	0	0	0	0
Meter Installation Other	9	0	0	0	0	0	0	0	0
Hydrants	8	10,423	0	0	0	0	0	0	10,423
Other P/E Intangible	15	0	0	0	0	0	0	0	0
Other P/E WT Res Hand Equip	2	0	0	0	0	0	0	0	0
Other P/E TD	7	0	0	0	0	0	0	0	0
Other P/E CPS	15	228	110	0	0	0	0	0	118
Office Furniture & Equip	15	2,788	1,343	1	0	0	0	0	1,444
Comp & Periph Equip	15	2,746	1,323	1	0	0	0	0	1,422
Computer Software	15	4,843	2,332	2	0	0	0	0	2,509

MISSOURI-AMERICAN WATER COMPANY

WARREN COUNTY WATER OPERATIONS

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Comp Software Personal	15	95	46	0	0	0	0	0	49
Data Handling Equipment	15	0	0	0	0	0	0	0	0
Other Office Equipment	15	11	5	0	0	0	0	0	6
Trans Equip Lt Duty Trks	15	33	16	0	0	0	0	0	17
Trans Equip Hvy Duty Trks	15	0	0	0	0	0	0	0	0
Trans Equip Autos	15	120	58	0	0	0	0	0	62
Trans Equip Other	15	0	0	0	0	0	0	0	0
Stores Equipment	15	0	0	0	0	0	0	0	0
Tools,Shop,Garage Equip	15	66,729	32,137	27	0	0	0	0	34,566
Tools,Shop,Garage Equip Oth	15	0	0	0	0	0	0	0	0
Laboratory Equipment	2	0	0	0	0	0	0	0	0
Laboratory Equip Other	2	0	0	0	0	0	0	0	0
Power Operated Equipment	15	0	0	0	0	0	0	0	0
Comm Equip Non-Telephone	15	9,521	4,585	4	0	0	0	0	4,932
Comm Equip Telephone	15	25	12	0	0	0	0	0	13
Misc Equipment	15	(3,296)	(1,587)	(1)	0	0	0	0	(1,707)
Other Tangible Property	17	0	0	0	0	0	0	0	0
Total Utility Plant in Service		1,232,667	1,087,905	8,463	0	0	0	0	136,299
Other Rate Base Items									
Add:									
Other Utility Plant Adjustments	17	0	0	0	0	0	0	0	0
Cash Working Capital	15	5,000	2,408	2	0	0	0	0	2,590
Materials and Supplies	15	526	253	0	0	0	0	0	272
Prepayments	15	550	265	0	0	0	0	0	285
OPEB's Contributed to External Fund	16	0	0	0	0	0	0	0	0
Premature Retirement	17	0	0	0	0	0	0	0	0
Regulatory Deferrals	17	0	0	0	0	0	0	0	0
Less:									
Accumulated Deferred ITC (3%)	17	0	0	0	0	0	0	0	0
Deferred Income Taxes	17	(90,692)	(80,036)	(626)	0	0	0	0	(10,031)
Pensions	16	(10,548)	(5,403)	0	0	0	0	0	(5,145)
Total Other Rate Base Elements		(95,164)	(82,512)	(623)	0	0	0	0	(12,028)
Total Original Cost Measure of Value		$ 1,137,503	$ 1,005,392	$ 7,840	$ -	$ -	$ -	$ -	$ 124,271

MISSOURI-AMERICAN WATER COMPANY
WARREN COUNTY WATER OPERATIONS

BASIS FOR ALLOCATING DEMAND RELATED COSTS OF FIRE SERVICE TO PRIVATE AND PUBLIC FIRE PROTECTION CUSTOMER CLASSIFICATIONS

Description		Restrictive Diameters Squared	Quantity	Relative Demand	Allocation Factor
(1)		(2)	(3)	(4)=(2)x(3)	(5)
PRIVATE FIRE PROTECTION					
Fire Lines					
2 -inch		4.00	0	0	
3 -inch		9.00	0	0	
4 -inch		16.00	0	0	
6 -inch		36.00	0	0	
8 -inch		64.00	0	0	
10 -inch		100.00	0	0	
12 -inch		144.00	0	0	
Private Hydrants		32.75	0	0	
Total Private Fire Protection			0	0	0.0000
PUBLIC FIRE PROTECTION					
Hydrant	Nozzle Sizes				
6" Valve	2- 2-1/2" & 1- 4.5"	32.75	62	2,031	
6" Valve	2- 2-1/2" & 1- 4"	28.50	0	0	
Total Public Fire Prorection			62	2,031	1.0000
Total Fire Protection			62	2,031	1.0000

WARRENSBURG DISTRICT

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES
FOR THE TEST YEAR ENDED JUNE 30, 2006

Customer Classification	Cost of Service Amount (Schedule B)	Cost of Service Percent	Revenues, Present Rates Amount	Revenues, Present Rates Percent	Revenues, Proposed Rates Amount	Revenues, Proposed Rates Percent	Proposed Increase Amount	Proposed Increase Percent Increase
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Residential	$ 1,955,526	60.4%	$ 1,372,655	54.6%	$ 1,719,306	54.7%	$ 346,651	25.3%
Commercial	539,364	16.6%	500,354	20.1%	626,649	20.0%	126,295	25.2%
Industrial	66,189	2.0%	56,501	2.3%	70,758	2.3%	14,257	25.2%
Public Authority	425,775	13.1%	332,428	13.3%	416,334	13.3%	83,906	25.2%
Sales for Resale	198,380	6.1%	176,746	7.1%	221,353	7.1%	44,607	25.2%
Private Fire Service	58,328	1.8%	66,176	2.6%	82,881	2.6%	16,705	25.2%
Public Fire Service	-	0.0%	-	0.0%	$0	0.0%	-	-
Total Sales	3,243,563	100.0%	2,504,860	100.0%	3,137,281	100.0%	632,421	25.2%
Other Revenues	72,750		72,750		72,750		-	0.0%
Total	$ 3,316,313		$ 2,577,610		$ 3,210,031		$ 632,421	24.5%

WAR-1

TN-CMA-01-Q29-SUPPLEMENTAL ATTACHMENT
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Schedule A-WAR

MISSOURI-AMERICAN WATER COMPANY

WARRENSBURG DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
OPERATION AND MAINTENANCE EXPENSES									
SOURCE OF SUPPLY EXPENSES									
Super & Eng Oper SS	2	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Labor & Exp Oper SS	2	4,439	2,168	909	131	758	459	2	12
Labor & Exp Oper SS	2	2,018	986	413	59	345	209	1	6
Purchased Water	1	0	0	0	0	0	0	0	0
TOTAL SS EXPENSE - OPERATION		6,457	3,154	1,322	190	1,103	668	3	18
Misc Exp Oper SS	2	63,472	31,000	12,993	1,866	10,841	6,563	32	178
Misc Exp Oper SS	2	2	1	0	0	0	0	0	0
Rents Oper SS	2	0	0	0	0	0	0	0	0
Super & Eng Maint SS	2	0	0	0	0	0	0	0	0
Struct & Improve Maint SS	2	308	150	63	9	53	32	0	1
Struct & Improve Maint SS	2	0	0	0	0	0	0	0	0
Collect & Impound Maint SS	2	0	0	0	0	0	0	0	0
Collect & Impound Maint SS	2	0	0	0	0	0	0	0	0
Lake, River & Oth Maint SS	2	0	0	0	0	0	0	0	0
Lake, River & Oth Maint SS	2	0	0	0	0	0	0	0	0
Wells & Springs Maint SS	2	644	315	132	19	110	67	0	2
Wells & Springs Maint SS	2	0	0	0	0	0	0	0	0
Infilt Gall & Tunnels Maint SS	2	0	0	0	0	0	0	0	0
Infilt Gall & Tunnels Maint SS	2	0	0	0	0	0	0	0	0
Supply Mains Maint SS	2	0	0	0	0	0	0	0	0
Supply Mains Maint SS	2	0	0	0	0	0	0	0	0
Misc Plant Maint SS	2	2	1	0	0	0	0	0	0
Misc Plant Maint SS	2	1,192	582	244	35	204	123	1	3
TOTAL SS EXPENSE - MAINTENANCE		65,619	32,049	13,432	1,929	11,208	6,785	33	184
TOTAL SS EXPENSE		72,077	35,202	14,754	2,119	12,311	7,453	36	202
POWER AND PUMPING EXPENSES									
Super & Eng Oper P	6	0	0	0	0	0	0	0	0
Fuel for Power Prod	1	0	0	0	0	0	0	0	0
Labor & Exp Oper Pwr Prod	6	(1,163)	(567)	(237)	(34)	(198)	(120)	(1)	(6)
Labor & Exp Oper Pwr Prod	6	0	0	0	0	0	0	0	0
Purch Fuel/Power for Pump	1	(2,164)	(986)	(455)	(77)	(379)	(255)	(2)	(10)
Labor & Exp Oper Pump	6	18	9	4	1	3	2	0	0
Labor & Exp Oper Pump	6	0	0	0	0	0	0	0	0
Expenses Transferred	6	0	0	0	0	0	0	0	0
Misc Exp Oper P	6	0	0	0	0	0	0	0	0
Rents Oper P	6	0	0	0	0	0	0	0	0
TOTAL PUMPING EXPENSE - OPERATION		(3,309)	(1,544)	(689)	(110)	(574)	(373)	(3)	(16)

MISSOURI-AMERICAN WATER COMPANY

WARRENSBURG DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Super & Eng Maint P	6	0	0	0	0	0	0	0	0
Struct & Improve Maint P	6	0	0	0	0	0	0	0	0
Struct & Improve Maint P	6	0	0	0	0	0	0	0	0
Power Prod Equip Maint P	6	0	0	0	0	0	0	0	0
Power Prod Equip Maint P	6	0	0	0	0	0	0	0	0
Pump Equip Maint P	6	0	0	0	0	0	0	0	0
Pump Equip Maint P	6	3,870	1,885	790	113	659	399	3	19
TOTAL PUMPING EXPENSES - MAINTENANCE		3,870	1,885	790	113	659	399	3	19
TOTAL PUMPING EXPENSES		561	341	102	3	85	26	0	3
WATER TREATMENT									
Super & Eng Oper WT	2	0	0	0	0	0	0	0	0
Chemicals	1	29,804	13,585	6,265	1,055	5,225	3,508	27	140
Labor & Exp Oper WT	2	26,583	12,983	5,442	782	4,540	2,749	13	74
Labor & Exp Oper WT	2	8,049	3,931	1,648	237	1,375	832	4	23
Misc Exp Oper WT	2	29,426	14,372	6,024	865	5,026	3,043	15	82
Misc Exp Oper WT	1	24	11	5	1	4	3	0	0
Misc Exp Oper WT	2	2,465	1,204	505	72	421	255	1	7
Rents Oper WT	2	0	0	0	0	0	0	0	0
TOTAL WT EXPENSE - OPERATION		96,352	46,086	19,887	3,012	16,591	10,389	60	326
Super & Eng Maint WT	2	868	424	178	26	148	90	0	2
Struct & Improve Maint WT	2	280	137	57	8	48	29	0	1
Struct & Improve Maint WT	2	0	0	0	0	0	0	0	0
WT Equip Maint WT	2	9,260	4,523	1,896	272	1,582	957	5	26
WT Equip Maint WT	2	3,245	1,585	664	95	554	336	2	9
TOTAL WT EXPENSE - MAINTENANCE		13,653	6,668	2,795	401	2,332	1,412	7	38
TOTAL WT EXPENSE		110,005	52,754	22,682	3,413	18,923	11,801	67	365
TRANSMISSION AND DISTRIBUTION EXPENSES									
Super & Eng Oper TD	11	0	0	0	0	0	0	0	0
Storage Facilty Exp	5	175	60	24	3	20	11	7	49
Storage Facilty Exp	5	0	0	0	0	0	0	0	0
TD Lines Exp	7	71,645	26,287	10,668	1,383	8,898	5,080	2,551	16,779
TD Lines Exp	7	1,569	576	234	30	195	111	56	367
Meter Expense	9	23,734	17,855	2,962	316	2,492	109	0	0
Meter Expense	9	63	47	8	1	7	0	0	0
Customer Install Exp	10	2,186	1,796	212	7	66	2	102	0
Customer Install Exp	10	0	0	0	0	0	0	0	0
Misc Exp Oper TD	11	15,246	7,153	2,165	267	1,791	816	416	2,638

MISSOURI-AMERICAN WATER COMPANY

WARRENSBURG DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Misc Exp Oper TD	11	42,680	20,025	6,061	747	5,015	2,283	1,165	7,384
Misc Exp Oper TD	11	15,542	7,292	2,207	272	1,826	832	424	2,689
Rents Oper TD	11	0	0	0	0	0	0	0	0
TOTAL T & D EXPENSE OPERATION		172,841	81,093	24,540	3,026	20,311	9,244	4,722	29,906
Super & Eng Maint TD	12	0	0	0	0	0	0	0	0
Struct & Improve Maint TD	12	0	0	0	0	0	0	0	0
Struct & Improve Maint TD	12	0	0	0	0	0	0	0	0
Dist Res Stand Maint TD	5	0	0	0	0	0	0	0	0
TD Main Maint TD	7	5,342	1,960	795	103	663	379	190	1,251
TD Main Maint TD	7	0	0	0	0	0	0	0	0
Fire Main Maint TD	8	0	0	0	0	0	0	0	0
Fire Main Maint TD	8	0	0	0	0	0	0	0	0
Services Maint TD	10	4,024	3,306	390	14	122	4	188	0
Services Maint TD	10	0	0	0	0	0	0	0	0
Meters Maint TD	9	5,872	4,417	733	78	617	27	0	0
Meters Maint TD	9	0	0	0	0	0	0	0	0
Hydrants Maint TD	8	8,433	0	0	0	0	0	0	8,433
Hydrants Maint TD	8	0	0	0	0	0	0	0	0
Misc Plant Maint TD	12	0	0	0	0	0	0	0	0
Mat and Sup Maint TD	12	73,289	29,990	5,936	601	4,339	1,268	1,173	29,983
Misc Maint TD	12	0	0	0	0	0	0	0	0
Amort Def Maint TD	5	71,403	24,534	9,854	1,228	8,218	4,598	3,035	19,936
TOTAL T & D EXPENSE - MAINTENANCE		168,363	64,207	17,709	2,024	13,959	6,276	4,586	59,603
TOTAL T & D EXPENSE		341,204	145,300	42,249	5,050	34,270	15,520	9,308	89,508
CUSTOMER ACCOUNTS									
Supervision CA	13	0	0	0	0	0	0	0	0
Meter Reading Exp CA	14	29,757	26,404	2,645	57	640	12	0	0
Meter Reading Exp CA	14	237	210	21	0	5	0	0	0
Meter Reading Exp CA	14	(22)	(20)	(2)	(0)	(0)	(0)	0	0
Cust Rec & Collection CA	13	2,518	2,209	221	5	53	1	28	0
Cust Rec & Collection CA	13	43,600	38,259	3,832	78	924	17	488	0
Uncollectible Accts	13	35,750	31,371	3,142	64	758	14	400	0
Misc Cust Accts Exp CA	13	4,165	3,655	366	7	88	2	47	0
Misc Cust Accts Exp CA	13	1,579	1,386	139	3	33	1	18	0
Misc Cust Accts Exp CA	13	9,594	8,418	843	17	203	4	107	0
Cust Serv & Info Exp CA	13	(1)	(1)	(0)	(0)	(0)	(0)	(0)	0
TOTAL CUSTOMER ACCOUNTING EXPENSE		127,176	111,891	11,209	232	2,705	51	1,089	0

MISSOURI-AMERICAN WATER COMPANY

WARRENSBURG DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
ADMINISTRATIVE AND GENERAL EXPENSES									
Salaries AG	15	39,043	20,849	5,333	617	3,975	1,979	656	5,634
Other Supplies & Exp AG	15	2,641	1,410	361	42	269	134	44	381
Other Supplies & Exp AG	15	19,372	10,345	2,646	306	1,972	982	325	2,795
Other Supplies & Exp AG	15	15,194	8,113	2,075	240	1,547	770	255	2,192
Mgmt Fees-Coporate/Shared Service Center	15	268,990	143,641	36,744	4,250	27,383	13,638	4,519	38,815
Mgmt Fees-Call Center	13	9,858	8,650	866	18	209	4	110	0
Mgmt Fees-Belleville Lab	2	12,407	6,059	2,540	365	2,119	1,283	6	35
Mgmt Fees- Financial ITS	15	93,744	50,059	12,805	1,481	9,543	4,753	1,575	13,527
Mgmt Fees- Customer Billings ITS	13	(3)	(3)	(0)	(0)	(0)	(0)	(0)	0
Mgmt Fees-Other ITS	15	1,216	649	166	19	124	62	20	175
Outside Services AG	15	8,550	4,566	1,168	135	870	433	144	1,234
Outside Services AG	15	26	14	4	0	3	1	0	4
Property Insurance	15	0	0	0	0	0	0	0	0
Ins Gen Liab Oper AG	15	42,821	22,866	5,849	677	4,359	2,171	719	6,179
Ins Work Comp AG	16	9,989	5,364	1,378	161	1,044	500	166	1,375
Ins Other Oper AG	15	16,337	8,724	2,232	258	1,663	828	274	2,357
Property Insurance	15	1,105	590	151	17	112	56	19	159
Injuries & Damages	16	91	49	13	1	9	5	2	13
Employee Pension & Benefits	16	92,364	49,599	12,746	1,487	9,652	4,627	1,533	12,718
Employee Pension & Benefits	16	31,083	16,692	4,289	500	3,248	1,557	516	4,280
Employee Pension & Benefits	16	10,347	5,557	1,428	167	1,081	518	172	1,425
Reg Commision Exp	15	4,263	2,276	582	67	434	216	72	615
Rents AG	15	6,592	3,520	900	104	671	334	111	951
Goodwill Advertising Exp	15	2,286	1,221	312	36	233	116	38	330
Misc Exp AG	15	26,543	14,174	3,626	419	2,702	1,346	446	3,830
Research & Development	15	0	0	0	0	0	0	0	0
TOTAL A & G OPERATIONS		714,857	384,984	98,216	11,369	73,223	36,315	11,723	99,027
General Plant Maint AG	15	0	0	0	0	0	0	0	0
General Plant Maint AG	15	3,985	2,128	544	63	406	202	67	575
TOTAL A & G EXPENSE - MAINTENANCE		3,985	2,128	544	63	406	202	67	575
TOTAL A & G EXPENSE		718,842	387,112	98,760	11,432	73,628	36,517	11,790	99,602
Total Operation & Maintenance Expenses		1,369,864	732,600	189,755	22,249	141,922	71,368	22,290	189,680

MISSOURI-AMERICAN WATER COMPANY

WARRENSBURG DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
DEPRECIATION EXPENSE									
Struct & Imp SS	2	837	409	171	25	143	87	0	2
Struct & Imp P	6	2,637	1,285	538	77	449	272	2	13
Struct & Imp WT	2	17,905	8,745	3,665	526	3,058	1,851	9	50
Struct & Imp TD	7	4,618	1,694	688	89	574	327	164	1,082
Struct & Imp Offices	15	3,516	1,878	480	56	358	178	59	507
Struct & Imp Store,Shop,Gar	15	0	0	0	0	0	0	0	0
Struct & Imp Misc	15	0	0	0	0	0	0	0	0
Collect & Impounding	1	0	0	0	0	0	0	0	0
Lake, River & Other Intakes	2	0	0	0	0	0	0	0	0
Wells & Springs	2	16,181	7,903	3,312	476	2,764	1,673	8	45
Supply Mains	2	2,941	1,436	602	86	502	304	1	8
Power Generation Equip Othe	6	129	63	26	4	22	13	0	1
Pump Equip Electric	6	5,515	2,687	1,126	162	940	569	4	28
Pump Equip Diesel	6	0	0	0	0	0	0	0	0
Pump Equip Other	6	148	72	30	4	25	15	0	1
WT Equip Non-Media	2	73,013	35,660	14,946	2,147	12,471	7,550	37	204
Dist Reservoirs & Standpipe	5	36,542	12,556	5,043	629	4,206	2,353	1,553	10,203
Elevated Tanks & Standpipes	5	1,278	439	176	22	147	82	54	357
Ground Level Facilities	5	0	0	0	0	0	0	0	0
TD Mains Not Classified by	7	70,852	25,996	10,550	1,367	8,800	5,023	2,522	16,594
TD Mains 4 & Less "	4	1,242	429	172	21	144	80	52	343
TD Mains 6 to 8" "	4	26,204	9,048	3,634	453	3,032	1,698	1,101	7,238
TD Mains 10 to 16" "	3	16,586	7,663	3,214	463	2,682	1,622	126	816
TD Mains 18 & Grtr "	3	0	0	0	0	0	0	0	0
Fire Mains	8	1,514	0	0	0	0	0	0	1,514
Services	10	7,258	5,963	704	25	220	7	340	0
Meters Bronze Case	9	108	81	13	1	11	0	0	0
Meters Plastic Case	9	0	0	0	0	0	0	0	0
Meters Other	9	3,467	2,608	433	46	364	16	0	0
Meters Other-Rem Rdr Unts	9	0	0	0	0	0	0	0	0
Meter Installations	9	23,140	17,408	2,888	308	2,430	106	0	0
Meter Installation Other	9	0	0	0	0	0	0	0	0
Hydrants	8	7,426	0	0	0	0	0	0	7,426
Utility Plant Acquisition Adjustment	17	0	0	0	0	0	0	0	0
Other P/E WT Res Hand Equip	2	0	0	0	0	0	0	0	0
Other P/E TD	7	0	0	0	0	0	0	0	0
Other P/E CPS	15	0	0	0	0	0	0	0	0
Office Furniture & Equip	15	2,941	1,570	402	46	299	149	49	424
Comp & Periph Equip	15	13,177	7,037	1,800	208	1,341	668	221	1,901
Computer Software	15	21,018	11,224	2,871	332	2,140	1,066	353	3,033
Comp Software Personal	15	285	152	39	5	29	14	5	41
Data Handling Equipment	15	0	0	0	0	0	0	0	0
Other Office Equipment	15	13	7	2	0	1	1	0	2
Trans Equip Lt Duty Trks	15	5,640	3,012	770	89	574	286	95	814
Trans Equip Hvy Duty Trks	15	0	0	0	0	0	0	0	0

MISSOURI-AMERICAN WATER COMPANY

WARRENSBURG DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Trans Equip Autos	15	278	148	38	4	28	14	5	40
Trans Equip Other	15	0	0	0	0	0	0	0	0
Stores Equipment	15	0	0	0	0	0	0	0	0
Tools,Shop,Garage Equip	15	3,145	1,679	430	50	320	159	53	454
Tools,Shop,Garage Equip Oth	15	0	0	0	0	0	0	0	0
Laboratory Equipment	2	4,752	2,321	973	140	812	491	2	13
Laboratory Equip Other	2	0	0	0	0	0	0	0	0
Power Operated Equipment	15	1,418	757	194	22	144	72	24	205
Comm Equip Non-Telephone	15	714	381	98	11	73	36	12	103
Comm Equip Telephone	15	118	63	16	2	12	6	2	17
Misc Equipment	15	3,591	1,918	491	57	366	182	60	518
Other Tangible Property	15	2,105	1,124	288	33	214	107	35	304
Total Depreciation Expense		382,252	175,416	60,823	7,987	49,695	27,080	6,951	54,300
Amort-Other UP	18	485	228	75	10	60	33	9	70
Taxes Other Than Income									
Utility Reg Assessment Fee	19	16,161	8,014	2,400	299	1,879	989	291	2,288
Property Taxes	18	189,032	88,732	29,319	3,781	23,553	12,684	3,686	27,277
FUTA	16	467	251	64	8	49	23	8	64
FICA	16	19,245	10,334	2,656	310	2,011	964	319	2,650
SUTA	16	286	154	40	5	30	14	5	39
Other Taxes & Licenses	15	8,404	4,488	1,148	133	856	426	141	1,213
Gross Receipts Tax	19	0	0	0	0	0	0	0	0
Total Taxes, Other Than Income		233,595	111,972	35,626	4,534	28,378	15,101	4,450	33,532
Income Taxes	18	313,739	147,269	48,661	6,275	39,092	21,052	6,118	45,272
Utility Income Available for Return	18	1,016,378	477,088	157,640	20,328	126,641	68,199	19,819	146,663
Total Cost of Service		3,316,313	1,644,573	492,582	61,382	385,788	202,832	59,638	469,519
Less: Other Water Revenues	19	72,750	36,077	10,803	1,346	8,461	4,452	1,309	10,301
Revenue Contribution	19	0	0	0	0	0	0	0	0
Total Other Water Revenues		72,750	36,077	10,803	1,346	8,461	4,452	1,309	10,301
Total Cost of Service Related to Sales of Water		$ 3,243,563	$ 1,608,496	$ 481,778	$ 60,036	$ 377,327	$ 198,380	$ 58,328	$ 459,217
Reallocation of Public Fire	20	0	347,030	57,586	6,154	48,447	0	0	(459,217)
Total		$ 3,243,563	$ 1,955,526	$ 539,364	$ 66,189	$ 425,775	$ 198,380	$ 58,328	$ -

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS

FACTOR 1. ALLOCATION OF COSTS WHICH VARY WITH THE AMOUNT OF WATER CONSUMED.

Factors are based on the pro forma test year average daily consumption for each customer classification.

Customer Classification	Average Daily Consumption, Thousand Gallons	Allocation Factor
(1)	(2)	(3)
Residential	1,069	0.4558
Commercial	493	0.2102
Industrial	83	0.0354
Other Public Authority	411	0.1753
Sales for Resale	276	0.1177
Private Fire Protection	2	0.0009
Public Fire Protection	11	0.0047
Total	2,345	1.0000

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the factors for average daily consumption (Factor 1) and the factors derived from maximum day extra capacity demand for each customer classification, as follows:

	Average Daily Consumption		Maximum Day Extra Capacity		
Customer Classification	Allocation Factor 1	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)x 0.5882	(4)	(5)=(4)x 0.4118	(6)=(3)+(5)
Residential	0.4558	0.2682	0.5345	0.2202	0.4884
Commercial	0.2102	0.1236	0.1970	0.0811	0.2047
Industrial	0.0354	0.0208	0.0210	0.0086	0.0294
Other Public Authority	0.1753	0.1031	0.1645	0.0677	0.1708
Sales for Resale	0.1177	0.0692	0.0830	0.0342	0.1034
Private Fire Protection	0.0009	0.0005			0.0005
Public Fire Protection	0.0047	0.0028			0.0028
Total	1.0000	0.5882	1.0000	0.4118	1.0000

The derivation of the maximum day extra capacity factors in column 4 and the basis for the column 3 and 5 weightings are presented on the following page.

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS, cont.

		Maximum Day Extra Capacity		
Customer Classification	Average Daily Consumption, Thousand Gal.	Factor*	Rate of Flow, Thousand Gal. Per Day	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	1,069	1.0	1,069	0.5345
Commercial	493	0.8	394	0.1970
Industrial	83	0.5	42	0.0210
Other Public Authority	411	0.8	329	0.1645
Sales for Resale	276	0.6	166	0.0830
Total	2,332		2,000	1.0000

The weighting of the factors is based on the maximum day ratio of 1.70, based on a review of maximum day ratios experienced during the period 1990 through 2002 (see Schedule D).

	Maximum Day Ratio	Weight
Average Day	1.00	0.5882
Maximum Day Extra Capacity	0.70	0.4118
Total	1.70	1.0000

* Ratio of maximum day to average day minus 1.0.

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

	Average Daily Consumption		Maximum Day Extra Capacity		Fire Protection		
Customer Classification	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2) X 0.5566	(4)	(5)=(4) X 0.3897	(6)	(7)=(6) X 0.0537	(8)=(3)+(5)+(7)
Residential	0.4558	0.2537	0.5345	0.2083			0.4620
Commercial	0.2102	0.1170	0.1970	0.0768			0.1938
Industrial	0.0354	0.0197	0.0210	0.0082			0.0279
Other Public Authority	0.1753	0.0976	0.1645	0.0641			0.1617
Sales for Resale	0.1177	0.0655	0.0830	0.0323			0.0978
Private Fire Protection	0.0009	0.0005			0.1319	0.0071	0.0076
Public Fire Protection	0.0047	0.0026			0.8681	0.0466	0.0492
Total	1.0000	0.5566	1.0000	0.3897	1.0000	0.0537	1.0000

Schedule C-WAR

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum day ratio of 1.70 and the average daily system sendout for 2005 of 2.488 MGD. The system demand for fire protection is 2,000 Gallons per minute for 2 hours.

	Ratio	Rate of Flow, (GPD)	Weight
Average Day	1.00	2,488,000	0.5566
Maximum Day Extra Capacity	0.70	1,741,600	0.3897
Subtotal	1.70	4,229,600	0.9463
Fire Protection		240,000	0.0537
Total		4,469,600	1.0000

The public and private fire protection allocation factors in column 6 on the previous page are based on the relative potential demands (see Schedule E).

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		
Customer Classification	Thousand Gallons	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3) X 0.2734	(5)	(6)=(5) X 0.4101	(7)	(8)=(7) X 0.3165	(9)=(4)+(6)+(8)
Residential	44.5	0.4556	0.1245	0.5384	0.2208			0.3453
Commercial	20.5	0.2098	0.0574	0.1983	0.0813			0.1387
Industrial	3.5	0.0358	0.0098	0.0183	0.0075			0.0173
Other Public Authority	17.1	0.1750	0.0478	0.1655	0.0679			0.1157
Sales for Resale	11.5	0.1177	0.0322	0.0795	0.0326			0.0648
Private Fire Protection	0.1	0.0010	0.0003			0.1319	0.0417	0.0420
Public Fire Protection	0.5	0.0051	0.0014			0.8681	0.2748	0.2762
Total	97.7	1.0000	0.2734	1.0000	0.4101	1.0000	0.3165	1.0000

The maximum hour extra capacity factors in column 5 are determined as follows:

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum hour ratio of 2.5 and the average daily system sendout for 2005 of 2.488 MGD. The system demand for fire protection is 2,000 gallons per minute.

	Ratio	Rate of Flow, (GPM)	Weight
Average Hour	1.00	1,728	0.2734
Maximum Hour Extra Capacity	1.50	2,592	0.4101
Subtotal	2.50	4,320	0.6835
Fire Protection		2,000	0.3165
Total		6,320	1.0000

The maximum hour extra capacity factors in column 5 of the previous page are determined as follows:

Customer Classification	Average Hourly Consumption Thousand Gal.	Maximum Hour Extra Capacity		
		Factor*	1,000 Gallons Per Hour	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	44.5	3.5	155.8	0.5384
Commercial	20.5	2.8	57.4	0.1983
Industrial	3.5	1.5	5.3	0.0183
Other Public Authority	17.1	2.8	47.9	0.1655
Sales for Resale	11.5	2.0	23.0	0.0795
Total	97.1		289.4	1.0000

* Ratio of Maximum Hour To Average Hour Minus 1.0.

The public and private fire protection allocation factors in column 7 on the previous page are based on the relative potential demands (see Schedule E).

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES.

Factors are based on the weighting of the average hourly consumption, the maximum hour extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		
	Thousand Gallons	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3) X 0.2720	(5)	(6)=(5) X 0.4080	(7)	(8)=(7) X 0.3200	(9)=(4)+(6)+(8)
Residential	44.5	0.4556	0.1239	0.5384	0.2197			0.3436
Commercial	20.5	0.2098	0.0571	0.1983	0.0809			0.1380
Industrial	3.5	0.0358	0.0097	0.0183	0.0075			0.0172
Other Public Authority	17.1	0.1750	0.0476	0.1655	0.0675			0.1151
Sales for Resale	11.5	0.1177	0.0320	0.0795	0.0324			0.0644
Private Fire Protection	0.1	0.0010	0.0003			0.1319	0.0422	0.0425
Public Fire Protection	0.5	0.0051	0.0014			0.8681	0.2778	0.2792
Total	97.7	1.0000	0.2720	1.0000	0.4080	1.0000	0.3200	1.0000

The weighting of the factors is based on the ratio of the capacity required for a 2 hour demand of fire flow, as related to total storage capacity. The calculation is shown on the following page.

Schedule C-WAR

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES, cont.

The weighting of the factors is based on the ratio of the capacity required for a 2 hour demand of fire flow, as related to total storage capacity.

Fire Protection Weight = $\frac{\text{2,000 GPM X 60 Min. X 2 Hrs.}}{\text{750,000 Gallons}}$ = 0.3200

General Service Weight 1.0000 - 0.3200 = 0.6800

The weighting of the average hourly consumption and maximum hour extra demand for general service is based on the maximum hour ratio, as follows:

	Maximum Hour Ratio	Percent	Weight
Average Hour	1.00	40.00	0.2720
Extra Capacity Maximum Hour	1.50	60.00	0.4080
Total	2.50	100.00	0.6800

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH POWER AND PUMPING FACILITIES.

Factors are based on the weighting of the maximum daily consumption, Factor 2, the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

	Maximum Daily Consumption		Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 2	Weighted Factor	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.9921	(4)	(5)=(4)X 0.0000	(6)	(7)=(6)X 0.0079	(8)=(3)+ (5)+(7)
Residential	0.4884	0.4844	0.4620	0.0000	0.3453	0.0028	0.4872
Commercial	0.2047	0.2031	0.1938	0.0000	0.1387	0.0011	0.2042
Industrial	0.0294	0.0292	0.0279	0.0000	0.0173	0.0001	0.0293
Other Public Authority	0.1708	0.1695	0.1617	0.0000	0.1157	0.0009	0.1704
Sales for Resale	0.1034	0.1026	0.0978	0.0000	0.0648	0.0005	0.1031
Private Fire Protection	0.0005	0.0005	0.0076	0.0000	0.0420	0.0003	0.0008
Public Fire Protection	0.0028	0.0028	0.0492	0.0000	0.2762	0.0022	0.0050
Total	1.0000	0.9921	1.0000	0.0000	1.0000	0.0079	1.0000

The weighting of the factors is based on the horsepower of pumps associated with maximum day facilities, maximum day and fire facilities, and maximum hour facilities, as follows:

	Horsepower of Pumps	Weight
Associated with Maximum Day	1,010	0.9921
Associated with Maximum Day and Fire	0	0.0000
Associated with Maximum Hour	8	0.0079
Total	1,018	1.0000

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 7. ALLOCATION OF COSTS ASSOCIATED WITH TRANSMISSION AND DISTRIBUTION MAINS.

Factors are based on the weighting of the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

	Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.1851	(4)	(5)=(4)X 0.8149	(6)=(3)+(5)
Residential	0.4620	0.0855	0.3453	0.2814	0.3669
Commercial	0.1938	0.0359	0.1387	0.1130	0.1489
Industrial	0.0279	0.0052	0.0173	0.0141	0.0193
Other Public Authority	0.1617	0.0299	0.1157	0.0943	0.1242
Sales for Resale	0.0978	0.0181	0.0648	0.0528	0.0709
Private Fire Protection	0.0076	0.0014	0.0420	0.0342	0.0356
Public Fire Protection	0.0492	0.0091	0.2762	0.2251	0.2342
Total	1.0000	0.1851	1.0000	0.8149	1.0000

The weighting of the factors is based on the total footage of mains, designated as either transmission mains or distribution mains, as follows:

	Total Footage of Mains	Weight
Transmission Mains	102,638	0.1851
Distribution Mains	451,735	0.8149
Total	554,373	1.0000

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 8. ALLOCATION OF COSTS ASSOCIATED WITH FIRE HYDRANTS.

Costs are assigned directly to Public Fire Protection.

Customer Classification	Allocation Factor
(1)	(3)
Public Fire Protection	1.0000
Total	1.0000

FACTOR 9. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

Factors are based on the relative cost of meters by size and customer classification, as developed on the following page and summarized below.

Customer Classification	5/8" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	6,221	0.7523
Commercial	1,032	0.1248
Industrial	110	0.0133
Other Public Authority	868	0.1050
Sales for Resale	38	0.0046
Private Fire	0	0.0000
Total	8,269	1.0000

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS

Meter Size	5/8" Dollar Equivalent	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Total	
		Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)
5/8	1.0	6,172	6,172	429	429	1	1	83	83	0	0	6,685	6,685
3/4	1.3	0	0	7	9	0	0	2	3	0	0	9	12
1	1.7	21	36	80	136	3	5	6	10	0	0	110	187
1-1/2	3.5	0	0	29	102	1	4	5	18	0	0	35	124
2	4.3	3	13	74	318	5	22	34	146	2	9	118	508
3	19.0	0	0	2	38	1	19	6	114	0	0	9	171
4	29.3	0	0	0	0	2	59	13	381	1	29	16	469
6	48.4	0	0	0	0	0	0	0	0	0	0	0	0
8	112.9	0	0	0	0	0	0	1	113	0	0	1	113
Total		6,196	6,221	621	1,032	13	110	150	868	3	38	6,983	8,269

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 10. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

Factors are based on the relative cost of services by size and customer classification, as developed on the following page and summarized below.

Customer Classification	3/4" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	6,203	0.8216
Commercial	732	0.0970
Industrial	26	0.0034
Other Public Authority	229	0.0303
Sales for Resale	7	0.0009
Private Fire Protection	353	0.0468
Total	7,550	1.0000

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

BASIS FOR ALLOCATING SERVICE COSTS TO CUSTOMER CLASSIFICATIONS

Service Size	3/4" Dollar Equivalent	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Private Fire Protection		1
		Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)=(2)X(11)	(15)
3/4	1.00	6,172	6,172	436	436	1	1	85	85	0	0	0	0	6,694
1	1.17	21	25	80	94	3	4	6	7	0	0	0	0	110
1-1/2	1.58	0	0	29	46	1	2	5	8	0	0	0	0	35
2	2.04	3	6	74	151	5	10	34	69	2	4	3	6	121
3	2.73	0	0	2	5	1	3	6	16	0	0	1	3	10
4	2.88	0	0	0	0	2	6	13	37	1	3	18	52	34
6	4.24	0	0	0	0	0	0	0	0	0	0	33	140	33
8	6.98	0	0	0	0	0	0	1	7	0	0	19	133	20
10	9.50	0	0	0	0	0	0	0	0	0	0	2	19	2
12	12.16	0	0	0	0	0	0	0	0	0	0	0	0	0
Total		6,196	6,203	621	732	13	26	150	229	3	7	76	353	7,059

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 11. ALLOCATION OF TRANSMISSION AND DISTRIBUTION OPERATION SUPERVISION AND ENGINEERING AND MISCELLANEOUS EXPENSES.

Factors are based on transmission and distribution operation expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Operating Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$ 46,621	0.4692
Commercial	14,108	0.1420
Industrial	1,740	0.0175
Other Public Authority	11,678	0.1175
Sales for Resale	5,314	0.0535
Private Fire Protection	2,716	0.0273
Public Fire Protection	17,196	0.1730
Total	99,373	1.0000

FACTOR 12. ALLOCATION OF TRANSMISSION AND DISTRIBUTION MAINTENANCE SUPERVISION AND ENGINEERING, STRUCTURES AND IMPROVEMENTS, AND OTHER EXPENSES.

Factors are based on transmission and distribution maintenance expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$ 9,683	0.4092
Commercial	1,919	0.0810
Industrial	195	0.0082
Other Public Authority	1,402	0.0592
Sales for Resale	409	0.0173
Private Fire Protection	379	0.0160
Public Fire Protection	9,684	0.4091
Total	$23,671	1.0000

Schedule C-WAR

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 13. ALLOCATION OF BILLING AND COLLECTING COSTS.

Factors are based on the total number of customers.

Customer Classification	Total Customers	Allocation Factor
(1)	(2)	(3)
Residential	6,196	0.8775
Commercial	621	0.0879
Industrial	13	0.0018
Other Public Authority	150	0.0212
Sales for Resale	3	0.0004
Private Fire Protection	79	0.0112
Public Fire Protection	0	0.0000
Total	7,062	1.0000

FACTOR 14. ALLOCATION OF METER READING COSTS.

Factors are based on the number of metered customers.

Customer Classification	Total Metered Customers	Allocation Factor
(1)	(2)	(3)
Residential	6,196	0.8873
Commercial	621	0.0889
Industrial	13	0.0019
Other Public Authority	150	0.0215
Sales for Resale	3	0.0004
Total	6,983	1.0000

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 15. ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES AND CASH WORKING CAPITAL.

Factors are based on the allocation of all other operation and maintenance expenses excluding purchased water, power, chemicals and waste disposal.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$332,879	0.5340
Commercial	85,180	0.1366
Industrial	9,838	0.0158
Other Public Authority	63,444	0.1018
Sales for Resale	31,595	0.0507
Private Fire Protection	10,475	0.0168
Public Fire Protection	89,948	0.1443
Total	$623,358	1.0000

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 16. ALLOCATION OF LABOR RELATED TAXES AND BENEFITS.

Factors are based on the allocation of direct labor expense.

Customer Classification	Direct Labor Expense	Allocation Factor
(1)	(2)	(3)
Residential	$136,094	0.5370
Commercial	34,958	0.1380
Industrial	4,069	0.0161
Other Public Authority	26,470	0.1045
Sales for Resale	12,686	0.0501
Private Fire Protection	4,206	0.0166
Public Fire Protection	34,897	0.1377
Total	$253,380	1.0000

FACTOR 17. ALLOCATION OF ORGANIZATION, FRANCHISES AND CONSENTS, MISCELLANEOUS INTANGIBLE PLANT AND OTHER RATE BASE ELEMENTS.

Factors are based on the allocation of the original cost less depreciation other than those items being allocated, as follows:

Customer Classification	Original Cost Less Depreciation	Allocation Factor
(1)	(2)	(3)
Residential	$6,629,894	0.4687
Commercial	2,197,286	0.1553
Industrial	283,669	0.0201
Other Public Authority	1,767,046	0.1249
Sales for Resale	952,131	0.0673
Private Fire Protection	275,943	0.0195
Public Fire Protection	2,040,385	0.1442
Total	$14,146,354	1.0000

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 18. ALLOCATION OF INCOME TAXES AND INCOME AVAILABLE FOR RETURN.

Factors are based on the allocation of the original cost measure of value rate base as shown on the following pages and summarized below.

Customer Classification	Original Cost Measure of Value	Allocation Factor
(1)	(2)	(3)
Residential	$5,600,870	0.4694
Commercial	1,849,788	0.1551
Industrial	238,375	0.0200
Other Public Authority	1,486,066	0.1246
Sales for Resale	800,335	0.0671
Private Fire Protection	232,304	0.0195
Public Fire Protection	1,721,583	0.1443
Total	$11,929,321	1.0000

FACTOR 19. ALLOCATION OF REGULATORY COMMISSION EXPENSES, ASSESSMENTS AND OTHER WATER REVENUES.

The factors are based on the allocation of the total cost of service, excluding those items being allocated.

Customer Classification	Total Cost of Service	Allocation Factor
(1)	(2)	(3)
Residential	$1,635,547	0.4958
Commercial	490,130	0.1486
Industrial	61,092	0.0185
Other Public Authority	383,917	0.1164
Sales for Resale	201,895	0.0612
Private Fire Protection	59,276	0.0180
Public Fire Protection	466,622	0.1415
Total	$3,298,479	1.0000

MISSOURI-AMERICAN WATER COMPANY

WARRENSBURG DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
RATE BASE									
Organization	17	$ 2,677	$ 1,255	$ 416	$ 54	$ 334	$ 180	$ 52	$ 386
Franchises	17	5,083	2,382	789	102	635	342	99	733
Land & Ld Rights SS	2	9,981	4,875	2,043	293	1,705	1,032	5	28
Land & Ld Rights P	6	0	0	0	0	0	0	0	0
Land & Ld Rights WT	2	511	250	105	15	87	53	0	1
Land & Ld Rights TD	7	142,406	52,249	21,204	2,748	17,687	10,097	5,070	33,351
Land & Land Rights AG	15	2,222	1,187	304	35	226	113	37	321
Struct & Imp SS	2	32,121	15,688	6,575	944	5,486	3,321	16	90
Struct & Imp P	6	51,707	25,192	10,559	1,515	8,811	5,331	41	259
Struct & Imp Pumps (STL)	6	0	0	0	0	0	0	0	0
Struct & Imp Pump Boosters	6	0	0	0	0	0	0	0	0
Struct & Imp WT	2	860,742	420,387	176,194	25,306	147,015	89,001	430	2,410
Struct & Imp WT Nth Plt (ST	2	0	0	0	0	0	0	0	0
Struct & Imp WT Ctrl Plt 1	2	0	0	0	0	0	0	0	0
Struct & Imp WT Ctrl Plt 3	2	0	0	0	0	0	0	0	0
Struct & Imp WT Sth Plt (ST	2	0	0	0	0	0	0	0	0
Struct & Imp WT Meramec (ST	2	0	0	0	0	0	0	0	0
Struct & Imp TD	7	192,706	70,704	28,694	3,719	23,934	13,663	6,860	45,132
Struct & Imp TD Spec Cross	7	0	0	0	0	0	0	0	0
Struct & Imp Offices	15	86,562	46,224	11,824	1,368	8,812	4,389	1,454	12,491
Struct & Imp Leasehold	15	0	0	0	0	0	0	0	0
Struct & Imp Leasehold	15	0	0	0	0	0	0	0	0
Struct & Imp Store,Shop,Gar	15	0	0	0	0	0	0	0	0
Struct & Imp Misc	15	0	0	0	0	0	0	0	0
Collect & Impounding	1	0	0	0	0	0	0	0	0
Lake, River & Other Intakes	2	0	0	0	0	0	0	0	0
Wells & Springs	2	699,390	341,582	143,165	20,562	119,456	72,317	350	1,958
Supply Mains	2	132,810	64,864	27,186	3,905	22,684	13,733	66	372
Supply Mains Nth Plt (STL)	2	0	0	0	0	0	0	0	0
Supply Mains Ctrl Plt (STL)	2	0	0	0	0	0	0	0	0
Supply Mains Sth Plt (STL)	2	0	0	0	0	0	0	0	0
Supply Mains Meramec Plt (S	2	0	0	0	0	0	0	0	0
Power Generation Equip Othe	6	4,721	2,300	964	138	804	487	4	24
Boiler Plant Equipment P	6	0	0	0	0	0	0	0	0
Pump Equip Steam	6	0	0	0	0	0	0	0	0
Pump Equip Electric	6	419,311	204,288	85,623	12,286	71,451	43,231	335	2,097
Pump Equip Elec Pre46 (STL)	6	0	0	0	0	0	0	0	0
Pump Equip Elec Post46 (STL	6	0	0	0	0	0	0	0	0
Pump Equip Elec Boosters Po	6	0	0	0	0	0	0	0	0
Pump Equip Diesel	6	0	0	0	0	0	0	0	0
Pump Equip Diesel Stratman\	6	0	0	0	0	0	0	0	0
Pump Equip Diesel Ctrl Plt	6	0	0	0	0	0	0	0	0
Pump Equip Hydraulic	6	0	0	0	0	0	0	0	0
Pump Equip Other	6	7,014	3,417	1,432	206	1,195	723	6	35
WT Equip Non-Media	2	2,721,298	1,329,082	557,050	80,006	464,798	281,382	1,361	7,620

MISSOURI-AMERICAN WATER COMPANY

WARRENSBURG DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection Private	Fire Protection Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
WT Equip Non-Med North (STL	2	0	0	0	0	0	0	0	0
WT Equip Non Media Ctrl 1 &	2	0	0	0	0	0	0	0	0
WT Equip Non Media Ctrl 3 (	2	0	0	0	0	0	0	0	0
WT Equip Non Media Sth (STL	2	0	0	0	0	0	0	0	0
WT Equip Non Media Mer (STL	2	0	0	0	0	0	0	0	0
WT Equip Filter Media	2	(2,411)	(1,178)	(494)	(71)	(412)	(249)	(1)	(7)
Dist Reservoirs & Standpipe	5	1,489,523	511,800	205,554	25,620	171,444	95,925	63,305	415,875
Elevated Tanks & Standpipes	5	52,446	18,020	7,238	902	6,037	3,378	2,229	14,643
Ground Level Facilities	5	0	0	0	0	0	0	0	0
TD Mains Not Classified by	7	2,328,787	854,432	346,756	44,946	289,235	165,111	82,905	545,402
TD Mains 4 & Less "	4	48,056	16,594	6,665	831	5,560	3,114	2,018	13,273
TD Mains 6 to 8" "	4	1,020,151	352,258	141,495	17,649	118,032	66,106	42,846	281,766
TD Mains 10 to 16" "	3	643,275	297,193	124,667	17,947	104,018	62,912	4,889	31,649
TD Mains 18 & Grtr "	3	0	0	0	0	0	0	0	0
TD Mains AC 4 (STL) "	4	0	0	0	0	0	0	0	0
TD Mains CI <10 1900-28 (S"	4	0	0	0	0	0	0	0	0
TD Mains CI <10 1929-56 (S"	4	0	0	0	0	0	0	0	0
TD Mains CI <10 1957-93 (S"	4	0	0	0	0	0	0	0	0
TD Mains CI 12 (STL) "	3	0	0	0	0	0	0	0	0
TD Mains CI 16 (STL) "	3	0	0	0	0	0	0	0	0
TD Mains DI 6-8 (STL) "	4	0	0	0	0	0	0	0	0
TD Mains DI 12 (STL) "	3	0	0	0	0	0	0	0	0
TD Mains DI 16 & >(STL)	3	0	0	0	0	0	0	0	0
TD Mains Galve 1 (STL) "	4	0	0	0	0	0	0	0	0
TD Mains LJ 20 (STL) "	3	0	0	0	0	0	0	0	0
Fire Mains	8	92,990	0	0	0	0	0	0	92,990
Services	10	1,276,980	1,049,167	123,867	4,342	38,693	1,149	59,763	0
Meters Bronze Case	9	433,397	326,044	54,088	5,764	45,507	1,994	0	0
Meters Plastic Case	9	0	0	0	0	0	0	0	0
Meters Other	9	(33,428)	(25,148)	(4,172)	(445)	(3,510)	(154)	0	0
Meters Other-Rem Rdr Unts	9	0	0	0	0	0	0	0	0
Meter Installations	9	750,873	564,882	93,709	9,987	78,842	3,454	0	0
Meter Installation Other	9	0	0	0	0	0	0	0	0
Hydrants	8	521,893	0	0	0	0	0	0	521,893
Other P/E Intangible	15	0	0	0	0	0	0	0	0
Other P/E WT Res Hand Equip	2	0	0	0	0	0	0	0	0
Other P/E TD	7	0	0	0	0	0	0	0	0
Other P/E CPS	15	(14,583)	(7,787)	(1,992)	(230)	(1,485)	(739)	(245)	(2,104)
Office Furniture & Equip	15	73,576	39,290	10,050	1,163	7,490	3,730	1,236	10,617
Comp & Periph Equip	15	44,432	23,727	6,069	702	4,523	2,253	746	6,411
Computer Software	15	(106,092)	(56,653)	(14,492)	(1,676)	(10,800)	(5,379)	(1,782)	(15,309)
Comp Software Personal	15	81	43	11	1	8	4	1	12
Data Handling Equipment	15	0	0	0	0	0	0	0	0
Other Office Equipment	15	(397)	(212)	(54)	(6)	(40)	(20)	(7)	(57)
Trans Equip Lt Duty Trks	15	46,372	24,763	6,334	733	4,721	2,351	779	6,691
Trans Equip Hvy Duty Trks	15	0	0	0	0	0	0	0	0

MISSOURI-AMERICAN WATER COMPANY

WARRENSBURG DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2006, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection Private	Fire Protection Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Trans Equip Autos	15	(6,899)	(3,684)	(942)	(109)	(702)	(350)	(116)	(996)
Trans Equip Other	15	(34,338)	(18,336)	(4,691)	(543)	(3,496)	(1,741)	(577)	(4,955)
Stores Equipment	15	0	0	0	0	0	0	0	0
Tools,Shop,Garage Equip	15	68,203	36,421	9,317	1,078	6,943	3,458	1,146	9,842
Tools,Shop,Garage Equip Oth	15	0	0	0	0	0	0	0	0
Laboratory Equipment	2	45,376	22,162	9,288	1,334	7,750	4,692	23	127
Laboratory Equip Other	2	0	0	0	0	0	0	0	0
Power Operated Equipment	15	12,932	6,906	1,767	204	1,316	656	217	1,866
Comm Equip Non-Telephone	15	8,733	4,663	1,193	138	889	443	147	1,260
Comm Equip Telephone	15	(3,336)	(1,781)	(456)	(53)	(340)	(169)	(56)	(481)
Misc Equipment	15	26,259	14,022	3,587	415	2,673	1,331	441	3,789
Other Tangible Property	17	5,094	2,388	791	102	636	343	99	735
Total Utility Plant in Service		14,159,208	6,635,919	2,199,282	283,927	1,768,652	952,996	276,194	2,042,239
Other Rate Base Items									
Add:									
Other Utility Plant Adjustments	17	0	0	0	0	0	0	0	0
Cash Working Capital	15	257,000	137,238	35,106	4,061	26,163	13,030	4,318	37,085
Materials and Supplies	15	26,609	14,209	3,635	420	2,709	1,349	447	3,840
Prepayments	15	10,174	5,433	1,390	161	1,036	516	171	1,468
OPEB's Contributed to External Fund	16	62,129	33,363	8,574	1,000	6,492	3,113	1,031	8,555
Premature Retirement	17	0	0	0	0	0	0	0	0
Regulatory Deferrals	17	46,364	21,731	7,200	932	5,791	3,120	904	6,686
Less:									
Accumulated Deferred ITC (3%)	17	0	0	0	0	0	0	0	0
Deferred Income Taxes	17	(2,437,020)	(1,142,231)	(378,469)	(48,984)	(304,384)	(164,011)	(47,522)	(351,418)
Pensions	16	(195,143)	(104,792)	(26,930)	(3,142)	(20,392)	(9,777)	(3,239)	(26,871)
Total Other Rate Base Elements		(2,229,887)	(1,035,049)	(349,494)	(45,552)	(282,586)	(152,660)	(43,890)	(320,656)
Total Original Cost Measure of Value		$ 11,929,321	$ 5,600,870	$ 1,849,788	$ 238,375	$ 1,486,066	$ 800,335	$ 232,304	$ 1,721,583

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

SUMMARY OF AVERAGE DAILY SEND OUT AND MAXIMUM DAILY USAGE
FOR THE YEARS 1990-2005

Year	Average Daily Send out (MGD)	Maximum Daily Use		
		MGD	Ratio to Average	Highest Use Day
(1)	(2)	(3)	(4)	(5)
1990	2.048	3.225	1.57	8/28/1990
1991	2.120	3.397	1.60	8/27/1991
1992	2.225	3.348	1.50	7/1/1992
1993	2.408	3.933	1.63	8/26/1993
1994	2.287	3.636	1.59	6/20/1994
1995	2.318	3.631	1.57	8/30/1995
1996	2.287	3.421	1.50	7/18/1996
1997	2.241	3.863	1.72	7/24/1997
1998	2.393	3.792	1.58	7/21/1998
1999	2.427	3.893	1.60	7/29/1999
2000	2.472	4.075	1.65	8/29/2000
2001	2.403	3.647	1.52	8/21/2001
2002	2.548	3.769	1.48	9/8/2002
2003	2.404	4.189	1.74	8/26/2003
2004	2.262	3.162	1.40	6/8/2004
2005	2.488	4.011	1.61	8/2/2005

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

BASIS FOR ALLOCATING DEMAND RELATED COSTS OF FIRE SERVICE TO PRIVATE AND PUBLIC FIRE PROTECTION CUSTOMER CLASSIFICATIONS

Description		Restrictive Diameters Squared	Quantity	Relative Demand	Allocation Factor
(1)		(2)	(3)	(4)=(2)x(3)	(5)
PRIVATE FIRE PROTECTION					
Fire Lines					
2 -inch		4.00	3	12	
3 -inch		9.00	0	0	
4 -inch		16.00	18	288	
6 -inch		36.00	33	1,188	
8 -inch		64.00	19	1,216	
10 -inch		100.00	2	200	
12 -inch		144.00	0	0	
Private Hydrants		32.75	4	131	
Total Private Fire Protection			79	3,035	0.1319
PUBLIC FIRE PROTECTION					
Hydrant	Nozzle Sizes				
6" Valve	2- 2-1/2" & 1- 4.5"	32.75	58	1,900	
6" Valve	2- 2-1/2" & 1- 4"	28.50	634	18,069	
Total Public Fire Prorection			692	19,969	0.8681
Total Fire Protection			771	23,004	1.0000

MISSOURI-AMERICAN WATER COMPANY

St. Louis, Missouri

COST OF SERVICE

ALLOCATION STUDY

FOR THE TEST YEAR ENDED DECEMBER 31, 2007

GANNETT FLEMING, INC. - VALUATION AND RATE DIVISION

Harrisburg, Pennsylvania Calgary, Alberta Valley Forge, Pennsylvania

March 31, 2008

Missouri-American Water Company
535 North New Ballas Road
St. Louis, MO 63141

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Attention Mr. Terry L. Gloriod, President

Gentlemen:

Pursuant to your request, we have conducted cost of service allocation studies based on the district specific revenue requirements estimated for the test year ended December 31, 2007.

The attached report presents the results of the allocation studies, as well as supporting schedules which set forth the detailed cost allocation calculations and the proposed schedule of rates. Schedule A, for each district, presents a comparison of the cost of service by customer classification with the pro forma revenues produced by each classification under present and proposed rates.

Respectfully submitted,

GANNETT FLEMING, INC.

Paul R Herbert

PAUL R. HERBERT
President
Valuation and Rate Division

PRH:krm

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PART I. INTRODUCTION

MISSOURI-AMERICAN WATER COMPANY

COST OF SERVICE ALLOCATION STUDY
FOR THE TEST YEAR ENDED DECEMBER 31, 2007

PART I. INTRODUCTION

PLAN OF REPORT

The report sets forth the results of the cost of service allocation studies based on district specific revenue requirements as of December 31, 2007, for Missouri-American Water Company. Part I, Introduction, contains statements with respect to the basis of the study, the procedures employed, and a summary of the results of the study. Part II, Cost of Service by Customer Classification, presents detailed schedules of the allocation of costs to district specific customer classifications, as well as the bases for the allocations. Schedule A in Part II summarizes the cost allocation and the revenues produced under present and proposed rates for each district.

BASIS OF STUDY

The purpose of the cost allocation studies was to determine the relative cost of service responsibilities of the several customer classifications within each operating district, based on considerations of quantity of water consumed, variability of rate of consumption, and costs associated with customer metering, billing and accounting. The allocation studies incorporated generally-accepted principles and procedures for allocating the several categories of cost to customer classifications in proportion to each classification's use of facilities, commodities and services required in providing water service.

ALLOCATION PROCEDURES

The allocation studies were based on the Base-Extra Capacity Method for allocating costs to customer classifications. The method is described in the 2000 and prior editions of the Water Rates Manual published by the American Water Works Association. The four basic categories of cost responsibility are base, extra capacity, customer, and fire protection costs. The following discussion presents a brief description of these costs and the manner in which they were allocated.

Base Costs are costs that tend to vary with the quantity of water used, plus costs associated with supplying, treating, pumping, and distributing water to customers under average load conditions, without the elements necessary to meet peak demands. Base costs were allocated to customer classifications on the basis of average daily usage.

Extra Capacity Costs are costs associated with meeting usage requirements in excess of the average. They include operating and capital costs for additional plant and system capacity beyond that required for average use. The extra capacity costs in this study are subdivided into costs necessary to meet maximum day extra demand and costs to meet maximum hour extra demand. The extra capacity costs were allocated to customer classifications on the bases of each classification's maximum day and hour usage in excess of average usage.

Customer Costs are costs associated with serving customers regardless of their usage or demand characteristics. Customer costs include the operating and capital costs related to meters and services, meter reading costs, and billing and collecting costs. The customer costs were allocated on the bases of the capital cost of meters and services, and the number of customers.

Fire Protection Costs are costs associated with providing the facilities to meet the potential peak demand of fire protection service. Fire Protection costs are subdivided into costs to meet Public Fire Protection and Private Fire Protection demands. The extra capacity costs assigned to fire protection service were allocated to Public and Private Fire Protection on the basis of the total relative demands of the hydrants and fire service lines, sized to provide fire protection.

RESULTS OF STUDY

The results of the cost of service allocation study are set forth in Part II. The data summarized for each district in Schedule A, Comparison of Pro Forma Cost of Service with Revenues Under Present and Proposed Rates for the Test Year Ended December 31, 2007, constitute the principal results of the cost allocation studies and subsequent rate designs. The cost of service by customer classification shown in column 2 of Schedule A is developed in Schedule B, Cost of Service for the Twelve Months Ended December 31, 2007, Allocated to Customer Classifications. The allocation of the total cost of service to the several customer classifications was performed by applying the allocation factors referenced in column 2 of Schedule B to the cost of service set forth in column 3. The bases for the allocation factors are presented in Schedule C.

Schedule D, in all but the St. Louis Metro Area, sets forth the experienced average day and maximum day system sendout and the maximum day ratios from 1990 through 2007. Schedule E in most districts, and Schedule D in the St. Louis Metro Area, presents the basis for allocating demand related costs of fire service to private and public fire protection classifications.

PART II. COST OF SERVICE BY CUSTOMER CLASSIFICATION

BRUNSWICK DISTRICT

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES
FOR THE TEST YEAR ENDED DECEMBER 31, 2007

Customer Classification	Cost of Service (a) Amount (Schedule B)	Cost of Service (a) Percent	Revenues, Present Rates Amount	Revenues, Present Rates Percent	Revenues, Proposed Rates Amount	Revenues, Proposed Rates Percent	Proposed Increase Amount	Proposed Increase Percent Increase
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Residential	$ 206,883	76.3%	$ 153,381	73.5%	$ 202,012	74.6%	$ 48,631	31.7%
Commercial	52,972	19.6%	39,423	19.1%	52,125	19.2%	12,702	32.2%
Industrial	988	0.4%	960	0.5%	993	0.4%	33	3.4%
Public Authority	8,030	3.0%	6,645	3.2%	8,101	3.0%	1,456	21.9%
Sales for Resale	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Private Fire Service	1,943	0.7%	7,612	3.7%	7,612	2.8%	-	0.0%
Public Fire Service	-	0.0%	$0	0.0%	$0	0.0%	-	0.0%
Total Sales	270,816	100.0%	208,021	100.0%	270,843	100.0%	62,822	30.2%
Other Revenues	3,323		$3,323		$3,323		-	0.0%
Total	$ 274,139		$ 211,344		$ 274,166		$ 62,822	29.7%

(a) Cost of Service is net of revenue contribution from St. Louis Metro Area District.

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection Private	Fire Protection Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
OPERATION AND MAINTENANCE EXPENSES									
SOURCE OF SUPPLY EXPENSES									
Super & Eng Oper SS	2	$ 2,265	$ 1,697	$ 470	$ 6	$ 77	$ -	$ 1	$ 14
Labor & Exp Oper SS	2	181	136	38	0	6	0	0	1
Labor & Exp Oper SS	2	344	258	71	1	12	0	0	2
Purchased Water	1	0	0	0	0	0	0	0	0
TOTAL SS EXPENSE - OPERATION		2,790	2,090	579	8	95	0	1	17
Misc Exp Oper SS	2	4,754	3,561	987	13	162	0	1	29
Misc Exp Oper SS	2	0	0	0	0	0	0	0	0
Rents Oper SS	2	0	0	0	0	0	0	0	0
Super & Eng Maint SS	2	0	0	0	0	0	0	0	0
Struct & Improve Maint SS	2	0	0	0	0	0	0	0	0
Struct & Improve Maint SS	2	0	0	0	0	0	0	0	0
Collect & Impound Maint SS	2	0	0	0	0	0	0	0	0
Collect & Impound Maint SS	2	0	0	0	0	0	0	0	0
Lake, River & Oth Maint SS	2	0	0	0	0	0	0	0	0
Lake, River & Oth Maint SS	2	0	0	0	0	0	0	0	0
Wells & Springs Maint SS	2	0	0	0	0	0	0	0	0
Wells & Springs Maint SS	2	0	0	0	0	0	0	0	0
Infilt Gall & Tunnels Maint SS	2	0	0	0	0	0	0	0	0
Infilt Gall & Tunnels Maint SS	2	0	0	0	0	0	0	0	0
Supply Mains Maint SS	2	0	0	0	0	0	0	0	0
Supply Mains Maint SS	2	0	0	0	0	0	0	0	0
Misc Plant Maint SS	2	150	112	31	0	5	0	0	1
Misc Plant Maint SS	2	638	478	132	2	22	0	0	4
TOTAL SS EXPENSE - MAINTENANCE		5,542	4,151	1,150	15	189	0	2	34
TOTAL SS EXPENSE		8,332	6,242	1,730	22	284	0	2	52
POWER AND PUMPING EXPENSES									
Super & Eng Oper P	6	0	0	0	0	0	0	0	0
Fuel for Power Prod	1	0	0	0	0	0	0	0	0
Labor & Exp Oper Pwr Prod	6	0	0	0	0	0	0	0	0
Labor & Exp Oper Pwr Prod	6	0	0	0	0	0	0	0	0
Purch Fuel/Power for Pump	1	7,201	5,262	1,582	24	258	0	4	71
Labor & Exp Oper Pump	6	24,184	15,424	4,276	56	704	0	186	3,538
Labor & Exp Oper Pump	6	0	0	0	0	0	0	0	0

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Expenses Transferred	6	0	0	0	0	0	0	0	0
Misc Exp Oper P	6	0	0	0	0	0	0	0	0
Rents Oper P	6	0	0	0	0	0	0	0	0
TOTAL PUMPING EXPENSE - OPERATION		31,385	20,687	5,858	79	962	0	190	3,609
Super & Eng Maint P	6	0	0	0	0	0	0	0	0
Struct & Improve Maint P	6	0	0	0	0	0	0	0	0
Struct & Improve Maint P	6	0	0	0	0	0	0	0	0
Power Prod Equip Maint P	6	0	0	0	0	0	0	0	0
Power Prod Equip Maint P	6	0	0	0	0	0	0	0	0
Pump Equip Maint P	6	19,754	12,599	3,492	45	575	0	152	2,890
Pump Equip Maint P	6	302	193	53	1	9	0	2	44
TOTAL PUMPING EXPENSES - MAINTENANCE		20,056	12,792	3,546	46	584	0	154	2,934
TOTAL PUMPING EXPENSES		51,440	33,478	9,404	126	1,545	0	344	6,543
WATER TREATMENT									
Super & Eng Oper WT	2	12,099	9,064	2,512	33	413	0	4	75
Chemicals	1	7,742	5,658	1,701	26	277	0	4	77
Labor & Exp Oper WT	2	0	0	0	0	0	0	0	0
Labor & Exp Oper WT	2	3,380	2,532	702	9	115	0	1	21
Misc Exp Oper WT	2	1,588	1,190	330	4	54	0	0	10
Misc Exp Oper WT	1	4,713	3,444	1,035	16	169	0	2	47
Misc Exp Oper WT	2	1,271	952	264	3	43	0	0	8
Rents Oper WT	2	0	0	0	0	0	0	0	0
TOTAL WT EXPENSE - OPERATION		30,793	22,839	6,543	91	1,071	0	12	237
Super & Eng Maint WT	2	20,243	15,164	4,202	55	690	0	6	126
Struct & Improve Maint WT	2	0	0	0	0	0	0	0	0
Struct & Improve Maint WT	2	0	0	0	0	0	0	0	0
WT Equip Maint WT	2	0	0	0	0	0	0	0	0
WT Equip Maint WT	2	15,715	11,772	3,262	42	536	0	5	97
TOTAL WT EXPENSE - MAINTENANCE		35,958	26,936	7,465	97	1,226	0	11	223
TOTAL WT EXPENSE		66,751	49,775	14,008	188	2,297	0	23	460
TRANSMISSION AND DISTRIBUTION EXPENSES									
Super & Eng Oper TD	11	1,654	608	162	2	26	0	43	813
Storage Facilty Exp	5	0	0	0	0	0	0	0	0
Storage Facilty Exp	5	0	0	0	0	0	0	0	0
TD Lines Exp	7	1,346	495	132	2	21	0	35	662
TD Lines Exp	7	68	25	7	0	1	0	2	33
Meter Expense	9	0	0	0	0	0	0	0	0
Meter Expense	9	0	0	0	0	0	0	0	0

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Customer Install Exp	10	0	0	0	0	0	0	0	0
Customer Install Exp	10	0	0	0	0	0	0	0	0
Misc Exp Oper TD	11	306	113	30	0	5	0	8	150
Misc Exp Oper TD	11	499	183	49	1	8	0	13	245
Misc Exp Oper TD	11	1,881	692	184	3	30	0	48	925
Rents Oper TD	11	15	6	1	0	0	0	0	7
TOTAL T & D EXPENSE OPERATION		5,770	2,122	565	8	91	0	148	2,836
Super & Eng Maint TD	12	1,654	2	0	0	0	0	0	1,651
Struct & Improve Maint TD	12	0	0	0	0	0	0	0	0
Struct & Improve Maint TD	12	0	0	0	0	0	0	0	0
Dist Res Stand Maint TD	5	0	0	0	0	0	0	0	0
TD Main Maint TD	7	1	0	0	0	0	0	0	0
TD Main Maint TD	7	0	0	0	0	0	0	0	0
Fire Main Maint TD	8	0	0	0	0	0	0	0	0
Fire Main Maint TD	8	0	0	0	0	0	0	0	0
Services Maint TD	10	0	0	0	0	0	0	0	0
Services Maint TD	10	0	0	0	0	0	0	0	0
Meters Maint TD	9	3	2	0	0	0	0	0	0
Meters Maint TD	9	0	0	0	0	0	0	0	0
Hydrants Maint TD	8	1,715	0	0	0	0	0	0	1,715
Hydrants Maint TD	8	0	0	0	0	0	0	0	0
Misc Plant Maint TD	12	0	0	0	0	0	0	0	0
Mat and Sup Maint TD	12	2,161	3	1	0	0	0	0	2,157
Misc Maint TD	12	48	0	0	0	0	0	0	48
Amort Def Maint TD	5	2,590	1,261	339	2	55	0	46	886
TOTAL T & D EXPENSE - MAINTENANCE		8,172	1,269	341	2	55	0	46	6,458
TOTAL T & D EXPENSE		13,942	3,391	906	10	146	0	195	9,294
CUSTOMER ACCOUNTS									
Supervision CA	13	1,654	1,357	249	7	26	0	15	0
Meter Reading Exp CA	14	0	0	0	0	0	0	0	0
Meter Reading Exp CA	14	0	0	0	0	0	0	0	0
Meter Reading Exp CA	14	0	0	0	0	0	0	0	0
Cust Rec & Collection CA	13	0	0	0	0	0	0	0	0
Cust Rec & Collection CA	13	1,934	1,586	291	9	30	0	17	0
Uncollectible Accts	13	6,345	5,204	955	29	100	0	57	0
Misc Cust Accts Exp CA	13	0	0	0	0	0	0	0	0

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Misc Cust Accts Exp CA	13	0	0	0	0	0	0	0	0
Misc Cust Accts Exp CA	13	4,206	3,450	633	19	66	0	38	0
Cust Serv & Info Exp CA	13	0	0	0	0	0	0	0	0
TOTAL CUSTOMER ACCOUNTING EXPENSE		14,139	11,596	2,129	64	222	0	127	0
ADMINISTRATIVE AND GENERAL EXPENSES									
Salaries AG	15	31,683	21,158	5,601	82	890	0	158	3,792
Other Supplies & Exp AG	15	6	4	1	0	0	0	0	1
Other Supplies & Exp AG	15	(2,252)	(1,504)	(398)	(6)	(63)	0	(11)	(270)
Other Supplies & Exp AG	15	7,292	4,870	1,289	19	205	0	36	873
Mgmt Fees-Admin	15	15,883	10,607	2,808	41	446	0	79	1,901
Mgmt Fees-Customer Service	13	6,059	4,970	913	27	95	0	55	0
Mgmt Fees-Belleville Lab	2	593	444	123	2	20	0	0	4
Mgmt Fees- Employee	16	2,609	1,710	465	6	75	0	13	339
Outside Services AG	15	11,467	7,658	2,027	30	322	0	57	1,373
Outside Services AG	15	20,823	13,906	3,682	54	585	0	104	2,493
Property Insurance	15	0	0	0	0	0	0	0	0
Ins Gen Liab Oper AG	15	4,150	2,771	734	11	117	0	21	497
Ins Work Comp AG	16	2,980	1,953	531	7	86	0	15	387
Ins Other Oper AG	15	603	402	107	2	17	0	3	72
Property Insurance	15	2,053	1,371	363	5	58	0	10	246
Injuries & Damages	16	39	26	7	0	1	0	0	5
Employee Pension & Benefits	16	31,859	20,883	5,680	76	921	0	162	4,135
Employee Pension & Benefits	16	8,449	5,538	1,506	20	244	0	43	1,097
Employee Pension & Benefits	16	5,408	3,545	964	13	156	0	28	702
Reg Commision Exp	15	485	324	86	1	14	0	2	58
Rents AG	15	43	29	8	0	1	0	0	5
Goodwill Advertising Exp	15	305	204	54	1	9	0	2	37
Misc Exp AG	15	14,908	9,956	2,636	39	419	0	75	1,785
Research & Development	15	0	0	0	0	0	0	0	0
TOTAL A & G OPERATIONS		165,445	110,824	29,187	431	4,618	0	854	19,530
General Plant Maint AG	15	0	0	0	0	0	0	0	0
General Plant Maint AG	15	218	146	39	1	6	0	1	26
TOTAL A & G EXPENSE - MAINTENANCE		218	146	39	1	6	0	1	26
TOTAL A & G EXPENSE		165,663	110,970	29,226	432	4,625	0	855	19,556
Total Operation & Maintenance Expenses		320,267	215,452	57,402	842	9,120	0	1,546	35,905

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
DEPRECIATION EXPENSE									
Organization	17	0	0	0	0	0	0	0	0
Franchises	17	0	0	0	0	0	0	0	0
Land & Ld Rights SS	2	0	0	0	0	0	0	0	0
Land & Ld Rights P	6	0	0	0	0	0	0	0	0
Land & Ld Rights WT	7	0	0	0	0	0	0	0	0
Land & Ld Rights TD	15	0	0	0	0	0	0	0	0
Land & Land Rights AG	2	0	0	0	0	0	0	0	0
Struct & Imp SS	2	588	440	122	2	20	0	0	4
Struct & Imp P	6	992	633	175	2	29	0	8	145
Struct & Imp WT	2	6,071	4,548	1,260	16	207	0	2	38
Struct & Imp TD	7	702	258	69	1	11	0	18	345
Struct & Imp Offices	15	102	68	18	0	3	0	1	12
Struct & Imp Store,Shop,Gar	15	12	8	2	0	0	0	0	1
Struct & Imp Misc	15	422	282	75	1	12	0	2	51
Collect & Impounding	1	0	0	0	0	0	0	0	0
Lake, River & Other Intakes	2	0	0	0	0	0	0	0	0
Infiltration Galleries & Tunnels	2	30	22	6	0	1	0	0	0
Wells & Springs	2	3,490	2,614	725	9	119	0	1	22
Supply Mains	2	1,291	967	268	3	44	0	0	8
Power Generation Equip	6	30	19	5	0	1	0	0	4
Power Generation Equip Othe	6	0	0	0	0	0	0	0	0
Pump Equip Electric	6	2,639	1,683	467	6	77	0	20	386
Pump Equip Other	6	475	303	84	1	14	0	4	69
WT Equip Non-Media	2	5,693	4,265	1,182	15	194	0	2	35
WT Equip Filter Media	2	2,050	1,536	426	6	70	0	1	13
Dist Reservoirs & Standpipe	5	1,190	579	156	1	25	0	21	407
Elevated Tanks & Standpipes	5	539	262	71	0	11	0	10	184
Ground Level Facilities	5	0	0	0	0	0	0	0	0
TD Mains Not Classified by	7	5,402	1,986	529	8	85	0	139	2,655
TD Mains 4 & Less "	4	974	317	83	1	13	0	28	531
TD Mains 6 to 8" "	4	1,920	626	165	2	26	0	55	1,046
TD Mains 10 to 16" "	3	3	2	1	0	0	0	0	0
TD Mains 18 & Grtr "	3	1	1	0	0	0	0	0	0
Services	10	7,345	5,915	1,157	32	129	0	112	0
Meters Bronze Case	9	1,473	1,170	262	9	31	0	0	0
Meters Plastic Case	9	0	0	0	0	0	0	0	0
Meters Other	9	408	324	73	3	9	0	0	0
Meters Other-Rem Rdr Unts	9	301	239	54	2	6	0	0	0
Meter Installations	9	2,401	1,907	427	15	51	0	0	0
Meter Installation Other	9	0	0	0	0	0	0	0	0
Hydrants	8	2,110	0	0	0	0	0	0	2,110
Other P/E Intangible	17	0	0	0	0	0	0	0	0

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Utility Plant Acquisition Adjustment	17	0	0	0	0	0	0	0	0
Other P/E WT Res Hand Equip	2	0	0	0	0	0	0	0	0
Other P/E TD	7	0	0	0	0	0	0	0	0
Other P/E CPS	15	0	0	0	0	0	0	0	0
Office Furniture & Equip	15	88	59	16	0	2	0	0	11
Comp & Periph Equip	15	905	604	160	2	25	0	5	108
Computer Software	15	871	582	154	2	24	0	4	104
Comp Software Personal	15	17	11	3	0	0	0	0	2
Comp Software Other	15	708	473	125	2	20	0	4	85
Data Handling Equipment	15	3,148	2,102	557	8	88	0	16	377
Other Office Equipment	15	203	136	36	1	6	0	1	24
Trans Equip Lt Duty Trks	15	0	0	0	0	0	0	0	0
Trans Equip Hvy Duty Trks	15	0	0	0	0	0	0	0	0
Trans Equip Autos	15	0	0	0	0	0	0	0	0
Trans Equip Other	15	0	0	0	0	0	0	0	0
Stores Equipment	15	459	307	81	1	13	0	2	55
Tools,Shop,Garage Equip	15	2,255	1,506	399	6	63	0	11	270
Tools,Shop,Garage Equip Oth	15	0	0	0	0	0	0	0	0
Laboratory Equipment	2	1,032	773	214	3	35	0	0	6
Laboratory Equip Other	2	0	0	0	0	0	0	0	0
Power Operated Equipment	15	230	154	41	1	6	0	1	28
Comm Equip Non-Telephone	15	2	1	0	0	0	0	0	0
Remote Control & Instr	15	473	316	84	1	13	0	2	57
Comm Equip Telephone	15	2	1	0	0	0	0	0	0
Misc Equipment	15	7,090	4,735	1,254	18	199	0	35	849
Other Tangible Property	15	1,228	820	217	3	35	0	6	147
Total Depreciation Expense		67,365	43,555	11,200	187	1,721	0	512	10,190

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection Private	Fire Protection Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Amort-Other UP	18	127	77	20	0	3	0	1	26
Amort-Intangible Fin	2	159	119	33	0	5	0	0	1
Taxes Other Than Income									
Utility Reg Assessment Fee	19	1,463	940	246	4	38	0	11	224
Property Taxes	18	29,384	17,780	4,572	76	702	0	294	5,959
FUTA	16	151	99	27	0	4	0	1	20
FICA	16	8,456	5,543	1,508	20	244	0	43	1,098
SUTA	16	338	222	60	1	10	0	2	44
Other Taxes & Licenses	15	117	78	21	0	3	0	1	14
Gross Receipts Tax	19	0	0	0	0	0	0	0	0
Total Taxes, Other Than Income		39,909	24,662	6,434	102	1,003	0	351	7,358
Income Taxes	18	66,688	40,353	10,377	173	1,594	0	667	13,524
Utility Income Available for Return	18	170,520	103,182	26,533	443	4,075	0	1,705	34,581
Revenue Contribution	19	(390,896)	(251,229)	(65,827)	(1,016)	(10,281)	0	(2,814)	(59,729)
Total Cost of Service		274,139	176,171	46,172	732	7,241	0	1,967	41,857
Less: Other Water Revenues	19	3,323	2,136	560	9	87	0	24	508
Total Other Water Revenues		3,323	2,136	560	9	87	0	24	508
Total Cost of Service Related to Sales of Water		$ 270,816	$ 174,036	$ 45,612	$ 723	$ 7,153	$ -	$ 1,943	$ 41,349
Reallocation of Public Fire	20	0	32,847	7,360	265	877	0	0	(41,349)
Total		$ 270,816	$ 206,883	$ 52,972	$ 988	$ 8,030	$ -	$ 1,943	$ -

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS

FACTOR 1. ALLOCATION OF COSTS WHICH VARY WITH THE AMOUNT OF WATER CONSUMED.

Factors are based on the pro forma test year average daily consumption for each customer classification.

Customer Classification	Average Daily Consumption, Thousand Gallons	Allocation Factor
(1)	(2)	(3)
Residential	44.9	0.7308
Commercial	13.5	0.2197
Industrial	0.2	0.0033
Other Public Authority	2.2	0.0358
Sales for Resale	0.0	0.0000
Private Fire Protection	0.0	0.0005
Public Fire Protection	0.6	0.0099
Total	61.4	1.0000

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the factors for average daily consumption (Factor 1) and the factors derived from maximum day extra capacity demand for each customer classification, as follows:

	Average Daily Consumption		Maximum Day Extra Capacity		
Customer Classification	Allocation Factor 1	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)x 0.6250	(4)	(5)=(4)x 0.3750	(6)=(3)+(5)
Residential	0.7308	0.4567	0.7795	0.2924	0.7491
Commercial	0.2197	0.1373	0.1875	0.0703	0.2076
Industrial	0.0033	0.0021	0.0017	0.0006	0.0027
Other Public Authority	0.0358	0.0224	0.0313	0.0117	0.0341
Sales for Resale	0.0000	0.0000	0.0000	0.0000	0.0000
Private Fire Protection	0.0005	0.0003			0.0003
Public Fire Protection	0.0099	0.0062			0.0062
Total	1.0000	0.6250	1.0000	0.3750	1.0000

The derivation of the maximum day extra capacity factors in column 4 and the basis for the column 3 and 5 weightings are presented on the following page.

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS, cont.

		Maximum Day Extra Capacity		
Customer Classification	Average Daily Consumption, Thousand Gal.	Factor*	Rate of Flow, Thousand Gal. Per Day	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	44.9	1.0	44.9	0.7795
Commercial	13.5	0.8	10.8	0.1875
Industrial	0.2	0.5	0.1	0.0017
Other Public Authority	2.2	0.8	1.8	0.0313
Sales for Resale	0.0	0.6	0.0	0.0000
Total	60.8		57.6	1.0000

The weighting of the factors is based on the maximum day ratio of 1.60, based on a review of maximum day ratios experienced during the period 1990 through 2007 (see Schedule D).

	Maximum Day Ratio	Weight
Average Day	1.00	0.6250
Maximum Day Extra Capacity	0.60	0.3750
Total	1.60	1.0000

* Ratio of maximum day to average day minus 1.0.

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

	Average Daily Consumption		Maximum Day Extra Capacity		Fire Protection		
Customer Classification	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2) X 0.5322	(4)	(5)=(4) X 0.3194	(6)	(7)=(6) X 0.1484	(8)=(3)+(5)+(7)
Residential	0.7308	0.3888	0.7795	0.2490			0.6378
Commercial	0.2197	0.1169	0.1875	0.0599			0.1768
Industrial	0.0033	0.0018	0.0017	0.0005			0.0023
Other Public Authority	0.0358	0.0191	0.0313	0.0100			0.0291
Sales for Resale	0.0000	0.0000	0.0000	0.0000			0.0000
Private Fire Protection	0.0005	0.0003			0.0498	0.0074	0.0077
Public Fire Protection	0.0099	0.0053			0.9502	0.1410	0.1463
Total	1.0000	0.5322	1.0000	0.3194	1.0000	0.1484	1.0000

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum day ratio of 1.60 and the average daily system sendout for 2007 of 0.129 MGD. The system demand for fire protection is 300 Gallons per minute for 2 hours.

	check peak day Ratio	Rate of Flow, (GPD)	Weight
Average Day	1.00	129,140	0.5322
Maximum Day Extra Capacity	0.60	77,484	0.3194
Subtotal	1.60	206,624	0.8516
Fire Protection		36,000	0.1484
Total		242,624	1.0000

The public and private fire protection allocation factors in column 6 on the previous page are based on the relative potential demands (see Schedule E).

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		
Customer Classification	Thousand Gallons	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3) X 0.1715	(5)	(6)=(5) X 0.2571	(7)	(8)=(7) X 0.5714	(9)=(4)+(6)+(8)
Residential	1.87	0.7304	0.1253	0.7807	0.2007			0.3259
Commercial	0.56	0.2188	0.0375	0.1871	0.0481			0.0857
Industrial	0.01	0.0039	0.0007	0.0024	0.0006			0.0013
Other Public Authority	0.09	0.0352	0.0060	0.0298	0.0077			0.0137
Sales for Resale	0.00	0.0000	0.0000	0.0000	0.0000			0.0000
Private Fire Protection	0.00	0.0000	0.0000			0.0498	0.0285	0.0285
Public Fire Protection	0.03	0.0117	0.0020			0.9502	0.5429	0.5449
Total	2.56	1.0000	0.1715	1.0000	0.2571	1.0000	0.5714	1.0000

The maximum hour extra capacity factors in column 5 are determined on the next page.

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum hour ratio of 2.5 and the average daily system sendout for 2007 of 0.129 MGD. The system demand for fire protection is 300 gallons per minute.

	Ratio	Rate of Flow, (GPM)	Weight
Average Hour	1.00	90	0.1715
Maximum Hour Extra Capacity	1.50	135	0.2571
Subtotal	2.50	225	0.4286
Fire Protection		300	0.5714
Total		525	1.0000

The maximum hour extra capacity factors in column 5 of the previous page are determined as follows:

Customer Classification	Average Hourly Consumption Thousand Gal.	Maximum Hour Extra Capacity		
		Factor*	1,000 Gallons Per Hour	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	1.87	3.5	6.55	0.7807
Commercial	0.56	2.8	1.57	0.1871
Industrial	0.01	1.5	0.02	0.0024
Other Public Authority	0.09	2.8	0.25	0.0298
Sales for Resale	0.00	2.0	0.00	0.0000
Total	2.53		8.39	1.0000

* Ratio of Maximum Hour To Average Hour Minus 1.0.

The public and private fire protection allocation factors in column 7 on the previous page are based on the relative potential demands (see Schedule E).

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES.

Factors are based on the weighting of the average hourly consumption, the maximum hour extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		
	Thousand Gallons	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3) X 0.2560	(5)	(6)=(5) X 0.3840	(7)	(8)=(7) X 0.3600	(9)=(4)+(6)+(8)
Residential	1.9	0.7307	0.1870	0.7807	0.2999			0.4869
Commercial	0.6	0.2308	0.0591	0.1871	0.0718			0.1309
Industrial	0.0	0.0000	0.0000	0.0024	0.0009			0.0009
Other Public Authority	0.1	0.0385	0.0099	0.0298	0.0114			0.0213
Sales for Resale	0.0	0.0000	0.0000	0.0000	0.0000			0.0000
Private Fire Protection	0.0	0.0000	0.0000			0.0498	0.0179	0.0179
Public Fire Protection	0.0	0.0000	0.0000			0.9502	0.3421	0.3421
Total	2.6	1.0000	0.2560	1.0000	0.3840	1.0000	0.3600	1.0000

The weighting of the factors is based on the ratio of the capacity required for a 2 hour demand of fire flow, as related to total storage capacity. The calculation is shown on the following page.

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES, cont.

The weighting of the factors is based on the ratio of the capacity required for a 2 hour demand of fire flow, as related to total storage capacity.

Fire Protection Weight = $\frac{300 \text{ GPM X } 60 \text{ Min. X } 2 \text{ Hrs.}}{100{,}000 \text{ Gallons}}$ = 0.3600

General Service Weight = 1.0000 - 0.3600 = 0.6400

The weighting of the average hourly consumption and maximum hour extra demand for general service is based on the maximum hour ratio, as follows:

	Maximum Hour Ratio	Percent	Weight
Average Hour	1.00	40.00	0.2560
Extra Capacity Maximum Hour	1.50	60.00	0.3840
Total	2.50	100.00	0.6400

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH POWER AND PUMPING FACILITIES.

Factors are based on the weighting of the maximum daily consumption, Factor 2, the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

	Maximum Daily Consumption		Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 2	Weighted Factor	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.0000	(4)	(5)=(4)X 1.0000	(6)	(7)=(6)X 0.0000	(8)=(3)+ (5)+(7)
Residential	0.7491	0.0000	0.6378	0.6378	0.3259	0.0000	0.6378
Commercial	0.2076	0.0000	0.1768	0.1768	0.0857	0.0000	0.1768
Industrial	0.0027	0.0000	0.0023	0.0023	0.0013	0.0000	0.0023
Other Public Authority	0.0341	0.0000	0.0291	0.0291	0.0137	0.0000	0.0291
Sales for Resale	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Private Fire Protection	0.0003	0.0000	0.0077	0.0077	0.0285	0.0000	0.0077
Public Fire Protection	0.0062	0.0000	0.1463	0.1463	0.5449	0.0000	0.1463
Total	1.0000	0.0000	1.0000	1.0000	1.0000	0.0000	1.0000

The weighting of the factors is based on the horsepower of pumps associated with maximum day facilities, maximum day and fire facilities, and maximum hour facilities, as follows:

	Horsepower of Pumps	Weight
Associated with Maximum Day	0	0.0000
Associated with Maximum Day and Fire	100	1.0000
Associated with Maximum Hour	0	0.0000
Total	100	1.0000

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 7. ALLOCATION OF COSTS ASSOCIATED WITH TRANSMISSION AND DISTRIBUTION MAINS.

Factors are based on the weighting of the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

	Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.1339	(4)	(5)=(4)X 0.8661	(6)=(3)+(5)
Residential	0.6378	0.0854	0.3259	0.2823	0.3677
Commercial	0.1768	0.0237	0.0857	0.0742	0.0979
Industrial	0.0023	0.0003	0.0013	0.0011	0.0014
Other Public Authority	0.0291	0.0039	0.0137	0.0119	0.0158
Sales for Resale	0.0000	0.0000	0.0000	0.0000	0.0000
Private Fire Protection	0.0077	0.0010	0.0285	0.0247	0.0257
Public Fire Protection	0.1463	0.0196	0.5449	0.4719	0.4915
Total	1.0000	0.1339	1.0000	0.8661	1.0000

The weighting of the factors is based on the total footage of mains, designated as either transmission mains or distribution mains, as follows:

	Total Footage of Mains	Weight
Transmission Mains	9,795	0.1339
Distribution Mains	63,360	0.8661
Total	73,155	1.0000

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 8. ALLOCATION OF COSTS ASSOCIATED WITH FIRE HYDRANTS.

Costs are assigned directly to Public Fire Protection.

Customer Classification	Allocation Factor
(1)	(3)
Public Fire Protection	1.0000
Total	1.0000

FACTOR 9. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

Factors are based on the relative cost of meters by size and customer classification, as developed on the following page and summarized below.

Customer Classification	5/8" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	375	0.7944
Commercial	84	0.1780
Industrial	3	0.0064
Other Public Authority	10	0.0212
Sales for Resale	0	0.0000
Private Fire	0	0.0000
Total	472	1.0000

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT

BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS

Meter Size	5/8" Dollar Equivalent	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Total	
		Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)
5/8	1.0	362	362	57	57	0	0	6	6	0	0	425	425
3/4	1.3	0	0	0	0	0	0	0	0	0	0	0	0
1	1.7	0	0	6	10	2	3	0	0	0	0	8	13
1-1/2	3.5	0	0	0	0	0	0	0	0	0	0	0	0
2	4.3	3	13	4	17	0	0	1	4	0	0	8	34
3	19.0	0	0	0	0	0	0	0	0	0	0	0	0
4	29.3	0	0	0	0	0	0	0	0	0	0	0	0
6	48.4	0	0	0	0	0	0	0	0	0	0	0	0
8	112.9	0	0	0	0	0	0	0	0	0	0	0	0
Total		365	375	67	84	2	3	7	10	0	0	441	472

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 10. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

Factors are based on the relative cost of services by size and customer classification, as developed on the following page and summarized below.

Customer Classification	3/4" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	368	0.8053
Commercial	72	0.1575
Industrial	2	0.0044
Other Public Authority	8	0.0175
Sales for Resale	0	0.0000
Private Fire Protection	7	0.0153
Total	457	1.0000

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT

BASIS FOR ALLOCATING SERVICE COSTS TO CUSTOMER CLASSIFICATIONS

Service Size	3/4" Dollar Equivalent	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Private Fire Protection		Total	
		Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)=(2)X(11)	(15)	(16)
3/4	1.00	362	362	57	57	0	0	6	6	0	0	0	0	425	425
1	1.17	0	0	6	7	2	2	0	0	0	0	0	0	8	9
1-1/2	1.58	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2	2.04	3	6	4	8	0	0	1	2	0	0	0	0	8	16
3	2.73	0	0	0	0	0	0	0	0	0	0	1	3	1	
4	2.88	0	0	0	0	0	0	0	0	0	0	0	0	0	
6	4.24	0	0	0	0	0	0	0	0	0	0	1	4	1	
8	6.98	0	0	0	0	0	0	0	0	0	0	0	0	0	
10	9.50	0	0	0	0	0	0	0	0	0	0	0	0	0	
12	12.16	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total		365	368	67	72	2	2	7	8	0	0	2	7	443	457

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 11. ALLOCATION OF TRANSMISSION AND DISTRIBUTION OPERATION SUPERVISION AND ENGINEERING AND MISCELLANEOUS EXPENSES.

Factors are based on transmission and distribution operation expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Operating Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$ 520	0.3677
Commercial	138	0.0979
Industrial	2	0.0014
Other Public Authority	22	0.0158
Sales for Resale	-	0.0000
Private Fire Protection	36	0.0257
Public Fire Protection	695	0.4915
Total	1,414	1.0000

FACTOR 12. ALLOCATION OF TRANSMISSION AND DISTRIBUTION MAINTENANCE SUPERVISION AND ENGINEERING, STRUCTURES AND IMPROVEMENTS, AND OTHER EXPENSES.

Factors are based on transmission and distribution maintenance expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$ 2	0.0015
Commercial	1	0.0003
Industrial	0	0.0000
Other Public Authority	0	0.0000
Sales for Resale	-	0.0000
Private Fire Protection	0	0.0000
Public Fire Protection	1,716	0.9982
Total	$1,719	1.0000

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 13. ALLOCATION OF BILLING AND COLLECTING COSTS.

Factors are based on the total number of customers.

Customer Classification	Total Customers	Allocation Factor
(1)	(2)	(3)
Residential	365	0.8202
Commercial	67	0.1506
Industrial	2	0.0045
Other Public Authority	7	0.0157
Sales for Resale	0	0.0000
Private Fire Protection	4	0.0090
Public Fire Protection	0	0.0000
Total	445	1.0000

FACTOR 14. ALLOCATION OF METER READING COSTS.

Factors are based on the number of metered customers.

Customer Classification	Total Metered Customers	Allocation Factor
(1)	(2)	(3)
Residential	365	0.8277
Commercial	67	0.1519
Industrial	2	0.0045
Other Public Authority	7	0.0159
Sales for Resale	0	0.0000
Total	441	1.0000

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 15. ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES AND CASH WORKING CAPITAL.

Factors are based on the allocation of all other operation and maintenance expenses excluding purchased water, power, chemicals and waste disposal.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$90,118	0.6678
Commercial	23,858	0.1768
Industrial	345	0.0026
Other Public Authority	3,791	0.0281
Sales for Resale	0	0.0000
Private Fire Protection	681	0.0050
Public Fire Protection	16,155	0.1197
Total	$134,948	1.0000

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 16. ALLOCATION OF LABOR RELATED TAXES AND BENEFITS.

Factors are based on the allocation of direct labor expense.

Customer Classification	Direct Labor Expense	Allocation Factor
(1)	(2)	(3)
Residential	$77,931	0.6555
Commercial	21,197	0.1783
Industrial	290	0.0024
Other Public Authority	3,439	0.0289
Sales for Resale	0	0.0000
Private Fire Protection	607	0.0051
Public Fire Protection	15,430	0.1298
Total	$118,893	1.0000

FACTOR 17. ALLOCATION OF ORGANIZATION, FRANCHISES AND CONSENTS, MISCELLANEOUS INTANGIBLE PLANT AND OTHER RATE BASE ELEMENTS.

Factors are based on the allocation of the original cost less depreciation other than those items being allocated, as follows:

Customer Classification	Original Cost Less Depreciation	Allocation Factor
(1)	(2)	(3)
Residential	$1,263,909	0.6047
Commercial	324,829	0.1554
Industrial	5,498	0.0026
Other Public Authority	49,856	0.0239
Sales for Resale	0	0.0000
Private Fire Protection	21,071	0.0101
Public Fire Protection	424,801	0.2033
Total	$2,089,964	1.0000

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 18. ALLOCATION OF INCOME TAXES AND INCOME AVAILABLE FOR RETURN.

Factors are based on the allocation of the original cost measure of value rate base as shown on the following pages and summarized below.

Customer Classification	Original Cost Measure of Value	Allocation Factor
(1)	(2)	(3)
Residential	$1,199,785	0.6051
Commercial	308,461	0.1556
Industrial	5,218	0.0026
Other Public Authority	47,355	0.0239
Sales for Resale	0	0.0000
Private Fire Protection	19,924	0.0100
Public Fire Protection	402,043	0.2028
Total	$1,982,787	1.0000

FACTOR 19. ALLOCATION OF REGULATORY COMMISSION EXPENSES, ASSESSMENTS AND OTHER WATER REVENUES.

The factors are based on the allocation of the total cost of service, excluding those items being allocated.

Customer Classification	Total Cost of Service	Allocation Factor
(1)	(2)	(3)
Residential	$426,136	0.6427
Commercial	111,666	0.1684
Industrial	1,743	0.0026
Other Public Authority	17,469	0.0263
Sales for Resale	0	0.0000
Private Fire Protection	4,769	0.0072
Public Fire Protection	101,304	0.1528
Total	$663,088	1.0000

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection Private	Fire Protection Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
RATE BASE									
Organization	17	$ 182	$ 110	$ 28	$ 0	$ 4	$ -	$ 2	$ 37
Franchises	17	1,092	661	170	3	26	0	11	222
Land & Ld Rights SS	2	11,981	8,975	2,487	32	409	0	4	74
Land & Ld Rights P	6	0	0	0	0	0	0	0	0
Land & Ld Rights WT	2	1,468	1,100	305	4	50	0	0	9
Land & Ld Rights TD	7	571	210	56	1	9	0	15	281
Land & Land Rights AG	15	0	0	0	0	0	0	0	0
Struct & Imp SS	2	20,189	15,123	4,191	55	688	0	6	125
Struct & Imp P	6	51,388	32,776	9,085	118	1,495	0	396	7,518
Struct & Imp Pumps (STL)	6	0	0	0	0	0	0	0	0
Struct & Imp Pump Boosters	6	0	0	0	0	0	0	0	0
Struct & Imp WT	2	244,819	183,394	50,824	661	8,348	0	73	1,518
Struct & Imp WT Nth Plt (ST	2	0	0	0	0	0	0	0	0
Struct & Imp WT Ctrl Plt 1	2	0	0	0	0	0	0	0	0
Struct & Imp WT Ctrl Plt 3	2	0	0	0	0	0	0	0	0
Struct & Imp WT Sth Plt (ST	2	0	0	0	0	0	0	0	0
Struct & Imp WT Meramec (ST	2	0	0	0	0	0	0	0	0
Struct & Imp TD	7	21,735	7,992	2,128	30	343	0	559	10,683
Struct & Imp TD Spec Cross	7	0	0	0	0	0	0	0	0
Struct & Imp AG	7	0	0	0	0	0	0	0	0
Struct & Imp Offices	15	3,540	2,364	626	9	99	0	18	424
Gen Structures HVAC	15	0	0	0	0	0	0	0	0
Struct & Imp Leasehold	15	0	0	0	0	0	0	0	0
Struct & Imp Leasehold	15	0	0	0	0	0	0	0	0
Struct & Imp Store,Shop,Gar	15	452	302	80	1	13	0	2	54
Struct & Imp Misc	15	17,006	11,357	3,007	44	478	0	85	2,036
Collect & Impounding	1	0	0	0	0	0	0	0	0
Lake, River & Other Intakes	2	0	0	0	0	0	0	0	0
Infiltration Galleries & Tunnels	2	1,781	1,334	370	5	61	0	1	11
Wells & Springs	2	141,186	105,763	29,310	381	4,814	0	42	875
Supply Mains	2	47,970	35,934	9,959	130	1,636	0	14	297
Supply Mains Nth Plt (STL)	2	0	0	0	0	0	0	0	0
Supply Mains Ctrl Plt (STL)	2	0	0	0	0	0	0	0	0
Supply Mains Sth Plt (STL)	2	0	0	0	0	0	0	0	0
Supply Mains Meramec Plt (S	2	0	0	0	0	0	0	0	0
Power Generation Equip	6	1,432	913	253	3	42	0	11	209
Power Generation Equip Othe	6	(784)	(500)	(139)	(2)	(23)	0	(6)	(115)
Boiler Plant Equipment P	6	0	0	0	0	0	0	0	0
Pump Equip Steam	6	0	0	0	0	0	0	0	0
Pump Equip Electric	6	71,968	45,901	12,724	166	2,094	0	554	10,529
Pump Equip Elec Pre46 (STL)	6	0	0	0	0	0	0	0	0
Pump Equip Elec Post46 (STL	6	0	0	0	0	0	0	0	0
Pump Equip Elec Boosters Po	6	0	0	0	0	0	0	0	0

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Pump Equip Diesel	6	0	0	0	0	0	0	0	0
Pump Equip Diesel Stratman\	6	0	0	0	0	0	0	0	0
Pump Equip Diesel Ctrl Plt	6	0	0	0	0	0	0	0	0
Pump Equip Hydraulic	6	0	0	0	0	0	0	0	0
Pump Equip Other	6	18,794	11,987	3,323	43	547	0	145	2,750
Pump Equip WT	6	0	0	0	0	0	0	0	0
Pump Equip TD	6	0	0	0	0	0	0	0	0
WT Equip Non-Media	2	103,118	77,246	21,407	278	3,516	0	31	639
WT Equip Non-Med North (STL	2	0	0	0	0	0	0	0	0
WT Equip Non Media Ctrl 1 &	2	0	0	0	0	0	0	0	0
WT Equip Non Media Ctrl 3 (	2	0	0	0	0	0	0	0	0
WT Equip Non Media Sth (STL	2	0	0	0	0	0	0	0	0
WT Equip Non Media Mer (STL	2	0	0	0	0	0	0	0	0
WT Equip Filter Media	2	71,191	53,329	14,779	192	2,428	0	21	441
Dist Reservoirs & Standpipe	5	33,218	16,174	4,348	30	708	0	595	11,364
Elevated Tanks & Standpipes	5	21,588	10,511	2,826	19	460	0	386	7,385
Ground Level Facilities	5	0	0	0	0	0	0	0	0
TD Mains Not Classified by	7	185,152	68,080	18,126	259	2,925	0	4,758	91,002
TD Mains 4 & Less "	4	48,512	15,810	4,157	63	665	0	1,383	26,434
TD Mains 6 to 8" "	4	263,489	85,871	22,581	343	3,610	0	7,509	143,575
TD Mains 10 to 16" "	3	168	107	30	0	5	0	1	25
TD Mains 18 & Grtr "	3	85	54	15	0	2	0	1	12
TD Mains AC 4 (STL) "	4	0	0	0	0	0	0	0	0
TD Mains CI <10 1900-28 (S"	4	0	0	0	0	0	0	0	0
TD Mains CI <10 1929-56 (S"	4	0	0	0	0	0	0	0	0
TD Mains CI <10 1957-93 (S"	4	0	0	0	0	0	0	0	0
TD Mains CI 12 (STL) "	3	0	0	0	0	0	0	0	0
TD Mains CI 16 (STL) "	3	0	0	0	0	0	0	0	0
TD Mains DI 6-8 (STL) "	4	0	0	0	0	0	0	0	0
TD Mains DI 12 (STL) "	3	0	0	0	0	0	0	0	0
TD Mains DI 16 & >(STL)	3	0	0	0	0	0	0	0	0
TD Mains Galve 1 (STL) "	4	0	0	0	0	0	0	0	0
TD Mains LJ 20 (STL) "	3	0	0	0	0	0	0	0	0
Fire Mains	8	0	0	0	0	0	0	0	0
Services	10	215,202	173,302	33,894	947	3,766	0	3,293	0
Meters Bronze Case	9	57,282	45,505	10,196	367	1,214	0	0	0
Meters Plastic Case	9	0	0	0	0	0	0	0	0
Meters Other	9	581	461	103	4	12	0	0	0
Meters Other-Rem Rdr Unts	9	12,049	9,572	2,145	77	255	0	0	0
Meter Installations	9	89,454	71,062	15,923	573	1,896	0	0	0
Meter Installation Other	9	0	0	0	0	0	0	0	0
Meter Vaults	9	0	0	0	0	0	0	0	0
Hydrants	8	78,569	0	0	0	0	0	0	78,569
Other P/E Intangible	15	2,294	1,532	406	6	64	0	11	275

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Other P/E WT Res Hand Equip	2	0	0	0	0	0	0	0	0
Other P/E TD	7	0	0	0	0	0	0	0	0
Other P/E CPS	15	3,387	2,262	599	9	95	0	17	405
Office Furniture & Equip	15	2,174	1,452	384	6	61	0	11	260
Comp & Periph Equip	15	5,866	3,917	1,037	15	165	0	29	702
Computer Software	15	2,053	1,371	363	5	58	0	10	246
Comp Software Personal	15	68	45	12	0	2	0	0	8
Comp Software Other	15	4,427	2,956	783	12	124	0	22	530
Data Handling Equipment	15	37,903	25,312	6,701	99	1,065	0	190	4,537
Other Office Equipment	15	2,091	1,396	370	5	59	0	10	250
Trans Equip Lt Duty Trks	15	12,675	8,465	2,241	33	356	0	63	1,517
Trans Equip Hvy Duty Trks	15	0	0	0	0	0	0	0	0
Trans Equip Autos	15	(7)	(5)	(1)	(0)	(0)	0	(0)	(1)
Trans Equip Other	15	(12,484)	(8,337)	(2,207)	(32)	(351)	0	(62)	(1,494)
Stores Equipment	15	14,304	9,552	2,529	37	402	0	72	1,712
Tools,Shop,Garage Equip	15	32,866	21,948	5,811	85	924	0	164	3,934
Tools,Shop,Garage Equip Oth	15	0	0	0	0	0	0	0	0
Laboratory Equipment	2	21,372	16,010	4,437	58	729	0	6	133
Laboratory Equip Other	2	0	0	0	0	0	0	0	0
Power Operated Equipment	15	2,980	1,990	527	8	84	0	15	357
Comm Equip Non-Telephone	15	2,145	1,432	379	6	60	0	11	257
Remote Control & Instr	15	9,065	6,054	1,603	24	255	0	45	1,085
Comm Equip Telephone	15	(3,033)	(2,025)	(536)	(8)	(85)	0	(15)	(363)
Misc Equipment	15	114,665	76,573	20,273	298	3,222	0	573	13,725
Other Tangible Property	17	18,275	11,051	2,840	48	437	0	185	3,715
Total Utility Plant in Service		2,109,514	1,275,730	327,867	5,549	50,323	0	21,268	428,776
Other Rate Base Items									
Add:									
Other Utility Plant Adjustments	17	0	0	0	0	0	0	0	0
Cash Working Capital	15	0	0	0	0	0	0	0	0
Materials and Supplies	15	1,676	1,119	296	4	47	0	8	201
Prepayments	15	1,463	977	259	4	41	0	7	175
OPEB's Contributed to External Fund	16	14,390	9,433	2,566	35	416	0	73	1,868
Pension / OPEB Tracker	16	843	553	150	2	24	0	4	109
Regulatory Deferrals	17	23,100	13,969	3,590	60	552	0	233	4,696
Less:									
Accumulated Deferred ITC (3%)	17	0	0	0	0	0	0	0	0
Deferred Income Taxes	17	(162,580)	(98,312)	(25,265)	(423)	(3,886)	0	(1,642)	(33,053)
Pensions	16	(5,619)	(3,683)	(1,002)	(13)	(162)	0	(29)	(729)
Total Other Rate Base Elements		(126,727)	(75,945)	(19,406)	(331)	(2,968)	0	(1,344)	(26,733)
Total Original Cost Measure of Value		$ 1,982,787	$ 1,199,785	$ 308,461	$ 5,218	$ 47,355	$ -	$ 19,924	$ 402,043

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT

SUMMARY OF AVERAGE DAILY SEND OUT AND MAXIMUM DAILY USAGE
FOR THE YEARS 1990-2007

Year	Average Daily Send out (MGD)	Maximum Daily Use		
		MGD	Ratio to Average	Highest Use Day
(1)	(2)	(3)	(4)	(5)
1990	0.179	0.275	1.53	12/28/1990
1991	0.208	0.315	1.51	4/6/1991
1992	0.180	0.266	1.47	8/26/1992
1993	0.154	0.299	1.94	7/29/1993
1994	0.154	0.225	1.46	9/24/1994
1995	0.151	0.204	1.35	7/5/1995
1996	0.151	0.242	1.60	2/7/1996
1997	0.149	0.236	1.58	4/2/1997
1998	0.140	0.200	1.43	5/23/1998
1999	0.145	0.238	1.64	5/27/1999
2000	0.147	0.228	1.55	8/27/2000
2001	0.134	0.207	1.54	11/1/2001
2002	0.135	0.192	1.42	6/13/2002
2003	0.127	0.223	1.76	2/2/2003
2004	0.128	0.203	1.58	2/19/2004
2005	0.144	0.197	1.37	8/30/2005
2006	0.133	0.199	1.50	6/27/2006
2007	0.129	0.240	1.86	7/24/2007

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT

BASIS FOR ALLOCATING DEMAND RELATED COSTS OF FIRE SERVICE
TO PRIVATE AND PUBLIC FIRE PROTECTION CUSTOMER CLASSIFICATIONS

Description		Restrictive Diameters Squared	Quantity	Relative Demand*	Allocation Factor
(1)		(2)	(3)	(4)=(2)x(3)	(5)
PRIVATE FIRE PROTECTION					
Fire Lines					
2 -inch		4.00	0	0	
3 -inch		9.00	0	0	
4 -inch		16.00	0	0	
6 -inch		36.00	1	36	
8 -inch		64.00	0	0	
10 -inch		100.00	0	0	
12 -inch		144.00	0	0	
Private Hydrants		6.25	3	19	
Total Private Fire Protection			4	55	0.0498
PUBLIC FIRE PROTECTION					
Hydrant	Nozzle Sizes				
5 1/4" Valve	1-2 1/2" &1- 4 1/2"	26.5	19	504	
4 1/2" Valve	1-2 1/2" &1- 4 1/2"	20.3	17	344	
5 1/2" Valve	1-2 1/2" &1- 4 1/2"	26.5	1	27	
4 1/2" Valve	1-2 1/2"	6.3	12	75	
4 1/4" Valve	1-2 1/2"	6.3	13	81	
4 1/4" Valve	1-2 1/2" &1- 4 1/2"	18.1	1	18	
Total Public Fire Protection			63	1,049	0.9502
Total Fire Protection			67	1,104	1.0000

Schedule F-BRU

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT

CALCULATION OF CUSTOMER CHARGE

(1) Expense Related to Meters	51,488	
(2) Meter Equivalents X 12	5,664	
(3) Expense per Bill - Meter related		$9.09
(4) Expense Related to Services	13,904	
(5) Service Equivalents X 12	5,400	
(6) Expense per Bill - Services related		$2.57
(7) Expense Related to Billing and Collecting	15,943	
(8) Number of Customers X 12	5,340	
(9) Expense per Bill - Billing and Collecting		$2.99
(10) Total Customer Charge (3)+(6)+(9)		$14.65

JEFFERSON CITY DISTRICT

MISSOURI-AMERICAN WATER COMPANY
JEFFERSON CITY DISTRICT

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES
FOR THE TEST YEAR ENDED DECEMBER 31, 2007

Customer Classification	Cost of Service Amount (Schedule B)	Cost of Service Percent	Revenues, Present Rates Amount	Revenues, Present Rates Percent	Revenues, Proposed Rates Amount	Revenues, Proposed Rates Percent	Proposed Increase Amount	Proposed Increase Percent Increase
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Residential	$ 3,554,533	59.1%	$ 2,900,902	56.3%	$ 3,516,756	58.5%	$ 615,854	21.2%
Commercial	1,560,608	26.0%	1,400,819	27.3%	1,554,276	25.9%	153,457	11.0%
Industrial	324,107	5.4%	263,163	5.2%	321,272	5.3%	58,109	22.1%
Public Authority	474,050	7.9%	418,891	8.2%	465,973	7.8%	47,082	11.2%
Sales for Resale	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Private Fire Service	96,187	1.6%	151,591	3.0%	151,591	2.5%	-	0.0%
Public Fire Service	-	0.0%	$0	0.0%	-	0.0%	-	0.0%
Total Sales	6,009,485	100.0%	5,135,366	100.0%	6,009,868	100.0%	874,502	17.0%
Other Revenues	38,123		38,123		38,123		-	0.0%
Total	$ 6,047,608		$ 5,173,489		$ 6,047,991		$ 874,502	16.9%

JFC-1

TN-CMA-01-Q29-SUPPLEMENTAL ATTACHMENT
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Schedule A-JFC

MISSOURI-AMERICAN WATER COMPANY

JEFFERSON CITY DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
OPERATION AND MAINTENANCE EXPENSES									
SOURCE OF SUPPLY EXPENSES									
Super & Eng Oper SS	2	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Labor & Exp Oper SS	2	0	0	0	0	0	0	0	0
Labor & Exp Oper SS	2	4,181	2,090	1,322	344	410	0	3	13
Purchased Water	1	0	0	0	0	0	0	0	0
TOTAL SS EXPENSE - OPERATION		4,181	2,090	1,322	344	410	0	3	13
Misc Exp Oper SS	2	0	0	0	0	0	0	0	0
Misc Exp Oper SS	2	0	0	0	0	0	0	0	0
Rents Oper SS	2	0	0	0	0	0	0	0	0
Super & Eng Maint SS	2	0	0	0	0	0	0	0	0
Struct & Improve Maint SS	2	0	0	0	0	0	0	0	0
Struct & Improve Maint SS	2	0	0	0	0	0	0	0	0
Collect & Impound Maint SS	2	0	0	0	0	0	0	0	0
Collect & Impound Maint SS	2	0	0	0	0	0	0	0	0
Lake, River & Oth Maint SS	2	0	0	0	0	0	0	0	0
Lake, River & Oth Maint SS	2	0	0	0	0	0	0	0	0
Wells & Springs Maint SS	2	0	0	0	0	0	0	0	0
Wells & Springs Maint SS	2	0	0	0	0	0	0	0	0
Infilt Gall & Tunnels Maint SS	2	0	0	0	0	0	0	0	0
Infilt Gall & Tunnels Maint SS	2	0	0	0	0	0	0	0	0
Supply Mains Maint SS	2	0	0	0	0	0	0	0	0
Supply Mains Maint SS	2	0	0	0	0	0	0	0	0
Misc Plant Maint SS	2	309	154	98	25	30	0	0	1
Misc Plant Maint SS	2	183	91	58	15	18	0	0	1
TOTAL SS EXPENSE - MAINTENANCE		492	246	156	40	48	0	0	2
TOTAL SS EXPENSE		4,673	2,336	1,477	384	458	0	3	14
POWER AND PUMPING EXPENSES									
Super & Eng Oper P	6	0	0	0	0	0	0	0	0
Fuel for Power Prod	1	0	0	0	0	0	0	0	0
Labor & Exp Oper Pwr Prod	6	0	0	0	0	0	0	0	0
Labor & Exp Oper Pwr Prod	6	0	0	0	0	0	0	0	0
Purch Fuel/Power for Pump	1	201,971	94,240	66,166	19,995	20,318	0	202	1,050
Labor & Exp Oper Pump	6	20	10	6	2	2	0	0	0
Labor & Exp Oper Pump	6	0	0	0	0	0	0	0	0
Expenses Transferred	6	0	0	0	0	0	0	0	0
Misc Exp Oper P	6	0	0	0	0	0	0	0	0
Rents Oper P	6	0	0	0	0	0	0	0	0
TOTAL PUMPING EXPENSE - OPERATION		201,991	94,250	66,172	19,997	20,320	0	202	1,051

MISSOURI-AMERICAN WATER COMPANY

JEFFERSON CITY DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Super & Eng Maint P	6	0	0	0	0	0	0	0	0
Struct & Improve Maint P	6	0	0	0	0	0	0	0	0
Struct & Improve Maint P	6	0	0	0	0	0	0	0	0
Power Prod Equip Maint P	6	0	0	0	0	0	0	0	0
Power Prod Equip Maint P	6	0	0	0	0	0	0	0	0
Pump Equip Maint P	6	0	0	0	0	0	0	0	0
Pump Equip Maint P	6	0	0	0	0	0	0	0	0
TOTAL PUMPING EXPENSES - MAINTENANCE		0	0	0	0	0	0	0	0
TOTAL PUMPING EXPENSES		201,991	94,250	66,172	19,997	20,320	0	202	1,051
WATER TREATMENT									
Super & Eng Oper WT	2	10,343	5,170	3,269	850	1,015	0	6	32
Chemicals	1	234,719	109,520	76,894	23,237	23,613	0	235	1,221
Labor & Exp Oper WT	2	324,088	162,012	102,444	26,640	31,793	0	194	1,005
Labor & Exp Oper WT	2	11,715	5,856	3,703	963	1,149	0	7	36
Misc Exp Oper WT	2	0	0	0	0	0	0	0	0
Misc Exp Oper WT	1	0	0	0	0	0	0	0	0
Misc Exp Oper WT	2	1,018	509	322	84	100	0	1	3
Rents Oper WT	2	0	0	0	0	0	0	0	0
TOTAL WT EXPENSE - OPERATION		581,883	283,067	186,633	51,774	57,670	0	443	2,297
Super & Eng Maint WT	2	68,948	34,467	21,795	5,668	6,764	0	41	214
Struct & Improve Maint WT	2	0	0	0	0	0	0	0	0
Struct & Improve Maint WT	2	0	0	0	0	0	0	0	0
WT Equip Maint WT	2	0	0	0	0	0	0	0	0
WT Equip Maint WT	2	34,802	17,398	11,001	2,861	3,414	0	21	108
TOTAL WT EXPENSE - MAINTENANCE		103,750	51,865	32,795	8,528	10,178	0	62	322
TOTAL WT EXPENSE		685,634	334,932	219,428	60,302	67,847	0	505	2,618
TRANSMISSION AND DISTRIBUTION EXPENSES									
Super & Eng Oper TD	11	37	14	8	2	3	0	2	9
Storage Facilty Exp	5	0	0	0	0	0	0	0	0
Storage Facilty Exp	5	0	0	0	0	0	0	0	0
TD Lines Exp	7	32,570	11,686	7,192	1,700	2,234	0	1,589	8,169
TD Lines Exp	7	9,311	3,341	2,056	486	639	0	454	2,335
Meter Expense	9	2,319	1,634	485	19	180	0	0	0
Meter Expense	9	0	0	0	0	0	0	0	0
Customer Install Exp	10	0	0	0	0	0	0	0	0
Customer Install Exp	10	0	0	0	0	0	0	0	0
Misc Exp Oper TD	11	0	0	0	0	0	0	0	0
Misc Exp Oper TD	11	1,451	547	320	72	100	0	67	345

MISSOURI-AMERICAN WATER COMPANY

JEFFERSON CITY DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Misc Exp Oper TD	11	7,428	2,800	1,636	371	513	0	343	1,765
Rents Oper TD	11	0	0	0	0	0	0	0	0
TOTAL T & D EXPENSE OPERATION		53,116	20,022	11,696	2,650	3,670	0	2,456	12,622
Super & Eng Maint TD	12	17,895	11,612	3,030	306	830	0	771	1,346
Struct & Improve Maint TD	12	0	0	0	0	0	0	0	0
Struct & Improve Maint TD	12	0	0	0	0	0	0	0	0
Dist Res Stand Maint TD	5	0	0	0	0	0	0	0	0
TD Main Maint TD	7	20,311	7,288	4,485	1,060	1,393	0	991	5,094
TD Main Maint TD	7	0	0	0	0	0	0	0	0
Fire Main Maint TD	8	0	0	0	0	0	0	0	0
Fire Main Maint TD	8	0	0	0	0	0	0	0	0
Services Maint TD	10	47,379	36,634	6,974	99	1,744	0	1,928	0
Services Maint TD	10	0	0	0	0	0	0	0	0
Meters Maint TD	9	67	47	14	1	5	0	0	0
Meters Maint TD	9	0	0	0	0	0	0	0	0
Hydrants Maint TD	8	0	0	0	0	0	0	0	0
Hydrants Maint TD	8	0	0	0	0	0	0	0	0
Labor Maint TD	12	98,363	63,828	16,653	1,682	4,564	0	4,239	7,397
Mat and Sup Maint TD	12	71,434	46,354	12,094	1,222	3,315	0	3,079	5,372
Misc Maint TD	12	4,232	2,746	716	72	196	0	182	318
Amort Def Maint TD	5	0	0	0	0	0	0	0	0
TOTAL T & D EXPENSE - MAINTENANCE		259,681	168,508	43,966	4,442	12,047	0	11,191	19,527
TOTAL T & D EXPENSE		312,797	188,530	55,662	7,093	15,717	0	13,647	32,149
CUSTOMER ACCOUNTS									
Supervision CA	13	1,539	1,275	203	2	38	0	21	0
Meter Reading Exp CA	14	70,166	58,919	9,381	84	1,782	0	0	0
Meter Reading Exp CA	14	0	0	0	0	0	0	0	0
Meter Reading Exp CA	14	0	0	0	0	0	0	0	0
Cust Rec & Collection CA	13	87,885	72,804	11,592	105	2,197	0	1,186	0
Cust Rec & Collection CA	13	45,112	37,371	5,950	54	1,128	0	609	0
Uncollectible Accts	13	58,370	48,354	7,699	70	1,459	0	788	0
Misc Cust Accts Exp CA	13	452	374	60	1	11	0	6	0
Misc Cust Accts Exp CA	13	0	0	0	0	0	0	0	0
Misc Cust Accts Exp CA	13	12,564	10,408	1,657	15	314	0	170	0
Cust Serv & Info Exp CA	13	0	0	0	0	0	0	0	0
TOTAL CUSTOMER ACCOUNTING EXPENSE		276,088	229,505	36,542	331	6,930	0	2,780	0

MISSOURI-AMERICAN WATER COMPANY

JEFFERSON CITY DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
ADMINISTRATIVE AND GENERAL EXPENSES									
Salaries AG	15	169,961	105,053	38,445	7,308	10,962	0	2,719	5,473
Other Supplies & Exp AG	15	2,632	1,627	595	113	170	0	42	85
Other Supplies & Exp AG	15	74,384	45,976	16,826	3,198	4,798	0	1,190	2,395
Other Supplies & Exp AG	15	60,627	37,473	13,714	2,607	3,910	0	970	1,952
Mgmt Fees-Admin	15	373,294	230,733	84,439	16,052	24,077	0	5,973	12,020
Mgmt Fees-Customer Service	13	142,409	117,971	18,784	171	3,560	0	1,923	0
Mgmt Fees-Belleville Lab	2	13,938	6,968	4,406	1,146	1,367	0	8	43
Mgmt Fees- Employee	16	61,314	36,874	14,556	2,931	4,218	0	883	1,852
Outside Services AG	15	35,025	21,649	7,923	1,506	2,259	0	560	1,128
Outside Services AG	15	83,590	51,667	18,908	3,594	5,392	0	1,337	2,692
Property Insurance	15	0	0	0	0	0	0	0	0
Ins Gen Liab Oper AG	15	64,961	40,152	14,694	2,793	4,190	0	1,039	2,092
Ins Work Comp AG	16	23,738	14,276	5,635	1,135	1,633	0	342	717
Ins Other Oper AG	15	14,160	8,752	3,203	609	913	0	227	456
Property Insurance	15	5,842	3,611	1,321	251	377	0	93	188
Injuries & Damages	16	278	167	66	13	19	0	4	8
Employee Pension & Benefits	16	220,145	132,395	52,262	10,523	15,146	0	3,170	6,648
Employee Pension & Benefits	16	61,639	37,069	14,633	2,946	4,241	0	888	1,861
Employee Pension & Benefits	16	25,621	15,408	6,082	1,225	1,763	0	369	774
Reg Commision Exp	15	11,393	7,042	2,577	490	735	0	182	367
Rents AG	15	5,604	3,464	1,268	241	361	0	90	180
Goodwill Advertising Exp	15	3,877	2,396	877	167	250	0	62	125
Misc Exp AG	15	124,602	77,016	28,185	5,358	8,037	0	1,994	4,012
Research & Development	15	0	0	0	0	0	0	0	0
TOTAL A & G OPERATIONS		1,579,031	997,741	349,399	64,377	98,379	0	24,065	45,068
General Plant Maint AG	15	0	0	0	0	0	0	0	0
General Plant Maint AG	15	7,444	4,601	1,684	320	480	0	119	240
TOTAL A & G EXPENSE - MAINTENANCE		7,444	4,601	1,684	320	480	0	119	240
TOTAL A & G EXPENSE		1,586,475	1,002,342	351,083	64,697	98,860	0	24,185	45,308
Total Operation & Maintenance Expenses		3,067,658	1,851,895	730,364	152,804	210,133	0	41,322	81,140

MISSOURI-AMERICAN WATER COMPANY

JEFFERSON CITY DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
DEPRECIATION EXPENSE									
Struct & Imp SS	2	2,049	1,024	648	168	201	0	1	6
Struct & Imp P	6	10,661	5,249	3,320	864	1,030	0	32	166
Struct & Imp WT	2	39,515	19,754	12,491	3,248	3,876	0	24	122
Struct & Imp TD	7	1,638	588	362	86	112	0	80	411
Struct & Imp Offices	15	6,292	3,889	1,423	271	406	0	101	203
Struct & Imp Store,Shop,Gar	15	0	0	0	0	0	0	0	0
Struct & Imp Misc	15	0	0	0	0	0	0	0	0
Collect & Impounding	1	0	0	0	0	0	0	0	0
Lake, River & Other Intakes	2	6,875	3,437	2,173	565	674	0	4	21
Wells & Springs	2	0	0	0	0	0	0	0	0
Supply Mains	2	0	0	0	0	0	0	0	0
Power Generation Equip	6	10,570	5,205	3,291	856	1,021	0	32	165
Power Generation Equip Othe	6	0	0	0	0	0	0	0	0
Pump Equip Electric	6	37,317	18,375	11,621	3,023	3,605	0	112	582
Pump Equip Diesel	6	0	0	0	0	0	0	0	0
Pump Equip Hydraulic	6	717	353	223	58	69	0	2	11
Pump Equip Other	6	767	378	239	62	74	0	2	12
WT Equip Non-Media	2	82,400	41,192	26,047	6,773	8,083	0	49	255
WT Equip Filter Media	2	256	128	81	21	25	0	0	1
Dist Reservoirs & Standpipe	5	996	420	256	59	80	0	30	152
Elevated Tanks & Standpipes	5	8	3	2	0	1	0	0	1
Ground Level Facilities	5	22,273	9,381	5,731	1,321	1,780	0	662	3,399
TD Mains Not Classified by	7	75,785	27,192	16,733	3,956	5,199	0	3,698	19,007
TD Mains 4 & Less "	4	817	278	170	39	53	0	45	233
TD Mains 6 to 8" "	4	19,757	6,715	4,102	944	1,274	0	1,095	5,627
TD Mains 10 to 16" "	3	30,554	14,110	8,919	2,322	2,768	0	397	2,038
TD Mains 18 & Grtr "	3	22	10	6	2	2	0	0	1
TD Mains CI <10 1900-28 (S"	4	305	104	63	15	20	0	17	87
Services	10	12,425	9,607	1,829	26	457	0	506	0
Meters Bronze Case	9	14,877	10,482	3,114	123	1,157	0	0	0
Meters Plastic Case	9	0	0	0	0	0	0	0	0
Meters Other	9	19,583	13,798	4,099	163	1,524	0	0	0
Meters Other-Rem Rdr Unts	9	243	171	51	2	19	0	0	0
Meter Installations	9	8,275	5,831	1,732	69	644	0	0	0
Meter Installation Other	9	0	0	0	0	0	0	0	0
Hydrants	8	20,601	0	0	0	0	0	0	20,601
Utility Plant Acquisition Adjustment	17	0	0	0	0	0	0	0	0
Other P/E WT Res Hand Equip	2	0	0	0	0	0	0	0	0
Other P/E TD	7	0	0	0	0	0	0	0	0
Other P/E CPS	15	0	0	0	0	0	0	0	0
Office Furniture & Equip	15	8,604	5,318	1,946	370	555	0	138	277
Comp & Periph Equip	15	33,372	20,627	7,549	1,435	2,152	0	534	1,075
Computer Software	15	20,471	12,653	4,631	880	1,320	0	328	659

MISSOURI-AMERICAN WATER COMPANY

JEFFERSON CITY DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Comp Software Personal	15	397	245	90	17	26	0	6	13
Data Handling Equipment	15	0	0	0	0	0	0	0	0
Other Office Equipment	15	12	7	3	1	1	0	0	0
Trans Equip Lt Duty Trks	15	0	0	0	0	0	0	0	0
Trans Equip Hvy Duty Trks	15	2,998	1,853	678	129	193	0	48	97
Trans Equip Autos	15	0	0	0	0	0	0	0	0
Trans Equip Other	15	0	0	0	0	0	0	0	0
Stores Equipment	15	91	56	21	4	6	0	1	3
Tools,Shop,Garage Equip	15	11,241	6,948	2,543	483	725	0	180	362
Tools,Shop,Garage Equip Oth	15	0	0	0	0	0	0	0	0
Laboratory Equipment	2	2,142	1,071	677	176	210	0	1	7
Laboratory Equip Other	2	210	105	66	17	21	0	0	1
Power Operated Equipment	15	9,980	6,169	2,257	429	644	0	160	321
Comm Equip Non-Telephone	15	3,125	1,932	707	134	202	0	50	101
Comm Equip Telephone	15	55	34	12	2	4	0	1	2
Misc Equipment	15	13,497	8,342	3,053	580	871	0	216	435
Total Depreciation Expense		531,773	263,034	132,957	29,694	41,083	0	8,552	56,453
Amort-Other UP	18	2,975	1,378	747	171	233	0	58	388
Amort-Intangible Fin	2	3,734	1,867	1,180	307	366	0	2	12
Taxes Other Than Income									
Utility Reg Assessment Fee	19	35,806	19,307	8,747	1,908	2,621	0	573	2,650
Property Taxes	18	246,852	114,317	61,985	14,194	19,353	0	4,789	32,214
FUTA	16	1,351	812	321	65	93	0	19	41
FICA	16	69,741	41,942	16,557	3,334	4,798	0	1,004	2,106
SUTA	16	2,843	1,710	675	136	196	0	41	86
Other Taxes & Licenses	15	2,755	1,703	623	118	178	0	44	89
Gross Receipts Tax	19	0	0	0	0	0	0	0	0
Total Taxes, Other Than Income		359,348	179,791	88,907	19,755	27,239	0	6,471	37,185
Income Taxes	18	589,054	272,791	147,911	33,871	46,182	0	11,428	76,872
Utility Income Available for Return	18	1,493,066	691,439	374,909	85,851	117,056	0	28,965	194,845
Total Cost of Service		6,047,608	3,262,194	1,476,976	322,453	442,292	0	96,797	446,895
Less: Other Water Revenues	19	38,123	20,556	9,313	2,032	2,791	0	610	2,821
Revenue Contribution	19	0	0	0	0	0	0	0	0
Total Other Water Revenues		38,123	20,556	9,313	2,032	2,791	0	610	2,821
Total Cost of Service Related to Sales of Water		$ 6,009,485	$ 3,241,638	$ 1,467,663	$ 320,421	$ 439,501	$ -	$ 96,187	$ 444,074
Reallocation of Public Fire	20	0	312,895	92,945	3,686	34,549	0	0	(444,074)
Total		$ 6,009,485	$ 3,554,533	$ 1,560,608	$ 324,107	$ 474,050	$ -	$ 96,187	$ -

MISSOURI-AMERICAN WATER COMPANY
JEFFERSON CITY DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS

FACTOR 1. ALLOCATION OF COSTS WHICH VARY WITH THE AMOUNT OF WATER CONSUMED.

Factors are based on the pro forma test year average daily consumption for each customer classification.

Customer Classification	Average Daily Consumption, Thousand Gallons	Allocation Factor
(1)	(2)	(3)
Residential	1,428	0.4666
Commercial	1,003	0.3276
Industrial	303	0.0990
Other Public Authority	308	0.1006
Sales for Resale	0	0.0000
Private Fire Protection	3	0.0010
Public Fire Protection	16	0.0052
Total	3,061	1.0000

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the factors for average daily consumption (Factor 1) and the factors derived from maximum day extra capacity demand for each customer classification, as follows:

	Average Daily Consumption		Maximum Day Extra Capacity		
Customer Classification	Allocation Factor 1	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)x 0.5882	(4)	(5)=(4)x 0.4118	(6)=(3)+(5)
Residential	0.4666	0.2744	0.5477	0.2255	0.4999
Commercial	0.3276	0.1927	0.2996	0.1234	0.3161
Industrial	0.0990	0.0582	0.0583	0.0240	0.0822
Other Public Authority	0.1006	0.0592	0.0944	0.0389	0.0981
Sales for Resale	0.0000	0.0000	0.0000	0.0000	0.0000
Private Fire Protection	0.0010	0.0006			0.0006
Public Fire Protection	0.0052	0.0031			0.0031
Total	1.0000	0.5882	1.0000	0.4118	1.0000

The derivation of the maximum day extra capacity factors in column 4 and the basis for the column 3 and 5 weightings are presented on the following page.

MISSOURI-AMERICAN WATER COMPANY
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FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS, cont.

Customer Classification	Average Daily Consumption, Thousand Gal.	Maximum Day Extra Capacity		
		Factor*	Rate of Flow, Thousand Gal. Per Day	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	1,428	1.0	1,428	0.5477
Commercial	976	0.8	781	0.2996
Industrial	303	0.5	152	0.0583
Other Public Authority	308	0.8	246	0.0944
Sales for Resale	0	0.6	0	0.0000
Total	3,015		2,607	1.0000

The weighting of the factors is based on the maximum day ratio of 1.70, based on a review of maximum day ratios experienced during the period 1999 through 2007 (see Schedule D).

	Maximum Day Ratio	Weight
Average Day	1.00	0.5882
Maximum Day Extra Capacity	0.70	0.4118
Total	1.70	1.0000

* Ratio of maximum day to average day minus 1.0.

MISSOURI-AMERICAN WATER COMPANY
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FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

	Average Daily Consumption		Maximum Day Extra Capacity		Fire Protection		
Customer Classification	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2) X 0.5433	(4)	(5)=(4) X 0.3803	(6)	(7)=(6) X 0.0764	(8)=(3)+(5)+(7)
Residential	0.4666	0.2535	0.5477	0.2083			0.4618
Commercial	0.3276	0.1780	0.2996	0.1139			0.2919
Industrial	0.0990	0.0538	0.0583	0.0222			0.0760
Other Public Authority	0.1006	0.0547	0.0944	0.0359			0.0906
Sales for Resale	0.0000	0.0000	0.0000	0.0000			0.0000
Private Fire Protection	0.0010	0.0005			0.1633	0.0125	0.0130
Public Fire Protection	0.0052	0.0028			0.8367	0.0639	0.0667
Total	1.0000	0.5433	1.0000	0.3803	1.0000	0.0764	1.0000

MISSOURI-AMERICAN WATER COMPANY
JEFFERSON CITY DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum day ratio of 1.70 and the average daily system sendout for 2007 of 3.84 MGD. The system demand for fire protection is 3,000 Gallons per minute for 3 hours.

	Ratio	Rate of Flow, (GPD)	Weight
Average Day	1.00	3,840,000	0.5433
Maximum Day Extra Capacity	0.70	2,688,000	0.3803
Subtotal	1.70	6,528,000	0.9236
Fire Protection		540,000	0.0764
Total		7,068,000	1.0000

The public and private fire protection allocation factors in column 6 on the previous page are based on the relative potential demands (see Schedule E).

MISSOURI-AMERICAN WATER COMPANY
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FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		Allocation Factor
	Thousand Gallons	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	
(1)	(2)	(3)	(4)=(3) X 0.3008	(5)	(6)=(5) X 0.3609	(7)	(8)=(7) X 0.3383	(9)=(4)+(6)+(8)
Residential	59.5	0.4667	0.1404	0.5528	0.1995			0.3399
Commercial	41.8	0.3278	0.0986	0.3020	0.1090			0.2076
Industrial	12.6	0.0988	0.0297	0.0502	0.0181			0.0478
Other Public Authority	12.8	0.1004	0.0302	0.0950	0.0343			0.0645
Sales for Resale	0.0	0.0000	0.0000	0.0000	0.0000			0.0000
Private Fire Protection	0.1	0.0008	0.0002			0.1633	0.0552	0.0554
Public Fire Protection	0.7	0.0055	0.0017			0.8367	0.2831	0.2848
Total	127.5	1.0000	0.3008	1.0000	0.3609	1.0000	0.3383	1.0000

The maximum hour extra capacity factors in column 5 are determined on the next page.

MISSOURI-AMERICAN WATER COMPANY
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FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum hour ratio of 2.20 and the average daily system sendout for 2007 of 3.840 MGD. The system demand for fire protection is 3,000 gallons per minute.

	Ratio	Rate of Flow, (GPM)	Weight
Average Hour	1.00	2,667	0.3008
Maximum Hour Extra Capacity	1.20	3,200	0.3609
Subtotal	2.20	5,867	0.6617
Fire Protection		3,000	0.3383
Total		8,867	1.0000

The maximum hour extra capacity factors in column 5 of the previous page are determined as follows:

Customer Classification	Average Hourly Consumption Thousand Gal.	Maximum Hour Extra Capacity Factor*	Maximum Hour Extra Capacity 1,000 Gallons Per Hour	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	59.5	3.5	208.3	0.5528
Commercial	40.7	2.8	113.8	0.3020
Industrial	12.6	1.5	18.9	0.0502
Other Public Authority	12.8	2.8	35.8	0.0950
Sales for Resale	0.0	2.0	0.0	0.0000
Total	125.6		376.8	1.0000

* Ratio of Maximum Hour To Average Hour Minus 1.0.

The public and private fire protection allocation factors in column 7 on the previous page are based on the relative potential demands (see Schedule E).

MISSOURI-AMERICAN WATER COMPANY
JEFFERSON CITY DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES.

Factors are based on the weighting of the average hourly consumption, the maximum hour extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		
	Thousand Gallons	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3) X 0.3727	(5)	(6)=(5) X 0.4473	(7)	(8)=(7) X 0.1800	(9)=(4)+(6)+(8)
Residential	59.5	0.4667	0.1740	0.5528	0.2472			0.4212
Commercial	41.8	0.3278	0.1222	0.3020	0.1351			0.2573
Industrial	12.6	0.0988	0.0368	0.0502	0.0225			0.0593
Other Public Authority	12.8	0.1004	0.0374	0.0950	0.0425			0.0799
Sales for Resale	0.0	0.0000	0.0000	0.0000	0.0000			0.0000
Private Fire Protection	0.1	0.0008	0.0003			0.1633	0.0294	0.0297
Public Fire Protection	0.7	0.0055	0.0020			0.8367	0.1506	0.1526
Total	127.5	1.0000	0.3727	1.0000	0.4473	1.0000	0.1800	1.0000

The weighting of the factors is based on the ratio of the capacity required for a 3 hour demand of fire flow, as related to total storage capacity. The calculation is shown on the following page.

MISSOURI-AMERICAN WATER COMPANY
JEFFERSON CITY DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES, cont.

The weighting of the factors is based on the ratio of the capacity required for a 3 hour demand of fire flow, as related to total storage capacity.

Fire Protection Weight = $\frac{\text{3,000 GPM X 60 Min. X 3 Hrs.}}{\text{3,000,000 Gallons}}$ = 0.1800

General Service Weight = 1.0000 - 0.1800 = 0.8200

The weighting of the average hourly consumption and maximum hour extra demand for general service is based on the maximum hour ratio, as follows:

	Maximum Hour Ratio	Percent	Weight
Average Hour	1.00	45.45	0.3727
Extra Capacity Maximum Hour	1.20	54.55	0.4473
Total	2.20	100.00	0.8200

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JEFFERSON CITY DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH POWER AND PUMPING FACILITIES.

Factors are based on the weighting of the maximum daily consumption, Factor 2, the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

	Maximum Daily Consumption		Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 2	Weighted Factor	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.8042	(4)	(5)=(4)X 0.1958	(6)	(7)=(6)X 0.0000	(8)=(3)+ (5)+(7)
Residential	0.4999	0.4020	0.4618	0.0904	0.3399	0.0000	0.4924
Commercial	0.3161	0.2542	0.2919	0.0572	0.2076	0.0000	0.3114
Industrial	0.0822	0.0661	0.0760	0.0149	0.0478	0.0000	0.0810
Other Public Authority	0.0981	0.0789	0.0906	0.0177	0.0645	0.0000	0.0966
Sales for Resale	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Private Fire Protection	0.0006	0.0005	0.0130	0.0025	0.0554	0.0000	0.0030
Public Fire Protection	0.0031	0.0025	0.0667	0.0131	0.2848	0.0000	0.0156
Total	1.0000	0.8042	1.0000	0.1958	1.0000	0.0000	1.0000

The weighting of the factors is based on the horsepower of pumps associated with maximum day facilities, maximum day and fire facilities, and maximum hour facilities, as follows:

	Horsepower of Pumps	Weight
Associated with Maximum Day	1,160	0.8042
Associated with Maximum Day and Fire	283	0.1958
Associated with Maximum Hour	0	0.0000
Total	1,443	1.0000

MISSOURI-AMERICAN WATER COMPANY
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FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 7. ALLOCATION OF COSTS ASSOCIATED WITH TRANSMISSION AND DISTRIBUTION MAINS.

Factors are based on the weighting of the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

	Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.1558	(4)	(5)=(4)X 0.8442	(6)=(3)+(5)
Residential	0.4618	0.0720	0.3399	0.2868	0.3588
Commercial	0.2919	0.0455	0.2076	0.1753	0.2208
Industrial	0.0760	0.0118	0.0478	0.0404	0.0522
Other Public Authority	0.0906	0.0141	0.0645	0.0545	0.0686
Sales for Resale	0.0000	0.0000	0.0000	0.0000	0.0000
Private Fire Protection	0.0130	0.0020	0.0554	0.0468	0.0488
Public Fire Protection	0.0667	0.0104	0.2848	0.2404	0.2508
Total	1.0000	0.1558	1.0000	0.8442	1.0000

The weighting of the factors is based on the total footage of mains, designated as either transmission mains or distribution mains, as follows:

	Total Footage of Mains	Weight
Transmission Mains	121,100	0.1558
Distribution Mains	656,145	0.8442
Total	777,245	1.0000

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FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 8. ALLOCATION OF COSTS ASSOCIATED WITH FIRE HYDRANTS.

Costs are assigned directly to Public Fire Protection.

Customer Classification	Allocation Factor
(1)	(3)
Public Fire Protection	1.0000
Total	1.0000

FACTOR 9. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

Factors are based on the relative cost of meters by size and customer classification, as developed on the following page and summarized below.

Customer Classification	5/8" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	8,986	0.7046
Commercial	2,670	0.2093
Industrial	106	0.0083
Other Public Authority	992	0.0778
Sales for Resale	0	0.0000
Private Fire	0	0.0000
Total	12,754	1.0000

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BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS

Meter Size	5/8" Dollar Equivalent	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Total	
		Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)
5/8	1.0	8,723	8,723	890	890	3	3	57	57	0	0	9,673	9,673
3/4	1.3	0	0	0	0	0	0	0	0	0	0	0	0
1	1.7	135	230	280	476	2	3	72	122	0	0	489	831
1-1/2	3.5	2	7	67	235	0	0	27	95	0	0	96	337
2	4.3	6	26	159	684	5	22	98	421	0	0	268	1,153
3	19.0	0	0	10	190	1	19	11	209	0	0	22	418
4	29.3	0	0	5	147	2	59	3	88	0	0	10	294
6	48.4	0	0	1	48	0	0	0	0	0	0	1	48
8	112.9	0	0	0	0	0	0	0	0	0	0	0	0
Total		8,866	8,986	1,412	2,670	13	106	268	992	0	0	10,559	12,754

MISSOURI-AMERICAN WATER COMPANY
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FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 10. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

Factors are based on the relative cost of services by size and customer classification, as developed on the following page and summarized below.

Customer Classification	3/4" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	8,896	0.7732
Commercial	1,693	0.1472
Industrial	24	0.0021
Other Public Authority	423	0.0368
Sales for Resale	0	0.0000
Private Fire Protection	468	0.0407
Total	11,504	1.0000

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BASIS FOR ALLOCATING SERVICE COSTS TO CUSTOMER CLASSIFICATIONS

Service Size	3/4" Dollar Equivalent	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Private Fire Protection		Total	
		Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)=(2)X(11)	(15)	(16)
3/4	1.00	8,723	8,723	890	890	3	3	57	57	0	0	0	0	9,673	9,673
1	1.17	135	158	280	328	2	2	72	84	0	0	0	0	489	572
1-1/2	1.58	2	3	67	106	0	0	27	43	0	0	0	0	96	152
2	2.04	6	12	159	324	5	10	98	200	0	0	9	18	277	564
3	2.73	0	0	10	27	1	3	11	30	0	0	1	3	23	63
4	2.88	0	0	5	14	2	6	3	9	0	0	25	72	35	101
6	4.24	0	0	1	4	0	0	0	0	0	0	48	204	49	208
8	6.98	0	0	0	0	0	0	0	0	0	0	19	133	19	133
10	9.50	0	0	0	0	0	0	0	0	0	0	4	38	4	38
12	12.16	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total		8,866	8,896	1,412	1,693	13	24	268	423	0	0	106	468	10,665	11,504

MISSOURI-AMERICAN WATER COMPANY
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FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 11. ALLOCATION OF TRANSMISSION AND DISTRIBUTION OPERATION SUPERVISION AND ENGINEERING AND MISCELLANEOUS EXPENSES.

Factors are based on transmission and distribution operation expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Operating Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$ 16,661	0.3770
Commercial	9,733	0.2202
Industrial	2,205	0.0499
Other Public Authority	3,053	0.0691
Sales for Resale	-	0.0000
Private Fire Protection	2,044	0.0462
Public Fire Protection	10,504	0.2376
Total	44,200	1.0000

FACTOR 12. ALLOCATION OF TRANSMISSION AND DISTRIBUTION MAINTENANCE SUPERVISION AND ENGINEERING, STRUCTURES AND IMPROVEMENTS, AND OTHER EXPENSES.

Factors are based on transmission and distribution maintenance expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$ 43,968	0.6489
Commercial	11,473	0.1693
Industrial	1,160	0.0171
Other Public Authority	3,142	0.0464
Sales for Resale	-	0.0000
Private Fire Protection	2,920	0.0431
Public Fire Protection	5,094	0.0752
Total	$67,757	1.0000

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FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 13. ALLOCATION OF BILLING AND COLLECTING COSTS.

Factors are based on the total number of customers.

Customer Classification	Total Customers	Allocation Factor
(1)	(2)	(3)
Residential	8,866	0.8284
Commercial	1,412	0.1319
Industrial	13	0.0012
Other Public Authority	268	0.0250
Sales for Resale	0	0.0000
Private Fire Protection	144	0.0135
Public Fire Protection	0	0.0000
Total	10,703	1.0000

FACTOR 14. ALLOCATION OF METER READING COSTS.

Factors are based on the number of metered customers.

Customer Classification	Total Metered Customers	Allocation Factor
(1)	(2)	(3)
Residential	8,866	0.8397
Commercial	1,412	0.1337
Industrial	13	0.0012
Other Public Authority	268	0.0254
Sales for Resale	0	0.0000
Total	10,559	1.0000

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FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 15. ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES AND CASH WORKING CAPITAL.

Factors are based on the allocation of all other operation and maintenance expenses excluding purchased water, power, chemicals and waste disposal.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$645,793	0.6181
Commercial	236,221	0.2262
Industrial	44,875	0.0430
Other Public Authority	67,342	0.0645
Sales for Resale	0	0.0000
Private Fire Protection	16,701	0.0160
Public Fire Protection	33,562	0.0322
Total	$1,044,493	1.0000

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FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 16. ALLOCATION OF LABOR RELATED TAXES AND BENEFITS.

Factors are based on the allocation of direct labor expense.

Customer Classification	Direct Labor Expense	Allocation Factor
(1)	(2)	(3)
Residential	$572,981	0.6014
Commercial	226,134	0.2374
Industrial	45,555	0.0478
Other Public Authority	65,549	0.0688
Sales for Resale	0	0.0000
Private Fire Protection	13,696	0.0144
Public Fire Protection	28,738	0.0302
Total	$952,653	1.0000

FACTOR 17. ALLOCATION OF ORGANIZATION, FRANCHISES AND CONSENTS, MISCELLANEOUS INTANGIBLE PLANT AND OTHER RATE BASE ELEMENTS.

Factors are based on the allocation of the original cost less depreciation other than those items being allocated, as follows:

Customer Classification	Original Cost Less Depreciation	Allocation Factor
(1)	(2)	(3)
Residential	$8,218,137	0.4587
Commercial	4,511,171	0.2518
Industrial	1,037,647	0.0579
Other Public Authority	1,412,736	0.0789
Sales for Resale	0	0.0000
Private Fire Protection	348,975	0.0195
Public Fire Protection	2,385,811	0.1332
Total	$17,914,477	1.0000

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FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 18. ALLOCATION OF INCOME TAXES AND INCOME AVAILABLE FOR RETURN.

Factors are based on the allocation of the original cost measure of value rate base as shown on the following pages and summarized below.

Customer Classification	Original Cost Measure of Value	Allocation Factor
(1)	(2)	(3)
Residential	$8,040,613	0.4631
Commercial	4,358,578	0.2511
Industrial	998,092	0.0575
Other Public Authority	1,361,856	0.0784
Sales for Resale	0	0.0000
Private Fire Protection	336,752	0.0194
Public Fire Protection	2,265,336	0.1305
Total	$17,361,227	1.0000

FACTOR 19. ALLOCATION OF REGULATORY COMMISSION EXPENSES, ASSESSMENTS AND OTHER WATER REVENUES.

The factors are based on the allocation of the total cost of service, excluding those items being allocated.

Customer Classification	Total Cost of Service	Allocation Factor
(1)	(2)	(3)
Residential	$3,235,846	0.5392
Commercial	1,465,652	0.2443
Industrial	320,055	0.0533
Other Public Authority	438,936	0.0732
Sales for Resale	0	0.0000
Private Fire Protection	96,042	0.0160
Public Fire Protection	443,879	0.0740
Total	$6,000,409	1.0000

MISSOURI-AMERICAN WATER COMPANY

JEFFERSON CITY DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
RATE BASE									
Organization	17	$ 5,045	$ 2,314	$ 1,270	$ 292	$ 398	$ -	$ 98	$ 672
Franchises	17	0	0	0	0	0	0	0	0
Land & Ld Rights SS	2	0	0	0	0	0	0	0	0
Land & Ld Rights P	6	944	465	294	76	91	0	3	15
Land & Ld Rights WT	2	70,255	35,120	22,207	5,775	6,892	0	42	218
Land & Ld Rights TD	7	48,128	17,268	10,627	2,512	3,302	0	2,349	12,071
Land & Land Rights AG	15	7,181	4,439	1,624	309	463	0	115	231
Struct & Imp SS	2	78,010	38,997	24,659	6,412	7,653	0	47	242
Struct & Imp P	6	527,968	259,971	164,409	42,765	51,002	0	1,584	8,236
Struct & Imp Pumps (STL)	6	0	0	0	0	0	0	0	0
Struct & Imp Pump Boosters	6	0	0	0	0	0	0	0	0
Struct & Imp WT	2	2,009,757	1,004,678	635,284	165,202	197,157	0	1,206	6,230
Struct & Imp WT Nth Plt (ST	2	0	0	0	0	0	0	0	0
Struct & Imp WT Ctrl Plt 1	2	0	0	0	0	0	0	0	0
Struct & Imp WT Ctrl Plt 3	2	0	0	0	0	0	0	0	0
Struct & Imp WT Sth Plt (ST	2	0	0	0	0	0	0	0	0
Struct & Imp WT Meramec (ST	2	0	0	0	0	0	0	0	0
Struct & Imp TD	7	52,756	18,929	11,649	2,754	3,619	0	2,575	13,231
Struct & Imp TD Spec Cross	7	0	0	0	0	0	0	0	0
Struct & Imp AG	7	0	0	0	0	0	0	0	0
Struct & Imp Offices	15	150,875	93,256	34,128	6,488	9,731	0	2,414	4,858
Gen Structures HVAC	15	0	0	0	0	0	0	0	0
Struct & Imp Leasehold	15	11	7	2	0	1	0	0	0
Struct & Imp Leasehold	15	0	0	0	0	0	0	0	0
Struct & Imp Store,Shop,Gar	15	0	0	0	0	0	0	0	0
Struct & Imp Misc	15	0	0	0	0	0	0	0	0
Collect & Impounding	1	0	0	0	0	0	0	0	0
Lake, River & Other Intakes	2	327,153	163,544	103,413	26,892	32,094	0	196	1,014
Wells & Springs	2	0	0	0	0	0	0	0	0
Supply Mains	2	0	0	0	0	0	0	0	0
Supply Mains Nth Plt (STL)	2	0	0	0	0	0	0	0	0
Supply Mains Ctrl Plt (STL)	2	0	0	0	0	0	0	0	0
Supply Mains Sth Plt (STL)	2	0	0	0	0	0	0	0	0
Supply Mains Meramec Plt (S	2	0	0	0	0	0	0	0	0
Power Generation Equip	6	542,125	266,943	168,818	43,912	52,369	0	1,626	8,457
Power Generation Equip Othe	6	0	0	0	0	0	0	0	0
Boiler Plant Equipment P	6	0	0	0	0	0	0	0	0
Pump Equip Steam	6	0	0	0	0	0	0	0	0
Pump Equip Electric	6	1,136,468	559,597	353,896	92,054	109,783	0	3,409	17,729
Pump Equip Elec Pre46 (STL)	6	0	0	0	0	0	0	0	0
Pump Equip Elec Post46 (STL	6	0	0	0	0	0	0	0	0
Pump Equip Elec Boosters Po	6	0	0	0	0	0	0	0	0
Pump Equip Diesel	6	0	0	0	0	0	0	0	0
Pump Equip Diesel Stratman\	6	0	0	0	0	0	0	0	0
Pump Equip Diesel Ctrl Plt	6	0	0	0	0	0	0	0	0

MISSOURI-AMERICAN WATER COMPANY

JEFFERSON CITY DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Pump Equip Hydraulic	6	28,842	14,202	8,981	2,336	2,786	0	87	450
Pump Equip Other	6	30,846	15,189	9,606	2,499	2,980	0	93	481
Pump Equip WT	6	0	0	0	0	0	0	0	0
Pump Equip TD	6	0	0	0	0	0	0	0	0
WT Equip Non-Media	2	1,625,077	812,376	513,687	133,581	159,420	0	975	5,038
WT Equip Non-Med North (STL	2	0	0	0	0	0	0	0	0
WT Equip Non Media Ctrl 1 &	2	0	0	0	0	0	0	0	0
WT Equip Non Media Ctrl 3 (	2	0	0	0	0	0	0	0	0
WT Equip Non Media Sth (STL	2	0	0	0	0	0	0	0	0
WT Equip Non Media Mer (STL	2	0	0	0	0	0	0	0	0
WT Equip Filter Media	2	9,018	4,508	2,850	741	885	0	5	28
Dist Reservoirs & Standpipe	5	43,195	18,194	11,114	2,561	3,451	0	1,283	6,592
Elevated Tanks & Standpipes	5	349	147	90	21	28	0	10	53
Ground Level Facilities	5	899,922	379,047	231,550	53,365	71,904	0	26,728	137,328
TD Mains Not Classified by	7	3,718,631	1,334,245	821,074	194,113	255,098	0	181,469	932,633
TD Mains 4 & Less "	4	50,548	17,181	10,494	2,416	3,260	0	2,800	14,396
TD Mains 6 to 8" "	4	1,231,833	418,700	255,728	58,882	79,453	0	68,244	350,826
TD Mains 10 to 16" "	3	1,887,808	871,790	551,051	143,473	171,035	0	24,542	125,917
TD Mains 18 & Grtr "	3	1,398	646	408	106	127	0	18	93
TD Mains AC 4 (STL) "	4	0	0	0	0	0	0	0	0
TD Mains CI <10 1900-28 (S"	4	0	0	0	0	0	0	0	0
TD Mains CI <10 1929-56 (S"	4	0	0	0	0	0	0	0	0
TD Mains CI <10 1957-93 (S"	4	19,276	6,552	4,002	921	1,243	0	1,068	5,490
TD Mains CI 12 (STL) "	3	0	0	0	0	0	0	0	0
TD Mains CI 16 (STL) "	3	0	0	0	0	0	0	0	0
TD Mains DI 6-8 (STL) "	4	0	0	0	0	0	0	0	0
TD Mains DI 12 (STL) "	3	0	0	0	0	0	0	0	0
TD Mains DI 16 & >(STL)	3	0	0	0	0	0	0	0	0
TD Mains Galve 1 (STL) "	4	0	0	0	0	0	0	0	0
TD Mains LJ 20 (STL) "	3	0	0	0	0	0	0	0	0
TD Mains DI 4in (STL) "	4	0	0	0	0	0	0	0	0
Fire Mains	8	0	0	0	0	0	0	0	0
Services	10	360,382	278,648	53,048	757	13,262	0	14,668	0
Meters Bronze Case	9	626,889	441,706	131,208	5,203	48,772	0	0	0
Meters Plastic Case	9	0	0	0	0	0	0	0	0
Meters Other	9	635,787	447,976	133,070	5,277	49,464	0	0	0
Meters Other-Rem Rdr Unts	9	9,786	6,895	2,048	81	761	0	0	0
Meter Installations	9	325,540	229,376	68,136	2,702	25,327	0	0	0
Meter Installation Other	9	0	0	0	0	0	0	0	0
Meter Vaults	9	0	0	0	0	0	0	0	0

MISSOURI-AMERICAN WATER COMPANY

JEFFERSON CITY DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection Private	Fire Protection Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Hydrants	8	710,905	0	0	0	0	0	0	710,905
Other P/E Intangible	15	0	0	0	0	0	0	0	0
Other P/E WT Res Hand Equip	2	0	0	0	0	0	0	0	0
Other P/E TD	7	0	0	0	0	0	0	0	0
Other P/E CPS	15	0	0	0	0	0	0	0	0
Office Furniture & Equip	15	(1,178)	(728)	(266)	(51)	(76)	0	(19)	(38)
Comp & Periph Equip	15	137,862	85,212	31,184	5,928	8,892	0	2,206	4,439
Computer Software	15	376,234	232,550	85,104	16,178	24,267	0	6,020	12,115
Comp Software Personal	15	46,129	28,512	10,434	1,984	2,975	0	738	1,485
Comp Software Other	15	1,587	981	359	68	102	0	25	51
Data Handling Equipment	15	0	0	0	0	0	0	0	0
Other Office Equipment	15	0	0	0	0	0	0	0	0
Trans Equip Lt Duty Trks	15	102	63	23	4	7	0	2	3
Trans Equip Hvy Duty Trks	15	5,178	3,200	1,171	223	334	0	83	167
Trans Equip Autos	15	31,415	19,417	7,106	1,351	2,026	0	503	1,012
Trans Equip Other	15	(2,515)	(1,554)	(569)	(108)	(162)	0	(40)	(81)
Stores Equipment	15	1,320	816	298	57	85	0	21	42
Tools,Shop,Garage Equip	15	2,445	1,511	553	105	158	0	39	79
Tools,Shop,Garage Equip Oth	15	107,744	66,597	24,372	4,633	6,949	0	1,724	3,469
Laboratory Equipment	2	0	0	0	0	0	0	0	0
Laboratory Equip Other	2	34,320	17,157	10,849	2,821	3,367	0	21	106
Power Operated Equipment	15	5,053	3,123	1,143	217	326	0	81	163
Comm Equip Non-Telephone	15	(16,391)	(10,131)	(3,708)	(705)	(1,057)	0	(262)	(528)
Remote Control & Instr	15	17,099	10,569	3,868	735	1,103	0	274	551
Comm Equip Telephone	15	0	0	0	0	0	0	0	0
Misc Equipment	15	411	254	93	18	27	0	7	13
Other Tangible Property	17	230,560	105,758	58,055	13,349	18,191	0	4,496	30,711
Total Utility Plant in Service		18,150,082	8,326,209	4,570,496	1,051,289	1,431,326	0	353,569	2,417,194
Other Rate Base Items									
Add:									
Other Utility Plant Adjustments	17	0	0	0	0	0	0	0	0
Cash Working Capital	15	0	0	0	0	0	0	0	0
Materials and Supplies	15	553,061	341,847	125,102	23,782	35,672	0	8,849	17,809
Prepayments	15	34,394	21,259	7,780	1,479	2,218	0	550	1,107
OPEB's Contributed to External Fund	16	0	0	0	0	0	0	0	0
Pension / OPEB Tracker	16	10,205	6,137	2,423	488	702	0	147	308
Regulatory Deferrals	17	173,250	79,470	43,624	10,031	13,669	0	3,378	23,077
Less:									
Accumulated Deferred ITC (3%)	17	0	0	0	0	0	0	0	0
Deferred Income Taxes	17	(1,427,709)	(654,890)	(359,497)	(82,664)	(112,646)	0	(27,840)	(190,171)
Pensions	16	(132,056)	(79,418)	(31,350)	(6,312)	(9,085)	0	(1,902)	(3,988)
Total Other Rate Base Elements		(788,855)	(285,596)	(211,918)	(53,197)	(69,469)	0	(16,817)	(151,858)
Total Original Cost Measure of Value		$ 17,361,227	$ 8,040,613	$ 4,358,578	$ 998,092	$ 1,361,856	$ -	$ 336,752	$ 2,265,336

MISSOURI-AMERICAN WATER COMPANY
JEFFERSON CITY DISTRICT

SUMMARY OF AVERAGE DAILY SEND OUT AND MAXIMUM DAILY USAGE
FOR THE YEARS 1999-2007

Year	Average Daily Send out (MGD)	Maximum Daily Use		
		MGD	Ratio to Average	Highest Use Day
(1)	(2)	(3)	(4)	(5)
1999	3.810	6.500	1.71	7/22/1999
2000	4.101	5.690	1.39	7/11/2000
2001	3.739	5.240	1.40	8/21/2001
2002	3.861	5.980	1.55	8/5/2002
2003	4.171	6.990	1.68	8/17/2003
2004	4.042	5.760	1.42	7/22/2004
2005	4.270	6.348	1.49	8/2/2005
2006	4.040	6.830	1.69	8/1/2006
2007	3.840	6.260	1.63	8/9/2007

MISSOURI-AMERICAN WATER COMPANY
JEFFERSON CITY DISTRICT

BASIS FOR ALLOCATING DEMAND RELATED COSTS OF FIRE SERVICE TO PRIVATE AND PUBLIC FIRE PROTECTION CUSTOMER CLASSIFICATIONS

Description		Restrictive Diameters Squared	Quantity	Relative Demand*	Allocation Factor
(1)		(2)	(3)	(4)=(2)x(3)	(5)
PRIVATE FIRE PROTECTION					
Fire Lines					
2 -inch		4.00	9	36	
3 -inch		9.00	1	9	
4 -inch		16.00	25	400	
6 -inch		36.00	48	1,728	
8 -inch		64.00	19	1,216	
10 -inch		100.00	4	400	
12 -inch		144.00	0	0	
Private Hydrants		26.50	38.4	1,018	
Total Private Fire Protection			144.4	4,807	0.1633
PUBLIC FIRE PROTECTION					
Hydrant	Nozzle Sizes				
5 1/4" Valve	2- 2-1/2" & 1- 4.5"	26.50	925	24,513	
4 1/2" Valve	1- 2-1/2"	12.50	10	125	
Total Public Fire Prorection			935	24,638	0.8367
Total Fire Protection			1,079	29,445	1.0000

MISSOURI-AMERICAN WATER COMPANY
JEFFERSON CITY DISTRICT

CALCULATION OF CUSTOMER CHARGE

(1) Expense Related to Meters	697,662	
(2) Meter Equivalents X 12	153,048	
(3) Expense per Bill - Meter related		$4.56
(4) Expense Related to Services	524,876	
(5) Service Equivalents X 12	132,432	
(6) Expense per Bill - Services related		$3.96
(7) Expense Related to Billing and Collecting	860,019	
(8) Number of Customers X 12	128,441	
(9) Expense per Bill - Billing and Collecting		$6.70
(10) Total Customer Charge (3)+(6)+(9)		$15.22

JOPLIN DISTRICT

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES
FOR THE TEST YEAR ENDED DECEMBER 31, 2007

Customer Classification	Cost of Service Amount (Schedule B)	Cost of Service Percent	Revenues, Present Rates Amount	Revenues, Present Rates Percent	Revenues, Proposed Rates Amount	Revenues, Proposed Rates Percent	Proposed Increase Amount	Proposed Increase Percent Increase
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Residential	$ 8,309,392	46.3%	$ 6,696,876	51.8%	$ 8,834,653	49.2%	$ 2,137,777	31.9%
Commercial	4,148,437	23.1%	2,948,526	22.8%	4,133,544	23.0%	1,185,018	40.2%
Industrial	3,684,017	20.5%	2,082,377	16.1%	3,295,822	18.4%	1,213,445	58.3%
Public Authority	531,329	3.0%	350,088	2.7%	513,395	2.9%	163,307	46.6%
Sales for Resale	908,427	5.1%	511,016	3.9%	809,206	4.5%	298,190	58.4%
Private Fire Service	357,486	2.0%	352,602	2.7%	352,602	2.0%	-	0.0%
Public Fire Service	-	0.0%	$0	0.0%	$0	0.0%	-	-
Total Sales	17,939,088	100.0%	12,941,485	100.0%	17,939,222	100.0%	4,997,737	38.6%
Other Revenues	237,529		236,408		236,408		-	0.0%
Total	$ 18,176,617		$13,177,893		$ 18,175,630		$ 4,997,737	37.9%

JOP-1

TN-CMA-01-Q29-SUPPLEMENTAL ATTACHMENT
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Schedule A-JOP

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection Private	Fire Protection Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
OPERATION AND MAINTENANCE EXPENSES									
SOURCE OF SUPPLY EXPENSES									
Super & Eng Oper SS	2	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Labor & Exp Oper SS	2	0	0	0	0	0	0	0	0
Labor & Exp Oper SS	2	19,383	6,736	4,950	5,732	638	1,264	23	41
Purchased Water	1	0	0	0	0	0	0	0	0
TOTAL SS EXPENSE - OPERATION		19,383	6,736	4,950	5,732	638	1,264	23	41
Misc Exp Oper SS	2	387,436	134,634	98,951	114,565	12,747	25,261	465	814
Misc Exp Oper SS	2	0	0	0	0	0	0	0	0
Rents Oper SS	2	0	0	0	0	0	0	0	0
Super & Eng Maint SS	2	0	0	0	0	0	0	0	0
Struct & Improve Maint SS	2	0	0	0	0	0	0	0	0
Struct & Improve Maint SS	2	0	0	0	0	0	0	0	0
Collect & Impound Maint SS	2	0	0	0	0	0	0	0	0
Collect & Impound Maint SS	2	0	0	0	0	0	0	0	0
Lake, River & Oth Maint SS	2	0	0	0	0	0	0	0	0
Lake, River & Oth Maint SS	2	0	0	0	0	0	0	0	0
Wells & Springs Maint SS	2	0	0	0	0	0	0	0	0
Wells & Springs Maint SS	2	0	0	0	0	0	0	0	0
Infilt Gall & Tunnels Maint SS	2	0	0	0	0	0	0	0	0
Infilt Gall & Tunnels Maint SS	2	0	0	0	0	0	0	0	0
Supply Mains Maint SS	2	0	0	0	0	0	0	0	0
Supply Mains Maint SS	2	0	0	0	0	0	0	0	0
Misc Plant Maint SS	2	20,557	7,144	5,250	6,079	676	1,340	25	43
Misc Plant Maint SS	2	2,348	816	600	694	77	153	3	5
TOTAL SS EXPENSE - MAINTENANCE		410,341	142,594	104,801	121,338	13,500	26,754	492	862
TOTAL SS EXPENSE		429,724	149,329	109,752	127,069	14,138	28,018	516	902
POWER AND PUMPING EXPENSES									
Super & Eng Oper P	6	23,595	8,197	6,019	6,784	776	1,534	101	184
Fuel for Power Prod	1	170	52	42	58	5	12	0	1
Labor & Exp Oper Pwr Prod	6	0	0	0	0	0	0	0	0
Labor & Exp Oper Pwr Prod	6	0	0	0	0	0	0	0	0
Purch Fuel/Power for Pump	1	467,469	141,924	115,558	159,500	14,866	33,050	935	1,636
Labor & Exp Oper Pump	6	367,027	127,505	93,629	105,520	12,075	23,857	1,578	2,863
Labor & Exp Oper Pump	6	838	291	214	241	28	54	4	7
Expenses Transferred	6	0	0	0	0	0	0	0	0
Misc Exp Oper P	6	5,283	1,835	1,348	1,519	174	343	23	41
Rents Oper P	6	0	0	0	0	0	0	0	0
TOTAL PUMPING EXPENSE - OPERATION		864,382	279,804	216,810	273,622	27,924	58,850	2,641	4,731

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Super & Eng Maint P	6	0	0	0	0	0	0	0	0
Struct & Improve Maint P	6	0	0	0	0	0	0	0	0
Struct & Improve Maint P	6	0	0	0	0	0	0	0	0
Power Prod Equip Maint P	6	0	0	0	0	0	0	0	0
Power Prod Equip Maint P	6	0	0	0	0	0	0	0	0
Pump Equip Maint P	6	50,824	17,656	12,965	14,612	1,672	3,304	219	396
Pump Equip Maint P	6	25,739	8,942	6,566	7,400	847	1,673	111	201
TOTAL PUMPING EXPENSES - MAINTENANCE		76,563	26,598	19,531	22,012	2,519	4,977	329	597
TOTAL PUMPING EXPENSES		940,945	306,402	236,341	295,634	30,443	63,827	2,970	5,329
WATER TREATMENT									
Super & Eng Oper WT	2	(1,384)	(481)	(354)	(409)	(46)	(90)	(2)	(3)
Chemicals	1	259,069	78,653	64,042	88,394	8,238	18,316	518	907
Labor & Exp Oper WT	2	0	0	0	0	0	0	0	0
Labor & Exp Oper WT	2	27,719	9,632	7,079	8,197	912	1,807	33	58
Misc Exp Oper WT	2	7,903	2,746	2,018	2,337	260	515	9	17
Misc Exp Oper WT	1	33,510	10,174	8,284	11,434	1,066	2,369	67	117
Misc Exp Oper WT	2	7,031	2,443	1,796	2,079	231	458	8	15
Rents Oper WT	2	41	14	10	12	1	3	0	0
TOTAL WT EXPENSE - OPERATION		333,889	103,182	82,876	112,043	10,663	23,379	635	1,111
Super & Eng Maint WT	2	42,283	14,693	10,799	12,503	1,391	2,757	51	89
Struct & Improve Maint WT	2	0	0	0	0	0	0	0	0
Struct & Improve Maint WT	2	0	0	0	0	0	0	0	0
WT Equip Maint WT	2	0	0	0	0	0	0	0	0
WT Equip Maint WT	2	25,327	8,801	6,469	7,489	833	1,651	30	53
TOTAL WT EXPENSE - MAINTENANCE		67,610	23,494	17,268	19,992	2,224	4,408	81	142
TOTAL WT EXPENSE		401,498	126,677	100,144	132,035	12,887	27,787	716	1,253
TRANSMISSION AND DISTRIBUTION EXPENSES									
Super & Eng Oper TD	11	13,877	8,592	2,750	871	432	384	315	531
Storage Facilty Exp	5	0	0	0	0	0	0	0	0
Storage Facilty Exp	5	0	0	0	0	0	0	0	0
TD Lines Exp	7	98,101	34,777	24,810	11,880	3,198	5,974	6,288	11,174
TD Lines Exp	7	15,719	5,572	3,975	1,904	512	957	1,008	1,790
Meter Expense	9	218,998	164,906	37,514	7,402	6,745	2,431	0	0
Meter Expense	9	1,462	1,101	250	49	45	16	0	0
Customer Install Exp	10	4,410	3,425	530	27	38	4	385	0
Customer Install Exp	10	0	0	0	0	0	0	0	0
Misc Exp Oper TD	11	18,940	11,728	3,754	1,189	589	525	430	725

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Misc Exp Oper TD	11	1,317	815	261	83	41	36	30	50
Misc Exp Oper TD	11	14,364	8,894	2,847	902	447	398	326	550
Rents Oper TD	11	0	0	0	0	0	0	0	0
TOTAL T & D EXPENSE OPERATION		387,188	239,811	76,692	24,308	12,047	10,726	8,782	14,822
Super & Eng Maint TD	12	0	0	0	0	0	0	0	0
Struct & Improve Maint TD	12	0	0	0	0	0	0	0	0
Struct & Improve Maint TD	12	0	0	0	0	0	0	0	0
Dist Res Stand Maint TD	5	0	0	0	0	0	0	0	0
TD Main Maint TD	7	164,295	58,243	41,550	19,896	5,356	10,006	10,531	18,713
TD Main Maint TD	7	0	0	0	0	0	0	0	0
Fire Main Maint TD	8	0	0	0	0	0	0	0	0
Fire Main Maint TD	8	0	0	0	0	0	0	0	0
Services Maint TD	10	4,899	3,805	588	30	43	4	428	0
Services Maint TD	10	0	0	0	0	0	0	0	0
Meters Maint TD	9	5,564	4,190	953	188	171	62	0	0
Meters Maint TD	9	7,167	5,397	1,228	242	221	80	0	0
Hydrants Maint TD	8	23,856	0	0	0	0	0	0	23,856
Hydrants Maint TD	8	0	0	0	0	0	0	0	0
Misc Plant Maint TD	12	0	0	0	0	0	0	0	0
Mat and Sup Maint TD	12	45,174	15,725	9,730	4,468	1,269	2,227	2,408	9,347
Misc Maint TD	12	333	116	72	33	9	16	18	69
Amort Def Maint TD	5	9,705	2,987	2,103	2,056	270	494	647	1,147
TOTAL T & D EXPENSE - MAINTENANCE		260,993	90,462	56,225	26,914	7,339	12,889	14,032	53,132
TOTAL T & D EXPENSE		648,180	330,273	132,916	51,222	19,387	23,615	22,814	67,953
CUSTOMER ACCOUNTS									
Supervision CA	13	0	0	0	0	0	0	0	0
Meter Reading Exp CA	14	186,594	163,157	21,645	616	1,120	56	0	0
Meter Reading Exp CA	14	0	0	0	0	0	0	0	0
Meter Reading Exp CA	14	0	0	0	0	0	0	0	0
Cust Rec & Collection CA	13	0	0	0	0	0	0	0	0
Cust Rec & Collection CA	13	98,549	84,969	11,274	325	581	30	1,370	0
Uncollectible Accts	13	169,822	146,421	19,428	560	1,002	51	2,361	0
Misc Cust Accts Exp CA	13	6,617	5,705	757	22	39	2	92	0
Misc Cust Accts Exp CA	13	0	0	0	0	0	0	0	0
Misc Cust Accts Exp CA	13	10,446	9,007	1,195	34	62	3	145	0
Cust Serv & Info Exp CA	13	0	0	0	0	0	0	0	0
TOTAL CUSTOMER ACCOUNTING EXPENSE		472,028	409,259	54,299	1,558	2,804	142	3,968	0

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection Private	Fire Protection Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
ADMINISTRATIVE AND GENERAL EXPENSES									
Salaries AG	15	419,147	214,520	87,602	68,447	10,898	17,604	5,784	14,293
Other Supplies & Exp AG	15	710	363	148	116	18	30	10	24
Other Supplies & Exp AG	15	87,434	44,749	18,274	14,278	2,273	3,672	1,207	2,981
Other Supplies & Exp AG	15	56,013	28,668	11,707	9,147	1,456	2,353	773	1,910
Mgmt Fees-Admin	15	833,955	426,818	174,297	136,185	21,683	35,026	11,509	28,438
Mgmt Fees-Customer Service	13	318,147	274,306	36,396	1,050	1,877	95	4,422	0
Mgmt Fees-Belleville Lab	2	31,138	10,820	7,953	9,207	1,024	2,030	37	65
Mgmt Fees- Employee	16	136,979	69,599	28,807	20,999	3,712	5,726	2,151	5,986
Outside Services AG	15	66,518	34,044	13,902	10,862	1,729	2,794	918	2,268
Outside Services AG	15	6,177	3,161	1,291	1,009	161	259	85	211
Property Insurance	15	0	0	0	0	0	0	0	0
Ins Gen Liab Oper AG	15	144,090	73,745	30,115	23,530	3,746	6,052	1,988	4,913
Ins Work Comp AG	16	50,558	25,688	10,632	7,751	1,370	2,113	794	2,209
Ins Other Oper AG	15	31,633	16,190	6,611	5,166	822	1,329	437	1,079
Property Insurance	15	11,703	5,990	2,446	1,911	304	492	162	399
Injuries & Damages	16	433	220	91	66	12	18	7	19
Employee Pension & Benefits	16	448,320	227,791	94,282	68,727	12,149	18,740	7,039	19,592
Employee Pension & Benefits	16	106,194	53,957	22,333	16,280	2,878	4,439	1,667	4,641
Employee Pension & Benefits	16	58,547	29,748	12,312	8,975	1,587	2,447	919	2,559
Reg Commision Exp	15	25,452	13,026	5,320	4,156	662	1,069	351	868
Rents AG	15	33,715	17,255	7,046	5,506	877	1,416	465	1,150
Goodwill Advertising Exp	15	523	268	109	85	14	22	7	18
Misc Exp AG	15	240,538	123,107	50,272	39,280	6,254	10,103	3,319	8,202
Research & Development	15	0	0	0	0	0	0	0	0
TOTAL A & G OPERATIONS		3,107,925	1,694,035	621,946	452,733	75,507	117,828	44,051	101,825
General Plant Maint AG	15	0	0	0	0	0	0	0	0
General Plant Maint AG	15	11,589	5,931	2,422	1,892	301	487	160	395
TOTAL A & G EXPENSE - MAINTENANCE		11,589	5,931	2,422	1,892	301	487	160	395
TOTAL A & G EXPENSE		3,119,514	1,699,966	624,368	454,625	75,809	118,315	44,211	102,220
Total Operation & Maintenance Expenses		6,011,890	3,021,905	1,257,819	1,062,144	155,467	261,703	75,195	177,657

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
DEPRECIATION EXPENSE									
Struct & Imp SS	2	125,760	43,702	32,119	37,187	4,138	8,200	151	264
Struct & Imp P	6	53,531	18,597	13,656	15,390	1,761	3,480	230	418
Struct & Imp WT	2	141,636	49,219	36,174	41,882	4,660	9,235	170	297
Struct & Imp TD	7	83,877	29,734	21,212	10,158	2,734	5,108	5,377	9,554
Struct & Imp AG	15	10,966	5,612	2,292	1,791	285	461	151	374
Struct & Imp Offices	15	0	0	0	0	0	0	0	0
Struct & Imp Leasehold	15	290	148	61	47	8	12	4	10
Struct & Imp Store,Shop,Gar	15	800	409	167	131	21	34	11	27
Struct & Imp Misc	15	1,932	989	404	315	50	81	27	66
Collect & Impounding	1	1,386	421	343	473	44	98	3	5
Lake, River & Other Intakes	2	9,472	3,292	2,419	2,801	312	618	11	20
Wells & Springs	2	61,983	21,539	15,830	18,328	2,039	4,041	74	130
Supply Mains	2	66,042	22,950	16,867	19,529	2,173	4,306	79	139
Power Generation Equip	6	29,331	10,190	7,482	8,433	965	1,907	126	229
Power Generation Equip Othe	6	0	0	0	0	0	0	0	0
Boiler Plant Equipment P	6	7	2	2	2	0	0	0	0
Pump Equip Electric	6	178,169	61,896	45,451	51,224	5,862	11,581	766	1,390
Pump Equip Diesel	6	3,225	1,120	823	927	106	210	14	25
Pump Equip Steam	6	0	0	0	0	0	0	0	0
Pump Equip Other	6	6,288	2,184	1,604	1,808	207	409	27	49
Pump Equip TD	6	4,192	1,456	1,069	1,205	138	272	18	33
WT Equip Non-Media	2	413,740	143,775	105,669	122,343	13,612	26,976	496	869
WT Equip Filter Media	2	5,064	1,760	1,293	1,497	167	330	6	11
Dist Reservoirs & Standpipe	5	81,906	25,211	17,749	17,356	2,277	4,169	5,463	9,681
Elevated Tanks & Standpipes	5	61,972	19,075	13,429	13,132	1,723	3,154	4,134	7,325
Ground Level Facilities	5	81	25	18	17	2	4	5	10
TD Mains Not Classified by	7	86,070	30,512	21,767	10,423	2,806	5,242	5,517	9,803
TD Mains 4 & Less "	4	35,147	12,660	8,962	2,896	1,153	2,126	2,647	4,703
TD Mains 6 to 8" "	4	50,598	18,225	12,902	4,169	1,660	3,061	3,810	6,770
TD Mains 10 to 16" "	3	178,820	59,315	43,596	50,445	5,597	11,140	3,147	5,579

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
TD Mains 18 & Grtr "	3	13,959	4,630	3,403	3,938	437	870	246	436
Fire Mains	8	78	0	0	0	0	0	0	78
Services	10	248,229	192,799	29,812	1,539	2,160	223	21,695	0
Meters Bronze Case	9	23,321	17,561	3,995	788	718	259	0	0
Meters Plastic Case	9	249	187	43	8	8	3	0	0
Meters Other	9	3,508	2,642	601	119	108	39	0	0
Meters Other-Rem Rdr Unts	9	1,270	956	218	43	39	14	0	0
Meter Installations	9	84,412	63,562	14,460	2,853	2,600	937	0	0
Meter Installation Other	9	0	0	0	0	0	0	0	0
Meter Vaults	9	25	19	4	1	1	0	0	0
Hydrants	8	17,298	0	0	0	0	0	0	17,298
Utility Plant Acquisition Adjustment	17	0	0	0	0	0	0	0	0
Other P/E WT Res Hand Equip	2	281	98	72	83	9	18	0	1
Other P/E TD	7	0	0	0	0	0	0	0	0
Other P/E CPS	15	0	0	0	0	0	0	0	0
Office Furniture & Equip	15	4,262	2,181	891	696	111	179	59	145
Comp & Periph Equip	15	41,927	21,458	8,763	6,847	1,090	1,761	579	1,430
Computer Software	15	48,688	24,919	10,176	7,951	1,266	2,045	672	1,660
Comp Software Personal	15	1,262	646	264	206	33	53	17	43
Data Handling Equipment	15	290	148	61	47	8	12	4	10
Other Office Equipment	15	391	200	82	64	10	16	5	13
Trans Equip Lt Duty Trks	15	0	0	0	0	0	0	0	0
Trans Equip Hvy Duty Trks	15	798	408	167	130	21	34	11	27
Trans Equip Autos	15	0	0	0	0	0	0	0	0
Trans Equip Other	15	0	0	0	0	0	0	0	0
Stores Equipment	15	203	104	42	33	5	9	3	7
Tools,Shop,Garage Equip	15	39,652	20,294	8,287	6,475	1,031	1,665	547	1,352
Tools,Shop,Garage Equip Oth	15	0	0	0	0	0	0	0	0
Laboratory Equipment	2	3,643	1,266	930	1,077	120	238	4	8
Laboratory Equip Other	2	0	0	0	0	0	0	0	0
Power Operated Equipment	15	14,455	7,398	3,021	2,361	376	607	199	493
Comm Equip Non-Telephone	15	2,560	1,310	535	418	67	108	35	87
Remote Control & Instr	15	12,030	6,157	2,514	1,964	313	505	166	410
Comm Equip Telephone	15	123	63	26	20	3	5	2	4
Misc Equipment	15	2,794	1,430	584	456	73	117	39	95
Total Depreciation Expense		2,257,993	954,454	512,312	472,027	65,103	115,971	56,749	81,377

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection Private	Fire Protection Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Amort-Other UP	18	6,646	2,638	1,560	1,467	200	366	156	261
Amort-Intangible Fin	2	8,342	2,899	2,131	2,467	274	544	10	18
Taxes Other Than Income									
Utility Reg Assessment Fee	19	91,204	39,765	20,530	18,624	2,599	4,624	1,815	3,247
Property Taxes	18	550,470	218,482	129,195	121,489	16,569	30,276	12,881	21,578
FUTA	16	2,377	1,208	500	364	64	99	37	104
FICA	16	120,594	61,274	25,361	18,487	3,268	5,041	1,893	5,270
SUTA	16	4,901	2,490	1,031	751	133	205	77	214
Other Taxes & Licenses	15	6,156	3,151	1,287	1,005	160	259	85	210
Gross Receipts Tax	19	0	0	0	0	0	0	0	0
Total Taxes, Other Than Income		775,702	326,369	177,904	160,721	22,794	40,504	16,789	30,623
Income Taxes	18	2,635,962	1,046,213	618,660	581,757	79,342	144,978	61,682	103,330
Utility Income Available for Return	18	6,480,082	2,571,945	1,520,875	1,430,154	195,050	356,405	151,634	254,019
Total Cost of Service		18,176,617	7,926,423	4,091,260	3,710,736	518,231	920,470	362,213	647,284
Less: Other Water Revenues	19	237,529	103,563	53,468	48,503	6,770	12,043	4,727	8,456
Revenue Contribution	19	0	0	0	0	0	0	0	0
Total Other Water Revenues		237,529	103,563	53,468	48,503	6,770	12,043	4,727	8,456
Total Cost of Service Related to Sales of Water		$ 17,939,088	$ 7,822,860	$ 4,037,792	$ 3,662,233	$ 511,462	$ 908,427	$ 357,486	$ 638,828
Reallocation of Public Fire	20	0	486,531	110,645	21,784	19,868	0	0	(638,828)
Total		$ 17,939,088	$ 8,309,392	$ 4,148,437	$ 3,684,017	$ 531,329	$ 908,427	$ 357,486	$ -

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Schedule B-JOP

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS

FACTOR 1. ALLOCATION OF COSTS WHICH VARY WITH THE AMOUNT OF WATER CONSUMED.

Factors are based on the pro forma test year average daily consumption for each customer classification.

Customer Classification	Average Daily Consumption, Thousand Gallons	Allocation Factor
(1)	(2)	(3)
Residential	3,697	0.3036
Commercial	3,009	0.2472
Industrial	4,153	0.3412
Other Public Authority	387	0.0318
Sales for Resale	861	0.0707
Private Fire Protection	24	0.0020
Public Fire Protection	42	0.0035
Total	12,173	1.0000

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the factors for average daily consumption (Factor 1) and the factors derived from maximum day extra capacity demand for each customer classification, as follows:

	Average Daily Consumption		Maximum Day Extra Capacity		
Customer Classification	Allocation Factor 1	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)x 0.5882	(4)	(5)=(4)x 0.4118	(6)=(3)+(5)
Residential	0.3036	0.1785	0.4104	0.1690	0.3475
Commercial	0.2472	0.1454	0.2672	0.1100	0.2554
Industrial	0.3412	0.2007	0.2306	0.0950	0.2957
Other Public Authority	0.0318	0.0187	0.0344	0.0142	0.0329
Sales for Resale	0.0707	0.0416	0.0574	0.0236	0.0652
Private Fire Protection	0.0020	0.0012			0.0012
Public Fire Protection	0.0035	0.0021			0.0021
Total	1.0000	0.5882	1.0000	0.4118	1.0000

The derivation of the maximum day extra capacity factors in column 4 and the basis for the column 3 and 5 weightings are presented on the following page.

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS, cont.

		Maximum Day Extra Capacity		
Customer Classification	Average Daily Consumption, Thousand Gal.	Factor*	Rate of Flow, Thousand Gal. Per Day	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	3,697	1.0	3,697	0.4104
Commercial	3,009	0.8	2,407	0.2672
Industrial	4,153	0.5	2,077	0.2306
Other Public Authority	387	0.8	310	0.0344
Sales for Resale	861	0.6	517	0.0574
Total	12,107		9,008	1.0000

The weighting of the factors is based on the maximum day ratio of 1.70, based on a review of maximum day ratios experienced during the period 1990 through 2007 (see Schedule D).

	Maximum Day Ratio	Weight
Average Day	1.00	0.5882
Maximum Day Extra Capacity	0.70	0.4118
Total	1.70	1.0000

* Ratio of maximum day to average day minus 1.0.

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

	Average Daily Consumption		Maximum Day Extra Capacity		Fire Protection		
Customer Classification	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2) X 0.5613	(4)	(5)=(4) X 0.3930	(6)	(7)=(6) X 0.0457	(8)=(3)+(5)+(7)
Residential	0.3036	0.1704	0.4104	0.1613			0.3317
Commercial	0.2472	0.1388	0.2672	0.1050			0.2438
Industrial	0.3412	0.1915	0.2306	0.0906			0.2821
Other Public Authority	0.0318	0.0178	0.0344	0.0135			0.0313
Sales for Resale	0.0707	0.0397	0.0574	0.0226			0.0623
Private Fire Protection	0.0020	0.0011			0.3604	0.0165	0.0176
Public Fire Protection	0.0035	0.0020			0.6396	0.0292	0.0312
Total	1.0000	0.5613	1.0000	0.3930	1.0000	0.0457	1.0000

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum day ratio of 1.70 and the average daily system sendout for 2007 of 13.266 MGD. The system demand for fire protection is 6,000 Gallons per minute for 3 hours.

	Ratio	Rate of Flow, (GPD)	Weight
Average Day	1.00	13,265,808	0.5613
Maximum Day Extra Capacity	0.70	9,286,066	0.3930
Subtotal	1.70	22,551,874	0.9543
Fire Protection		1,080,000	0.0457
Total		23,631,874	1.0000

The public and private fire protection allocation factors in column 6 on the previous page are based on the relative potential demands (see Schedule E).

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		
Customer Classification	Thousand Gallons	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3) X 0.3172	(5)	(6)=(5) X 0.4760	(7)	(8)=(7) X 0.2068	(9)=(4)+(6)+(8)
Residential	154.0	0.3944	0.1250	0.4940	0.2352			0.3602
Commercial	125.4	0.3212	0.1019	0.3217	0.1531			0.2550
Industrial	56.2	0.1440	0.0457	0.0772	0.0367			0.0824
Other Public Authority	16.1	0.0412	0.0131	0.0413	0.0197			0.0328
Sales for Resale	35.9	0.0920	0.0292	0.0658	0.0313			0.0605
Private Fire Protection	1.0	0.0026	0.0008			0.3604	0.0745	0.0753
Public Fire Protection	1.8	0.0046	0.0015			0.6396	0.1323	0.1338
Total	390.4	1.0000	0.3172	1.0000	0.4760	1.0000	0.2068	1.0000

The maximum hour extra capacity factors in column 5 are determined on the next page.

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum hour ratio of 2.5 and the average daily system sendout for 2007 of 13.266 MGD. The system demand for fire protection is 6,000 gallons per minute.

	Ratio	Rate of Flow, (GPM)	Weight
Average Hour	1.00	9,212	0.3172
Maximum Hour Extra Capacity	1.50	13,818	0.4760
Subtotal	2.50	23,030	0.7932
Fire Protection		6,000	0.2068
Total		29,030	1.0000

The maximum hour extra capacity factors in column 5 of the previous page are determined as follows:

Customer Classification	Average Hourly Consumption Thousand Gal.	Maximum Hour Extra Capacity Factor*	Maximum Hour Extra Capacity 1,000 Gallons Per Hour	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	154.0	3.5	539.0	0.4940
Commercial	125.4	2.8	351.1	0.3217
Industrial	56.2	1.5	84.3	0.0772
Other Public Authority	16.1	2.8	45.1	0.0413
Sales for Resale	35.9	2.0	71.8	0.0658
Total	387.6		1,091.3	1.0000

* Ratio of Maximum Hour To Average Hour Minus 1.0.

The public and private fire protection allocation factors in column 7 on the previous page are based on the relative potential demands (see Schedule E).

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES.

Factors are based on the weighting of the average hourly consumption, the maximum hour extra capacity demand, and the fire protection demand for each customer classification.

	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		
Customer Classification	Thousand Gallons	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3) X 0.3268	(5)	(6)=(5) X 0.4901	(7)	(8)=(7) X 0.1831	(9)=(4)+(6)+(8)
Residential	154.0	0.3037	0.0992	0.4256	0.2086			0.3078
Commercial	125.4	0.2472	0.0808	0.2772	0.1359			0.2167
Industrial	173.0	0.3411	0.1115	0.2049	0.1004			0.2119
Other Public Authority	16.1	0.0317	0.0104	0.0356	0.0174			0.0278
Sales for Resale	35.9	0.0708	0.0231	0.0567	0.0278			0.0509
Private Fire Protection	1.0	0.0020	0.0007			0.3604	0.0660	0.0667
Public Fire Protection	1.8	0.0035	0.0011			0.6396	0.1171	0.1182
Total	507.2	1.0000	0.3268	1.0000	0.4901	1.0000	0.1831	1.0000

The weighting of the factors is based on the ratio of the capacity required for a 3 hour demand of fire flow, as related to total storage capacity. The calculation is shown on the following page.

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES, cont.

The weighting of the factors is based on the ratio of the capacity required for a 3 hour demand of fire flow, as related to total storage capacity.

Fire Protection Weight = $\frac{6{,}000 \text{ GPM X } 60 \text{ Min. X } 3 \text{ Hrs.}}{5{,}900{,}000 \text{ Gallons}}$ = 0.1831

General Service Weight = 1.0000 - 0.1831 = 0.8169

The weighting of the average hourly consumption and maximum hour extra demand for general service is based on the maximum hour ratio, as follows:

	Maximum Hour Ratio	Percent	Weight
Average Hour	1.00	40.00	0.3268
Extra Capacity Maximum Hour	1.50	60.00	0.4901
Total	2.50	100.00	0.8169

Customer Classification	Average Hourly Consumption Thousand Gal.	Maximum Hour Extra Capacity Factor*	Maximum Hour Extra Capacity 1,000 Gallons Per Hour	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	154.0	3.5	539.0	0.4256
Commercial	125.4	2.8	351.1	0.2772
Industrial	173.0	1.5	259.5	0.2049
Other Public Authority	16.1	2.8	45.1	0.0356
Sales for Resale	35.9	2.0	71.8	0.0567
Total	504.4		1,266.5	1.0000

* Ratio of Maximum Hour To Average Hour Minus 1.0.

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH POWER AND PUMPING FACILITIES.

Factors are based on the weighting of the maximum daily consumption, Factor 2, the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

	Maximum Daily Consumption		Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 2	Weighted Factor	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.9355	(4)	(5)=(4)X 0.0281	(6)	(7)=(6)X 0.0364	(8)=(3)+ (5)+(7)
Residential	0.3475	0.3251	0.3317	0.0092	0.3602	0.0131	0.3474
Commercial	0.2554	0.2389	0.2438	0.0069	0.2550	0.0093	0.2551
Industrial	0.2957	0.2766	0.2821	0.0079	0.0824	0.0030	0.2875
Other Public Authority	0.0329	0.0308	0.0313	0.0009	0.0328	0.0012	0.0329
Sales for Resale	0.0652	0.0610	0.0623	0.0018	0.0605	0.0022	0.0650
Private Fire Protection	0.0012	0.0011	0.0176	0.0005	0.0753	0.0027	0.0043
Public Fire Protection	0.0021	0.0020	0.0312	0.0009	0.1338	0.0049	0.0078
Total	1.0000	0.9355	1.0000	0.0281	1.0000	0.0364	1.0000

The weighting of the factors is based on the horsepower of pumps associated with maximum day facilities, maximum day and fire facilities, and maximum hour facilities, as follows:

	Horsepower of Pumps	Weight
Associated with Maximum Day	4,500	0.9355
Associated with Maximum Day and Fire	135	0.0281
Associated with Maximum Hour	175	0.0364
Total	4,810	1.0000

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 7. ALLOCATION OF COSTS ASSOCIATED WITH TRANSMISSION AND DISTRIBUTION MAINS.

Factors are based on the weighting of the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 5, for each customer classification, as follows:

	Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.1935	(4)	(5)=(4)X 0.8065	(6)=(3)+(5)
Residential	0.3317	0.0641	0.3602	0.2904	0.3545
Commercial	0.2438	0.0472	0.2550	0.2057	0.2529
Industrial	0.2821	0.0546	0.0824	0.0665	0.1211
Other Public Authority	0.0313	0.0061	0.0328	0.0265	0.0326
Sales for Resale	0.0623	0.0121	0.0605	0.0488	0.0609
Private Fire Protection	0.0176	0.0034	0.0753	0.0607	0.0641
Public Fire Protection	0.0312	0.0060	0.1338	0.1079	0.1139
Total	1.0000	0.1935	1.0000	0.8065	1.0000

The weighting of the factors is based on the total footage of mains, designated as either transmission mains or distribution mains, as follows:

	Total Footage of Mains	Weight
Transmission Mains	417,044	0.1935
Distribution Mains	1,738,356	0.8065
Total	2,155,400	1.0000

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 8. ALLOCATION OF COSTS ASSOCIATED WITH FIRE HYDRANTS.

Costs are assigned directly to Public Fire Protection.

Customer Classification	Allocation Factor
(1)	(3)
Public Fire Protection	1.0000
Total	1.0000

FACTOR 9. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

Factors are based on the relative cost of meters by size and customer classification, as developed on the following page and summarized below.

Customer Classification	5/8" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	22,358	0.7530
Commercial	5,086	0.1713
Industrial	1,002	0.0338
Other Public Authority	913	0.0308
Sales for Resale	329	0.0111
Private Fire	0	0.0000
Total	29,688	1.0000

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT

BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS

Meter Size	5/8" Dollar Equivalent	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Total	
		Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)
5/8	1.0	18,356	18,356	1,781	1,781	8	8	36	36	0	0	20,181	20,181
3/4	1.3	0	0	4	5	0	0	0	0	0	0	4	5
1	1.7	2,264	3,849	567	964	14	24	43	73	1	2	2,889	4,912
1-1/2	3.5	3	11	14	49	0	0	2	7	0	0	19	67
2	4.3	33	142	354	1,522	34	146	53	228	1	4	475	2,042
3	19.0	0	0	0	0	0	0	0	0	0	0	0	0
4	29.3	0	0	14	410	16	469	4	117	0	0	34	996
6	48.4	0	0	5	242	5	242	0	0	2	97	12	581
8	112.9	0	0	1	113	1	113	4	452	2	226	8	904
Total		20,656	22,358	2,740	5,086	78	1,002	142	913	6	329	23,622	29,688

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 10. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

Factors are based on the relative cost of services by size and customer classification, as developed on the following page and summarized below.

Customer Classification	3/4" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	21,077	0.7767
Commercial	3,260	0.1201
Industrial	167	0.0062
Other Public Authority	237	0.0087
Sales for Resale	25	0.0009
Private Fire Protection	2,372	0.0874
Total	27,138	1.0000

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT

BASIS FOR ALLOCATING SERVICE COSTS TO CUSTOMER CLASSIFICATIONS

Service Size	3/4" Dollar Equivalent	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Private Fire Protection		Total	
		Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)=(2)X(11)	(15)	(16)
3/4	1.00	18,356	18,356	1,785	1,785	8	8	36	36	0	0	0	0	20,185	20,185
1	1.17	2,264	2,649	567	663	14	16	43	50	1	1	0	0	2,889	3,379
1-1/2	1.58	3	5	14	22	0	0	2	3	0	0	0	0	19	30
2	2.04	33	67	354	722	34	69	53	108	1	2	5	10	480	978
3	2.73	0	0	0	0	0	0	0	0	0	0	1	3	1	3
4	2.88	0	0	14	40	16	46	4	12	0	0	0	0	34	98
6	4.24	0	0	5	21	5	21	0	0	2	8	42	178	54	228
8	6.98	0	0	1	7	1	7	4	28	2	14	156	1,089	164	1,145
10	9.50	0	0	0	0	0	0	0	0	0	0	106	1,007	106	1,007
12	12.16	0	0	0	0	0	0	0	0	0	0	7	85	7	85
Total		20,656	21,077	2,740	3,260	78	167	142	237	6	25	317	2,372	23,939	27,138

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 11. ALLOCATION OF TRANSMISSION AND DISTRIBUTION OPERATION SUPERVISION AND ENGINEERING AND MISCELLANEOUS EXPENSES.

Factors are based on transmission and distribution operation expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Operating Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$ 209,780	0.6192
Commercial	67,079	0.1982
Industrial	21,262	0.0628
Other Public Authority	10,539	0.0311
Sales for Resale	9,383	0.0277
Private Fire Protection	7,681	0.0227
Public Fire Protection	12,964	0.0383
Total	338,689	1.0000

FACTOR 12. ALLOCATION OF TRANSMISSION AND DISTRIBUTION MAINTENANCE SUPERVISION AND ENGINEERING, STRUCTURES AND IMPROVEMENTS, AND OTHER EXPENSES.

Factors are based on transmission and distribution maintenance expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$ 71,634	0.3481
Commercial	44,319	0.2154
Industrial	20,357	0.0989
Other Public Authority	5,791	0.0281
Sales for Resale	10,151	0.0493
Private Fire Protection	10,959	0.0533
Public Fire Protection	42,569	0.2069
Total	$205,781	1.0000

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 13. ALLOCATION OF BILLING AND COLLECTING COSTS.

Factors are based on the total number of customers.

Customer Classification	Total Customers	Allocation Factor
(1)	(2)	(3)
Residential	20,656	0.8622
Commercial	2,740	0.1144
Industrial	78	0.0033
Other Public Authority	142	0.0059
Sales for Resale	6	0.0003
Private Fire Protection	332	0.0139
Public Fire Protection	0	0.0000
Total	23,954	1.0000

FACTOR 14. ALLOCATION OF METER READING COSTS.

Factors are based on the number of metered customers.

Customer Classification	Total Metered Customers	Allocation Factor
(1)	(2)	(3)
Residential	20,656	0.8744
Commercial	2,740	0.1160
Industrial	78	0.0033
Other Public Authority	142	0.0060
Sales for Resale	6	0.0003
Total	23,622	1.0000

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 15. ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES AND CASH WORKING CAPITAL.

Factors are based on the allocation of all other operation and maintenance expenses excluding purchased water, power, chemicals and waste disposal.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$1,091,137	0.5118
Commercial	445,525	0.2090
Industrial	348,132	0.1633
Other Public Authority	55,483	0.0260
Sales for Resale	89,641	0.0420
Private Fire Protection	29,464	0.0138
Public Fire Protection	72,776	0.0341
Total	$2,132,158	1.0000

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 16. ALLOCATION OF LABOR RELATED TAXES AND BENEFITS.

Factors are based on the allocation of direct labor expense.

Customer Classification	Direct Labor Expense	Allocation Factor
(1)	(2)	(3)
Residential	$847,761	0.5081
Commercial	350,762	0.2103
Industrial	255,657	0.1533
Other Public Authority	45,174	0.0271
Sales for Resale	69,753	0.0418
Private Fire Protection	26,226	0.0157
Public Fire Protection	72,865	0.0437
Total	$1,668,199	1.0000

FACTOR 17. ALLOCATION OF ORGANIZATION, FRANCHISES AND CONSENTS, MISCELLANEOUS INTANGIBLE PLANT AND OTHER RATE BASE ELEMENTS.

Factors are based on the allocation of the original cost less depreciation other than those items being allocated, as follows:

Customer Classification	Original Cost Less Depreciation	Allocation Factor
(1)	(2)	(3)
Residential	$31,607,504	0.3964
Commercial	18,725,999	0.2348
Industrial	17,623,383	0.2210
Other Public Authority	2,403,172	0.0301
Sales for Resale	4,391,687	0.0551
Private Fire Protection	1,868,411	0.0234
Public Fire Protection	3,127,838	0.0392
Total	$79,747,993	1.0000

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 18. ALLOCATION OF INCOME TAXES AND INCOME AVAILABLE FOR RETURN.

Factors are based on the allocation of the original cost measure of value rate base as shown on the following pages and summarized below.

Customer Classification	Original Cost Measure of Value	Allocation Factor
(1)	(2)	(3)
Residential	$29,908,760	0.3969
Commercial	17,683,298	0.2347
Industrial	16,629,226	0.2207
Other Public Authority	2,269,181	0.0301
Sales for Resale	4,144,282	0.0550
Private Fire Protection	1,761,747	0.0234
Public Fire Protection	2,953,294	0.0392
Total	$75,349,789	1.0000

FACTOR 19. ALLOCATION OF REGULATORY COMMISSION EXPENSES, ASSESSMENTS AND OTHER WATER REVENUES.

The factors are based on the allocation of the total cost of service, excluding those items being allocated.

Customer Classification	Total Cost of Service	Allocation Factor
(1)	(2)	(3)
Residential	$7,873,631	0.4360
Commercial	4,065,410	0.2251
Industrial	3,687,956	0.2042
Other Public Authority	514,970	0.0285
Sales for Resale	914,777	0.0507
Private Fire Protection	360,047	0.0199
Public Fire Protection	643,169	0.0356
Total	$18,059,961	1.0000

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection Private	Fire Protection Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
RATE BASE									
Organization	17	$ 9,547	$ 3,784	$ 2,242	$ 2,110	$ 287	$ 526	$ 223	$ 374
Franchises	17	20,740	8,221	4,870	4,584	624	1,143	485	813
Land & Ld Rights SS	2	146,950	51,065	37,531	43,453	4,835	9,581	176	309
Land & Ld Rights P	6	12,561	4,364	3,204	3,611	413	816	54	98
Land & Ld Rights WT	2	266,609	92,647	68,092	78,836	8,771	17,383	320	560
Land & Ld Rights TD	7	25,980	9,210	6,570	3,146	847	1,582	1,665	2,959
Land & Land Rights AG	15	717	367	150	117	19	30	10	24
Struct & Imp SS	2	4,872,811	1,693,302	1,244,516	1,440,890	160,315	317,707	5,847	10,233
Struct & Imp P	6	2,959,935	1,028,281	755,079	850,981	97,382	192,396	12,728	23,087
Struct & Imp Pumps (STL)	6	0	0	0	0	0	0	0	0
Struct & Imp Pump Boosters	6	0	0	0	0	0	0	0	0
Struct & Imp WT	2	8,701,207	3,023,670	2,222,288	2,572,947	286,270	567,319	10,441	18,273
Struct & Imp WT Nth Plt (ST	2	0	0	0	0	0	0	0	0
Struct & Imp WT Ctrl Plt 1	2	0	0	0	0	0	0	0	0
Struct & Imp WT Ctrl Plt 3	2	0	0	0	0	0	0	0	0
Struct & Imp WT Sth Plt (ST	2	0	0	0	0	0	0	0	0
Struct & Imp WT Meramec (ST	2	0	0	0	0	0	0	0	0
Struct & Imp TD	7	3,163,628	1,121,506	800,082	383,115	103,134	192,665	202,789	360,337
Struct & Imp TD Spec Cross	7	0	0	0	0	0	0	0	0
Struct & Imp AG	7	467,811	165,839	118,309	56,652	15,251	28,490	29,987	53,284
Struct & Imp Offices	15	(72,872)	(37,296)	(15,230)	(11,900)	(1,895)	(3,061)	(1,006)	(2,485)
Gen Structures HVAC	15	0	0	0	0	0	0	0	0
Struct & Imp Leasehold	15	4,094	2,096	856	669	106	172	57	140
Struct & Imp Leasehold	15	0	0	0	0	0	0	0	0
Struct & Imp Store,Shop,Gar	15	29,130	14,909	6,088	4,757	757	1,223	402	993
Struct & Imp Misc	15	76,409	39,106	15,969	12,478	1,987	3,209	1,054	2,606
Collect & Impounding	1	25,897	7,862	6,402	8,836	824	1,831	52	91
Lake, River & Other Intakes	2	481,969	167,484	123,095	142,518	15,857	31,424	578	1,012
Wells & Springs	2	3,217,761	1,118,172	821,816	951,492	105,864	209,798	3,861	6,757
Supply Mains	2	3,778,502	1,313,029	965,029	1,117,303	124,313	246,358	4,534	7,935
Supply Mains Nth Plt (STL)	2	0	0	0	0	0	0	0	0
Supply Mains Ctrl Plt (STL)	2	0	0	0	0	0	0	0	0
Supply Mains Sth Plt (STL)	2	0	0	0	0	0	0	0	0
Supply Mains Meramec Plt (S	2	0	0	0	0	0	0	0	0
Power Generation Equip	6	1,474,398	512,206	376,119	423,889	48,508	95,836	6,340	11,500
Power Generation Equip Othe	6	(6,786)	(2,357)	(1,731)	(1,951)	(223)	(441)	(29)	(53)
Boiler Plant Equipment P	6	343	119	87	99	11	22	1	3
Pump Equip Steam	6	6,907	2,400	1,762	1,986	227	449	30	54
Pump Equip Electric	6	6,291,222	2,185,571	1,604,891	1,808,726	206,981	408,929	27,052	49,072
Pump Equip Elec Pre46 (STL)	6	0	0	0	0	0	0	0	0
Pump Equip Elec Post46 (STL	6	0	0	0	0	0	0	0	0
Pump Equip Elec Boosters Po	6	0	0	0	0	0	0	0	0

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Pump Equip Diesel	6	99,382	34,525	25,352	28,572	3,270	6,460	427	775
Pump Equip Diesel Stratman\	6	0	0	0	0	0	0	0	0
Pump Equip Diesel Ctrl Plt	6	0	0	0	0	0	0	0	0
Pump Equip Hydraulic	6	0	0	0	0	0	0	0	0
Pump Equip Other	6	147,345	51,188	37,588	42,362	4,848	9,577	634	1,149
Pump Equip WT	6	0	0	0	0	0	0	0	0
Pump Equip TD	6	168,643	58,587	43,021	48,485	5,548	10,962	725	1,315
WT Equip Non-Media	2	14,212,341	4,938,788	3,629,832	4,202,589	467,586	926,645	17,055	29,846
WT Equip Non-Med North (STL	2	0	0	0	0	0	0	0	0
WT Equip Non Media Ctrl 1 &	2	0	0	0	0	0	0	0	0
WT Equip Non Media Ctrl 3 (	2	0	0	0	0	0	0	0	0
WT Equip Non Media Sth (STL	2	0	0	0	0	0	0	0	0
WT Equip Non Media Mer (STL	2	0	0	0	0	0	0	0	0
WT Equip Filter Media	2	174,529	60,649	44,575	51,608	5,742	11,379	209	367
Dist Reservoirs & Standpipe	5	2,875,752	885,156	623,175	609,372	79,946	146,376	191,813	339,914
Elevated Tanks & Standpipes	5	2,535,350	780,381	549,410	537,241	70,483	129,049	169,108	299,678
Ground Level Facilities	5	3,424	1,054	742	725	95	174	228	405
TD Mains Not Classified by	7	813,449	288,368	205,721	98,509	26,518	49,539	52,142	92,652
TD Mains 4 & Less "	4	746,532	268,901	190,366	61,514	24,486	45,165	56,214	99,886
TD Mains 6 to 8" "	4	6,178,150	2,225,370	1,575,428	509,080	202,643	373,778	465,215	826,637
TD Mains 10 to 16" "	3	3,751,540	1,244,386	914,625	1,058,309	117,423	233,721	66,027	117,048
TD Mains 18 & Grtr "	3	287,866	95,485	70,182	81,207	9,010	17,934	5,066	8,981
TD Mains AC 4 (STL) "	4	0	0	0	0	0	0	0	0
TD Mains CI <10 1900-28 (S"	4	0	0	0	0	0	0	0	0
TD Mains CI <10 1929-56 (S"	4	0	0	0	0	0	0	0	0
TD Mains CI <10 1957-93 (S"	4	0	0	0	0	0	0	0	0
TD Mains CI 12 (STL) "	3	0	0	0	0	0	0	0	0
TD Mains CI 16 (STL) "	3	0	0	0	0	0	0	0	0
TD Mains DI 6-8 (STL) "	4	0	0	0	0	0	0	0	0
TD Mains DI 12 (STL) "	3	0	0	0	0	0	0	0	0
TD Mains DI 16 & >(STL)	3	0	0	0	0	0	0	0	0
TD Mains Galve 1 (STL) "	4	0	0	0	0	0	0	0	0
TD Mains LJ 20 (STL) "	3	0	0	0	0	0	0	0	0
TD Mains DI 4in (STL) "	4	0	0	0	0	0	0	0	0
Fire Mains	8	5,132	0	0	0	0	0	0	5,132
Services	10	5,936,442	4,610,834	712,967	36,806	51,647	5,343	518,845	0
Meters Bronze Case	9	1,049,694	790,420	179,813	35,480	32,331	11,652	0	0
Meters Plastic Case	9	11,933	8,985	2,044	403	368	132	0	0
Meters Other	9	37,544	28,270	6,431	1,269	1,156	417	0	0
Meters Other-Rem Rdr Unts	9	51,092	38,473	8,752	1,727	1,574	567	0	0
Meter Installations	9	2,650,692	1,995,971	454,064	89,593	81,641	29,423	0	0
Meter Installation Other	9	0	0	0	0	0	0	0	0

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Meter Vaults	9	984	741	168	33	30	11	0	0
Hydrants	8	713,424	0	0	0	0	0	0	713,424
Other P/E Intangible	15	0	0	0	0	0	0	0	0
Other P/E WT Res Hand Equip	2	7,986	2,775	2,040	2,361	263	521	10	17
Other P/E TD	7	(868)	(308)	(220)	(105)	(28)	(53)	(56)	(99)
Other P/E CPS	15	44,001	22,519	9,196	7,185	1,144	1,848	607	1,500
Office Furniture & Equip	15	50,940	26,071	10,647	8,319	1,324	2,139	703	1,737
Comp & Periph Equip	15	253,609	129,797	53,004	41,414	6,594	10,652	3,500	8,648
Computer Software	15	123,624	63,271	25,837	20,188	3,214	5,192	1,706	4,216
Comp Software Personal	15	8,098	4,144	1,692	1,322	211	340	112	276
Comp Software Other	15	0	0	0	0	0	0	0	0
Data Handling Equipment	15	3,817	1,954	798	623	99	160	53	130
Other Office Equipment	15	20,660	10,574	4,318	3,374	537	868	285	704
Trans Equip Lt Duty Trks	15	(159,849)	(81,811)	(33,408)	(26,103)	(4,156)	(6,714)	(2,206)	(5,451)
Trans Equip Hvy Duty Trks	15	5,436	2,782	1,136	888	141	228	75	185
Trans Equip Autos	15	7,732	3,957	1,616	1,263	201	325	107	264
Trans Equip Other	15	58,297	29,836	12,184	9,520	1,516	2,448	804	1,988
Stores Equipment	15	(2,172)	(1,111)	(454)	(355)	(56)	(91)	(30)	(74)
Tools,Shop,Garage Equip	15	563,350	288,322	117,740	91,995	14,647	23,661	7,774	19,210
Tools,Shop,Garage Equip Oth	15	0	0	0	0	0	0	0	0
Laboratory Equipment	2	81,386	28,282	20,786	24,066	2,678	5,306	98	171
Laboratory Equip Other	2	0	0	0	0	0	0	0	0
Power Operated Equipment	15	36,017	18,433	7,528	5,882	936	1,513	497	1,228
Comm Equip Non-Telephone	15	36,349	18,603	7,597	5,936	945	1,527	502	1,239
Remote Control & Instr	15	227,769	116,572	47,604	37,195	5,922	9,566	3,143	7,767
Comm Equip Telephone	15	(31,038)	(15,885)	(6,487)	(5,069)	(807)	(1,304)	(428)	(1,058)
Misc Equipment	15	36,426	18,643	7,613	5,948	947	1,530	503	1,242
Other Tangible Property	17	0	0	0	0	0	0	0	0
Total Utility Plant in Service		79,778,280	31,619,509	18,733,110	17,630,077	2,404,083	4,393,356	1,869,120	3,129,025

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection Private	Fire Protection Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Other Rate Base Items									
Add:									
Other Utility Plant Adjustments	17	0	0	0	0	0	0	0	0
Cash Working Capital	15	0	0	0	0	0	0	0	0
Materials and Supplies	15	326,803	167,258	68,302	53,367	8,497	13,726	4,510	11,144
Prepayments	15	76,839	39,326	16,059	12,548	1,998	3,227	1,060	2,620
OPEB's Contributed to External Fund	16	244,547	124,254	51,428	37,489	6,627	10,222	3,839	10,687
Pension / OPEB Tracker	16	33,685	17,115	7,084	5,164	913	1,408	529	1,472
Regulatory Deferrals	17	167,450	66,377	39,317	37,006	5,040	9,226	3,918	6,564
Less:									
Accumulated Amortization	15	0	0	0	0	0	0	0	0
Accumulated Deferred ITC (3%)	17	(8,585)	(3,403)	(2,016)	(1,897)	(258)	(473)	(201)	(337)
Deferred Income Taxes	17	(4,974,212)	(1,971,778)	(1,167,945)	(1,099,301)	(149,724)	(274,079)	(116,397)	(194,989)
Pensions	16	(295,019)	(149,899)	(62,042)	(45,226)	(7,995)	(12,332)	(4,632)	(12,892)
Total Other Rate Base Elements		(4,428,492)	(1,710,749)	(1,049,813)	(1,000,850)	(134,902)	(249,074)	(107,372)	(175,731)
Total Original Cost Measure of Value		$ 75,349,789	$ 29,908,760	$ 17,683,298	$ 16,629,226	$ 2,269,181	$ 4,144,282	$ 1,761,747	$ 2,953,294

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT

SUMMARY OF AVERAGE DAILY SEND OUT AND MAXIMUM DAILY USAGE
FOR THE YEARS 1990-2007

Year	Average Daily Send out (MGD)	Maximum Daily Use		
		MGD	Ratio to Average	Highest Use Day
(1)	(2)	(3)	(4)	(5)
1990	9.656	14.110	1.46	8/29/1990
1991	9.954	16.140	1.62	7/22/1991
1992	9.610	14.828	1.54	6/30/1992
1993	9.947	12.940	1.30	8/23/1993
1994	10.586	15.120	1.43	7/6/1994
1995	10.895	16.800	1.55	8/30/1995
1996	11.063	15.440	1.40	6/26/1996
1997	10.681	14.900	1.40	7/31/1997
1998	10.902	15.760	1.45	9/4/1998
1999	10.993	18.452	1.68	7/30/1999
2000	11.334	18.747	1.65	8/29/2000
2001	10.862	16.432	1.51	7/20/2001
2002	11.694	18.552	1.59	8/2/2002
2003	11.217	17.360	1.55	8/18/2003
2004	11.673	19.768	1.69	8/23/2004
2005	12.632	19.322	1.53	7/23/2005
2006	13.750	21.691	1.58	8/2/2006
2007	13.265	21.450	1.62	8/9/2007

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT

BASIS FOR ALLOCATING DEMAND RELATED COSTS OF FIRE SERVICE TO PRIVATE AND PUBLIC FIRE PROTECTION CUSTOMER CLASSIFICATIONS

Description		Restrictive Diameters Squared	Quantity	Relative Demand	Allocation Factor
(1)		(2)	(3)	(4)=(2)x(3)	(5)
PRIVATE FIRE PROTECTION					
Fire Lines					
2 -inch		4.00	4.9	20	
3 -inch		9.00	11	99	
4 -inch		16.00	0	0	
6 -inch		36.00	42	1,512	
8 -inch		64.00	156	9,984	
10 -inch		100.00	106	10,600	
12 -inch		144.00	7	1,008	
Private Hydrants		26.50	4.9	130	
Total Private Fire Protection			331.8	23,353	0.3604
PUBLIC FIRE PROTECTION					
Hydrant	Nozzle Sizes				
5 1/4 Valve	1- 2-1/2" & 1- 4 1/2"	26.50	495	13,118	
4 1/2" Valve	1- 2-1/2" & 1- 4 1/2"	20.25	1,063	21,526	
4 3/4" Valve	1- 2-1/2" & 1- 4 1/2"	22.56	158	3,565	
5" Valve	1- 2-1/2" & 1- 4 1/2"	25.00	6	150	
4 1/2" Valve	1-2 1/2"	6.25	495	3,094	
Total Public Fire Prorection			2,217	41,453	0.6396
Total Fire Protection			2,549	64,806	1.0000

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT

CALCULATION OF CUSTOMER CHARGE

(1)	Expense Related to Meters	$ 1,930,494	
(2)	Meter Equivalents X 12	356,256	
(3)	Expense per Bill - Meter related		$ 5.42
(4)	Expense Related to Services	$ 900,290	
(5)	Service Equivalents X 12	297,192	
(6)	Expense per Bill - Services related		3.03
(7)	Expense Related to Billing and Collecting	$ 1,449,023	
(8)	Number of Customers X 12	287,446	
(9)	Expense per Bill - Billing and Collecting		5.04
(10)	Total Customer Charge (3)+(6)+(9)		$ 13.49

MEXICO DISTRICT

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES
FOR THE TEST YEAR ENDED DECEMBER 31, 2007

Customer Classification	Cost of Service Amount (Schedule B)	Cost of Service Percent	Revenues, Present Rates Amount	Revenues, Present Rates Percent	Revenues, Proposed Rates Amount	Revenues, Proposed Rates Percent	Proposed Increase Amount	Proposed Increase Percent Increase
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Residential	$ 1,983,565	51.0%	$ 1,642,275	47.0%	$ 1,940,833	49.9%	$ 298,558	18.2%
Commercial	523,510	13.5%	459,527	13.2%	522,247	13.4%	62,720	13.6%
Industrial	607,270	15.6%	617,625	17.7%	617,644	15.9%	19	0.0%
Public Authority	262,401	6.8%	237,823	6.8%	262,838	6.8%	25,015	10.5%
Sales for Resale	427,254	11.0%	411,996	11.8%	419,693	10.8%	7,697	1.9%
Private Fire Service	82,990	2.1%	123,743	3.5%	123,743	3.2%	-	0.0%
Public Fire Service	-	0.0%	$0	0.0%	$0	0.0%	-	0.0%
Total Sales	3,886,990	100.0%	3,492,989	100.0%	3,886,998	100.0%	394,009	11.3%
Other Revenues	52,353		52,353		52,353		-	0.0%
Total	$ 3,939,343		$ 3,545,342		$ 3,939,351		$ 394,009	11.1%

MEX-1

TN-CMA-01-Q29-SUPPLEMENTAL ATTACHMENT
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Schedule A-MEX

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
OPERATION AND MAINTENANCE EXPENSES									
SOURCE OF SUPPLY EXPENSES									
Super & Eng Oper SS	2	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Labor & Exp Oper SS	2	73,917	27,948	11,021	16,328	6,150	12,159	81	229
Labor & Exp Oper SS	2	1,960	741	292	433	163	322	2	6
Purchased Water	1	0	0	0	0	0	0	0	0
TOTAL SS EXPENSE - OPERATION		75,877	28,689	11,313	16,761	6,313	12,482	83	235
Misc Exp Oper SS	2	126,752	47,925	18,899	28,000	10,546	20,851	139	393
Misc Exp Oper SS	2	0	0	0	0	0	0	0	0
Rents Oper SS	2	0	0	0	0	0	0	0	0
Super & Eng Maint SS	2	0	0	0	0	0	0	0	0
Struct & Improve Maint SS	2	0	0	0	0	0	0	0	0
Struct & Improve Maint SS	2	85	32	13	19	7	14	0	0
Collect & Impound Maint SS	2	0	0	0	0	0	0	0	0
Collect & Impound Maint SS	2	0	0	0	0	0	0	0	0
Lake, River & Oth Maint SS	2	0	0	0	0	0	0	0	0
Lake, River & Oth Maint SS	2	0	0	0	0	0	0	0	0
Wells & Springs Maint SS	2	0	0	0	0	0	0	0	0
Wells & Springs Maint SS	2	0	0	0	0	0	0	0	0
Infilt Gall & Tunnels Maint SS	2	0	0	0	0	0	0	0	0
Infilt Gall & Tunnels Maint SS	2	0	0	0	0	0	0	0	0
Supply Mains Maint SS	2	0	0	0	0	0	0	0	0
Supply Mains Maint SS	2	0	0	0	0	0	0	0	0
Misc Plant Maint SS	2	0	0	0	0	0	0	0	0
Misc Plant Maint SS	2	12,674	4,792	1,890	2,800	1,054	2,085	14	39
TOTAL SS EXPENSE - MAINTENANCE		139,511	52,749	20,801	30,818	11,607	22,950	153	432
TOTAL SS EXPENSE		215,388	81,438	32,114	47,579	17,920	35,431	237	668
POWER AND PUMPING EXPENSES									
Super & Eng Oper P	6	0	0	0	0	0	0	0	0
Fuel for Power Prod	1	1,574	545	231	385	129	275	3	7
Labor & Exp Oper Pwr Prod	6	(1,297)	(490)	(193)	(286)	(108)	(213)	(1)	(4)
Labor & Exp Oper Pwr Prod	6	0	0	0	0	0	0	0	0
Purch Fuel/Power for Pump	1	61,328	21,219	8,997	15,001	5,023	10,726	98	264
Labor & Exp Oper Pump	6	10	4	1	2	1	2	0	0
Labor & Exp Oper Pump	6	0	0	0	0	0	0	0	0
Expenses Transferred	6	0	0	0	0	0	0	0	0
Misc Exp Oper P	6	361	136	54	80	30	59	0	1
Rents Oper P	6	0	0	0	0	0	0	0	0
TOTAL PUMPING EXPENSE - OPERATION		61,976	21,414	9,090	15,181	5,075	10,849	100	268

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Super & Eng Maint P	6	0	0	0	0	0	0	0	0
Struct & Improve Maint P	6	0	0	0	0	0	0	0	0
Struct & Improve Maint P	6	0	0	0	0	0	0	0	0
Power Prod Equip Maint P	6	0	0	0	0	0	0	0	0
Power Prod Equip Maint P	6	0	0	0	0	0	0	0	0
Pump Equip Maint P	6	0	0	0	0	0	0	0	0
Pump Equip Maint P	6	0	0	0	0	0	0	0	0
TOTAL PUMPING EXPENSES - MAINTENANCE		0	0	0	0	0	0	0	0
TOTAL PUMPING EXPENSES		61,976	21,414	9,090	15,181	5,075	10,849	100	268
WATER TREATMENT									
Super & Eng Oper WT	2	4	1	1	1	0	1	0	0
Chemicals	1	58,377	20,198	8,564	14,279	4,781	10,210	93	251
Labor & Exp Oper WT	2	13,945	5,273	2,079	3,080	1,160	2,294	15	43
Labor & Exp Oper WT	2	7,069	2,673	1,054	1,562	588	1,163	8	22
Misc Exp Oper WT	2	0	0	0	0	0	0	0	0
Misc Exp Oper WT	1	50,500	17,473	7,408	12,352	4,136	8,832	81	217
Misc Exp Oper WT	2	1,470	556	219	325	122	242	2	5
Rents Oper WT	2	0	0	0	0	0	0	0	0
TOTAL WT EXPENSE - OPERATION		131,364	46,174	19,325	31,599	10,788	22,742	199	538
Super & Eng Maint WT	2	346	131	52	76	29	57	0	1
Struct & Improve Maint WT	2	0	0	0	0	0	0	0	0
Struct & Improve Maint WT	2	0	0	0	0	0	0	0	0
WT Equip Maint WT	2	0	0	0	0	0	0	0	0
WT Equip Maint WT	2	12,836	4,853	1,914	2,835	1,068	2,112	14	40
TOTAL WT EXPENSE - MAINTENANCE		13,182	4,984	1,965	2,912	1,097	2,168	15	41
TOTAL WT EXPENSE		144,547	51,158	21,291	34,511	11,885	24,910	213	579
TRANSMISSION AND DISTRIBUTION EXPENSES									
Super & Eng Oper TD	11	18	5	2	2	1	2	1	4
Storage Facilty Exp	5	0	0	0	0	0	0	0	0
Storage Facilty Exp	5	0	0	0	0	0	0	0	0
TD Lines Exp	7	91,574	25,696	9,679	12,408	5,385	9,872	7,097	21,437
TD Lines Exp	7	144	40	15	20	8	16	11	34
Meter Expense	9	0	0	0	0	0	0	0	0
Meter Expense	9	0	0	0	0	0	0	0	0
Customer Install Exp	10	0	0	0	0	0	0	0	0
Customer Install Exp	10	0	0	0	0	0	0	0	0
Misc Exp Oper TD	11	0	0	0	0	0	0	0	0
Misc Exp Oper TD	11	105	29	11	14	6	11	8	25

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Misc Exp Oper TD	11	2,565	720	271	348	151	277	199	600
Rents Oper TD	11	942	264	100	128	55	102	73	220
M&S Maint TD Hydrants	8	0	0	0	0	0	0	0	0
TOTAL T & D EXPENSE OPERATION		95,347	26,754	10,078	12,920	5,606	10,278	7,389	22,321
Super & Eng Maint TD	12	0	0	0	0	0	0	0	0
Struct & Improve Maint TD	12	20,886	14,919	2,492	1,320	1,028	388	397	343
Struct & Improve Maint TD	12	0	0	0	0	0	0	0	0
Dist Res Stand Maint TD	5	0	0	0	0	0	0	0	0
TD Main Maint TD	7	17	5	2	2	1	2	1	4
TD Main Maint TD	7	0	0	0	0	0	0	0	0
Fire Main Maint TD	8	0	0	0	0	0	0	0	0
Fire Main Maint TD	8	0	0	0	0	0	0	0	0
Services Maint TD	10	47	37	4	1	1	0	3	0
Services Maint TD	10	0	0	0	0	0	0	0	0
Meters Maint TD	9	176	129	22	12	10	3	0	0
Meters Maint TD	9	0	0	0	0	0	0	0	0
Hydrants Maint TD	8	0	0	0	0	0	0	0	0
Hydrants Maint TD	8	0	0	0	0	0	0	0	0
Misc Plant Maint TD	12	1,700	1,215	203	107	84	32	32	28
Mat and Sup Maint TD	12	127,156	90,828	15,170	8,036	6,256	2,365	2,416	2,085
Misc Maint TD	12	480	343	57	30	24	9	9	8
Amort Def Maint TD	5	0	0	0	0	0	0	0	0
TOTAL T & D EXPENSE - MAINTENANCE		150,462	107,475	17,950	9,509	7,403	2,799	2,859	2,468
TOTAL T & D EXPENSE		245,809	134,229	28,028	22,429	13,009	13,077	10,248	24,788
CUSTOMER ACCOUNTS									
Supervision CA	13	0	0	0	0	0	0	0	0
Meter Reading Exp CA	14	42,705	37,752	3,890	209	803	51	0	0
Meter Reading Exp CA	14	(12)	(11)	(1)	(0)	(0)	(0)	0	0
Meter Reading Exp CA	14	0	0	0	0	0	0	0	0
Cust Rec & Collection CA	13	22,052	19,190	1,980	108	408	26	340	0
Cust Rec & Collection CA	13	20,889	18,178	1,876	102	386	25	322	0
Uncollectible Accts	13	36,371	31,650	3,266	178	673	44	560	0
Misc Cust Accts Exp CA	13	36	31	3	0	1	0	1	0
Misc Cust Accts Exp CA	13	0	0	0	0	0	0	0	0
Misc Cust Accts Exp CA	13	4,823	4,197	433	24	89	6	74	0
Cust Serv & Info Exp CA	13	0	0	0	0	0	0	0	0
TOTAL CUSTOMER ACCOUNTING EXPENSE		126,864	110,986	11,448	622	2,360	152	1,296	0

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
ADMINISTRATIVE AND GENERAL EXPENSES									
Salaries AG	15	90,663	49,465	11,179	11,396	5,267	7,915	1,723	3,717
Other Supplies & Exp AG	15	2,551	1,392	315	321	148	223	48	105
Other Supplies & Exp AG	15	22,028	12,019	2,716	2,769	1,280	1,923	419	903
Other Supplies & Exp AG	15	15,685	8,558	1,934	1,972	911	1,369	298	643
Mgmt Fees-Admin	15	171,558	93,602	21,153	21,565	9,968	14,977	3,260	7,034
Mgmt Fees-Customer Service	13	65,448	56,953	5,877	321	1,211	79	1,008	0
Mgmt Fees-Belleville Lab	2	6,406	2,422	955	1,415	533	1,054	7	20
Mgmt Fees- Employee	15	28,179	15,374	3,474	3,542	1,637	2,460	535	1,155
Outside Services AG	15	17,038	9,296	2,101	2,142	990	1,487	324	699
Outside Services AG	15	14,043	7,662	1,732	1,765	816	1,226	267	576
Property Insurance	15	0	0	0	0	0	0	0	0
Ins Gen Liab Oper AG	15	29,584	16,141	3,648	3,719	1,719	2,583	562	1,213
Ins Work Comp AG	16	10,379	5,273	1,234	1,303	588	948	282	750
Ins Other Oper AG	15	6,507	3,550	802	818	378	568	124	267
Property Insurance	15	2,333	1,273	288	293	136	204	44	96
Injuries & Damages	16	139	71	17	17	8	13	4	10
Employee Pension & Benefits	16	105,359	53,533	12,527	13,223	5,974	9,619	2,866	7,617
Employee Pension & Benefits	16	20,888	10,613	2,484	2,621	1,184	1,907	568	1,510
Employee Pension & Benefits	16	9,834	4,997	1,169	1,234	558	898	267	711
Reg Commision Exp	15	5,236	2,857	646	658	304	457	99	215
Rents AG	15	3,751	2,047	463	472	218	327	71	154
Goodwill Advertising Exp	15	762	416	94	96	44	67	14	31
Misc Exp AG	15	65,128	35,534	8,030	8,187	3,784	5,686	1,237	2,670
Research & Development	15	170	93	21	21	10	15	3	7
TOTAL A & G OPERATIONS		693,669	393,140	82,857	79,869	37,666	56,003	14,032	30,103
General Plant Maint AG	15	0	0	0	0	0	0	0	0
General Plant Maint AG	15	2,358	1,287	291	296	137	206	45	97
TOTAL A & G EXPENSE - MAINTENANCE		2,358	1,287	291	296	137	206	45	97
TOTAL A & G EXPENSE		696,027	394,426	83,148	80,165	37,803	56,209	14,076	30,200
Total Operation & Maintenance Expenses		1,490,611	793,652	185,119	200,487	88,052	140,629	26,171	56,502

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
DEPRECIATION EXPENSE									
Struct & Imp SS	2	1,672	632	249	369	139	275	2	5
Struct & Imp P	6	1,266	479	189	280	105	208	1	4
Struct & Imp WT	2	59,079	22,338	8,809	13,051	4,915	9,718	65	183
Struct & Imp TD	7	1,854	520	196	251	109	200	144	434
Struct & Imp Offices	15	2,931	1,599	361	368	170	256	56	120
Struct & Imp Store,Shop,Gar	15	592	323	73	74	34	52	11	24
Struct & Imp Misc	15	0	0	0	0	0	0	0	0
Collect & Impounding	1	2	1	0	0	0	0	0	0
Lake, River & Other Intakes	2	191	72	28	42	16	31	0	1
Wells & Springs	2	15,608	5,901	2,327	3,448	1,299	2,568	17	48
Supply Mains	2	14,171	5,358	2,113	3,130	1,179	2,331	16	44
Power Generation Equip	6	107	40	16	24	9	18	0	0
Power Generation Equip Othe	6	0	0	0	0	0	0	0	0
Pump Equip Electric	6	24,630	9,313	3,672	5,441	2,049	4,052	27	76
Pump Equip Diesel	6	0	0	0	0	0	0	0	0
Pump Equip Other	6	823	311	123	182	68	135	1	3
WT Equip Non-Media	2	92,507	34,977	13,793	20,435	7,697	15,217	102	287
WT Equip Filter Media	2	1,913	723	285	423	159	315	2	6
Dist Reservoirs & Standpipe	5	6,857	2,299	863	1,092	480	875	310	939
Elevated Tanks & Standpipes	5	1,249	419	157	199	87	159	56	171
Ground Level Facilities	5	441	148	55	70	31	56	20	60
TD Mains Not Classified by	4	45,712	12,630	4,740	6,002	2,638	4,804	3,703	11,195
TD Mains 4 & Less "	4	3,403	940	353	447	196	358	276	833
TD Mains 6 to 8" "	4	3,061	846	317	402	177	322	248	750
TD Mains 10 to 16" "	3	17,216	6,156	2,429	3,598	1,355	2,679	250	749
TD Mains 18 & Grtr "	3	14	5	2	3	1	2	0	1
Fire Mains	8	456	0	0	0	0	0	0	456
Services	10	58,476	46,506	5,555	637	1,538	164	4,076	0
Meters Bronze Case	9	9,912	7,276	1,260	696	538	142	0	0
Meters Plastic Case	9	0	0	0	0	0	0	0	0
Meters Other	9	1,747	1,282	222	123	95	25	0	0
Meters Other-Rem Rdr Unts	9	0	0	0	0	0	0	0	0
Meter Installations	9	19,644	14,421	2,497	1,379	1,067	281	0	0
Meter Installation Other	9	0	0	0	0	0	0	0	0
Hydrants	8	7,407	0	0	0	0	0	0	7,407
Utility Plant Acquisition Adjustment	17	0	0	0	0	0	0	0	0
Other P/E SS	2	69	26	10	15	6	11	0	0
Other P/E WT Res Hand Equip	2	795	301	119	176	66	131	1	2
Other P/E TD	7	235	66	25	32	14	25	18	55
Other P/E CPS	15	0	0	0	0	0	0	0	0
Office Furniture & Equip	15	97	53	12	12	6	8	2	4
Comp & Periph Equip	15	7,220	3,939	890	908	419	630	137	296
Computer Software	15	13,845	7,554	1,707	1,740	804	1,209	263	568

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection Private	Fire Protection Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Comp Software Personal	15	182	99	22	23	11	16	3	7
Data Handling Equipment	15	2,401	1,310	296	302	139	210	46	98
Other Office Equipment	15	631	344	78	79	37	55	12	26
Trans Equip Lt Duty Trks	15	0	0	0	0	0	0	0	0
Trans Equip Hvy Duty Trks	15	0	0	0	0	0	0	0	0
Trans Equip Autos	15	0	0	0	0	0	0	0	0
Trans Equip Other	15	0	0	0	0	0	0	0	0
Stores Equipment	15	316	172	39	40	18	28	6	13
Tools,Shop,Garage Equip	15	2,981	1,626	368	375	173	260	57	122
Tools,Shop,Garage Equip Oth	15	0	0	0	0	0	0	0	0
Laboratory Equipment	2	531	201	79	117	44	87	1	2
Laboratory Equip Other	2	0	0	0	0	0	0	0	0
Power Operated Equipment	15	547	298	67	69	32	48	10	22
Comm Equip Non-Telephone	15	1,029	561	127	129	60	90	20	42
Remote Control & Instr	15	39	21	5	5	2	3	1	2
Comm Equip Telephone	15	271	148	33	34	16	24	5	11
Misc Equipment	15	409	223	50	51	24	36	8	17
Total Depreciation Expense		424,539	192,461	54,614	66,272	28,023	48,114	9,971	25,084
Amort-Other UP	18	1,367	582	178	226	94	166	32	90
Amort-Intangible Fin	2	1,716	649	256	379	143	282	2	5
Taxes Other Than Income									
Utility Reg Assessment Fee	19	24,537	11,525	3,133	3,739	1,583	2,697	525	1,335
Property Taxes	18	137,152	58,344	17,857	22,685	9,381	16,623	3,251	9,011
FUTA	16	510	259	61	64	29	47	14	37
FICA	16	25,913	13,166	3,081	3,252	1,469	2,366	705	1,873
SUTA	16	1,056	537	126	133	60	96	29	76
Other Taxes & Licenses	15	1,267	691	156	159	74	111	24	52
Gross Receipts Tax	19	0	0	0	0	0	0	0	0
Total Taxes, Other Than Income		190,435	84,523	24,414	30,032	12,595	21,939	4,547	12,384
Income Taxes	18	513,965	218,641	66,918	85,010	35,155	62,293	12,181	33,768
Utility Income Available for Return	18	1,316,711	560,129	171,436	217,784	90,063	159,585	31,206	86,508
Total Cost of Service		3,939,343	1,850,635	502,934	600,190	254,125	433,008	84,110	214,341
Less: Other Water Revenues	19	52,353	24,590	6,685	7,979	3,377	5,754	1,120	2,848
Revenue Contribution	19	0	0	0	0	0	0	0	0
Total Other Water Revenues		52,353	24,590	6,685	7,979	3,377	5,754	1,120	2,848
Total Cost of Service Related to Sales of Water		$ 3,886,990	$ 1,826,045	$ 496,249	$ 592,212	$ 250,748	$ 427,254	$ 82,990	$ 211,493
Reallocation of Public Fire	20	0	157,520	27,261	15,058	11,653	0	0	(211,493)
Total		$ 3,886,990	$ 1,983,565	$ 523,510	$ 607,270	$ 262,401	$ 427,254	$ 82,990	$ -

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS

FACTOR 1. ALLOCATION OF COSTS WHICH VARY WITH THE AMOUNT OF WATER CONSUMED.

Factors are based on the pro forma test year average daily consumption for each customer classification.

Customer Classification	Average Daily Consumption, Thousand Gallons	Allocation Factor
(1)	(2)	(3)
Residential	651	0.3460
Commercial	276	0.1467
Industrial	460	0.2446
Other Public Authority	154	0.0819
Sales for Resale	329	0.1749
Private Fire Protection	3	0.0016
Public Fire Protection	8	0.0043
Total	1,881	1.0000

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the factors for average daily consumption (Factor 1) and the factors derived from maximum day extra capacity demand for each customer classification, as follows:

	Average Daily Consumption		Maximum Day Extra Capacity		
Customer Classification	Allocation Factor 1	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)x 0.7143	(4)	(5)=(4)x 0.2857	(6)=(3)+(5)
Residential	0.3460	0.2473	0.4579	0.1308	0.3781
Commercial	0.1467	0.1047	0.1554	0.0444	0.1491
Industrial	0.2446	0.1747	0.1617	0.0462	0.2209
Other Public Authority	0.0819	0.0585	0.0865	0.0247	0.0832
Sales for Resale	0.1749	0.1249	0.1385	0.0396	0.1645
Private Fire Protection	0.0016	0.0011			0.0011
Public Fire Protection	0.0043	0.0031			0.0031
Total	1.0000	0.7143	1.0000	0.2857	1.0000

The derivation of the maximum day extra capacity factors in column 4 and the basis for the column 3 and 5 weightings are presented on the following page.

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS, cont.

		Maximum Day Extra Capacity		
Customer Classification	Average Daily Consumption, Thousand Gal.	Factor*	Rate of Flow, Thousand Gal. Per Day	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	651	1.0	651	0.4579
Commercial	276	0.8	221	0.1554
Industrial	460	0.5	230	0.1617
Other Public Authority	154	0.8	123	0.0865
Sales for Resale	329	0.6	197	0.1385
Total	1,870		1,422	1.0000

The weighting of the factors is based on the maximum day ratio of 1.40, based on a review of maximum day ratios experienced during the period 1990 through 2007 (see Schedule D).

	Maximum Day Ratio	Weight
Average Day	1.00	0.7143
Maximum Day Extra Capacity	0.40	0.2857
Total	1.40	1.0000

* Ratio of maximum day to average day minus 1.0.

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

	Average Daily Consumption		Maximum Day Extra Capacity		Fire Protection		
Customer Classification	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2) X 0.6757	(4)	(5)=(4) X 0.2703	(6)	(7)=(6) X 0.0540	(8)=(3)+(5)+(7)
Residential	0.3460	0.2338	0.4579	0.1238			0.3576
Commercial	0.1467	0.0991	0.1554	0.0420			0.1411
Industrial	0.2446	0.1653	0.1617	0.0437			0.2090
Other Public Authority	0.0819	0.0553	0.0865	0.0234			0.0787
Sales for Resale	0.1749	0.1182	0.1385	0.0374			0.1556
Private Fire Protection	0.0016	0.0011			0.2486	0.0134	0.0145
Public Fire Protection	0.0043	0.0029			0.7514	0.0406	0.0435
Total	1.0000	0.6757	1.0000	0.2703	1.0000	0.0540	1.0000

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum day ratio of 1.40 and the average daily system sendout for 2007 of 2.252 MGD. The system demand for fire protection is 1,500 Gallons per minute for 2 hours.

	Ratio	Rate of Flow, (GPD)	Weight
Average Day	1.00	2,252,523	0.6757
Maximum Day Extra Capacity	0.40	901,009	0.2703
Subtotal	1.40	3,153,532	0.9460
Fire Protection		180,000	0.0540
Total		3,333,532	1.0000

The public and private fire protection allocation factors in column 6 on the previous page are based on the relative potential demands (see Schedule E).

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		
	Thousand Gallons	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3) X 0.3379	(5)	(6)=(5) X 0.3379	(7)	(8)=(7) X 0.3242	(9)=(4)+(6)+(8)
Residential	27.1	0.3461	0.1170	0.4717	0.1593			0.2763
Commercial	11.5	0.1469	0.0496	0.1600	0.0541			0.1037
Industrial	19.2	0.2452	0.0829	0.1431	0.0484			0.1313
Other Public Authority	6.4	0.0817	0.0276	0.0890	0.0301			0.0577
Sales for Resale	13.7	0.1750	0.0591	0.1362	0.0460			0.1051
Private Fire Protection	0.1	0.0013	0.0004			0.2486	0.0806	0.0810
Public Fire Protection	0.3	0.0038	0.0013			0.7514	0.2436	0.2449
Total	78.3	1.0000	0.3379	1.0000	0.3379	1.0000	0.3242	1.0000

The maximum hour extra capacity factors in column 5 are determined on the next page.

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum hour ratio of 2.0 and the average daily system sendout for 2007 of 2.252 MGD. The system demand for fire protection is 1,500 gallons per minute.

	Ratio	Rate of Flow, (GPM)	Weight
Average Hour	1.00	1,564	0.3379
Maximum Hour Extra Capacity	1.00	1,564	0.3379
Subtotal	2.00	3,128	0.6758
Fire Protection		1,500	0.3242
Total		4,628	1.0000

The maximum hour extra capacity factors in column 5 of the previous page are determined as follows:

Customer Classification	Average Hourly Consumption Thousand Gal.	Maximum Hour Extra Capacity Factor*	Maximum Hour Extra Capacity 1,000 Gallons Per Hour	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	27.1	3.5	94.9	0.4717
Commercial	11.5	2.8	32.2	0.1600
Industrial	19.2	1.5	28.8	0.1431
Other Public Authority	6.4	2.8	17.9	0.0890
Sales for Resale	13.7	2.0	27.4	0.1362
Total	77.9		201.2	1.0000

* Ratio of Maximum Hour To Average Hour Minus 1.0.

The public and private fire protection allocation factors in column 7 on the previous page are based on the relative potential demands (see Schedule E).

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES.

Factors are based on the weighting of the average hourly consumption, the maximum hour extra capacity demand, and the fire protection demand for each customer classification.

	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		
Customer Classification	Thousand Gallons	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3) X 0.4100	(5)	(6)=(5) X 0.4100	(7)	(8)=(7) X 0.1800	(9)=(4)+(6)+(8)
Residential	27.1	0.3461	0.1419	0.4717	0.1934			0.3353
Commercial	11.5	0.1469	0.0602	0.1600	0.0656			0.1258
Industrial	19.2	0.2452	0.1005	0.1431	0.0587			0.1592
Other Public Authority	6.4	0.0817	0.0335	0.0890	0.0365			0.0700
Sales for Resale	13.7	0.1750	0.0718	0.1362	0.0558			0.1276
Private Fire Protection	0.1	0.0013	0.0005			0.2486	0.0447	0.0452
Public Fire Protection	0.3	0.0038	0.0016			0.7514	0.1353	0.1369
Total	78.3	1.0000	0.4100	1.0000	0.4100	1.0000	0.1800	1.0000

The weighting of the factors is based on the ratio of the capacity required for a 2 hour demand of fire flow, as related to total storage capacity. The calculation is shown on the following page.

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES, cont.

The weighting of the factors is based on the ratio of the capacity required for a 2 hour demand of fire flow, as related to total storage capacity.

Fire Protection Weight = $\frac{1{,}500 \text{ GPM X } 60 \text{ Min. X } 2 \text{ Hrs.}}{1{,}000{,}000 \text{ Gallons}}$ = 0.1800

General Service Weight = 1.0000 - 0.1800 = 0.8200

The weighting of the average hourly consumption and maximum hour extra demand for general service is based on the maximum hour ratio, as follows:

	Maximum Hour Ratio	Percent	Weight
Average Hour	1.00	50.00	0.4100
Extra Capacity Maximum Hour	1.00	50.00	0.4100
Total	2.00	100.00	0.8200

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH POWER AND PUMPING FACILITIES.

Factors are based on the weighting of the maximum daily consumption, Factor 2, the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

	Maximum Daily Consumption		Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 2	Weighted Factor	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 1.0000	(4)	(5)=(4)X 0.0000	(6)	(7)=(6)X 0.0000	(8)=(3)+ (5)+(7)
Residential	0.3781	0.3781	0.3576	0.0000	0.2763	0.0000	0.3781
Commercial	0.1491	0.1491	0.1411	0.0000	0.1037	0.0000	0.1491
Industrial	0.2209	0.2209	0.2090	0.0000	0.1313	0.0000	0.2209
Other Public Authority	0.0832	0.0832	0.0787	0.0000	0.0577	0.0000	0.0832
Sales for Resale	0.1645	0.1645	0.1556	0.0000	0.1051	0.0000	0.1645
Private Fire Protection	0.0011	0.0011	0.0145	0.0000	0.0810	0.0000	0.0011
Public Fire Protection	0.0031	0.0031	0.0435	0.0000	0.2449	0.0000	0.0031
Total	1.0000	1.0000	1.0000	0.0000	1.0000	0.0000	1.0000

The weighting of the factors is based on the horsepower of pumps associated with maximum day facilities, maximum day and fire facilities, and maximum hour facilities, as follows:

	Horsepower of Pumps	Weight
Associated with Maximum Day	1,415	1.0000
Associated with Maximum Day and Fire	0	0.0000
Associated with Maximum Hour	0	0.0000
Total	1,415	1.0000

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 7. ALLOCATION OF COSTS ASSOCIATED WITH TRANSMISSION AND DISTRIBUTION MAINS.

Factors are based on the weighting of the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 5, for each customer classification, as follows:

	Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.0535	(4)	(5)=(4)X 0.9465	(6)=(3)+(5)
Residential	0.3576	0.0192	0.2763	0.2614	0.2806
Commercial	0.1411	0.0075	0.1037	0.0982	0.1057
Industrial	0.2090	0.0112	0.1313	0.1243	0.1355
Other Public Authority	0.0787	0.0042	0.0577	0.0546	0.0588
Sales for Resale	0.1556	0.0083	0.1051	0.0995	0.1078
Private Fire Protection	0.0145	0.0008	0.0810	0.0767	0.0775
Public Fire Protection	0.0435	0.0023	0.2449	0.2318	0.2341
Total	1.0000	0.0535	1.0000	0.9465	1.0000

The weighting of the factors is based on the total footage of mains, designated as either transmission mains or distribution mains, as follows:

	Total Footage of Mains	Weight
Transmission Mains	25,056	0.0535
Distribution Mains	442,870	0.9465
Total	467,926	1.0000

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 8. ALLOCATION OF COSTS ASSOCIATED WITH FIRE HYDRANTS.

Costs are assigned directly to Public Fire Protection.

Customer Classification	Allocation Factor
(1)	(3)
Public Fire Protection	1.0000
Total	1.0000

FACTOR 9. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

Factors are based on the relative cost of meters by size and customer classification, as developed on the following page and summarized below.

Customer Classification	5/8" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	4,310	0.7341
Commercial	746	0.1271
Industrial	412	0.0702
Other Public Authority	319	0.0543
Sales for Resale	84	0.0143
Private Fire	0	0.0000
Total	5,871	1.0000

MISSOURI-AMERICAN WATER COMPANY
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BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS

Meter Size	5/8" Dollar Equivalent	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Total	
		Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)
5/8	1.0	4,265	4,265	306	306	2	2	29	29	0	0	4,602	4,602
3/4	1.3	2	3	4	5	0	0	1	1	0	0	7	9
1	1.7	17	29	79	134	4	7	18	31	0	0	118	201
1-1/2	3.5	0	0	0	0	0	0	1	4	0	0	1	4
2	4.3	3	13	50	215	6	26	37	159	4	17	100	430
3	19.0	0	0	2	38	5	95	5	95	1	19	13	247
4	29.3	0	0	0	0	3	88	0	0	0	0	3	88
6	48.4	0	0	1	48	4	194	0	0	1	48	6	290
8	112.9	0	0	0	0	0	0	0	0	0	0	0	0
Total		4,287	4,310	442	746	24	412	91	319	6	84	4,850	5,871

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 10. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

Factors are based on the relative cost of services by size and customer classification, as developed on the following page and summarized below.

Customer Classification	3/4" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	4,293	0.7953
Commercial	513	0.0950
Industrial	59	0.0109
Other Public Authority	142	0.0263
Sales for Resale	15	0.0028
Private Fire Protection	376	0.0697
Total	5,398	1.0000

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT

BASIS FOR ALLOCATING SERVICE COSTS TO CUSTOMER CLASSIFICATIONS

Service Size	3/4" Dollar Equivalent	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Private Fire Protection		Total	
		Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)=(2)X(11)	(15)	(16)
3/4	1.00	4,267	4,267	310	310	2	2	30	30	0	0	0	0	4,609	4,609
1	1.17	17	20	79	92	4	5	18	21	0	0	0	0	118	138
1-1/2	1.58	0	0	0	0	0	0	1	2	0	0	0	0	1	2
2	2.04	3	6	50	102	6	12	37	75	4	8	2	4	102	207
3	2.73	0	0	2	5	5	14	5	14	1	3	1	3	14	39
4	2.88	0	0	0	0	3	9	0	0	0	0	12	35	15	44
6	4.24	0	0	1	4	4	17	0	0	1	4	21	89	27	114
8	6.98	0	0	0	0	0	0	0	0	0	0	16	112	16	112
10	9.50	0	0	0	0	0	0	0	0	0	0	14	133	14	133
12	12.16	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total		4,287	4,293	442	513	24	59	91	142	6	15	66	376	4,916	5,398

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 11. ALLOCATION OF TRANSMISSION AND DISTRIBUTION OPERATION SUPERVISION AND ENGINEERING AND MISCELLANEOUS EXPENSES.

Factors are based on transmission and distribution operation expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Operating Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$ 25,736	0.2806
Commercial	9,695	0.1057
Industrial	12,428	0.1355
Other Public Authority	5,393	0.0588
Sales for Resale	9,887	0.1078
Private Fire Protection	7,108	0.0775
Public Fire Protection	21,471	0.2341
Total	91,718	1.0000

FACTOR 12. ALLOCATION OF TRANSMISSION AND DISTRIBUTION MAINTENANCE SUPERVISION AND ENGINEERING, STRUCTURES AND IMPROVEMENTS, AND OTHER EXPENSES.

Factors are based on transmission and distribution maintenance expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$ 171	0.7143
Commercial	29	0.1193
Industrial	15	0.0632
Other Public Authority	12	0.0492
Sales for Resale	4	0.0186
Private Fire Protection	5	0.0190
Public Fire Protection	4	0.0164
Total	$239	1.0000

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 13. ALLOCATION OF BILLING AND COLLECTING COSTS.

Factors are based on the total number of customers.

Customer Classification	Total Customers	Allocation Factor
(1)	(2)	(3)
Residential	4,287	0.8702
Commercial	442	0.0898
Industrial	24	0.0049
Other Public Authority	91	0.0185
Sales for Resale	6	0.0012
Private Fire Protection	76	0.0154
Public Fire Protection	0	0.0000
Total	4,926	1.0000

FACTOR 14. ALLOCATION OF METER READING COSTS.

Factors are based on the number of metered customers.

Customer Classification	Total Metered Customers	Allocation Factor
(1)	(2)	(3)
Residential	4,287	0.8840
Commercial	442	0.0911
Industrial	24	0.0049
Other Public Authority	91	0.0188
Sales for Resale	6	0.0012
Total	4,850	1.0000

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 15. ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES AND CASH WORKING CAPITAL.

Factors are based on the allocation of all other operation and maintenance expenses excluding purchased water, power, chemicals and waste disposal.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$339,790	0.5456
Commercial	76,771	0.1233
Industrial	78,305	0.1257
Other Public Authority	36,180	0.0581
Sales for Resale	54,376	0.0873
Private Fire Protection	11,820	0.0190
Public Fire Protection	25,564	0.0410
Total	$622,805	1.0000

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 16. ALLOCATION OF LABOR RELATED TAXES AND BENEFITS.

Factors are based on the allocation of direct labor expense.

Customer Classification	Direct Labor Expense	Allocation Factor
(1)	(2)	(3)
Residential	$181,309	0.5081
Commercial	42,417	0.1189
Industrial	44,769	0.1255
Other Public Authority	20,220	0.0567
Sales for Resale	32,590	0.0913
Private Fire Protection	9,690	0.0272
Public Fire Protection	25,803	0.0723
Total	$356,798	1.0000

FACTOR 17. ALLOCATION OF ORGANIZATION, FRANCHISES AND CONSENTS, MISCELLANEOUS INTANGIBLE PLANT AND OTHER RATE BASE ELEMENTS.

Factors are based on the allocation of the original cost less depreciation other than those items being allocated, as follows:

Customer Classification	Original Cost Less Depreciation	Allocation Factor
(1)	(2)	(3)
Residential	$6,952,911	0.4250
Commercial	2,130,020	0.1302
Industrial	2,707,287	0.1655
Other Public Authority	1,119,065	0.0684
Sales for Resale	1,983,948	0.1213
Private Fire Protection	388,662	0.0238
Public Fire Protection	1,075,943	0.0658
Total	$16,357,838	1.0000

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 18. ALLOCATION OF INCOME TAXES AND INCOME AVAILABLE FOR RETURN.

Factors are based on the allocation of the original cost measure of value rate base as shown on the following pages and summarized below.

Customer Classification	Original Cost Measure of Value	Allocation Factor
(1)	(2)	(3)
Residential	$6,512,923	0.4254
Commercial	1,993,407	0.1302
Industrial	2,532,345	0.1654
Other Public Authority	1,047,020	0.0684
Sales for Resale	1,855,512	0.1212
Private Fire Protection	363,506	0.0237
Public Fire Protection	1,005,885	0.0657
Total	$15,310,598	1.0000

FACTOR 19. ALLOCATION OF REGULATORY COMMISSION EXPENSES, ASSESSMENTS AND OTHER WATER REVENUES.

The factors are based on the allocation of the total cost of service, excluding those items being allocated.

Customer Classification	Total Cost of Service	Allocation Factor
(1)	(2)	(3)
Residential	$1,836,254	0.4697
Commercial	499,155	0.1277
Industrial	595,793	0.1524
Other Public Authority	252,238	0.0645
Sales for Resale	429,854	0.1099
Private Fire Protection	83,486	0.0214
Public Fire Protection	212,791	0.0544
Total	$3,909,571	1.0000

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
RATE BASE									
Organization	17	$ 1,964	$ 835	$ 256	$ 325	$ 134	$ 238	$ 47	$ 129
Franchises	17	0	0	0	0	0	0	0	0
Land & Ld Rights SS	2	25,516	9,647	3,804	5,636	2,123	4,197	28	79
Land & Ld Rights P	6	58,808	22,235	8,768	12,991	4,893	9,674	65	182
Land & Ld Rights WT	2	13,920	5,263	2,076	3,075	1,158	2,290	15	43
Land & Ld Rights TD	7	13,118	3,681	1,387	1,778	771	1,414	1,017	3,071
Land & Land Rights AG	15	2,057	1,122	254	259	120	180	39	84
Struct & Imp SS	2	38,471	14,546	5,736	8,498	3,201	6,328	42	119
Struct & Imp P	6	47,177	17,838	7,034	10,421	3,925	7,761	52	146
Struct & Imp Pumps (STL)	6	0	0	0	0	0	0	0	0
Struct & Imp Pump Boosters	6	0	0	0	0	0	0	0	0
Struct & Imp WT	2	3,098,636	1,171,594	462,007	684,489	257,807	509,726	3,409	9,606
Struct & Imp WT Nth Plt (ST	2	0	0	0	0	0	0	0	0
Struct & Imp WT Ctrl Plt 1	2	0	0	0	0	0	0	0	0
Struct & Imp WT Ctrl Plt 3	2	0	0	0	0	0	0	0	0
Struct & Imp WT Sth Plt (ST	2	0	0	0	0	0	0	0	0
Struct & Imp WT Meramec (ST	2	0	0	0	0	0	0	0	0
Struct & Imp TD	7	58,602	16,444	6,194	7,941	3,446	6,317	4,542	13,719
Struct & Imp TD Spec Cross	7	0	0	0	0	0	0	0	0
Struct & Imp AG	7	0	0	0	0	0	0	0	0
Struct & Imp Offices	15	84,934	46,340	10,472	10,676	4,935	7,415	1,614	3,482
Gen Structures HVAC	15	0	0	0	0	0	0	0	0
Struct & Imp Leasehold	15	5	3	1	1	0	0	0	0
Struct & Imp Leasehold	15	0	0	0	0	0	0	0	0
Struct & Imp Store,Shop,Gar	15	21,115	11,520	2,603	2,654	1,227	1,843	401	866
Struct & Imp Misc	15	0	0	0	0	0	0	0	0
Collect & Impounding	1	39	14	6	10	3	7	0	0
Lake, River & Other Intakes	2	10,543	3,986	1,572	2,329	877	1,734	12	33
Wells & Springs	2	616,740	233,189	91,956	136,238	51,313	101,454	678	1,912
Supply Mains	2	701,765	265,337	104,633	155,020	58,387	115,440	772	2,175
Supply Mains Nth Plt (STL)	2	0	0	0	0	0	0	0	0
Supply Mains Ctrl Plt (STL)	2	0	0	0	0	0	0	0	0
Supply Mains Sth Plt (STL)	2	0	0	0	0	0	0	0	0
Supply Mains Meramec Plt (S	2	0	0	0	0	0	0	0	0
Power Generation Equip	6	5,089	1,924	759	1,124	423	837	6	16
Power Generation Equip Othe	6	(84)	(32)	(13)	(19)	(7)	(14)	(0)	(0)
Boiler Plant Equipment P	6	0	0	0	0	0	0	0	0
Pump Equip Steam	6	0	0	0	0	0	0	0	0
Pump Equip Electric	6	1,203,097	454,891	179,382	265,764	100,098	197,910	1,323	3,730
Pump Equip Elec Pre46 (STL)	6	0	0	0	0	0	0	0	0
Pump Equip Elec Post46 (STL	6	0	0	0	0	0	0	0	0
Pump Equip Elec Boosters Po	6	0	0	0	0	0	0	0	0
Pump Equip Diesel	6	0	0	0	0	0	0	0	0

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Pump Equip Diesel Stratman\	6	0	0	0	0	0	0	0	0
Pump Equip Diesel Ctrl Plt	6	0	0	0	0	0	0	0	0
Pump Equip Hydraulic	6	0	0	0	0	0	0	0	0
Pump Equip Other	6	31,289	11,830	4,665	6,912	2,603	5,147	34	97
Pump Equip WT	6	0	0	0	0	0	0	0	0
Pump Equip TD	6	0	0	0	0	0	0	0	0
WT Equip Non-Media	2	2,904,244	1,098,095	433,023	641,547	241,633	477,748	3,195	9,003
WT Equip Non-Med North (STL	2	0	0	0	0	0	0	0	0
WT Equip Non Media Ctrl 1 &	2	0	0	0	0	0	0	0	0
WT Equip Non Media Ctrl 3 (	2	0	0	0	0	0	0	0	0
WT Equip Non Media Sth (STL	2	0	0	0	0	0	0	0	0
WT Equip Non Media Mer (STL	2	0	0	0	0	0	0	0	0
WT Equip Filter Media	2	66,429	25,117	9,905	14,674	5,527	10,928	73	206
Dist Reservoirs & Standpipe	5	185,527	62,207	23,339	29,536	12,987	23,673	8,386	25,399
Elevated Tanks & Standpipes	5	51,346	17,216	6,459	8,174	3,594	6,552	2,321	7,029
Ground Level Facilities	5	18,232	6,113	2,294	2,903	1,276	2,326	824	2,496
TD Mains Not Classified by	7	1,623,471	455,546	171,601	219,980	95,460	175,010	125,819	380,055
TD Mains 4 & Less "	4	195,549	54,030	20,278	25,676	11,283	20,552	15,839	47,890
TD Mains 6 to 8" "	4	978,502	270,360	101,471	128,477	56,460	102,841	79,259	239,635
TD Mains 10 to 16" "	3	889,063	317,929	125,447	185,814	69,969	138,338	12,891	38,674
TD Mains 18 & Grtr "	3	734	262	104	153	58	114	11	32
TD Mains AC 4 (STL) "	4	0	0	0	0	0	0	0	0
TD Mains CI <10 1900-28 (S"	4	0	0	0	0	0	0	0	0
TD Mains CI <10 1929-56 (S"	4	0	0	0	0	0	0	0	0
TD Mains CI <10 1957-93 (S"	4	0	0	0	0	0	0	0	0
TD Mains CI 12 (STL) "	3	0	0	0	0	0	0	0	0
TD Mains CI 16 (STL) "	3	0	0	0	0	0	0	0	0
TD Mains DI 6-8 (STL) "	4	0	0	0	0	0	0	0	0
TD Mains DI 12 (STL) "	3	0	0	0	0	0	0	0	0
TD Mains DI 16 & >(STL)	3	0	0	0	0	0	0	0	0
TD Mains Galve 1 (STL) "	4	0	0	0	0	0	0	0	0
TD Mains LJ 20 (STL) "	3	0	0	0	0	0	0	0	0
TD Mains DI 4in (STL) "	4	0	0	0	0	0	0	0	0
Fire Mains	8	22,261	0	0	0	0	0	0	22,261
Services	10	1,745,658	1,388,322	165,838	19,028	45,911	4,888	121,672	0
Meters Bronze Case	9	396,082	290,763	50,342	27,805	21,507	5,664	0	0
Meters Plastic Case	9	0	0	0	0	0	0	0	0
Meters Other	9	299	220	38	21	16	4	0	0
Meters Other-Rem Rdr Unts	9	0	0	0	0	0	0	0	0
Meter Installations	9	750,002	550,577	95,325	52,650	40,725	10,725	0	0

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Meter Installation Other	9	0	0	0	0	0	0	0	0
Meter Vaults	9	0	0	0	0	0	0	0	0
Hydrants	8	254,048	0	0	0	0	0	0	254,048
Other P/E Intangible	15	1,127	615	139	142	65	98	21	46
Other P/E SS	15	1,678	915	207	211	97	146	32	69
Other P/E WT Res Hand Equip	2	22,567	8,533	3,365	4,985	1,878	3,712	25	70
Other P/E TD	7	7,382	2,071	780	1,000	434	796	572	1,728
Other P/E CPS	15	(531)	(290)	(65)	(67)	(31)	(46)	(10)	(22)
Office Furniture & Equip	15	10,712	5,845	1,321	1,347	622	935	204	439
Comp & Periph Equip	15	46,625	25,439	5,749	5,861	2,709	4,070	886	1,912
Computer Software	15	39,706	21,664	4,896	4,991	2,307	3,466	754	1,628
Comp Software Personal	15	731	399	90	92	42	64	14	30
Comp Software Other	15	0	0	0	0	0	0	0	0
Data Handling Equipment	15	29,328	16,001	3,616	3,686	1,704	2,560	557	1,202
Other Office Equipment	15	8,527	4,652	1,051	1,072	495	744	162	350
Trans Equip Lt Duty Trks	15	(263)	(143)	(32)	(33)	(15)	(23)	(5)	(11)
Trans Equip Hvy Duty Trks	15	0	0	0	0	0	0	0	0
Trans Equip Autos	15	(2,012)	(1,098)	(248)	(253)	(117)	(176)	(38)	(82)
Trans Equip Other	15	0	0	0	0	0	0	0	0
Stores Equipment	15	8,183	4,465	1,009	1,029	475	714	155	336
Tools,Shop,Garage Equip	15	34,822	18,999	4,294	4,377	2,023	3,040	662	1,428
Tools,Shop,Garage Equip Oth	15	0	0	0	0	0	0	0	0
Laboratory Equipment	2	20,648	7,807	3,079	4,561	1,718	3,397	23	64
Laboratory Equip Other	2	0	0	0	0	0	0	0	0
Power Operated Equipment	15	(3,867)	(2,110)	(477)	(486)	(225)	(338)	(73)	(159)
Comm Equip Non-Telephone	15	28,062	15,310	3,460	3,527	1,630	2,450	533	1,151
Remote Control & Instr	15	738	403	91	93	43	64	14	30
Comm Equip Telephone	15	(13,670)	(7,458)	(1,685)	(1,718)	(794)	(1,193)	(260)	(560)
Misc Equipment	15	5,059	2,760	624	636	294	442	96	207
Other Tangible Property	17	0	0	0	0	0	0	0	0
Total Utility Plant in Service		16,359,802	6,953,745	2,130,276	2,707,612	1,119,200	1,984,187	388,709	1,076,073
Other Rate Base Items									
Add:									
Other Utility Plant Adjustments	17	0	0	0	0	0	0	0	0
Cash Working Capital	15	0	0	0	0	0	0	0	0
Materials and Supplies	15	29,417	16,050	3,627	3,698	1,709	2,568	559	1,206
Prepayments	15	15,807	8,624	1,949	1,987	918	1,380	300	648
OPEB's Contributed to External Fund	16	50,322	25,569	5,983	6,315	2,853	4,594	1,369	3,638
Pension / OPEB Tracker	16	5,978	3,037	711	750	339	546	163	432
Regulatory Deferrals	17	36,900	15,683	4,804	6,107	2,524	4,476	878	2,428
Less:									
Accumulated Deferred ITC (3%)	17	0	0	0	0	0	0	0	0
Deferred Income Taxes	17	(1,126,938)	(478,949)	(146,727)	(186,508)	(77,083)	(136,698)	(26,821)	(74,153)
Pensions	16	(60,690)	(30,837)	(7,216)	(7,617)	(3,441)	(5,541)	(1,651)	(4,388)
Total Other Rate Base Elements		(1,049,204)	(440,822)	(136,869)	(175,268)	(72,180)	(128,674)	(25,203)	(70,188)
Total Original Cost Measure of Value		$ 15,310,598	$ 6,512,923	$ 1,993,407	$ 2,532,345	$ 1,047,020	$ 1,855,512	$ 363,506	$ 1,005,885

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT

SUMMARY OF AVERAGE DAILY SEND OUT AND MAXIMUM DAILY USAGE
FOR THE YEARS 1990-2007

Year	Average Daily Send out (MGD)	Maximum Daily Use		
		MGD	Ratio to Average	Highest Use Day
(1)	(2)	(3)	(4)	(5)
1990	1.859	3.044	1.64	7/15/1990
1991	2.008	2.738	1.36	3/29/1991
1992	2.044	3.182	1.56	7/2/1992
1993	1.989	2.553	1.28	8/20/1993
1994	1.964	2.525	1.29	8/22/1994
1995	2.282	2.917	1.28	8/28/1995
1996	2.186	3.047	1.39	7/18/1996
1997	2.223	2.886	1.30	7/17/1997
1998	2.240	2.868	1.28	5/19/1998
1999	2.223	3.010	1.35	7/28/1999
2000	2.199	2.770	1.26	8/17/2000
2001	2.322	2.955	1.27	8/1/2001
2002	2.245	2.953	1.32	8/5/2002
2003	2.254	2.937	1.30	8/28/2003
2004	2.116	2.745	1.30	8/18/2004
2005	2.105	2.912	1.38	11/7/2005
2006	1.783	2.786	1.56	6/19/2006
2007	2.252	2.889	1.28	8/6/2007

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT

BASIS FOR ALLOCATING DEMAND RELATED COSTS OF FIRE SERVICE TO PRIVATE AND PUBLIC FIRE PROTECTION CUSTOMER CLASSIFICATIONS

Description		Restrictive Diameters Squared	Quantity	Relative Demand*	Allocation Factor
(1)		(2)	(3)	(4)=(2)x(3)	(5)
PRIVATE FIRE PROTECTION					
Fire Lines					
2 -inch		4.00	2	8	
3 -inch		9.00	0	0	
4 -inch		16.00	12	192	
6 -inch		36.00	21	756	
8 -inch		64.00	16	1,024	
10 -inch		100.00	14	1,400	
12 -inch		144.00	1	144	
Private Hydrants		26.50	9.8	260	
Total Private Fire Protection			75.8	3,784	0.2486
PUBLIC FIRE PROTECTION					
Hydrant	Nozzle Sizes				
5 1/4" Valve	2- 2-1/2" & 1- 4 1/2"	26.50	80	2,120	
4 1/2" Valve	2- 2-1/2" & 1- 4 1/2"	20.25	460	9,315	
Total Public Fire Prorection			540	11,435	0.7514
Total Fire Protection			616	15,219	1.0000

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT

CALCULATION OF CUSTOMER CHARGE

(1)	Expense Related to Meters	602,739	
(2)	Meter Equivalents X 12	70,452	
(3)	Expense per Bill - Meter related		$8.56
(4)	Expense Related to Services	302,641	
(5)	Service Equivalents X 12	60,264	
(6)	Expense per Bill - Services related		5.02
(7)	Expense Related to Billing and Collecting	339,705	
(8)	Number of Customers X 12	59,110	
(9)	Expense per Bill - Billing and Collecting		5.75
(10)	Total Customer Charge (3)+(6)+(9)		$19.32

PARKVILLE WATER DISTRICT

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES
FOR THE TEST YEAR ENDED DECEMBER 31, 2007

Customer Classification	Cost of Service (a) Amount (Schedule B)	Cost of Service (a) Percent	Revenues, Present Rates Amount	Revenues, Present Rates Percent	Revenues, Proposed Rates Amount	Revenues, Proposed Rates Percent	Proposed Increase Amount	Proposed Increase Percent Increase
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Residential	$ 3,534,915	72.8%	$ 2,623,077	70.3%	$ 3,516,932	72.5%	$ 893,855	34.1%
Commercial	890,338	18.4%	751,605	20.1%	895,587	18.5%	143,982	19.2%
Industrial	19,423	0.4%	21,316	0.6%	24,939	0.5%	3,623	17.0%
Public Authority	58,716	1.2%	48,367	1.3%	59,486	1.2%	11,119	23.0%
Sales for Resale	251,267	5.2%	183,472	4.9%	249,961	5.2%	66,489	36.2%
Private Fire Service	96,776	2.0%	103,873	2.8%	103,873	2.1%	-	0.0%
Public Fire Service	-	0.0%	$0	0.0%	$0	0.0%	-	0.0%
Total Sales	4,851,436	100.0%	3,731,710	100.0%	4,850,778	100.0%	1,119,068	30.0%
Other Revenues	36,929		36,929		36,929		-	0.0%
Total	$ 4,888,365		$ 3,768,639		$ 4,887,707		$1,119,068	29.7%

(a) Cost of Service is net of revenue contribution from St. Louis Metro Area District.

PKW-1

TN-CMA-01-Q29-SUPPLEMENTAL ATTACHMENT
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Schedule A-PKW

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection Private	Fire Protection Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
OPERATION AND MAINTENANCE EXPENSES									
SOURCE OF SUPPLY EXPENSES									
Super & Eng Oper SS	2	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Labor & Exp Oper SS	2	0	0	0	0	0	0	0	0
Labor & Exp Oper SS	2	1,186	864	224	5	12	79	0	2
Purchased Water	1	102,457	65,705	24,385	686	1,332	9,805	102	441
TOTAL SS EXPENSE - OPERATION		103,643	66,569	24,608	692	1,344	9,884	103	443
Misc Exp Oper SS	2	0	0	0	0	0	0	0	0
Misc Exp Oper SS	2	472	344	89	2	5	31	0	1
Rents Oper SS	2	150	109	28	1	2	10	0	0
Super & Eng Maint SS	2	0	0	0	0	0	0	0	0
Struct & Improve Maint SS	2	0	0	0	0	0	0	0	0
Struct & Improve Maint SS	2	0	0	0	0	0	0	0	0
Collect & Impound Maint SS	2	0	0	0	0	0	0	0	0
Collect & Impound Maint SS	2	0	0	0	0	0	0	0	0
Lake, River & Oth Maint SS	2	0	0	0	0	0	0	0	0
Lake, River & Oth Maint SS	2	0	0	0	0	0	0	0	0
Wells & Springs Maint SS	2	756	551	143	3	8	50	0	1
Wells & Springs Maint SS	2	0	0	0	0	0	0	0	0
Infilt Gall & Tunnels Maint SS	2	0	0	0	0	0	0	0	0
Infilt Gall & Tunnels Maint SS	2	0	0	0	0	0	0	0	0
Supply Mains Maint SS	2	0	0	0	0	0	0	0	0
Supply Mains Maint SS	2	0	0	0	0	0	0	0	0
Misc Plant Maint SS	2	6,901	5,025	1,302	30	72	458	3	12
Misc Plant Maint SS	2	1,682	1,225	317	7	17	112	1	3
TOTAL SS EXPENSE - MAINTENANCE		9,962	7,253	1,879	44	104	661	4	17
TOTAL SS EXPENSE		113,604	73,822	26,487	736	1,448	10,545	107	460
POWER AND PUMPING EXPENSES									
Super & Eng Oper P	6	0	0	0	0	0	0	0	0
Fuel for Power Prod	1	0	0	0	0	0	0	0	0
Labor & Exp Oper Pwr Prod	6	(1,385)	(974)	(252)	(6)	(14)	(89)	(10)	(40)
Labor & Exp Oper Pwr Prod	6	0	0	0	0	0	0	0	0
Purch Fuel/Power for Pump	1	119,367	76,550	28,409	800	1,552	11,423	119	513
Labor & Exp Oper Pump	6	61,804	43,473	11,254	260	618	3,962	433	1,805
Labor & Exp Oper Pump	6	0	0	0	0	0	0	0	0
Expenses Transferred	6	0	0	0	0	0	0	0	0
Misc Exp Oper P	6	47	33	9	0	0	3	0	1
Rents Oper P	6	0	0	0	0	0	0	0	0
TOTAL PUMPING EXPENSE - OPERATION		179,833	119,082	39,420	1,054	2,156	15,299	543	2,279

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Super & Eng Maint P	6	0	0	0	0	0	0	0	0
Struct & Improve Maint P	6	0	0	0	0	0	0	0	0
Struct & Improve Maint P	6	0	0	0	0	0	0	0	0
Power Prod Equip Maint P	6	0	0	0	0	0	0	0	0
Power Prod Equip Maint P	6	0	0	0	0	0	0	0	0
Pump Equip Maint P	6	10,708	7,532	1,950	45	107	686	75	313
Pump Equip Maint P	6	452	318	82	2	5	29	3	13
TOTAL PUMPING EXPENSES - MAINTENANCE		11,160	7,850	2,032	47	112	715	78	326
TOTAL PUMPING EXPENSES		190,993	126,932	41,452	1,101	2,268	16,015	621	2,605
WATER TREATMENT									
Super & Eng Oper WT	2	4	3	1	0	0	0	0	0
Chemicals	1	117,548	75,384	27,976	788	1,528	11,249	118	505
Labor & Exp Oper WT	2	0	0	0	0	0	0	0	0
Labor & Exp Oper WT	2	5,934	4,321	1,119	26	62	394	2	10
Misc Exp Oper WT	2	13,022	9,481	2,456	57	135	865	5	22
Misc Exp Oper WT	1	0	0	0	0	0	0	0	0
Misc Exp Oper WT	2	1,601	1,166	302	7	17	106	1	3
Rents Oper WT	2	0	0	0	0	0	0	0	0
TOTAL WT EXPENSE - OPERATION		138,109	90,354	31,854	878	1,742	12,615	126	540
Super & Eng Maint WT	2	787	573	148	3	8	52	0	1
Struct & Improve Maint WT	2	0	0	0	0	0	0	0	0
Struct & Improve Maint WT	2	105	76	20	0	1	7	0	0
WT Equip Maint WT	2	0	0	0	0	0	0	0	0
WT Equip Maint WT	2	8,500	6,189	1,603	37	88	564	3	14
TOTAL WT EXPENSE - MAINTENANCE		9,392	6,838	1,771	41	98	624	4	16
TOTAL WT EXPENSE		147,501	97,192	33,625	919	1,840	13,238	130	556
TRANSMISSION AND DISTRIBUTION EXPENSES									
Super & Eng Oper TD	11	22	12	4	0	0	1	1	4
Storage Facilty Exp	5	0	0	0	0	0	0	0	0
Storage Facilty Exp	5	0	0	0	0	0	0	0	0
TD Lines Exp	7	7,333	3,980	1,191	26	65	400	325	1,347
TD Lines Exp	7	19	10	3	0	0	1	1	3
Meter Expense	9	0	0	0	0	0	0	0	0
Meter Expense	9	0	0	0	0	0	0	0	0
Customer Install Exp	10	0	0	0	0	0	0	0	0
Customer Install Exp	10	0	0	0	0	0	0	0	0

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection Private	Fire Protection Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Misc Exp Oper TD	11	59,273	32,174	9,626	207	522	3,230	2,626	10,889
Misc Exp Oper TD	11	51,976	28,213	8,441	182	457	2,833	2,303	9,548
Misc Exp Oper TD	11	6,456	3,504	1,048	23	57	352	286	1,186
Rents Oper TD	11	0	0	0	0	0	0	0	0
TOTAL T & D EXPENSE OPERATION		125,079	67,893	20,313	438	1,101	6,817	5,541	22,977
Super & Eng Maint TD	12	0	0	0	0	0	0	0	0
Struct & Improve Maint TD	12	0	0	0	0	0	0	0	0
Struct & Improve Maint TD	12	0	0	0	0	0	0	0	0
Dist Res Stand Maint TD	5	0	0	0	0	0	0	0	0
TD Main Maint TD	7	6,955	3,775	1,130	24	61	379	308	1,278
TD Main Maint TD	7	0	0	0	0	0	0	0	0
Fire Main Maint TD	8	0	0	0	0	0	0	0	0
Fire Main Maint TD	8	0	0	0	0	0	0	0	0
Services Maint TD	10	0	0	0	0	0	0	0	0
Services Maint TD	10	0	0	0	0	0	0	0	0
Meters Maint TD	9	40	31	7	0	1	1	0	0
Meters Maint TD	9	0	0	0	0	0	0	0	0
Hydrants Maint TD	8	2,192	0	0	0	0	0	0	2,192
Hydrants Maint TD	8	0	0	0	0	0	0	0	0
Misc Plant Maint TD	12	0	0	0	0	0	0	0	0
Mat and Sup Maint TD	12	25,156	10,422	3,112	68	171	1,039	843	9,501
Misc Maint TD	12	0	0	0	0	0	0	0	0
Amort Def Maint TD	5	2,590	1,672	534	11	29	176	33	135
TOTAL T & D EXPENSE - MAINTENANCE		36,933	15,900	4,783	104	262	1,594	1,183	13,106
TOTAL T & D EXPENSE		162,011	83,793	25,096	541	1,363	8,411	6,724	36,083
CUSTOMER ACCOUNTS									
Supervision CA	13	0	0	0	0	0	0	0	0
Meter Reading Exp CA	14	23,168	21,122	1,849	30	151	16	0	0
Meter Reading Exp CA	14	0	0	0	0	0	0	0	0
Meter Reading Exp CA	14	0	0	0	0	0	0	0	0
Cust Rec & Collection CA	13	36,655	32,824	2,874	48	235	26	649	0
Cust Rec & Collection CA	13	25,274	22,633	1,981	33	162	18	447	0
Uncollectible Accts	13	52,703	47,196	4,132	69	337	37	933	0
Misc Cust Accts Exp CA	13	0	0	0	0	0	0	0	0
Misc Cust Accts Exp CA	13	0	0	0	0	0	0	0	0
Misc Cust Accts Exp CA	13	3,164	2,833	248	4	20	2	56	0
Cust Serv & Info Exp CA	13	0	0	0	0	0	0	0	0
TOTAL CUSTOMER ACCOUNTING EXPENSE		140,964	126,609	11,084	183	904	99	2,085	0

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
ADMINISTRATIVE AND GENERAL EXPENSES									
Salaries AG	15	86,442	60,458	11,843	251	709	3,293	1,936	7,953
Other Supplies & Exp AG	15	2,603	1,821	357	8	21	99	58	239
Other Supplies & Exp AG	15	31,212	21,830	4,276	91	256	1,189	699	2,871
Other Supplies & Exp AG	15	17,408	12,175	2,385	50	143	663	390	1,601
Mgmt Fees-Admin	15	195,382	136,650	26,767	567	1,602	7,444	4,377	17,975
Mgmt Fees-Customer Service	13	74,536	66,747	5,844	97	477	52	1,319	0
Mgmt Fees-Belleville Lab	2	7,295	5,312	1,376	32	76	484	3	12
Mgmt Fees- Employee	15	32,092	22,445	4,397	93	263	1,223	719	2,952
Outside Services AG	15	35,769	25,017	4,900	104	293	1,363	801	3,291
Outside Services AG	15	99,126	69,329	13,580	287	813	3,777	2,220	9,120
Property Insurance	15	0	0	0	0	0	0	0	0
Ins Gen Liab Oper AG	15	33,000	23,080	4,521	96	271	1,257	739	3,036
Ins Work Comp AG	16	10,173	7,101	1,453	32	85	420	214	869
Ins Other Oper AG	15	7,411	5,183	1,015	21	61	282	166	682
Property Insurance	15	1,754	1,227	240	5	14	67	39	161
Injuries & Damages	16	128	89	18	0	1	5	3	11
Employee Pension & Benefits	16	87,170	60,845	12,448	270	732	3,600	1,831	7,444
Employee Pension & Benefits	16	24,493	17,096	3,498	76	206	1,012	514	2,092
Employee Pension & Benefits	16	9,557	6,671	1,365	30	80	395	201	816
Reg Commision Exp	15	5,963	4,171	817	17	49	227	134	549
Rents AG	15	527	369	72	2	4	20	12	49
Goodwill Advertising Exp	15	414	290	57	1	3	16	9	38
Misc Exp AG	15	28,283	19,781	3,875	82	232	1,078	634	2,602
Research & Development	15	0	0	0	0	0	0	0	0
TOTAL A & G OPERATIONS		790,739	567,685	105,103	2,211	6,392	27,967	17,018	64,364
General Plant Maint AG	15	0	0	0	0	0	0	0	0
General Plant Maint AG	15	4,342	3,037	595	13	36	165	97	399
TOTAL A & G EXPENSE - MAINTENANCE		4,342	3,037	595	13	36	165	97	399
TOTAL A & G EXPENSE		795,081	570,722	105,698	2,224	6,428	28,132	17,115	64,763
Total Operation & Maintenance Expenses		1,550,154	1,079,069	243,442	5,704	14,250	76,440	26,782	104,467

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MISSOURI-AMERICAN WATER COMPANY

PARKVILLE WATER DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
DEPRECIATION EXPENSE									
Struct & Imp SS	2	463	337	87	2	5	31	0	1
Struct & Imp P	6	318	224	58	1	3	20	2	9
Struct & Imp WT	2	14,149	10,302	2,669	62	147	939	6	24
Struct & Imp TD	7	7,736	4,199	1,256	27	68	422	343	1,421
Struct & Imp Offices	15	1,598	1,118	219	5	13	61	36	147
Struct & Imp Store,Shop,Gar	15	514	359	70	1	4	20	12	47
Struct & Imp Misc	15	12,651	8,848	1,733	37	104	482	283	1,164
Collect & Impounding	1	0	0	0	0	0	0	0	0
Lake, River & Other Intakes	2	0	0	0	0	0	0	0	0
Wells & Springs	2	3,937	2,867	743	17	41	261	2	7
Supply Mains	2	2,748	2,001	518	12	29	182	1	5
Power Generation Equip Othe	6	0	0	0	0	0	0	0	0
Pump Equip Electric	6	46,308	32,573	8,433	194	463	2,968	324	1,352
Pump Equip Diesel	6	313	220	57	1	3	20	2	9
Pump Equip Hydraulic	6	1,990	1,400	362	8	20	128	14	58
Pump Equip Other	6	1,685	1,185	307	7	17	108	12	49
WT Equip Non-Media	2	68,613	49,957	12,940	302	714	4,556	27	117
WT Equip Filter Media	2	1,934	1,408	365	9	20	128	1	3
Dist Reservoirs & Standpipe	5	75,621	48,821	15,601	325	839	5,135	953	3,947
Elevated Tanks & Standpipes	5	1,973	1,274	407	8	22	134	25	103
Ground Level Facilities	5	2,549	1,646	526	11	28	173	32	133
TD Mains Not Classified by	7	132,504	71,923	21,519	464	1,166	7,221	5,870	24,341
TD Mains 4 & Less "	4	4,967	2,427	775	16	42	255	282	1,170
TD Mains 6 to 8" "	4	7,357	3,595	1,148	24	62	377	418	1,733
TD Mains 10 to 16" "	3	88,716	62,048	16,066	373	887	5,660	710	2,972
TD Mains 18 & Grtr "	3	110	77	20	0	1	7	1	4
Fire Mains	8	1,455	0	0	0	0	0	0	1,455
Services	10	33,351	28,575	3,175	63	303	63	1,171	0
Meters Bronze Case	9	17,213	13,443	3,117	57	377	219	0	0
Meters Plastic Case	9	0	0	0	0	0	0	0	0
Meters Other	9	1,254	979	227	4	27	16	0	0
Meters Other-Rem Rdr Unts	9	213	166	39	1	5	3	0	0
Meter Installations	9	30,062	23,478	5,444	99	658	382	0	0
Meter Installation Other	9	0	0	0	0	0	0	0	0
Hydrants	8	17,447	0	0	0	0	0	0	17,447
Utility Plant Acquisition Adjustment	17	0	0	0	0	0	0	0	0
Other P/E WT Res Hand Equip	2	0	0	0	0	0	0	0	0
Other P/E TD	11	394	214	64	1	3	21	17	72
Other P/E CPS	15	0	0	0	0	0	0	0	0
Office Furniture & Equip	15	1,416	990	194	4	12	54	32	130
Comp & Periph Equip	15	4,935	3,452	676	14	40	188	111	454
Computer Software	15	15,823	11,067	2,168	46	130	603	354	1,456

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection Private	Fire Protection Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Comp Software Personal	15	1,565	1,095	214	5	13	60	35	144
Data Handling Equipment	15	14,400	10,071	1,973	42	118	549	323	1,325
Other Office Equipment	15	1,728	1,209	237	5	14	66	39	159
Trans Equip Lt Duty Trks	15	0	0	0	0	0	0	0	0
Trans Equip Hvy Duty Trks	15	22	15	3	0	0	1	0	2
Trans Equip Autos	15	0	0	0	0	0	0	0	0
Trans Equip Other	15	0	0	0	0	0	0	0	0
Stores Equipment	15	82	57	11	0	1	3	2	8
Tools,Shop,Garage Equip	15	2,674	1,870	366	8	22	102	60	246
Tools,Shop,Garage Equip Oth	15	0	0	0	0	0	0	0	0
Laboratory Equipment	2	3,353	2,441	632	15	35	223	1	6
Laboratory Equip Other	2	0	0	0	0	0	0	0	0
Power Operated Equipment	15	30	21	4	0	0	1	1	3
Comm Equip Non-Telephone	15	2,376	1,662	326	7	19	91	53	219
Remote Control & Instr	15	(1)	(1)	(0)	(0)	(0)	(0)	(0)	(0)
Comm Equip Telephone	15	29	20	4	0	0	1	1	3
Misc Equipment	15	16,052	11,227	2,199	47	132	612	360	1,477
Other Tangible Property	15	0	0	0	0	0	0	0	0
Total Depreciation Expense		644,627	420,862	106,952	2,325	6,608	32,545	11,914	63,421
Amort-Other UP	18	1,557	978	264	6	16	83	33	177
Amort-Intangible Fin	2	1,954	1,423	369	9	20	130	1	3
Taxes Other Than Income									
Utility Reg Assessment Fee	19	26,083	16,972	4,317	97	258	1,351	519	2,569
Property Taxes	18	554,626	348,472	94,009	2,052	5,657	29,562	11,924	62,950
FUTA	16	412	288	59	1	3	17	9	35
FICA	16	21,440	14,965	3,062	66	180	885	450	1,831
SUTA	16	824	575	118	3	7	34	17	70
Other Taxes & Licenses	15	1,442	1,009	198	4	12	55	32	133
Gross Receipts Tax	19	0	0	0	0	0	0	0	0
Total Taxes, Other Than Income		604,827	382,280	101,762	2,223	6,118	31,904	12,952	67,588
Income Taxes	18	760,375	477,744	128,884	2,813	7,756	40,528	16,348	86,303
Utility Income Available for Return	18	1,947,954	1,223,899	330,178	7,207	19,869	103,826	41,881	221,093
Revenue Contribution	19	(623,083)	(405,440)	(103,120)	(2,305)	(6,169)	(32,276)	(12,399)	(61,374)
Total Cost of Service		4,888,365	3,180,815	808,730	17,982	48,469	253,180	97,511	481,678
Less: Other Water Revenues	19	36,929	24,030	6,112	137	366	1,913	735	3,638
Total Other Water Revenues		36,929	24,030	6,112	137	366	1,913	735	3,638
Total Cost of Service Related to Sales of Water		$ 4,851,436	$ 3,156,785	$ 802,618	$ 17,845	$ 48,104	$ 251,267	$ 96,776	$ 478,041
Reallocation of Public Fire	20	0	378,130	87,721	1,578	10,613	0	0	(478,041)
Total		$ 4,851,436	$ 3,534,915	$ 890,338	$ 19,423	$ 58,716	$ 251,267	$ 96,776	$ -

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MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS

FACTOR 1. ALLOCATION OF COSTS WHICH VARY WITH THE AMOUNT OF WATER CONSUMED.

Factors are based on the pro forma test year average daily consumption for each customer classification.

Customer Classification	Average Daily Consumption, Thousand Gallons	Allocation Factor
(1)	(2)	(3)
Residential	1,334	0.6413
Commercial	495	0.2380
Industrial	14	0.0067
Other Public Authority	27	0.0130
Sales for Resale	199	0.0957
Private Fire Protection	2	0.0010
Public Fire Protection	9	0.0043
Total	2,080	1.0000

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the factors for average daily consumption (Factor 1) and the factors derived from maximum day extra capacity demand for each customer classification, as follows:

	Average Daily Consumption		Maximum Day Extra Capacity		
Customer Classification	Allocation Factor 1	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)x 0.4000	(4)	(5)=(4)x 0.6000	(6)=(3)+(5)
Residential	0.6413	0.2565	0.7862	0.4716	0.7281
Commercial	0.2380	0.0952	0.1556	0.0934	0.1886
Industrial	0.0067	0.0027	0.0028	0.0017	0.0044
Other Public Authority	0.0130	0.0052	0.0086	0.0052	0.0104
Sales for Resale	0.0957	0.0383	0.0468	0.0281	0.0664
Private Fire Protection	0.0010	0.0004			0.0004
Public Fire Protection	0.0043	0.0017			0.0017
Total	1.0000	0.4000	1.0000	0.6000	1.0000

The derivation of the maximum day extra capacity factors in column 4 and the basis for the column 3 and 5 weightings are presented on the following page.

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS, cont.

		Maximum Day Extra Capacity		
Customer Classification	Average Daily Consumption, Thousand Gal.	Factor*	Rate of Flow, Thousand Gal. Per Day	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	1,334	1.5	2,001	0.7862
Commercial	495	0.8	396	0.1556
Industrial	14	0.5	7	0.0028
Other Public Authority	27	0.8	22	0.0086
Sales for Resale	199	0.6	119	0.0468
Total	2,069		2,545	1.0000

The weighting of the factors is based on the maximum day ratio of 2.20, based on a review of maximum day ratios experienced during the period 1990 through 2007 (see Schedule D).

	Maximum Day Ratio	Weight
Average Day	1.00	0.4000
Maximum Day Extra Capacity	1.50	0.6000
Total	2.50	1.0000

* Ratio of maximum day to average day minus 1.0.

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

	Average Daily Consumption		Maximum Day Extra Capacity		Fire Protection		
Customer Classification	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2) X 0.3843	(4)	(5)=(4) X 0.5763	(6)	(7)=(6) X 0.0394	(8)=(3)+(5)+(7)
Residential	0.6413	0.2464	0.7862	0.4530			0.6994
Commercial	0.2380	0.0914	0.1556	0.0897			0.1811
Industrial	0.0067	0.0026	0.0028	0.0016			0.0042
Other Public Authority	0.0130	0.0050	0.0086	0.0050			0.0100
Sales for Resale	0.0957	0.0368	0.0468	0.0270			0.0638
Private Fire Protection	0.0010	0.0004			0.1940	0.0076	0.0080
Public Fire Protection	0.0043	0.0017			0.8060	0.0318	0.0335
Total	1.0000	0.3843	1.0000	0.5763	1.0000	0.0394	1.0000

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum day ratio of 2.50 and the average daily system sendout for 2007 of 2.338 MGD. The system demand for fire protection is 2,000 Gallons per minute for 2 hours.

	Ratio	Rate of Flow, (GPD)	Weight
Average Day	1.00	2,338,000	0.3843
Maximum Day Extra Capacity	1.50	3,507,000	0.5763
Subtotal	2.50	5,845,000	0.9606
Fire Protection		240,000	0.0394
Total		6,085,000	1.0000

The public and private fire protection allocation factors in column 6 on the previous page are based on the relative potential demands (see Schedule E).

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		
Customer Classification	Thousand Gallons	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3) X 0.2363	(5)	(6)=(5) X 0.4727	(7)	(8)=(7) X 0.2910	(9)=(4)+(6)+(8)
Residential	55.6	0.6413	0.1516	0.7131	0.3371			0.4887
Commercial	20.6	0.2376	0.0561	0.2114	0.0999			0.1560
Industrial	0.6	0.0069	0.0016	0.0033	0.0016			0.0032
Other Public Authority	1.1	0.0127	0.0030	0.0114	0.0054			0.0084
Sales for Resale	8.3	0.0957	0.0226	0.0608	0.0287			0.0513
Private Fire Protection	0.1	0.0012	0.0003			0.1940	0.0565	0.0568
Public Fire Protection	0.4	0.0046	0.0011			0.8060	0.2345	0.2356
Total	86.7	1.0000	0.2363	1.0000	0.4727	1.0000	0.2910	1.0000

The maximum hour extra capacity factors in column 5 are determined on the following page.

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum hour ratio of 3.0 and the average daily system sendout for 2007 of 2.338 MGD. The system demand for fire protection is 2,000 gallons per minute.

	Ratio	Rate of Flow, (GPM)	Weight
Average Hour	1.00	1,624	0.2363
Maximum Hour Extra Capacity	2.00	3,248	0.4727
Subtotal	3.00	4,872	0.7090
Fire Protection		2,000	0.2910
Total		6,872	1.0000

The maximum hour extra capacity factors in column 5 of the previous page are determined as follows:

Customer Classification	Average Hourly Consumption Thousand Gal.	Maximum Hour Extra Capacity Factor*	Maximum Hour Extra Capacity 1,000 Gallons Per Hour	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	55.6	3.5	194.6	0.7131
Commercial	20.6	2.8	57.7	0.2114
Industrial	0.6	1.5	0.9	0.0033
Other Public Authority	1.1	2.8	3.1	0.0114
Sales for Resale	8.3	2.0	16.6	0.0608
Total	86.2		272.9	1.0000

* Ratio of Maximum Hour To Average Hour Minus 1.0.

The public and private fire protection allocation factors in column 7 on the previous page are based on the relative potential demands (see Schedule E).

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES.

Factors are based on the weighting of the average hourly consumption, the maximum hour extra capacity demand, and the fire protection demand for each customer classification.

	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		
Customer Classification	Thousand Gallons	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3) X 0.3123	(5)	(6)=(5) X 0.6247	(7)	(8)=(7) X 0.0630	(9)=(4)+(6)+(8)
Residential	55.6	0.6413	0.2002	0.7131	0.4454			0.6456
Commercial	20.6	0.2376	0.0742	0.2114	0.1321			0.2063
Industrial	0.6	0.0069	0.0022	0.0033	0.0021			0.0043
Other Public Authority	1.1	0.0127	0.0040	0.0114	0.0071			0.0111
Sales for Resale	8.3	0.0957	0.0299	0.0608	0.0380			0.0679
Private Fire Protection	0.1	0.0012	0.0004			0.1940	0.0122	0.0126
Public Fire Protection	0.4	0.0046	0.0014			0.8060	0.0508	0.0522
Total	86.7	1.0000	0.3123	1.0000	0.6247	1.0000	0.0630	1.0000

The weighting of the factors is based on the ratio of the capacity required for a 2 hour demand of fire flow, as related to total storage capacity. The calculation is shown on the following page.

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES, cont.

The weighting of the factors is based on the ratio of the capacity required for a 2 hour demand of fire flow, as related to total storage capacity.

Fire Protection Weight = $\frac{\text{2,000 GPM X 60 Min. X 2 Hrs.}}{\text{3,810,000 Gallons}}$ = 0.0630

General Service Weight = 1.0000 - 0.0630 = 0.9370

The weighting of the average hourly consumption and maximum hour extra demand for general service is based on the maximum hour ratio, as follows:

	Maximum Hour Ratio	Percent	Weight
Average Hour	1.00	33.33	0.3123
Extra Capacity Maximum Hour	2.00	66.67	0.6247
Total	3.00	100.00	0.9370

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH POWER AND PUMPING FACILITIES.

Factors are based on the weighting of the maximum daily consumption, Factor 2, the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

	Maximum Daily Consumption		Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 2	Weighted Factor	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.1358	(4)	(5)=(4)X 0.8642	(6)	(7)=(6)X 0.0000	(8)=(3)+ (5)+(7)
Residential	0.7281	0.0989	0.6994	0.6045	0.4887	0.0000	0.7034
Commercial	0.1886	0.0256	0.1811	0.1565	0.1560	0.0000	0.1821
Industrial	0.0044	0.0006	0.0042	0.0036	0.0032	0.0000	0.0042
Other Public Authority	0.0104	0.0014	0.0100	0.0086	0.0084	0.0000	0.0100
Sales for Resale	0.0664	0.0090	0.0638	0.0551	0.0513	0.0000	0.0641
Private Fire Protection	0.0004	0.0001	0.0080	0.0069	0.0568	0.0000	0.0070
Public Fire Protection	0.0017	0.0002	0.0335	0.0290	0.2356	0.0000	0.0292
Total	1.0000	0.1358	1.0000	0.8642	1.0000	0.0000	1.0000

The weighting of the factors is based on the horsepower of pumps associated with maximum day facilities, maximum day and fire facilities, and maximum hour facilities, as follows:

	Horsepower of Pumps	Weight
Associated with Maximum Day	165	0.1358
Associated with Maximum Day and Fire	1,050	0.8642
Associated with Maximum Hour	0	0.0000
Total	1,215	1.0000

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 7. ALLOCATION OF COSTS ASSOCIATED WITH TRANSMISSION AND DISTRIBUTION MAINS.

Factors are based on the weighting of the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

	Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.2569	(4)	(5)=(4)X 0.7431	(6)=(3)+(5)
Residential	0.6994	0.1796	0.4887	0.3632	0.5428
Commercial	0.1811	0.0465	0.1560	0.1159	0.1624
Industrial	0.0042	0.0011	0.0032	0.0024	0.0035
Other Public Authority	0.0100	0.0026	0.0084	0.0062	0.0088
Sales for Resale	0.0638	0.0164	0.0513	0.0381	0.0545
Private Fire Protection	0.0080	0.0021	0.0568	0.0422	0.0443
Public Fire Protection	0.0335	0.0086	0.2356	0.1751	0.1837
Total	1.0000	0.2569	1.0000	0.7431	1.0000

The weighting of the factors is based on the total footage of mains, designated as either transmission mains or distribution mains, as follows:

	Total Footage of Mains	Weight
Transmission Mains	111,937	0.2569
Distribution Mains	323,740	0.7431
Total	435,677	1.0000

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 8. ALLOCATION OF COSTS ASSOCIATED WITH FIRE HYDRANTS.

Costs are assigned directly to Public Fire Protection.

Customer Classification	Allocation Factor
(1)	(3)
Public Fire Protection	1.0000
Total	1.0000

FACTOR 9. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

Factors are based on the relative cost of meters by size and customer classification, as developed on the following page and summarized below.

Customer Classification	5/8" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	5,277	0.7810
Commercial	1,224	0.1811
Industrial	22	0.0033
Other Public Authority	148	0.0219
Sales for Resale	86	0.0127
Private Fire	0	0.0000
Total	6,757	1.0000

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS

Meter Size	5/8" Dollar Equivalent	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Total	
		Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)
5/8	1.0	4,696	4,696	257	257	2	2	15	15	0	0	4,970	4,970
3/4	1.3	0	0	0	0	0	0	0	0	0	0	0	0
1	1.7	301	512	77	131	0	0	4	7	0	0	382	650
1-1/2	3.5	11	39	36	126	2	7	7	25	0	0	56	197
2	4.3	7	30	51	219	3	13	8	34	0	0	69	296
3	19.0	0	0	11	209	0	0	1	19	3	57	15	285
4	29.3	0	0	3	88	0	0	0	0	1	29	4	117
6	48.4	0	0	4	194	0	0	1	48	0	0	5	242
8	112.9	0	0	0	0	0	0	0	0	0	0	0	0
Total		5,015	5,277	439	1,224	7	22	36	148	4	86	5,501	6,757

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 10. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

Factors are based on the relative cost of services by size and customer classification, as developed on the following page and summarized below.

Customer Classification	3/4" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	5,079	0.8568
Commercial	564	0.0952
Industrial	11	0.0019
Other Public Authority	54	0.0091
Sales for Resale	11	0.0019
Private Fire Protection	208	0.0351
Total	5,927	1.0000

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

BASIS FOR ALLOCATING SERVICE COSTS TO CUSTOMER CLASSIFICATIONS

Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Private Fire Protection		Total	
Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting
(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)=(2)X(11)	(15)	(16)
4,696	4,696	257	257	2	2	15	15	0	0	0	0	4,970	4,970
301	352	77	90	0	0	4	5	0	0	0	0	382	447
11	17	36	57	2	3	7	11	0	0	0	0	56	88
7	14	51	104	3	6	8	16	0	0	3	6	72	146
0	0	11	30	0	0	1	3	3	8	1	3	16	44
0	0	3	9	0	0	0	0	1	3	8	23	12	35
0	0	4	17	0	0	1	4	0	0	32	136	37	157
0	0	0	0	0	0	0	0	0	0	3	21	3	21
0	0	0	0	0	0	0	0	0	0	2	19	2	19
0	0	0	0	0	0	0	0	0	0	0	0	0	0
5,015	5,079	439	564	7	11	36	54	4	11	49	208	5,550	5,927

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 11. ALLOCATION OF TRANSMISSION AND DISTRIBUTION OPERATION SUPERVISION AND ENGINEERING AND MISCELLANEOUS EXPENSES.

Factors are based on transmission and distribution operation expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Operating Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$ 3,990	0.5428
Commercial	1,194	0.1624
Industrial	26	0.0035
Other Public Authority	65	0.0088
Sales for Resale	401	0.0545
Private Fire Protection	326	0.0443
Public Fire Protection	1,350	0.1837
Total	7,352	1.0000

FACTOR 12. ALLOCATION OF TRANSMISSION AND DISTRIBUTION MAINTENANCE SUPERVISION AND ENGINEERING, STRUCTURES AND IMPROVEMENTS, AND OTHER EXPENSES.

Factors are based on transmission and distribution maintenance expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$ 3,806	0.4143
Commercial	1,137	0.1237
Industrial	24	0.0027
Other Public Authority	62	0.0068
Sales for Resale	380	0.0413
Private Fire Protection	308	0.0335
Public Fire Protection	3,470	0.3777
Total	$9,187	1.0000

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 13. ALLOCATION OF BILLING AND COLLECTING COSTS.

Factors are based on the total number of customers.

Customer Classification	Total Customers	Allocation Factor
(1)	(2)	(3)
Residential	5,015	0.8955
Commercial	439	0.0784
Industrial	7	0.0013
Other Public Authority	36	0.0064
Sales for Resale	4	0.0007
Private Fire Protection	99	0.0177
Public Fire Protection	0	0.0000
Total	5,600	1.0000

FACTOR 14. ALLOCATION OF METER READING COSTS.

Factors are based on the number of metered customers.

Customer Classification	Total Metered Customers	Allocation Factor
(1)	(2)	(3)
Residential	5,015	0.9117
Commercial	439	0.0798
Industrial	7	0.0013
Other Public Authority	36	0.0065
Sales for Resale	4	0.0007
Total	5,501	1.0000

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 15. ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES AND CASH WORKING CAPITAL.

Factors are based on the allocation of all other operation and maintenance expenses excluding purchased water, power, chemicals and waste disposal.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$290,709	0.6994
Commercial	56,974	0.1370
Industrial	1,206	0.0029
Other Public Authority	3,411	0.0082
Sales for Resale	15,830	0.0381
Private Fire Protection	9,327	0.0224
Public Fire Protection	38,245	0.0920
Total	$415,702	1.0000

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 16. ALLOCATION OF LABOR RELATED TAXES AND BENEFITS.

Factors are based on the allocation of direct labor expense.

Customer Classification	Direct Labor Expense	Allocation Factor
(1)	(2)	(3)
Residential	$210,558	0.6980
Commercial	43,068	0.1428
Industrial	922	0.0031
Other Public Authority	2,542	0.0084
Sales for Resale	12,466	0.0413
Private Fire Protection	6,346	0.0210
Public Fire Protection	25,753	0.0854
Total	$301,655	1.0000

FACTOR 17. ALLOCATION OF ORGANIZATION, FRANCHISES AND CONSENTS, MISCELLANEOUS INTANGIBLE PLANT AND OTHER RATE BASE ELEMENTS.

Factors are based on the allocation of the original cost less depreciation other than those items being allocated, as follows:

Customer Classification	Original Cost Less Depreciation	Allocation Factor
(1)	(2)	(3)
Residential	$15,290,437	0.6282
Commercial	4,127,779	0.1696
Industrial	89,616	0.0037
Other Public Authority	248,484	0.0102
Sales for Resale	1,297,562	0.0533
Private Fire Protection	523,799	0.0215
Public Fire Protection	2,763,503	0.1135
Total	$24,341,180	1.0000

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 18. ALLOCATION OF INCOME TAXES AND INCOME AVAILABLE FOR RETURN.

Factors are based on the allocation of the original cost measure of value rate base as shown on the following pages and summarized below.

Customer Classification	Original Cost Measure of Value	Allocation Factor
(1)	(2)	(3)
Residential	$14,231,455	0.6283
Commercial	3,839,603	0.1695
Industrial	83,324	0.0037
Other Public Authority	231,153	0.0102
Sales for Resale	1,206,769	0.0533
Private Fire Protection	487,510	0.0215
Public Fire Protection	2,570,813	0.1135
Total	$22,650,627	1.0000

FACTOR 19. ALLOCATION OF REGULATORY COMMISSION EXPENSES, ASSESSMENTS AND OTHER WATER REVENUES.

The factors are based on the allocation of the total cost of service, excluding those items being allocated.

Customer Classification	Total Cost of Service	Allocation Factor
(1)	(2)	(3)
Residential	$3,565,112	0.6507
Commercial	906,716	0.1655
Industrial	20,173	0.0037
Other Public Authority	54,331	0.0099
Sales for Resale	283,878	0.0518
Private Fire Protection	109,258	0.0199
Public Fire Protection	539,934	0.0985
Total	$5,479,402	1.0000

MISSOURI-AMERICAN WATER COMPANY

PARKVILLE WATER DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection Private	Fire Protection Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
RATE BASE									
Organization	17	$ 2,237	$ 1,405	$ 379	$ 8	$ 23	$ 119	$ 48	$ 254
Franchises	17	13	8	2	0	0	1	0	1
Land & Ld Rights SS	2	1,735	1,263	327	8	18	115	1	3
Land & Ld Rights P	6	0	0	0	0	0	0	0	0
Land & Ld Rights WT	2	432	315	82	2	4	29	0	1
Land & Ld Rights TD	7	35,650	19,351	5,790	125	314	1,943	1,579	6,549
Land & Land Rights AG	15	142	100	20	0	1	5	3	13
Struct & Imp SS	2	10,386	7,562	1,959	46	108	690	4	18
Struct & Imp P	6	10,959	7,709	1,996	46	110	702	77	320
Struct & Imp Pumps (STL)	6	0	0	0	0	0	0	0	0
Struct & Imp Pump Boosters	6	0	0	0	0	0	0	0	0
Struct & Imp WT	2	722,319	525,921	136,229	3,178	7,512	47,962	289	1,228
Struct & Imp WT Nth Plt (ST	2	0	0	0	0	0	0	0	0
Struct & Imp WT Ctrl Plt 1	2	0	0	0	0	0	0	0	0
Struct & Imp WT Ctrl Plt 3	2	0	0	0	0	0	0	0	0
Struct & Imp WT Sth Plt (ST	2	0	0	0	0	0	0	0	0
Struct & Imp WT Meramec (ST	2	0	0	0	0	0	0	0	0
Struct & Imp TD	7	263,899	143,244	42,857	924	2,322	14,382	11,691	48,478
Struct & Imp TD Spec Cross	7	0	0	0	0	0	0	0	0
Struct & Imp AG	7	0	0	0	0	0	0	0	0
Struct & Imp Offices	15	28,237	19,749	3,868	82	232	1,076	633	2,598
Gen Structures HVAC	15	0	0	0	0	0	0	0	0
Struct & Imp Leasehold	15	6	4	1	0	0	0	0	1
Struct & Imp Leasehold	15	0	0	0	0	0	0	0	0
Struct & Imp Store,Shop,Gar	15	18,339	12,827	2,512	53	150	699	411	1,687
Struct & Imp Misc	15	502,780	351,644	68,881	1,458	4,123	19,156	11,262	46,256
Collect & Impounding	1	0	0	0	0	0	0	0	0
Lake, River & Other Intakes	2	0	0	0	0	0	0	0	0
Wells & Springs	2	147,217	107,189	27,765	648	1,531	9,775	59	250
Supply Mains	2	124,456	90,617	23,472	548	1,294	8,264	50	212
Supply Mains Nth Plt (STL)	2	0	0	0	0	0	0	0	0
Supply Mains Ctrl Plt (STL)	2	0	0	0	0	0	0	0	0
Supply Mains Sth Plt (STL)	2	0	0	0	0	0	0	0	0
Supply Mains Meramec Plt (S	2	0	0	0	0	0	0	0	0

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Power Generation Equip	6	0	0	0	0	0	0	0	0
Power Generation Equip Othe	6	0	0	0	0	0	0	0	0
Boiler Plant Equipment P	6	0	0	0	0	0	0	0	0
Pump Equip Steam	6	0	0	0	0	0	0	0	0
Pump Equip Electric	6	1,632,547	1,148,333	297,287	6,857	16,325	104,646	11,428	47,670
Pump Equip Elec Pre46 (STL)	6	0	0	0	0	0	0	0	0
Pump Equip Elec Post46 (STL	6	0	0	0	0	0	0	0	0
Pump Equip Elec Boosters Po	6	0	0	0	0	0	0	0	0
Pump Equip Diesel	6	12,290	8,645	2,238	52	123	788	86	359
Pump Equip Diesel Stratman\	6	0	0	0	0	0	0	0	0
Pump Equip Diesel Ctrl Plt	6	0	0	0	0	0	0	0	0
Pump Equip Hydraulic	6	80,056	56,311	14,578	336	801	5,132	560	2,338
Pump Equip Other	6	67,255	47,307	12,247	282	673	4,311	471	1,964
Pump Equip WT	6	0	0	0	0	0	0	0	0
Pump Equip TD	6	0	0	0	0	0	0	0	0
WT Equip Non-Media	2	1,799,125	1,309,943	339,315	7,916	18,711	119,462	720	3,059
WT Equip Non-Med North (STL	2	0	0	0	0	0	0	0	0
WT Equip Non Media Ctrl 1 &	2	0	0	0	0	0	0	0	0
WT Equip Non Media Ctrl 3 (	2	0	0	0	0	0	0	0	0
WT Equip Non Media Sth (STL	2	0	0	0	0	0	0	0	0
WT Equip Non Media Mer (STL	2	0	0	0	0	0	0	0	0
WT Equip Filter Media	2	67,163	48,901	12,667	296	698	4,460	27	114
Dist Reservoirs & Standpipe	5	3,137,460	2,025,544	647,258	13,491	34,826	213,034	39,532	163,775
Elevated Tanks & Standpipes	5	48,205	31,121	9,945	207	535	3,273	607	2,516
Ground Level Facilities	5	108,188	69,846	22,319	465	1,201	7,346	1,363	5,647
TD Mains Not Classified by	7	5,403,805	2,933,185	877,578	18,913	47,553	294,507	239,389	992,679
TD Mains 4 & Less "	4	220,566	107,791	34,408	706	1,853	11,315	12,528	51,965
TD Mains 6 to 8" "	4	2,223,689	1,086,717	346,895	7,116	18,679	114,075	126,306	523,901
TD Mains 10 to 16" "	3	3,997,196	2,795,639	723,892	16,788	39,972	255,021	31,978	133,906
TD Mains 18 & Grtr "	3	5,118	3,580	927	21	51	327	41	171
TD Mains AC 4 (STL) "	4	0	0	0	0	0	0	0	0
TD Mains CI <10 1900-28 (S"	4	0	0	0	0	0	0	0	0
TD Mains CI <10 1929-56 (S"	4	0	0	0	0	0	0	0	0
TD Mains CI <10 1957-93 (S"	4	0	0	0	0	0	0	0	0
TD Mains CI 12 (STL) "	3	0	0	0	0	0	0	0	0
TD Mains CI 16 (STL) "	3	0	0	0	0	0	0	0	0
TD Mains DI 6-8 (STL) "	4	0	0	0	0	0	0	0	0
TD Mains DI 12 (STL) "	3	0	0	0	0	0	0	0	0
TD Mains DI 16 & >(STL)	3	0	0	0	0	0	0	0	0

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection Private	Fire Protection Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
TD Mains Galve 1 (STL) "	4	0	0	0	0	0	0	0	0
TD Mains LJ 20 (STL) "	3	0	0	0	0	0	0	0	0
TD Mains DI 4in (STL) "	4	0	0	0	0	0	0	0	0
Fire Mains	8	80,288	0	0	0	0	0	0	80,288
Services	10	567,813	486,503	54,056	1,079	5,167	1,079	19,930	0
Meters Bronze Case	9	656,335	512,597	118,862	2,166	14,374	8,335	0	0
Meters Plastic Case	9	0	0	0	0	0	0	0	0
Meters Other	9	(4,363)	(3,408)	(790)	(14)	(96)	(55)	0	0
Meters Other-Rem Rdr Unts	9	8,564	6,688	1,551	28	188	109	0	0
Meter Installations	9	1,040,731	812,811	188,476	3,434	22,792	13,217	0	0
Meter Installation Other	9	0	0	0	0	0	0	0	0
Meter Vaults	9	0	0	0	0	0	0	0	0
Hydrants	8	593,057	0	0	0	0	0	0	593,057
Other P/E Intangible	2	0	0	0	0	0	0	0	0
Other P/E WT Res Hand Equip	2	0	0	0	0	0	0	0	0
Other P/E TD	2	17,459	12,712	3,293	77	182	1,159	7	30
Other P/E CPS	2	95,543	69,565	18,019	420	994	6,344	38	162
Office Furniture & Equip	15	8,537	5,971	1,170	25	70	325	191	785
Comp & Periph Equip	15	33,711	23,577	4,618	98	276	1,284	755	3,101
Computer Software	15	42,515	29,735	5,825	123	349	1,620	952	3,911
Comp Software Personal	15	9,089	6,357	1,245	26	75	346	204	836
Comp Software Other	15	0	0	0	0	0	0	0	0
Data Handling Equipment	15	157,811	110,373	21,620	458	1,294	6,013	3,535	14,519
Other Office Equipment	15	22,131	15,478	3,032	64	181	843	496	2,036
Trans Equip Lt Duty Trks	15	23,497	16,434	3,219	68	193	895	526	2,162
Trans Equip Hvy Duty Trks	15	244	171	33	1	2	9	5	22
Trans Equip Autos	15	(1,924)	(1,345)	(264)	(6)	(16)	(73)	(43)	(177)
Trans Equip Other	15	(17,258)	(12,070)	(2,364)	(50)	(142)	(658)	(387)	(1,588)
Stores Equipment	15	1,452	1,015	199	4	12	55	33	134
Tools,Shop,Garage Equip	15	27,793	19,438	3,808	81	228	1,059	623	2,557
Tools,Shop,Garage Equip Oth	15	0	0	0	0	0	0	0	0
Laboratory Equipment	2	49,089	35,742	9,258	216	511	3,260	20	83
Laboratory Equip Other	2	0	0	0	0	0	0	0	0
Power Operated Equipment	15	(177)	(124)	(24)	(1)	(1)	(7)	(4)	(16)
Comm Equip Non-Telephone	15	7,079	4,951	970	21	58	270	159	651
Remote Control & Instr	15	(12)	(9)	(2)	(0)	(0)	(0)	(0)	(1)
Comm Equip Telephone	15	215	150	29	1	2	8	5	20
Misc Equipment	15	252,741	176,767	34,626	733	2,072	9,629	5,661	23,252
Other Tangible Property	17	0	0	0	0	0	0	0	0
Total Utility Plant in Service		24,343,430	15,291,850	4,128,161	89,624	248,507	1,297,682	523,847	2,763,758

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Other Rate Base Items									
Add:									
Other Utility Plant Adjustments	17	0	0	0	0	0	0	0	0
Cash Working Capital	15	0	0	0	0	0	0	0	0
Materials and Supplies	15	38,575	26,979	5,285	112	316	1,470	864	3,549
Prepayments	15	18,002	12,591	2,466	52	148	686	403	1,656
OPEB's Contributed to External Fund	16	49,428	34,501	7,058	153	415	2,041	1,038	4,221
Pension / OPEB Tracker	16	5,295	3,696	756	16	44	219	111	452
Regulatory Deferrals	17	67,900	42,655	11,516	251	693	3,619	1,460	7,707
Less:									
Accumulated Deferred ITC (3%)	17	0	0	0	0	0	0	0	0
Deferred Income Taxes	17	(1,802,884)	(1,132,572)	(305,769)	(6,671)	(18,389)	(96,094)	(38,762)	(204,627)
Pensions	16	(69,119)	(48,245)	(9,870)	(214)	(581)	(2,855)	(1,451)	(5,903)
Total Other Rate Base Elements		(1,692,803)	(1,060,395)	(288,558)	(6,300)	(17,354)	(90,914)	(36,337)	(192,945)
Total Original Cost Measure of Value		$ 22,650,627	$ 14,231,455	$ 3,839,603	$ 83,324	$ 231,153	$ 1,206,769	$ 487,510	$ 2,570,813

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE DISTRICT

SUMMARY OF AVERAGE DAILY SEND OUT AND MAXIMUM DAILY USAGE
FOR THE YEARS 1990-2007

Year	Average Daily Send out (MGD)	Maximum Daily Use		
		MGD	Ratio to Average	Highest Use Day
(1)	(2)	(3)	(4)	(5)
1990	N/A	2.867	N/A	N/A
1991	N/A	2.950	N/A	N/A
1992	N/A	2.700	N/A	N/A
1993	N/A	2.310	N/A	N/A
1994	1.710	3.200	1.87	N/A
1995	1.627	3.319	2.04	N/A
1996	1.764	3.200	1.81	N/A
1997	1.860	3.106	1.67	7/26/1997
1998	1.719	3.360	1.95	7/19/1998
1999	1.893	4.200	2.22	7/18/1999
2000	2.229	4.582	2.06	7/16/2000
2001	2.146	4.783	2.23	7/22/2001
2002	2.349	5.088	2.17	7/26/2002
2003	2.488	6.626	2.66	8/23/2003
2004	2.087	4.630	2.22	8/18/2004
2005	2.238	5.328	2.38	8/2/2005
2006	2.480	5.945	2.40	7/19/2006
2007	2.338	5.486	2.35	8/6/2007

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

BASIS FOR ALLOCATING DEMAND RELATED COSTS OF FIRE SERVICE TO PRIVATE AND PUBLIC FIRE PROTECTION CUSTOMER CLASSIFICATIONS

Description		Restrictive Diameters Squared	Quantity	Relative Demand	Allocation Factor
(1)		(2)	(3)	(4)=(2)x(3)	(5)
PRIVATE FIRE PROTECTION					
Fire Lines					
2 -inch		4.00	3	12	
3 -inch		9.00	1	9	
4 -inch		16.00	8	128	
6 -inch		36.00	32	1,152	
8 -inch		64.00	3	192	
10 -inch		100.00	2	200	
12 -inch		144.00	0	0	
Private Hydrants		26.50	49.9	1,322	
Total Private Fire Protection			98.9	3,015	0.1940
PUBLIC FIRE PROTECTION					
Hydrant	Nozzle Sizes				
5 1/4" Valve	1- 2-1/2" & 1- 4 1/2"	26.50	422	11,183	
4 1/2" Valve	1-2 1/2	6.25	215	1,344	
Total Public Fire Prorection			637	12,527	0.8060
Total Fire Protection			736	15,542	1.0000

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

CALCULATION OF CUSTOMER CHARGE

(1)	Expense Related to Meters	723,011	
(2)	Meter Equivalents X 12	81,084	
(3)	Expense per Bill - Meter related		$8.92
(4)	Expense Related to Services	93,397	
(5)	Service Equivalents X 12	68,628	
(6)	Expense per Bill - Services related		1.36
(7)	Expense Related to Billing and Collecting	468,485	
(8)	Number of Customers X 12	67,199	
(9)	Expense per Bill - Billing and Collecting		6.97
(10)	Total Customer Charge (3)+(6)+(9)		$17.25

ST. JOSEPH DISTRICT

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES
FOR THE TEST YEAR ENDED DECEMBER 31, 2007

Customer Classification	Cost of Service		Revenues, Present Rates		Revenues, Proposed Rates		Proposed Increase	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent Increase
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Residential	$ 11,087,570	50.3%	$ 10,303,212	50.7%	$ 11,252,085	51.0%	$ 948,873	9.2%
Commercial	3,904,056	17.7%	3,972,953	19.6%	4,037,315	18.3%	64,362	1.6%
Industrial	3,509,141	15.9%	2,988,731	14.7%	3,367,805	15.3%	379,074	12.7%
Public Authority	824,469	3.7%	772,766	3.8%	820,552	3.7%	47,786	6.2%
Sales for Resale	2,504,778	11.4%	2,049,207	10.1%	2,354,433	10.7%	305,226	14.9%
Private Fire Service	231,587	1.0%	229,834	1.1%	229,834	1.0%	-	0.0%
Public Fire Service	-	0.0%	$0	0.0%	$0	0.0%	-	-
Total Sales	22,061,602	100.0%	20,316,703	100.0%	22,062,024	100.0%	1,745,321	8.6%
Other Revenues *	635,330		635,330		$635,330		-	0.0%
Total	$ 22,696,932		$ 20,952,033		$ 22,697,354		$ 1,745,321	8.3%

* Includes Industrial Contract Sales.

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MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
OPERATION AND MAINTENANCE EXPENSES									
SOURCE OF SUPPLY EXPENSES									
Super & Eng Oper SS	2	0	0	0	0	0	0	0	0
Labor & Exp Oper SS	2	0							
Labor & Exp Oper SS	2	71,118	27,181	13,626	15,169	3,101	11,720	64	256
Purchased Water	1	0	0	0	0	0	0	0	0
TOTAL SS EXPENSE - OPERATION		71,118	27,181	13,626	15,169	3,101	11,720	64	256
Misc Exp Oper SS	2	0	0	0	0	0	0	0	0
Misc Exp Oper SS	2	439	168	84	94	19	72	0	2
Rents Oper SS	2	0	0	0	0	0	0	0	0
Super & Eng Maint SS	2	0	0	0	0	0	0	0	0
Struct & Improve Maint SS	2	0	0	0	0	0	0	0	0
Struct & Improve Maint SS	2	0	0	0	0	0	0	0	0
Collect & Impound Maint SS	2	0	0	0	0	0	0	0	0
Collect & Impound Maint SS	2	0	0	0	0	0	0	0	0
Lake, River & Oth Maint SS	2	0	0	0	0	0	0	0	0
Lake, River & Oth Maint SS	2	0	0	0	0	0	0	0	0
Wells & Springs Maint SS	2	0	0	0	0	0	0	0	0
Wells & Springs Maint SS	2	0	0	0	0	0	0	0	0
Infilt Gall & Tunnels Maint SS	2	0	0	0	0	0	0	0	0
Infilt Gall & Tunnels Maint SS	2	0	0	0	0	0	0	0	0
Supply Mains Maint SS	2	0	0	0	0	0	0	0	0
Supply Mains Maint SS	2	0	0	0	0	0	0	0	0
Misc Plant Maint SS	2	0	0	0	0	0	0	0	0
Misc Plant Maint SS	2	16,687	6,378	3,197	3,559	728	2,750	15	60
TOTAL SS EXPENSE - MAINTENANCE		17,126	6,546	3,281	3,653	747	2,822	15	62
TOTAL SS EXPENSE		88,244	33,727	16,908	18,822	3,847	14,543	79	318
POWER AND PUMPING EXPENSES									
Super & Eng Oper P	6	59,008	22,063	11,058	12,244	2,520	9,424	336	1,363
Fuel for Power Prod	1	5,820	2,008	1,094	1,399	249	1,030	8	31
Labor & Exp Oper Pwr Prod	6	(12,054)	(4,507)	(2,259)	(2,501)	(515)	(1,925)	(69)	(278)
Labor & Exp Oper Pwr Prod	6	0	0	0	0	0	0	0	0
Purch Fuel/Power for Pump	1	706,901	243,952	132,897	169,939	30,185	125,121	990	3,817
Labor & Exp Oper Pump	6	489,544	183,040	91,740	101,580	20,904	78,180	2,790	11,308
Labor & Exp Oper Pump	6	644	241	121	134	27	103	4	15
Expenses Transferred	6	0	0	0	0	0	0	0	0
Misc Exp Oper P	6	10,589	3,959	1,984	2,197	452	1,691	60	245
Rents Oper P	6	0	0	0	0	0	0	0	0
TOTAL PUMPING EXPENSE - OPERATION		1,260,451	450,756	236,636	284,992	53,821	213,624	4,120	16,501

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Super & Eng Maint P	6	21,275	7,955	3,987	4,415	908	3,398	121	491
Struct & Improve Maint P	6	0	0	0	0	0	0	0	0
Struct & Improve Maint P	6	0	0	0	0	0	0	0	0
Power Prod Equip Maint P	6	0	0	0	0	0	0	0	0
Power Prod Equip Maint P	6	0	0	0	0	0	0	0	0
Pump Equip Maint P	6	0	0	0	0	0	0	0	0
Pump Equip Maint P	6	409	153	77	85	17	65	2	9
TOTAL PUMPING EXPENSES - MAINTENANCE		21,684	8,108	4,064	4,499	926	3,463	124	501
TOTAL PUMPING EXPENSES		1,282,135	458,864	240,700	289,492	54,747	217,087	4,243	17,002
WATER TREATMENT									
Super & Eng Oper WT	2	73,253	27,997	14,035	15,625	3,194	12,072	66	264
Chemicals	1	739,670	255,260	139,058	177,817	31,584	130,922	1,036	3,994
Labor & Exp Oper WT	2	0	0	0	0	0	0	0	0
Labor & Exp Oper WT	2	60,516	23,129	11,595	12,908	2,638	9,973	54	218
Misc Exp Oper WT	2	4,833	1,847	926	1,031	211	796	4	17
Misc Exp Oper WT	1	296,976	102,486	55,831	71,393	12,681	52,565	416	1,604
Misc Exp Oper WT	2	11,649	4,452	2,232	2,485	508	1,920	10	42
Rents Oper WT	2	99	38	19	21	4	16	0	0
TOTAL WT EXPENSE - OPERATION		1,186,996	415,210	223,697	281,279	50,820	208,264	1,587	6,139
Super & Eng Maint WT	2	37	14	7	8	2	6	0	0
Struct & Improve Maint WT	2	0	0	0	0	0	0	0	0
Struct & Improve Maint WT	2	0	0	0	0	0	0	0	0
WT Equip Maint WT	2	0	0	0	0	0	0	0	0
WT Equip Maint WT	2	45,111	17,241	8,643	9,622	1,967	7,434	41	162
TOTAL WT EXPENSE - MAINTENANCE		45,148	17,256	8,650	9,630	1,968	7,440	41	163
TOTAL WT EXPENSE		1,232,145	432,466	232,347	290,910	52,789	215,705	1,627	6,302
TRANSMISSION AND DISTRIBUTION EXPENSES									
Super & Eng Oper TD	11	11,557	6,901	1,871	818	368	221	358	1,020
Storage Facilty Exp	5	0	0	0	0	0	0	0	0
Storage Facilty Exp	5	84	30	14	14	3	11	2	9
TD Lines Exp	7	228,777	91,808	44,818	26,790	10,181	7,046	9,609	38,526
TD Lines Exp	7	7,429	2,981	1,455	870	331	229	312	1,251
Meter Expense	9	132,845	106,356	18,585	3,653	3,029	1,222	0	0
Meter Expense	9	267	214	37	7	6	2	0	0
Customer Install Exp	10	81,062	67,557	8,017	551	762	113	4,061	0
Customer Install Exp	10	0	0	0	0	0	0	0	0
Misc Exp Oper TD	11	8,262	4,933	1,338	585	263	158	256	730

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MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Misc Exp Oper TD	11	2,723	1,626	441	193	87	52	84	240
Misc Exp Oper TD	11	51,600	30,810	8,354	3,653	1,641	986	1,600	4,556
Rents Oper TD	11	0	0	0	0	0	0	0	0
M & S Oper TD Mains	11	0	0	0	0	0	0	0	0
TOTAL T & D EXPENSE OPERATION		524,606	313,216	84,930	37,135	16,669	10,041	16,283	46,333
Super & Eng Maint TD	12	9,447	3,209	959	448	195	121	176	4,340
Struct & Improve Maint TD	12	395	134	40	19	8	5	7	181
Struct & Improve Maint TD	12	527	179	53	25	11	7	10	242
Dist Res Stand Maint TD	5	0	0	0	0	0	0	0	0
TD Main Maint TD	7	62,458	25,065	12,236	7,314	2,779	1,924	2,623	10,518
TD Main Maint TD	7	0	0	0	0	0	0	0	0
Fire Main Maint TD	8	0	0	0	0	0	0	0	0
Fire Main Maint TD	8	0	0	0	0	0	0	0	0
Services Maint TD	10	11,858	9,882	1,173	81	111	17	594	0
Services Maint TD	10	0	0	0	0	0	0	0	0
Meters Maint TD	9	29,957	23,983	4,191	824	683	276	0	0
Meters Maint TD	9	0	0	0	0	0	0	0	0
Hydrants Maint TD	8	69,162	0	0	0	0	0	0	69,162
Hydrants Maint TD	8	0	0	0	0	0	0	0	0
Misc Plant Maint TD	12	49	17	5	2	1	1	1	23
Mat and Sup Maint TD	12	133,945	45,501	13,595	6,349	2,759	1,714	2,491	61,534
Misc Maint TD	12	0	0	0	0	0	0	0	0
Amort Def Maint TD	5	393,150	138,349	66,678	64,634	15,136	53,429	10,969	43,954
TOTAL T & D EXPENSE - MAINTENANCE		710,947	246,320	98,930	79,695	21,684	57,493	16,871	189,954
TOTAL T & D EXPENSE		1,235,554	559,536	183,860	116,830	38,353	67,534	33,154	236,287
CUSTOMER ACCOUNTS									
Supervision CA	13	48,491	42,992	4,398	175	301	29	596	0
Meter Reading Exp CA	14	291,101	261,292	26,723	1,077	1,834	175	0	0
Meter Reading Exp CA	14	3,834	3,441	352	14	24	2	0	0
Meter Reading Exp CA	14	2,787	2,502	256	10	18	2	0	0
Cust Rec & Collection CA	13	10,836	9,607	983	39	67	7	133	0
Cust Rec & Collection CA	13	139,525	123,702	12,655	502	865	84	1,716	0
Uncollectible Accts	13	212,635	188,523	19,286	765	1,318	128	2,615	0
Misc Cust Accts Exp CA	13	0	0	0	0	0	0	0	0
Misc Cust Accts Exp CA	13	0	0	0	0	0	0	0	0
Misc Cust Accts Exp CA	13	37,372	33,134	3,390	135	232	22	460	0
Cust Serv & Info Exp CA	13	0	0	0	0	0	0	0	0
TOTAL CUSTOMER ACCOUNTING EXPENSE		746,581	665,194	68,042	2,717	4,659	448	5,521	0

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MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
ADMINISTRATIVE AND GENERAL EXPENSES									
Salaries AG	15	252,971	137,945	36,858	26,613	7,108	18,340	3,769	22,337
Other Supplies & Exp AG	15	99	54	14	10	3	7	1	9
Other Supplies & Exp AG	15	114,072	62,203	16,620	12,000	3,205	8,270	1,700	10,073
Other Supplies & Exp AG	15	82,365	44,914	12,001	8,665	2,314	5,971	1,227	7,273
Mgmt Fees-Admin	15	1,127,824	615,003	164,324	118,647	31,692	81,767	16,805	99,587
Mgmt Fees-Customer Service	13	430,255	381,464	39,024	1,549	2,668	258	5,292	0
Mgmt Fees-Belleville Lab	2	42,110	16,094	8,068	8,982	1,836	6,940	38	152
Mgmt Fees- Employee	15	185,247	101,015	26,991	19,488	5,205	13,430	2,760	16,357
Outside Services AG	15	99,571	54,296	14,507	10,475	2,798	7,219	1,484	8,792
Outside Services AG	15	135,750	74,024	19,779	14,281	3,815	9,842	2,023	11,987
Property Insurance	15	0	0	0	0	0	0	0	0
Ins Gen Liab Oper AG	15	194,393	106,002	28,323	20,450	5,462	14,093	2,896	17,165
Ins Work Comp AG	16	60,937	33,320	9,098	6,496	1,773	4,241	823	5,186
Ins Other Oper AG	15	42,780	23,328	6,233	4,500	1,202	3,102	637	3,777
Property Insurance	15	15,211	8,295	2,216	1,600	427	1,103	227	1,343
Injuries & Damages	16	632	346	94	67	18	44	9	54
Employee Pension & Benefits	16	541,741	296,224	80,882	57,750	15,765	37,705	7,314	46,102
Employee Pension & Benefits	16	115,358	63,078	17,223	12,297	3,357	8,029	1,557	9,817
Employee Pension & Benefits	16	50,115	27,403	7,482	5,342	1,458	3,488	677	4,265
Reg Commision Exp	15	34,421	18,770	5,015	3,621	967	2,496	513	3,039
Rents AG	15	50,462	27,517	7,352	5,309	1,418	3,659	752	4,456
Goodwill Advertising Exp	15	2,030	1,107	296	214	57	147	30	179
Misc Exp AG	15	325,663	177,584	47,449	34,260	9,151	23,611	4,852	28,756
Research & Development	15	0	0	0	0	0	0	0	0
TOTAL A & G OPERATIONS		3,904,008	2,269,987	549,850	372,616	101,702	253,762	55,385	300,706
General Plant Maint AG	15	0	0	0	0	0	0	0	0
General Plant Maint AG	15	15,757	8,592	2,296	1,658	443	1,142	235	1,391
TOTAL A & G EXPENSE - MAINTENANCE		15,757	8,592	2,296	1,658	443	1,142	235	1,391
TOTAL A & G EXPENSE		3,919,765	2,278,579	552,146	374,274	102,144	254,905	55,620	302,097
Total Operation & Maintenance Expenses		8,504,424	4,428,365	1,294,003	1,093,044	256,539	770,221	100,245	562,006

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MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
DEPRECIATION EXPENSE									
Struct & Imp SS	2	51,415	19,651	9,851	10,967	2,242	8,473	46	185
Struct & Imp P	6	79,625	29,772	14,922	16,522	3,400	12,716	454	1,839
Struct & Imp WT	2	397,485	151,919	76,158	84,784	17,330	65,506	358	1,431
Struct & Imp TD	7	10,716	4,300	2,099	1,255	477	330	450	1,805
Struct & Imp Offices	15	0	0	0	0	0	0	0	0
Struct & Imp Store,Shop,Gar	15	4,910	2,677	715	517	138	356	73	434
Struct & Imp Misc	15	40,039	21,833	5,834	4,212	1,125	2,903	597	3,535
Collect & Impounding	1	0	0	0	0	0	0	0	0
Lake, River & Other Intakes	2	112	43	21	24	5	18	0	0
Wells & Springs	2	586	224	112	125	26	97	1	2
Supply Mains	2	149,821	57,262	28,706	31,957	6,532	24,691	135	539
Power Generation Equip	6	267	100	50	55	11	43	2	6
Pump Equip Electric	6	119,873	44,821	22,464	24,874	5,119	19,144	683	2,769
Pump Equip Other	6	64	24	12	13	3	10	0	1
Pump Equip WT	6	1,007	377	189	209	43	161	6	23
WT Equip Non-Media	2	573,789	219,302	109,938	122,389	25,017	94,560	516	2,066
WT Equip Filter Media	2	542	207	104	116	24	89	0	2
Dist Reservoirs & Standpipe	5	34,660	12,197	5,878	5,698	1,334	4,710	967	3,875
Elevated Tanks & Standpipes	5	6,986	2,458	1,185	1,148	269	949	195	781
Ground Level Facilities	5	0	0	0	0	0	0	0	0
TD Mains Not Classified by	7	45,189	18,134	8,853	5,292	2,011	1,392	1,898	7,610
TD Mains 4 & Less "	4	14,544	5,999	2,910	1,403	660	0	713	2,858
TD Mains 6 to 8" "	4	108,836	44,895	21,778	10,503	4,941	0	5,333	21,386
TD Mains 10 to 16" "	3	191,377	68,302	34,237	38,103	7,789	29,453	2,698	10,794
TD Mains 18 & Grtr "	3	74,898	26,731	13,399	14,912	3,048	11,527	1,056	4,224
Services	10	87,100	72,589	8,614	592	819	122	4,364	0
Meters Bronze Case	9	65,662	52,569	9,186	1,806	1,497	604	0	0
Meters Plastic Case	9	1,956	1,566	274	54	45	18	0	0
Meters Other	9	6,673	5,342	934	184	152	61	0	0
Meters Other-Rem Rdr Unts	9	1,286	1,030	180	35	29	12	0	0
Meter Installations	9	76,810	61,494	10,746	2,112	1,751	707	0	0
Meter Installation Other	9	0	0	0	0	0	0	0	0
Meter Vaults	9	4,471	3,579	625	123	102	41	0	0
Hydrants	8	53,198	0	0	0	0	0	0	53,198
Utility Plant Acquisition Adjustment	17	0	0	0	0	0	0	0	0
Other P/E WT Res Hand Equip	2	48,264	18,447	9,247	10,295	2,104	7,954	43	174
Other P/E TD	7	0	0	0	0	0	0	0	0
Other P/E CPS	15	0	0	0	0	0	0	0	0
Office Furniture & Equip	15	8,783	4,789	1,280	924	247	637	131	776
Comp & Periph Equip	15	41,068	22,394	5,984	4,320	1,154	2,977	612	3,626
Computer Software	15	76,600	41,770	11,161	8,058	2,152	5,554	1,141	6,764
Comp Software Personal	15	4,375	2,386	637	460	123	317	65	386
Data Handling Equipment	15	2,565	1,399	374	270	72	186	38	226
Other Office Equipment	15	11,773	6,420	1,715	1,239	331	854	175	1,040
Trans Equip Lt Duty Trks	15	0	0	0	0	0	0	0	0
Trans Equip Hvy Duty Trks	15	0	0	0	0	0	0	0	0
Trans Equip Autos	15	0	0	0	0	0	0	0	0

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Trans Equip Other	15	0	0	0	0	0	0	0	0
Stores Equipment	15	4,956	2,703	722	521	139	359	74	438
Tools,Shop,Garage Equip	15	44,085	24,040	6,423	4,638	1,239	3,196	657	3,893
Tools,Shop,Garage Equip Oth	15	0	0	0	0	0	0	0	0
Laboratory Equipment	2	13,796	5,273	2,643	2,943	602	2,274	12	50
Laboratory Equip Other	2	0	0	0	0	0	0	0	0
Power Operated Equipment	15	10,028	5,468	1,461	1,055	282	727	149	885
Comm Equip Non-Telephone	15	3,290	1,794	479	346	92	239	49	291
Comm Equip Telephone	15	2,027	1,105	295	213	57	147	30	179
Misc Equipment	15	5,175	2,822	754	544	145	375	77	457
Total Depreciation Expense		2,480,682	1,070,207	433,151	415,810	94,679	304,488	23,800	138,548
Amort-Other UP	18	8,988	3,685	1,617	1,594	360	1,161	87	484
Amort-Intangible Fin	2	11,281	4,312	2,161	2,406	492	1,859	10	41
Taxes Other Than Income									
Utility Reg Assessment Fee	19	145,009	65,965	24,463	22,839	5,220	16,473	1,523	8,527
Property Taxes	18	983,230	403,124	176,883	174,425	39,329	127,033	9,537	52,898
FUTA	16	2,808	1,535	419	299	82	195	38	239
FICA	16	135,572	74,131	20,241	14,452	3,945	9,436	1,830	11,537
SUTA	16	5,779	3,160	863	616	168	402	78	492
Other Taxes & Licenses	15	8,326	4,540	1,213	876	234	604	124	735
Gross Receipts Tax	19	0	0	0	0	0	0	0	0
Total Taxes, Other Than Income		1,280,724	552,455	224,082	213,507	48,979	154,143	13,130	74,427
Income Taxes	18	3,024,440	1,240,020	544,097	536,536	120,978	390,758	29,337	162,715
Utility Income Available for Return	18	7,386,393	3,028,421	1,328,812	1,310,346	295,456	954,322	71,648	397,388
Total Cost of Service		22,696,932	10,327,466	3,827,924	3,573,244	817,481	2,576,952	238,258	1,335,608
Less: Other Water Revenues	19	635,330	289,012	107,180	100,064	22,872	72,173	6,671	37,357
Revenue Contribution	19	0	0	0	0	0	0	0	0
Total Other Water Revenues		635,330	289,012	107,180	100,064	22,872	72,173	6,671	37,357
Total Cost of Service Related to Sales of Water		22,061,602	10,038,454	3,720,743	3,473,180	794,609	2,504,778	231,587	1,298,251
Reallocation of Public Fire	20	0	1,049,116	183,313	35,962	29,860	0	0	(1,298,251)
Total		$ 22,061,602	$ 11,087,570	$ 3,904,056	$ 3,509,141	$ 824,469	$ 2,504,778	$ 231,587	$ -

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS

FACTOR 1. ALLOCATION OF COSTS WHICH VARY WITH THE AMOUNT OF WATER CONSUMED.

Factors are based on the pro forma test year average daily consumption for each customer classification.

Customer Classification	Average Daily Consumption, Thousand Gallons	Allocation Factor
(1)	(2)	(3)
Residential	4,582	0.3451
Commercial	2,495	0.1880
Industrial	3,191	0.2404
Other Public Authority	567	0.0427
Sales for Resale	2,349	0.1770
Private Fire Protection	18	0.0014
Public Fire Protection	72	0.0054
Total	13,274	1.0000

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the factors for average daily consumption (Factor 1) and the factors derived from maximum day extra capacity demand for each customer classification, as follows:

	Average Daily Consumption		Maximum Day Extra Capacity		
Customer Classification	Allocation Factor 1	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)x 0.6667	(4)	(5)=(4)x 0.3333	(6)=(3)+(5)
Residential	0.3451	0.2301	0.4565	0.1521	0.3822
Commercial	0.1880	0.1253	0.1989	0.0663	0.1916
Industrial	0.2404	0.1603	0.1590	0.0530	0.2133
Other Public Authority	0.0427	0.0285	0.0452	0.0151	0.0436
Sales for Resale	0.1770	0.1180	0.1404	0.0468	0.1648
Private Fire Protection	0.0014	0.0009			0.0009
Public Fire Protection	0.0054	0.0036			0.0036
Total	1.0000	0.6667	1.0000	0.3333	1.0000

The derivation of the maximum day extra capacity factors in column 4 and the basis for the column 3 and 5 weightings are presented on the following page.

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS, cont.

		Maximum Day Extra Capacity		
Customer Classification	Average Daily Consumption, Thousand Gal.	Factor*	Rate of Flow, Thousand Gal. Per Day	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	4,582	1.0	4,582	0.4565
Commercial	2,495	0.8	1,996	0.1989
Industrial	3,191	0.5	1,596	0.1590
Other Public Authority	567	0.8	454	0.0452
Sales for Resale	2,349	0.6	1,409	0.1404
Total	13,184		10,037	1.0000

The weighting of the factors is based on the maximum day ratio of 1.50, based on a review of maximum day ratios experienced during the period 1990 through 2007 (see Schedule D).

	Maximum Day Ratio	Weight
Average Day	1.00	0.6667
Maximum Day Extra Capacity	0.50	0.3333
Total	1.50	1.0000

* Ratio of maximum day to average day minus 1.0.

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

	Average Daily Consumption		Maximum Day Extra Capacity		Fire Protection		
Customer Classification	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2) X 0.6225	(4)	(5)=(4) X 0.3113	(6)	(7)=(6) X 0.0662	(8)=(3)+(5)+(7)
Residential	0.3451	0.2148	0.4565	0.1421			0.3569
Commercial	0.1880	0.1170	0.1989	0.0619			0.1789
Industrial	0.2404	0.1496	0.1590	0.0495			0.1991
Other Public Authority	0.0427	0.0266	0.0452	0.0141			0.0407
Sales for Resale	0.1770	0.1102	0.1404	0.0437			0.1539
Private Fire Protection	0.0014	0.0009			0.1994	0.0132	0.0141
Public Fire Protection	0.0054	0.0034			0.8006	0.0530	0.0564
Total	1.0000	0.6225	1.0000	0.3113	1.0000	0.0662	1.0000

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum day ratio of 1.50 and the average daily system sendout for 2007 of 18.057 MGD. The system demand for fire protection is 8,000 Gallons per minute for 4 hours.

	Ratio	Rate of Flow, (GPD)	Weight
Average Day	1.00	18,057,000	0.6225
Maximum Day Extra Capacity	0.50	9,028,500	0.3113
Subtotal	1.50	27,085,500	0.9338
Fire Protection		1,920,000	0.0662
Total		29,005,500	1.0000

The public and private fire protection allocation factors in column 6 on the previous page are based on the relative potential demands (see Schedule E).

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		Allocation Factor
	Thousand Gallons	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	
(1)	(2)	(3)	(4)=(3) X 0.3791	(5)	(6)=(5) X 0.3791	(7)	(8)=(7) X 0.2418	(9)=(4)+(6)+(8)
Residential	190.9	0.4930	0.1869	0.5950	0.2256			0.4125
Commercial	104.0	0.2685	0.1018	0.2593	0.0983			0.2001
Industrial	65.0	0.1678	0.0636	0.0868	0.0329			0.0965
Other Public Authority	23.6	0.0609	0.0231	0.0589	0.0223			0.0454
Sales for Resale	0.0	0.0000	0.0000	0.0000	0.0000			0.0000
Private Fire Protection	0.8	0.0021	0.0008			0.1994	0.0482	0.0490
Public Fire Protection	3.0	0.0077	0.0029			0.8006	0.1936	0.1965
Total	387.3	1.0000	0.3791	1.0000	0.3791	1.0000	0.2418	1.0000

The maximum hour extra capacity factors in column 5 are determined on the following page.

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum hour ratio of 2.0 and the average daily system sendout for 2007 of 18.057 MGD. The system demand for fire protection is 8,000 gallons per minute.

	Ratio	Rate of Flow, (GPM)	Weight
Average Hour	1.00	12,540	0.3791
Maximum Hour Extra Capacity	1.00	12,540	0.3791
Subtotal	2.00	25,080	0.7582
Fire Protection		8,000	0.2418
Total		33,080	1.0000

The maximum hour extra capacity factors in column 5 of the previous page are determined as follows:

Customer Classification	Average Hourly Consumption Thousand Gal.	Maximum Hour Extra Capacity Factor*	Maximum Hour Extra Capacity 1,000 Gallons Per Hour	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	190.9	3.5	668.2	0.5950
Commercial	104.0	2.8	291.2	0.2593
Industrial	65.0	1.5	97.5	0.0868
Other Public Authority	23.6	2.8	66.1	0.0589
Sales for Resale	0.0	2.0	0.0	0.0000
Total	383.5		1,123.0	1.0000

* Ratio of Maximum Hour To Average Hour Minus 1.0.

The public and private fire protection allocation factors in column 7 on the previous page are based on the relative potential demands (see Schedule E).

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES.

Factors are based on the weighting of the average hourly consumption, the maximum hour extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		
	Thousand Gallons	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3) X 0.4316	(5)	(6)=(5) X 0.4316	(7)	(8)=(7) X 0.1368	(9)=(4)+(6)+(8)
Residential	190.9	0.3451	0.1490	0.4703	0.2029			0.3519
Commercial	104.0	0.1880	0.0811	0.2050	0.0885			0.1696
Industrial	133.0	0.2404	0.1038	0.1404	0.0606			0.1644
Other Public Authority	23.6	0.0427	0.0184	0.0465	0.0201			0.0385
Sales for Resale	97.9	0.1770	0.0764	0.1378	0.0595			0.1359
Private Fire Protection	0.8	0.0014	0.0006			0.1994	0.0273	0.0279
Public Fire Protection	3.0	0.0054	0.0023			0.8006	0.1095	0.1118
Total	553.2	1.0000	0.4316	1.0000	0.4316	1.0000	0.1368	1.0000

The weighting of the factors is based on the ratio of the capacity required for a 4 hour demand of fire flow, as related to total storage capacity. The calculation is shown on the following page.

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES, cont.

The weighting of the factors is based on the ratio of the capacity required for a 4 hour demand of fire flow, as related to total storage capacity.

Fire Protection Weight = $\frac{\text{8,000 GPM X 60 Min. X 4 Hrs.}}{\text{14,040,000 Gallons}}$ = 0.1368

General Service Weight = 1.0000 - 0.1368 = 0.8632

The weighting of the average hourly consumption and maximum hour extra demand for general service is based on the maximum hour ratio, as follows:

	Maximum Hour Ratio	Percent	Weight
Average Hour	1.00	50.00	0.4316
Extra Capacity Maximum Hour	1.00	50.00	0.4316
Total	2.00	100.00	0.8632

Customer Classification	Average Hourly Consumption Thousand Gal.	Maximum Hour Extra Capacity Factor*	Maximum Hour Extra Capacity 1,000 Gallons Per Hour	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	190.9	3.5	668.2	0.4703
Commercial	104.0	2.8	291.2	0.2050
Industrial	133.0	1.5	199.5	0.1404
Other Public Authority	23.6	2.8	66.1	0.0465
Sales for Resale	97.9	2.0	195.8	0.1378
Total	549.4		1420.8	1.0000

* Ratio of Maximum Hour To Average Hour Minus 1.0.

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH POWER AND PUMPING FACILITIES.

Factors are based on the weighting of the maximum daily consumption, Factor 2, the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

	Maximum Daily Consumption		Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 2	Weighted Factor	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.6555	(4)	(5)=(4)X 0.3361	(6)	(7)=(6)X 0.0084	(8)=(3)+ (5)+(7)
Residential	0.3822	0.2505	0.3569	0.1200	0.4125	0.0034	0.3739
Commercial	0.1916	0.1256	0.1789	0.0601	0.2001	0.0017	0.1874
Industrial	0.2133	0.1398	0.1991	0.0669	0.0965	0.0008	0.2075
Other Public Authority	0.0436	0.0286	0.0407	0.0137	0.0454	0.0004	0.0427
Sales for Resale	0.1648	0.1080	0.1539	0.0517	0.0000	0.0000	0.1597
Private Fire Protection	0.0009	0.0006	0.0141	0.0047	0.0490	0.0004	0.0057
Public Fire Protection	0.0036	0.0024	0.0564	0.0190	0.1965	0.0017	0.0231
Total	1.0000	0.6555	1.0000	0.3361	1.0000	0.0084	1.0000

The weighting of the factors is based on the horsepower of pumps associated with maximum day facilities, maximum day and fire facilities, and maximum hour facilities, as follows:

	Horsepower of Pumps	Weight
Associated with Maximum Day	2,350	0.6555
Associated with Maximum Day and Fire	1,205	0.3361
Associated with Maximum Hour	30	0.0084
Total	3,585	1.0000

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 7. ALLOCATION OF COSTS ASSOCIATED WITH TRANSMISSION AND DISTRIBUTION MAINS.

Factors are based on the weighting of the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

	Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.2004	(4)	(5)=(4)X 0.7996	(6)=(3)+(5)
Residential	0.3569	0.0715	0.4125	0.3298	0.4013
Commercial	0.1789	0.0359	0.2001	0.1600	0.1959
Industrial	0.1991	0.0399	0.0965	0.0772	0.1171
Other Public Authority	0.0407	0.0082	0.0454	0.0363	0.0445
Sales for Resale	0.1539	0.0308	0.0000	0.0000	0.0308
Private Fire Protection	0.0141	0.0028	0.0490	0.0392	0.0420
Public Fire Protection	0.0564	0.0113	0.1965	0.1571	0.1684
Total	1.0000	0.2004	1.0000	0.7996	1.0000

The weighting of the factors is based on the total footage of mains, designated as either transmission mains or distribution mains, as follows:

	Total Footage of Mains	Weight
Transmission Mains	659,942	0.2004
Distribution Mains	2,633,801	0.7996
Total	3,293,743	1.0000

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 8. ALLOCATION OF COSTS ASSOCIATED WITH FIRE HYDRANTS.

Costs are assigned directly to Public Fire Protection.

Customer Classification	Allocation Factor
(1)	(3)
Public Fire Protection	1.0000
Total	1.0000

FACTOR 9. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

Factors are based on the relative cost of meters by size and customer classification, as developed on the following page and summarized below.

Customer Classification	5/8" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	29,623	0.8006
Commercial	5,175	0.1399
Industrial	1,017	0.0275
Other Public Authority	843	0.0228
Sales for Resale	339	0.0092
Private Fire	0	0.0000
Total	36,997	1.0000

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

BASIS FOR ALLOCATING SERVICE COSTS TO CUSTOMER CLASSIFICATIONS

Service Size	3/4" Dollar Equivalent	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Private Fire Protection		Total	
		Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)=(2)X(11)	(15)	(16)
3/4	1.00	28,058	28,058	2,122	2,122	10	10	52	52	0	0	0	0	30,242	30,242
1	1.17	649	759	403	472	18	21	37	43	0	0	0	0	1,107	1,295
1-1/2	1.58	6	9	87	137	3	5	19	30	0	0	0	0	115	181
2	2.04	14	29	300	612	66	135	83	169	11	22	14	29	488	996
3	2.73	1	3	12	33	3	8	4	11	0	0	1	3	21	58
4	2.88	0	0	12	35	13	37	6	17	5	14	68	196	104	299
6	4.24	0	0	3	13	5	21	1	4	3	13	142	602	154	653
8	6.98	0	0	0	0	0	0	0	0	0	0	93	649	93	649
10	9.50	0	0	0	0	0	0	0	0	0	0	14	133	14	133
12	12.16	0	0	0	0	0	0	0	0	0	0	10	122	10	122
Total		28,728	28,858	2,939	3,424	118	237	202	326	19	49	342	1,734	32,348	34,628

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 10. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

Factors are based on the relative cost of services by size and customer classification, as developed on the following page and summarized below.

Customer Classification	3/4" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	28,858	0.8334
Commercial	3,424	0.0989
Industrial	237	0.0068
Other Public Authority	326	0.0094
Sales for Resale	49	0.0014
Private Fire Protection	1,734	0.0501
Total	34,628	1.0000

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS

Meter Size	5/8" Dollar Equivalent	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Total	
		Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)
5/8	1.0	26,850	26,850	1,963	1,963	6	6	38	38	0	0	28,857	28,857
3/4	1.3	1,208	1,570	159	207	4	5	14	18	0	0	1,385	1,800
1	1.7	649	1,103	403	685	18	31	37	63	0	0	1,107	1,882
1-1/2	3.5	6	21	87	305	3	11	19	67	0	0	115	404
2	4.3	14	60	300	1,290	66	284	83	357	11	47	474	2,038
3	19.0	1	19	12	228	3	57	4	76	0	0	20	380
4	29.3	0	0	12	352	13	381	6	176	5	147	36	1,056
6	48.4	0	0	3	145	5	242	1	48	3	145	12	580
8	112.9	0	0	0	0	0	0	0	0	0	0	0	0
Total		28,728	29,623	2,939	5,175	118	1,017	202	843	19	339	32,006	36,997

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 11. ALLOCATION OF TRANSMISSION AND DISTRIBUTION OPERATION SUPERVISION AND ENGINEERING AND MISCELLANEOUS EXPENSES.

Factors are based on transmission and distribution operation expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Operating Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$ 268,946	0.5971
Commercial	72,927	0.1619
Industrial	31,885	0.0708
Other Public Authority	14,311	0.0318
Sales for Resale	8,625	0.0191
Private Fire Protection	13,984	0.0310
Public Fire Protection	39,787	0.0883
Total	450,465	1.0000

FACTOR 12. ALLOCATION OF TRANSMISSION AND DISTRIBUTION MAINTENANCE SUPERVISION AND ENGINEERING, STRUCTURES AND IMPROVEMENTS, AND OTHER EXPENSES.

Factors are based on transmission and distribution maintenance expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$ 58,930	0.3397
Commercial	17,599	0.1015
Industrial	8,218	0.0474
Other Public Authority	3,574	0.0206
Sales for Resale	2,216	0.0128
Private Fire Protection	3,217	0.0186
Public Fire Protection	79,680	0.4594
Total	$173,434	1.0000

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 13. ALLOCATION OF BILLING AND COLLECTING COSTS.

Factors are based on the total number of customers.

Customer Classification	Total Customers	Allocation Factor
(1)	(2)	(3)
Residential	28,728	0.8866
Commercial	2,939	0.0907
Industrial	118	0.0036
Other Public Authority	202	0.0062
Sales for Resale	19	0.0006
Private Fire Protection	398	0.0123
Public Fire Protection	0	0.0000
Total	32,404	1.0000

FACTOR 14. ALLOCATION OF METER READING COSTS.

Factors are based on the number of metered customers.

Customer Classification	Total Metered Customers	Allocation Factor
(1)	(2)	(3)
Residential	28,728	0.8976
Commercial	2,939	0.0918
Industrial	118	0.0037
Other Public Authority	202	0.0063
Sales for Resale	19	0.0006
Total	32,006	1.0000

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 15. ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES AND CASH WORKING CAPITAL.

Factors are based on the allocation of all other operation and maintenance expenses excluding purchased water, power, chemicals and waste disposal.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$1,546,080	0.5453
Commercial	412,976	0.1457
Industrial	298,223	0.1052
Other Public Authority	79,697	0.0281
Sales for Resale	205,678	0.0725
Private Fire Protection	42,176	0.0149
Public Fire Protection	250,462	0.0883
Total	$2,835,292	1.0000

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 16. ALLOCATION OF LABOR RELATED TAXES AND BENEFITS.

Factors are based on the allocation of direct labor expense.

Customer Classification	Direct Labor Expense	Allocation Factor
(1)	(2)	(3)
Residential	$1,028,245	0.5468
Commercial	280,762	0.1493
Industrial	200,359	0.1066
Other Public Authority	54,702	0.0291
Sales for Resale	130,808	0.0696
Private Fire Protection	25,430	0.0135
Public Fire Protection	159,985	0.0851
Total	$1,880,291	1.0000

FACTOR 17. ALLOCATION OF ORGANIZATION, FRANCHISES AND CONSENTS, MISCELLANEOUS INTANGIBLE PLANT AND OTHER RATE BASE ELEMENTS.

Factors are based on the allocation of the original cost less depreciation other than those items being allocated, as follows:

Customer Classification	Original Cost Less Depreciation	Allocation Factor
(1)	(2)	(3)
Residential	$37,974,463	0.4097
Commercial	16,677,617	0.1800
Industrial	16,459,723	0.1776
Other Public Authority	3,707,946	0.0400
Sales for Resale	11,987,041	0.1293
Private Fire Protection	895,139	0.0097
Public Fire Protection	4,976,204	0.0537
Total	$92,678,131	1.0000

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 18. ALLOCATION OF INCOME TAXES AND INCOME AVAILABLE FOR RETURN.

Factors are based on the allocation of the original cost measure of value rate base as shown on the following pages and summarized below.

Customer Classification	Original Cost Measure of Value	Allocation Factor
(1)	(2)	(3)
Residential	$35,223,946	0.4100
Commercial	15,447,280	0.1799
Industrial	15,237,006	0.1774
Other Public Authority	3,433,535	0.0400
Sales for Resale	11,096,155	0.1292
Private Fire Protection	830,569	0.0097
Public Fire Protection	4,619,798	0.0538
Total	$85,888,290	1.0000

FACTOR 19. ALLOCATION OF REGULATORY COMMISSION EXPENSES, ASSESSMENTS AND OTHER WATER REVENUES.

The factors are based on the allocation of the total cost of service, excluding those items being allocated.

Customer Classification	Total Cost of Service	Allocation Factor
(1)	(2)	(3)
Residential	$10,242,731	0.4549
Commercial	3,798,445	0.1687
Industrial	3,546,784	0.1575
Other Public Authority	811,294	0.0360
Sales for Resale	2,557,983	0.1136
Private Fire Protection	236,222	0.0105
Public Fire Protection	1,324,042	0.0588
Total	$22,517,502	1.0000

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection Private	Fire Protection Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
RATE BASE									
Organization	17	$ 12,911	$ 5,290	$ 2,324	$ 2,293	$ 516	$ 1,669	$ 125	$ 693
Franchises	17	0	0	0	0	0	0	0	0
Land & Ld Rights SS	2	1,414,424	540,593	271,004	301,697	61,669	233,097	1,273	5,092
Land & Ld Rights P	6	8,921	3,336	1,672	1,851	381	1,425	51	206
Land & Ld Rights WT	2	0	0	0	0	0	0	0	0
Land & Ld Rights TD	7	840,806	337,416	164,714	98,458	37,416	25,897	35,314	141,592
Land & Land Rights AG	15	8,112	4,424	1,182	853	228	588	121	716
Struct & Imp SS	2	1,872,614	715,713	358,793	399,429	81,646	308,607	1,685	6,741
Struct & Imp P	6	4,272,088	1,597,334	800,589	886,458	182,418	682,252	24,351	98,685
Struct & Imp Pumps (STL)	6	0	0	0	0	0	0	0	0
Struct & Imp Pump Boosters	6	0	0	0	0	0	0	0	0
Struct & Imp WT	2	20,650,421	7,892,591	3,956,621	4,404,735	900,358	3,403,189	18,585	74,342
Struct & Imp WT Nth Plt (ST	2	0	0	0	0	0	0	0	0
Struct & Imp WT Ctrl Plt 1	2	0	0	0	0	0	0	0	0
Struct & Imp WT Ctrl Plt 3	2	0	0	0	0	0	0	0	0
Struct & Imp WT Sth Plt (ST	2	0	0	0	0	0	0	0	0
Struct & Imp WT Meramec (ST	2	0	0	0	0	0	0	0	0
Struct & Imp TD	7	351,631	141,110	68,885	41,176	15,648	10,830	14,769	59,215
Struct & Imp TD Spec Cross	7	0	0	0	0	0	0	0	0
Struct & Imp AG	15	0	0	0	0	0	0	0	0
Struct & Imp Offices	15	402,155	219,295	58,594	42,307	11,301	29,156	5,992	35,510
Gen Structures HVAC	15	0	0	0	0	0	0	0	0
Struct & Imp Leasehold	15	33	18	5	3	1	2	0	3
Struct & Imp Leasehold	15	0	0	0	0	0	0	0	0
Struct & Imp Store,Shop,Gar	15	166,763	90,936	24,297	17,543	4,686	12,090	2,485	14,725
Struct & Imp Misc	15	752,083	410,111	109,578	79,119	21,134	54,526	11,206	66,409
Collect & Impounding	1	0	0	0	0	0	0	0	0
Lake, River & Other Intakes	2	685,736	262,088	131,387	146,267	29,898	113,009	617	2,469
Wells & Springs	2	63,700	24,346	12,205	13,587	2,777	10,498	57	229
Supply Mains	2	8,186,662	3,128,942	1,568,564	1,746,215	356,938	1,349,162	7,368	29,472
Supply Mains Nth Plt (STL)	2	0	0	0	0	0	0	0	0
Supply Mains Ctrl Plt (STL)	2	0	0	0	0	0	0	0	0
Supply Mains Sth Plt (STL)	2	0	0	0	0	0	0	0	0
Supply Mains Meramec Plt (S	2	0	0	0	0	0	0	0	0
Power Generation Equip	6	12,862	4,809	2,410	2,669	549	2,054	73	297
Power Generation Equip Othe	6	0	0	0	0	0	0	0	0
Boiler Plant Equipment P	6	0	0	0	0	0	0	0	0
Pump Equip Steam	6	0	0	0	0	0	0	0	0
Pump Equip Electric	6	4,120,689	1,540,726	772,217	855,043	175,953	658,074	23,488	95,188
Pump Equip Elec Pre46 (STL)	6	0	0	0	0	0	0	0	0
Pump Equip Elec Post46 (STL	6	0	0	0	0	0	0	0	0
Pump Equip Elec Boosters Po	6	0	0	0	0	0	0	0	0
Pump Equip Diesel	6	0	0	0	0	0	0	0	0
Pump Equip Diesel Stratman\	6	0	0	0	0	0	0	0	0
Pump Equip Diesel Ctrl Plt	6	0	0	0	0	0	0	0	0
Pump Equip Hydraulic	6	0	0	0	0	0	0	0	0
Pump Equip Other	6	2,570	961	482	533	110	410	15	59

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection Private	Fire Protection Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Pump Equip WT	6	40,292	15,065	7,551	8,361	1,720	6,435	230	931
Pump Equip TD	6	0	0	0	0	0	0	0	0
WT Equip Non-Media	2	15,366,880	5,873,222	2,944,294	3,277,756	669,996	2,532,462	13,830	55,321
WT Equip Non-Med North (STL	2	0	0	0	0	0	0	0	0
WT Equip Non Media Ctrl 1 &	2	0	0	0	0	0	0	0	0
WT Equip Non Media Ctrl 3 (	2	0	0	0	0	0	0	0	0
WT Equip Non Media Sth (STL	2	0	0	0	0	0	0	0	0
WT Equip Non Media Mer (STL	2	0	0	0	0	0	0	0	0
WT Equip Filter Media	2	18,887	7,219	3,619	4,029	823	3,113	17	68
Dist Reservoirs & Standpipe	5	645,240	227,060	109,433	106,077	24,842	87,688	18,002	72,138
Elevated Tanks & Standpipes	5	276,768	97,395	46,940	45,501	10,656	37,613	7,722	30,943
Ground Level Facilities	5	0	0	0	0	0	0	0	0
TD Mains Not Classified by	7	(1,188,149)	(476,804)	(232,758)	(139,132)	(52,873)	(36,595)	(49,902)	(200,084)
TD Mains 4 & Less "	4	788,356	325,197	157,750	76,076	35,791	0	38,629	154,912
TD Mains 6 to 8" "	4	7,869,692	3,246,248	1,574,725	759,425	357,284	0	385,615	1,546,394
TD Mains 10 to 16" "	3	9,532,467	3,402,137	1,705,358	1,897,914	387,971	1,467,047	134,408	537,631
TD Mains 18 & Grtr "	3	3,675,427	1,311,760	657,534	731,778	149,590	565,648	51,824	207,294
TD Mains AC 4 (STL) "	4	0	0	0	0	0	0	0	0
TD Mains CI <10 1900-28 (S"	4	0	0	0	0	0	0	0	0
TD Mains CI <10 1929-56 (S"	4	0	0	0	0	0	0	0	0
TD Mains CI <10 1957-93 (S"	4	0	0	0	0	0	0	0	0
TD Mains CI 12 (STL) "	3	0	0	0	0	0	0	0	0
TD Mains CI 16 (STL) "	3	0	0	0	0	0	0	0	0
TD Mains DI 6-8 (STL) "	4	0	0	0	0	0	0	0	0
TD Mains DI 12 (STL) "	3	0	0	0	0	0	0	0	0
TD Mains DI 16 & >(STL)	3	0	0	0	0	0	0	0	0
TD Mains Galve 1 (STL) "	4	0	0	0	0	0	0	0	0
TD Mains LJ 20 (STL) "	3	0	0	0	0	0	0	0	0
TD Mains DI 4in (STL) "	4	0	0	0	0	0	0	0	0
Fire Mains	8	0	0	0	0	0	0	0	0
Services	10	2,416,965	2,014,299	239,038	16,435	22,719	3,384	121,090	0
Meters Bronze Case	9	2,642,680	2,115,729	369,711	72,674	60,253	24,313	0	0
Meters Plastic Case	9	66,984	53,628	9,371	1,842	1,527	616	0	0
Meters Other	9	(814,217)	(651,862)	(113,909)	(22,391)	(18,564)	(7,491)	0	0
Meters Other-Rem Rdr Unts	9	51,742	41,425	7,239	1,423	1,180	476	0	0
Meter Installations	9	2,240,253	1,793,547	313,411	61,607	51,078	20,610	0	0
Meter Installation Other	9	0	0	0	0	0	0	0	0
Meter Vaults	9	179,725	143,888	25,143	4,942	4,098	1,653	0	0
Hydrants	8	1,787,082	0	0	0	0	0	0	1,787,082
Other P/E Intangible	15	0	0	0	0	0	0	0	0
Other P/E WT Res Hand Equip	2	1,334,139	509,908	255,621	284,572	58,168	219,866	1,201	4,803
Other P/E TD	7	0	0	0	0	0	0	0	0
Other P/E CPS	15	78,868	43,006	11,491	8,297	2,216	5,718	1,175	6,964
Office Furniture & Equip	15	(182,790)	(99,675)	(26,633)	(19,230)	(5,136)	(13,252)	(2,724)	(16,140)
Comp & Periph Equip	15	365,453	199,281	53,246	38,446	10,269	26,495	5,445	32,269
Computer Software	15	215,519	117,523	31,401	22,673	6,056	15,625	3,211	19,030
Comp Software Personal	15	37,223	20,298	5,423	3,916	1,046	2,699	555	3,287
Comp Software Other	15	0	0	0	0	0	0	0	0

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Data Handling Equipment	15	27,361	14,920	3,987	2,878	769	1,984	408	2,416
Other Office Equipment	15	132,004	71,982	19,233	13,887	3,709	9,570	1,967	11,656
Trans Equip Lt Duty Trks	15	186,169	101,518	27,125	19,585	5,231	13,497	2,774	16,439
Trans Equip Hvy Duty Trks	15	43,340	23,633	6,315	4,559	1,218	3,142	646	3,827
Trans Equip Autos	15	17,539	9,564	2,555	1,845	493	1,272	261	1,549
Trans Equip Other	15	(235,350)	(128,337)	(34,291)	(24,759)	(6,613)	(17,063)	(3,507)	(20,781)
Stores Equipment	15	138,436	75,489	20,170	14,563	3,890	10,037	2,063	12,224
Tools,Shop,Garage Equip	15	638,492	348,170	93,028	67,169	17,942	46,291	9,514	56,379
Tools,Shop,Garage Equip Oth	15	0	0	0	0	0	0	0	0
Laboratory Equipment	2	271,648	103,824	52,048	57,943	11,844	44,768	244	978
Laboratory Equip Other	2	0	0	0	0	0	0	0	0
Power Operated Equipment	15	78,045	42,558	11,371	8,210	2,193	5,658	1,163	6,891
Comm Equip Non-Telephone	15	38,083	20,767	5,549	4,006	1,070	2,761	567	3,363
Remote Control & Instr	15	0	0	0	0	0	0	0	0
Comm Equip Telephone	15	18,348	10,005	2,673	1,930	516	1,330	273	1,620
Misc Equipment	15	66,259	36,131	9,654	6,970	1,862	4,804	987	5,851
Other Tangible Property	17	0	0	0	0	0	0	0	0
Total Utility Plant in Service		92,691,042	37,979,753	16,679,941	16,462,016	3,708,462	11,988,710	895,264	4,976,897
Other Rate Base Items									
Add:									
Other Utility Plant Adjustments	17	0	0	0	0	0	0	0	0
Cash Working Capital	15	0	0	0	0	0	0	0	0
Materials and Supplies	15	190,833	104,061	27,804	20,076	5,362	13,835	2,843	16,851
Prepayments	15	103,915	56,665	15,140	10,932	2,920	7,534	1,548	9,176
OPEB's Contributed to External Fund	16	294,869	161,234	44,024	31,433	8,581	20,523	3,981	25,093
Pension / OPEB Tracker	16	40,751	22,283	6,084	4,344	1,186	2,836	550	3,468
Regulatory Deferrals	17	207,500	85,013	37,350	36,852	8,300	26,830	2,013	11,143
Less:									
Accumulated Deferred ITC (3%)	17	(20,893)	(8,560)	(3,761)	(3,711)	(836)	(2,702)	(203)	(1,122)
Deferred Income Taxes	17	(7,220,748)	(2,958,340)	(1,299,735)	(1,282,405)	(288,830)	(933,643)	(70,041)	(387,754)
Pensions	16	(398,979)	(218,162)	(59,568)	(42,531)	(11,610)	(27,769)	(5,386)	(33,953)
Total Other Rate Base Elements		(6,802,752)	(2,755,806)	(1,232,660)	(1,225,010)	(274,927)	(892,555)	(64,695)	(357,099)
Total Original Cost Measure of Value		$ 85,888,290	$ 35,223,946	$ 15,447,280	$ 15,237,006	$ 3,433,535	$ 11,096,155	$ 830,569	$ 4,619,798

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

SUMMARY OF AVERAGE DAILY SEND OUT AND MAXIMUM DAILY USAGE
FOR THE YEARS 1990-2007

Year	Average Daily Send out (MGD)	Maximum Daily Use		
		MGD	Ratio to Average	Highest Use Day
(1)	(2)	(3)	(4)	(5)
1990	16.540	22.556	1.36	9/30/1990
1991	16.389	24.628	1.50	7/20/1991
1992	15.936	21.983	1.38	6/30/1992
1993	15.958	21.619	1.35	6/15/1993
1994	14.665	22.291	1.52	8/25/1994
1995	14.525	22.125	1.52	7/12/1995
1996	15.116	19.378	1.28	7/18/1996
1997	15.018	20.865	1.39	7/16/1997
1998	15.018	20.912	1.39	8/24/1998
1999	16.047	21.888	1.36	7/30/1999
2000	15.185	21.096	1.39	8/16/2000
2001	14.232	19.574	1.38	8/6/2001
2002	15.117	22.027	1.46	7/31/2002
2003	14.994	22.510	1.50	8/8/2003
2004	14.889	19.653	1.32	7/27/2004
2005	15.003	21.333	1.42	7/21/2005
2006	16.891	23.463	1.39	5/25/2006
2007	18.057	23.952	1.33	7/17/2007

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

BASIS FOR ALLOCATING DEMAND RELATED COSTS OF FIRE SERVICE
TO PRIVATE AND PUBLIC FIRE PROTECTION CUSTOMER CLASSIFICATIONS

Description		Restrictive Diameters Squared	Quantity	Relative Demand*	Allocation Factor
(1)		(2)	(3)	(4)=(2)x(3)	(5)
PRIVATE FIRE PROTECTION					
Fire Lines					
2 -inch		4.00	14	56	
3 -inch		9.00	1	9	
4 -inch		16.00	68	1,088	
6 -inch		36.00	142	5,112	
8 -inch		64.00	93	5,952	
10 -inch		100.00	14	1,400	
12 -inch		144.00	10	1,440	
Private Hydrants		20.25	56.1	1,136	
Total Private Fire Protection			398.1	16,193	0.1994
PUBLIC FIRE PROTECTION					
Hydrant	Nozzle Sizes				
4 1/2" Valve	2- 2-1/2" & 1- 4 1/2"	20.25	2,561	51,860	
5 1/4" Valve	2- 2-1/2" & 1- 4 1/2"	26.50	19	504	
5" Valve	2- 2-1/2" & 1- 4 1/2"	25.00	465	11,625	
5 1/2" Valve	2- 2-1/2" & 1- 4 1/2"	26.50	4	106	
6" Valve	2- 2-1/2" & 1- 4 1/2"	26.50	34	901	
2" Valve	2- 2-1/2" & 1- 4 1/2"	4.00	1	4	
2 1/4" Valve	2- 2-1/2" & 1- 4 1/2"	5.06	1	5	
3" Valve	2- 2-1/2" & 1- 4 1/2"	9.00	1	9	
3 1/4" Valve	2- 2-1/2" & 1- 4 1/2"	10.56	1	11	
Total Public Fire Prorection			3,087	65,025	0.8006
Total Fire Protection			3,485	81,218	1.0000

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

CALCULATION OF CUSTOMER CHARGE

(1)	Expense Related to Meters	2,513,484	
(2)	Meter Equivalents X 12	443,964	
(3)	Expense per Bill - Meter related		$5.66
(4)	Expense Related to Services	640,637	
(5)	Service Equivalents X 12	394,728	
(6)	Expense per Bill - Services related		$1.62
(7)	Expense Related to Billing and Collecting	2,194,389	
(8)	Number of Customers X 12	388,849	
(9)	Expense per Bill - Billing and Collecting		$5.64
(10)	Total Customer Charge (3)+(6)+(9)		$12.93

ST. LOUIS METRO DISTRICT

MISSOURI-AMERICAN WATER COMPANY

ST. LOUIS METRO AREA DISTRICT (ST. LOUIS COUNTY, ST. CHARLES AND WARREN COUNTY WATER DISTRICTS)

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES
FOR THE TEST YEAR ENDED DECEMBER 31, 2007

Customer Classification	Cost of Service** Amount (Schedule B)	Cost of Service** Percent	Revenues, Present Rates Amount	Revenues, Present Rates Percent	Revenues, Proposed Rates Amount	Revenues, Proposed Rates Percent	Proposed Increase Amount	Proposed Increase Percent Increase
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Res/Com/Ind/OPA - Rate A	$ 149,043,172	86.1%	$ 116,500,747	87.5%	$ 148,912,303	86.1%	$ 32,411,556	27.8%
Sales for Resale - Rate B	2,651,717	1.5%	2,341,267	1.8%	2,649,597	1.5%	308,330	13.2%
Large Industrial - Rate J	7,968,164	4.6%	6,320,529	4.7%	7,970,104	4.6%	1,649,575	26.1%
Private Fire - Rate F	1,503,496	0.9%	1,634,891	1.2%	1,634,891	0.9%	-	0.0%
Public Fire - Rate E	12,011,995	6.9%	6,537,318	4.8%	$12,011,857	6.9%	5,474,539	83.7%
Total Sales	173,178,545	100.0%	133,334,752	100.0%	173,178,752	100.0%	39,844,000	29.9%
Other Revenues*	4,587,717		4,587,717		4,587,717		-	0.0%
Total	$ 177,766,262		$ 137,922,469		$ 177,766,469		$ 39,844,000	28.9%

* Includes Rate G and H Contract Sales.

** Cost of Service includes a revenue contribution to the Brunswick, Parkville Water, Warren County Sewer and Cedar Hill Sewer Districts.

SLM-1

TN-CMA-01-Q29-SUPPLEMENTAL ATTACHMENT
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Schedule A -SLM

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS METRO AREA DISTRICT (ST. LOUIS COUNTY, ST. CHARLES AND WARREN COUNTY WATER DISTRICTS)
COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Res/Com/Ind/OPA Rate A	Sales for Resale Rate B	Large Industrial Rate J	Fire Protection Private -Rate F	Fire Protection Public - Rate E
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
OPERATION AND MAINTENANCE EXPENSES							
SOURCE OF SUPPLY EXPENSES							
Super & Eng Oper SS	2	$ -	$ -	$ -	$ -	$ -	$ -
Labor & Exp Oper SS	2	315,671	277,570	10,259	26,674	253	915
Labor & Exp Oper SS	2	100,542	88,407	3,268	8,496	80	292
Purchased Water	1	231,552	194,782	8,452	26,675	347	1,297
TOTAL SS EXPENSE - OPERATION		647,765	560,758	21,979	61,845	680	2,504
Misc Exp Oper SS	2	363,105	319,278	11,801	30,682	290	1,053
Misc Exp Oper SS	2	1,412	1,242	46	119	1	4
Rents Oper SS	2	0	0	0	0	0	0
Super & Eng Maint SS	2	0	0	0	0	0	0
Struct & Improve Maint SS	2	4,691	4,125	152	396	4	14
Struct & Improve Maint SS	2	0	0	0	0	0	0
Collect & Impound Maint SS	2	125	110	4	11	0	0
Lake, River & Oth Maint SS	2	41,892	36,836	1,361	3,540	34	121
Lake, River & Oth Maint SS	2	0	0	0	0	0	0
Wells & Springs Maint SS	2	0	0	0	0	0	0
Wells & Springs Maint SS	2	0	0	0	0	0	0
Infilt Gall & Tunnels Maint SS	2	0	0	0	0	0	0
Supply Mains Maint SS	2	0	0	0	0	0	0
Misc Plant Maint SS	2	64,352	56,585	2,091	5,438	51	187
Misc Plant Maint SS	2	230,638	202,800	7,496	19,489	185	669
TOTAL SS EXPENSE - MAINTENANCE		706,216	620,975	22,952	59,675	565	2,048
TOTAL SS EXPENSE		1,353,981	1,181,733	44,931	121,520	1,245	4,552
POWER AND PUMPING EXPENSES							
Super & Eng Oper P	6	0	0	0	0	0	0
Fuel for Power Prod	1	0	0	0	0	0	0
Labor & Exp Oper Pwr Prod	6	0	0	0	0	0	0
Labor & Exp Oper Pwr Prod	6	0	0	0	0	0	0
Purch Fuel/Power for Pump	1	6,503,678	5,470,894	237,384	749,224	9,756	36,421
Labor & Exp Oper Pump	6	1,141,108	994,704	36,515	95,168	3,309	11,411
Labor & Exp Oper Pump	6	276	241	9	23	1	3
Expenses Transferred	6	0	0	0	0	0	0
Misc Exp Oper P	6	32,935	28,709	1,054	2,747	96	329
Rents Oper P	6	0	0	0	0	0	0
TOTAL PUMPING EXPENSE - OPERATION		7,677,997	6,494,548	274,962	847,162	13,161	48,164

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS METRO AREA DISTRICT (ST. LOUIS COUNTY, ST. CHARLES AND WARREN COUNTY WATER DISTRICTS)
COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Res/Com/Ind/OPA Rate A	Sales for Resale Rate B	Large Industial Rate J	Fire Protection Private -Rate F	Fire Protection Public - Rate E
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Super & Eng Maint P	6	22,374	19,503	716	1,866	65	224
Struct & Improve Maint P	6	526,827	459,235	16,858	43,937	1,528	5,268
Power Prod Equip Maint P	6	365,753	318,827	11,704	30,504	1,061	3,658
Pump Equip Maint P	6	113,843	99,237	3,643	9,495	330	1,138
Pump Equip Maint P	6	202	176	6	17	1	2
TOTAL PUMPING EXPENSES - MAINTENANCE		1,028,999	896,978	32,928	85,818	2,984	10,290
TOTAL PUMPING EXPENSES		8,706,996	7,391,526	307,890	932,980	16,145	58,454
WATER TREATMENT							
Super & Eng Oper WT	2	90,512	79,587	2,942	7,648	72	262
Chemicals	1	7,046,488	5,927,506	257,197	811,755	10,570	39,460
Labor & Exp Oper WT	2	1,951,654	1,716,089	63,429	164,915	1,561	5,660
Labor & Exp Oper WT	2	131,393	115,534	4,270	11,103	105	381
Misc Exp Oper WT	2	0	0	0	0	0	0
Misc Exp Oper WT	1	447,401	376,354	16,330	51,541	671	2,505
Misc Exp Oper WT	2	20,948	18,420	681	1,770	17	61
Rents Oper WT	2	(95)	(83)	(3)	(8)	(0)	(0)
TOTAL WT EXPENSE - OPERATION		9,688,302	8,233,406	344,845	1,048,724	12,996	48,330
Super & Eng Maint WT	2	1,431,056	1,258,328	46,509	120,924	1,145	4,150
Struct & Improve Maint WT	2	33,481	29,440	1,088	2,829	27	97
Struct & Improve Maint WT	2	0	0	0	0	0	0
WT Equip Maint WT	2	561,257	493,513	18,241	47,426	449	1,628
WT Equip Maint WT	2	395,156	347,461	12,843	33,391	316	1,146
TOTAL WT EXPENSE - MAINTENANCE		2,420,950	2,128,742	78,681	204,570	1,937	7,021
TOTAL WT EXPENSE		12,109,252	10,362,148	423,526	1,253,294	14,933	55,350
TRANSMISSION AND DISTRIBUTION EXPENSES							
Super & Eng Oper TD	11	1,225,547	1,134,244	5,638	27,820	21,692	36,154
Storage Facilty Exp	5	3,503	2,785	99	246	82	291
Storage Facilty Exp	5	40	32	1	3	1	3
TD Lines Exp	7	1,290,465	1,183,227	8,259	30,197	15,098	53,683
TD Lines Exp	7	1,407,072	1,290,144	9,005	32,925	16,463	58,534
Meter Expense	9	578,079	550,678	0	22,140	5,261	0
Meter Expense	9	0	0	0	0	0	0
Customer Install Exp	10	534,418	502,780	0	909	30,729	0
Customer Install Exp	10	0	0	0	0	0	0
Misc Exp Oper TD	11	409,652	379,133	1,884	9,299	7,251	12,085
Misc Exp Oper TD	11	0	0	0	0	0	0
Misc Exp Oper TD	11	696,530	644,639	3,204	15,811	12,329	20,548
Rents Oper TD	11	65,471	60,593	301	1,486	1,159	1,931
TOTAL T & D EXPENSE OPERATION		6,210,776	5,748,254	28,392	140,837	110,064	183,229

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS METRO AREA DISTRICT (ST. LOUIS COUNTY, ST. CHARLES AND WARREN COUNTY WATER DISTRICTS)
COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Res/Com/Ind/OPA Rate A	Sales for Resale Rate B	Large Industial Rate J	Fire Protection Private -Rate F	Fire Protection Public - Rate E
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Super & Eng Maint TD	12	109,584	60,238	318	1,425	1,238	46,365
Struct & Improve Maint TD	12	25,676	14,114	74	334	290	10,864
Struct & Improve Maint TD	12	0	0	0	0	0	0
Dist Res Stand Maint TD	5	27,695	22,012	787	1,947	648	2,301
TD Main Maint TD	7	35,552	32,598	228	832	416	1,479
TD Main Maint TD	7	2,045,015	1,875,074	13,088	47,853	23,927	85,073
Fire Main Maint TD	8	653	0	0	0	0	653
Fire Main Maint TD	8	1,416,667	0	0	0	0	1,416,667
Services Maint TD	10	472,855	444,862	0	804	27,189	0
Services Maint TD	10	0	0	0	0	0	0
Meters Maint TD	9	305,822	291,326	0	11,713	2,783	0
Meters Maint TD	9	0	0	0	0	0	0
Hydrants Maint TD	8	546,244	0	0	0	0	546,244
Hydrants Maint TD	8	0	0	0	0	0	0
Misc Plant Maint TD	7	4,593,923	4,212,168	29,401	107,498	53,749	191,107
Mat and Sup Maint TD	7	959,393	879,668	6,140	22,450	11,225	39,911
Misc Maint TD	12	(71,931)	(39,540)	(209)	(935)	(813)	(30,434)
Amort Def Maint TD	5	1,190,230	945,995	33,803	83,673	27,851	98,908
Permits TD	12	69,097	37,983	200	898	781	29,235
TOTAL T & D EXPENSE - MAINTENANCE		11,726,476	8,776,498	83,830	278,491	149,284	2,438,373
TOTAL T & D EXPENSE		17,937,252	14,524,751	112,222	419,328	259,349	2,621,602
CUSTOMER ACCOUNTS							
Supervision CA	13	20,764	20,499	0	12	253	0
Meter Reading Exp CA	14	1,695,228	1,694,211	0	1,017	0	0
Meter Reading Exp CA	14	0	0	0	0	0	0
Meter Reading Exp CA	14	6	6	0	0	0	0
Cust Rec & Collection CA	13	732,982	723,600	0	440	8,942	0
Cust Rec & Collection CA	13	1,634,584	1,613,661	0	981	19,942	0
Uncollectible Accts	13	1,649,135	1,628,026	0	989	20,119	0
Misc Cust Accts Exp CA	13	110,366	108,953	0	66	1,346	0
Misc Cust Accts Exp CA	13	0	0	0	0	0	0
Misc Cust Accts Exp CA	13	98,854	97,589	0	59	1,206	0
Cust Serv & Info Exp CA	13	0	0	0	0	0	0
TOTAL CUSTOMER ACCOUNTING EXPENSE		5,941,920	5,886,545	0	3,565	51,810	0

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS METRO AREA DISTRICT (ST. LOUIS COUNTY, ST. CHARLES AND WARREN COUNTY WATER DISTRICTS)
COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Res/Com/Ind/OPA Rate A	Sales for Resale Rate B	Large Industial Rate J	Fire Protection	
						Private -Rate F	Public - Rate E
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
ADMINISTRATIVE AND GENERAL EXPENSES							
Salaries AG	15	4,050,023	3,484,640	46,980	138,916	40,905	338,582
Other Supplies & Exp AG	15	945	813	11	32	10	79
Other Supplies & Exp AG	15	628,014	540,343	7,285	21,541	6,343	52,502
Other Supplies & Exp AG	15	1,056,563	909,067	12,256	36,240	10,671	88,329
Mgmt Fees-Admin	15	12,881,406	11,083,162	149,424	441,832	130,102	1,076,886
Mgmt Fees-Customer Service	13	4,914,145	4,851,244	0	2,948	59,953	0
Mgmt Fees-Belleville Lab	2	480,958	422,906	15,631	40,641	385	1,395
Mgmt Fees- Employee	16	2,115,798	1,872,693	28,140	83,362	20,523	111,079
Outside Services AG	15	1,632,051	1,404,217	18,932	55,979	16,484	136,439
Outside Services AG	15	295,303	254,079	3,426	10,129	2,983	24,687
Property Insurance	15	0	0	0	0	0	0
Ins Gen Liab Oper AG	15	2,197,464	1,890,698	25,491	75,373	22,194	183,708
Ins Work Comp AG	16	856,298	757,909	11,389	33,738	8,306	44,956
Ins Other Oper AG	15	488,598	420,390	5,668	16,759	4,935	40,847
Property Insurance	15	144,145	124,022	1,672	4,944	1,456	12,051
Injuries & Damages	16	42,822	37,902	570	1,687	415	2,248
Employee Pension & Benefits	16	5,749,080	5,088,511	76,463	226,514	55,766	301,827
Employee Pension & Benefits	16	2,226,628	1,970,788	29,614	87,729	21,598	116,898
Employee Pension & Benefits	16	832,913	737,211	11,078	32,817	8,079	43,728
Reg Commision Exp	15	393,129	338,248	4,560	13,484	3,971	32,866
Rents AG	15	290,422	249,879	3,369	9,961	2,933	24,279
Goodwill Advertising Exp	15	11,835	10,183	137	406	120	989
Misc Exp AG	15	1,140,548	981,327	13,230	39,121	11,520	95,350
Research & Development	15	0	0	0	0	0	0
TOTAL A & G OPERATIONS		42,429,087	37,430,231	465,325	1,374,155	429,651	2,729,724
General Plant Maint AG	15	(1,414,130)	(1,216,717)	(16,404)	(48,505)	(14,283)	(118,221)
General Plant Maint AG	15	172,689	148,582	2,003	5,923	1,744	14,437
TOTAL A & G EXPENSE - MAINTENANCE		(1,241,441)	(1,068,136)	(14,401)	(42,581)	(12,539)	(103,784)
TOTAL A & G EXPENSE		41,187,646	36,362,095	450,925	1,331,574	417,113	2,625,939
Total Operation & Maintenance Expenses		87,237,047	75,708,800	1,339,494	4,062,262	760,594	5,365,897

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS METRO AREA DISTRICT (ST. LOUIS COUNTY, ST. CHARLES AND WARREN COUNTY WATER DISTRICTS)
COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Res/Com/Ind/OPA Rate A	Sales for Resale Rate B	Large Industrial Rate J	Fire Protection	
						Private -Rate F	Public - Rate E
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
DEPRECIATION EXPENSE							
Struct & Imp SS	2	150,681	132,494	4,897	12,733	121	437
Struct & Imp P	6	36,555	31,865	1,170	3,049	106	366
Struct & Imp Pumps (STL)	6	86,425	75,337	2,766	7,208	251	864
Struct & Imp Pump Boosters	6	51,382	44,790	1,644	4,285	149	514
Struct & Imp WT	2	176,490	155,188	5,736	14,913	141	512
Struct & Imp WT Nth Plt (ST	2	132,435	116,450	4,304	11,191	106	384
Struct & Imp WT Ctrl Plt 1	2	44,013	38,701	1,430	3,719	35	128
Struct & Imp WT Ctrl Plt 3	2	385,547	339,011	12,530	32,579	308	1,118
Struct & Imp WT Sth Plt (ST	2	51,486	45,272	1,673	4,351	41	149
Struct & Imp WT Meramec (ST	2	149,975	131,873	4,874	12,673	120	435
Struct & Imp TD	7	164,310	150,656	1,052	3,845	1,922	6,835
Struct & Imp TD Spec Cross	7	53	49	0	1	1	2
Struct & Imp AG	15	1,626	1,399	19	56	16	136
Struct & Imp Offices	15	72,272	62,183	838	2,479	730	6,042
Gen Structures HVAC	15	2,425	2,086	28	83	24	203
Struct & Imp Leasehold	15	0	0	0	0	0	0
Struct & Imp Leasehold	15	17,316	14,899	201	594	175	1,448
Struct & Imp Store,Shop,Gar	15	7,569	6,512	88	260	76	633
Struct & Imp Misc	15	35,141	30,235	408	1,205	355	2,938
Collect & Impounding	1	0	0	0	0	0	0
Lake, River & Other Intakes	2	0	0	0	0	0	0
Wells & Springs	2	0	0	0	0	0	0
Infiltration Galleries & Tunnels	2	12,124	10,661	394	1,024	10	35
Supply Mains	2	11	10	0	1	0	0
Supply Mains Nth Plt (STL)	2	3,963	3,485	129	335	3	11
Supply Mains Ctrl Plt (STL)	2	62,872	55,283	2,043	5,313	50	182
Supply Mains Sth Plt (STL)	2	5,456	4,797	177	461	4	16
Supply Mains Meramec Plt (S	2	21,022	18,485	683	1,776	17	61
Power Generation Equip	6	26,508	23,107	848	2,211	77	265
Power Generation Equip Othe	6	0	0	0	0	0	0
Boiler Plant Equipment P	6	0	0	0	0	0	0
Pump Equip Steam	6	0	0	0	0	0	0
Pump Equip Electric	6	107,994	94,138	3,456	9,007	313	1,080
Pump Equip Elec Pre46 (STL)	6	24,374	21,247	780	2,033	71	244
Pump Equip Elec Post46 (STL	6	646,639	563,675	20,692	53,930	1,875	6,466
Pump Equip Elec Boosters Po	6	36,936	32,197	1,182	3,080	107	369
Pump Equip Diesel	6	0	0	0	0	0	0
Pump Equip Diesel Stratman\	6	0	0	0	0	0	0
Pump Equip Diesel Ctrl Plt	6	46,525	40,556	1,489	3,880	135	465
Pump Equip Hydraulic	6	717	625	23	60	2	7
Pump Equip Other	6	2,642	2,303	85	220	8	26
Pump Equip WT	6	15,421	13,442	493	1,286	45	154
Pump Equip TD	6	69	60	2	6	0	1
WT Equip Non-Media	2	367,641	323,267	11,948	31,066	294	1,066

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS METRO AREA DISTRICT (ST. LOUIS COUNTY, ST. CHARLES AND WARREN COUNTY WATER DISTRICTS)
COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Res/Com/Ind/OPA Rate A	Sales for Resale Rate B	Large Industial Rate J	Fire Protection	
						Private -Rate F	Public - Rate E
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
WT Equip Non-Med North (STL	2	229,229	201,561	7,450	19,370	183	665
WT Equip Non Media Ctrl 1 &	2	62,789	55,210	2,041	5,306	50	182
WT Equip Non Media Ctrl 3 (	2	653,013	574,194	21,223	55,180	522	1,894
WT Equip Non Media Sth (STL	2	112,376	98,812	3,652	9,496	90	326
WT Equip Non Media Mer (STL	2	206,957	181,977	6,726	17,488	166	600
WT Equip Filter Media	2	22,874	20,113	743	1,933	18	66
Dist Reservoirs & Standpipe	5	36,579	29,073	1,039	2,572	856	3,040
Elevated Tanks & Standpipes	5	60,963	48,453	1,731	4,286	1,427	5,066
Ground Level Facilities	5	216,886	172,381	6,160	15,247	5,075	18,023
TD Mains Not Classified by	7	517,937	474,896	3,315	12,120	6,060	21,546
TD Mains 4 & Less "	4	10,009	9,343	0	84	128	453
TD Mains 6 to 8" "	4	152,951	142,780	0	1,285	1,958	6,929
TD Mains 6 to 10in (TN)"	4	2,570	2,399	0	22	33	116
TD Mains 10 to 16" "	3	253,070	215,616	7,972	20,752	1,923	6,808
TD Mains 18 & Grtr "	3	145,449	123,923	4,582	11,927	1,105	3,913
TD Mains AC 4 (STL) "	4	42,667	39,830	0	358	546	1,933
TD Mains CI <10 1900-28 (S"	4	41,913	39,126	0	352	536	1,899
TD Mains CI <10 1929-56 (S"	4	256,699	239,629	0	2,156	3,286	11,628
TD Mains CI <10 1957-93 (S"	4	802,183	748,838	0	6,738	10,268	36,339
TD Mains CI 12 (STL) "	3	194,560	165,765	6,129	15,954	1,479	5,234
TD Mains CI 16 (STL) "	3	287,021	244,542	9,041	23,536	2,181	7,721
TD Mains DI 6-8 (STL) "	4	2,159,955	2,016,318	0	18,144	27,647	97,846
TD Mains DI 12 (STL) "	3	986,678	840,650	31,080	80,908	7,499	26,542
TD Mains DI 16 & >(STL)	3	1,670,905	1,423,611	52,634	137,014	12,699	44,947
TD Mains Galve 1 (STL) "	4	632	590	0	5	8	29
TD Mains LJ 20 (STL) "	3	67,652	57,640	2,131	5,547	514	1,820
TD Mains PL 6-8in (STL) "	4	0	0	0	0	0	0
TD Mains PL 12in (STL) "	3	0	0	0	0	0	0
Fire Mains	8	4,538	0	0	0	0	4,538
Services	10	181,367	170,630	0	308	10,429	0
Meters Bronze Case	9	272,504	259,587	0	10,437	2,480	0
Meters Plastic Case	9	1,602	1,526	0	61	15	0
Meters Other	9	494,504	471,065	0	18,940	4,500	0
Meters Other-Rem Rdr Unts	9	102,984	98,103	0	3,944	937	0
Meter Installations	9	159,000	151,463	0	6,090	1,447	0
Meter Installation Other	9	252,075	240,127	0	9,654	2,294	0
Hydrants	8	774,609	0	0	0	0	774,609
Utility Plant Acquisition Adjustment	17	0	0	0	0	0	0
Other P/E Intangible	15	715	615	8	25	7	60
Other P/E WT Res Hand Equip	2	0	0	0	0	0	0
Other P/E TD	7	0	0	0	0	0	0
Other P/E CPS	15	0	0	0	0	0	0
Office Furniture & Equip	15	65,816	56,628	763	2,257	665	5,502
Comp & Periph Equip	15	799,478	687,871	9,274	27,422	8,075	66,836
Computer Software	15	1,073,981	924,053	12,458	36,838	10,847	89,785
Comp Software Personal	15	29,984	25,798	348	1,028	303	2,507

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS METRO AREA DISTRICT (ST. LOUIS COUNTY, ST. CHARLES AND WARREN COUNTY WATER DISTRICTS)
COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Res/Com/Ind/OPA Rate A	Sales for Resale Rate B	Large Industrial Rate J	Fire Protection	
						Private -Rate F	Public - Rate E
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Comp Software Other	15	15	13	0	1	0	1
Data Handling Equipment	15	974	838	11	33	10	81
Other Office Equipment	15	11,675	10,045	135	400	118	976
Trans Equip Lt Duty Trks	15	0	0	0	0	0	0
Trans Equip Hvy Duty Trks	15	344,589	296,484	3,997	11,819	3,480	28,808
Trans Equip Autos	15	0	0	0	0	0	0
Trans Equip Other	15	0	0	0	0	0	0
Stores Equipment	15	3,092	2,660	36	106	31	258
Tools,Shop,Garage Equip	15	99,902	85,956	1,159	3,427	1,009	8,352
Tools,Shop,Garage Equip Oth	15	204,344	175,818	2,370	7,009	2,064	17,083
Laboratory Equipment	2	46,446	40,840	1,509	3,925	37	135
Laboratory Equip Other	2	9,774	8,594	318	826	8	28
Power Operated Equipment	15	61,511	52,924	714	2,110	621	5,142
Comm Equip Non-Telephone	15	55,508	47,759	644	1,904	561	4,640
Remote Control & Instr	15	29,998	25,810	348	1,029	303	2,508
Comm Equip Telephone	15	7,278	6,262	84	250	74	608
Misc Equipment	15	38,847	33,424	451	1,332	392	3,248
Other Tangible Property	17	44,153	37,720	658	1,978	384	3,413
Total Depreciation Expense		17,312,395	14,666,220	291,019	851,842	145,038	1,358,276

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS METRO AREA DISTRICT (ST. LOUIS COUNTY, ST. CHARLES AND WARREN COUNTY WATER DISTRICTS)
COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Res/Com/Ind/OPA Rate A	Sales for Resale Rate B	Large Industial Rate J	Fire Protection Private -Rate F	Fire Protection Public - Rate E
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Amort-Other UP	18	102,658	87,690	1,530	4,579	893	7,966
Amort-Intangible Fin	2	128,846	113,294	4,187	10,887	103	374
Taxes Other Than Income							
Utility Reg Assessment Fee	19	954,562	821,592	14,605	43,910	8,305	66,151
Property Taxes	18	8,386,754	7,163,965	124,963	374,049	72,965	650,812
FUTA	16	32,383	28,662	431	1,276	314	1,700
FICA	16	1,577,115	1,395,904	20,976	62,138	15,298	82,799
SUTA	16	66,150	58,549	880	2,606	642	3,473
Other Taxes & Licenses	15	95,080	81,807	1,103	3,261	960	7,949
Gross Receipts Tax	19	0	0	0	0	0	0
Total Taxes, Other Than Income		11,112,044	9,550,479	162,956	487,241	98,484	812,883
Income Taxes	18	16,653,316	14,225,263	248,134	742,738	144,884	1,292,297
Utility Income Available for Return	18	43,191,219	36,893,939	643,549	1,926,328	375,764	3,351,639
Revenue Contribution	19	2,028,737	1,746,134	31,040	93,322	17,650	140,592
Total Cost of Service		177,766,262	152,991,820	2,721,909	8,179,199	1,543,409	12,329,924
Less: Other Water Revenues	19	1,555,597	1,338,902	23,801	71,557	13,534	107,803
Contract Sales	19	3,032,120	2,609,746	46,391	139,478	26,379	210,126
Total Other Water Revenues		4,587,717	3,948,648	70,192	211,035	39,913	317,929
Total Cost of Service Related to Sales of Water		$ 173,178,545	$ 149,043,172	$ 2,651,717	$ 7,968,164	$ 1,503,496	$ 12,011,995

MISSOURI-AMERICAN WATER COMPANY

ST. LOUIS METRO AREA DISTRICT (ST. LOUIS COUNTY, ST. CHARLES AND WARREN COUNTY WATER DISTRICTS)

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS

FACTOR 1. ALLOCATION OF COSTS WHICH VARY WITH THE AMOUNT OF WATER CONSUMED.

Factors are based on the pro forma test year average daily consumption for each customer classification.

Customer Classification	Average Daily Consumption, Thousand Gallons	Allocation Factor
(1)	(2)	(3)
Res/Com/Ind/OPA - Rate A	117,494	0.8412
Sales for Resale - Rate B	5,101	0.0365
Large Industrial - Rate J	16,090	0.1152
Private Fire - Rate F	214	0.0015
Public Fire - Rate E	779	0.0056
Total	139,678	1.0000

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the factors for average daily consumption (Factor 1) and the factors derived from maximum day extra capacity demand for each customer classification, as follows:

	Average Daily Consumption		Maximum Day Extra Capacity		
Customer Classification	Allocation Factor 1	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)x 0.5263	(4)	(5)=(4)x 0.4737	(6)=(3)+(5)
Res/Com/Ind/OPA - Rate A	0.8412	0.4428	0.9215	0.4365	0.8793
Sales for Resale - Rate B	0.0365	0.0192	0.0280	0.0133	0.0325
Large Industrial - Rate J	0.1152	0.0606	0.0505	0.0239	0.0845
Private Fire - Rate F	0.0015	0.0008			0.0008
Public Fire - Rate E	0.0056	0.0029			0.0029
Total	1.0000	0.5263	1.0000	0.4737	1.0000

The derivation of the maximum day extra capacity factors in column 4 and the basis for the column 3 and 5 weightings are presented on the following page.

MISSOURI-AMERICAN WATER COMPANY

ST. LOUIS METRO AREA DISTRICT (ST. LOUIS COUNTY, ST. CHARLES AND WARREN COUNTY WATER DISTRICTS)

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS, cont.

		Maximum Day Extra Capacity		
Customer Classification	Average Daily Consumption, Thousand Gal.	Factor*	Rate of Flow, Thousand Gal. Per Day	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Res/Com/Ind/OPA - Rate A	117,494	1.0	117,494	0.9215
Sales for Resale - Rate B	5,101	0.7	3,571	0.0280
Large Industrial - Rate J	16,090	0.4	6,436	0.0505
	138,685		127,501	1.0000

The weighting of the factors is based on the maximum day ratio of 1.90, based on a review of maximum day ratios experienced during the period 1999 through 2005 (see Schedule D).

	Maximum Day Ratio	Weight
Average Day	1.00	0.5263
Maximum Day Extra Capacity	0.90	0.4737
Total	1.90	1.0000

* Ratio of maximum day to average day minus 1.0.

MISSOURI-AMERICAN WATER COMPANY

ST. LOUIS METRO AREA DISTRICT (ST. LOUIS COUNTY, ST. CHARLES AND WARREN COUNTY WATER DISTRICTS)

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

	Average Daily Consumption		Maximum Day Extra Capacity		Fire Protection		
Customer Classification	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2) X 0.5101	(4)	(5)=(4) X 0.4591	(6)	(7)=(6) X 0.0308	(8)=(3)+(5)+(7)
Res/Com/Ind/OPA - Rate A	0.8412	0.4290	0.9215	0.4230			0.8520
Sales for Resale - Rate B	0.0365	0.0186	0.0280	0.0129			0.0315
Large Industrial - Rate J	0.1152	0.0588	0.0505	0.0232			0.0820
Private Fire - Rate F	0.0015	0.0008			0.2204	0.0068	0.0076
Public Fire - Rate E	0.0056	0.0029			0.7796	0.0240	0.0269
Total	1.0000	0.5101	1.0000	0.4591	1.0000	0.0308	1.0000

MISSOURI-AMERICAN WATER COMPANY

ST. LOUIS METRO AREA DISTRICT (ST. LOUIS COUNTY, ST. CHARLES AND WARREN COUNTY WATER DISTRICTS)

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum day ratio of 1.90 and the average daily system sendout for 2007 of 198.435 MGD. The system demand for fire protection is 20,000 Gallons per minute for 10 hours.

	Ratio	Rate of Flow, (GPD)	Weight
Average Day	1.00	198,434,660	0.5101
Maximum Day Extra Capacity	0.90	178,591,194	0.4591
Subtotal	1.90	377,025,854	0.9692
Fire Protection		12,000,000	0.0308
Total		389,025,854	1.0000

The public and private fire protection allocation factors in column 6 on the previous page are based on the relative potential demands (see Schedule E).

MISSOURI-AMERICAN WATER COMPANY

ST. LOUIS METRO AREA DISTRICT (ST. LOUIS COUNTY, ST. CHARLES AND WARREN COUNTY WATER DISTRICTS)

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		
	Thousand Gallons	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3) X 0.3780	(5)	(6)=(5) X 0.5671	(7)	(8)=(7) X 0.0549	(9)=(4)+(6)+(8)
Res/Com/Ind/OPA - Rate A	4,895.6	0.9783	0.3697	0.9942	0.5638			0.9335
Sales for Resale - Rate B	0.0	0.0000	0.0000	0.0000	0.0000			0.0000
Large Industrial - Rate J	67.0	0.0134	0.0051	0.0058	0.0033			0.0084
Private Fire - Rate F	8.9	0.0018	0.0007			0.2204	0.0121	0.0128
Public Fire - Rate E	32.5	0.0065	0.0025			0.7796	0.0428	0.0453
Total	5,004.0	1.0000	0.3780	1.0000	0.5671	1.0000	0.0549	1.0000

The maximum hour extra capacity factors in column 5 are determined as follows:

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ST. LOUIS METRO AREA DISTRICT (ST. LOUIS COUNTY, ST. CHARLES AND WARREN COUNTY WATER DISTRICTS)

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum hour ratio of 2.5 and the average daily system sendout for 2007 of 198.435 MGD. The system demand for fire protection is 20,000 gallons per minute.

	Ratio	Rate of Flow, (GPM)	Weight
Average Hour	1.00	137,802	0.3780
Maximum Hour Extra Capacity	1.50	206,703	0.5671
Subtotal	2.50	344,505	0.9451
Fire Protection		20,000	0.0549
Total		364,505	1.0000

The maximum hour extra capacity factors in column 5 of the previous page are determined as follows:

Customer Classification	Average Hourly Consumption Thousand Gal.	Maximum Hour Extra Capacity		
		Factor*	1,000 Gallons Per Hour	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Res/Com/Ind/OPA - Rate A	4,895.6	3.5	17,134.6	0.9942
Sales for Resale - Rate B	0.0	2.5	0.0	0.0000
Large Industrial - Rate J	67.0	1.5	100.6	0.0058
Total	4,962.6		17,235.2	1.0000

* Ratio of Maximum Hour To Average Hour Minus 1.0.

The public and private fire protection allocation factors in column 7 on the previous page are based on the relative potential demands (see Schedule E).

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ST. LOUIS METRO AREA DISTRICT (ST. LOUIS COUNTY, ST. CHARLES AND WARREN COUNTY WATER DISTRICTS)

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES.

Factors are based on the weighting of the average hourly consumption, the maximum hour extra capacity demand, and the fire protection demand for each customer classification.

	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		
Customer Classification	Thousand Gallons	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3) X 0.3584	(5)	(6)=(5) X 0.5376	(7)	(8)=(7) X 0.1040	(9)=(4)+(6)+(8)
Res/Com/Ind/OPA - Rate A	4,895.6	0.8412	0.3015	0.9176	0.4933			0.7948
Sales for Resale - Rate B	212.5	0.0365	0.0131	0.0285	0.0153			0.0284
Large Industrial - Rate J	670.4	0.1152	0.0413	0.0539	0.0290			0.0703
Private Fire - Rate F	8.9	0.0015	0.0005			0.2204	0.0229	0.0234
Public Fire - Rate E	32.5	0.0056	0.0020			0.7796	0.0811	0.0831
Total	5,819.9	1.0000	0.3584	1.0000	0.5376	1.0000	0.1040	1.0000

The weighting of the factors is based on the ratio of the capacity required for a 10 hour demand of fire flow, as related to total storage capacity. The calculation is shown on the following page.

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ST. LOUIS METRO AREA DISTRICT (ST. LOUIS COUNTY, ST. CHARLES AND WARREN COUNTY WATER DISTRICTS)

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES, cont.

The weighting of the factors is based on the ratio of the capacity required for a 10 hour demand of fire flow, as related to total storage capacity.

Fire Protection Weight = $\frac{20{,}000 \text{ GPM X } 60 \text{ Min. X } 10 \text{ Hrs.}}{115{,}372{,}000 \text{ Gallons}} = 0.1040$

General Service Weight = 1.0000 - 0.1040 = 0.8960

The weighting of the average hourly consumption and maximum hour extra demand for general service is based on the maximum hour ratio, as follows:

	Maximum Hour Ratio	Percent	Weight
Average Hour	1.00	40.00	0.3584
Extra Capacity Maximum Hour	1.50	60.00	0.5376
Total	2.50	100.00	0.8960

Customer Classification	Average Hourly Consumption Thousand Gal.	Maximum Hour Extra Capacity Factor*	1,000 Gallons Per Hour	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Res/Com/Ind/OPA - Rate A	4,895.6	3.5	17,134.6	0.9176
Sales for Resale - Rate B	212.5	2.5	531.3	0.0285
Large Industrial - Rate J	670.4	1.5	1,005.6	0.0539
	5,778.5		18,671.5	1.0000

* Ratio of maximum day to average day minus 1.0.

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FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH POWER AND PUMPING FACILITIES.

Factors are based on the weighting of the maximum daily consumption, Factor 2, the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

	Maximum Daily Consumption		Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 2	Weighted Factor	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.7061	(4)	(5)=(4)X 0.2886	(6)	(7)=(6)X 0.0053	(8)=(3)+ (5)+(7)
Res/Com/Ind/OPA - Rate A	0.8793	0.6209	0.8520	0.2458	0.9335	0.0050	0.8717
Sales for Resale - Rate B	0.0325	0.0229	0.0315	0.0091	0.0000	0.0000	0.0320
Large Industrial - Rate J	0.0845	0.0597	0.0820	0.0237	0.0084	0.0000	0.0834
Private Fire - Rate F	0.0008	0.0006	0.0076	0.0022	0.0128	0.0001	0.0029
Public Fire - Rate E	0.0029	0.0020	0.0269	0.0078	0.0453	0.0002	0.0100
Total	1.0000	0.7061	1.0000	0.2886	1.0000	0.0053	1.0000

The weighting of the factors is based on the horsepower of pumps associated with maximum day facilities, maximum day and fire facilities, and maximum hour facilities, as follows:

	Horsepower of Pumps	Weight
Associated with Maximum Day	44,414	0.7061
Associated with Maximum Day and Fire	18,150	0.2886
Associated with Maximum Hour	335	0.0053
Total	62,899	1.0000

MISSOURI-AMERICAN WATER COMPANY

ST. LOUIS METRO AREA DISTRICT (ST. LOUIS COUNTY, ST. CHARLES AND WARREN COUNTY WATER DISTRICTS)

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 7. ALLOCATION OF COSTS ASSOCIATED WITH TRANSMISSION AND DISTRIBUTION MAINS.

Factors are based on the weighting of the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

	Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.2032	(4)	(5)=(4)X 0.7968	(6)=(3)+(5)
Res/Com/Ind/OPA - Rate A	0.8520	0.1731	0.9335	0.7438	0.9169
Sales for Resale - Rate B	0.0315	0.0064	0.0000	0.0000	0.0064
Large Industrial - Rate J	0.0820	0.0167	0.0084	0.0067	0.0234
Private Fire - Rate F	0.0076	0.0015	0.0128	0.0102	0.0117
Public Fire - Rate E	0.0269	0.0055	0.0453	0.0361	0.0416
Total	1.0000	0.2032	1.0000	0.7968	1.0000

The weighting of the factors is based on the total footage of mains, designated as either transmission mains or distribution mains, as follows:

	Total Footage of Mains	Weight
Transmission Mains	4,910,092	0.2032
Distribution Mains	19,258,742	0.7968
Total	24,168,834	1.0000

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ST. LOUIS METRO AREA DISTRICT (ST. LOUIS COUNTY, ST. CHARLES AND WARREN COUNTY WATER DISTRICTS)

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 8. ALLOCATION OF COSTS ASSOCIATED WITH FIRE HYDRANTS.

Costs are assigned directly to Rate E.

Customer Classification	Allocation Factor
(1)	(3)
Public Fire - Rate E	1.0000
Total	1.0000

FACTOR 9. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

Factors are based on the relative cost of meters by size and customer classification, as developed on the following page and summarized below.

Customer Classification	5/8" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Res/Com/Ind/OPA - Rate A	366,422	0.9526
Sales for Resale - Rate B	0	0.0000
Large Industrial - Rate J	14,731	0.0383
Private Fire - Rate F	3,494	0.0091
Public Fire - Rate E		
Total	384,647	1.0000

MISSOURI-AMERICAN WATER COMPANY

ST. LOUIS METRO AREA DISTRICT (ST. LOUIS COUNTY, ST. CHARLES AND WARREN COUNTY WATER DISTRICTS)

BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS

Meter Size	5/8" Dollar Equivalent	Rate A		Rate B		Rate J		Rate F		Total	
		Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Services	Weighting	Number of Meters	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(13)	(14)=(2)X(11)	(15)	(16)
5/8	1.0	321,286	321,286	0	0	0	0	36	36	321,322	321,322
3/4	1.2	18,143	21,772	0	0	1	1	2,723	3,268	20,867	25,041
1	1.9	4,858	9,230	0	0	3	6	31	59	4,892	9,295
1-1/2	5.0	482	2,410	0	0	11	55	4	20	497	2,485
2	6.5	811	5,272	0	0	45	293	17	111	873	5,676
3	36.6	29	1,061	0	0	30	1,098		0	59	2,159
4	78.8	25	1,970	0	0	53	4,176		0	78	6,146
6	147.8	14	2,069	0	0	35	5,173		0	49	7,242
8	193.1	7	1,352	0	0	13	2,510		0	20	3,862
10	283.8	0	0	0	0	5	1,419		0	5	1,419
12	400.0	0	0	0	0	0	0		0	0	0
Total		345,655	366,422	0	0	196	14,731	2,811	3,494	348,662	384,647

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MISSOURI-AMERICAN WATER COMPANY

ST. LOUIS METRO AREA DISTRICT (ST. LOUIS COUNTY, ST. CHARLES AND WARREN COUNTY WATER DISTRICTS)

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 10. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

Factors are based on the relative cost of services by size and customer classification, as developed on the following page and summarized below.

Customer Classification	3/4" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Res/Com/Ind/OPA - Rate A	347,788	0.9408
Sales for Resale - Rate B	0	0.0000
Large Industrial - Rate J	636	0.0017
Private Fire - Rate F	21,261	0.0575
Total	369,685	1.0000

MISSOURI-AMERICAN WATER COMPANY

ST. LOUIS METRO AREA DISTRICT (ST. LOUIS COUNTY, ST. CHARLES AND WARREN COUNTY WATER DISTRICTS)

BASIS FOR ALLOCATING SERVICE COSTS TO CUSTOMER CLASSIFICATIONS

Service Size	3/4" Dollar Equivalent	Rate A		Rate B		Rate J		Rate F		Total	
		Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(13)	(14)=(2)X(11)	(15)	(16)
3/4	1.00	339,429	339,429	0	0	1	1	0	0	339,430	339,430
1	1.17	4,858	5,684	0	0	3	4	0	0	4,861	5,688
1-1/2	1.58	482	762	0	0	11	17	0	0	493	779
2	2.04	811	1,654	0	0	45	92	146	298	1,002	2,044
3	2.73	29	79	0	0	30	82	1	3	60	164
4	2.88	25	72	0	0	53	153	520	1,498	598	1,723
6	4.24	14	59	0	0	35	148	2,156	9,141	2,205	9,348
8	6.98	7	49	0	0	13	91	1,311	9,151	1,331	9,291
10	9.50	0	0	0	0	5	48	40	380	45	428
12	12.16	0	0	0	0	0	0	65	790	65	790
Total		345,655	347,788	0	0	196	636	4,239	21,261	350,090	369,685

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MISSOURI-AMERICAN WATER COMPANY

ST. LOUIS METRO AREA DISTRICT (ST. LOUIS COUNTY, ST. CHARLES AND WARREN COUNTY WATER DISTRICTS)

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 11. ALLOCATION OF TRANSMISSION AND DISTRIBUTION OPERATION SUPERVISION AND ENGINEERING AND MISCELLANEOUS EXPENSES.

Factors are based on transmission and distribution operation expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Operating Expenses	Allocation Factor
(1)	(2)	(3)
Res/Com/Ind/OPA - Rate A	$ 3,529,645	0.9255
Sales for Resale - Rate B	17,365	0.0046
Large Industrial - Rate J	86,420	0.0227
Private Fire - Rate F	67,634	0.0177
Public Fire - Rate E	112,512	0.0295
Total	3,813,576	1.0000

FACTOR 12. ALLOCATION OF TRANSMISSION AND DISTRIBUTION MAINTENANCE SUPERVISION AND ENGINEERING, STRUCTURES AND IMPROVEMENTS, AND OTHER EXPENSES.

Factors are based on transmission and distribution maintenance expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Res/Com/Ind/OPA - Rate A	$ 2,665,873	0.5497
Sales for Resale - Rate B	14,102	0.0029
Large Industrial - Rate J	63,149	0.0130
Private Fire - Rate F	54,963	0.0113
Public Fire - Rate E	2,052,417	0.4231
Total	$4,850,504	1.0000

MISSOURI-AMERICAN WATER COMPANY

ST. LOUIS METRO AREA DISTRICT (ST. LOUIS COUNTY, ST. CHARLES AND WARREN COUNTY WATER DISTRICTS)

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 13. ALLOCATION OF BILLING AND COLLECTING COSTS.

Factors are based on the total number of customers.

Customer Classification	Total Customers	Allocation Factor
(1)	(2)	(3)
Res/Com/Ind/OPA - Rate A	345,655	0.9872
Sales for Resale - Rate B	0	0.0000
Large Industrial - Rate J	196	0.0006
Private Fire - Rate F	4,256	0.0122
Public Fire - Rate E	0	0.0000
Total	350,107	1.0000

FACTOR 14. ALLOCATION OF METER READING COSTS.

Factors are based on the number of metered customers.

Customer Classification	Total Metered Customers	Allocation Factor
(1)	(2)	(3)
Res/Com/Ind/OPA - Rate A	345,655	0.9994
Sales for Resale - Rate B	0	0.0000
Large Industrial - Rate J	196	0.0006
	345,851	1.0000

MISSOURI-AMERICAN WATER COMPANY

ST. LOUIS METRO AREA DISTRICT (ST. LOUIS COUNTY, ST. CHARLES AND WARREN COUNTY WATER DISTRICTS)

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 15. ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES AND CASH WORKING CAPITAL.

Factors are based on the allocation of all other operation and maintenance expenses excluding purchased water, power, chemicals and waste disposal.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Res/Com/Ind/OPA - Rate A	$27,377,169	0.8604
Sales for Resale - Rate B	369,206	0.0116
Large Industrial - Rate J	1,091,493	0.0343
Private Fire - Rate F	322,138	0.0101
Public Fire - Rate E	2,660,275	0.0836
Total	$31,820,281	1.0000

MISSOURI-AMERICAN WATER COMPANY

ST. LOUIS METRO AREA DISTRICT (ST. LOUIS COUNTY, ST. CHARLES AND WARREN COUNTY WATER DISTRICTS)

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 16. ALLOCATION OF LABOR RELATED TAXES AND BENEFITS.

Factors are based on the allocation of direct labor expense.

Customer Classification	Direct Labor Expense	Allocation Factor
(1)	(2)	(3)
Res/Com/Ind/OPA - Rate A	$19,488,929	0.8851
Sales for Resale - Rate B	292,775	0.0133
Large Industrial - Rate J	867,871	0.0394
Private Fire - Rate F	213,480	0.0097
Public Fire - Rate E	1,156,320	0.0525
Total	$22,019,374	1.0000

FACTOR 17. ALLOCATION OF ORGANIZATION, FRANCHISES AND CONSENTS, MISCELLANEOUS INTANGIBLE PLANT AND OTHER Rate Base ELEMENTS.

Factors are based on the allocation of the original cost less depreciation other than those items being allocated, as follows:

Customer Classification	Original Cost Less Depreciation	Allocation Factor
(1)	(2)	(3)
Res/Com/Ind/OPA - Rate A	$471,298,906	0.8543
Sales for Resale - Rate B	8,227,483	0.0149
Large Industrial - Rate J	24,704,808	0.0448
Private Fire - Rate F	4,813,003	0.0087
Public Fire - Rate E	42,634,147	0.0773
Total	$551,678,347	1.0000

MISSOURI-AMERICAN WATER COMPANY

ST. LOUIS METRO AREA DISTRICT (ST. LOUIS COUNTY, ST. CHARLES AND WARREN COUNTY WATER DISTRICTS)

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 18. ALLOCATION OF INCOME TAXES AND INCOME AVAILABLE FOR RETURN.

Factors are based on the allocation of the original cost measure of value Rate Base as shown on the following pages and summarized below.

Customer Classification	Original Cost Measure of Value	Allocation Factor
(1)	(2)	(3)
Res/Com/Ind/OPA - Rate A	$428,985,813	0.8542
Sales for Resale - Rate B	7,465,215	0.0149
Large Industrial - Rate J	22,409,670	0.0446
Private Fire - Rate F	4,392,240	0.0087
Public Fire - Rate E	38,970,545	0.0776
Total	$502,223,484	1.0000

FACTOR 19. ALLOCATION OF REGULATORY COMMISSION EXPENSES, ASSESSMENTS AND OTHER WATER REVENUES.

The factors are based on the allocation of the total cost of service, excluding those items being allocated.

Customer Classification	Total Cost of Service	Allocation Factor
(1)	(2)	(3)
Res/Com/Ind/OPA - Rate A	$150,085,846	0.8607
Sales for Resale - Rate B	2,671,704	0.0153
Large Industrial - Rate J	8,028,483	0.0460
Private Fire - Rate F	1,513,484	0.0087
Public Fire - Rate E	12,090,316	0.0693
Total	$174,389,833	1.0000

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS METRO AREA DISTRICT (ST. LOUIS COUNTY, ST. CHARLES AND WARREN COUNTY WATER DISTRICTS)
COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Res/Com/Ind/OPA Rate A	Sales for Resale Rate B	Large Industial Rate J	Fire Protection Private -Rate F	Fire Protection Public - Rate E
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Rate Base							
Organization	17	$ 219,644	$ 187,642	$ 3,273	$ 9,840	$ 1,911	$ 16,978
Franchises	17	12,572	10,741	187	563	109	972
Land & Ld Rights SS	2	96,707	85,035	3,143	8,172	77	280
Land & Ld Rights P	6	285,782	249,116	9,145	23,834	829	2,858
Land & Ld Rights WT	2	1,376,780	1,210,602	44,745	116,338	1,101	3,993
Land & Ld Rights TD	7	4,365,688	4,002,900	27,940	102,157	51,079	181,613
Land & Land Rights AG	15	0	0	0	0	0	0
Struct & Imp SS	2	3,172,260	2,789,369	103,098	268,056	2,538	9,200
Struct & Imp P	6	1,729,977	1,508,021	55,359	144,280	5,017	17,300
Struct & Imp Pumps (STL)	6	2,456,124	2,141,003	78,596	204,841	7,123	24,561
Struct & Imp Pump Boosters	6	2,138,655	1,864,266	68,437	178,364	6,202	21,387
Struct & Imp WT	2	10,903,208	9,587,191	354,354	921,321	8,723	31,619
Struct & Imp WT Nth Plt (ST	2	5,637,642	4,957,178	183,223	476,381	4,510	16,349
Struct & Imp WT Ctrl Plt 1	2	486,968	428,191	15,826	41,149	390	1,412
Struct & Imp WT Ctrl Plt 3	2	12,941,170	11,379,171	420,588	1,093,529	10,353	37,529
Struct & Imp WT Sth Plt (ST	2	1,851,498	1,628,023	60,174	156,452	1,481	5,369
Struct & Imp WT Meramec (ST	2	4,930,201	4,335,126	160,232	416,602	3,944	14,298
Struct & Imp TD	7	3,268,393	2,996,790	20,918	76,480	38,240	135,965
Struct & Imp TD Spec Cross	7	(81,503)	(74,730)	(522)	(1,907)	(954)	(3,391)
Struct & Imp AG	7	65,973	60,490	422	1,544	772	2,744
Struct & Imp Offices	15	2,832,564	2,437,138	32,858	97,157	28,609	236,802
Gen Structures HVAC	15	97,688	84,051	1,133	3,351	987	8,167
Struct & Imp Leasehold	15	(128,508)	(110,568)	(1,491)	(4,408)	(1,298)	(10,743)
Struct & Imp Leasehold	15	(123,092)	(105,908)	(1,428)	(4,222)	(1,243)	(10,290)
Struct & Imp Store,Shop,Gar	15	297,116	255,638	3,447	10,191	3,001	24,839
Struct & Imp Misc	15	1,170,551	1,007,142	13,578	40,150	11,823	97,858
Collect & Impounding	1	0	0	0	0	0	0
Lake, River & Other Intakes	2	0	0	0	0	0	0
Wells & Springs	2	652,265	573,537	21,199	55,116	522	1,892
Infiltration Galleries & Tunnels	2	0	0	0	0	0	0
Supply Mains	2	2,910	2,559	95	246	2	8
Supply Mains Nth Plt (STL)	2	75,954	66,787	2,469	6,418	61	220
Supply Mains Ctrl Plt (STL)	2	1,935,720	1,702,078	62,911	163,568	1,549	5,614
Supply Mains Sth Plt (STL)	2	5,102	4,486	166	431	4	15
Supply Mains Meramec Plt (S	2	590,214	518,975	19,182	49,873	472	1,712
Power Generation Equip	2	1,341,895	1,179,928	43,612	113,390	1,074	3,891
Power Generation Equip Othe	6	(60,320)	(52,581)	(1,930)	(5,031)	(175)	(603)
Boiler Plant Equipment P	6	0	0	0	0	0	0
Pump Equip Steam	6	0	0	0	0	0	0
Pump Equip Electric	6	3,681,424	3,209,097	117,806	307,031	10,676	36,814
Pump Equip Elec Pre46 (STL)	6	835,591	728,385	26,739	69,688	2,423	8,356
Pump Equip Elec Post46 (STL	6	12,820,242	11,175,405	410,248	1,069,208	37,179	128,202
Pump Equip Elec Boosters Po	6	(248,378)	(216,511)	(7,948)	(20,715)	(720)	(2,484)
Pump Equip Diesel	6	0	0	0	0	0	0
Pump Equip Diesel Stratman\	6	60,383	52,636	1,932	5,036	175	604

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS METRO AREA DISTRICT (ST. LOUIS COUNTY, ST. CHARLES AND WARREN COUNTY WATER DISTRICTS)
COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Res/Com/Ind/OPA Rate A	Sales for Resale Rate B	Large Industrial Rate J	Fire Protection	
						Private -Rate F	Public - Rate E
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Pump Equip Diesel Ctrl Plt	6	534,123	465,595	17,092	44,546	1,549	5,341
Pump Equip Hydraulic	6	28,860	25,157	924	2,407	84	289
Pump Equip Other	6	88,452	77,104	2,830	7,377	257	885
Pump Equip WT	6	620,452	540,848	19,854	51,746	1,799	6,205
Pump Equip TD	6	2,147	1,872	69	179	6	21
WT Equip Non-Media	2	13,378,803	11,763,982	434,811	1,130,509	10,703	38,799
WT Equip Non-Med North (STL	2	4,120,078	3,622,784	133,903	348,147	3,296	11,948
WT Equip Non Media Ctrl 1 &	2	(37,515)	(32,987)	(1,219)	(3,170)	(30)	(109)
WT Equip Non Media Ctrl 3 (	2	13,227,398	11,630,851	429,890	1,117,715	10,582	38,359
WT Equip Non Media Sth (STL	2	1,926,013	1,693,543	62,595	162,748	1,541	5,585
WT Equip Non Media Mer (STL	2	2,861,730	2,516,319	93,006	241,816	2,289	8,299
WT Equip Filter Media	2	790,855	695,398	25,703	66,827	633	2,293
Dist Reservoirs & Standpipe	5	923,399	733,917	26,225	64,915	21,608	76,734
Elevated Tanks & Standpipes	5	1,821,819	1,447,982	51,740	128,074	42,631	151,393
Ground Level Facilities	5	4,466,437	3,549,924	126,847	313,991	104,515	371,161
TD Mains Not Classified by	7	41,756,234	38,286,291	267,240	977,096	488,548	1,737,059
TD Mains 4 & Less "	4	392,701	366,586	0	3,299	5,027	17,789
TD Mains 6 to 8" "	4	7,008,169	6,542,125	0	58,869	89,705	317,470
TD Mains 10 to 16" "	3	10,736,748	9,147,709	338,208	880,413	81,599	288,819
TD Mains 18 & Grtr "	3	6,316,018	5,381,247	198,955	517,913	48,002	169,901
TD Mains AC 4 (STL) "	4	1,189,070	1,109,997	0	9,988	15,220	53,865
TD Mains CI <10 1900-28 (S"	4	871,689	813,721	0	7,322	11,158	39,488
TD Mains CI <10 1929-56 (S"	4	2,246,198	2,096,825	0	18,868	28,751	101,753
TD Mains CI <10 1957-93 (S"	4	13,133,919	12,260,514	0	110,325	168,114	594,967
TD Mains CI 12 (STL) "	3	4,761,330	4,056,653	149,982	390,429	36,186	128,080
TD Mains CI 16 (STL) "	3	6,125,897	5,219,264	192,966	502,324	46,557	164,787
TD Mains DI 6-8 (STL) "	4	143,674,820	134,120,445	0	1,206,868	1,839,038	6,508,469
TD Mains DI 12 (STL) "	3	35,704,771	30,420,465	1,124,700	2,927,791	271,356	960,458
TD Mains DI 16 & >(STL)	3	60,797,106	51,799,135	1,915,109	4,985,363	462,058	1,635,442
TD Mains Galve 1 (STL) "	4	(56,336)	(52,589)	0	(473)	(721)	(2,552)
TD Mains LJ 20 (STL) "	3	1,816,289	1,547,478	57,213	148,936	13,804	48,858
TD Mains PL 6-8in (STL) "	4	5,099,546	4,760,426	0	42,836	65,274	231,009
TD Mains PL 12in (STL) "	3	778,388	663,186	24,519	63,828	5,916	20,939
TD Mains DI 4in (STL) "	4	204,390	190,798	0	1,717	2,616	9,259
Fire Mains	8	256,945	0	0	0	0	256,945
Services	10	3,615,312	3,401,286	0	6,146	207,880	0
Meters Bronze Case	9	13,591,332	12,947,103	0	520,548	123,681	0
Meters Plastic Case	9	0	0	0	0	0	0
Meters Other	9	12,395,387	11,807,845	0	474,743	112,798	0
Meters Other-Rem Rdr Unts	9	2,049,950	1,952,782	0	78,513	18,655	0
Meter Installations	9	4,409,224	4,200,227	0	168,873	40,124	0
Meter Installation Other	9	5,281,751	5,031,396	0	202,291	48,064	0
Meter Vaults	9	46	44	0	2	0	0
Hydrants	8	26,397,247	0	0	0	0	26,397,247

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS METRO AREA DISTRICT (ST. LOUIS COUNTY, ST. CHARLES AND WARREN COUNTY WATER DISTRICTS)
COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Res/Com/Ind/OPA Rate A	Sales for Resale Rate B	Large Industial Rate J	Fire Protection Private -Rate F	Fire Protection Public - Rate E
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Other P/E Intangible	15	(306,586)	(263,787)	(3,556)	(10,516)	(3,097)	(25,631)
Other P/E WT Res Hand Equip	2	0	0	0	0	0	0
Other P/E TD	7	2,677	2,455	17	63	31	111
Other P/E CPS	15	137,001	117,876	1,589	4,699	1,384	11,453
Office Furniture & Equip	15	1,516,067	1,304,424	17,586	52,001	15,312	126,743
Comp & Periph Equip	15	4,825,036	4,151,461	55,970	165,499	48,733	403,373
Computer Software	15	3,317,854	2,854,681	38,487	113,802	33,510	277,373
Comp Software Other	15	130,220	112,041	1,511	4,467	1,315	10,886
Comp Software Personal	15	0	0	0	0	0	0
Data Handling Equipment	15	13,769	11,847	160	472	139	1,151
Other Office Equipment	15	92,581	79,656	1,074	3,176	935	7,740
Trans Equip Lt Duty Trks	15	(818,759)	(704,460)	(9,498)	(28,083)	(8,269)	(68,448)
Trans Equip Hvy Duty Trks	15	264,832	227,861	3,072	9,084	2,675	22,140
Trans Equip Autos	15	(208,154)	(179,096)	(2,415)	(7,140)	(2,102)	(17,402)
Trans Equip Other	15	95,028	81,762	1,102	3,259	960	7,944
Stores Equipment	15	428,828	368,964	4,974	14,709	4,331	35,850
Tools,Shop,Garage Equip	15	1,125,696	968,549	13,058	38,611	11,370	94,108
Tools,Shop,Garage Equip Oth	15	1,752,744	1,508,061	20,332	60,119	17,703	146,529
Laboratory Equipment	2	450,639	396,247	14,646	38,079	361	1,307
Laboratory Equip Other	2	83,728	73,622	2,721	7,075	67	243
Power Operated Equipment	15	239,677	206,218	2,780	8,221	2,421	20,037
Comm Equip Non-Telephone	15	475,346	408,987	5,514	16,304	4,801	39,739
Remote Control & Instr	15	604,798	520,368	7,016	20,745	6,108	50,561
Comm Equip Telephone	15	66,166	56,929	768	2,269	668	5,531
Misc Equipment	15	617,125	530,974	7,159	21,167	6,233	51,592
Other Tangible Property	17	583,517	498,499	8,694	26,142	5,077	45,106
Total Utility Plant in Service		552,494,081	471,995,787	8,239,638	24,741,353	4,820,100	42,697,203
Other Rate Base Items							
Add:							
Other Utility Plant Adjustments	17	0	0	0	0	0	0
Cash Working Capital	15	5,561,000	4,784,684	64,508	190,742	56,166	464,900
Materials and Supplies	15	2,874,757	2,473,441	33,347	98,604	29,035	240,330
Prepayments	15	1,186,831	1,021,149	13,767	40,708	11,987	99,219
OPEB's Contributed to External Fund	16	188,952	167,241	2,513	7,445	1,833	9,920
Premature Retirement	16	389,990	345,180	5,187	15,366	3,783	20,474
Regulatory Deferrals	17	1,542,600	1,317,843	22,985	69,108	13,421	119,243
Less: Accumulated Amortization	17	0	0	0	0	0	0
Accumulated Deferred ITC (3%)	17	0	0	0	0	0	0
Deferred Income Taxes	17	(57,458,503)	(49,086,799)	(856,132)	(2,574,141)	(499,889)	(4,441,542)
Pensions	16	(4,556,224)	(4,032,714)	(60,598)	(179,515)	(44,195)	(239,202)
Total Other Rate Base Elements		(50,270,597)	(43,009,974)	(774,423)	(2,331,683)	(427,860)	(3,726,658)
Total Original Cost Measure of Value		$ 502,223,484	$ 428,985,813	$ 7,465,215	$ 22,409,670	$ 4,392,240	$ 38,970,545

MISSOURI-AMERICAN WATER COMPANY

ST. LOUIS METRO AREA DISTRICT (ST. LOUIS COUNTY, ST. CHARLES AND WARREN COUNTY WATER DISTRICTS)

BASIS FOR ALLOCATING DEMAND RELATED COSTS OF FIRE SERVICE TO PRIVATE AND PUBLIC FIRE PROTECTION CUSTOMER CLASSIFICATIONS

Description	Restrictive Diameters Squared	Quantity	Relative Demand	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
PRIVATE FIRE PROTECTION				
Fire Lines				
2 -inch	4.00	146	584	
3 -inch	9.00	-	0	
4 -inch	16.00	520	8,320	
6 -inch	36.00	2,156	77,616	
8 -inch	64.00	1,311	83,904	
10 -inch	100.00	40	4,000	
12 -inch	144.00	64	9,216	
20 -inch	400.00	19	7,520	
Private Hydrants	18.06	-	0	
Total Rate F		4,256	191,160	0.2204
PUBLIC FIRE PROTECTION				
Hydrant / Nozzle Sizes				
4 1/4" Valve 2- 2-1/2" & 1- 4.5"	18.06	1,180	21,314	
4 1/2" Valve 2- 2-1/2" & 1- 4.5"	20.25	30,147	610,477	
6" Valve 2- 2-1/2" & 1- 4.5"	32.75	258	8,450	
6" Valve 2- 2-1/2"	12.50	2,762	34,525	
4 1/2" Valves 1- 2-	20.25	52	1,053	
5 1/4 Valves 1- 2-	26.50	14	371	
Total Rate E		34,413	676,190	0.7796
Total Fire Protection		38,669	867,350	1.0000

MISSOURI-AMERICAN WATER COMPANY

ST. LOUIS METRO AREA DISTRICT (ST. LOUIS COUNTY, ST. CHARLES AND WARREN COUNTY WATER DISTRICTS)

CALCULATION OF CUSTOMER CHARGE

(1) Expense Related to Meters	9,796,802	
(2) Meter Equivalents X 12	4,573,836	
(3) Expense per Bill - Meter related		$2.12
(4) Expense Related to Services	5,077,653	
(5) Service Equivalents X 12	4,181,088	
(6) Expense per Bill - Services related		1.14
(7) Expense Related to Billing and Collecting	18,029,996	
(8) Number of Bills	1,708,911	
(9) Expense per Bill - Billing and Collecting		10.55
(10) Total Customer Charge (3)+(6)+(9)		$13.81

WARRENSBURG DISTRICT

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES
FOR THE TEST YEAR ENDED DECEMBER 31, 2007

Customer Classification	Cost of Service Amount (Schedule B)	Cost of Service Percent	Revenues, Present Rates Amount	Revenues, Present Rates Percent	Revenues, Proposed Rates Amount	Revenues, Proposed Rates Percent	Proposed Increase Amount	Proposed Increase Percent Increase
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Residential	$ 2,204,539	61.3%	$ 1,712,671	56.7%	$ 2,203,134	61.3%	$ 490,463	28.6%
Commercial	555,840	15.4%	548,887	18.3%	559,375	15.5%	10,488	1.9%
Industrial	74,316	2.1%	67,401	2.2%	73,164	2.0%	5,763	8.6%
Public Authority	447,995	12.4%	389,205	12.9%	443,159	12.3%	53,954	13.9%
Sales for Resale	240,113	6.7%	217,419	7.2%	241,058	6.7%	23,639	10.9%
Private Fire Service	77,342	2.1%	80,162	2.7%	80,162	2.2%	-	0.0%
Public Fire Service	-	0.0%	-	0.0%	$0	0.0%	-	-
Total Sales	3,600,145	100.0%	3,015,745	100.0%	3,600,052	100.0%	584,307	19.4%
Other Revenues	77,492		77,492		77,492		-	0.0%
Total	$ 3,677,637		$ 3,093,237		$ 3,677,544		$ 584,307	18.9%

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Schedule A-WAR

MISSOURI-AMERICAN WATER COMPANY

WARRENSBURG DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
OPERATION AND MAINTENANCE EXPENSES									
SOURCE OF SUPPLY EXPENSES									
Super & Eng Oper SS	2	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Labor & Exp Oper SS	2	3,452	1,776	635	101	554	375	3	9
Labor & Exp Oper SS	2	2,366	1,217	435	69	380	257	2	6
Purchased Water	1	0	0	0	0	0	0	0	0
TOTAL SS EXPENSE - OPERATION		5,818	2,992	1,070	170	934	631	5	15
Misc Exp Oper SS	2	87,436	44,968	16,079	2,562	14,042	9,487	70	227
Misc Exp Oper SS	2	0	0	0	0	0	0	0	0
Rents Oper SS	2	0	0	0	0	0	0	0	0
Super & Eng Maint SS	2	0	0	0	0	0	0	0	0
Struct & Improve Maint SS	2	0	0	0	0	0	0	0	0
Struct & Improve Maint SS	2	0	0	0	0	0	0	0	0
Collect & Impound Maint SS	2	0	0	0	0	0	0	0	0
Collect & Impound Maint SS	2	0	0	0	0	0	0	0	0
Lake, River & Oth Maint SS	2	0	0	0	0	0	0	0	0
Lake, River & Oth Maint SS	2	0	0	0	0	0	0	0	0
Wells & Springs Maint SS	2	2,713	1,395	499	79	436	294	2	7
Wells & Springs Maint SS	2	0	0	0	0	0	0	0	0
Infilt Gall & Tunnels Maint SS	2	0	0	0	0	0	0	0	0
Infilt Gall & Tunnels Maint SS	2	0	0	0	0	0	0	0	0
Supply Mains Maint SS	2	0	0	0	0	0	0	0	0
Supply Mains Maint SS	2	0	0	0	0	0	0	0	0
Misc Plant Maint SS	2	0	0	0	0	0	0	0	0
Misc Plant Maint SS	2	8,340	4,289	1,534	244	1,339	905	7	22
TOTAL SS EXPENSE - MAINTENANCE		98,489	50,653	18,112	2,886	15,817	10,686	79	256
TOTAL SS EXPENSE		104,307	53,645	19,182	3,056	16,752	11,317	83	271
POWER AND PUMPING EXPENSES									
Super & Eng Oper P	6	0	0	0	0	0	0	0	0
Fuel for Power Prod	1	0	0	0	0	0	0	0	0
Labor & Exp Oper Pwr Prod	6	0	0	0	0	0	0	0	0
Labor & Exp Oper Pwr Prod	6	0	0	0	0	0	0	0	0
Purch Fuel/Power for Pump	1	0	0	0	0	0	0	0	0
Labor & Exp Oper Pump	6	233	120	43	7	37	25	0	1
Labor & Exp Oper Pump	6	0	0	0	0	0	0	0	0
Expenses Transferred	6	0	0	0	0	0	0	0	0
Misc Exp Oper P	6	0	0	0	0	0	0	0	0
Rents Oper P	6	0	0	0	0	0	0	0	0
TOTAL PUMPING EXPENSE - OPERATION		233	120	43	7	37	25	0	1

MISSOURI-AMERICAN WATER COMPANY

WARRENSBURG DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Super & Eng Maint P	6	0	0	0	0	0	0	0	0
Struct & Improve Maint P	6	0	0	0	0	0	0	0	0
Struct & Improve Maint P	6	0	0	0	0	0	0	0	0
Power Prod Equip Maint P	6	0	0	0	0	0	0	0	0
Power Prod Equip Maint P	6	0	0	0	0	0	0	0	0
Pump Equip Maint P	6	0	0	0	0	0	0	0	0
Pump Equip Maint P	6	1,129	579	207	33	181	122	1	5
TOTAL PUMPING EXPENSES - MAINTENANCE		1,129	579	207	33	181	122	1	5
TOTAL PUMPING EXPENSES		1,362	699	250	40	218	147	2	6
WATER TREATMENT									
Super & Eng Oper WT	2	5	2	1	0	1	1	0	0
Chemicals	1	30,090	14,476	5,690	1,059	4,968	3,722	39	135
Labor & Exp Oper WT	2	26,630	13,696	4,897	780	4,277	2,889	21	69
Labor & Exp Oper WT	2	8,167	4,200	1,502	239	1,312	886	7	21
Misc Exp Oper WT	2	38,829	19,970	7,141	1,138	6,236	4,213	31	101
Misc Exp Oper WT	1	0	0	0	0	0	0	0	0
Misc Exp Oper WT	2	5,772	2,969	1,061	169	927	626	5	15
Rents Oper WT	2	0	0	0	0	0	0	0	0
TOTAL WT EXPENSE - OPERATION		109,492	55,313	20,292	3,386	17,720	12,337	103	342
Super & Eng Maint WT	2	924	475	170	27	148	100	1	2
Struct & Improve Maint WT	2	4,907	2,524	902	144	788	532	4	13
Struct & Improve Maint WT	2	534	275	98	16	86	58	0	1
WT Equip Maint WT	2	12,066	6,206	2,219	354	1,938	1,309	10	31
WT Equip Maint WT	2	33,053	16,999	6,078	968	5,308	3,586	26	86
TOTAL WT EXPENSE - MAINTENANCE		51,485	26,479	9,468	1,509	8,268	5,586	41	134
TOTAL WT EXPENSE		160,977	81,792	29,760	4,894	25,988	17,923	144	476
TRANSMISSION AND DISTRIBUTION EXPENSES									
Super & Eng Oper TD	11	26	13	3	0	3	2	1	4
Storage Facilty Exp	5	0	0	0	0	0	0	0	0
Storage Facilty Exp	5	0	0	0	0	0	0	0	0
TD Lines Exp	7	92,627	36,171	12,551	1,788	10,986	6,984	5,095	19,053
TD Lines Exp	7	487	190	66	9	58	37	27	100
Meter Expense	9	23,443	17,596	2,968	319	2,454	105	0	0
Meter Expense	9	0	0	0	0	0	0	0	0
Customer Install Exp	10	5,597	4,607	546	21	173	5	245	0
Customer Install Exp	10	0	0	0	0	0	0	0	0
Misc Exp Oper TD	11	18,225	8,737	2,408	319	2,039	1,064	800	2,858

MISSOURI-AMERICAN WATER COMPANY

WARRENSBURG DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Misc Exp Oper TD	11	53,179	25,494	7,025	931	5,951	3,106	2,335	8,338
Misc Exp Oper TD	11	18,890	9,056	2,495	331	2,114	1,103	829	2,962
Rents Oper TD	11	0	0	0	0	0	0	0	0
TOTAL T & D EXPENSE OPERATION		212,474	101,864	28,062	3,717	23,778	12,406	9,331	33,316
Super & Eng Maint TD	12	0	0	0	0	0	0	0	0
Struct & Improve Maint TD	12	0	0	0	0	0	0	0	0
Struct & Improve Maint TD	12	0	0	0	0	0	0	0	0
Dist Res Stand Maint TD	5	705	262	90	12	79	49	45	168
TD Main Maint TD	7	9,074	3,543	1,230	175	1,076	684	499	1,867
TD Main Maint TD	7	1,440	562	195	28	171	109	79	296
Fire Main Maint TD	8	0	0	0	0	0	0	0	0
Fire Main Maint TD	8	0	0	0	0	0	0	0	0
Services Maint TD	10	6,070	4,996	592	22	188	5	265	0
Services Maint TD	10	0	0	0	0	0	0	0	0
Meters Maint TD	9	2,702	2,028	342	37	283	12	0	0
Meters Maint TD	9	0	0	0	0	0	0	0	0
Hydrants Maint TD	8	7,966	0	0	0	0	0	0	7,966
Hydrants Maint TD	8	1,172	0	0	0	0	0	0	1,172
Misc Plant Maint TD	12	0	0	0	0	0	0	0	0
Mat and Sup Maint TD	12	105,806	41,381	8,898	995	6,528	3,121	3,227	41,656
Misc Maint TD	12	0	0	0	0	0	0	0	0
Amort Def Maint TD	5	1,735	645	222	30	194	121	111	413
TOTAL T & D EXPENSE - MAINTENANCE		136,670	53,419	11,569	1,299	8,518	4,101	4,226	53,537
TOTAL T & D EXPENSE		349,144	155,283	39,631	5,016	32,296	16,508	13,557	86,853
CUSTOMER ACCOUNTS									
Supervision CA	13	0	0	0	0	0	0	0	0
Meter Reading Exp CA	14	40,469	35,896	3,590	81	886	16	0	0
Meter Reading Exp CA	14	0	0	0	0	0	0	0	0
Meter Reading Exp CA	14	10	9	1	0	0	0	0	0
Cust Rec & Collection CA	13	3,988	3,498	350	8	86	2	45	0
Cust Rec & Collection CA	13	30,407	26,670	2,667	61	657	12	341	0
Uncollectible Accts	13	34,619	30,365	3,036	69	748	14	388	0
Misc Cust Accts Exp CA	13	4,816	4,224	422	10	104	2	54	0
Misc Cust Accts Exp CA	13	1,927	1,690	169	4	42	1	22	0
Misc Cust Accts Exp CA	13	6,975	6,118	612	14	151	3	78	0
Cust Serv & Info Exp CA	13	0	0	0	0	0	0	0	0
TOTAL CUSTOMER ACCOUNTING EXPENSE		123,212	108,470	10,846	246	2,674	49	927	0

MISSOURI-AMERICAN WATER COMPANY

WARRENSBURG DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
ADMINISTRATIVE AND GENERAL EXPENSES									
Salaries AG	15	51,471	27,980	6,825	885	5,296	3,068	1,065	6,352
Other Supplies & Exp AG	15	3,208	1,744	425	55	330	191	66	396
Other Supplies & Exp AG	15	21,934	11,923	2,908	377	2,257	1,307	454	2,707
Other Supplies & Exp AG	15	14,546	7,907	1,929	250	1,497	867	301	1,795
Mgmt Fees-Admin	15	247,807	134,708	32,859	4,262	25,499	14,769	5,130	30,579
Mgmt Fees-Customer Service	13	94,536	82,918	8,291	189	2,042	38	1,059	0
Mgmt Fees-Belleville Lab	2	9,252	4,759	1,702	271	1,486	1,004	7	24
Mgmt Fees- Employee	15	40,703	22,126	5,397	700	4,188	2,426	843	5,023
Outside Services AG	15	17,401	9,459	2,307	299	1,791	1,037	360	2,147
Outside Services AG	15	4,643	2,524	616	80	478	277	96	573
Property Insurance	15	0	0	0	0	0	0	0	0
Ins Gen Liab Oper AG	15	42,395	23,046	5,622	729	4,362	2,527	878	5,232
Ins Work Comp AG	16	10,379	5,733	1,347	169	1,039	572	266	1,253
Ins Other Oper AG	15	9,400	5,110	1,246	162	967	560	195	1,160
Property Insurance	15	2,930	1,593	389	50	301	175	61	362
Injuries & Damages	16	108	60	14	2	11	6	3	13
Employee Pension & Benefits	16	94,024	51,939	12,204	1,533	9,412	5,181	2,407	11,349
Employee Pension & Benefits	16	23,951	13,231	3,109	390	2,398	1,320	613	2,891
Employee Pension & Benefits	16	16,904	9,338	2,194	276	1,692	931	433	2,040
Reg Commision Exp	15	7,563	4,111	1,003	130	778	451	157	933
Rents AG	15	3,957	2,151	525	68	407	236	82	488
Goodwill Advertising Exp	15	985	535	131	17	101	59	20	122
Misc Exp AG	15	32,391	17,608	4,295	557	3,333	1,931	671	3,997
Research & Development	15	0	0	0	0	0	0	0	0
TOTAL A & G OPERATIONS		750,488	440,501	95,338	11,453	69,666	38,931	15,165	79,434
General Plant Maint AG	15	0	0	0	0	0	0	0	0
General Plant Maint AG	15	3,561	1,936	472	61	366	212	74	439
TOTAL A & G EXPENSE - MAINTENANCE		3,561	1,936	472	61	366	212	74	439
TOTAL A & G EXPENSE		754,049	442,437	95,810	11,514	70,033	39,143	15,239	79,874
Total Operation & Maintenance Expenses		1,493,051	842,326	195,479	24,767	147,961	85,088	29,951	167,480

MISSOURI-AMERICAN WATER COMPANY

WARRENSBURG DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
DEPRECIATION EXPENSE									
Struct & Imp SS	2	1,302	670	239	38	209	141	1	3
Struct & Imp P	6	3,309	1,698	607	97	530	358	4	15
Struct & Imp WT	2	18,820	9,679	3,461	551	3,022	2,042	15	49
Struct & Imp TD	7	10,360	4,046	1,404	200	1,229	781	570	2,131
Struct & Imp Offices	15	3,229	1,755	428	56	332	192	67	398
Struct & Imp Store,Shop,Gar	15	21	11	3	0	2	1	0	3
Struct & Imp Misc	15	368	200	49	6	38	22	8	45
Collect & Impounding	1	0	0	0	0	0	0	0	0
Lake, River & Other Intakes	2	0	0	0	0	0	0	0	0
Wells & Springs	2	14,173	7,289	2,606	415	2,276	1,538	11	37
Supply Mains	2	2,923	1,503	538	86	469	317	2	8
Power Generation Equip	6	106	54	19	3	17	11	0	0
Power Generation Equip Othe	6	0	0	0	0	0	0	0	0
Pump Equip Electric	6	8,284	4,251	1,519	242	1,327	896	11	38
Pump Equip Diesel	6	0	0	0	0	0	0	0	0
Pump Equip Other	6	309	159	57	9	50	33	0	1
WT Equip Non-Media	2	95,867	49,304	17,630	2,809	15,396	10,402	77	249
Dist Reservoirs & Standpipe	5	14,811	5,510	1,891	258	1,656	1,031	943	3,522
Elevated Tanks & Standpipes	5	1,309	487	167	23	146	91	83	311
Ground Level Facilities	5	0	0	0	0	0	0	0	0
TD Mains Not Classified by	7	21,443	8,373	2,906	414	2,543	1,617	1,179	4,411
TD Mains 4 & Less "	4	1,549	566	194	26	170	106	103	383
TD Mains 6 to 8" "	4	33,683	12,315	4,227	576	3,702	2,304	2,230	8,330
TD Mains 10 to 16" "	3	58,789	28,636	10,247	1,628	8,948	6,044	694	2,593
TD Mains 18 & Grtr "	3	20	10	3	1	3	2	0	1
Fire Mains	8	1,780	0	0	0	0	0	0	1,780
Services	10	55,170	45,416	5,385	204	1,705	50	2,411	0
Meters Bronze Case	9	12,045	9,041	1,525	164	1,261	54	0	0
Meters Plastic Case	9	0	0	0	0	0	0	0	0
Meters Other	9	3,200	2,402	405	44	335	14	0	0
Meters Other-Rem Rdr Unts	9	0	0	0	0	0	0	0	0
Meter Installations	9	24,377	18,297	3,086	332	2,552	110	0	0
Meter Installation Other	9	0	0	0	0	0	0	0	0
Hydrants	8	15,635	0	0	0	0	0	0	15,635
Utility Plant Acquisition Adjustment	17	0	0	0	0	0	0	0	0
Other P/E WT Res Hand Equip	2	0	0	0	0	0	0	0	0
Other P/E TD	7	0	0	0	0	0	0	0	0
Other P/E CPS	15	0	0	0	0	0	0	0	0
Office Furniture & Equip	15	586	319	78	10	60	35	12	72
Comp & Periph Equip	15	11,444	6,221	1,517	197	1,178	682	237	1,412
Computer Software	15	14,081	7,654	1,867	242	1,449	839	291	1,738
Comp Software Personal	15	264	144	35	5	27	16	5	33
Data Handling Equipment	15	0	0	0	0	0	0	0	0

MISSOURI-AMERICAN WATER COMPANY

WARRENSBURG DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Other Office Equipment	15	8	4	1	0	1	0	0	1
Trans Equip Lt Duty Trks	15	0	0	0	0	0	0	0	0
Trans Equip Hvy Duty Trks	15	0	0	0	0	0	0	0	0
Trans Equip Autos	15	0	0	0	0	0	0	0	0
Trans Equip Other	15	0	0	0	0	0	0	0	0
Stores Equipment	15	0	0	0	0	0	0	0	0
Tools,Shop,Garage Equip	15	1,047	569	139	18	108	62	22	129
Tools,Shop,Garage Equip Oth	15	0	0	0	0	0	0	0	0
Laboratory Equipment	2	2,245	1,155	413	66	361	244	2	6
Laboratory Equip Other	2	0	0	0	0	0	0	0	0
Power Operated Equipment	15	4,194	2,280	556	72	432	250	87	518
Comm Equip Non-Telephone	15	649	353	86	11	67	39	13	80
Remote Control & Instr	15	258	140	34	4	27	15	5	32
Comm Equip Telephone	15	173	94	23	3	18	10	4	21
Misc Equipment	15	3,380	1,837	448	58	348	201	70	417
Other Tangible Property	15	336	183	45	6	35	20	7	41
Total Depreciation Expense		441,547	232,626	63,839	8,873	52,028	30,571	9,166	44,444
Amort-Other UP	18	1,975	977	290	42	243	148	45	230
Amort-Intangible Fin	2	2,479	1,275	456	73	398	269	2	6
Taxes Other Than Income									
Utility Reg Assessment Fee	19	21,408	11,286	2,999	409	2,411	1,428	460	2,415
Property Taxes	18	195,493	96,691	28,737	4,125	24,085	14,603	4,477	22,775
FUTA	16	508	281	66	8	51	28	13	61
FICA	16	22,279	12,307	2,892	363	2,230	1,228	570	2,689
SUTA	16	1,012	559	131	16	101	56	26	122
Other Taxes & Licenses	15	1,829	994	243	31	188	109	38	226
Gross Receipts Tax	19	0	0	0	0	0	0	0	0
Total Taxes, Other Than Income		242,529	122,118	35,068	4,953	29,066	17,452	5,584	28,288
Income Taxes	18	420,058	207,761	61,749	8,863	51,751	31,378	9,619	48,937
Utility Income Available for Return	18	1,075,997	532,188	158,172	22,704	132,563	80,377	24,640	125,354
Total Cost of Service		3,677,637	1,939,270	515,053	70,274	414,009	245,282	79,008	414,739
Less: Other Water Revenues	19	77,492	40,854	10,857	1,480	8,726	5,169	1,666	8,741
Revenue Contribution	19	0	0	0	0	0	0	0	0
Total Other Water Revenues		77,492	40,854	10,857	1,480	8,726	5,169	1,666	8,741
Total Cost of Service Related to Sales of Water		$ 3,600,145	$ 1,898,416	$ 504,197	$ 68,794	$ 405,284	$ 240,113	$ 77,342	$ 405,998
Reallocation of Public Fire	20	0	306,122	51,643	5,522	42,711	0	0	(405,998)
Total		$ 3,600,145	$ 2,204,539	$ 555,840	$ 74,316	$ 447,995	$ 240,113	$ 77,342	$ -

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS

FACTOR 1. ALLOCATION OF COSTS WHICH VARY WITH THE AMOUNT OF WATER CONSUMED.

Factors are based on the pro forma test year average daily consumption for each customer classification.

Customer Classification	Average Daily Consumption, Thousand Gallons	Allocation Factor
(1)	(2)	(3)
Residential	1,081	0.4811
Commercial	425	0.1891
Industrial	79	0.0352
Other Public Authority	371	0.1651
Sales for Resale	278	0.1237
Private Fire Protection	3	0.0013
Public Fire Protection	10	0.0045
Total	2,247	1.0000

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the factors for average daily consumption (Factor 1) and the factors derived from maximum day extra capacity demand for each customer classification, as follows:

	Average Daily Consumption		Maximum Day Extra Capacity		
Customer Classification	Allocation Factor 1	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)x 0.5882	(4)	(5)=(4)x 0.4118	(6)=(3)+(5)
Residential	0.4811	0.2830	0.5615	0.2313	0.5143
Commercial	0.1891	0.1112	0.1766	0.0727	0.1839
Industrial	0.0352	0.0207	0.0208	0.0086	0.0293
Other Public Authority	0.1651	0.0971	0.1543	0.0635	0.1606
Sales for Resale	0.1237	0.0728	0.0868	0.0357	0.1085
Private Fire Protection	0.0013	0.0008			0.0008
Public Fire Protection	0.0045	0.0026			0.0026
Total	1.0000	0.5882	1.0000	0.4118	1.0000

The derivation of the maximum day extra capacity factors in column 4 and the basis for the column 3 and 5 weightings are presented on the following page.

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS, cont.

		Maximum Day Extra Capacity		
Customer Classification	Average Daily Consumption, Thousand Gal.	Factor*	Rate of Flow, Thousand Gal. Per Day	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	1,081	1.0	1,081	0.5615
Commercial	425	0.8	340	0.1766
Industrial	79	0.5	40	0.0208
Other Public Authority	371	0.8	297	0.1543
Sales for Resale	278	0.6	167	0.0868
Total	2,234		1,925	1.0000

The weighting of the factors is based on the maximum day ratio of 1.70, based on a review of maximum day ratios experienced during the period 1990 through 2007 (see Schedule D).

	Maximum Day Ratio	Weight
Average Day	1.00	0.5882
Maximum Day Extra Capacity	0.70	0.4118
Total	1.70	1.0000

* Ratio of maximum day to average day minus 1.0.

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

	Average Daily Consumption		Maximum Day Extra Capacity		Fire Protection		
Customer Classification	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2) X 0.5572	(4)	(5)=(4) X 0.3901	(6)	(7)=(6) X 0.0527	(8)=(3)+(5)+(7)
Residential	0.4811	0.2681	0.5615	0.2190			0.4871
Commercial	0.1891	0.1054	0.1766	0.0689			0.1743
Industrial	0.0352	0.0196	0.0208	0.0081			0.0277
Other Public Authority	0.1651	0.0920	0.1543	0.0602			0.1522
Sales for Resale	0.1237	0.0689	0.0868	0.0339			0.1028
Private Fire Protection	0.0013	0.0007			0.2112	0.0111	0.0118
Public Fire Protection	0.0045	0.0025			0.7888	0.0416	0.0441
Total	1.0000	0.5572	1.0000	0.3901	1.0000	0.0527	1.0000

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum day ratio of 1.70 and the average daily system sendout for 2007 of 2.540 MGD. The system demand for fire protection is 2,000 Gallons per minute for 2 hours.

	Ratio	Rate of Flow, (GPD)	Weight
Average Day	1.00	2,540,000	0.5572
Maximum Day Extra Capacity	0.70	1,778,000	0.3901
Subtotal	1.70	4,318,000	0.9473
Fire Protection		240,000	0.0527
Total		4,558,000	1.0000

The public and private fire protection allocation factors in column 6 on the previous page are based on the relative potential demands (see Schedule E).

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		
Customer Classification	Thousand Gallons	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3) X 0.2752	(5)	(6)=(5) X 0.4128	(7)	(8)=(7) X 0.3120	(9)=(4)+(6)+(8)
Residential	45.0	0.4807	0.1323	0.5652	0.2333			0.3656
Commercial	17.7	0.1891	0.0520	0.1780	0.0735			0.1255
Industrial	3.3	0.0353	0.0097	0.0179	0.0074			0.0171
Other Public Authority	15.5	0.1656	0.0456	0.1557	0.0643			0.1099
Sales for Resale	11.6	0.1239	0.0341	0.0832	0.0343			0.0684
Private Fire Protection	0.1	0.0011	0.0003			0.2112	0.0659	0.0662
Public Fire Protection	0.4	0.0043	0.0012			0.7888	0.2461	0.2473
Total	93.6	1.0000	0.2752	1.0000	0.4128	1.0000	0.3120	1.0000

The maximum hour extra capacity factors in column 5 are determined as follows:

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum hour ratio of 2.5 and the average daily system sendout for 2005 of 2.488 MGD. The system demand for fire protection is 2,000 gallons per minute.

	Ratio	Rate of Flow, (GPM)	Weight
Average Hour	1.00	1,764	0.2752
Maximum Hour Extra Capacity	1.50	2,646	0.4128
Subtotal	2.50	4,410	0.6880
Fire Protection		2,000	0.3120
Total		6,410	1.0000

The maximum hour extra capacity factors in column 5 of the previous page are determined as follows:

Customer Classification	Average Hourly Consumption Thousand Gal.	Maximum Hour Extra Capacity		
		Factor*	1,000 Gallons Per Hour	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	45.0	3.5	157.5	0.5652
Commercial	17.7	2.8	49.6	0.1780
Industrial	3.3	1.5	5.0	0.0179
Other Public Authority	15.5	2.8	43.4	0.1557
Sales for Resale	11.6	2.0	23.2	0.0832
Total	93.1		278.7	1.0000

* Ratio of Maximum Hour To Average Hour Minus 1.0.

The public and private fire protection allocation factors in column 7 on the previous page are based on the relative potential demands (see Schedule E).

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES.

Factors are based on the weighting of the average hourly consumption, the maximum hour extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		Allocation Factor
	Thousand Gallons	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	
(1)	(2)	(3)	(4)=(3) X 0.2800	(5)	(6)=(5) X 0.4200	(7)	(8)=(7) X 0.3000	(9)=(4)+(6)+(8)
Residential	45.0	0.4807	0.1346	0.5652	0.2374			0.3720
Commercial	17.7	0.1891	0.0529	0.1780	0.0748			0.1277
Industrial	3.3	0.0353	0.0099	0.0179	0.0075			0.0174
Other Public Authority	15.5	0.1656	0.0464	0.1557	0.0654			0.1118
Sales for Resale	11.6	0.1239	0.0347	0.0832	0.0349			0.0696
Private Fire Protection	0.1	0.0011	0.0003			0.2112	0.0634	0.0637
Public Fire Protection	0.4	0.0043	0.0012			0.7888	0.2366	0.2378
Total	93.6	1.0000	0.2800	1.0000	0.4200	1.0000	0.3000	1.0000

The weighting of the factors is based on the ratio of the capacity required for a 2 hour demand of fire flow, as related to total storage capacity. The calculation is shown on the following page.

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES, cont.

The weighting of the factors is based on the ratio of the capacity required for a 2 hour demand of fire flow, as related to total storage capacity.

Fire Protection Weight = $\frac{\text{2,000 GPM X 60 Min. X 2 Hrs.}}{\text{800,000 Gallons}}$ = 0.3000

General Service Weight = 1.0000 - 0.3000 = 0.7000

The weighting of the average hourly consumption and maximum hour extra demand for general service is based on the maximum hour ratio, as follows:

	Maximum Hour Ratio	Percent	Weight
Average Hour	1.00	40.00	0.2800
Extra Capacity Maximum Hour	1.50	60.00	0.4200
Total	2.50	100.00	0.7000

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH POWER AND PUMPING FACILITIES.

Factors are based on the weighting of the maximum daily consumption, Factor 2, the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

	Maximum Daily Consumption		Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 2	Weighted Factor	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.9921	(4)	(5)=(4)X 0.0000	(6)	(7)=(6)X 0.0079	(8)=(3)+ (5)+(7)
Residential	0.5143	0.5103	0.4871	0.0000	0.3656	0.0029	0.5132
Commercial	0.1839	0.1824	0.1743	0.0000	0.1255	0.0010	0.1834
Industrial	0.0293	0.0291	0.0277	0.0000	0.0171	0.0001	0.0292
Other Public Authority	0.1606	0.1593	0.1522	0.0000	0.1099	0.0009	0.1602
Sales for Resale	0.1085	0.1076	0.1028	0.0000	0.0684	0.0005	0.1081
Private Fire Protection	0.0008	0.0008	0.0118	0.0000	0.0662	0.0005	0.0013
Public Fire Protection	0.0026	0.0026	0.0441	0.0000	0.2473	0.0020	0.0046
Total	1.0000	0.9921	1.0000	0.0000	1.0000	0.0079	1.0000

The weighting of the factors is based on the horsepower of pumps associated with maximum day facilities, maximum day and fire facilities, and maximum hour facilities, as follows:

	Horsepower of Pumps	Weight
Associated with Maximum Day	1,010	0.9921
Associated with Maximum Day and Fire	0	0.0000
Associated with Maximum Hour	8	0.0079
Total	1,018	1.0000

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 7. ALLOCATION OF COSTS ASSOCIATED WITH TRANSMISSION AND DISTRIBUTION MAINS.

Factors are based on the weighting of the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

	Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.2047	(4)	(5)=(4)X 0.7953	(6)=(3)+(5)
Residential	0.4871	0.0997	0.3656	0.2908	0.3905
Commercial	0.1743	0.0357	0.1255	0.0998	0.1355
Industrial	0.0277	0.0057	0.0171	0.0136	0.0193
Other Public Authority	0.1522	0.0312	0.1099	0.0874	0.1186
Sales for Resale	0.1028	0.0210	0.0684	0.0544	0.0754
Private Fire Protection	0.0118	0.0024	0.0662	0.0526	0.0550
Public Fire Protection	0.0441	0.0090	0.2473	0.1967	0.2057
Total	1.0000	0.2047	1.0000	0.7953	1.0000

The weighting of the factors is based on the total footage of mains, designated as either transmission mains or distribution mains, as follows:

	Total Footage of Mains	Weight
Transmission Mains	111,429	0.2047
Distribution Mains	433,025	0.7953
Total	544,454	1.0000

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 8. ALLOCATION OF COSTS ASSOCIATED WITH FIRE HYDRANTS.

Costs are assigned directly to Public Fire Protection.

Customer Classification	Allocation Factor
(1)	(3)
Public Fire Protection	1.0000
Total	1.0000

FACTOR 9. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

Factors are based on the relative cost of meters by size and customer classification, as developed on the following page and summarized below.

Customer Classification	5/8" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	6,309	0.7506
Commercial	1,064	0.1266
Industrial	114	0.0136
Other Public Authority	880	0.1047
Sales for Resale	38	0.0045
Private Fire	0	0.0000
Total	8,405	1.0000

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS

Meter Size	5/8" Dollar Equivalent	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Total	
		Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)
5/8	1.0	6,256	6,256	428	428	1	1	86	86	0	0	6,771	6,771
3/4	1.3	2	3	7	9	0	0	2	3	0	0	11	15
1	1.7	22	37	81	138	3	5	6	10	0	0	112	190
1-1/2	3.5	0	0	28	98	1	4	5	18	0	0	34	120
2	4.3	3	13	82	353	6	26	36	155	2	9	129	556
3	19.0	0	0	2	38	1	19	6	114	0	0	9	171
4	29.3	0	0	0	0	2	59	13	381	1	29	16	469
6	48.4	0	0	0	0	0	0	0	0	0	0	0	0
8	112.9	0	0	0	0	0	0	1	113	0	0	1	113
Total		6,283	6,309	628	1,064	14	114	155	880	3	38	7,083	8,405

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 10. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

Factors are based on the relative cost of services by size and customer classification, as developed on the following page and summarized below.

Customer Classification	3/4" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	6,290	0.8232
Commercial	746	0.0976
Industrial	28	0.0037
Other Public Authority	236	0.0309
Sales for Resale	7	0.0009
Private Fire Protection	334	0.0437
Total	7,641	1.0000

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

BASIS FOR ALLOCATING SERVICE COSTS TO CUSTOMER CLASSIFICATIONS

Service Size	3/4" Dollar Equivalent	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Private Fire Protection		Total	
		Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)=(2)X(11)	(15)	(16)
3/4	1.00	6,258	6,258	435	435	1	1	88	88	0	0	0	0	6,782	6,782
1	1.17	22	26	81	95	3	4	6	7	0	0	0	0	112	132
1-1/2	1.58	0	0	28	44	1	2	5	8	0	0	0	0	34	54
2	2.04	3	6	82	167	6	12	36	73	2	4	5	10	134	272
3	2.73	0	0	2	5	1	3	6	16	0	0	1	3	10	27
4	2.88	0	0	0	0	2	6	13	37	1	3	18	52	34	98
6	4.24	0	0	0	0	0	0	0	0	0	0	31	131	31	131
8	6.98	0	0	0	0	0	0	1	7	0	0	17	119	18	126
10	9.50	0	0	0	0	0	0	0	0	0	0	2	19	2	19
12	12.16	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total		6,283	6,290	628	746	14	28	155	236	3	7	74	334	7,157	7,641

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 11. ALLOCATION OF TRANSMISSION AND DISTRIBUTION OPERATION SUPERVISION AND ENGINEERING AND MISCELLANEOUS EXPENSES.

Factors are based on transmission and distribution operation expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Operating Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$ 58,565	0.4794
Commercial	16,131	0.1321
Industrial	2,137	0.0175
Other Public Authority	13,671	0.1119
Sales for Resale	7,131	0.0584
Private Fire Protection	5,366	0.0439
Public Fire Protection	19,154	0.1568
Total	122,154	1.0000

FACTOR 12. ALLOCATION OF TRANSMISSION AND DISTRIBUTION MAINTENANCE SUPERVISION AND ENGINEERING, STRUCTURES AND IMPROVEMENTS, AND OTHER EXPENSES.

Factors are based on transmission and distribution maintenance expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$ 11,392	0.3911
Commercial	2,449	0.0841
Industrial	274	0.0094
Other Public Authority	1,796	0.0617
Sales for Resale	859	0.0295
Private Fire Protection	888	0.0305
Public Fire Protection	11,468	0.3937
Total	$29,129	1.0000

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 13. ALLOCATION OF BILLING AND COLLECTING COSTS.

Factors are based on the total number of customers.

Customer Classification	Total Customers	Allocation Factor
(1)	(2)	(3)
Residential	6,283	0.8771
Commercial	628	0.0877
Industrial	14	0.0020
Other Public Authority	155	0.0216
Sales for Resale	3	0.0004
Private Fire Protection	80	0.0112
Public Fire Protection	0	0.0000
Total	7,163	1.0000

FACTOR 14. ALLOCATION OF METER READING COSTS.

Factors are based on the number of metered customers.

Customer Classification	Total Metered Customers	Allocation Factor
(1)	(2)	(3)
Residential	6,283	0.8870
Commercial	628	0.0887
Industrial	14	0.0020
Other Public Authority	155	0.0219
Sales for Resale	3	0.0004
Total	7,083	1.0000

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 15. ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES AND CASH WORKING CAPITAL.

Factors are based on the allocation of all other operation and maintenance expenses excluding purchased water, power, chemicals and waste disposal.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$385,412	0.5436
Commercial	93,980	0.1326
Industrial	12,194	0.0172
Other Public Authority	72,960	0.1029
Sales for Resale	42,223	0.0596
Private Fire Protection	14,673	0.0207
Public Fire Protection	87,470	0.1234
Total	$708,912	1.0000

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 16. ALLOCATION OF LABOR RELATED TAXES AND BENEFITS.

Factors are based on the allocation of direct labor expense.

Customer Classification	Direct Labor Expense	Allocation Factor
(1)	(2)	(3)
Residential	$175,746	0.5524
Commercial	41,283	0.1298
Industrial	5,169	0.0163
Other Public Authority	31,833	0.1001
Sales for Resale	17,525	0.0551
Private Fire Protection	8,154	0.0256
Public Fire Protection	38,400	0.1207
Total	$318,110	1.0000

FACTOR 17. ALLOCATION OF ORGANIZATION, FRANCHISES AND CONSENTS, MISCELLANEOUS INTANGIBLE PLANT AND OTHER RATE BASE ELEMENTS.

Factors are based on the allocation of the original cost less depreciation other than those items being allocated, as follows:

Customer Classification	Original Cost Less Depreciation	Allocation Factor
(1)	(2)	(3)
Residential	$7,735,350	0.4947
Commercial	2,297,929	0.1469
Industrial	330,080	0.0211
Other Public Authority	1,926,859	0.1232
Sales for Resale	1,167,989	0.0747
Private Fire Protection	358,348	0.0229
Public Fire Protection	1,821,060	0.1165
Total	$15,637,614	1.0000

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 18. ALLOCATION OF INCOME TAXES AND INCOME AVAILABLE FOR RETURN.

Factors are based on the allocation of the original cost measure of value rate base as shown on the following pages and summarized below.

Customer Classification	Original Cost Measure of Value	Allocation Factor
(1)	(2)	(3)
Residential	$6,189,397	0.4946
Commercial	1,838,581	0.1470
Industrial	264,088	0.0211
Other Public Authority	1,541,504	0.1232
Sales for Resale	934,380	0.0747
Private Fire Protection	286,574	0.0229
Public Fire Protection	1,457,072	0.1165
Total	$12,511,596	1.0000

FACTOR 19. ALLOCATION OF REGULATORY COMMISSION EXPENSES, ASSESSMENTS AND OTHER WATER REVENUES.

The factors are based on the allocation of the total cost of service, excluding those items being allocated.

Customer Classification	Total Cost of Service	Allocation Factor
(1)	(2)	(3)
Residential	$1,923,873	0.5272
Commercial	511,051	0.1401
Industrial	69,735	0.0191
Other Public Authority	410,821	0.1126
Sales for Resale	243,404	0.0667
Private Fire Protection	78,392	0.0215
Public Fire Protection	411,391	0.1128
Total	$3,648,666	1.0000

MISSOURI-AMERICAN WATER COMPANY

WARRENSBURG DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
RATE BASE									
Organization	17	$ 2,855	$ 1,412	$ 419	$ 60	$ 352	$ 213	$ 65	$ 333
Franchises	17	5,083	2,515	747	107	626	380	116	592
Land & Ld Rights SS	2	9,981	5,133	1,836	292	1,603	1,083	8	26
Land & Ld Rights P	6	0	0	0	0	0	0	0	0
Land & Ld Rights WT	2	511	263	94	15	82	55	0	1
Land & Ld Rights TD	7	147,093	57,440	19,931	2,839	17,445	11,091	8,090	30,257
Land & Land Rights AG	15	2,222	1,208	295	38	229	132	46	274
Struct & Imp SS	2	47,575	24,468	8,749	1,394	7,641	5,162	38	124
Struct & Imp P	6	150,940	77,462	27,682	4,407	24,181	16,317	196	694
Struct & Imp Pumps (STL)	6	0	0	0	0	0	0	0	0
Struct & Imp Pump Boosters	6	0	0	0	0	0	0	0	0
Struct & Imp WT	2	1,028,038	528,720	189,056	30,122	165,103	111,542	822	2,673
Struct & Imp WT Nth Plt (ST	2	0	0	0	0	0	0	0	0
Struct & Imp WT Ctrl Plt 1	2	0	0	0	0	0	0	0	0
Struct & Imp WT Ctrl Plt 3	2	0	0	0	0	0	0	0	0
Struct & Imp WT Sth Plt (ST	2	0	0	0	0	0	0	0	0
Struct & Imp WT Meramec (ST	2	0	0	0	0	0	0	0	0
Struct & Imp TD	7	372,159	145,328	50,428	7,183	44,138	28,061	20,469	76,553
Struct & Imp TD Spec Cross	7	0	0	0	0	0	0	0	0
Struct & Imp AG	15	0	0	0	0	0	0	0	0
Struct & Imp Offices	15	74,892	40,712	9,931	1,288	7,706	4,464	1,550	9,242
Gen Structures HVAC	15	0	0	0	0	0	0	0	0
Struct & Imp Leasehold	15	7	4	1	0	1	0	0	1
Struct & Imp Leasehold	15	0	0	0	0	0	0	0	0
Struct & Imp Store,Shop,Gar	15	864	470	115	15	89	52	18	107
Struct & Imp Misc	15	15,007	8,158	1,990	258	1,544	894	311	1,852
Collect & Impounding	1	0	0	0	0	0	0	0	0
Lake, River & Other Intakes	2	0	0	0	0	0	0	0	0
Wells & Springs	2	693,423	356,628	127,521	20,317	111,364	75,236	555	1,803
Supply Mains	2	128,754	66,218	23,678	3,772	20,678	13,970	103	335
Supply Mains Nth Plt (STL)	2	0	0	0	0	0	0	0	0
Supply Mains Ctrl Plt (STL)	2	0	0	0	0	0	0	0	0
Supply Mains Sth Plt (STL)	2	0	0	0	0	0	0	0	0
Supply Mains Meramec Plt (S	2	0	0	0	0	0	0	0	0
Power Generation Equip	6	5,089	2,612	933	149	815	550	7	23
Power Generation Equip Othe	6	(544)	(279)	(100)	(16)	(87)	(59)	(1)	(3)
Boiler Plant Equipment P	6	0	0	0	0	0	0	0	0
Pump Equip Steam	6	0	0	0	0	0	0	0	0
Pump Equip Electric	6	483,624	248,196	88,697	14,122	77,477	52,280	629	2,225
Pump Equip Elec Pre46 (STL)	6	0	0	0	0	0	0	0	0
Pump Equip Elec Post46 (STL	6	0	0	0	0	0	0	0	0
Pump Equip Elec Boosters Po	6	0	0	0	0	0	0	0	0
Pump Equip Diesel	6	0	0	0	0	0	0	0	0
Pump Equip Diesel Stratman\	6	0	0	0	0	0	0	0	0
Pump Equip Diesel Ctrl Plt	6	0	0	0	0	0	0	0	0

MISSOURI-AMERICAN WATER COMPANY

WARRENSBURG DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Pump Equip Hydraulic	6	0	0	0	0	0	0	0	0
Pump Equip Other	6	6,782	3,481	1,244	198	1,086	733	9	31
Pump Equip WT	6	0	0	0	0	0	0	0	0
Pump Equip TD	6	0	0	0	0	0	0	0	0
WT Equip Non-Media	2	2,632,783	1,354,040	484,169	77,141	422,825	285,657	2,106	6,845
WT Equip Non-Med North (STL	2	0	0	0	0	0	0	0	0
WT Equip Non Media Ctrl 1 &	2	0	0	0	0	0	0	0	0
WT Equip Non Media Ctrl 3 (	2	0	0	0	0	0	0	0	0
WT Equip Non Media Sth (STL	2	0	0	0	0	0	0	0	0
WT Equip Non Media Mer (STL	2	0	0	0	0	0	0	0	0
WT Equip Filter Media	2	(2,411)	(1,240)	(443)	(71)	(387)	(262)	(2)	(6)
Dist Reservoirs & Standpipe	5	429,958	159,944	54,906	7,481	48,069	29,925	27,388	102,244
Elevated Tanks & Standpipes	5	51,191	19,043	6,537	891	5,723	3,563	3,261	12,173
Ground Level Facilities	5	0	0	0	0	0	0	0	0
TD Mains Not Classified by	7	1,918,511	749,178	259,958	37,027	227,535	144,656	105,518	394,638
TD Mains 4 & Less "	4	63,814	23,331	8,009	1,091	7,013	4,365	4,225	15,781
TD Mains 6 to 8" "	4	1,394,498	509,828	175,009	23,846	153,255	95,384	92,316	344,859
TD Mains 10 to 16" "	3	2,481,746	1,208,859	432,568	68,744	377,722	255,124	29,285	109,445
TD Mains 18 & Grtr "	3	869	423	151	24	132	89	10	38
TD Mains AC 4 (STL) "	4	0	0	0	0	0	0	0	0
TD Mains CI <10 1900-28 (S"	4	0	0	0	0	0	0	0	0
TD Mains CI <10 1929-56 (S"	4	0	0	0	0	0	0	0	0
TD Mains CI <10 1957-93 (S"	4	0	0	0	0	0	0	0	0
TD Mains CI 12 (STL) "	3	0	0	0	0	0	0	0	0
TD Mains CI 16 (STL) "	3	0	0	0	0	0	0	0	0
TD Mains DI 6-8 (STL) "	4	0	0	0	0	0	0	0	0
TD Mains DI 12 (STL) "	3	0	0	0	0	0	0	0	0
TD Mains DI 16 & >(STL)	3	0	0	0	0	0	0	0	0
TD Mains Galve 1 (STL) "	4	0	0	0	0	0	0	0	0
TD Mains LJ 20 (STL) "	3	0	0	0	0	0	0	0	0
TD Mains DI 4in (STL) "	4	0	0	0	0	0	0	0	0
Fire Mains	8	101,223	0	0	0	0	0	0	101,223
Services	10	1,272,043	1,047,146	124,151	4,707	39,306	1,145	55,588	0
Meters Bronze Case	9	441,824	331,633	55,935	6,009	46,259	1,988	0	0
Meters Plastic Case	9	0	0	0	0	0	0	0	0
Meters Other	9	(37,679)	(28,282)	(4,770)	(512)	(3,945)	(170)	0	0
Meters Other-Rem Rdr Unts	9	0	0	0	0	0	0	0	0
Meter Installations	9	828,427	621,818	104,879	11,267	86,736	3,728	0	0
Meter Installation Other	9	0	0	0	0	0	0	0	0
Meter Vaults	9	0	0	0	0	0	0	0	0
Hydrants	8	573,102	0	0	0	0	0	0	573,102
Other P/E Intangible	15	9,529	5,180	1,264	164	981	568	197	1,176

MISSOURI-AMERICAN WATER COMPANY

WARRENSBURG DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection Private	Fire Protection Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Other P/E WT Res Hand Equip	2	0	0	0	0	0	0	0	0
Other P/E TD	7	0	0	0	0	0	0	0	0
Other P/E CPS	15	2,324	1,263	308	40	239	138	48	287
Office Furniture & Equip	15	37,671	20,478	4,995	648	3,876	2,245	780	4,649
Comp & Periph Equip	15	67,505	36,696	8,951	1,161	6,946	4,023	1,397	8,330
Computer Software	15	34,819	18,928	4,617	599	3,583	2,075	721	4,297
Comp Software Personal	15	1,068	581	142	18	110	64	22	132
Comp Software Other	15	0	0	0	0	0	0	0	0
Data Handling Equipment	15	0	0	0	0	0	0	0	0
Other Office Equipment	15	69	38	9	1	7	4	1	9
Trans Equip Lt Duty Trks	15	43,088	23,423	5,713	741	4,434	2,568	892	5,317
Trans Equip Hvy Duty Trks	15	0	0	0	0	0	0	0	0
Trans Equip Autos	15	(131)	(71)	(17)	(2)	(13)	(8)	(3)	(16)
Trans Equip Other	15	(34,338)	(18,666)	(4,553)	(591)	(3,533)	(2,047)	(711)	(4,237)
Stores Equipment	15	0	0	0	0	0	0	0	0
Tools,Shop,Garage Equip	15	13,283	7,220	1,761	228	1,367	792	275	1,639
Tools,Shop,Garage Equip Oth	15	0	0	0	0	0	0	0	0
Laboratory Equipment	2	42,618	21,919	7,837	1,249	6,844	4,624	34	111
Laboratory Equip Other	2	0	0	0	0	0	0	0	0
Power Operated Equipment	15	41,313	22,458	5,478	711	4,251	2,462	855	5,098
Comm Equip Non-Telephone	15	9,037	4,912	1,198	155	930	539	187	1,115
Remote Control & Instr	15	4,858	2,641	644	84	500	290	101	600
Comm Equip Telephone	15	(2,703)	(1,469)	(358)	(46)	(278)	(161)	(56)	(333)
Misc Equipment	15	51,289	27,881	6,801	882	5,278	3,057	1,062	6,329
Other Tangible Property	17	4,655	2,303	684	98	573	348	107	542
Total Utility Plant in Service		15,650,207	7,741,579	2,299,779	330,346	1,928,411	1,168,929	358,636	1,822,527
Other Rate Base Items									
Add:									
Other Utility Plant Adjustments	17	0	0	0	0	0	0	0	0
Cash Working Capital	15	0	0	0	0	0	0	0	0
Materials and Supplies	15	24,157	13,132	3,203	416	2,486	1,440	500	2,981
Prepayments	15	22,832	12,411	3,028	393	2,349	1,361	473	2,817
OPEB's Contributed to External Fund	16	50,322	27,798	6,532	820	5,037	2,773	1,288	6,074
Pension / OPEB Tracker	16	5,978	3,302	776	97	598	329	153	722
Regulatory Deferrals	17	34,600	17,117	5,083	730	4,263	2,585	792	4,031
Less:									
Accumulated Deferred ITC (3%)	17	0	0	0	0	0	0	0	0
Deferred Income Taxes	17	(3,188,837)	(1,577,518)	(468,440)	(67,284)	(392,865)	(238,206)	(73,024)	(371,500)
Pensions	16	(87,663)	(48,425)	(11,379)	(1,429)	(8,775)	(4,830)	(2,244)	(10,581)
Total Other Rate Base Elements		(3,138,611)	(1,552,183)	(461,198)	(66,257)	(386,906)	(234,549)	(72,062)	(365,456)
Total Original Cost Measure of Value		$ 12,511,596	$ 6,189,397	$ 1,838,581	$ 264,088	$ 1,541,504	$ 934,380	$ 286,574	$ 1,457,072

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

SUMMARY OF AVERAGE DAILY SEND OUT AND MAXIMUM DAILY USAGE
FOR THE YEARS 1990-2007

Year	Average Daily Send out (MGD)	Maximum Daily Use		
		MGD	Ratio to Average	Highest Use Day
(1)	(2)	(3)	(4)	(5)
1990	2.048	3.225	1.57	8/28/1990
1991	2.120	3.397	1.60	8/27/1991
1992	2.225	3.348	1.50	7/1/1992
1993	2.408	3.933	1.63	8/26/1993
1994	2.287	3.636	1.59	6/20/1994
1995	2.318	3.631	1.57	8/30/1995
1996	2.287	3.421	1.50	7/18/1996
1997	2.241	3.863	1.72	7/24/1997
1998	2.393	3.792	1.58	7/21/1998
1999	2.427	3.893	1.60	7/29/1999
2000	2.472	4.075	1.65	8/29/2000
2001	2.403	3.647	1.52	8/21/2001
2002	2.548	3.769	1.48	9/8/2002
2003	2.404	4.189	1.74	8/26/2003
2004	2.262	3.162	1.40	6/8/2004
2005	2.488	4.011	1.61	8/2/2005
2006	2.537	4.001	1.58	8/9/2006
2007	2.540	3.833	1.51	8/7/2007

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

BASIS FOR ALLOCATING DEMAND RELATED COSTS OF FIRE SERVICE TO PRIVATE AND PUBLIC FIRE PROTECTION CUSTOMER CLASSIFICATIONS

Description		Restrictive Diameters Squared	Quantity	Relative Demand	Allocation Factor
(1)		(2)	(3)	(4)=(2)x(3)	(5)
PRIVATE FIRE PROTECTION					
Fire Lines					
2 -inch		4.00	5	20	
3 -inch		9.00	0	0	
4 -inch		16.00	18	288	
6 -inch		36.00	31	1,116	
8 -inch		64.00	17	1,088	
10 -inch		100.00	2	200	
12 -inch		144.00	0	0	
Private Hydrants		26.50	6.9	183	
Total Private Fire Protection			79.9	2,895	0.2112
PUBLIC FIRE PROTECTION					
Hydrant	Nozzle Sizes				
5 1/4" Valve	1- 2-1/2" & 1- 4.5"	26.50	92	2,438	
4 1/2" Valve	1- 2-1/2" & 1- 4.5"	20.25	321	6,500	
4 1/2" Valve	1- 2-1/2"	6.25	300	1,875	
Total Public Fire Prorection			713	10,813	0.7888
Total Fire Protection			793	13,708	1.0000

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

CALCULATION OF CUSTOMER CHARGE

(1)	Expense Related to Meters	689,772	
(2)	Meter Equivalents X 12	100,860	
(3)	Expense per Bill - Meter related		$6.84
(4)	Expense Related to Services	254,486	
(5)	Service Equivalents X 12	87,684	
(6)	Expense per Bill - Services related		2.90
(7)	Expense Related to Billing and Collecting	342,900	
(8)	Number of Customers X 12	85,955	
(9)	Expense per Bill - Billing and Collecting		3.99
(10)	Total Customer Charge (3)+(6)+(9)		$13.73

MISSOURI-AMERICAN WATER COMPANY

ST. LOUIS, MISSOURI

COST OF SERVICE

ALLOCATION STUDY

FOR THE TEST YEAR ENDED

JUNE 30, 2009

MISSOURI-AMERICAN WATER COMPANY

St. Louis, Missouri

COST OF SERVICE

ALLOCATION STUDY

FOR THE TEST YEAR ENDED JUNE 30, 2009

GANNETT FLEMING, INC. - VALUATION AND RATE DIVISION

Harrisburg, Pennsylvania Calgary, Alberta Valley Forge, Pennsylvania

Gannett Fleming

GANNETT FLEMING, INC.
P.O. Box 67100
Harrisburg, PA 17106-7100
Location:
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October 30, 2009

Missouri-American Water Company
535 North New Ballas Road
St. Louis, MO 63141

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Attention Mr. Frank Kartman, President

Gentlemen:

Pursuant to your request, we have conducted cost of service allocation studies based on the district specific revenue requirements estimated for the test year ended June 30, 2009.

The attached report presents the results of the allocation studies, as well as supporting schedules which set forth the detailed cost allocation calculations and the proposed schedule of rates. Schedule A, for each district, presents a comparison of the cost of service by customer classification with the pro forma revenues produced by each classification under present and proposed rates.

Respectfully submitted,

GANNETT FLEMING, INC.
Valuation and Rate Division

Paul R Herbert

PAUL R. HERBERT
President

CONSTANCE E. HEPPENSTALL
Rate Analyst

PRH:krm

Attachment

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PART II. COST OF SERVICE BY CUSTOMER CLASSIFICATION

BRUNSWICK DISTRICT

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PART I. INTRODUCTION

MISSOURI-AMERICAN WATER COMPANY

COST OF SERVICE ALLOCATION STUDY
FOR THE TEST YEAR ENDED JUNE 30, 2009

PART I. INTRODUCTION

PLAN OF REPORT

The report sets forth the results of the cost of service allocation studies based on district specific revenue requirements as of June 30, 2009, for Missouri-American Water Company. Part I, Introduction, contains statements with respect to the basis of the study, the procedures employed, and a summary of the results of the study. Part II, Cost of Service by Customer Classification, presents detailed schedules of the allocation of costs to district specific customer classifications, as well as the bases for the allocations. Schedule A in Part II summarizes the cost allocation and the revenues produced under present and proposed rates for each district.

BASIS OF STUDY

The purpose of the cost allocation studies was to determine the relative cost of service responsibilities of the several customer classifications within each operating district, based on considerations of quantity of water consumed, variability of rate of consumption, and costs associated with customer metering, billing and accounting. The allocation studies incorporated generally-accepted principles and procedures for allocating the several categories of cost to customer classifications in proportion to each classification's use of facilities, commodities and services required in providing water service.

ALLOCATION PROCEDURES

The allocation studies were based on the Base-Extra Capacity Method for allocating costs to customer classifications. The method is described in the 2000 and prior editions of the Water Rates Manual published by the American Water Works Association. The four basic categories of cost responsibility are base, extra capacity, customer, and fire protection costs. The following discussion presents a brief description of these costs and the manner in which they were allocated.

Base Costs are costs that tend to vary with the quantity of water used, plus costs associated with supplying, treating, pumping, and distributing water to customers under average load conditions, without the elements necessary to meet peak demands. Base costs were allocated to customer classifications on the basis of average daily usage.

Extra Capacity Costs are costs associated with meeting usage requirements in excess of the average. They include operating and capital costs for additional plant and system capacity beyond that required for average use. The extra capacity costs in this study are subdivided into costs necessary to meet maximum day extra demand and costs to meet maximum hour extra demand. The extra capacity costs were allocated to customer classifications on the bases of each classification's maximum day and hour usage in excess of average usage.

Customer Costs are costs associated with serving customers regardless of their usage or demand characteristics. Customer costs include the operating and capital costs related to meters and services, meter reading costs, and billing and collecting costs. The customer costs were allocated on the bases of the capital cost of meters and services, and the number of customers.

Fire Protection Costs are costs associated with providing the facilities to meet the potential peak demand of fire protection service. Fire Protection costs are subdivided into costs to meet Public Fire Protection and Private Fire Protection demands. The extra capacity costs assigned to fire protection service were allocated to Public and Private Fire Protection on the basis of the total relative demands of the hydrants and fire service lines, sized to provide fire protection.

RESULTS OF STUDY

The results of the cost of service allocation study are set forth in Part II. The data summarized for each district in Schedule A, Comparison of Pro Forma Cost of Service with Revenues Under Present and Proposed Rates for the Test Year Ended June 30, 2009, constitute the principal results of the cost allocation studies and subsequent rate designs.

The cost of service by customer classification shown in column 2 of Schedule A is developed in Schedule B, Cost of Service for the Twelve Months Ended June 30, 2009, Allocated to Customer Classifications. The allocation of the total cost of service to the several customer classifications was performed by applying the allocation factors referenced in column 2 of Schedule B to the cost of service set forth in column 3. The bases for the allocation factors are presented in Schedule C.

Schedule D sets forth the experienced average day and maximum day system sendout and the maximum day ratios from 1990 through 2008. Schedule E presents the basis for allocating demand related costs of fire service to private and public fire protection classifications.

II-1 PART II. COST OF SERVICE BY CUSTOMER CLASSIFICATION

BRUNSWICK DISTRICT

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES
FOR THE TEST YEAR ENDED JUNE 30, 2009

Customer Classification	Cost of Service (a) Amount (Schedule B)	Cost of Service (a) Percent	Revenues, Present Rates Amount	Revenues, Present Rates Percent	Revenues, Proposed Rates Amount	Revenues, Proposed Rates Percent	Proposed Increase Amount	Proposed Increase Percent Increase
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Residential	$ 264,473	70.5%	$ 196,693	66.0%	$ 256,945	68.5%	$ 60,252	30.6%
Commercial	85,284	22.7%	63,074	21.3%	82,652	22.0%	19,578	31.0%
Industrial	1,027	0.3%	1,070	0.4%	1,003	0.3%	(67)	-6.3%
Public Authority	10,250	2.7%	8,951	3.0%	10,442	2.8%	1,491	16.7%
Sales for Resale	11,212	3.0%	17,028	5.7%	13,519	3.6%	(3,509)	-20.6%
Private Fire Service	2,991	0.8%	10,567	3.6%	10,567	2.8%	-	0.0%
Public Fire Service	-	0.0%	$0	0.0%	-	0.0%	-	0.0%
Total Sales	375,235	100.0%	297,383	100.0%	375,128	100.0%	77,745	26.1%
Other Revenues	3,982		$3,202		$3,982		780	24.4%
Total	$ 379,217		$300,585		$ 379,110		$ 78,525	26.1%

(a) Cost of Service is net of revenue contribution frrom St. Louis Metro District.

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection Private	Fire Protection Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
OPERATION AND MAINTENANCE EXPENSES									
SOURCE OF SUPPLY EXPENSES									
Super & Eng Oper SS	2	$ 2,445	$ 1,633	$ 619	$ 4	$ 74	$ 100	$ 1	$ 13
Labor & Exp Oper SS	2	215	144	55	0	6	9	0	1
Labor & Exp Oper SS	2	281	188	71	0	8	12	0	2
Purchased Water	1	0	0	0	0	0	0	0	0
TOTAL SS EXPENSE - OPERATION		2,941	1,965	745	5	89	121	1	16
Misc Exp Oper SS	2	6,628	4,428	1,680	11	200	272	2	36
Misc Exp Oper SS	2	0	0	0	0	0	0	0	0
Rents Oper SS	2	0	0	0	0	0	0	0	0
Super & Eng Maint SS	2	0	0	0	0	0	0	0	0
Struct & Improve Maint SS	2	0	0	0	0	0	0	0	0
Struct & Improve Maint SS	2	0	0	0	0	0	0	0	0
Collect & Impound Maint SS	2	0	0	0	0	0	0	0	0
Collect & Impound Maint SS	2	0	0	0	0	0	0	0	0
Lake, River & Oth Maint SS	2	0	0	0	0	0	0	0	0
Lake, River & Oth Maint SS	2	0	0	0	0	0	0	0	0
Wells & Springs Maint SS	2	0	0	0	0	0	0	0	0
Wells & Springs Maint SS	2	0	0	0	0	0	0	0	0
Infilt Gall & Tunnels Maint SS	2	0	0	0	0	0	0	0	0
Infilt Gall & Tunnels Maint SS	2	0	0	0	0	0	0	0	0
Supply Mains Maint SS	2	0	0	0	0	0	0	0	0
Supply Mains Maint SS	2	0	0	0	0	0	0	0	0
Misc Plant Maint SS	2	(1)	(1)	(0)	(0)	(0)	(0)	(0)	(0)
Misc Plant Maint SS	2	228	152	58	0	7	9	0	1
TOTAL SS EXPENSE - MAINTENANCE		6,855	4,580	1,737	11	206	282	2	37
TOTAL SS EXPENSE		9,796	6,544	2,482	16	295	403	3	53
POWER AND PUMPING EXPENSES									
Super & Eng Oper P	6	0	0	0	0	0	0	0	0
Fuel for Power Prod	1	0	0	0	0	0	0	0	0
Labor & Exp Oper Pwr Prod	6	0	0	0	0	0	0	0	0
Labor & Exp Oper Pwr Prod	6	0	0	0	0	0	0	0	0
Purch Fuel/Power for Pump	1	9,881	6,370	2,626	16	311	466	5	86
Labor & Exp Oper Pump	6	37,349	20,901	7,926	49	941	1,285	306	5,942
Labor & Exp Oper Pump	6	0	0	0	0	0	0	0	0

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Expenses Transferred	6	0	0	0	0	0	0	0	0
Misc Exp Oper P	6	1	1	0	0	0	0	0	0
Rents Oper P	6	0	0	0	0	0	0	0	0
TOTAL PUMPING EXPENSE - OPERATION		47,231	27,272	10,552	64	1,252	1,751	311	6,028
Super & Eng Maint P	6	144	81	31	0	4	5	1	23
Struct & Improve Maint P	6	0	0	0	0	0	0	0	0
Struct & Improve Maint P	6	0	0	0	0	0	0	0	0
Power Prod Equip Maint P	6	0	0	0	0	0	0	0	0
Power Prod Equip Maint P	6	0	0	0	0	0	0	0	0
Pump Equip Maint P	6	26,269	14,700	5,574	34	662	904	215	4,179
Pump Equip Maint P	6	452	253	96	1	11	16	4	72
TOTAL PUMPING EXPENSES - MAINTENANCE		26,866	15,034	5,701	35	677	924	220	4,274
TOTAL PUMPING EXPENSES		74,097	42,306	16,253	99	1,929	2,675	532	10,303
WATER TREATMENT									
Super & Eng Oper WT	2	14,641	9,781	3,710	23	441	602	4	79
Chemicals	1	8,033	5,179	2,135	13	253	379	4	70
Labor & Exp Oper WT	2	0	0	0	0	0	0	0	0
Labor & Exp Oper WT	2	6,736	4,500	1,707	11	203	277	2	36
Misc Exp Oper WT	2	660	441	167	1	20	27	0	4
Misc Exp Oper WT	1	6,000	3,868	1,595	10	189	283	3	52
Misc Exp Oper WT	2	1,094	731	277	2	33	45	0	6
Rents Oper WT	2	0	0	0	0	0	0	0	0
TOTAL WT EXPENSE - OPERATION		37,164	24,501	9,591	59	1,138	1,613	14	247
Super & Eng Maint WT	2	14,575	9,737	3,693	23	439	599	4	79
Struct & Improve Maint WT	2	0	0	0	0	0	0	0	0
Struct & Improve Maint WT	2	0	0	0	0	0	0	0	0
WT Equip Maint WT	2	0	0	0	0	0	0	0	0
WT Equip Maint WT	2	2,055	1,373	521	3	62	84	1	11
TOTAL WT EXPENSE - MAINTENANCE		16,630	11,110	4,214	27	501	683	5	90
TOTAL WT EXPENSE		53,793	35,611	13,805	86	1,639	2,297	19	337
TRANSMISSION AND DISTRIBUTION EXPENSES									
Super & Eng Oper TD	11	2,514	787	286	1	33	45	66	1,296
Storage Facilty Exp	5	0	0	0	0	0	0	0	0
Storage Facilty Exp	5	0	0	0	0	0	0	0	0
TD Lines Exp	7	1,835	575	209	0	24	33	48	946
TD Lines Exp	7	311	97	35	0	4	6	8	160
Meter Expense	9	0	0	0	0	0	0	0	0
Meter Expense	9	0	0	0	0	0	0	0	0

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Customer Install Exp	10	0	0	0	0	0	0	0	0
Customer Install Exp	10	0	0	0	0	0	0	0	0
Misc Exp Oper TD	11	267	84	30	0	3	5	7	138
Misc Exp Oper TD	11	438	137	50	0	6	8	12	226
Misc Exp Oper TD	11	3,788	1,186	431	1	49	68	100	1,953
Rents Oper TD	11	0	0	0	0	0	0	0	0
TOTAL T & D EXPENSE OPERATION		9,154	2,866	1,043	2	119	164	241	4,720
Super & Eng Maint TD	12	2,373	743	270	0	31	42	62	1,223
Struct & Improve Maint TD	12	0	0	0	0	0	0	0	0
Struct & Improve Maint TD	12	0	0	0	0	0	0	0	0
Dist Res Stand Maint TD	5	0	0	0	0	0	0	0	0
TD Main Maint TD	7	0	0	0	0	0	0	0	0
TD Main Maint TD	7	0	0	0	0	0	0	0	0
Fire Main Maint TD	8	0	0	0	0	0	0	0	0
Fire Main Maint TD	8	0	0	0	0	0	0	0	0
Services Maint TD	10	0	0	0	0	0	0	0	0
Services Maint TD	10	0	0	0	0	0	0	0	0
Meters Maint TD	9	0	0	0	0	0	0	0	0
Meters Maint TD	9	0	0	0	0	0	0	0	0
Hydrants Maint TD	8	0	0	0	0	0	0	0	0
Hydrants Maint TD	8	0	0	0	0	0	0	0	0
Misc Plant Maint TD	12	1	0	0	0	0	0	0	1
Mat and Sup Maint TD	12	671	210	76	0	9	12	18	346
Misc Maint TD	12	20	6	2	0	0	0	1	10
Amort Def Maint TD	5	0	0	0	0	0	0	0	0
TOTAL T & D EXPENSE - MAINTENANCE		3,065	960	349	1	40	55	81	1,580
TOTAL T & D EXPENSE		12,219	3,826	1,392	2	159	219	321	6,300
CUSTOMER ACCOUNTS									
Supervision CA	13	2,445	1,983	368	11	44	16	22	0
Meter Reading Exp CA	14	0	0	0	0	0	0	0	0
Meter Reading Exp CA	14	0	0	0	0	0	0	0	0
Meter Reading Exp CA	14	0	0	0	0	0	0	0	0
Cust Rec & Collection CA	13	195	158	29	1	4	1	2	0
Cust Rec & Collection CA	13	1,966	1,595	296	9	35	13	18	0
Uncollectible Accts	13	5,936	4,815	894	27	107	40	53	0
Misc Cust Accts Exp CA	13	445	361	67	2	8	3	4	0

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Misc Cust Accts Exp CA	13	0	0	0	0	0	0	0	0
Misc Cust Accts Exp CA	13	4,664	3,783	702	21	84	31	42	0
Cust Serv & Info Exp CA	13	0	0	0	0	0	0	0	0
TOTAL CUSTOMER ACCOUNTING EXPENSE		15,652	12,697	2,357	70	282	105	141	0
ADMINISTRATIVE AND GENERAL EXPENSES									
Salaries AG	15	24,616	14,868	5,201	42	618	795	175	2,917
Other Supplies & Exp AG	15	5	3	1	0	0	0	0	1
Other Supplies & Exp AG	15	4,537	2,740	959	8	114	147	32	538
Other Supplies & Exp AG	15	6,755	4,080	1,427	11	170	218	48	800
Mgmt Fees-Admin	15	20,233	12,221	4,275	34	508	654	144	2,398
Mgmt Fees-Customer Service	13	6,716	5,448	1,011	30	121	45	60	0
Mgmt Fees-Belleville Lab	2	834	558	211	1	25	34	0	5
Mgmt Fees- Employee	16	716	421	154	1	18	24	5	93
Outside Services AG	15	1,679	1,014	355	3	42	54	12	199
Outside Services AG	15	61,684	37,257	13,034	105	1,548	1,992	438	7,310
Ins Gen Liab Oper AG	15	2,844	1,718	601	5	71	92	20	337
Ins Work Comp AG	16	1,319	775	284	2	34	45	9	170
Ins Other Oper AG	15	879	531	186	1	22	28	6	104
Property Insurance	15	648	391	137	1	16	21	5	77
Injuries & Damages	16	(40)	(23)	(9)	(0)	(1)	(1)	(0)	(5)
Employee Pension & Benefits	16	34,031	19,983	7,330	51	871	1,160	238	4,397
Employee Pension & Benefits	16	28,032	16,460	6,038	42	718	956	196	3,622
Employee Pension & Benefits	16	7,083	4,159	1,526	11	181	242	50	915
Reg Commision Exp	19	572	337	115	1	14	17	5	84
Rents AG	15	45	27	9	0	1	1	0	5
Goodwill Advertising Exp	15	5	3	1	0	0	0	0	1
Misc Exp AG	15	9,539	5,761	2,015	16	239	308	68	1,130
Research & Development	15	0	0	0	0	0	0	0	0
TOTAL A & G OPERATIONS		212,732	128,731	44,863	366	5,331	6,833	1,511	25,096
Maint Exp ARO/Net Neg Sal AG	18	(1,187)	(663)	(214)	(2)	(26)	(30)	(12)	(240)
General Plant Maint AG	15	419	253	89	1	11	14	3	50
TOTAL A & G EXPENSE - MAINTENANCE		(768)	(410)	(125)	(2)	(15)	(17)	(9)	(191)
TOTAL A & G EXPENSE		211,964	128,322	44,738	365	5,316	6,817	1,502	24,906
Total Operation & Maintenance Expenses		377,521	229,305	81,027	639	9,620	12,515	2,518	41,898

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
DEPRECIATION EXPENSE									
Organization	17	0	0	0	0	0	0	0	0
Franchises	17	0	0	0	0	0	0	0	0
Struct & Imp SS	2	588	393	149	1	18	24	0	3
Struct & Imp P	6	3,723	2,083	790	5	94	128	31	592
Struct & Imp WT	2	11,313	7,558	2,867	18	341	465	3	61
Struct & Imp TD	7	563	176	64	0	7	10	15	290
Struct & Imp AG	15	4	2	1	0	0	0	0	0
Struct & Imp Offices	15	2,303	1,391	487	4	58	74	16	273
Struct & Imp Store,Shop,Gar	15	23	14	5	0	1	1	0	3
Struct & Imp Misc	15	388	234	82	1	10	13	3	46
Collect & Impounding	1	0	0	0	0	0	0	0	0
Lake, River & Other Intakes	2	0	0	0	0	0	0	0	0
Infiltration Galleries & Tunnels	2	32	21	8	0	1	1	0	0
Wells & Springs	2	5,094	3,403	1,291	8	153	209	2	28
Supply Mains	2	1,375	919	348	2	41	57	0	7
Power Generation Equip	6	31	17	7	0	1	1	0	5
Power Generation Equip Othe	6	0	0	0	0	0	0	0	0
Pump Equip Electric	6	2,471	1,383	524	3	62	85	20	393
Pump Equip Other	6	324	181	69	0	8	11	3	52
WT Equip Non-Media	2	5,600	3,741	1,419	9	169	230	2	30
WT Equip Filter Media	2	2,021	1,350	512	3	61	83	1	11
Dist Reservoirs & Standpipe	5	1,333	587	211	0	27	29	23	457
Elevated Tanks & Standpipes	5	608	268	96	0	12	13	11	208
Ground Level Facilities	5	0	0	0	0	0	0	0	0
TD Mains Not Classified by	7	3,855	1,207	439	1	50	69	101	1,988
TD Mains 4" & Less	4	894	247	89	0	10	14	26	508
TD Mains 6 to 8"	4	2,899	802	288	0	32	45	84	1,648
TD Mains 10 to 16"	3	2	1	0	0	0	0	0	0
TD Mains 18" & Grtr	3	1	1	0	0	0	0	0	0
Services	10	9,743	7,794	1,541	43	193	86	86	0
Meters Bronze Case	9	1,257	976	226	8	29	18	0	0
Meters Plastic Case	9	0	0	0	0	0	0	0	0
Meters Other	9	435	338	78	3	10	6	0	0
Meters Other-Rem Rdr Unts	9	246	191	44	2	6	4	0	0
Meter Installations	9	2,281	1,771	410	14	52	33	0	0
Meter Installation Other	9	0	0	0	0	0	0	0	0
Meter Vaults	9	203	158	37	1	5	3	0	0
Hydrants	8	1,808	0	0	0	0	0	0	1,808
Other P/E Intangible	17	46	26	8	0	1	1	0	9
Other P/E WT Res Hand Equip	2	0	0	0	0	0	0	0	0
Other P/E TD	7	0	0	0	0	0	0	0	0
Other P/E CPS	15	201	121	42	0	5	6	1	24
Office Furniture & Equip	15	125	76	26	0	3	4	1	15

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Comp & Periph Equip	15	3,288	1,986	695	6	83	106	23	390
Computer Software	15	2,463	1,488	520	4	62	80	17	292
Comp Software Personal	15	30	18	6	0	1	1	0	4
Comp Software Customized	15	2,664	1,609	563	5	67	86	19	316
Comp Software Other	15	709	428	150	1	18	23	5	84
Data Handling Equipment	15	4,008	2,421	847	7	101	129	28	475
Other Office Equipment	15	291	176	61	0	7	9	2	34
Trans Equip Lt Duty Trks	15	846	511	179	1	21	27	6	100
Trans Equip Hvy Duty Trks	15	0	0	0	0	0	0	0	0
Trans Equip Autos	15	10	6	2	0	0	0	0	1
Trans Equip Other	15	0	0	0	0	0	0	0	0
Stores Equipment	15	596	360	126	1	15	19	4	71
Tools,Shop,Garage Equip	15	2,253	1,361	476	4	57	73	16	267
Tools,Shop,Garage Equip Oth	15	0	0	0	0	0	0	0	0
Laboratory Equipment	2	3,895	2,602	987	6	117	160	1	21
Laboratory Equip Other	2	0	0	0	0	0	0	0	0
Power Operated Equipment	15	50	30	11	0	1	2	0	6
Comm Equip Non-Telephone	15	93	56	20	0	2	3	1	11
Remote Control & Instr	15	642	388	136	1	16	21	5	76
Comm Equip Telephone	15	1	1	0	0	0	0	0	0
Misc Equipment	15	12,090	7,302	2,555	21	303	391	86	1,433
Other Tangible Property	15	4,568	2,759	965	8	115	148	32	541
Total Depreciation Expense		100,287	60,932	20,458	192	2,445	3,002	676	12,582

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Amort-Other UP	18	99	55	18	0	2	3	1	20
Amort-Intangible Fin	2	27	18	7	0	1	1	0	0
Amort-Property Losses	2	0	0	0	0	0	0	0	0
Taxes Other Than Income									
Utility Reg Assessment Fee	19	2,514	1,480	504	5	60	75	20	371
Property Taxes	18	26,040	14,536	4,695	49	562	661	260	5,276
FUTA	16	100	59	22	0	3	3	1	13
FICA	16	9,274	5,446	1,998	14	237	316	65	1,198
SUTA	16	269	158	58	0	7	9	2	35
Other Taxes & Licenses	15	508	307	107	1	13	16	4	60
Gross Receipts Tax	19	0	0	0	0	0	0	0	0
Total Taxes, Other Than Income		38,705	21,985	7,383	69	882	1,082	351	6,953
Income Taxes	18	76,519	42,713	13,796	145	1,653	1,944	765	15,503
Utility Income Available for Return	18	190,910	106,566	34,421	363	4,124	4,849	1,909	38,678
Revenue Contribution	19	(404,851)	(238,336)	(81,132)	(729)	(9,676)	(12,065)	(3,198)	(59,716)
Total Cost of Service		379,217	223,239	75,978	680	9,050	11,330	3,022	55,918
Less: Other Water Revenues	19	3,982	2,344	798	7	95	119	31	587
Total Other Water Revenues		3,982	2,344	798	7	95	119	31	587
Total Cost of Service Related to Sales of Water		$ 375,235	$ 220,895	$ 75,180	$ 672	$ 8,955	$ 11,212	$ 2,991	$ 55,331
Reallocation of Public Fire	20	0	43,579	10,103	354	1,295	0	0	(55,331)
Total		$ 375,235	$ 264,473	$ 85,284	$ 1,027	$ 10,250	$ 11,212	$ 2,991	$ -

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS

FACTOR 1. ALLOCATION OF COSTS WHICH VARY WITH THE AMOUNT OF WATER CONSUMED.

Factors are based on the pro forma test year average daily consumption for each customer classification.

Customer Classification	Average Daily Consumption, Thousand Gallons	Allocation Factor
(1)	(2)	(3)
Residential	41.00	0.6447
Commercial	16.90	0.2658
Industrial	0.10	0.0016
Other Public Authority	2.00	0.0315
Sales for Resale	3.00	0.0472
Private Fire Protection	0.03	0.0005
Public Fire Protection	0.55	0.0087
Total	63.58	1.0000

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the factors for average daily consumption (Factor 1) and the factors derived from maximum day extra capacity demand for each customer classification, as follows:

	Average Daily Consumption		Maximum Day Extra Capacity		
Customer Classification	Allocation Factor 1	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)x 0.6250	(4)	(5)=(4)x 0.3750	(6)=(3)+(5)
Residential	0.6447	0.4030	0.7069	0.2651	0.6681
Commercial	0.2658	0.1661	0.2328	0.0873	0.2534
Industrial	0.0016	0.0010	0.0017	0.0006	0.0016
Other Public Authority	0.0315	0.0197	0.0276	0.0104	0.0301
Sales for Resale	0.0472	0.0295	0.0310	0.0116	0.0411
Private Fire Protection	0.0005	0.0003			0.0003
Public Fire Protection	0.0087	0.0054			0.0054
Total	1.0000	0.6250	1.0000	0.3750	1.0000

The derivation of the maximum day extra capacity factors in column 4 and the basis for the column 3 and 5 weightings are presented on the following page.

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS, cont.

		Maximum Day Extra Capacity		
Customer Classification	Average Daily Consumption, Thousand Gal.	Factor*	Rate of Flow, Thousand Gal. Per Day	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	41.0	1.0	41.0	0.7069
Commercial	16.9	0.8	13.5	0.2328
Industrial	0.1	0.5	0.1	0.0017
Other Public Authority	2.0	0.8	1.6	0.0276
Sales for Resale	3.0	0.6	1.8	0.0310
Total	63.0		58.0	1.0000

The weighting of the factors is based on the maximum day ratio of 1.60, based on a review of maximum day ratios experienced during the period 1990 through 2007 (see Schedule D).

	Maximum Day Ratio	Weight
Average Day	1.00	0.6250
Maximum Day Extra Capacity	0.60	0.3750
Total	1.60	1.0000

* Ratio of maximum day to average day minus 1.0.

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

	Average Daily Consumption		Maximum Day Extra Capacity		Fire Protection		
Customer Classification	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2) X 0.5235	(4)	(5)=(4) X 0.3141	(6)	(7)=(6) X 0.1624	(8)=(3)+(5)+(7)
Residential	0.6447	0.3375	0.7069	0.2221			0.5596
Commercial	0.2658	0.1391	0.2328	0.0731			0.2122
Industrial	0.0016	0.0008	0.0017	0.0005			0.0013
Other Public Authority	0.0315	0.0165	0.0276	0.0087			0.0252
Sales for Resale	0.0472	0.0247	0.0310	0.0097			0.0344
Private Fire Protection	0.0005	0.0003			0.0487	0.0079	0.0082
Public Fire Protection	0.0087	0.0046			0.9513	0.1545	0.1591
Total	1.0000	0.5235	1.0000	0.3141	1.0000	0.1624	1.0000

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum day ratio of 1.60 and the average daily system sendout for 2008 of 0.116 MGD. The system demand for fire protection is 300 Gallons per minute for 2 hours.

	Ratio	Rate of Flow, (GPD)	Weight
Average Day	1.00	116,049	0.5235
Maximum Day Extra Capacity	0.60	69,629	0.3141
Subtotal	1.60	185,678	0.8376
Fire Protection		36,000	0.1624
Total		221,678	1.0000

The public and private fire protection allocation factors in column 6 on the previous page are based on the relative potential demands (see Schedule E).

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		
	Thousand Gallons	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3) X 0.1611	(5)	(6)=(5) X 0.2425	(7)	(8)=(7) X 0.5964	(9)=(4)+(6)+(8)
Residential	1.71	0.6477	0.1044	0.7106	0.1723			0.2766
Commercial	0.70	0.2652	0.0427	0.2325	0.0564			0.0992
Industrial	0.00	0.0000	0.0000	0.0000	0.0000			0.0000
Other Public Authority	0.08	0.0303	0.0049	0.0261	0.0063			0.0112
Sales for Resale	0.13	0.0492	0.0079	0.0308	0.0075			0.0154
Private Fire Protection	0.00	0.0000	0.0000			0.0487	0.0290	0.0290
Public Fire Protection	0.02	0.0076	0.0012			0.9513	0.5674	0.5686
Total	2.64	1.0000	0.1611	1.0000	0.2425	1.0000	0.5964	1.0000

The maximum hour extra capacity factors in column 5 are determined on the next page.

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum hour ratio of 2.5 and the average daily system sendout for 2008 of 0.116 MGD. The system demand for fire protection is 300 gallons per minute.

	Ratio	Rate of Flow, (GPM)	Weight
Average Hour	1.00	81	0.1611
Maximum Hour Extra Capacity	1.50	122	0.2425
Subtotal	2.50	203	0.4036
Fire Protection		300	0.5964
Total		503	1.0000

The maximum hour extra capacity factors in column 5 of the previous page are determined as follows:

Customer Classification	Average Hourly Consumption Thousand Gal.	Maximum Hour Extra Capacity Factor*	Maximum Hour Extra Capacity 1,000 Gallons Per Hour	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	1.71	3.5	5.99	0.7106
Commercial	0.70	2.8	1.96	0.2325
Industrial	0.00	1.5	0.00	0.0000
Other Public Authority	0.08	2.8	0.22	0.0261
Sales for Resale	0.13	2.0	0.26	0.0308
Total	2.62		8.43	1.0000

* Ratio of Maximum Hour To Average Hour Minus 1.0.

The public and private fire protection allocation factors in column 7 on the previous page are based on the relative potential demands (see Schedule E).

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES.

Factors are based on the weighting of the average hourly consumption, the maximum hour extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		
	Thousand Gallons	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3) X 0.2560	(5)	(6)=(5) X 0.3840	(7)	(8)=(7) X 0.3600	(9)=(4)+(6)+(8)
Residential	1.7	0.6538	0.1673	0.7106	0.2729			0.4402
Commercial	0.7	0.2692	0.0689	0.2325	0.0893			0.1582
Industrial	0.0	0.0000	0.0000	0.0000	0.0000			0.0000
Other Public Authority	0.1	0.0385	0.0099	0.0261	0.0100			0.0199
Sales for Resale	0.1	0.0385	0.0099	0.0308	0.0118			0.0217
Private Fire Protection	0.0	0.0000	0.0000			0.0487	0.0175	0.0175
Public Fire Protection	0.0	0.0000	0.0000			0.9513	0.3425	0.3425
Total	2.6	1.0000	0.2560	1.0000	0.3840	1.0000	0.3600	1.0000

The weighting of the factors is based on the ratio of the capacity required for a 2 hour demand of fire flow, as related to total storage capacity. The calculation is shown on the following page.

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES, cont.

The weighting of the factors is based on the ratio of the capacity required for a 2 hour demand of fire flow, as related to total storage capacity.

Fire Protection Weight =	300 GPM X 60 Min. X 2 Hrs. / 100,000 Gallons			=	0.3600
General Service Weight =	1.0000	-	0.3600	=	0.6400

The weighting of the average hourly consumption and maximum hour extra demand for general service is based on the maximum hour ratio, as follows:

	Maximum Hour Ratio	Percent	Weight
Average Hour	1.00	40.00	0.2560
Extra Capacity Maximum Hour	1.50	60.00	0.3840
Total	2.50	100.00	0.6400

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH POWER AND PUMPING FACILITIES.

Factors are based on the weighting of the maximum daily consumption, Factor 2, the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

	Maximum Daily Consumption		Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 2	Weighted Factor	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.0000	(4)	(5)=(4)X 1.0000	(6)	(7)=(6)X 0.0000	(8)=(3)+ (5)+(7)
Residential	0.6681	0.0000	0.5596	0.5596	0.2766	0.0000	0.5596
Commercial	0.2534	0.0000	0.2122	0.2122	0.0992	0.0000	0.2122
Industrial	0.0016	0.0000	0.0013	0.0013	0.0000	0.0000	0.0013
Other Public Authority	0.0301	0.0000	0.0252	0.0252	0.0112	0.0000	0.0252
Sales for Resale	0.0411	0.0000	0.0344	0.0344	0.0154	0.0000	0.0344
Private Fire Protection	0.0003	0.0000	0.0082	0.0082	0.0290	0.0000	0.0082
Public Fire Protection	0.0054	0.0000	0.1591	0.1591	0.5686	0.0000	0.1591
Total	1.0000	0.0000	1.0000	1.0000	1.0000	0.0000	1.0000

The weighting of the factors is based on the horsepower of pumps associated with maximum day facilities, maximum day and fire facilities, and maximum hour facilities, as follows:

	Horsepower of Pumps	Weight
Associated with Maximum Day	0	0.0000
Associated with Maximum Day and Fire	110	1.0000
Associated with Maximum Hour	0	0.0000
Total	110	1.0000

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 7. ALLOCATION OF COSTS ASSOCIATED WITH TRANSMISSION AND DISTRIBUTION MAINS.

Factors are based on the weighting of the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

	Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.1295	(4)	(5)=(4)X 0.8705	(6)=(3)+(5)
Residential	0.5596	0.0723	0.2766	0.2408	0.3131
Commercial	0.2122	0.0275	0.0992	0.0864	0.1139
Industrial	0.0013	0.0002	0.0000	0.0000	0.0002
Other Public Authority	0.0252	0.0033	0.0112	0.0097	0.0130
Sales for Resale	0.0344	0.0045	0.0154	0.0134	0.0179
Private Fire Protection	0.0082	0.0011	0.0290	0.0252	0.0263
Public Fire Protection	0.1591	0.0206	0.5686	0.4950	0.5156
Total	1.0000	0.1295	1.0000	0.8705	1.0000

The weighting of the factors is based on the total footage of mains, designated as either transmission mains or distribution mains, as follows:

	Total Footage of Mains	Weight
Transmission Mains	9,795	0.1295
Distribution Mains	65,858	0.8705
Total	75,653	1.0000

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 8. ALLOCATION OF COSTS ASSOCIATED WITH FIRE HYDRANTS.

Costs are assigned directly to Public Fire Protection.

Customer Classification	Allocation Factor
(1)	(3)
Public Fire Protection	1.0000
Total	1.0000

FACTOR 9. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

Factors are based on the relative cost of meters by size and customer classification, as developed on the following page and summarized below.

Customer Classification	5/8" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	371	0.7762
Commercial	86	0.1799
Industrial	3	0.0063
Other Public Authority	11	0.0230
Sales for Resale	7	0.0146
Private Fire	0	0.0000
Total	478	1.0000

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT

BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS

Meter Size	5/8" Dollar Equivalent	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Total	
		Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)
5/8	1.0	358	358	55	55	0	0	7	7	1	1	421	421
3/4	1.3	0	0	0	0	0	0	0	0	0	0	0	0
1	1.7	0	0	8	14	2	3	0	0	1	2	11	19
1-1/2	3.5	0	0	0	0	0	0	0	0	0	0	0	0
2	4.3	3	13	4	17	0	0	1	4	1	4	9	38
3	19.0	0	0	0	0	0	0	0	0	0	0	0	0
4	29.3	0	0	0	0	0	0	0	0	0	0	0	0
6	48.4	0	0	0	0	0	0	0	0	0	0	0	0
8	112.9	0	0	0	0	0	0	0	0	0	0	0	0
Total		361	371	67	86	2	3	8	11	3	7	441	478

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 10. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

Factors are based on the relative cost of services by size and customer classification, as developed on the following page and summarized below.

Customer Classification	3/4" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	364	0.8000
Commercial	72	0.1582
Industrial	2	0.0044
Other Public Authority	9	0.0198
Sales for Resale	4	0.0088
Private Fire Protection	4	0.0088
Total	455	1.0000

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT

BASIS FOR ALLOCATING SERVICE COSTS TO CUSTOMER CLASSIFICATIONS

Service Size	3/4" Dollar Equivalent	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Private Fire Protection		Total	
		Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)=(2)X(11)	(15)	(16)
3/4	1.00	358	358	55	55	0	0	7	7	1	1	0	0	421	421
1	1.17	0	0	8	9	2	2	0	0	1	1	0	0	11	12
1-1/2	1.58	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2	2.04	3	6	4	8	0	0	1	2	1	2	0	0	9	18
3	2.73	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4	2.88	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6	4.24	0	0	0	0	0	0	0	0	0	0	1	4	1	4
8	6.98	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10	9.50	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12	12.16	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total		361	364	67	72	2	2	8	9	3	4	1	4	442	455

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 11. ALLOCATION OF TRANSMISSION AND DISTRIBUTION OPERATION SUPERVISION AND ENGINEERING AND MISCELLANEOUS EXPENSES.

Factors are based on transmission and distribution operation expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Operating Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$ 672	0.3131
Commercial	244	0.1139
Industrial	0	0.0002
Other Public Authority	28	0.0130
Sales for Resale	38	0.0179
Private Fire Protection	56	0.0263
Public Fire Protection	1,107	0.5156
Total	2,146	1.0000

FACTOR 12. ALLOCATION OF TRANSMISSION AND DISTRIBUTION MAINTENANCE SUPERVISION AND ENGINEERING, STRUCTURES AND IMPROVEMENTS, AND OTHER EXPENSES.

Factors are based on transmission and distribution maintenance expenses other than those being allocated, however, due to no expenses in these categories, Factor 7 is used as follows:

Customer Classification	Transmission & Distribution Maintenance Expenses	Factor 7 Allocation Factor
(1)	(2)	(3)
Residential	$ -	0.3131
Commercial	-	0.1139
Industrial	-	0.0002
Other Public Authority	-	0.0130
Sales for Resale	-	0.0179
Private Fire Protection	-	0.0263
Public Fire Protection	-	0.5156
Total	$0	1.0000

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 13. ALLOCATION OF BILLING AND COLLECTING COSTS.

Factors are based on the total number of customers.

Customer Classification	Total Customers	Allocation Factor
(1)	(2)	(3)
Residential	361	0.8112
Commercial	67	0.1506
Industrial	2	0.0045
Other Public Authority	8	0.0180
Sales for Resale	3	0.0067
Private Fire Protection	4	0.0090
Public Fire Protection	0	0.0000
Total	445	1.0000

FACTOR 14. ALLOCATION OF METER READING COSTS.

Factors are based on the number of metered customers.

Customer Classification	Total Metered Customers	Allocation Factor
(1)	(2)	(3)
Residential	361	0.8187
Commercial	67	0.1519
Industrial	2	0.0045
Other Public Authority	8	0.0181
Sales for Resale	3	0.0068
Total	441	1.0000

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 15. ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES

Factors are based on the allocation of all other operation and maintenance expenses excluding purchased water, power, chemicals and waste disposal.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$85,566	0.6040
Commercial	29,933	0.2113
Industrial	236	0.0017
Other Public Authority	3,550	0.0251
Sales for Resale	4,569	0.0323
Private Fire Protection	1,004	0.0071
Public Fire Protection	16,784	0.1185
Total	$141,642	1.0000

FACTOR 15A. ALLOCATION OF CASH WORKING CAPITAL

Factors are based on the allocation of all operation and maintenance expenses including purchased water, power, chemicals and waste disposal.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$229,378	0.6073
Commercial	81,038	0.2145
Industrial	639	0.0017
Other Public Authority	9,621	0.0255
Sales for Resale	12,514	0.0331
Private Fire Protection	2,522	0.0067
Public Fire Protection	42,004	0.1112
Total	$377,717	1.0000

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 16. ALLOCATION OF LABOR RELATED TAXES AND BENEFITS.

Factors are based on the allocation of direct labor expense.

Customer Classification	Direct Labor Expense	Allocation Factor
(1)	(2)	(3)
Residential	$76,537	0.5872
Commercial	28,070	0.2154
Industrial	191	0.0015
Other Public Authority	3,331	0.0256
Sales for Resale	4,444	0.0341
Private Fire Protection	919	0.0070
Public Fire Protection	16,838	0.1292
Total	$130,329	1.0000

FACTOR 17. ALLOCATION OF ORGANIZATION, FRANCHISES AND CONSENTS, MISCELLANEOUS INTANGIBLE PLANT AND OTHER RATE BASE ELEMENTS.

Factors are based on the allocation of the original cost less depreciation other than those items being allocated, as follows:

Customer Classification	Original Cost Less Depreciation	Allocation Factor
(1)	(2)	(3)
Residential	$1,245,583	0.5566
Commercial	400,468	0.1789
Industrial	4,170	0.0019
Other Public Authority	47,897	0.0214
Sales for Resale	56,236	0.0251
Private Fire Protection	22,645	0.0101
Public Fire Protection	461,083	0.2060
Total	$2,238,083	1.0000

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 18. ALLOCATION OF INCOME TAXES AND INCOME AVAILABLE FOR RETURN.

Factors are based on the allocation of the original cost measure of value rate base as shown on the following pages and summarized below.

Customer Classification	Original Cost Measure of Value	Allocation Factor
(1)	(2)	(3)
Residential	$1,196,180	0.5582
Commercial	386,369	0.1803
Industrial	3,967	0.0019
Other Public Authority	46,197	0.0216
Sales for Resale	54,528	0.0254
Private Fire Protection	21,407	0.0100
Public Fire Protection	434,000	0.2026
Total	$2,142,648	1.0000

FACTOR 19. ALLOCATION OF REGULATORY COMMISSION EXPENSES, ASSESSMENTS AND OTHER WATER REVENUES.

The factors are based on the allocation of the total cost of service, excluding those items being allocated.

Customer Classification	Total Cost of Service	Allocation Factor
(1)	(2)	(3)
Residential	$459,758	0.5887
Commercial	156,492	0.2004
Industrial	1,403	0.0018
Other Public Authority	18,652	0.0239
Sales for Resale	23,303	0.0298
Private Fire Protection	6,196	0.0079
Public Fire Protection	115,179	0.1475
Total	$780,982	1.0000

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection Private	Fire Protection Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
RATE BASE									
Organization	17	$ 192	$ 107	$ 34	$ 0	$ 4	$ 5	$ 2	$ 40
Franchises	17	1,092	608	195	2	23	27	11	225
Land & Ld Rights SS	2	11,981	8,004	3,036	19	361	492	4	65
Land & Ld Rights P	6	0	0	0	0	0	0	0	0
Land & Ld Rights WT	2	1,468	981	372	2	44	60	0	8
Land & Ld Rights TD	7	575	180	65	0	7	10	15	296
Land & Land Rights AG	15	0	0	0	0	0	0	0	0
Struct & Imp SS	2	19,307	12,899	4,892	31	581	794	6	104
Struct & Imp P	6	50,271	28,131	10,667	65	1,267	1,729	412	7,998
Struct & Imp Pump Boosters	6	0	0	0	0	0	0	0	0
Struct & Imp WT	2	201,670	134,735	51,103	323	6,070	8,289	61	1,089
Struct & Imp TD	7	20,697	6,480	2,357	4	269	370	544	10,671
Struct & Imp TD Spec Cross	7	0	0	0	0	0	0	0	0
Struct & Imp AG	7	159	50	18	0	2	3	4	82
Struct & Imp Offices	15	94,902	57,321	20,053	161	2,382	3,065	674	11,246
Gen Structures HVAC	15	0	0	0	0	0	0	0	0
Struct & Imp Leasehold	15	0	0	0	0	0	0	0	0
Struct & Imp Leasehold	15	0	0	0	0	0	0	0	0
Struct & Imp Store,Shop,Gar	15	434	262	92	1	11	14	3	51
Struct & Imp Misc	15	16,373	9,889	3,460	28	411	529	116	1,940
Collect & Impounding	1	0	0	0	0	0	0	0	0
Lake, River & Other Intakes	2	0	0	0	0	0	0	0	0
Infiltration Galleries & Tunnels	2	1,736	1,160	440	3	52	71	1	9
Wells & Springs	2	155,033	103,578	39,285	248	4,667	6,372	47	837
Supply Mains	2	46,211	30,874	11,710	74	1,391	1,899	14	250
Power Generation Equip	6	1,250	700	265	2	32	43	10	199
Power Generation Equip Othe	6	0	0	0	0	0	0	0	0
Boiler Plant Equipment P	6	0	0	0	0	0	0	0	0
Pump Equip Steam	6	0	0	0	0	0	0	0	0
Pump Equip Electric	6	68,480	38,322	14,531	89	1,726	2,356	562	10,895
Pump Equip Elec Boosters Po	6	0	0	0	0	0	0	0	0
Pump Equip Diesel	6	0	0	0	0	0	0	0	0
Pump Equip Hydraulic	6	0	0	0	0	0	0	0	0
Pump Equip Other	6	18,319	10,252	3,887	24	462	630	150	2,915
Pump Equip WT	6	0	0	0	0	0	0	0	0
Pump Equip TD	6	0	0	0	0	0	0	0	0
WT Equip Non-Media	2	94,698	63,268	23,996	152	2,850	3,892	28	511
WT Equip Filter Media	2	68,115	45,508	17,260	109	2,050	2,800	20	368
Dist Reservoirs & Standpipe	5	31,432	13,837	4,973	0	626	682	550	10,766
Elevated Tanks & Standpipes	5	20,946	9,220	3,314	0	417	455	367	7,174
Ground Level Facilities	5	0	0	0	0	0	0	0	0
TD Mains Not Classified by	7	129,183	40,447	14,714	26	1,679	2,312	3,398	66,607
TD Mains 4" & Less	4	52,911	14,635	5,249	0	593	815	1,534	30,085
TD Mains 6 to 8"	4	343,036	94,884	34,029	0	3,842	5,283	9,948	195,050

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
TD Mains 10 to 16"	3	145	81	31	0	4	5	1	23
TD Mains 18" & Grtr	3	83	46	18	0	2	3	1	13
Fire Mains	8	0	0	0	0	0	0	0	0
Services	10	291,212	232,969	46,070	1,281	5,766	2,563	2,563	0
Meters Bronze Case	9	54,215	42,082	9,753	342	1,247	792	0	0
Meters Plastic Case	9	0	0	0	0	0	0	0	0
Meters Other	9	3,612	2,804	650	23	83	53	0	0
Meters Other-Rem Rdr Unts	9	10,802	8,385	1,943	68	248	158	0	0
Meter Installations	9	98,636	76,561	17,745	621	2,269	1,440	0	0
Meter Installation Other	9	0	0	0	0	0	0	0	0
Meter Vaults	9	9,151	7,103	1,646	58	210	134	0	0
Hydrants	8	74,905	0	0	0	0	0	0	74,905
Other P/E Intangible	17	3,147	1,752	563	6	67	79	32	648
Other P/E WT Res Hand Equip	2	0	0	0	0	0	0	0	0
Other P/E TD	7	0	0	0	0	0	0	0	0
Other P/E CPS	15	7,288	4,402	1,540	12	183	235	52	864
Office Furniture & Equip	15	2,003	1,210	423	3	50	65	14	237
Comp & Periph Equip	15	8,652	5,226	1,828	15	217	279	61	1,025
Computer Software	15	3,834	2,316	810	7	96	124	27	454
Comp Software Personal	15	44	27	9	0	1	1	0	5
Comp Software Customized	15	7,157	4,323	1,512	12	180	231	51	848
Comp Software Other	15	1,931	1,166	408	3	48	62	14	229
Data Handling Equipment	15	33,445	20,201	7,067	57	839	1,080	237	3,963
Other Office Equipment	15	1,786	1,079	377	3	45	58	13	212
Trans Equip Lt Duty Trks	15	12,664	7,649	2,676	22	318	409	90	1,501
Trans Equip Hvy Duty Trks	15	0	0	0	0	0	0	0	0
Trans Equip Autos	15	12	7	3	0	0	0	0	1
Trans Equip Other	15	(12,484)	(7,540)	(2,638)	(21)	(313)	(403)	(89)	(1,479)
Stores Equipment	15	13,409	8,099	2,833	23	337	433	95	1,589
Tools,Shop,Garage Equip	15	29,243	17,663	6,179	50	734	945	208	3,465
Tools,Shop,Garage Equip Oth	15	0	0	0	0	0	0	0	0
Laboratory Equipment	2	19,824	13,244	5,023	32	597	815	6	107
Laboratory Equip Other	2	0	0	0	0	0	0	0	0
Power Operated Equipment	15	2,635	1,591	557	4	66	85	19	312
Comm Equip Non-Telephone	15	3,331	2,012	704	6	84	108	24	395
Remote Control & Instr	15	8,463	5,112	1,788	14	212	273	60	1,003
Comm Equip Telephone	15	(3,037)	(1,834)	(642)	(5)	(76)	(98)	(22)	(360)
Misc Equipment	15	105,935	63,985	22,384	180	2,659	3,422	752	12,553
Other Tangible Property	17	16,783	9,341	3,002	32	359	421	170	3,457
Total Utility Plant in Service		2,259,297	1,257,391	404,264	4,210	48,351	56,769	22,859	465,453

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Other Rate Base Items									
Add:									
Other Utility Plant Adjustments	17	0	0	0	0	0	0	0	0
Cash Working Capital	15A	56,000	34,009	12,012	95	1,428	1,854	375	6,227
Materials and Supplies	15	1,359	821	287	2	34	44	10	161
Prepayments	15	1,338	808	283	2	34	43	9	159
OPEB's Contributed to External Fund	16	28,201	16,560	6,074	42	722	962	197	3,644
Pension / OPEB Tracker	16	1,584	930	341	2	41	54	11	205
Regulatory Deferrals	17	14,322	7,972	2,562	27	306	359	145	2,950
Less:									
Accumulated Deferred ITC (3%)	17	0	0	0	0	0	0	0	0
Deferred Income Taxes	17	(214,124)	(119,181)	(38,307)	(407)	(4,582)	(5,375)	(2,163)	(44,110)
Pensions	16	(5,329)	(3,129)	(1,148)	(8)	(136)	(182)	(37)	(689)
Total Other Rate Base Elements		(116,649)	(61,211)	(17,895)	(243)	(2,154)	(2,240)	(1,452)	(31,453)
Total Original Cost Measure of Value		$ 2,142,648	$ 1,196,180	$ 386,369	$ 3,967	$ 46,197	$ 54,528	$ 21,407	$ 434,000

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 20. REALLOCATION OF PUBLIC FIRE

Factors are based on the relative cost of meters by size and customer classification.

Customer Classification	5/8" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	371	0.7876
Commercial	86	0.1826
Industrial	3	0.0064
Other Public Authority	11	0.0234
Sales for Resale	0	0.0000
Private Fire	0	0.0000
Total	471	1.0000

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT

SUMMARY OF AVERAGE DAILY SEND OUT AND MAXIMUM DAILY USAGE
FOR THE YEARS 1990-2008

Year	Average Daily Send out (MGD)	Maximum Daily Use		
		MGD	Ratio to Average	Highest Use Day
(1)	(2)	(3)	(4)	(5)
1990	0.179	0.275	1.53	12/28/1990
1991	0.208	0.315	1.51	4/6/1991
1992	0.180	0.266	1.47	8/26/1992
1993	0.154	0.299	1.94	7/29/1993
1994	0.154	0.225	1.46	9/24/1994
1995	0.151	0.204	1.35	7/5/1995
1996	0.151	0.242	1.60	2/7/1996
1997	0.149	0.236	1.58	4/2/1997
1998	0.140	0.200	1.43	5/23/1998
1999	0.145	0.238	1.64	5/27/1999
2000	0.147	0.228	1.55	8/27/2000
2001	0.134	0.207	1.54	11/1/2001
2002	0.135	0.192	1.42	6/13/2002
2003	0.127	0.223	1.76	2/2/2003
2004	0.128	0.203	1.58	2/19/2004
2005	0.144	0.197	1.37	8/30/2005
2006	0.133	0.199	1.50	6/27/2006
2007	0.129	0.240	1.86	7/24/2007
2008	0.116	0.221	1.90	10/22/2008

Schedule E-BRU

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT

BASIS FOR ALLOCATING DEMAND RELATED COSTS OF FIRE SERVICE
TO PRIVATE AND PUBLIC FIRE PROTECTION CUSTOMER CLASSIFICATIONS

Description		Restrictive Diameters Squared	Quantity	Relative Demand*	Allocation Factor
(1)		(2)	(3)	(4)=(2)x(3)	(5)
PRIVATE FIRE PROTECTION					
Fire Lines					
2 -inch		4.00	0.00	0	
3 -inch		9.00	0.00	0	
4 -inch		16.00	0.00	0	
6 -inch		36.00	1.00	36	
8 -inch		64.00	0.00	0	
10 -inch		100.00	0.00	0	
12 -inch		144.00	0.00	0	
Private Hydrants		6.25	3.00	19	
Total Private Fire Protection			4.00	55	0.0487
PUBLIC FIRE PROTECTION					
Hydrant	Nozzle Sizes				
5 1/4" Valve	1-2 1/2" &1- 4 1/2"	26.5	20	530	
4 1/2" Valve	1-2 1/2" &1- 4 1/2"	20.3	17	344	
5 1/2" Valve	1-2 1/2" &1- 4 1/2"	26.5	1	27	
4 1/2" Valve	1-2 1/2"	6.3	12	75	
4 1/4" Valve	1-2 1/2"	6.3	13	81	
4 1/4" Valve	1-2 1/2" &1- 4 1/2"	18.1	1	18	
Total Public Fire Protection			64	1,075	0.9513
Total Fire Protection			68	1,130	1.0000

MISSOURI-AMERICAN WATER COMPANY
BRUNSWICK DISTRICT

CALCULATION OF CUSTOMER CHARGE

(1) Cost Related to Meters	68,124		
(2) Meter Equivalents X 12	5,736		
(3) Cost per Bill - Meter related		$	11.88
(4) Cost Related to Services	22,061		
(5) Service Equivalents X 12	5,460		
(6) Cost per Bill - Services related		$	4.04
(7) Cost Related to Billing and Collecting	24,121		
(8) Number of Customers X 12	5,340		
(9) Cost per Bill - Billing and Collecting		$	4.52
(10) Total Customer Charge (3)+(6)+(9)		$	20.43

JEFFERSON CITY DISTRICT

MISSOURI-AMERICAN WATER COMPANY
JEFFERSON CITY DISTRICT

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES
FOR THE TEST YEAR ENDED JUNE 30, 2009

Customer Classification	Cost of Service Amount (Schedule B)	Cost of Service Percent	Revenues, Present Rates Amount	Revenues, Present Rates Percent	Revenues, Proposed Rates Amount	Revenues, Proposed Rates Percent	Proposed Increase Amount	Proposed Increase Percent Increase
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Residential	$ 3,843,502	57.3%	$ 3,301,906	53.4%	$ 3,731,076	55.6%	$ 429,170	13.0%
Commercial	1,736,050	25.9%	1,653,655	26.9%	1,744,477	26.0%	90,822	5.5%
Industrial	558,482	8.3%	571,210	9.4%	572,798	8.5%	1,588	0.3%
Public Authority	471,577	7.0%	452,549	7.4%	487,168	7.3%	34,619	7.6%
Sales for Resale	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Private Fire Service	102,170	1.5%	175,942	2.9%	175,942	2.6%	-	0.0%
Public Fire Service	-	0.0%	$0	0.0%	-	0.0%	-	0.0%
Total Sales	6,711,781	100.0%	6,155,262	100.0%	6,711,461	100.0%	556,199	9.0%
Other Revenues	47,963		38,121		47,963		9,842	25.8%
Total	$ 6,759,744		$ 6,193,383		$ 6,759,424		$ 566,041	9.1%

JFC-1

TN-CMA-01-Q29-SUPPLEMENTAL ATTACHMENT
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Schedule A-JFC

MISSOURI-AMERICAN WATER COMPANY

JEFFERSON CITY DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
OPERATION AND MAINTENANCE EXPENSES									
SOURCE OF SUPPLY EXPENSES									
Super & Eng Oper SS	2	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Labor & Exp Oper SS - Labor	2	0	0	0	0	0	0	0	0
Labor & Exp Oper SS	2	4,720	2,230	1,487	600	388	0	2	12
Purchased Water	1	8,413	3,665	2,720	1,279	703	0	8	38
TOTAL SS EXPENSE - OPERATION		13,133	5,895	4,207	1,879	1,092	0	10	50
Misc Exp Oper SS	2	0	0	0	0	0	0	0	0
Misc Exp Oper SS	2	0	0	0	0	0	0	0	0
Rents Oper SS	2	0	0	0	0	0	0	0	0
Super & Eng Maint SS - Labor	2	0	0	0	0	0	0	0	0
Struct & Improve Maint SS - Labor	2	0	0	0	0	0	0	0	0
Struct & Improve Maint SS	2	0	0	0	0	0	0	0	0
Collect & Impound Maint SS - Labor	2	0	0	0	0	0	0	0	0
Collect & Impound Maint SS	2	0	0	0	0	0	0	0	0
Lake, River & Oth Maint SS - Labor	2	0	0	0	0	0	0	0	0
Lake, River & Oth Maint SS	2	0	0	0	0	0	0	0	0
Wells & Springs Maint SS - Labor	2	0	0	0	0	0	0	0	0
Wells & Springs Maint SS	2	0	0	0	0	0	0	0	0
Infilt Gall & Tunnels Maint SS - Labor	2	0	0	0	0	0	0	0	0
Infilt Gall & Tunnels Maint SS	2	0	0	0	0	0	0	0	0
Supply Mains Maint SS - Labor	2	0	0	0	0	0	0	0	0
Supply Mains Maint SS	2	0	0	0	0	0	0	0	0
Misc Plant Maint SS - Labor	2	94	44	29	12	8	0	0	0
Misc Plant Maint SS	2	(48)	(23)	(15)	(6)	(4)	0	(0)	(0)
TOTAL SS EXPENSE - MAINTENANCE		46	22	14	6	4	0	0	0
TOTAL SS EXPENSE		13,178	5,917	4,221	1,884	1,096	0	10	50
POWER AND PUMPING EXPENSES									
Super & Eng Oper P - Labor	6	0	0	0	0	0	0	0	0
Fuel for Power Prod	1	0	0	0	0	0	0	0	0
Labor & Exp Oper Pwr Prod - Labor	6	0	0	0	0	0	0	0	0
Labor & Exp Oper Pwr Prod	6	0	0	0	0	0	0	0	0
Purch Fuel/Power for Pump	1	244,797	106,658	79,143	37,209	20,465	0	220	1,102
Labor & Exp Oper Pump - Labor	6	1,091	505	337	136	88	0	4	21
Labor & Exp Oper Pump	6	0	0	0	0	0	0	0	0
Misc Exp Oper P	6	9	4	3	1	1	0	0	0
Rents Oper P	6	0	0	0	0	0	0	0	0
TOTAL PUMPING EXPENSE - OPERATION		245,897	107,167	79,482	37,346	20,554	0	224	1,123

MISSOURI-AMERICAN WATER COMPANY

JEFFERSON CITY DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Super & Eng Maint P	6	0	0	0	0	0	0	0	0
Struct & Improve Maint P - Labor	6	0	0	0	0	0	0	0	0
Struct & Improve Maint P	6	0	0	0	0	0	0	0	0
Power Prod Equip Maint P - Labor	6	0	0	0	0	0	0	0	0
Power Prod Equip Maint P	6	0	0	0	0	0	0	0	0
Pump Equip Maint P - Labor	6	0	0	0	0	0	0	0	0
Pump Equip Maint P	6	0	0	0	0	0	0	0	0
TOTAL PUMPING EXPENSES - MAINTENANCE		0	0	0	0	0	0	0	0
TOTAL PUMPING EXPENSES		245,897	107,167	79,482	37,346	20,554	0	224	1,123
WATER TREATMENT									
Super & Eng Oper WT	2	33,037	15,607	10,410	4,199	2,719	0	17	86
Chemicals	1	305,617	133,157	98,806	46,454	25,550	0	275	1,375
Labor & Exp Oper WT - Labor	2	300,022	141,731	94,537	38,133	24,692	0	150	780
Labor & Exp Oper WT	2	19,883	9,393	6,265	2,527	1,636	0	10	52
Misc Exp Oper WT	2	0	0	0	0	0	0	0	0
Misc Exp Oper WT	1	0	0	0	0	0	0	0	0
Misc Exp Oper WT	2	2,454	1,159	773	312	202	0	1	6
Rents Oper WT	2	0	0	0	0	0	0	0	0
TOTAL WT EXPENSE - OPERATION		661,013	301,046	210,791	91,625	54,799	0	453	2,299
Super & Eng Maint WT	2	76,366	36,075	24,063	9,706	6,285	0	38	199
Struct & Improve Maint WT - Labor	2	0	0	0	0	0	0	0	0
Struct & Improve Maint WT	2	0	0	0	0	0	0	0	0
WT Equip Maint WT	2	0	0	0	0	0	0	0	0
WT Equip Maint WT	2	56,604	26,740	17,836	7,194	4,659	0	28	147
TOTAL WT EXPENSE - MAINTENANCE		132,970	62,815	41,899	16,900	10,943	0	66	346
TOTAL WT EXPENSE		793,983	363,861	252,690	108,525	65,742	0	519	2,645
TRANSMISSION AND DISTRIBUTION EXPENSES									
Super & Eng Oper TD	11	0	0	0	0	0	0	0	0
Storage Facilty Exp - Labor	5	0	0	0	0	0	0	0	0
Storage Facilty Exp	5	0	0	0	0	0	0	0	0
TD Lines Exp - Labor	7	17,251	5,734	3,719	1,370	975	0	890	4,563
TD Lines Exp	7	7,986	2,655	1,722	634	451	0	412	2,112
Meter Expense - Labor	9	3,260	2,279	677	25	280	0	0	0
Meter Expense	9	0	0	0	0	0	0	0	0
Customer Install Exp - Labor	10	2	2	0	0	0	0	0	0
Customer Install Exp	10	0	0	0	0	0	0	0	0
Misc Exp Oper TD - Labor	11	0	0	0	0	0	0	0	0
Misc Exp Oper TD	11	0	0	0	0	0	0	0	0

MISSOURI-AMERICAN WATER COMPANY

JEFFERSON CITY DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Misc Exp Oper TD	11	13,075	4,894	2,807	931	783	0	598	3,062
Rents Oper TD	11	158	59	34	11	9	0	7	37
TOTAL T & D EXPENSE OPERATION		41,732	15,622	8,959	2,971	2,498	0	1,907	9,774
Super & Eng Maint TD	12	35,405	23,244	5,806	786	1,554	0	1,554	2,461
Struct & Improve Maint TD - Labor	12	0	0	0	0	0	0	0	0
Struct & Improve Maint TD	12	0	0	0	0	0	0	0	0
Dist Res Stand Maint TD - Labor	5	0	0	0	0	0	0	0	0
TD Main Maint TD - Labor	7	21,532	7,157	4,642	1,710	1,217	0	1,111	5,695
TD Main Maint TD	7	0	0	0	0	0	0	0	0
Fire Main Maint TD - Labor	8	0	0	0	0	0	0	0	0
Fire Main Maint TD	8	0	0	0	0	0	0	0	0
Services Maint TD - Labor	10	60,707	46,848	8,845	115	2,398	0	2,501	0
Services Maint TD	10	0	0	0	0	0	0	0	0
Meters Maint TD - Labor	9	0	0	0	0	0	0	0	0
Meters Maint TD	9	0	0	0	0	0	0	0	0
Hydrants Maint TD - Labor	8	0	0	0	0	0	0	0	0
Hydrants Maint TD	8	20	0	0	0	0	0	0	20
Labor Maint TD - Labor	12	87,538	57,469	14,356	1,943	3,843	0	3,843	6,084
Mat and Sup Maint TD	12	37,584	24,674	6,164	834	1,650	0	1,650	2,612
Misc Maint TD	12	2,228	1,463	365	49	98	0	98	155
Amort Def Maint TD	5	560	224	144	52	38	0	17	85
Permits TD	12	3,150	2,068	517	70	138	0	138	219
TOTAL T & D EXPENSE - MAINTENANCE		248,725	163,146	40,840	5,560	10,936	0	10,912	17,331
TOTAL T & D EXPENSE		290,458	178,769	49,799	8,531	13,434	0	12,819	27,105
CUSTOMER ACCOUNTS									
Supervision CA	13	0	0	0	0	0	0	0	0
Meter Reading Exp CA - Labor	14	70,557	59,239	9,321	78	1,919	0	0	0
Meter Reading Exp CA	14	0	0	0	0	0	0	0	0
Meter Reading Exp CA	14	0	0	0	0	0	0	0	0
Cust Rec & Collection CA - Labor	13	81,736	67,694	10,650	90	2,191	0	1,112	0
Cust Rec & Collection CA	13	46,527	38,533	6,062	51	1,247	0	633	0
Uncollectible Accts	13	59,768	49,500	7,788	66	1,602	0	813	0
Misc Cust Accts Exp CA - Labor	13	96	79	12	0	3	0	1	0
Misc Cust Accts Exp CA	13	0	0	0	0	0	0	0	0
Misc Cust Accts Exp CA	13	17,410	14,419	2,269	19	467	0	237	0
Cust Serv & Info Exp CA	13	0	0	0	0	0	0	0	0
TOTAL CUSTOMER ACCOUNTING EXPENSE		276,093	229,465	36,102	304	7,428	0	2,795	0

MISSOURI-AMERICAN WATER COMPANY

JEFFERSON CITY DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
ADMINISTRATIVE AND GENERAL EXPENSES									
Salaries AG	15	213,854	129,339	48,716	14,435	12,404	0	3,208	5,753
Other Supplies & Exp AG	15	41	25	9	3	2	0	1	1
Other Supplies & Exp AG	15	76,130	46,043	17,342	5,139	4,416	0	1,142	2,048
Other Supplies & Exp AG	15	61,250	37,044	13,953	4,134	3,553	0	919	1,648
Mgmt Fees-Admin	15	483,579	292,469	110,159	32,642	28,048	0	7,254	13,008
Mgmt Fees-Customer Service	13	160,505	132,930	20,914	177	4,302	0	2,183	0
Mgmt Fees-Belleville Lab	2	19,944	9,422	6,284	2,535	1,641	0	10	52
Mgmt Fees- Employee	16	17,117	10,126	4,031	1,241	1,034	0	246	438
Outside Services AG	15	30,858	18,663	7,029	2,083	1,790	0	463	830
Outside Services AG	15	74,188	44,869	16,900	5,008	4,303	0	1,113	1,996
Ins Gen Liab Oper AG	15	67,966	41,106	15,483	4,588	3,942	0	1,019	1,828
Ins Work Comp AG	16	31,639	18,717	7,451	2,294	1,911	0	456	810
Ins Other Oper AG	15	21,011	12,707	4,786	1,418	1,219	0	315	565
Property Insurance	15	6,553	3,963	1,493	442	380	0	98	176
Injuries & Damages	16	(300)	(177)	(71)	(22)	(18)	0	(4)	(8)
Employee Pension & Benefits	16	268,745	158,990	63,289	19,484	16,232	0	3,870	6,880
Employee Pension & Benefits	16	207,206	122,583	48,797	15,022	12,515	0	2,984	5,304
Employee Pension & Benefits	16	34,130	20,192	8,038	2,474	2,061	0	491	874
Reg Commision Exp	19	13,672	7,172	3,341	1,131	880	0	208	939
Rents AG	15	5,104	3,087	1,163	344	296	0	77	137
Goodwill Advertising Exp	15	2,341	1,416	533	158	136	0	35	63
Misc Exp AG	15	82,333	49,795	18,755	5,557	4,775	0	1,235	2,215
Research & Development	15	0	0	0	0	0	0	0	0
TOTAL A & G OPERATIONS		1,877,866	1,160,481	418,398	120,288	105,821	0	27,322	45,558
General Plant Maint AG	15	992	600	226	67	58	0	15	27
Maint Exp ARO/Net Neg Sal AG	18	0	0	0	0	0	0	0	0
General Plant Maint AG	15	7,647	4,625	1,742	516	444	0	115	206
TOTAL A & G EXPENSE - MAINTENANCE		8,639	5,225	1,968	583	501	0	130	232
TOTAL A & G EXPENSE		1,886,505	1,165,705	420,365	120,871	106,322	0	27,451	45,790
Total Operation & Maintenance Expenses		3,506,114	2,050,884	842,661	277,461	214,575	0	43,819	76,714

MISSOURI-AMERICAN WATER COMPANY

JEFFERSON CITY DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
DEPRECIATION EXPENSE									
Struct & Imp SS	2	1,479	699	466	188	122	0	1	4
Struct & Imp P	6	39,958	18,493	12,335	4,975	3,221	0	152	783
Struct & Imp WT	2	79,806	37,700	25,147	10,143	6,568	0	40	207
Struct & Imp TD	7	4,245	1,411	915	337	240	0	219	1,123
Struct & Imp AG	15	54	33	12	4	3	0	1	1
Struct & Imp Offices	15	6,082	3,678	1,385	411	353	0	91	164
Struct & Imp Store,Shop,Gar	15	0	0	0	0	0	0	0	0
Struct & Imp Misc	15	0	0	0	0	0	0	0	0
Collect & Impounding	1	0	0	0	0	0	0	0	0
Lake, River & Other Intakes	2	20,507	9,688	6,462	2,606	1,688	0	10	53
Wells & Springs	2	0	0	0	0	0	0	0	0
Supply Mains	2	0	0	0	0	0	0	0	0
Power Generation Equip	6	12,958	5,997	4,000	1,613	1,044	0	49	254
Power Generation Equip Othe	6	0	0	0	0	0	0	0	0
Pump Equip Electric	6	35,219	16,299	10,872	4,385	2,839	0	134	690
Pump Equip Diesel	6	0	0	0	0	0	0	0	0
Pump Equip Hydraulic	6	0	0	0	0	0	0	0	0
Pump Equip Other	6	669	310	207	83	54	0	3	13
WT Equip Non-Media	2	82,501	38,973	25,996	10,486	6,790	0	41	215
WT Equip Filter Media	2	4,194	1,981	1,322	533	345	0	2	11
Dist Reservoirs & Standpipe	5	1,116	447	288	103	75	0	33	170
Elevated Tanks & Standpipes	5	25,059	10,031	6,463	2,315	1,691	0	744	3,814
Ground Level Facilities	5	161	64	42	15	11	0	5	25
TD Mains Not Classified by	7	38,283	12,725	8,254	3,040	2,163	0	1,975	10,126
TD Mains 4 & Less "	4	1,026	322	207	74	54	0	60	309
TD Mains 6 to 8" "	4	13,960	4,375	2,819	1,011	738	0	819	4,198
TD Mains 10 to 16" "	3	19,401	8,404	5,609	2,262	1,465	0	272	1,389
TD Mains 18 & Grtr "	3	12	5	4	1	1	0	0	1
TD Mains CI <10 1900-28 (S"	4	166	52	34	12	9	0	10	50
Services	10	15,628	12,060	2,277	30	617	0	644	0
Meters Bronze Case	9	21,976	15,359	4,560	171	1,886	0	0	0
Meters Plastic Case	9	0	0	0	0	0	0	0	0
Meters Other	9	14,600	10,204	3,030	114	1,253	0	0	0
Meters Other-Rem Rdr Unts	9	213	149	44	2	18	0	0	0
Meter Installations	9	7,253	5,069	1,505	57	622	0	0	0
Meter Installation Other	9	0	0	0	0	0	0	0	0
Hydrants	8	20,133	0	0	0	0	0	0	20,133
Other P/E Intangible	17	304	134	75	26	21	0	6	41
Other P/E TD	7	0	0	0	0	0	0	0	0
Other P/E CPS	15	5,682	3,436	1,294	384	330	0	85	153
Office Furniture & Equip	15	3,550	2,147	809	240	206	0	53	95
Comp & Periph Equip	15	63,400	38,344	14,443	4,280	3,677	0	951	1,705
Computer Software	15	37,636	22,762	8,573	2,540	2,183	0	565	1,012

MISSOURI-AMERICAN WATER COMPANY

JEFFERSON CITY DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Comp Software Personal	15	707	428	161	48	41	0	11	19
Data Handling Equipment	15	0	0	0	0	0	0	0	0
Other Office Equipment	15	0	0	0	0	0	0	0	0
Trans Equip Lt Duty Trks	15	2,914	1,762	664	197	169	0	44	78
Trans Equip Hvy Duty Trks	15	0	0	0	0	0	0	0	0
Trans Equip Autos	15	3,805	2,301	867	257	221	0	57	102
Trans Equip Other	15	8	5	2	1	0	0	0	0
Stores Equipment	15	118	71	27	8	7	0	2	3
Tools,Shop,Garage Equip	15	13,125	7,938	2,990	886	761	0	197	353
Tools,Shop,Garage Equip Oth	15	0	0	0	0	0	0	0	0
Laboratory Equipment	2	7,978	3,769	2,514	1,014	657	0	4	21
Laboratory Equip Other	2	792	374	250	101	65	0	0	2
Power Operated Equipment	15	1,873	1,133	427	126	109	0	28	50
Comm Equip Non-Telephone	15	4,195	2,537	956	283	243	0	63	113
Remote Control & Instr	15	796	481	181	54	46	0	12	21
Comm Equip Telephone	15	31	19	7	2	2	0	0	1
Misc Equipment	15	23,704	14,336	5,400	1,600	1,375	0	356	638
Total Depreciation Expense		637,278	316,508	163,891	57,016	43,982	0	7,739	48,142
Amort-Other UP	18	2,362	1,049	584	204	160	0	47	318
Amort-Intangible Fin	2	647	306	204	82	53	0	0	2
Amort-Property Losses	2	0	0	0	0	0	0	0	0
Taxes Other Than Income									
Utility Reg Assessment Fee	19	51,795	27,172	12,659	4,283	3,336	0	787	3,558
Property Taxes	18	341,939	151,855	84,527	29,509	23,183	0	6,805	46,059
FUTA	16	957	566	225	69	58	0	14	24
FICA	16	70,772	41,869	16,667	5,131	4,275	0	1,019	1,812
SUTA	16	2,750	1,627	648	199	166	0	40	70
Other Taxes & Licenses	15	12,142	7,343	2,766	820	704	0	182	327
Gross Receipts Tax	19	0	0	0	0	0	0	0	0
Total Taxes, Other Than Income		480,355	230,432	117,492	40,012	31,722	0	8,846	51,851
Income Taxes	18	614,201	272,767	151,830	53,006	41,643	0	12,223	82,733
Utility Income Available for Return	18	1,518,787	674,493	375,444	131,071	102,974	0	30,224	204,581
Total Cost of Service		6,759,744	3,546,439	1,652,106	558,853	435,109	0	102,899	464,340
Less: Other Water Revenues	19	47,963	25,161	11,722	3,967	3,089	0	729	3,295
Revenue Contribution	19	0	0	0	0	0	0	0	0
Total Other Water Revenues		47,963	25,161	11,722	3,967	3,089	0	729	3,295
Total Cost of Service Related to Sales of Water		$ 6,711,781	$ 3,521,278	$ 1,640,384	$ 554,886	$ 432,020	$ -	$ 102,170	$ 461,045
Reallocation of Public Fire	20	0	322,224	95,667	3,596	39,558	0	0	(461,045)
Total		$ 6,711,781	$ 3,843,502	$ 1,736,050	$ 558,482	$ 471,577	$ -	$ 102,170	$ -

MISSOURI-AMERICAN WATER COMPANY
JEFFERSON CITY DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS

FACTOR 1. ALLOCATION OF COSTS WHICH VARY WITH THE AMOUNT OF WATER CONSUMED.

Factors are based on the pro forma test year average daily consumption for each customer classification.

Customer Classification	Average Daily Consumption, Thousand Gallons	Allocation Factor
(1)	(2)	(3)
Residential	1,427	0.4357
Commercial	1,059	0.3233
Industrial	498	0.1520
Other Public Authority	274	0.0836
Sales for Resale	0	0.0000
Private Fire Protection	3	0.0009
Public Fire Protection	15	0.0045
Total	3,276	1.0000

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the factors for average daily consumption (Factor 1) and the factors derived from maximum day extra capacity demand for each customer classification, as follows:

	Average Daily Consumption		Maximum Day Extra Capacity		
Customer Classification	Allocation Factor 1	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)x 0.5882	(4)	(5)=(4)x 0.4118	(6)=(3)+(5)
Residential	0.4357	0.2563	0.5247	0.2161	0.4724
Commercial	0.3233	0.1902	0.3033	0.1249	0.3151
Industrial	0.1520	0.0894	0.0915	0.0377	0.1271
Other Public Authority	0.0836	0.0492	0.0805	0.0331	0.0823
Sales for Resale	0.0000	0.0000	0.0000	0.0000	0.0000
Private Fire Protection	0.0009	0.0005			0.0005
Public Fire Protection	0.0045	0.0026			0.0026
Total	1.0000	0.5882	1.0000	0.4118	1.0000

The derivation of the maximum day extra capacity factors in column 4 and the basis for the column 3 and 5 weightings are presented on the following page.

MISSOURI-AMERICAN WATER COMPANY
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FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS, cont.

		Maximum Day Extra Capacity		
Customer Classification	Average Daily Consumption, Thousand Gal.	Factor*	Rate of Flow, Thousand Gal. Per Day	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	1,427	1.0	1,427	0.5247
Commercial	1,032	0.8	825	0.3033
Industrial	498	0.5	249	0.0915
Other Public Authority	274	0.8	219	0.0805
Total	3,231		2,720	1.0000

The weighting of the factors is based on the maximum day ratio of 1.70, based on a review of maximum day ratios experienced during the period 1999 through 2007 (see Schedule D).

	Maximum Day Ratio	Weight
Average Day	1.00	0.5882
Maximum Day Extra Capacity	0.70	0.4118
Total	1.70	1.0000

* Ratio of maximum day to average day minus 1.0.

MISSOURI-AMERICAN WATER COMPANY
JEFFERSON CITY DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

	Average Daily Consumption		Maximum Day Extra Capacity		Fire Protection		
Customer Classification	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2) X 0.5396	(4)	(5)=(4) X 0.3777	(6)	(7)=(6) X 0.0827	(8)=(3)+(5)+(7)
Residential	0.4357	0.2351	0.5247	0.1981			0.4332
Commercial	0.3233	0.1745	0.3033	0.1146			0.2891
Industrial	0.1520	0.0820	0.0915	0.0346			0.1166
Other Public Authority	0.0836	0.0451	0.0805	0.0304			0.0755
Sales for Resale	0.0000	0.0000	0.0000	0.0000			0.0000
Private Fire Protection	0.0009	0.0005			0.1634	0.0135	0.0140
Public Fire Protection	0.0045	0.0024			0.8366	0.0692	0.0716
Total	1.0000	0.5396	1.0000	0.3777	1.0000	0.0827	1.0000

MISSOURI-AMERICAN WATER COMPANY
JEFFERSON CITY DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum day ratio of 1.70 and the average daily system sendout for 2008 of 3.52 MGD. The system demand for fire protection is 3,000 Gallons per minute for 3 hours.

	Ratio	Rate of Flow, (GPD)	Weight
Average Day	1.00	3,523,000	0.5396
Maximum Day Extra Capacity	0.70	2,466,100	0.3777
Subtotal	1.70	5,989,100	0.9173
Fire Protection		540,000	0.0827
Total		6,529,100	1.0000

The public and private fire protection allocation factors in column 6 on the previous page are based on the relative potential demands (see Schedule E).

MISSOURI-AMERICAN WATER COMPANY
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FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		Allocation Factor
	Thousand Gallons	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	
(1)	(2)	(3)	(4)=(3) X 0.2919	(5)	(6)=(5) X 0.3502	(7)	(8)=(7) X 0.3579	(9)=(4)+(6)+(8)
Residential	59.5	0.4359	0.1272	0.5317	0.1862			0.3134
Commercial	44.1	0.3231	0.0943	0.3073	0.1076			0.2019
Industrial	20.8	0.1524	0.0445	0.0796	0.0279			0.0724
Other Public Authority	11.4	0.0835	0.0244	0.0814	0.0285			0.0529
Sales for Resale	0.0	0.0000	0.0000	0.0000	0.0000			0.0000
Private Fire Protection	0.1	0.0007	0.0002			0.1634	0.0585	0.0587
Public Fire Protection	0.6	0.0044	0.0013			0.8366	0.2994	0.3007
Total	136.5	1.0000	0.2919	1.0000	0.3502	1.0000	0.3579	1.0000

The maximum hour extra capacity factors in column 5 are determined on the next page.

MISSOURI-AMERICAN WATER COMPANY
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FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum hour ratio of 2.20 and the average daily system sendout for 2008 of 3.52 MGD. The system demand for fire protection is 3,000 gallons per minute.

	Ratio	Rate of Flow, (GPM)	Weight
Average Hour	1.00	2,447	0.2919
Maximum Hour Extra Capacity	1.20	2,936	0.3502
Subtotal	2.20	5,383	0.6421
Fire Protection		3,000	0.3579
Total		8,383	1.0000

The maximum hour extra capacity factors in column 5 of the previous page are determined as follows:

Customer Classification	Average Hourly Consumption Thousand Gal.	Maximum Hour Extra Capacity		
		Factor*	1,000 Gallons Per Hour	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	59.5	3.5	208.3	0.5317
Commercial	43.0	2.8	120.4	0.3073
Industrial	20.8	1.5	31.2	0.0796
Other Public Authority	11.4	2.8	31.9	0.0814
Sales for Resale	0.0	2.0	0.0	0.0000
Total	134.7		391.8	1.0000

* Ratio of Maximum Hour To Average Hour Minus 1.0.

The public and private fire protection allocation factors in column 7 on the previous page are based on the relative potential demands (see Schedule E).

MISSOURI-AMERICAN WATER COMPANY
JEFFERSON CITY DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES.

Factors are based on the weighting of the average hourly consumption, the maximum hour extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		Allocation Factor
	Thousand Gallons	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	
(1)	(2)	(3)	(4)=(3) X 0.3727	(5)	(6)=(5) X 0.4473	(7)	(8)=(7) X 0.1800	(9)=(4)+(6)+(8)
Residential	59.5	0.4359	0.1625	0.5317	0.2378			0.4003
Commercial	44.1	0.3231	0.1204	0.3073	0.1375			0.2579
Industrial	20.8	0.1524	0.0568	0.0796	0.0356			0.0924
Other Public Authority	11.4	0.0835	0.0311	0.0814	0.0364			0.0675
Sales for Resale	0.0	0.0000	0.0000	0.0000	0.0000			0.0000
Private Fire Protection	0.1	0.0007	0.0003			0.1634	0.0294	0.0297
Public Fire Protection	0.6	0.0044	0.0016			0.8366	0.1506	0.1522
Total	136.5	1.0000	0.3727	1.0000	0.4473	1.0000	0.1800	1.0000

The weighting of the factors is based on the ratio of the capacity required for a 3 hour demand of fire flow, as related to total storage capacity. The calculation is shown on the following page.

MISSOURI-AMERICAN WATER COMPANY
JEFFERSON CITY DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES, cont.

The weighting of the factors is based on the ratio of the capacity required for a 3 hour demand of fire flow, as related to total storage capacity.

Fire Protection Weight = $\frac{\text{3,000 GPM X 60 Min. X 3 Hrs.}}{\text{3,000,000 Gallons}}$ = 0.1800

General Service Weight = 1.0000 - 0.1800 = 0.8200

The weighting of the average hourly consumption and maximum hour extra demand for general service is based on the maximum hour ratio, as follows:

	Maximum Hour Ratio	Percent	Weight
Average Hour	1.00	45.45	0.3727
Extra Capacity Maximum Hour	1.20	54.55	0.4473
Total	2.20	100.00	0.8200

MISSOURI-AMERICAN WATER COMPANY
JEFFERSON CITY DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH POWER AND PUMPING FACILITIES.

Factors are based on the weighting of the maximum daily consumption, Factor 2, the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

Customer Classification	Maximum Daily Consumption Allocation Factor 2	Maximum Daily Consumption Weighted Factor	Maximum Daily Consumption w/ Fire Allocation Factor 3	Maximum Daily Consumption w/ Fire Weighted Factor	Maximum Hourly Consumption Allocation Factor 4	Maximum Hourly Consumption Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.7545	(4)	(5)=(4)X 0.2455	(6)	(7)=(6)X 0.0000	(8)=(3)+ (5)+(7)
Residential	0.4724	0.3564	0.4332	0.1064	0.3134	0.0000	0.4628
Commercial	0.3151	0.2377	0.2891	0.0710	0.2019	0.0000	0.3087
Industrial	0.1271	0.0959	0.1166	0.0286	0.0724	0.0000	0.1245
Other Public Authority	0.0823	0.0621	0.0755	0.0185	0.0529	0.0000	0.0806
Sales for Resale	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Private Fire Protection	0.0005	0.0004	0.0140	0.0034	0.0587	0.0000	0.0038
Public Fire Protection	0.0026	0.0020	0.0716	0.0176	0.3007	0.0000	0.0196
Total	1.0000	0.7545	1.0000	0.2455	1.0000	0.0000	1.0000

The weighting of the factors is based on the horsepower of pumps associated with maximum day facilities, maximum day and fire facilities, and maximum hour facilities, as follows:

	Horsepower of Pumps	Weight
Associated with Maximum Day	1,160	0.7545
Associated with Maximum Day and Fire	378	0.2455
Associated with Maximum Hour	0	0.0000
Total	1,538	1.0000

MISSOURI-AMERICAN WATER COMPANY
JEFFERSON CITY DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 7. ALLOCATION OF COSTS ASSOCIATED WITH TRANSMISSION AND DISTRIBUTION MAINS.

Factors are based on the weighting of the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

	Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.1578	(4)	(5)=(4)X 0.8422	(6)=(3)+(5)
Residential	0.4332	0.0684	0.3134	0.2640	0.3324
Commercial	0.2891	0.0456	0.2019	0.1700	0.2156
Industrial	0.1166	0.0184	0.0724	0.0610	0.0794
Other Public Authority	0.0755	0.0119	0.0529	0.0446	0.0565
Sales for Resale	0.0000	0.0000	0.0000	0.0000	0.0000
Private Fire Protection	0.0140	0.0022	0.0587	0.0494	0.0516
Public Fire Protection	0.0716	0.0113	0.3007	0.2532	0.2645
Total	1.0000	0.1578	1.0000	0.8422	1.0000

The weighting of the factors is based on the total footage of mains, designated as either transmission mains or distribution mains, as follows:

	Total Footage of Mains	Weight
Transmission Mains	123,963	0.1578
Distribution Mains	661,444	0.8422
Total	785,407	1.0000

MISSOURI-AMERICAN WATER COMPANY
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FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 8. ALLOCATION OF COSTS ASSOCIATED WITH FIRE HYDRANTS.

Costs are assigned directly to Public Fire Protection.

Customer Classification	Allocation Factor
(1)	(3)
Public Fire Protection	1.0000
Total	1.0000

FACTOR 9. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

Factors are based on the relative cost of meters by size and customer classification, as developed on the following page and summarized below.

Customer Classification	5/8" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	9,074	0.6989
Commercial	2,694	0.2075
Industrial	101	0.0078
Other Public Authority	1,114	0.0858
Sales for Resale	0	0.0000
Total	12,983	1.0000

MISSOURI-AMERICAN WATER COMPANY
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BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS

Meter Size	5/8" Dollar Equivalent	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Total	
		Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)
5/8	1.0	8,812	8,812	874	874	3	3	60	60	0	0	9,749	9,749
3/4	1.3	0	0	0	0	0	0	0	0	0	0	0	0
1	1.7	137	233	285	485	2	3	76	129	0	0	500	850
1-1/2	3.5	2	7	71	249	0	0	30	105	0	0	103	361
2	4.3	5	22	163	701	4	17	108	464	0	0	280	1,204
3	19.0	0	0	10	190	1	19	11	209	0	0	22	418
4	29.3	0	0	5	147	2	59	5	147	0	0	12	353
6	48.4	0	0	1	48	0	0	0	0	0	0	1	48
8	112.9	0	0	0	0	0	0	0	0	0	0	0	0
Total		8,956	9,074	1,409	2,694	12	101	290	1,114	0	0	10,667	12,983

MISSOURI-AMERICAN WATER COMPANY
JEFFERSON CITY DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 10. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

Factors are based on the relative cost of services by size and customer classification, as developed on the following page and summarized below.

Customer Classification	3/4" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	8,985	0.7717
Commercial	1,697	0.1457
Industrial	22	0.0019
Other Public Authority	460	0.0395
Sales for Resale	0	0.0000
Private Fire Protection	480	0.0412
Total	11,644	1.0000

MISSOURI-AMERICAN WATER COMPANY
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BASIS FOR ALLOCATING SERVICE COSTS TO CUSTOMER CLASSIFICATIONS

Service Size	3/4" Dollar Equivalent	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Private Fire Protection		Total	
		Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)=(2)X(11)	(15)	(16)
3/4	1.00	8,812	8,812	874	874	3	3	60	60	0	0	0	0	9,749	9,749
1	1.17	137	160	285	333	2	2	76	89	0	0	0	0	500	584
1-1/2	1.58	2	3	71	112	0	0	30	47	0	0	0	0	103	162
2	2.04	5	10	163	333	4	8	108	220	0	0	8	16	288	587
3	2.73	0	0	10	27	1	3	11	30	0	0	1	3	23	63
4	2.88	0	0	5	14	2	6	5	14	0	0	26	75	38	109
6	4.24	0	0	1	4	0	0	0	0	0	0	49	208	50	212
8	6.98	0	0	0	0	0	0	0	0	0	0	20	140	20	140
10	9.50	0	0	0	0	0	0	0	0	0	0	4	38	4	38
12	12.16	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total		8,956	8,985	1,409	1,697	12	22	290	460	0	0	108	480	10,775	11,644

MISSOURI-AMERICAN WATER COMPANY
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FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 11. ALLOCATION OF TRANSMISSION AND DISTRIBUTION OPERATION SUPERVISION AND ENGINEERING AND MISCELLANEOUS EXPENSES.

Factors are based on transmission and distribution operation expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Operating Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$ 10,669	0.3743
Commercial	6,118	0.2147
Industrial	2,029	0.0712
Other Public Authority	1,706	0.0599
Sales for Resale	-	0.0000
Private Fire Protection	1,302	0.0457
Public Fire Protection	6,675	0.2342
Total	28,500	1.0000

FACTOR 12. ALLOCATION OF TRANSMISSION AND DISTRIBUTION MAINTENANCE SUPERVISION AND ENGINEERING, STRUCTURES AND IMPROVEMENTS, AND OTHER EXPENSES.

Factors are based on transmission and distribution maintenance expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$ 54,005	0.6565
Commercial	13,487	0.1640
Industrial	1,825	0.0222
Other Public Authority	3,615	0.0439
Sales for Resale	-	0.0000
Private Fire Protection	3,612	0.0439
Public Fire Protection	5,715	0.0695
Total	$82,259	1.0000

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FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 13. ALLOCATION OF BILLING AND COLLECTING COSTS.

Factors are based on the total number of customers.

Customer Classification	Total Customers	Allocation Factor
(1)	(2)	(3)
Residential	8,956	0.8282
Commercial	1,409	0.1303
Industrial	12	0.0011
Other Public Authority	290	0.0268
Sales for Resale	0	0.0000
Private Fire Protection	147	0.0136
Public Fire Protection	0	0.0000
Total	10,814	1.0000

FACTOR 14. ALLOCATION OF METER READING COSTS.

Factors are based on the number of metered customers.

Customer Classification	Total Metered Customers	Allocation Factor
(1)	(2)	(3)
Residential	8,956	0.8396
Commercial	1,409	0.1321
Industrial	12	0.0011
Other Public Authority	290	0.0272
Sales for Resale	0	0.0000
Total	10,667	1.0000

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FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 15. ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES

Factors are based on the allocation of all other operation and maintenance expenses excluding purchased water, power, chemicals and waste disposal.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$641,698	0.6048
Commercial	241,627	0.2278
Industrial	71,649	0.0675
Other Public Authority	61,535	0.0580
Sales for Resale	0	0.0000
Private Fire Protection	15,865	0.0150
Public Fire Protection	28,409	0.0269
Total	$1,060,783	1.0000

FACTOR 15A. ALLOCATION OF CASH WORKING CAPITAL

Factors are based on the allocation of operation and maintenance expenses including purchased water, power, chemicals and waste disposal.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$2,050,884	0.5849
Commercial	842,661	0.2403
Industrial	277,461	0.0791
Other Public Authority	214,575	0.0612
Sales for Resale	0	0.0000
Private Fire Protection	43,819	0.0125
Public Fire Protection	76,714	0.0219
Total	$3,506,114	0.9999

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FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 16. ALLOCATION OF LABOR RELATED TAXES AND BENEFITS.

Factors are based on the allocation of direct labor expense.

Customer Classification	Direct Labor Expense	Allocation Factor
(1)	(2)	(3)
Residential	$593,646	0.5916
Commercial	236,348	0.2355
Industrial	72,805	0.0725
Other Public Authority	60,631	0.0604
Sales for Resale	0	0.0000
Private Fire Protection	14,444	0.0144
Public Fire Protection	25,668	0.0256
Total	$1,003,542	1.0000

FACTOR 17. ALLOCATION OF ORGANIZATION, FRANCHISES AND CONSENTS, MISCELLANEOUS INTANGIBLE PLANT AND OTHER RATE BASE ELEMENTS.

Factors are based on the allocation of the original cost less depreciation other than those items being allocated, as follows:

Customer Classification	Original Cost Less Depreciation	Allocation Factor
(1)	(2)	(3)
Residential	$8,285,221	0.4422
Commercial	4,635,654	0.2474
Industrial	1,620,624	0.0865
Other Public Authority	1,271,907	0.0679
Sales for Resale	0	0.0000
Private Fire Protection	373,413	0.0199
Public Fire Protection	2,551,075	0.1361
Total	$18,737,894	1.0000

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FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 18. ALLOCATION OF INCOME TAXES AND INCOME AVAILABLE FOR RETURN.

Factors are based on the allocation of the original cost measure of value rate base as shown on the following pages and summarized below.

Customer Classification	Original Cost Measure of Value	Allocation Factor
(1)	(2)	(3)
Residential	$7,571,157	0.4441
Commercial	4,213,657	0.2472
Industrial	1,471,133	0.0863
Other Public Authority	1,155,047	0.0678
Sales for Resale	0	0.0000
Private Fire Protection	338,412	0.0199
Public Fire Protection	2,296,453	0.1347
Total	$17,045,858	1.0000

FACTOR 19. ALLOCATION OF REGULATORY COMMISSION EXPENSES, ASSESSMENTS AND OTHER WATER REVENUES.

The factors are based on the allocation of the total cost of service, excluding those items being allocated.

Customer Classification	Total Cost of Service	Allocation Factor
(1)	(2)	(3)
Residential	$3,512,095	0.5246
Commercial	1,636,106	0.2444
Industrial	553,438	0.0827
Other Public Authority	430,893	0.0644
Sales for Resale	0	0.0000
Private Fire Protection	101,904	0.0152
Public Fire Protection	459,842	0.0687
Total	$6,694,278	1.0000

MISSOURI-AMERICAN WATER COMPANY

JEFFERSON CITY DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
RATE BASE									
Organization	17	$ 5,368	$ 2,374	$ 1,328	$ 464	$ 364	$ -	$ 107	$ 731
Franchises	17	0	0	0	0	0	0	0	0
Land & Ld Rights SS	2	0	0	0	0	0	0	0	0
Land & Ld Rights P	6	944	437	291	118	76	0	4	19
Land & Ld Rights WT	2	70,255	33,188	22,137	8,929	5,782	0	35	183
Land & Ld Rights TD	7	100,364	33,361	21,638	7,969	5,671	0	5,179	26,546
Land & Land Rights AG	15	7,181	4,343	1,636	485	417	0	108	193
Struct & Imp SS	2	57,825	27,317	18,221	7,350	4,759	0	29	150
Struct & Imp P	6	515,092	238,385	159,009	64,129	41,516	0	1,957	10,096
Struct & Imp Pump Boosters	6	0	0	0	0	0	0	0	0
Struct & Imp WT	2	1,923,118	908,481	605,974	244,428	158,273	0	962	5,000
Struct & Imp TD	7	180,547	60,014	38,926	14,335	10,201	0	9,316	47,755
Struct & Imp TD Spec Cross	7	0	0	0	0	0	0	0	0
Struct & Imp AG	7	2,263	752	488	180	128	0	117	599
Struct & Imp Offices	15	141,414	85,527	32,214	9,545	8,202	0	2,121	3,804
Gen Structures HVAC	15	0	0	0	0	0	0	0	0
Struct & Imp Leasehold	15	11	7	3	1	1	0	0	0
Struct & Imp Leasehold	15	0	0	0	0	0	0	0	0
Struct & Imp Store,Shop,Gar	15	0	0	0	0	0	0	0	0
Struct & Imp Misc	15	0	0	0	0	0	0	0	0
Collect & Impounding	1	0	0	0	0	0	0	0	0
Lake, River & Other Intakes	2	317,022	149,761	99,894	40,293	26,091	0	159	824
Wells & Springs	2	0	0	0	0	0	0	0	0
Supply Mains	2	0	0	0	0	0	0	0	0
Power Generation Equip	6	619,203	286,567	191,148	77,091	49,908	0	2,353	12,136
Power Generation Equip Othe	6	0	0	0	0	0	0	0	0
Boiler Plant Equipment P	6	0	0	0	0	0	0	0	0
Pump Equip Steam	6	0	0	0	0	0	0	0	0
Pump Equip Electric	6	1,133,995	524,813	350,064	141,182	91,400	0	4,309	22,226
Pump Equip Elec Boosters Po	6	0	0	0	0	0	0	0	0
Pump Equip Diesel	6	0	0	0	0	0	0	0	0
Pump Equip Hydraulic	6	30,608	14,165	9,449	3,811	2,467	0	116	600
Pump Equip Other	6	31,450	14,555	9,709	3,916	2,535	0	120	616
Pump Equip WT	6	0	0	0	0	0	0	0	0
Pump Equip TD	6	0	0	0	0	0	0	0	0
WT Equip Non-Media	2	1,592,522	752,307	501,804	202,409	131,065	0	796	4,141
WT Equip Filter Media	2	144,672	68,343	45,586	18,388	11,906	0	72	376
Dist Reservoirs & Standpipe	5	41,601	16,653	10,729	3,844	2,808	0	1,236	6,332
Elevated Tanks & Standpipes	5	873,088	349,497	225,170	80,673	58,933	0	25,931	132,884
Ground Level Facilities	5	4,376	1,752	1,129	404	295	0	130	666
TD Mains Not Classified by	7	3,169,368	1,053,498	683,316	251,648	179,069	0	163,539	838,298
TD Mains 4" & Less	4	101,941	31,948	20,582	7,381	5,393	0	5,984	30,654
TD Mains 6 to 8"	4	1,484,131	465,127	299,646	107,451	78,511	0	87,119	446,278
TD Mains 10 to 16"	3	2,056,740	890,980	594,604	239,816	155,284	0	28,794	147,263
TD Mains 18" & Grtr	3	1,326	575	383	155	100	0	19	95

MISSOURI-AMERICAN WATER COMPANY

JEFFERSON CITY DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
TD Mains CI <10 1900-28 (S"	4	0	0	0	0	0	0	0	0
TD Mains CI <10 1929-56 (S"	4	0	0	0	0	0	0	0	0
TD Mains CI <10 1957-93 (S"	4	17,963	5,630	3,627	1,301	950	0	1,054	5,401
Fire Mains	8	0	0	0	0	0	0	0	0
Services	10	435,074	335,746	63,390	827	17,185	0	17,925	0
Meters Bronze Case	9	1,008,419	704,784	209,247	7,866	86,522	0	0	0
Meters Plastic Case	9	(9,838)	(6,876)	(2,041)	(77)	(844)	0	0	0
Meters Other	9	614,026	429,142	127,410	4,789	52,683	0	0	0
Meters Other-Rem Rdr Unts	9	9,421	6,584	1,955	73	808	0	0	0
Meter Installations	9	313,128	218,845	64,974	2,442	26,866	0	0	0
Meter Installation Other	9	0	0	0	0	0	0	0	0
Meter Vaults	9	0	0	0	0	0	0	0	0
Hydrants	8	782,893	0	0	0	0	0	0	782,893
Other P/E Intangible	17	22,227	9,829	5,499	1,923	1,509	0	442	3,025
Other P/E WT Res Hand Equip	2	0	0	0	0	0	0	0	0
Other P/E TD	7	0	0	0	0	0	0	0	0
Other P/E CPS	15	208,052	125,830	47,394	14,044	12,067	0	3,121	5,597
Office Furniture & Equip	15	(16,969)	(10,263)	(3,866)	(1,145)	(984)	0	(255)	(456)
Comp & Periph Equip	15	339,801	205,512	77,407	22,937	19,708	0	5,097	9,141
Computer Software	15	22,566	13,648	5,141	1,523	1,309	0	338	607
Comp Software Personal	15	1,039	628	237	70	60	0	16	28
Comp Software Other	15	0	0	0	0	0	0	0	0
Data Handling Equipment	15	0	0	0	0	0	0	0	0
Other Office Equipment	15	103	62	23	7	6	0	2	3
Trans Equip Lt Duty Trks	15	4,926	2,979	1,122	332	286	0	74	133
Trans Equip Hvy Duty Trks	15	26,918	16,280	6,132	1,817	1,561	0	404	724
Trans Equip Autos	15	24,459	14,793	5,572	1,651	1,419	0	367	658
Trans Equip Other	15	1,320	798	301	89	77	0	20	35
Stores Equipment	15	2,303	1,393	525	155	134	0	35	62
Tools,Shop,Garage Equip	15	93,373	56,472	21,270	6,303	5,416	0	1,401	2,512
Tools,Shop,Garage Equip Oth	15	0	0	0	0	0	0	0	0
Laboratory Equipment	2	33,594	15,870	10,585	4,270	2,765	0	17	87
Laboratory Equip Other	2	4,735	2,237	1,492	602	390	0	2	12
Power Operated Equipment	15	(26,216)	(15,856)	(5,972)	(1,770)	(1,521)	0	(393)	(705)
Comm Equip Non-Telephone	15	12,426	7,515	2,831	839	721	0	186	334
Remote Control & Instr	15	11,574	7,000	2,637	781	671	0	174	311
Comm Equip Telephone	15	342	207	78	23	20	0	5	9
Misc Equipment	15	221,409	133,908	50,437	14,945	12,842	0	3,321	5,956
Other Tangible Property	17	0	0	0	0	0	0	0	0
Total Utility Plant in Service		18,765,489	8,297,423	4,642,481	1,623,011	1,273,780	0	373,963	2,554,831

MISSOURI-AMERICAN WATER COMPANY

JEFFERSON CITY DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Other Rate Base Items									
Add:									
Other Utility Plant Adjustments	17	0	0	0	0	0	0	0	0
Cash Working Capital	15A	126,000	73,697	30,278	9,967	7,711	0	1,575	2,759
Materials and Supplies	15	149,711	90,545	34,104	10,105	8,683	0	2,246	4,027
Prepayments	15	31,976	19,339	7,284	2,158	1,855	0	480	860
OPEB's Contributed to External Fund	16	0	0	0	0	0	0	0	0
Pension / OPEB Tracker	16	37,859	22,397	8,916	2,745	2,287	0	545	969
Regulatory Deferrals	17	107,415	47,499	26,574	9,291	7,293	0	2,138	14,619
Less:									
Accumulated Deferred ITC (3%)	17	0	0	0	0	0	0	0	0
Deferred Income Taxes	17	(2,045,205)	(904,390)	(505,984)	(176,910)	(138,869)	0	(40,700)	(278,352)
Pensions	16	(127,374)	(75,354)	(29,997)	(9,235)	(7,693)	0	(1,834)	(3,261)
Total Other Rate Base Elements		(1,719,618)	(726,266)	(428,824)	(151,878)	(118,734)	0	(35,551)	(258,378)
Total Original Cost Measure of Value		$ 17,045,871	$ 7,571,157	$ 4,213,657	$1,471,133	$ 1,155,047	$ -	$ 338,412	$ 2,296,453

MISSOURI-AMERICAN WATER COMPANY
JEFFERSON CITY DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 20. REALLOCATION OF PUBLIC FIRE

Factors are based on the relative cost of meters by size and customer classification.

Customer Classification	5/8" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	9,074	0.6989
Commercial	2,694	0.2075
Industrial	101	0.0078
Other Public Authority	1,114	0.0858
Sales for Resale	0	0.0000
Private Fire	0	0.0000
Total	12,983	1.0000

MISSOURI-AMERICAN WATER COMPANY
JEFFERSON CITY DISTRICT

SUMMARY OF AVERAGE DAILY SEND OUT AND MAXIMUM DAILY USAGE
FOR THE YEARS 1999-2008

Year	Average Daily Send out (MGD)	Maximum Daily Use		
		MGD	Ratio to Average	Highest Use Day
(1)	(2)	(3)	(4)	(5)
1999	3.810	6.500	1.71	7/22/1999
2000	4.101	5.690	1.39	7/11/2000
2001	3.739	5.240	1.40	8/21/2001
2002	3.861	5.980	1.55	8/5/2002
2003	4.171	6.990	1.68	8/17/2003
2004	4.042	5.760	1.42	7/22/2004
2005	4.270	6.348	1.49	8/2/2005
2006	4.040	6.830	1.69	8/1/2006
2007	3.840	6.260	1.63	8/9/2007
2008	3.523	5.199	1.48	7/21/2008

MISSOURI-AMERICAN WATER COMPANY
JEFFERSON CITY DISTRICT

BASIS FOR ALLOCATING DEMAND RELATED COSTS OF FIRE SERVICE TO PRIVATE AND PUBLIC FIRE PROTECTION CUSTOMER CLASSIFICATIONS

Description		Restrictive Diameters Squared	Quantity	Relative Demand*	Allocation Factor
(1)		(2)	(3)	(4)=(2)x(3)	(5)
PRIVATE FIRE PROTECTION					
Fire Lines					
2 -inch		4.00	8	32	
3 -inch		9.00	1	9	
4 -inch		16.00	26	416	
6 -inch		36.00	49	1,764	
8 -inch		64.00	20	1,280	
10 -inch		100.00	4	400	
12 -inch		144.00	0	0	
Private Hydrants		26.50	39	1,028	
Total Private Fire Protection			146.8	4,929	0.1634
PUBLIC FIRE PROTECTION					
Hydrant	Nozzle Sizes				
5 1/4" Valve	2- 2-1/2" & 1- 4.5"	26.50	947	25,096	
4 1/2" Valve	1- 2-1/2"	12.50	11	138	
Total Public Fire Prorection			958	25,234	0.8366
Total Fire Protection			1,105	30,163	1.0000

MISSOURI-AMERICAN WATER COMPANY
JEFFERSON CITY DISTRICT

CALCULATION OF CUSTOMER CHARGE

(1) Cost Related to Meters	772,701		
(2) Meter Equivalents X 12	155,796		
(3) Cost per Bill - Meter related		$	4.96
(4) Cost Related to Services	605,843		
(5) Service Equivalents X 12	139,728		
(6) Cost per Bill - Services related		$	4.34
(7) Cost Related to Billing and Collecting	947,426		
(8) Number of Customers X 12	129,766		
(9) Cost per Bill - Billing and Collecting		$	7.30
(10) Total Customer Charge (3)+(6)+(9)		$	16.60

JOPLIN DISTRICT

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES
FOR THE TEST YEAR ENDED JUNE 30, 2009

Customer Classification	Cost of Service		Revenues, Present Rates		Revenues, Proposed Rates		Proposed Increase	
	Amount (Schedule B)	Percent	Amount	Percent	Amount	Percent	Amount	Percent Increase
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Residential	$ 10,076,810	49.0%	$ 8,630,893	50.0%	$ 10,078,729	49.0%	$ 1,447,836	16.8%
Commercial	4,610,574	22.4%	3,544,191	20.6%	4,587,377	22.4%	1,043,186	29.4%
Industrial	3,983,299	19.4%	3,562,229	20.7%	4,039,451	19.6%	477,222	13.4%
Public Authority	623,857	3.0%	463,048	2.7%	613,484	3.0%	150,436	32.5%
Sales for Resale	941,811	4.6%	568,524	3.3%	769,571	3.7%	201,047	35.4%
Private Fire Service	326,827	1.6%	474,134	2.7%	474,134	2.3%	-	0.0%
Public Fire Service	-	0.0%	$0	0.0%	-	0.0%	-	-
Total Sales	20,563,178	100.0%	17,243,019	100.0%	20,562,746	100.0%	3,319,727	19.3%
Other Revenues	285,215		228,891		285,215		56,324	24.6%
Total	$ 20,848,393		$17,471,909		$ 20,847,961		$ 3,376,052	19.3%

JOP-1

TN-CMA-01-Q29-SUPPLEMENTAL ATTACHMENT
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Schedule A -JOP

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection Private	Fire Protection Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
OPERATION AND MAINTENANCE EXPENSES									
SOURCE OF SUPPLY EXPENSES									
Super & Eng Oper SS	2	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Labor & Exp Oper SS - Labor	2	0	0	0	0	0	0	0	0
Labor & Exp Oper SS	2	54,112	20,243	13,447	14,697	1,818	3,734	60	114
Purchased Water	1	0	0	0	0	0	0	0	0
TOTAL SS EXPENSE - OPERATION		54,112	20,243	13,447	14,697	1,818	3,734	60	114
Misc Exp Oper SS	2	345,473	129,241	85,850	93,830	11,608	23,838	380	725
Misc Exp Oper SS	2	21	8	5	6	1	1	0	0
Rents Oper SS	2	0	0	0	0	0	0	0	0
Super & Eng Maint SS	2	0	0	0	0	0	0	0	0
Struct & Improve Maint SS - Labor	2	0	0	0	0	0	0	0	0
Struct & Improve Maint SS	2	0	0	0	0	0	0	0	0
Collect & Impound Maint SS - Labor	2	0	0	0	0	0	0	0	0
Collect & Impound Maint SS	2	0	0	0	0	0	0	0	0
Lake, River & Oth Maint SS - Labor	2	0	0	0	0	0	0	0	0
Lake, River & Oth Maint SS	2	0	0	0	0	0	0	0	0
Wells & Springs Maint SS - Labor	2	0	0	0	0	0	0	0	0
Wells & Springs Maint SS	2	0	0	0	0	0	0	0	0
Infilt Gall & Tunnels Maint SS - Labor	2	0	0	0	0	0	0	0	0
Infilt Gall & Tunnels Maint SS	2	0	0	0	0	0	0	0	0
Supply Mains Maint SS - Labor	2	0	0	0	0	0	0	0	0
Supply Mains Maint SS	2	0	0	0	0	0	0	0	0
Misc Plant Maint SS - Labor	2	18,958	7,092	4,711	5,149	637	1,308	21	40
Misc Plant Maint SS	2	2,061	771	512	560	69	142	2	4
TOTAL SS EXPENSE - MAINTENANCE		366,513	137,113	91,079	99,545	12,315	25,289	403	770
TOTAL SS EXPENSE		420,625	157,356	104,525	114,242	14,133	29,023	463	883
POWER AND PUMPING EXPENSES									
Super & Eng Oper P	6	7,682	2,871	1,903	2,038	257	510	34	69
Fuel for Power Prod	1	1,029	339	249	324	34	77	2	4
Labor & Exp Oper Pwr Prod - Labor	6	0	0	0	0	0	0	0	0
Labor & Exp Oper Pwr Prod	6	0	0	0	0	0	0	0	0
Purch Fuel/Power for Pump	1	432,417	142,395	104,688	136,255	14,183	32,561	778	1,557
Labor & Exp Oper Pump - Labor	6	445,815	166,601	110,428	118,275	14,935	29,602	1,962	4,012
Labor & Exp Oper Pump	6	224	84	55	59	8	15	1	2
Misc Exp Oper P	6	8,080	3,019	2,001	2,144	271	537	36	73
Rents Oper P	6	1,206	451	299	320	40	80	5	11
TOTAL PUMPING EXPENSE - OPERATION		896,452	315,759	219,624	259,414	29,728	63,382	2,817	5,727

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection Private	Fire Protection Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Super & Eng Maint P	6	937	350	232	248	31	62	4	8
Struct & Improve Maint P - Labor	6	0	0	0	0	0	0	0	0
Struct & Improve Maint P	6	0	0	0	0	0	0	0	0
Power Prod Equip Maint P - Labor	6	0	0	0	0	0	0	0	0
Power Prod Equip Maint P	6	0	0	0	0	0	0	0	0
Pump Equip Maint P - Labor	6	42,839	16,009	10,611	11,365	1,435	2,844	188	386
Pump Equip Maint P	6	13,523	5,054	3,350	3,588	453	898	60	122
TOTAL PUMPING EXPENSES - MAINTENANCE		57,298	21,412	14,193	15,201	1,919	3,805	252	516
TOTAL PUMPING EXPENSES		953,751	337,172	233,817	274,616	31,647	67,187	3,070	6,243
WATER TREATMENT									
Super & Eng Oper WT	2	(1,463)	(547)	(363)	(397)	(49)	(101)	(2)	(3)
Chemicals	1	562,259	185,152	136,123	177,168	18,442	42,338	1,012	2,024
Labor & Exp Oper WT - Labor	2	16,783	6,279	4,171	4,558	564	1,158	18	35
Labor & Exp Oper WT	2	38,502	14,404	9,568	10,457	1,294	2,657	42	81
Misc Exp Oper WT	2	180,600	67,562	44,879	49,051	6,068	12,461	199	379
Misc Exp Oper WT	1	33,510	11,035	8,113	10,559	1,099	2,523	60	121
Misc Exp Oper WT	2	6,715	2,512	1,669	1,824	226	463	7	14
Rents Oper WT	2	245	92	61	67	8	17	0	1
TOTAL WT EXPENSE - OPERATION		837,152	286,488	204,219	253,286	27,652	61,517	1,338	2,652
Super & Eng Maint WT	2	40,794	15,261	10,137	11,080	1,371	2,815	45	86
Struct & Improve Maint WT - Labor	2	0	0	0	0	0	0	0	0
Struct & Improve Maint WT	2	0	0	0	0	0	0	0	0
WT Equip Maint WT - Labor	2	0	0	0	0	0	0	0	0
WT Equip Maint WT	2	21,212	7,935	5,271	5,761	713	1,464	23	45
TOTAL WT EXPENSE - MAINTENANCE		62,006	23,196	15,408	16,841	2,083	4,278	68	130
TOTAL WT EXPENSE		899,158	309,684	219,628	270,127	29,735	65,795	1,406	2,782
TRANSMISSION AND DISTRIBUTION EXPENSES									
Super & Eng Oper TD	11	21,663	13,522	4,270	1,495	721	247	474	934
Storage Facilty Exp - Labor	5	0	0	0	0	0	0	0	0
Storage Facilty Exp	5	0	0	0	0	0	0	0	0
TD Lines Exp - Labor	7	105,002	40,153	25,873	14,721	3,497	1,355	6,332	13,073
TD Lines Exp	7	12,286	4,698	3,027	1,722	409	158	741	1,530
Meter Expense - Labor	9	215,010	161,494	37,003	6,880	7,289	2,344	0	0
Meter Expense	9	1,656	1,244	285	53	56	18	0	0
Customer Install Exp - Labor	10	5,170	4,119	622	31	50	5	343	0
Customer Install Exp	10	0	0	0	0	0	0	0	0
Misc Exp Oper TD - Labor	11	18,018	11,247	3,551	1,243	600	205	395	777

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Misc Exp Oper TD	11	0	0	0	0	0	0	0	0
Misc Exp Oper TD	11	25,540	15,942	5,034	1,762	850	291	559	1,101
Rents Oper TD	11	0	0	0	0	0	0	0	0
TOTAL T & D EXPENSE OPERATION		404,346	252,419	79,665	27,908	13,472	4,623	8,844	17,413
Super & Eng Maint TD	12	0	0	0	0	0	0	0	0
Struct & Improve Maint TD	12	0	0	0	0	0	0	0	0
Struct & Improve Maint TD	12	0	0	0	0	0	0	0	0
Dist Res Stand Maint TD	5	0	0	0	0	0	0	0	0
TD Main Maint TD - Labor	7	237,500	90,820	58,520	33,298	7,909	3,064	14,321	29,569
TD Main Maint TD	7	0	0	0	0	0	0	0	0
Fire Main Maint TD - Labor	8	0	0	0	0	0	0	0	0
Fire Main Maint TD	8	0	0	0	0	0	0	0	0
Services Maint TD - Labor	10	4,544	3,621	547	27	44	4	302	0
Services Maint TD	10	0	0	0	0	0	0	0	0
Meters Maint TD - Labor	9	14,754	11,082	2,539	472	500	161	0	0
Meters Maint TD	9	8,800	6,610	1,514	282	298	96	0	0
Hydrants Maint TD - Labor	8	61,585	0	0	0	0	0	0	61,585
Hydrants Maint TD	8	0	0	0	0	0	0	0	0
Misc Plant Maint TD - Labor	12	335	115	65	35	9	3	15	93
Mat and Sup Maint TD	12	43,414	14,878	8,375	4,524	1,159	443	1,941	12,095
Misc Maint TD	12	13	4	3	1	0	0	1	4
Amort Def Maint TD	5	9,190	3,029	1,927	1,782	260	493	555	1,144
TOTAL T & D EXPENSE - MAINTENANCE		380,135	130,158	73,489	40,420	10,179	4,264	17,134	104,490
TOTAL T & D EXPENSE		784,480	382,578	153,154	68,329	23,652	8,886	25,978	121,903
CUSTOMER ACCOUNTS									
Supervision CA	13	0	0	0	0	0	0	0	0
Meter Reading Exp CA - Labor	14	215,067	188,807	24,173	667	1,355	65	0	0
Meter Reading Exp CA	14	0	0	0	0	0	0	0	0
Meter Reading Exp CA	14	0	0	0	0	0	0	0	0
Cust Rec & Collection CA - Labor	13	468	405	52	1	3	0	7	0
Cust Rec & Collection CA	13	105,683	91,437	11,710	328	655	21	1,532	0
Uncollectible Accts	13	237,026	205,075	26,262	735	1,470	47	3,437	0
Misc Cust Accts Exp CA - Labor	13	6,208	5,371	688	19	38	1	90	0
Misc Cust Accts Exp CA	13	0	0	0	0	0	0	0	0
Misc Cust Accts Exp CA	13	6,819	5,900	756	21	42	1	99	0
Cust Serv & Info Exp CA	13	0	0	0	0	0	0	0	0
TOTAL CUSTOMER ACCOUNTING EXPENSE		571,270	496,994	63,641	1,771	3,563	136	5,165	0

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
ADMINISTRATIVE AND GENERAL EXPENSES									
Salaries AG	15	484,056	250,354	97,828	75,367	12,827	17,426	6,390	23,864
Other Supplies & Exp AG	15	77	40	16	12	2	3	1	4
Other Supplies & Exp AG	15	115,651	59,815	23,373	18,007	3,065	4,163	1,527	5,702
Other Supplies & Exp AG	15	63,891	33,044	12,912	9,948	1,693	2,300	843	3,150
Mgmt Fees-Admin	15	1,082,490	559,864	218,771	168,544	28,686	38,970	14,289	53,367
Mgmt Fees-Customer Service	13	359,289	310,857	39,809	1,114	2,228	72	5,210	0
Mgmt Fees-Belleville Lab	2	44,644	16,701	11,094	12,125	1,500	3,080	49	94
Mgmt Fees- Employee	16	38,315	19,430	7,766	5,598	1,054	1,234	605	2,628
Outside Services AG	15	67,819	35,076	13,706	10,559	1,797	2,441	895	3,343
Outside Services AG	15	39,455	20,406	7,974	6,143	1,046	1,420	521	1,945
Property Insurance	15	0	0	0	0	0	0	0	0
Ins Gen Liab Oper AG	15	152,142	78,688	30,748	23,689	4,032	5,477	2,008	7,501
Ins Work Comp AG	16	66,496	33,720	13,479	9,715	1,829	2,141	1,051	4,562
Ins Other Oper AG	15	47,033	24,326	9,505	7,323	1,246	1,693	621	2,319
Property Insurance	15	17,044	8,815	3,445	2,654	452	614	225	840
Injuries & Damages	16	(614)	(311)	(124)	(90)	(17)	(20)	(10)	(42)
Employee Pension & Benefits	16	579,586	293,908	117,482	84,678	15,939	18,663	9,157	39,760
Employee Pension & Benefits	16	439,248	222,743	89,036	64,174	12,079	14,144	6,940	30,132
Employee Pension & Benefits	16	94,282	47,810	19,111	13,775	2,593	3,036	1,490	6,468
Reg Commision Exp	19	30,604	14,069	6,650	5,888	888	1,402	487	1,221
Rents AG	15	34,023	17,597	6,876	5,297	902	1,225	449	1,677
Goodwill Advertising Exp	15	1,643	850	332	256	44	59	22	81
Misc Exp AG	15	282,998	146,366	57,194	44,063	7,499	10,188	3,736	13,952
Research & Development	15	0	0	0	0	0	0	0	0
TOTAL A & G OPERATIONS		4,040,172	2,194,166	786,983	568,839	101,382	129,731	56,505	202,567
General Plant Maint AG	15	0	0	0	0	0	0	0	0
Maint Exp ARO/Net Neg Sal AG	18	(77,980)	(33,414)	(17,662)	(16,181)	(2,386)	(3,891)	(1,427)	(3,018)
General Plant Maint AG	15	16,604	8,588	3,356	2,585	440	598	219	819
TOTAL A & G EXPENSE - MAINTENANCE		(61,376)	(24,827)	(14,307)	(13,596)	(1,946)	(3,293)	(1,208)	(2,199)
TOTAL A & G EXPENSE		3,978,796	2,169,339	772,676	555,243	99,436	126,438	55,297	200,368
Total Operation & Maintenance Expenses		7,608,080	3,853,124	1,547,441	1,284,327	202,166	297,465	91,379	332,179

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
DEPRECIATION EXPENSE									
Struct & Imp SS	2	139,471	52,176	34,659	37,880	4,686	9,623	153	293
Struct & Imp P	6	193,589	72,344	47,952	51,359	6,485	12,854	852	1,742
Struct & Imp WT	2	314,015	117,473	78,033	85,286	10,551	21,667	345	659
Struct & Imp TD	7	71,146	27,206	17,530	9,975	2,369	918	4,290	8,858
Struct & Imp AG	15	16,697	8,636	3,374	2,600	442	601	220	823
Struct & Imp Offices	15	0	0	0	0	0	0	0	0
Struct & Imp Leasehold	15	794	411	160	124	21	29	10	39
Struct & Imp Store,Shop,Gar	15	21,666	11,206	4,379	3,373	574	780	286	1,068
Struct & Imp Misc	15	1,779	920	360	277	47	64	23	88
Collect & Impounding	1	1,408	464	341	444	46	106	3	5
Lake, River & Other Intakes	2	31,667	11,847	7,869	8,601	1,064	2,185	35	67
Wells & Springs	2	82,767	30,963	20,568	22,480	2,781	5,711	91	174
Supply Mains	2	70,383	26,330	17,490	19,116	2,365	4,856	77	148
Power Generation Equip	6	28,540	10,665	7,069	7,572	956	1,895	126	257
Power Generation Equip Othe	6	0	0	0	0	0	0	0	0
Boiler Plant Equipment P	6	103	38	26	27	3	7	0	1
Pump Equip Electric	6	169,022	63,164	41,867	44,842	5,662	11,223	744	1,521
Pump Equip Diesel	6	3,165	1,183	784	840	106	210	14	28
Pump Equip Steam	6	0	0	0	0	0	0	0	0
Pump Equip Other	6	5,715	2,136	1,416	1,516	191	379	25	51
Pump Equip TD	6	2,472	924	612	656	83	164	11	22
WT Equip Non-Media	2	458,237	171,426	113,872	124,457	15,397	31,618	504	962
WT Equip Filter Media	2	4,991	1,867	1,240	1,356	168	344	5	10
Dist Reservoirs & Standpipe	5	62,008	20,438	13,003	12,023	1,755	3,324	3,745	7,720
Elevated Tanks & Standpipes	5	71,602	23,600	15,015	13,884	2,026	3,838	4,325	8,914
Ground Level Facilities	5	90	30	19	17	3	5	5	11
Clearwells	5	3,616	1,192	758	701	102	194	218	450
TD Mains Not Classified by	7	31,715	12,128	7,815	4,446	1,056	409	1,912	3,949
TD Mains 4" & Less	4	58,025	22,566	14,431	6,464	1,950	0	4,120	8,495
TD Mains 6 to 8"	4	25,690	9,991	6,389	2,862	863	0	1,824	3,761
TD Mains 10 to 16"	3	190,863	67,966	45,158	49,357	6,108	12,559	3,168	6,547

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
TD Mains 18" & Grtr	3	12,655	4,506	2,994	3,273	405	833	210	434
Fire Mains	8	84	0	0	0	0	0	0	84
Services	10	275,650	219,638	33,161	1,654	2,646	248	18,303	0
Meters Bronze Case	9	21,587	16,214	3,715	691	732	235	0	0
Meters Plastic Case	9	160	120	28	5	5	2	0	0
Meters Other	9	1,405	1,055	242	45	48	15	0	0
Meters Other-Rem Rdr Unts	9	1,112	835	191	36	38	12	0	0
Meter Installations	9	73,814	55,442	12,703	2,362	2,502	805	0	0
Meter Installation Other	9	0	0	0	0	0	0	0	0
Meter Vaults	9	21	16	4	1	1	0	0	0
Hydrants	8	18,397	0	0	0	0	0	0	18,397
Other P/E Intangible	17	682	292	155	142	21	34	12	26
Other P/E WT Res Hand Equip	2	255	95	63	69	9	18	0	1
Other P/E TD	7	0	0	0	0	0	0	0	0
Other P/E CPS	15	4,435	2,294	896	691	118	160	59	219
Office Furniture & Equip	15	5,047	2,610	1,020	786	134	182	67	249
Comp & Periph Equip	15	89,870	46,481	18,163	13,993	2,382	3,235	1,186	4,431
Computer Software	15	84,251	43,575	17,027	13,118	2,233	3,033	1,112	4,154
Comp Software Personal	15	2,240	1,159	453	349	59	81	30	110
Comp Software Other	15	3,001	1,552	607	467	80	108	40	148
Data Handling Equipment	15	416	215	84	65	11	15	5	21
Other Office Equipment	15	523	270	106	81	14	19	7	26
Trans Equip Lt Duty Trks	15	9,169	4,742	1,853	1,428	243	330	121	452
Trans Equip Hvy Duty Trks	15	0	0	0	0	0	0	0	0
Trans Equip Autos	15	2,116	1,094	428	329	56	76	28	104
Trans Equip Other	15	326	169	66	51	9	12	4	16
Stores Equipment	15	1,047	542	212	163	28	38	14	52
Tools,Shop,Garage Equip	15	106,126	54,888	21,448	16,524	2,812	3,821	1,401	5,232
Tools,Shop,Garage Equip Oth	15	0	0	0	0	0	0	0	0
Laboratory Equipment	2	13,389	5,009	3,327	3,636	450	924	15	28
Laboratory Equip Other	2	0	0	0	0	0	0	0	0
Power Operated Equipment	15	3,833	1,982	775	597	102	138	51	189
Comm Equip Non-Telephone	15	3,439	1,779	695	535	91	124	45	170
Remote Control & Instr	15	16,817	8,698	3,399	2,618	446	605	222	829
Comm Equip Telephone	15	70	36	14	11	2	3	1	3
Misc Equipment	15	4,854	2,510	981	756	129	175	64	239
Total Depreciation Expense		2,818,027	1,247,108	626,996	577,009	83,663	140,843	50,131	92,277

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Amort-Other UP	18	5,288	2,266	1,198	1,097	162	264	97	205
Amort-Intangible Fin	2	1,449	542	360	394	49	100	2	3
Amort-Property Losses	2	0	0	0	0	0	0	0	0
Taxes Other Than Income									
Utility Reg Assessment Fee	19	146,118	67,170	31,751	28,113	4,237	6,692	2,323	5,830
Property Taxes	18	1,214,034	520,214	274,979	251,912	37,149	60,580	22,217	46,983
FUTA	16	1,892	959	384	276	52	61	30	130
FICA	16	137,297	69,623	27,830	20,059	3,776	4,421	2,169	9,419
SUTA	16	5,267	2,671	1,068	770	145	170	83	361
Other Taxes & Licenses	15	27,182	14,059	5,493	4,232	720	979	359	1,340
Gross Receipts Tax	19	0	0	0	0	0	0	0	0
Total Taxes, Other Than Income		1,531,790	674,696	341,505	305,362	46,080	72,903	27,181	64,063
Income Taxes	18	2,619,657	1,122,523	593,352	543,579	80,162	130,721	47,940	101,381
Utility Income Available for Return	18	6,264,101	2,684,167	1,418,819	1,299,801	191,681	312,579	114,633	242,421
Total Cost of Service		20,848,393	9,584,426	4,529,671	4,011,569	603,963	954,874	331,362	832,528
Less: Other Water Revenues	19	285,215	131,113	61,977	54,875	8,271	13,063	4,535	11,380
Total Cost of Service Related to Sales of Water		$ 20,563,178	$ 9,453,313	$ 4,467,694	$ 3,956,694	$ 595,691	$ 941,811	$ 326,827	$ 821,148
Reallocation of Public Fire	20	0	623,498	142,880	26,605	28,165	0	0	(821,148)
Total		$ 20,563,178	$ 10,076,810	$ 4,610,574	$ 3,983,299	$ 623,857	$ 941,811	$ 326,827	$ -

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS

FACTOR 1. ALLOCATION OF COSTS WHICH VARY WITH THE AMOUNT OF WATER CONSUMED.

Factors are based on the pro forma test year average daily consumption for each customer classification.

Customer Classification	Average Daily Consumption, Thousand Gallons	Allocation Factor
(1)	(2)	(3)
Residential	3,871	0.3293
Commercial	2,846	0.2421
Industrial	3,704	0.3151
Other Public Authority	385	0.0328
Sales for Resale	885	0.0753
Private Fire Protection	21	0.0018
Public Fire Protection	42	0.0036
Total	11,754	1.0000

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the factors for average daily consumption (Factor 1) and the factors derived from maximum day extra capacity demand for each customer classification, as follows:

	Average Daily Consumption		Maximum Day Extra Capacity		
Customer Classification	Allocation Factor 1	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)x 0.5882	(4)	(5)=(4)x 0.4118	(6)=(3)+(5)
Residential	0.3293	0.1937	0.4380	0.1804	0.3741
Commercial	0.2421	0.1424	0.2576	0.1061	0.2485
Industrial	0.3151	0.1853	0.2095	0.0863	0.2716
Other Public Authority	0.0328	0.0193	0.0348	0.0143	0.0336
Sales for Resale	0.0753	0.0443	0.0601	0.0247	0.0690
Private Fire Protection	0.0018	0.0011			0.0011
Public Fire Protection	0.0036	0.0021			0.0021
Total	1.0000	0.5882	1.0000	0.4118	1.0000

The derivation of the maximum day extra capacity factors in column 4 and the basis for the column 3 and 5 weightings are presented on the following page.

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS, cont.

Customer Classification	Average Daily Consumption, Thousand Gal.	Maximum Day Extra Capacity		
		Factor*	Rate of Flow, Thousand Gal. Per Day	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	3,871	1.0	3,871	0.4380
Commercial	2,846	0.8	2,277	0.2576
Industrial	3,704	0.5	1,852	0.2095
Other Public Authority	385	0.8	308	0.0348
Sales for Resale	885	0.6	531	0.0601
Total	11,691		8,839	1.0000

The weighting of the factors is based on the maximum day ratio of 1.70, based on a review of maximum day ratios experienced during the period 1990 through 2007 (see Schedule D).

	Maximum Day Ratio	Weight
Average Day	1.00	0.5882
Maximum Day Extra Capacity	0.70	0.4118
Total	1.70	1.0000

* Ratio of maximum day to average day minus 1.0.

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

	Average Daily Consumption		Maximum Day Extra Capacity		Fire Protection		
Customer Classification	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2) X 0.5600	(4)	(5)=(4) X 0.3921	(6)	(7)=(6) X 0.0479	(8)=(3)+(5)+(7)
Residential	0.3293	0.1843	0.4380	0.1718			0.3561
Commercial	0.2421	0.1356	0.2576	0.1010			0.2366
Industrial	0.3151	0.1765	0.2095	0.0821			0.2586
Other Public Authority	0.0328	0.0184	0.0348	0.0136			0.0320
Sales for Resale	0.0753	0.0422	0.0601	0.0236			0.0658
Private Fire Protection	0.0018	0.0010			0.3264	0.0156	0.0166
Public Fire Protection	0.0036	0.0020			0.6736	0.0323	0.0343
Total	1.0000	0.5600	1.0000	0.3921	1.0000	0.0479	1.0000

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum day ratio of 1.70 and the average daily system sendout for 2008 of 12.614 MGD. The system demand for fire protection is 6,000 Gallons per minute for 3 hours.

	Ratio	Rate of Flow, (GPD)	Weight
Average Day	1.00	12,613,820	0.5600
Maximum Day Extra Capacity	0.70	8,829,674	0.3921
Subtotal	1.70	21,443,494	0.9521
Fire Protection		1,080,000	0.0479
Total		22,523,494	1.0000

The public and private fire protection allocation factors in column 6 on the previous page are based on the relative potential demands (see Schedule E).

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		
	Thousand Gallons	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3) X 0.3139	(5)	(6)=(5) X 0.4710	(7)	(8)=(7) X 0.2151	(9)=(4)+(6)+(8)
Residential	161.3	0.4336	0.1361	0.5368	0.2528			0.3889
Commercial	118.6	0.3187	0.1000	0.3157	0.1487			0.2487
Industrial	73.5	0.1975	0.0620	0.1049	0.0494			0.1114
Other Public Authority	16.0	0.0430	0.0135	0.0426	0.0201			0.0336
Sales for Resale	0.0	0.0000	0.0000	0.0000	0.0000			0.0000
Private Fire Protection	0.9	0.0024	0.0008			0.3264	0.0702	0.0710
Public Fire Protection	1.8	0.0048	0.0015			0.6736	0.1449	0.1464
Total	372.1	1.0000	0.3139	1.0000	0.4710	1.0000	0.2151	1.0000

The maximum hour extra capacity factors in column 5 are determined on the next page.

Schedule C-JOP

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum hour ratio of 2.5 and the average daily system sendout for 2008 of 12.614 MGD. The system demand for fire protection is 6,000 gallons per minute.

	Ratio	Rate of Flow, (GPM)	Weight
Average Hour	1.00	8,760	0.3139
Maximum Hour Extra Capacity	1.50	13,140	0.4710
Subtotal	2.50	21,900	0.7849
Fire Protection		6,000	0.2151
Total		27,900	1.0000

The maximum hour extra capacity factors in column 5 of the previous page are determined as follows:

Customer Classification	Average Hourly Consumption Thousand Gal.	Maximum Hour Extra Capacity		
		Factor*	1,000 Gallons Per Hour	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	161.3	3.5	564.6	0.5368
Commercial	118.6	2.8	332.1	0.3157
Industrial	73.5	1.5	110.3	0.1049
Other Public Authority	16.0	2.8	44.8	0.0426
Sales for Resale	0.0	2.0	0.0	0.0000
Total	369.4		1,051.8	1.0000

* Ratio of Maximum Hour To Average Hour Minus 1.0.

The public and private fire protection allocation factors in column 7 on the previous page are based on the relative potential demands (see Schedule E).

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES.

Factors are based on the weighting of the average hourly consumption, the maximum hour extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		Allocation Factor
	Thousand Gallons	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	
(1)	(2)	(3)	(4)=(3) X 0.3268	(5)	(6)=(5) X 0.4901	(7)	(8)=(7) X 0.1831	(9)=(4)+(6)+(8)
Residential	161.3	0.3294	0.1077	0.4528	0.2219			0.3296
Commercial	118.6	0.2421	0.0791	0.2664	0.1306			0.2097
Industrial	154.3	0.3150	0.1029	0.1857	0.0910			0.1939
Other Public Authority	16.0	0.0327	0.0107	0.0359	0.0176			0.0283
Sales for Resale	36.9	0.0753	0.0246	0.0592	0.0290			0.0536
Private Fire Protection	0.9	0.0018	0.0006			0.3264	0.0598	0.0604
Public Fire Protection	1.8	0.0037	0.0012			0.6736	0.1233	0.1245
Total	489.8	1.0000	0.3268	1.0000	0.4901	1.0000	0.1831	1.0000

The weighting of the factors is based on the ratio of the capacity required for a 3 hour demand of fire flow, as related to total storage capacity. The calculation is shown on the following page.

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES, cont.

The weighting of the factors is based on the ratio of the capacity required for a 3 hour demand of fire flow, as related to total storage capacity.

Fire Protection Weight = $\frac{\text{6,000 GPM X 60 Min. X 3 Hrs.}}{\text{5,900,000 Gallons}}$ = 0.1831

General Service Weight = 1.0000 - 0.1831 = 0.8169

The weighting of the average hourly consumption and maximum hour extra demand for general service is based on the maximum hour ratio, as follows:

	Maximum Hour Ratio	Percent	Weight
Average Hour	1.00	40.00	0.3268
Extra Capacity Maximum Hour	1.50	60.00	0.4901
Total	2.50	100.00	0.8169

Customer Classification	Average Hourly Consumption Thousand Gal.	Maximum Hour Extra Capacity Factor*	Maximum Hour Extra Capacity 1,000 Gallons Per Hour	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	161.3	3.5	564.6	0.4528
Commercial	118.6	2.8	332.1	0.2664
Industrial	154.3	1.5	231.5	0.1857
Other Public Authority	16.0	2.8	44.8	0.0359
Sales for Resale	36.9	2.0	73.8	0.0592
Total	487.1		1,246.8	1.0000

* Ratio of Maximum Hour To Average Hour Minus 1.0.

Schedule C-JOP

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH POWER AND PUMPING FACILITIES.

Factors are based on the weighting of the maximum daily consumption, Factor 2, the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

	Maximum Daily Consumption		Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 2	Weighted Factor	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.9036	(4)	(5)=(4)X 0.0623	(6)	(7)=(6)X 0.0341	(8)=(3)+ (5)+(7)
Residential	0.3741	0.3381	0.3561	0.0223	0.3889	0.0133	0.3737
Commercial	0.2485	0.2245	0.2366	0.0147	0.2487	0.0085	0.2477
Industrial	0.2716	0.2454	0.2586	0.0161	0.1114	0.0038	0.2653
Other Public Authority	0.0336	0.0304	0.0320	0.0020	0.0336	0.0011	0.0335
Sales for Resale	0.0690	0.0623	0.0658	0.0041	0.0000	0.0000	0.0664
Private Fire Protection	0.0011	0.0010	0.0166	0.0010	0.0710	0.0024	0.0044
Public Fire Protection	0.0021	0.0019	0.0343	0.0021	0.1464	0.0050	0.0090
Total	1.0000	0.9036	1.0000	0.0623	1.0000	0.0341	1.0000

The weighting of the factors is based on the horsepower of pumps associated with maximum day facilities, maximum day and fire facilities, and maximum hour facilities, as follows:

	Horsepower of Pumps	Weight
Associated with Maximum Day	4,640	0.9036
Associated with Maximum Day and Fire	320	0.0623
Associated with Maximum Hour	175	0.0341
Total	5,135	1.0000

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 7. ALLOCATION OF COSTS ASSOCIATED WITH TRANSMISSION AND DISTRIBUTION MAINS.

Factors are based on the weighting of the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 5, for each customer classification, as follows:

	Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.1956	(4)	(5)=(4)X 0.8044	(6)=(3)+(5)
Residential	0.3561	0.0696	0.3889	0.3128	0.3824
Commercial	0.2366	0.0463	0.2487	0.2001	0.2464
Industrial	0.2586	0.0506	0.1114	0.0896	0.1402
Other Public Authority	0.0320	0.0063	0.0336	0.0270	0.0333
Sales for Resale	0.0658	0.0129	0.0000	0.0000	0.0129
Private Fire Protection	0.0166	0.0032	0.0710	0.0571	0.0603
Public Fire Protection	0.0343	0.0067	0.1464	0.1178	0.1245
Total	1.0000	0.1956	1.0000	0.8044	1.0000

The weighting of the factors is based on the total footage of mains, designated as either transmission mains or distribution mains, as follows:

	Total Footage of Mains	Weight
Transmission Mains	465,484	0.1956
Distribution Mains	1,914,219	0.8044
Total	2,379,703	1.0000

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 8. ALLOCATION OF COSTS ASSOCIATED WITH FIRE HYDRANTS.

Costs are assigned directly to Public Fire Protection.

Customer Classification	Allocation Factor
(1)	(3)
Public Fire Protection	1.0000
Total	1.0000

FACTOR 9. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

Factors are based on the relative cost of meters by size and customer classification, as developed on the following page and summarized below.

Customer Classification	5/8" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	22,638	0.7511
Commercial	5,187	0.1721
Industrial	965	0.0320
Other Public Authority	1,023	0.0339
Sales for Resale	329	0.0109
Private Fire	0	0.0000
Total	30,142	1.0000

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT

BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS

Meter Size	5/8" Dollar Equivalent	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Total	
		Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)
5/8	1.0	18,639	18,639	1,703	1,703	7	7	37	37	0	0	20,386	20,386
3/4	1.3	0	0	4	5	1	1	0	0	0	0	5	6
1	1.7	2,264	3,849	565	961	12	20	42	71	1	2	2,884	4,903
1-1/2	3.5	1	4	13	46	0	0	1	4	0	0	15	54
2	4.3	34	146	372	1,600	33	142	59	254	1	4	499	2,146
3	19.0	0	0	0	0	0	0	0	0	0	0	0	0
4	29.3	0	0	16	469	15	440	7	205	0	0	38	1,114
6	48.4	0	0	6	290	5	242	0	0	2	97	13	629
8	112.9	0	0	1	113	1	113	4	452	2	226	8	904
Total		20,938	22,638	2,680	5,187	74	965	150	1,023	6	329	23,848	30,142

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 10. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

Factors are based on the relative cost of services by size and customer classification, as developed on the following page and summarized below.

Customer Classification	3/4" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	21,359	0.7968
Commercial	3,226	0.1203
Industrial	160	0.0060
Other Public Authority	256	0.0096
Sales for Resale	25	0.0009
Private Fire Protection	1,780	0.0664
Total	26,806	1.0000

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT

BASIS FOR ALLOCATING SERVICE COSTS TO CUSTOMER CLASSIFICATIONS

Service Size	3/4" Dollar Equivalent	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Private Fire Protection		Total	
		Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)=(2)X(11)	(15)	(16)
3/4	1.00	18,639	18,639	1,707	1,707	8	8	37	37	0	0	0	0	20,391	20,391
1	1.17	2,264	2,649	565	661	12	14	42	49	1	1	0	0	2,884	3,374
1-1/2	1.58	1	2	13	21	0	0	1	2	0	0	0	0	15	25
2	2.04	34	69	372	759	33	67	59	120	1	2	3	6	502	1,023
3	2.73	0	0	0	0	0	0	0	0	0	0	1	3	1	3
4	2.88	0	0	16	46	15	43	7	20	0	0	49	141	87	250
6	4.24	0	0	6	25	5	21	0	0	2	8	166	704	179	758
8	6.98	0	0	1	7	1	7	4	28	2	14	116	810	124	866
10	9.50	0	0	0	0	0	0	0	0	0	0	7	67	7	67
12	12.16	0	0	0	0	0	0	0	0	0	0	4	49	4	49
Total		20,938	21,359	2,680	3,226	74	160	150	256	6	25	346	1,780	24,194	26,806

Schedule C-JOP

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 11. ALLOCATION OF TRANSMISSION AND DISTRIBUTION OPERATION SUPERVISION AND ENGINEERING AND MISCELLANEOUS EXPENSES.

Factors are based on transmission and distribution operation expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Operating Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$ 211,708	0.6242
Commercial	66,810	0.1971
Industrial	23,408	0.0690
Other Public Authority	11,300	0.0333
Sales for Resale	3,879	0.0114
Private Fire Protection	7,416	0.0219
Public Fire Protection	14,602	0.0431
Total	339,124	1.0000

FACTOR 12. ALLOCATION OF TRANSMISSION AND DISTRIBUTION MAINTENANCE SUPERVISION AND ENGINEERING, STRUCTURES AND IMPROVEMENTS, AND OTHER EXPENSES.

Factors are based on transmission and distribution maintenance expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$ 112,132	0.3427
Commercial	63,120	0.1929
Industrial	34,079	0.1042
Other Public Authority	8,751	0.0267
Sales for Resale	3,325	0.0102
Private Fire Protection	14,623	0.0447
Public Fire Protection	91,154	0.2786
Total	$327,183	1.0000

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 13. ALLOCATION OF BILLING AND COLLECTING COSTS.

Factors are based on the total number of customers.

Customer Classification	Total Customers	Allocation Factor
(1)	(2)	(3)
Residential	20,938	0.8652
Commercial	2,680	0.1108
Industrial	74	0.0031
Other Public Authority	150	0.0062
Sales for Resale	6	0.0002
Private Fire Protection	350	0.0145
Public Fire Protection	0	0.0000
Total	24,198	1.0000

FACTOR 14. ALLOCATION OF METER READING COSTS.

Factors are based on the number of metered customers.

Customer Classification	Total Metered Customers	Allocation Factor
(1)	(2)	(3)
Residential	20,938	0.8779
Commercial	2,680	0.1124
Industrial	74	0.0031
Other Public Authority	150	0.0063
Sales for Resale	6	0.0003
Total	23,848	1.0000

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 15. ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES

Factors are based on the allocation of all other operation and maintenance expenses excluding purchased water, power, chemicals and waste disposal.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$1,344,864	0.5172
Commercial	525,592	0.2021
Industrial	404,779	0.1557
Other Public Authority	68,972	0.0265
Sales for Resale	93,527	0.0360
Private Fire Protection	34,229	0.0132
Public Fire Protection	128,106	0.0493
Total	$2,600,069	1.0000

FACTOR 15A. ALLOCATION OF CASH WORKING CAPITAL

Factors are based on the allocation of operation and maintenance expenses including purchased water, power, chemicals and waste disposal.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$3,853,124	0.5064
Commercial	1,547,441	0.2034
Industrial	1,284,327	0.1688
Other Public Authority	202,166	0.0266
Sales for Resale	297,465	0.0391
Private Fire Protection	91,379	0.0120
Public Fire Protection	332,179	0.0437
Total	$7,608,080	1.0000

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 16. ALLOCATION OF LABOR RELATED TAXES AND BENEFITS.

Factors are based on the allocation of direct labor expense.

Customer Classification	Direct Labor Expense	Allocation Factor
(1)	(2)	(3)
Residential	$995,025	0.5071
Commercial	397,560	0.2027
Industrial	286,573	0.1461
Other Public Authority	54,023	0.0275
Sales for Resale	63,078	0.0322
Private Fire Protection	30,939	0.0158
Public Fire Protection	134,527	0.0686
Total	$1,961,725	1.0000

FACTOR 17. ALLOCATION OF ORGANIZATION, FRANCHISES AND CONSENTS, MISCELLANEOUS INTANGIBLE PLANT AND OTHER RATE BASE ELEMENTS.

Factors are based on the allocation of the original cost less depreciation other than those items being allocated, as follows:

Customer Classification	Original Cost Less Depreciation	Allocation Factor
(1)	(2)	(3)
Residential	$33,422,478	0.4276
Commercial	17,735,437	0.2268
Industrial	16,282,727	0.2082
Other Public Authority	2,394,489	0.0306
Sales for Resale	3,916,023	0.0501
Private Fire Protection	1,433,166	0.0183
Public Fire Protection	3,004,839	0.0384
Total	$78,189,159	1.0000

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 18. ALLOCATION OF INCOME TAXES AND INCOME AVAILABLE FOR RETURN.

Factors are based on the allocation of the original cost measure of value rate base as shown on the following pages and summarized below.

Customer Classification	Original Cost Measure of Value	Allocation Factor
(1)	(2)	(3)
Residential	$30,130,279	0.4285
Commercial	15,924,335	0.2265
Industrial	14,589,930	0.2075
Other Public Authority	2,149,719	0.0306
Sales for Resale	3,506,800	0.0499
Private Fire Protection	1,284,864	0.0183
Public Fire Protection	2,718,236	0.0387
Total	$70,304,163	1.0000

FACTOR 19. ALLOCATION OF REGULATORY COMMISSION EXPENSES, ASSESSMENTS AND OTHER WATER REVENUES.

The factors are based on the allocation of the total cost of service, excluding those items being allocated.

Customer Classification	Total Cost of Service	Allocation Factor
(1)	(2)	(3)
Residential	$9,503,187	0.4597
Commercial	4,491,269	0.2173
Industrial	3,977,568	0.1924
Other Public Authority	598,838	0.0290
Sales for Resale	946,780	0.0458
Private Fire Protection	328,552	0.0159
Public Fire Protection	825,477	0.0399
Total	$20,671,671	1.0000

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection Private	Fire Protection Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
RATE BASE									
Organization	17	$ 10,288	$ 4,399	$ 2,333	$ 2,142	$ 315	$ 515	$ 188	$ 395
Franchises	17	20,740	8,868	4,704	4,318	635	1,039	380	796
Land & Ld Rights SS	2	146,950	54,974	36,517	39,912	4,938	10,140	162	309
Land & Ld Rights P	6	12,561	4,694	3,111	3,332	421	834	55	113
Land & Ld Rights WT	2	338,068	126,471	84,010	91,819	11,359	23,327	372	710
Land & Ld Rights TD	7	26,202	10,020	6,456	3,674	873	338	1,580	3,262
Land & Land Rights AG	15	369,306	191,005	74,637	57,501	9,787	13,295	4,875	18,207
Struct & Imp SS	2	5,222,116	1,953,594	1,297,696	1,418,327	175,463	360,326	5,744	10,966
Struct & Imp P	6	2,718,535	1,015,916	673,381	721,227	91,071	180,511	11,962	24,467
Struct & Imp Pump Boosters	6	0	0	0	0	0	0	0	0
Struct & Imp WT	2	8,986,271	3,361,764	2,233,088	2,440,671	301,939	620,053	9,885	18,871
Struct & Imp TD	7	3,151,159	1,205,003	776,445	441,792	104,934	40,650	190,015	392,319
Struct & Imp TD Spec Cross	7	0	0	0	0	0	0	0	0
Struct & Imp AG	7	692,508	264,815	170,634	97,090	23,061	8,933	41,758	86,217
Struct & Imp Offices	15	(72,893)	(37,700)	(14,732)	(11,349)	(1,932)	(2,624)	(962)	(3,594)
Gen Structures HVAC	15	0	0	0	0	0	0	0	0
Struct & Imp Leasehold	15	3,659	1,893	740	570	97	132	48	180
Struct & Imp Leasehold	15	0	0	0	0	0	0	0	0
Struct & Imp Store,Shop,Gar	15	453,935	234,775	91,740	70,678	12,029	16,342	5,992	22,379
Struct & Imp Misc	15	73,511	38,020	14,856	11,446	1,948	2,646	970	3,624
Collect & Impounding	1	23,818	7,843	5,766	7,505	781	1,793	43	86
Lake, River & Other Intakes	2	530,240	198,363	131,765	144,013	17,816	36,587	583	1,114
Wells & Springs	2	3,124,787	1,168,983	776,510	848,692	104,993	215,610	3,437	6,562
Supply Mains	2	3,698,879	1,383,751	919,172	1,004,616	124,282	255,223	4,069	7,768
Supply Mains Meramec Plt (S	2	0	0	0	0	0	0	0	0
Power Generation Equip	6	1,351,124	504,915	334,673	358,453	45,263	89,715	5,945	12,160
Power Generation Equip Othe	6	0	0	0	0	0	0	0	0
Boiler Plant Equipment P	6	333	124	82	88	11	22	1	3
Pump Equip Steam	6	6,907	2,581	1,711	1,832	231	459	30	62
Pump Equip Electric	6	6,132,001	2,291,529	1,518,897	1,626,820	205,422	407,165	26,981	55,188
Pump Equip Elec Boosters Po	6	0	0	0	0	0	0	0	0
Pump Equip Diesel	6	100,323	37,491	24,850	26,616	3,361	6,661	441	903
Pump Equip Diesel Ctrl Plt	6	0	0	0	0	0	0	0	0
Pump Equip Hydraulic	6	0	0	0	0	0	0	0	0
Pump Equip Other	6	138,213	51,650	34,235	36,668	4,630	9,177	608	1,244
Pump Equip WT	6	0	0	0	0	0	0	0	0
Pump Equip TD	6	100,997	37,743	25,017	26,795	3,383	6,706	444	909
WT Equip Non-Media	2	15,096,487	5,647,596	3,751,477	4,100,206	507,242	1,041,658	16,606	31,703
WT Equip Filter Media	2	166,934	62,450	41,483	45,339	5,609	11,518	184	351
Dist Reservoirs & Standpipe	5	1,583,768	522,010	332,116	307,093	44,821	84,890	95,660	197,179
Elevated Tanks & Standpipes	5	2,526,545	832,749	529,816	489,897	71,501	135,423	152,603	314,555

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Ground Level Facilities	5	3,303	1,089	693	640	93	177	199	411
Clearwells	5	141,062	46,494	29,581	27,352	3,992	7,561	8,520	17,562
TD Mains Not Classified by	7	(979,299)	(374,484)	(241,299)	(137,298)	(32,611)	(12,633)	(59,052)	(121,923)
TD Mains 4" & Less	4	905,911	352,309	225,300	100,918	30,439	0	64,320	132,625
TD Mains 6 to 8"	4	4,697,649	1,826,916	1,168,305	523,318	157,841	0	333,533	687,736
TD Mains 10 to 16"	3	2,900,431	1,032,844	686,242	750,052	92,814	190,848	48,147	99,485
TD Mains 18" & Grtr	3	187,237	66,675	44,300	48,419	5,992	12,320	3,108	6,422
Fire Mains	8	5,014	0	0	0	0	0	0	5,014
Services	10	6,367,314	5,073,476	765,988	38,204	61,126	5,731	422,790	0
Meters Bronze Case	9	1,317,364	989,472	226,718	42,156	44,659	14,359	0	0
Meters Plastic Case	9	11,632	8,737	2,002	372	394	127	0	0
Meters Other	9	44,189	33,190	7,605	1,414	1,498	482	0	0
Meters Other-Rem Rdr Unts	9	49,137	36,907	8,456	1,572	1,666	536	0	0
Meter Installations	9	2,515,243	1,889,199	432,873	80,488	85,267	27,416	0	0
Meter Installation Other	9	0	0	0	0	0	0	0	0
Meter Vaults	9	945	710	163	30	32	10	0	0
Hydrants	8	852,093	0	0	0	0	0	0	852,093
Other P/E Intangible	17	49,793	21,292	11,293	10,367	1,524	2,495	911	1,912
Other P/E WT Res Hand Equip	2	7,564	2,830	1,880	2,054	254	522	8	16
Other P/E TD	7	(868)	(332)	(214)	(122)	(29)	(11)	(52)	(108)
Other P/E CPS	15	153,199	79,235	30,962	23,853	4,060	5,515	2,022	7,553
Office Furniture & Equip	15	45,936	23,758	9,284	7,152	1,217	1,654	606	2,265
Comp & Periph Equip	15	246,435	127,456	49,805	38,370	6,531	8,872	3,253	12,149
Computer Software	15	51,500	26,636	10,408	8,019	1,365	1,854	680	2,539
Comp Software Personal	15	6,321	3,269	1,277	984	167	228	83	312
Comp Software Other	15	9,312	4,816	1,882	1,450	247	335	123	459
Data Handling Equipment	15	3,382	1,749	684	527	90	122	45	167
Other Office Equipment	15	20,116	10,404	4,065	3,132	533	724	266	992
Trans Equip Lt Duty Trks	15	(13,637)	(7,053)	(2,756)	(2,123)	(361)	(491)	(180)	(672)
Trans Equip Hvy Duty Trks	15	4,239	2,192	857	660	112	153	56	209
Trans Equip Autos	15	29,152	15,078	5,892	4,539	773	1,049	385	1,437
Trans Equip Other	15	61,071	31,586	12,342	9,509	1,618	2,199	806	3,011
Stores Equipment	15	17,809	9,211	3,599	2,773	472	641	235	878
Tools,Shop,Garage Equip	15	1,475,466	763,111	298,192	229,730	39,100	53,117	19,476	72,740
Tools,Shop,Garage Equip Oth	15	0	0	0	0	0	0	0	0
Laboratory Equipment	2	76,046	28,449	18,898	20,654	2,555	5,247	84	160
Laboratory Equip Other	2	0	0	0	0	0	0	0	0
Power Operated Equipment	15	52,668	27,240	10,644	8,200	1,396	1,896	695	2,597
Comm Equip Non-Telephone	15	32,545	16,832	6,577	5,067	862	1,172	430	1,604
Remote Control & Instr	15	219,623	113,589	44,386	34,195	5,820	7,906	2,899	10,827
Comm Equip Telephone	15	(31,187)	(16,130)	(6,303)	(4,856)	(826)	(1,123)	(412)	(1,538)
Misc Equipment	15	35,145	18,177	7,103	5,472	931	1,265	464	1,733
Other Tangible Property	17	0	0	0	0	0	0	0	0
Total Utility Plant in Service		78,305,125	33,475,214	17,760,870	16,305,026	2,397,894	3,921,337	1,435,109	3,009,675

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Other Rate Base Items									
Add:									
Other Utility Plant Adjustments	17	0	0	0	0	0	0	0	0
Cash Working Capital	15A	92,000	46,589	18,713	15,530	2,447	3,597	1,104	4,020
Materials and Supplies	15	400,022	206,891	80,844	62,283	10,601	14,401	5,280	19,721
Prepayments	15	71,577	37,020	14,466	11,145	1,897	2,577	945	3,529
OPEB's Contributed to External Fund	16	537,126	272,377	108,875	78,474	14,771	17,295	8,487	36,847
Pension / OPEB Tracker	16	84,749	42,976	17,179	12,382	2,331	2,729	1,339	5,814
Regulatory Deferrals	17	103,819	44,393	23,546	21,615	3,177	5,201	1,900	3,987
Less:									
Accumulated Amortization	15	0	0	0	0	0	0	0	0
Accumulated Deferred ITC (3%)	17	(7,426)	(3,175)	(1,684)	(1,546)	(227)	(372)	(136)	(285)
Deferred Income Taxes	17	(8,997,702)	(3,847,417)	(2,040,679)	(1,873,322)	(275,330)	(450,785)	(164,658)	(345,512)
Pensions	16	(285,127)	(144,588)	(57,795)	(41,657)	(7,841)	(9,181)	(4,505)	(19,560)
Total Other Rate Base Elements		(8,000,962)	(3,344,935)	(1,836,535)	(1,715,096)	(248,175)	(414,538)	(150,244)	(291,439)
Total Original Cost Measure of Value		$ 70,304,163	$ 30,130,279	$ 15,924,335	$ 14,589,930	$ 2,149,719	$ 3,506,800	$ 1,284,864	$ 2,718,236

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 20. REALLOCATION OF PUBLIC FIRE

Factors are based on the relative cost of meters by size and customer classification.

Customer Classification	5/8" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	22,638	0.7593
Commercial	5,187	0.1740
Industrial	965	0.0324
Other Public Authority	1,023	0.0343
Sales for Resale	0	0.0000
Private Fire	0	0.0000
Total	29,813	1.0000

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT

SUMMARY OF AVERAGE DAILY SEND OUT AND MAXIMUM DAILY USAGE
FOR THE YEARS 1990-2008

Year	Average Daily Send out (MGD)	Maximum Daily Use		
		MGD	Ratio to Average	Highest Use Day
(1)	(2)	(3)	(4)	(5)
1990	9.656	14.110	1.46	8/29/1990
1991	9.954	16.140	1.62	7/22/1991
1992	9.610	14.828	1.54	6/30/1992
1993	9.947	12.940	1.30	8/23/1993
1994	10.586	15.120	1.43	7/6/1994
1995	10.895	16.800	1.55	8/30/1995
1996	11.063	15.440	1.40	6/26/1996
1997	10.681	14.900	1.40	7/31/1997
1998	10.902	15.760	1.45	9/4/1998
1999	10.993	18.452	1.68	7/30/1999
2000	11.334	18.747	1.65	8/29/2000
2001	10.862	16.432	1.51	7/20/2001
2002	11.694	18.552	1.59	8/2/2002
2003	11.217	17.360	1.55	8/18/2003
2004	11.673	19.768	1.69	8/23/2004
2005	12.632	19.322	1.53	7/23/2005
2006	13.750	21.691	1.58	8/2/2006
2007	13.265	21.450	1.62	8/9/2007
2008	12.614	18.689	1.48	7/25/2008

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT

BASIS FOR ALLOCATING DEMAND RELATED COSTS OF FIRE SERVICE TO PRIVATE AND PUBLIC FIRE PROTECTION CUSTOMER CLASSIFICATIONS

Description		Restrictive Diameters Squared	Quantity	Relative Demand	Allocation Factor
(1)		(2)	(3)	(4)=(2)x(3)	(5)
PRIVATE FIRE PROTECTION					
Fire Lines					
2 -inch		4.00	3	12	
3 -inch		9.00	0	0	
4 -inch		16.00	49	784	
6 -inch		36.00	166	5,976	
8 -inch		64.00	116	7,424	
10 -inch		100.00	7	700	
12 -inch		144.00	4	576	
Private Hydrants		26.50	5	133	
Total Private Fire Protection			350	15,605	0.3264
PUBLIC FIRE PROTECTION					
Hydrant	Nozzle Sizes				
5 1/4 Valve	1- 2-1/2" & 1- 4 1/2"	26.50	495	13,118	
4 1/2" Valve	1- 2-1/2" & 1- 4 1/2"	20.25	606	12,272	
4 3/4" Valve	1- 2-1/2" & 1- 4 1/2"	22.56	158	3,565	
5" Valve	1- 2-1/2" & 1- 4 1/2"	25.00	6	150	
4 1/2" Valve	1-2 1/2"	6.25	495	3,094	
Total Public Fire Prorection			1,760	32,199	0.6736
Total Fire Protection			2,110	47,804	1.0000

MISSOURI-AMERICAN WATER COMPANY
JOPLIN DISTRICT

CALCULATION OF CUSTOMER CHARGE

(1) Cost Related to Meters	2,278,023		
(2) Meter Equivalents X 12	361,704		
(3) Cost per Bill - Meter related		$	6.30
(4) Cost Related to Services	1,035,940		
(5) Service Equivalents X 12	321,672		
(6) Cost per Bill - Services related		$	3.22
(7) Cost Related to Billing and Collecting	1,864,518		
(8) Number of Customers X 12	290,376		
(9) Cost per Bill - Billing and Collecting		$	6.42
(10) Total Customer Charge (3)+(6)+(9)		$	15.94

MEXICO DISTRICT

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES
FOR THE TEST YEAR ENDED JUNE 30, 2009

Customer Classification	Cost of Service Amount (Schedule B)	Cost of Service Percent	Revenues, Present Rates Amount	Revenues, Present Rates Percent	Revenues, Proposed Rates Amount	Revenues, Proposed Rates Percent	Proposed Increase Amount	Proposed Increase Percent Increase
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Residential	$ 2,219,997	51.5%	$ 1,687,797	49.2%	$ 2,204,102	51.1%	$ 516,305	30.6%
Commercial	591,611	13.7%	457,837	13.4%	588,813	13.6%	130,976	28.6%
Industrial	628,038	14.5%	530,045	15.5%	627,534	14.5%	97,489	18.4%
Public Authority	303,541	7.0%	235,015	6.9%	301,180	7.0%	66,165	28.2%
Sales for Resale	462,918	10.7%	377,171	11.0%	460,597	10.7%	83,426	22.1%
Private Fire Service	111,933	2.6%	135,742	4.0%	135,742	3.1%	-	0.0%
Public Fire Service	-	0.0%	$0	0.0%	-	0.0%	-	0.0%
Total Sales	4,318,038	100.0%	3,423,607	100.0%	4,317,968	100.0%	894,361	26.1%
Other Revenues	59,484		50,839		59,484		8,645	17.0%
Total	$ 4,377,522		$ 3,474,446		$ 4,377,452		$ 903,006	26.0%

MEX-1

TN-CMA-01-Q29-SUPPLEMENTAL ATTACHMENT
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Schedule A-MEX

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
OPERATION AND MAINTENANCE EXPENSES									
SOURCE OF SUPPLY EXPENSES									
Super & Eng Oper SS	2	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Labor & Exp Oper SS- Labor	2	81,724	32,976	12,463	16,378	7,012	12,512	106	278
Labor & Exp Oper SS	2	1,703	687	260	341	146	261	2	6
Purchased Water	1	0	0	0	0	0	0	0	0
TOTAL SS EXPENSE - OPERATION		83,427	33,663	12,723	16,719	7,158	12,773	108	284
Misc Exp Oper SS	2	138,608	55,928	21,138	27,777	11,893	21,221	180	471
Misc Exp Oper SS	2	0	0	0	0	0	0	0	0
Rents Oper SS	2	0	0	0	0	0	0	0	0
Super & Eng Maint SS	2	0	0	0	0	0	0	0	0
Struct & Improve Maint SS - Labor	2	0	0	0	0	0	0	0	0
Struct & Improve Maint SS	2	0	0	0	0	0	0	0	0
Collect & Impound Maint SS - Labor	2	0	0	0	0	0	0	0	0
Collect & Impound Maint SS	2	0	0	0	0	0	0	0	0
Lake, River & Oth Maint SS - Labor	2	0	0	0	0	0	0	0	0
Lake, River & Oth Maint SS	2	0	0	0	0	0	0	0	0
Wells & Springs Maint SS - Labor	2	0	0	0	0	0	0	0	0
Wells & Springs Maint SS	2	0	0	0	0	0	0	0	0
Infilt Gall & Tunnels Maint SS - Labor	2	0	0	0	0	0	0	0	0
Infilt Gall & Tunnels Maint SS	2	0	0	0	0	0	0	0	0
Supply Mains Maint SS - Labor	2	0	0	0	0	0	0	0	0
Supply Mains Maint SS	2	0	0	0	0	0	0	0	0
Misc Plant Maint SS - Labor	2	8	3	1	2	1	1	0	0
Misc Plant Maint SS	2	4,890	1,973	746	980	420	749	6	17
TOTAL SS EXPENSE - MAINTENANCE		143,506	57,905	21,885	28,759	12,313	21,971	187	488
TOTAL SS EXPENSE		226,933	91,568	34,607	45,477	19,471	34,743	295	772
POWER AND PUMPING EXPENSES									
Super & Eng Oper P	6	0	0	0	0	0	0	0	0
Fuel for Power Prod	1	1,098	408	166	244	93	180	2	5
Labor & Exp Oper Pwr Prod- Labor	6	(1,213)	(489)	(185)	(243)	(104)	(186)	(2)	(4)
Labor & Exp Oper Pwr Prod	6	0	0	0	0	0	0	0	0
Purch Fuel/Power for Pump	1	68,964	25,627	10,414	15,351	5,841	11,276	124	331
Labor & Exp Oper Pump - Labor	6	(112)	(45)	(17)	(22)	(10)	(17)	(0)	(0)
Labor & Exp Oper Pump	6	0	0	0	0	0	0	0	0
Misc Exp Oper P	6	310	125	47	62	27	47	0	1
Rents Oper P	6	0	0	0	0	0	0	0	0
TOTAL PUMPING EXPENSE - OPERATION		69,047	25,626	10,425	15,392	5,847	11,300	125	333

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Super & Eng Maint P	6	0	0	0	0	0	0	0	0
Struct & Improve Maint P - Labor	6	0	0	0	0	0	0	0	0
Struct & Improve Maint P	6	0	0	0	0	0	0	0	0
Power Prod Equip Maint P - Labor	6	0	0	0	0	0	0	0	0
Power Prod Equip Maint P	6	0	0	0	0	0	0	0	0
Pump Equip Maint P - Labor	6	0	0	0	0	0	0	0	0
Pump Equip Maint P	6	47	19	7	9	4	7	0	0
TOTAL PUMPING EXPENSES - MAINTENANCE		47	19	7	9	4	7	0	0
TOTAL PUMPING EXPENSES		69,094	25,644	10,432	15,402	5,851	11,307	125	333
WATER TREATMENT									
Super & Eng Oper WT	2	(62)	(25)	(9)	(12)	(5)	(10)	(0)	(0)
Chemicals	1	65,225	24,238	9,849	14,519	5,525	10,664	117	313
Labor & Exp Oper WT - Labor	2	1,889	762	288	379	162	289	2	6
Labor & Exp Oper WT	2	6,330	2,554	965	1,269	543	969	8	22
Misc Exp Oper WT	2	0	0	0	0	0	0	0	0
Misc Exp Oper WT	1	50,500	18,766	7,626	11,241	4,277	8,257	91	242
Misc Exp Oper WT	2	1,289	520	197	258	111	197	2	4
Rents Oper WT	2	0	0	0	0	0	0	0	0
TOTAL WT EXPENSE - OPERATION		125,171	46,815	18,915	27,653	10,612	20,367	221	588
Super & Eng Maint WT	2	6	2	1	1	0	1	0	0
Struct & Improve Maint WT - Labor	2	0	0	0	0	0	0	0	0
Struct & Improve Maint WT	2	0	0	0	0	0	0	0	0
WT Equip Maint WT - Labor	2	0	0	0	0	0	0	0	0
WT Equip Maint WT	2	13,524	5,457	2,062	2,710	1,160	2,071	18	46
TOTAL WT EXPENSE - MAINTENANCE		13,530	5,459	2,063	2,711	1,161	2,071	18	46
TOTAL WT EXPENSE		138,700	52,274	20,978	30,365	11,773	22,439	238	634
TRANSMISSION AND DISTRIBUTION EXPENSES									
Super & Eng Oper TD	11	0	0	0	0	0	0	0	0
Storage Facilty Exp - Labor	5	0	0	0	0	0	0	0	0
Storage Facilty Exp	5	0	0	0	0	0	0	0	0
TD Lines Exp - Labor	7	97,909	30,087	10,927	12,806	6,129	10,339	7,020	20,600
TD Lines Exp	7	526	162	59	69	33	56	38	111
Meter Expense - Labor	9	0	0	0	0	0	0	0	0
Meter Expense	9	0	0	0	0	0	0	0	0
Customer Install Exp - Labor	10	1	1	0	0	0	0	0	0
Customer Install Exp	10	617	488	58	6	17	2	46	0
Misc Exp Oper TD - Labor	11	15	5	2	2	1	2	1	3
Misc Exp Oper TD	11	0	0	0	0	0	0	0	0

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Misc Exp Oper TD	11	2,248	698	251	292	140	236	161	470
Rents Oper TD	11	222	69	25	29	14	23	16	46
M&S Maint TD Hydrants	8	0	0	0	0	0	0	0	0
TOTAL T & D EXPENSE OPERATION		101,537	31,509	11,320	13,204	6,334	10,657	7,282	21,230
Super & Eng Maint TD	12	0	0	0	0	0	0	0	0
Struct & Improve Maint TD - Labor	12	18,323	5,664	2,047	2,391	1,147	1,928	1,308	3,839
Struct & Improve Maint TD	12	0	0	0	0	0	0	0	0
Dist Res Stand Maint TD - Labor	5	0	0	0	0	0	0	0	0
TD Main Maint TD - Labor	7	7,901	2,428	882	1,033	495	834	566	1,662
TD Main Maint TD	7	105	32	12	14	7	11	8	22
Fire Main Maint TD - Labor	8	0	0	0	0	0	0	0	0
Fire Main Maint TD	8	0	0	0	0	0	0	0	0
Services Maint TD - Labor	10	0	0	0	0	0	0	0	0
Services Maint TD	10	0	0	0	0	0	0	0	0
Meters Maint TD - Labor	9	36	27	5	2	2	1	0	0
Meters Maint TD	9	0	0	0	0	0	0	0	0
Hydrants Maint TD - Labor	8	0	0	0	0	0	0	0	0
Hydrants Maint TD	8	0	0	0	0	0	0	0	0
Misc Plant Maint TD - Labor	12	10,408	3,217	1,163	1,358	652	1,095	743	2,180
Mat and Sup Maint TD	12	22,222	6,869	2,482	2,900	1,391	2,338	1,587	4,656
Misc Maint TD	12	0	0	0	0	0	0	0	0
Amort Def Maint TD	5	2,650	945	338	380	190	313	123	361
TOTAL T & D EXPENSE - MAINTENANCE		61,645	19,182	6,928	8,079	3,883	6,519	4,335	12,720
TOTAL T & D EXPENSE		163,182	50,691	18,248	21,283	10,217	17,177	11,617	33,950
CUSTOMER ACCOUNTS									
Supervision CA	13	0	0	0	0	0	0	0	0
Meter Reading Exp CA - Labor	14	43,930	38,843	3,967	202	865	53	0	0
Meter Reading Exp CA	14	0	0	0	0	0	0	0	0
Meter Reading Exp CA	14	0	0	0	0	0	0	0	0
Cust Rec & Collection CA - Labor	13	19,587	17,041	1,743	88	380	24	311	0
Cust Rec & Collection CA	13	21,230	18,470	1,889	96	412	25	338	0
Uncollectible Accts	13	26,996	23,486	2,403	121	524	32	429	0
Misc Cust Accts Exp CA - Labor	13	54	47	5	0	1	0	1	0
Misc Cust Accts Exp CA	13	0	0	0	0	0	0	0	0
Misc Cust Accts Exp CA	13	5,523	4,805	492	25	107	7	88	0
Cust Serv & Info Exp CA	13	0	0	0	0	0	0	0	0
TOTAL CUSTOMER ACCOUNTING EXPENSE		117,321	102,693	10,499	532	2,289	141	1,167	0

MISSOURI-AMERICAN WATER COMPANY

MEXICO DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
ADMINISTRATIVE AND GENERAL EXPENSES									
Salaries AG	15	90,768	43,514	11,437	12,290	5,809	9,503	2,251	5,963
Other Supplies & Exp AG	15	3,029	1,452	382	410	194	317	75	199
Other Supplies & Exp AG	15	32,015	15,348	4,034	4,335	2,049	3,352	794	2,103
Other Supplies & Exp AG	15	13,358	6,404	1,683	1,809	855	1,399	331	878
Mgmt Fees-Admin	15	218,521	104,759	27,534	29,588	13,985	22,879	5,419	14,357
Mgmt Fees-Customer Service	13	72,529	63,101	6,455	326	1,407	87	1,153	0
Mgmt Fees-Belleville Lab	2	9,012	3,636	1,374	1,806	773	1,380	12	31
Mgmt Fees- Employee	16	7,735	3,627	932	972	469	758	257	719
Outside Services AG	15	19,052	9,134	2,401	2,580	1,219	1,995	472	1,252
Outside Services AG	15	69,770	33,448	8,791	9,447	4,465	7,305	1,730	4,584
Ins Gen Liab Oper AG	15	30,713	14,724	3,870	4,159	1,966	3,216	762	2,018
Ins Work Comp AG	16	13,588	6,371	1,637	1,708	825	1,332	451	1,264
Ins Other Oper AG	15	9,495	4,552	1,196	1,286	608	994	235	624
Property Insurance	15	3,937	1,887	496	533	252	412	98	259
Injuries & Damages	16	(164)	(77)	(20)	(21)	(10)	(16)	(5)	(15)
Employee Pension & Benefits	16	103,641	48,597	12,489	13,028	6,291	10,157	3,441	9,639
Employee Pension & Benefits	16	77,315	36,253	9,316	9,718	4,693	7,577	2,567	7,190
Employee Pension & Benefits	16	12,125	5,685	1,461	1,524	736	1,188	403	1,128
Reg Commision Exp	19	6,178	2,879	795	874	411	662	160	397
Rents AG	15	3,799	1,821	479	514	243	398	94	250
Goodwill Advertising Exp	15	3,223	1,545	406	436	206	337	80	212
Misc Exp AG	15	43,402	20,807	5,469	5,877	2,778	4,544	1,076	2,852
Research & Development	15	0	0	0	0	0	0	0	0
TOTAL A & G OPERATIONS		843,041	429,467	102,617	103,198	50,225	79,776	21,857	55,901
General Plant Maint AG - Labor	15	0	0	0	0	0	0	0	0
Maint Exp ARO/Net Neg Sal AG	18	(4,716)	(2,137)	(611)	(672)	(321)	(506)	(135)	(334)
General Plant Maint AG	15	6,776	3,248	854	917	434	709	168	445
TOTAL A & G EXPENSE - MAINTENANCE		2,060	1,111	243	245	113	203	33	111
TOTAL A & G EXPENSE		845,101	430,579	102,860	103,444	50,338	79,979	21,890	56,012
Total Operation & Maintenance Expenses		1,560,331	753,448	197,624	216,503	99,939	165,785	35,332	91,700

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
DEPRECIATION EXPENSE									
Struct & Imp SS	2	1,870	755	285	375	160	286	2	6
Struct & Imp P	6	4,722	1,905	720	946	405	723	6	16
Struct & Imp WT	2	116,432	46,980	17,756	23,333	9,990	17,826	151	396
Struct & Imp TD	7	1,484	456	166	194	93	157	106	312
Struct & Imp AG	15	246	118	31	33	16	26	6	16
Struct & Imp Offices	15	2,789	1,337	351	378	178	292	69	183
Struct & Imp Store,Shop,Gar	15	1,122	538	141	152	72	117	28	74
Struct & Imp Misc	15	0	0	0	0	0	0	0	0
Collect & Impounding	1	2	1	0	0	0	0	0	0
Lake, River & Other Intakes	2	569	230	87	114	49	87	1	2
Wells & Springs	2	23,235	9,375	3,543	4,656	1,994	3,557	30	79
Supply Mains	2	15,281	6,166	2,330	3,062	1,311	2,340	20	52
Power Generation Equip	6	107	43	16	21	9	16	0	0
Power Generation Equip Othe	6	0	0	0	0	0	0	0	0
Pump Equip Electric	6	20,460	8,256	3,120	4,100	1,755	3,132	27	70
Pump Equip Diesel	6	0	0	0	0	0	0	0	0
Pump Equip Other	6	738	298	113	148	63	113	1	3
WT Equip Non-Media	2	102,023	41,166	15,559	20,445	8,754	15,620	133	347
WT Equip Filter Media	2	1,886	761	288	378	162	289	2	6
Dist Reservoirs & Standpipe	5	7,680	2,739	980	1,101	551	908	356	1,045
Elevated Tanks & Standpipes	5	1,446	516	185	207	104	171	67	197
Ground Level Facilities	5	494	176	63	71	35	58	23	67
TD Mains Not Classified by	7	28,273	8,688	3,155	3,698	1,770	2,986	2,027	5,949
TD Mains 4" & Less	4	3,896	1,128	404	453	226	374	333	978
TD Mains 6 to 8"	4	25,853	7,484	2,678	3,009	1,502	2,479	2,210	6,489
TD Mains 10 to 16"	3	15,957	6,073	2,298	3,017	1,291	2,306	249	723
TD Mains 18" & Grtr	3	12	5	2	2	1	2	0	1
Fire Mains	8	477	0	0	0	0	0	0	477
Services	10	82,235	65,097	7,705	806	2,229	230	6,168	0
Meters Bronze Case	9	10,699	7,918	1,361	663	601	155	0	0
Meters Plastic Case	9	0	0	0	0	0	0	0	0
Meters Other	9	1,381	1,022	176	86	78	20	0	0
Meters Other-Rem Rdr Unts	9	0	0	0	0	0	0	0	0
Meter Installations	9	17,302	12,805	2,201	1,073	972	251	0	0
Meter Installation Other	9	0	0	0	0	0	0	0	0
Hydrants	8	7,501	0	0	0	0	0	0	7,501
Other P/E Intangible	17	154	70	20	22	10	17	4	11
Other P/E SS	2	81	33	12	16	7	12	0	0
Other P/E WT Res Hand Equip	2	721	291	110	144	62	110	1	2
Other P/E TD	7	392	120	44	51	25	41	28	82
Other P/E CPS	15	440	211	55	60	28	46	11	29
Office Furniture & Equip	15	357	171	45	48	23	37	9	23
Comp & Periph Equip	15	13,979	6,702	1,761	1,893	895	1,464	347	918
Computer Software	15	24,775	11,877	3,122	3,355	1,586	2,594	614	1,628

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Comp Software Personal	15	319	153	40	43	20	33	8	21
Data Handling Equipment	15	3,441	1,650	434	466	220	360	85	226
Other Office Equipment	15	897	430	113	121	57	94	22	59
Trans Equip Lt Duty Trks	15	977	468	123	132	63	102	24	64
Trans Equip Hvy Duty Trks	15	0	0	0	0	0	0	0	0
Trans Equip Autos	15	1,356	650	171	184	87	142	34	89
Trans Equip Other	15	0	0	0	0	0	0	0	0
Stores Equipment	15	412	198	52	56	26	43	10	27
Tools,Shop,Garage Equip	15	6,438	3,086	811	872	412	674	160	423
Tools,Shop,Garage Equip Oth	15	0	0	0	0	0	0	0	0
Laboratory Equipment	2	2,002	808	305	401	172	307	3	7
Laboratory Equip Other	2	0	0	0	0	0	0	0	0
Power Operated Equipment	15	120	58	15	16	8	13	3	8
Comm Equip Non-Telephone	15	1,381	662	174	187	88	145	34	91
Remote Control & Instr	15	313	150	39	42	20	33	8	21
Comm Equip Telephone	15	151	72	19	20	10	16	4	10
Misc Equipment	15	981	470	124	133	63	103	24	64
Total Depreciation Expense		555,859	260,367	73,303	80,788	38,252	60,907	13,449	28,793
Amort-Other UP	18	1,067	484	138	152	73	115	31	76
Amort-Intangible Fin	2	293	118	45	59	25	45	0	1
Amort-Property Losses	2	0	0	0	0	0	0	0	0
Taxes Other Than Income									
Utility Reg Assessment Fee	19	29,057	13,541	3,740	4,109	1,935	3,115	753	1,865
Property Taxes	18	137,570	62,347	17,815	19,604	9,355	14,775	3,935	9,740
FUTA	16	401	188	48	50	24	39	13	37
FICA	16	25,860	12,126	3,116	3,251	1,570	2,534	859	2,405
SUTA	16	1,109	520	134	139	67	109	37	103
Other Taxes & Licenses	15	5,488	2,631	691	743	351	575	136	361
Gross Receipts Tax	19	0	0	0	0	0	0	0	0
Total Taxes, Other Than Income		199,485	91,352	25,545	27,896	13,303	21,147	5,732	14,511
Income Taxes	18	589,132	266,995	76,293	83,951	40,061	63,273	16,849	41,711
Utility Income Available for Return	18	1,471,354	666,818	190,540	209,668	100,052	158,023	42,081	104,172
Total Cost of Service		4,377,522	2,039,581	563,487	619,017	291,705	469,294	113,474	280,963
Less: Other Water Revenues	19	59,484	27,720	7,656	8,411	3,962	6,377	1,541	3,819
Revenue Contribution	19	0	0	0	0	0	0	0	0
Total Other Water Revenues		59,484	27,720	7,656	8,411	3,962	6,377	1,541	3,819
Total Cost of Service Related to Sales of Water		$ 4,318,038	$ 2,011,862	$ 555,832	$ 610,606	$ 287,744	$ 462,918	$ 111,933	$ 277,144
Reallocation of Public Fire	20	0	208,135	35,779	17,432	15,797	0	0	(277,144)
Total		$ 4,318,038	$ 2,219,997	$ 591,611	$ 628,038	$ 303,541	$ 462,918	$ 111,933	$ -

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS

FACTOR 1. ALLOCATION OF COSTS WHICH VARY WITH THE AMOUNT OF WATER CONSUMED.

Factors are based on the pro forma test year average daily consumption for each customer classification.

Customer Classification	Average Daily Consumption, Thousand Gallons	Allocation Factor
(1)	(2)	(3)
Residential	623	0.3716
Commercial	253	0.1510
Industrial	373	0.2226
Other Public Authority	142	0.0847
Sales for Resale	274	0.1635
Private Fire Protection	3	0.0018
Public Fire Protection	8	0.0048
Total	1,676	1.0000

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the factors for average daily consumption (Factor 1) and the factors derived from maximum day extra capacity demand for each customer classification, as follows:

	Average Daily Consumption		Maximum Day Extra Capacity		
Customer Classification	Allocation Factor 1	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)x 0.7143	(4)	(5)=(4)x 0.2857	(6)=(3)+(5)
Residential	0.3716	0.2655	0.4829	0.1380	0.4035
Commercial	0.1510	0.1078	0.1566	0.0447	0.1525
Industrial	0.2226	0.1590	0.1450	0.0414	0.2004
Other Public Authority	0.0847	0.0605	0.0884	0.0253	0.0858
Sales for Resale	0.1635	0.1168	0.1271	0.0363	0.1531
Private Fire Protection	0.0018	0.0013			0.0013
Public Fire Protection	0.0048	0.0034			0.0034
Total	1.0000	0.7143	1.0000	0.2857	1.0000

The derivation of the maximum day extra capacity factors in column 4 and the basis for the column 3 and 5 weightings are presented on the following page.

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS, cont.

		Maximum Day Extra Capacity		
Customer Classification	Average Daily Consumption, Thousand Gal.	Factor*	Rate of Flow, Thousand Gal. Per Day	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	623	1.0	623	0.4829
Commercial	253	0.8	202	0.1566
Industrial	373	0.5	187	0.1450
Other Public Authority	142	0.8	114	0.0884
Sales for Resale	274	0.6	164	0.1271
Total	1,665		1,290	1.0000

The weighting of the factors is based on the maximum day ratio of 1.40, based on a review of maximum day ratios experienced during the period 1990 through 2007 (see Schedule D).

	Maximum Day Ratio	Weight
Average Day	1.00	0.7143
Maximum Day Extra Capacity	0.40	0.2857
Total	1.40	1.0000

* Ratio of maximum day to average day minus 1.0.

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

	Average Daily Consumption		Maximum Day Extra Capacity		Fire Protection		
Customer Classification	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2) X 0.6739	(4)	(5)=(4) X 0.2696	(6)	(7)=(6) X 0.0565	(8)=(3)+(5)+(7)
Residential	0.3716	0.2504	0.4829	0.1302			0.3806
Commercial	0.1510	0.1018	0.1566	0.0422			0.1440
Industrial	0.2226	0.1500	0.1450	0.0391			0.1891
Other Public Authority	0.0847	0.0571	0.0884	0.0238			0.0809
Sales for Resale	0.1635	0.1102	0.1271	0.0343			0.1445
Private Fire Protection	0.0018	0.0012			0.2541	0.0144	0.0156
Public Fire Protection	0.0048	0.0032			0.7459	0.0421	0.0453
Total	1.0000	0.6739	1.0000	0.2696	1.0000	0.0565	1.0000

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum day ratio of 1.40 and the average daily system sendout for 2008 of 2.147 MGD. The system demand for fire protection is 1,500 Gallons per minute for 2 hours.

	Ratio	Rate of Flow, (GPD)	Weight
Average Day	1.00	2,147,000	0.6739
Maximum Day Extra Capacity	0.40	858,800	0.2696
Subtotal	1.40	3,005,800	0.9435
Fire Protection		180,000	0.0565
Total		3,185,800	1.0000

The public and private fire protection allocation factors in column 6 on the previous page are based on the relative potential demands (see Schedule E).

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		Allocation Factor
	Thousand Gallons	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	
(1)	(2)	(3)	(4)=(3) X 0.3327	(5)	(6)=(5) X 0.3327	(7)	(8)=(7) X 0.3346	(9)=(4)+(6)+(8)
Residential	26.0	0.3731	0.1242	0.4972	0.1653			0.2895
Commercial	10.5	0.1506	0.0501	0.1607	0.0535			0.1036
Industrial	15.5	0.2224	0.0740	0.1273	0.0424			0.1164
Other Public Authority	5.9	0.0846	0.0281	0.0902	0.0300			0.0581
Sales for Resale	11.4	0.1636	0.0544	0.1246	0.0415			0.0959
Private Fire Protection	0.1	0.0014	0.0005			0.2541	0.0850	0.0855
Public Fire Protection	0.3	0.0043	0.0014			0.7459	0.2496	0.2510
Total	69.7	1.0000	0.3327	1.0000	0.3327	1.0000	0.3346	1.0000

The maximum hour extra capacity factors in column 5 are determined on the next page.

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum hour ratio of 2.0 and the average daily system sendout for 2008 of 2.147 MGD. The system demand for fire protection is 1,500 gallons per minute.

	Ratio	Rate of Flow, (GPM)	Weight
Average Hour	1.00	1,491	0.3327
Maximum Hour Extra Capacity	1.00	1,491	0.3327
Subtotal	2.00	2,982	0.6654
Fire Protection		1,500	0.3346
Total		4,482	1.0000

The maximum hour extra capacity factors in column 5 of the previous page are determined as follows:

Customer Classification	Average Hourly Consumption Thousand Gal.	Maximum Hour Extra Capacity		
		Factor*	1,000 Gallons Per Hour	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	26.0	3.5	91.0	0.4972
Commercial	10.5	2.8	29.4	0.1607
Industrial	15.5	1.5	23.3	0.1273
Other Public Authority	5.9	2.8	16.5	0.0902
Sales for Resale	11.4	2.0	22.8	0.1246
Total	69.3		183.0	1.0000

* Ratio of Maximum Hour To Average Hour Minus 1.0.

The public and private fire protection allocation factors in column 7 on the previous page are based on the relative potential demands (see Schedule E).

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES.

Factors are based on the weighting of the average hourly consumption, the maximum hour extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption: Thousand Gallons	Average Hourly Consumption: Allocation Factor	Average Hourly Consumption: Weighted Factor	Maximum Hour Extra Capacity: Allocation Factor	Maximum Hour Extra Capacity: Weighted Factor	Fire Protection: Allocation Factor	Fire Protection: Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3) X 0.4100	(5)	(6)=(5) X 0.4100	(7)	(8)=(7) X 0.1800	(9)=(4)+(6)+(8)
Residential	26.0	0.3731	0.1529	0.4972	0.2038			0.3567
Commercial	10.5	0.1506	0.0617	0.1607	0.0659			0.1276
Industrial	15.5	0.2224	0.0912	0.1273	0.0522			0.1434
Other Public Authority	5.9	0.0846	0.0347	0.0902	0.0370			0.0717
Sales for Resale	11.4	0.1636	0.0671	0.1246	0.0511			0.1182
Private Fire Protection	0.1	0.0014	0.0006			0.2541	0.0457	0.0463
Public Fire Protection	0.3	0.0043	0.0018			0.7459	0.1343	0.1361
Total	69.7	1.0000	0.4100	1.0000	0.4100	1.0000	0.1800	1.0000

The weighting of the factors is based on the ratio of the capacity required for a 2 hour demand of fire flow, as related to total storage capacity. The calculation is shown on the following page.

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES, cont.

The weighting of the factors is based on the ratio of the capacity required for a 2 hour demand of fire flow, as related to total storage capacity.

Fire Protection Weight = $\frac{1{,}500 \text{ GPM X } 60 \text{ Min. X } 2 \text{ Hrs.}}{1{,}000{,}000 \text{ Gallons}}$ = 0.1800

General Service Weight = 1.0000 - 0.1800 = 0.8200

The weighting of the average hourly consumption and maximum hour extra demand for general service is based on the maximum hour ratio, as follows:

	Maximum Hour Ratio	Percent	Weight
Average Hour	1.00	50.00	0.4100
Extra Capacity Maximum Hour	1.00	50.00	0.4100
Total	2.00	100.00	0.8200

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH POWER AND PUMPING FACILITIES.

Factors are based on the weighting of the maximum daily consumption, Factor 2, the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

	Maximum Daily Consumption		Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 2	Weighted Factor	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 1.0000	(4)	(5)=(4)X 0.0000	(6)	(7)=(6)X 0.0000	(8)=(3)+ (5)+(7)
Residential	0.4035	0.4035	0.3806	0.0000	0.2895	0.0000	0.4035
Commercial	0.1525	0.1525	0.1440	0.0000	0.1036	0.0000	0.1525
Industrial	0.2004	0.2004	0.1891	0.0000	0.1164	0.0000	0.2004
Other Public Authority	0.0858	0.0858	0.0809	0.0000	0.0581	0.0000	0.0858
Sales for Resale	0.1531	0.1531	0.1445	0.0000	0.0959	0.0000	0.1531
Private Fire Protection	0.0013	0.0013	0.0156	0.0000	0.0855	0.0000	0.0013
Public Fire Protection	0.0034	0.0034	0.0453	0.0000	0.2510	0.0000	0.0034
Total	1.0000	1.0000	1.0000	0.0000	1.0000	0.0000	1.0000

The weighting of the factors is based on the horsepower of pumps associated with maximum day facilities, maximum day and fire facilities, and maximum hour facilities, as follows:

	Horsepower of Pumps	Weight
Associated with Maximum Day	1,415	1.0000
Associated with Maximum Day and Fire	0	0.0000
Associated with Maximum Hour	0	0.0000
Total	1,415	1.0000

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 7. ALLOCATION OF COSTS ASSOCIATED WITH TRANSMISSION AND DISTRIBUTION MAINS.

Factors are based on the weighting of the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 5, for each customer classification, as follows:

	Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.1976	(4)	(5)=(4)X 0.8024	(6)=(3)+(5)
Residential	0.3806	0.0750	0.2895	0.2323	0.3073
Commercial	0.1440	0.0285	0.1036	0.0831	0.1116
Industrial	0.1891	0.0374	0.1164	0.0934	0.1308
Other Public Authority	0.0809	0.0160	0.0581	0.0466	0.0626
Sales for Resale	0.1445	0.0286	0.0959	0.0770	0.1056
Private Fire Protection	0.0156	0.0031	0.0855	0.0686	0.0717
Public Fire Protection	0.0453	0.0090	0.2510	0.2014	0.2104
Total	1.0000	0.1976	1.0000	0.8024	1.0000

The weighting of the factors is based on the total footage of mains, designated as either transmission mains or distribution mains, as follows:

	Total Footage of Mains	Weight
Transmission Mains	93,887	0.1976
Distribution Mains	381,203	0.8024
Total	475,090	1.0000

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 8. ALLOCATION OF COSTS ASSOCIATED WITH FIRE HYDRANTS.

Costs are assigned directly to Public Fire Protection.

Customer Classification	Allocation Factor
(1)	(3)
Public Fire Protection	1.0000
Total	1.0000

FACTOR 9. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

Factors are based on the relative cost of meters by size and customer classification, as developed on the following page and summarized below.

Customer Classification	5/8" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	4,283	0.7401
Commercial	736	0.1272
Industrial	359	0.0620
Other Public Authority	325	0.0562
Sales for Resale	84	0.0145
Private Fire	0	0.0000
Total	5,787	1.0000

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT

BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS

Meter Size	5/8" Dollar Equivalent	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Total	
		Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)
5/8	1.0	4,235	4,235	300	300	2	2	30	30	0	0	4,567	4,567
3/4	1.3	3	4	4	5	0	0	2	3	0	0	9	12
1	1.7	18	31	79	134	4	7	20	34	0	0	121	206
1-1/2	3.5	0	0	0	0	0	0	1	4	0	0	1	4
2	4.3	3	13	49	211	5	22	37	159	4	17	98	422
3	19.0	0	0	2	38	5	95	5	95	1	19	13	247
4	29.3	0	0	0	0	3	88	0	0	0	0	3	88
6	48.4	0	0	1	48	3	145	0	0	1	48	5	241
8	112.9	0	0	0	0	0	0	0	0	0	0	0	0
Total		4,259	4,283	435	736	22	359	95	325	6	84	4,817	5,787

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 10. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

Factors are based on the relative cost of services by size and customer classification, as developed on the following page and summarized below.

Customer Classification	3/4" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	4,265	0.7916
Commercial	505	0.0937
Industrial	53	0.0098
Other Public Authority	146	0.0271
Sales for Resale	15	0.0028
Private Fire Protection	404	0.0750
Total	5,388	1.0000

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT

BASIS FOR ALLOCATING SERVICE COSTS TO CUSTOMER CLASSIFICATIONS

Service Size	3/4" Dollar Equivalent	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Private Fire Protection		Total	
		Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)=(2)X(11)	(15)	(16)
3/4	1.00	4,238	4,238	304	304	2	2	32	32	0	0	0	0	4,576	4,576
1	1.17	18	21	79	92	4	5	20	23	0	0	0	0	121	141
1-1/2	1.58	0	0	0	0	0	0	1	2	0	0	0	0	1	2
2	2.04	3	6	49	100	5	10	37	75	4	8	2	4	100	203
3	2.73	0	0	2	5	5	14	5	14	1	3	1	3	14	39
4	2.88	0	0	0	0	3	9	0	0	0	0	11	32	14	41
6	4.24	0	0	1	4	3	13	0	0	1	4	26	110	31	131
8	6.98	0	0	0	0	0	0	0	0	0	0	16	112	16	112
10	9.50	0	0	0	0	0	0	0	0	0	0	15	143	15	143
12	12.16	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total		4,259	4,265	435	505	22	53	95	146	6	15	71	404	4,888	5,388

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 11. ALLOCATION OF TRANSMISSION AND DISTRIBUTION OPERATION SUPERVISION AND ENGINEERING AND MISCELLANEOUS EXPENSES.

Factors are based on transmission and distribution operation expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Operating Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$ 30,738	0.3103
Commercial	11,043	0.1115
Industrial	12,881	0.1300
Other Public Authority	6,179	0.0624
Sales for Resale	10,396	0.1050
Private Fire Protection	7,104	0.0717
Public Fire Protection	20,711	0.2091
Total	99,053	1.0000

FACTOR 12. ALLOCATION OF TRANSMISSION AND DISTRIBUTION MAINTENANCE SUPERVISION AND ENGINEERING, STRUCTURES AND IMPROVEMENTS, AND OTHER EXPENSES.

Factors are based on transmission and distribution maintenance expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$ 2,487	0.3091
Commercial	898	0.1117
Industrial	1,049	0.1305
Other Public Authority	503	0.0626
Sales for Resale	846	0.1052
Private Fire Protection	574	0.0714
Public Fire Protection	1,684	0.2095
Total	$8,042	1.0000

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 13. ALLOCATION OF BILLING AND COLLECTING COSTS.

Factors are based on the total number of customers.

Customer Classification	Total Customers	Allocation Factor
(1)	(2)	(3)
Residential	4,259	0.8700
Commercial	435	0.0890
Industrial	22	0.0045
Other Public Authority	95	0.0194
Sales for Resale	6	0.0012
Private Fire Protection	78	0.0159
Public Fire Protection	0	0.0000
Total	4,895	1.0000

FACTOR 14. ALLOCATION OF METER READING COSTS.

Factors are based on the number of metered customers.

Customer Classification	Total Metered Customers	Allocation Factor
(1)	(2)	(3)
Residential	4,259	0.8842
Commercial	435	0.0903
Industrial	22	0.0046
Other Public Authority	95	0.0197
Sales for Resale	6	0.0012
Total	4,817	1.0000

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 15. ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES

Factors are based on the allocation of all other operation and maintenance expenses excluding purchased water, power, chemicals and waste disposal.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$253,831	0.4794
Commercial	66,710	0.1260
Industrial	71,703	0.1354
Other Public Authority	33,865	0.0640
Sales for Resale	55,430	0.1047
Private Fire Protection	13,108	0.0248
Public Fire Protection	34,796	0.0657
Total	$529,443	1.0000

FACTOR 15A. ALLOCATION OF CASH WORKING CAPITAL

Factors are based on the allocation of operation and maintenance expenses including purchased water, power, chemicals and waste disposal.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$753,448	0.4827
Commercial	197,624	0.1267
Industrial	216,503	0.1388
Other Public Authority	99,939	0.0641
Sales for Resale	165,785	0.1063
Private Fire Protection	35,332	0.0226
Public Fire Protection	91,700	0.0588
Total	$1,560,331	1.0000

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 16. ALLOCATION OF LABOR RELATED TAXES AND BENEFITS.

Factors are based on the allocation of direct labor expense.

Customer Classification	Direct Labor Expense	Allocation Factor
(1)	(2)	(3)
Residential	$174,057	0.4689
Commercial	44,717	0.1205
Industrial	46,655	0.1257
Other Public Authority	22,537	0.0607
Sales for Resale	36,369	0.0980
Private Fire Protection	12,309	0.0332
Public Fire Protection	34,528	0.0930
Total	$371,172	1.0000

FACTOR 17. ALLOCATION OF ORGANIZATION, FRANCHISES AND CONSENTS, MISCELLANEOUS INTANGIBLE PLANT AND OTHER RATE BASE ELEMENTS.

Factors are based on the allocation of the original cost less depreciation other than those items being allocated, as follows:

Customer Classification	Original Cost Less Depreciation	Allocation Factor
(1)	(2)	(3)
Residential	$8,116,451	0.4530
Commercial	2,320,840	0.1295
Industrial	2,554,884	0.1426
Other Public Authority	1,218,745	0.0680
Sales for Resale	1,925,093	0.1074
Private Fire Protection	513,560	0.0287
Public Fire Protection	1,267,820	0.0708
Total	$17,917,392	1.0000

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 18. ALLOCATION OF INCOME TAXES AND INCOME AVAILABLE FOR RETURN.

Factors are based on the allocation of the original cost measure of value rate base as shown on the following pages and summarized below.

Customer Classification	Original Cost Measure of Value	Allocation Factor
(1)	(2)	(3)
Residential	$7,484,671	0.4532
Commercial	2,138,057	0.1295
Industrial	2,352,917	0.1425
Other Public Authority	1,122,331	0.0680
Sales for Resale	1,773,450	0.1074
Private Fire Protection	473,038	0.0286
Public Fire Protection	1,169,050	0.0708
Total	$16,513,514	1.0000

FACTOR 19. ALLOCATION OF REGULATORY COMMISSION EXPENSES, ASSESSMENTS AND OTHER WATER REVENUES.

The factors are based on the allocation of the total cost of service, excluding those items being allocated.

Customer Classification	Total Cost of Service	Allocation Factor
(1)	(2)	(3)
Residential	$2,023,162	0.4660
Commercial	558,953	0.1287
Industrial	614,035	0.1414
Other Public Authority	289,358	0.0666
Sales for Resale	465,517	0.1072
Private Fire Protection	112,561	0.0259
Public Fire Protection	278,701	0.0642
Total	$4,342,287	1.0000

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
RATE BASE									
Organization	17	$ 2,077	$ 941	$ 269	$ 296	$ 141	$ 223	$ 60	$ 147
Franchises	17	0	0	0	0	0	0	0	0
Land & Ld Rights SS	2	25,516	10,296	3,891	5,113	2,189	3,906	33	87
Land & Ld Rights P	6	58,808	23,729	8,968	11,785	5,046	9,003	76	200
Land & Ld Rights WT	2	13,920	5,617	2,123	2,790	1,194	2,131	18	47
Land & Ld Rights TD	7	13,167	4,046	1,469	1,722	824	1,390	944	2,770
Land & Land Rights AG	15	2,057	986	259	279	132	215	51	135
Struct & Imp SS	2	43,627	17,603	6,653	8,743	3,743	6,679	57	148
Struct & Imp P	6	45,278	18,270	6,905	9,074	3,885	6,932	59	154
Struct & Imp Pump Boosters	6	0	0	0	0	0	0	0	0
Struct & Imp WT	2	2,865,635	1,156,284	437,009	574,273	245,871	438,729	3,725	9,743
Struct & Imp TD	7	55,744	17,130	6,221	7,291	3,490	5,887	3,997	11,729
Struct & Imp TD Spec Cross	7	0	0	0	0	0	0	0	0
Struct & Imp AG	7	10,414	3,200	1,162	1,362	652	1,100	747	2,191
Struct & Imp Offices	15	80,577	38,629	10,153	10,910	5,157	8,436	1,998	5,294
Gen Structures HVAC	15	0	0	0	0	0	0	0	0
Struct & Imp Leasehold	15	5	2	1	1	0	1	0	0
Struct & Imp Leasehold	15	0	0	0	0	0	0	0	0
Struct & Imp Store,Shop,Gar	15	20,227	9,697	2,549	2,739	1,295	2,118	502	1,329
Struct & Imp Misc	15	0	0	0	0	0	0	0	0
Collect & Impounding	1	36	14	5	8	3	6	0	0
Lake, River & Other Intakes	2	10,257	4,139	1,564	2,056	880	1,570	13	35
Wells & Springs	2	696,843	281,176	106,269	139,647	59,789	106,687	906	2,369
Supply Mains	2	685,266	276,505	104,503	137,327	58,796	104,914	891	2,330
Power Generation Equip	6	4,845	1,955	739	971	416	742	6	16
Power Generation Equip Othe	6	0	0	0	0	0	0	0	0
Boiler Plant Equipment P	6	0	0	0	0	0	0	0	0
Pump Equip Steam	6	0	0	0	0	0	0	0	0
Pump Equip Electric	6	1,093,861	441,373	166,814	219,210	93,853	167,470	1,422	3,719
Pump Equip Elec Boosters Po	6	0	0	0	0	0	0	0	0
Pump Equip Diesel	6	0	0	0	0	0	0	0	0
Pump Equip Hydraulic	6	0	0	0	0	0	0	0	0
Pump Equip Other	6	30,136	12,160	4,596	6,039	2,586	4,614	39	102
Pump Equip WT	6	0	0	0	0	0	0	0	0
Pump Equip TD	6	0	0	0	0	0	0	0	0
WT Equip Non-Media	2	3,152,691	1,272,111	480,785	631,799	270,501	482,677	4,098	10,719
WT Equip Filter Media	2	63,559	25,646	9,693	12,737	5,453	9,731	83	216
Dist Reservoirs & Standpipe	5	175,241	62,508	22,361	25,130	12,565	20,713	8,114	23,850
Elevated Tanks & Standpipes	5	51,246	18,279	6,539	7,349	3,674	6,057	2,373	6,975
Ground Level Facilities	5	17,569	6,267	2,242	2,519	1,260	2,077	813	2,391
TD Mains Not Classified by	7	1,649,725	506,960	184,109	215,784	103,273	174,211	118,285	347,102
TD Mains 4" & Less	4	256,125	74,148	26,535	29,813	14,881	24,562	21,899	64,287
TD Mains 6 to 8"	4	1,527,180	442,119	158,216	177,764	88,729	146,457	130,574	383,322
TD Mains 10 to 16"	3	905,066	344,468	130,330	171,148	73,220	130,782	14,119	40,999
TD Mains 18" & Grtr	3	722	275	104	137	58	104	11	33
Fire Mains	8	21,016	0	0	0	0	0	0	21,016
Services	10	2,555,155	2,022,661	239,418	25,041	69,245	7,154	191,637	0
Meters Bronze Case	9	478,696	354,283	60,890	29,679	26,903	6,941	0	0

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Meters Plastic Case	9	0	0	0	0	0	0	0	0
Meters Other	9	2,397	1,774	305	149	135	35	0	0
Meters Other-Rem Rdr Unts	9	0	0	0	0	0	0	0	0
Meter Installations	9	724,510	536,210	92,158	44,920	40,717	10,505	0	0
Meter Installation Other	9	0	0	0	0	0	0	0	0
Meter Vaults	9	0	0	0	0	0	0	0	0
Hydrants	8	308,289	0	0	0	0	0	0	308,289
Other P/E Intangible	17	10,167	4,605	1,317	1,450	691	1,092	292	720
Other P/E SS	2	1,574	635	240	315	135	241	2	5
Other P/E WT Res Hand Equip	2	21,375	8,625	3,260	4,284	1,834	3,273	28	73
Other P/E TD	7	7,029	2,160	784	919	440	742	504	1,479
Other P/E CPS	15	12,325	5,909	1,553	1,669	789	1,290	306	810
Office Furniture & Equip	15	13,666	6,552	1,722	1,850	875	1,431	339	898
Comp & Periph Equip	15	38,118	18,274	4,803	5,161	2,440	3,991	945	2,504
Computer Software	15	20,878	10,009	2,631	2,827	1,336	2,186	518	1,372
Comp Software Personal	15	458	220	58	62	29	48	11	30
Comp Software Other	15	0	0	0	0	0	0	0	0
Data Handling Equipment	15	25,726	12,333	3,241	3,483	1,646	2,693	638	1,690
Other Office Equipment	15	7,589	3,638	956	1,028	486	795	188	499
Trans Equip Lt Duty Trks	15	(382)	(183)	(48)	(52)	(24)	(40)	(9)	(25)
Trans Equip Hvy Duty Trks	15	0	0	0	0	0	0	0	0
Trans Equip Autos	15	(1,801)	(863)	(227)	(244)	(115)	(189)	(45)	(118)
Trans Equip Other	15	0	0	0	0	0	0	0	0
Stores Equipment	15	1,459	700	184	198	93	153	36	96
Tools,Shop,Garage Equip	15	84,430	40,476	10,638	11,432	5,404	8,840	2,094	5,547
Tools,Shop,Garage Equip Oth	15	0	0	0	0	0	0	0	0
Laboratory Equipment	2	19,852	8,010	3,027	3,978	1,703	3,039	26	67
Laboratory Equip Other	2	0	0	0	0	0	0	0	0
Power Operated Equipment	15	(4,688)	(2,247)	(591)	(635)	(300)	(491)	(116)	(308)
Comm Equip Non-Telephone	15	26,399	12,655	3,326	3,574	1,690	2,764	655	1,734
Remote Control & Instr	15	4,416	2,117	556	598	283	462	110	290
Comm Equip Telephone	15	(14,078)	(6,749)	(1,774)	(1,906)	(901)	(1,474)	(349)	(925)
Misc Equipment	15	7,639	3,662	962	1,034	489	800	189	502
Other Tangible Property	17	0	0	0	0	0	0	0	0
Total Utility Plant in Service		17,929,635	8,121,997	2,322,425	2,556,630	1,219,577	1,926,408	513,911	1,268,687

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Other Rate Base Items									
Add:									
Other Utility Plant Adjustments	17	0	0	0	0	0	0	0	0
Cash Working Capital	15A	65,000	31,376	8,236	9,022	4,167	6,910	1,469	3,822
Materials and Supplies	15	26,839	12,867	3,382	3,634	1,718	2,810	666	1,763
Prepayments	15	14,449	6,927	1,821	1,956	925	1,513	358	949
OPEB's Contributed to External Fund	16	113,178	53,069	13,638	14,226	6,870	11,091	3,758	10,526
Pension / OPEB Tracker	16	17,108	8,022	2,062	2,150	1,038	1,677	568	1,591
Regulatory Deferrals	17	22,878	10,364	2,963	3,262	1,556	2,457	657	1,620
Less:									
Accumulated Deferred ITC (3%)	17	0	0	0	0	0	0	0	0
Deferred Income Taxes	17	(1,618,015)	(732,961)	(209,533)	(230,729)	(110,025)	(173,775)	(46,437)	(114,555)
Pensions	16	(57,558)	(26,989)	(6,936)	(7,235)	(3,494)	(5,641)	(1,911)	(5,353)
Total Other Rate Base Elements		(1,416,121)	(637,326)	(184,369)	(203,712)	(97,246)	(152,958)	(40,873)	(99,637)
Total Original Cost Measure of Value		$ 16,513,514	$ 7,484,671	$ 2,138,057	$ 2,352,917	$ 1,122,331	$ 1,773,450	$ 473,038	$ 1,169,050

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 20. REALLOCATION OF PUBLIC FIRE

Factors are based on the relative cost of meters by size and customer classification.

Customer Classification	5/8" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	4,283	0.7510
Commercial	736	0.1291
Industrial	359	0.0629
Other Public Authority	325	0.0570
Sales for Resale	0	0.0000
Private Fire	0	0.0000
Total	5,703	1.0000

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT

SUMMARY OF AVERAGE DAILY SEND OUT AND MAXIMUM DAILY USAGE
FOR THE YEARS 1990-2008

Year	Average Daily Send out (MGD)	Maximum Daily Use		
		MGD	Ratio to Average	Highest Use Day
(1)	(2)	(3)	(4)	(5)
1990	1.859	3.044	1.64	7/15/1990
1991	2.008	2.738	1.36	3/29/1991
1992	2.044	3.182	1.56	7/2/1992
1993	1.989	2.553	1.28	8/20/1993
1994	1.964	2.525	1.29	8/22/1994
1995	2.282	2.917	1.28	8/28/1995
1996	2.186	3.047	1.39	7/18/1996
1997	2.223	2.886	1.30	7/17/1997
1998	2.240	2.868	1.28	5/19/1998
1999	2.223	3.010	1.35	7/28/1999
2000	2.199	2.770	1.26	8/17/2000
2001	2.322	2.955	1.27	8/1/2001
2002	2.245	2.953	1.32	8/5/2002
2003	2.254	2.937	1.30	8/28/2003
2004	2.116	2.745	1.30	8/18/2004
2005	2.105	2.912	1.38	11/7/2005
2006	1.783	2.786	1.56	6/19/2006
2007	2.252	2.889	1.28	8/6/2007
2008	2.147	2.821	1.31	5/19/2009

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT

BASIS FOR ALLOCATING DEMAND RELATED COSTS OF FIRE SERVICE TO PRIVATE AND PUBLIC FIRE PROTECTION CUSTOMER CLASSIFICATIONS

Description		Restrictive Diameters Squared	Quantity	Relative Demand*	Allocation Factor
(1)		(2)	(3)	(4)=(2)x(3)	(5)
PRIVATE FIRE PROTECTION					
Fire Lines					
2 -inch		4.00	2	8	
3 -inch		9.00	0	0	
4 -inch		16.00	11	176	
6 -inch		36.00	26	936	
8 -inch		64.00	16	1,024	
10 -inch		100.00	15	1,500	
12 -inch		144.00	1	144	
Private Hydrants		20.25	7	142	
Total Private Fire Protection			78	3,930	0.2541
PUBLIC FIRE PROTECTION					
Hydrant	Nozzle Sizes				
5 1/4" Valve	2- 2-1/2" & 1- 4 1/2"	26.50	80	2,120	
4 1/2" Valve	2- 2-1/2" & 1- 4 1/2"	20.25	465	9,416	
Total Public Fire Prorection			545	11,536	0.7459
Total Fire Protection			623	15,466	1.0000

MISSOURI-AMERICAN WATER COMPANY
MEXICO DISTRICT

CALCULATION OF CUSTOMER CHARGE

(1) Cost Related to Meters	452,417		
(2) Meter Equivalents X 12	69,444		
(3) Cost per Bill - Meter related		$	6.51
(4) Cost Related to Services	361,760		
(5) Service Equivalents X 12	64,656		
(6) Cost per Bill - Services related		$	5.60
(7) Cost Related to Billing and Collecting	388,216		
(8) Number of Customers X 12	58,740		
(9) Cost per Bill - Billing and Collecting		$	6.61
(10) Total Customer Charge (3)+(6)+(9)		$	18.72

PARKVILLE WATER DISTRICT

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES
FOR THE TEST YEAR ENDED JUNE 30, 2009

Customer Classification	Cost of Service (a) Amount (Schedule B)	Cost of Service (a) Percent	Revenues, Present Rates Amount	Revenues, Present Rates Percent	Revenues, Proposed Rates Amount	Revenues, Proposed Rates Percent	Proposed Increase Amount	Proposed Increase Percent Increase
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Residential	$ 4,410,143	73.3%	$ 3,374,544	70.9%	$ 4,304,984	71.7%	$ 930,440	27.6%
Commercial	1,103,179	18.4%	953,674	20.0%	1,198,314	19.9%	244,640	25.7%
Industrial	17,438	0.3%	18,647	0.4%	23,579	0.4%	4,932	26.4%
Public Authority	65,051	1.1%	55,866	1.2%	71,460	1.2%	15,594	27.9%
Sales for Resale	297,852	5.0%	215,573	4.5%	267,047	4.4%	51,474	23.9%
Private Fire Service	113,575	1.9%	141,836	3.0%	141,836	2.4%	-	0.0%
Public Fire Service	-	0.0%	$0	0.0%	-	0.0%	-	0.0%
Total Sales	6,007,239	100.0%	4,760,139	100.0%	6,007,220	100.0%	1,247,080	26.2%
Other Revenues	40,193		32,943		40,193		7,250	22.0%
Total	$ 6,047,432		$ 4,793,082		$ 6,047,413		$1,254,330	26.2%

(a) Cost of Service is net of revenue contribution frrom St. Louis Metro District.

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MISSOURI-AMERICAN WATER COMPANY

PARKVILLE WATER DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
OPERATION AND MAINTENANCE EXPENSES									
SOURCE OF SUPPLY EXPENSES									
Super & Eng Oper SS	2	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Labor & Exp Oper SS - Labor	2	0	0	0	0	0	0	0	0
Labor & Exp Oper SS	2	809	598	151	2	7	49	0	1
Purchased Water	1	116,163	76,133	27,507	511	1,266	10,164	116	465
TOTAL SS EXPENSE - OPERATION		116,972	76,731	27,658	514	1,273	10,213	116	466
Misc Exp Oper SS	2	0	0	0	0	0	0	0	0
Misc Exp Oper SS	2	104	77	19	0	1	6	0	0
Rents Oper SS	2	2,743	2,028	512	8	24	166	1	4
Super & Eng Maint SS	2	0	0	0	0	0	0	0	0
Struct & Improve Maint SS - Labor	2	0	0	0	0	0	0	0	0
Struct & Improve Maint SS	2	0	0	0	0	0	0	0	0
Collect & Impound Maint SS - Labor	2	0	0	0	0	0	0	0	0
Collect & Impound Maint SS	2	0	0	0	0	0	0	0	0
Lake, River & Oth Maint SS - Labor	2	0	0	0	0	0	0	0	0
Lake, River & Oth Maint SS	2	0	0	0	0	0	0	0	0
Wells & Springs Maint SS - Labor	2	1,183	875	221	4	10	71	0	2
Wells & Springs Maint SS	2	0	0	0	0	0	0	0	0
Infilt Gall & Tunnels Maint SS - Labor	2	0	0	0	0	0	0	0	0
Infilt Gall & Tunnels Maint SS	2	0	0	0	0	0	0	0	0
Supply Mains Maint SS - Labor	2	0	0	0	0	0	0	0	0
Supply Mains Maint SS	2	0	0	0	0	0	0	0	0
Misc Plant Maint SS - Labor	2	1,792	1,325	334	5	16	108	1	3
Misc Plant Maint SS	2	3,367	2,489	628	10	29	203	1	5
TOTAL SS EXPENSE - MAINTENANCE		9,189	6,794	1,715	28	80	555	4	15
TOTAL SS EXPENSE		126,161	83,525	29,373	541	1,353	10,768	120	481
POWER AND PUMPING EXPENSES									
Super & Eng Oper P - Labor	6	0	0	0	0	0	0	0	0
Fuel for Power Prod	1	0	0	0	0	0	0	0	0
Labor & Exp Oper Pwr Prod - Labor	6	(1,021)	(724)	(183)	(3)	(9)	(59)	(9)	(34)
Labor & Exp Oper Pwr Prod	6	0	0	0	0	0	0	0	0
Purch Fuel/Power for Pump	1	86,424	56,642	20,465	380	942	7,562	86	346
Labor & Exp Oper Pump - Labor	6	75,586	53,621	13,530	212	635	4,392	703	2,494
Labor & Exp Oper Pump	6	0	0	0	0	0	0	0	0
Misc Exp Oper P	6	5	4	1	0	0	0	0	0
Rents Oper P	6	0	0	0	0	0	0	0	0
TOTAL PUMPING EXPENSE - OPERATION		160,994	109,542	33,813	589	1,568	11,895	780	2,806

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection Private	Fire Protection Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Super & Eng Maint P	6	0	0	0	0	0	0	0	0
Struct & Improve Maint P - Labor	6	0	0	0	0	0	0	0	0
Struct & Improve Maint P	6	0	0	0	0	0	0	0	0
Power Prod Equip Maint P - Labor	6	0	0	0	0	0	0	0	0
Power Prod Equip Maint P	6	0	0	0	0	0	0	0	0
Pump Equip Maint P - Labor	6	7,434	5,274	1,331	21	62	432	69	245
Pump Equip Maint P	6	0	0	0	0	0	0	0	0
TOTAL PUMPING EXPENSES - MAINTENANCE		7,434	5,274	1,331	21	62	432	69	245
TOTAL PUMPING EXPENSES		168,428	114,816	35,144	610	1,631	12,327	849	3,052
WATER TREATMENT									
Super & Eng Oper WT	2	(61)	(45)	(11)	(0)	(1)	(4)	(0)	(0)
Chemicals	1	119,366	78,232	28,266	525	1,301	10,445	119	477
Labor & Exp Oper WT - Labor	2	0	0	0	0	0	0	0	0
Labor & Exp Oper WT	2	10,581	7,823	1,974	32	92	639	4	17
Misc Exp Oper WT	2	65,374	48,331	12,199	196	569	3,949	26	105
Misc Exp Oper WT	1	0	0	0	0	0	0	0	0
Misc Exp Oper WT	2	8	6	1	0	0	0	0	0
Rents Oper WT	2	0	0	0	0	0	0	0	0
TOTAL WT EXPENSE - OPERATION		195,268	134,347	42,429	753	1,961	15,029	150	599
Super & Eng Maint WT	2	5	4	1	0	0	0	0	0
Struct & Improve Maint WT - Labor	2	0	0	0	0	0	0	0	0
Struct & Improve Maint WT	2	0	0	0	0	0	0	0	0
WT Equip Maint WT	2	0	0	0	0	0	0	0	0
WT Equip Maint WT	2	3,909	2,890	729	12	34	236	2	6
TOTAL WT EXPENSE - MAINTENANCE		3,914	2,893	730	12	34	236	2	6
TOTAL WT EXPENSE		199,182	137,240	43,159	765	1,995	15,265	151	605
TRANSMISSION AND DISTRIBUTION EXPENSES									
Super & Eng Oper TD	11	0	0	0	0	0	0	0	0
Storage Facilty Exp - Labor	5	0	0	0	0	0	0	0	0
Storage Facilty Exp	5	0	0	0	0	0	0	0	0
TD Lines Exp - Labor	7	5,950	3,232	931	14	43	289	315	1,128
TD Lines Exp	7	2,960	1,608	463	7	21	144	157	561
Meter Expense - Labor	9	0	0	0	0	0	0	0	0
Meter Expense	9	0	0	0	0	0	0	0	0
Customer Install Exp - Labor	10	1	1	0	0	0	0	0	0
Customer Install Exp	10	0	0	0	0	0	0	0	0

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Misc Exp Oper TD - Labor	11	66,747	36,250	10,439	154	481	3,237	3,531	12,655
Misc Exp Oper TD	11	72,777	39,525	11,382	167	524	3,530	3,850	13,799
Misc Exp Oper TD	11	6,165	3,348	964	14	44	299	326	1,169
Rents Oper TD	11	0	0	0	0	0	0	0	0
TOTAL T & D EXPENSE OPERATION		154,600	83,964	24,179	356	1,113	7,498	8,178	29,312
Super & Eng Maint TD	12	0	0	0	0	0	0	0	0
Struct & Improve Maint TD - Labor	12	0	0	0	0	0	0	0	0
Struct & Improve Maint TD	12	0	0	0	0	0	0	0	0
Dist Res Stand Maint TD - Labor	5	0	0	0	0	0	0	0	0
TD Main Maint TD - Labor	7	7,246	3,935	1,133	17	52	351	383	1,374
TD Main Maint TD	7	0	0	0	0	0	0	0	0
Fire Main Maint TD - Labor	8	0	0	0	0	0	0	0	0
Fire Main Maint TD	8	0	0	0	0	0	0	0	0
Services Maint TD - Labor	10	0	0	0	0	0	0	0	0
Services Maint TD	10	0	0	0	0	0	0	0	0
Meters Maint TD - Labor	9	0	0	0	0	0	0	0	0
Meters Maint TD	9	0	0	0	0	0	0	0	0
Hydrants Maint TD - Labor	8	0	0	0	0	0	0	0	0
Hydrants Maint TD	8	0	0	0	0	0	0	0	0
Misc Plant Maint TD - Labor	12	11	6	2	0	0	1	1	2
Mat and Sup Maint TD	12	5,559	3,019	869	13	40	270	294	1,054
Misc Maint TD	12	0	0	0	0	0	0	0	0
Amort Def Maint TD	5	263,650	173,192	53,969	765	2,399	16,320	3,717	13,288
TOTAL T & D EXPENSE - MAINTENANCE		276,466	180,152	55,974	794	2,491	16,942	4,395	15,718
TOTAL T & D EXPENSE		431,066	264,116	80,153	1,150	3,605	24,440	12,574	45,030
CUSTOMER ACCOUNTS									
Supervision CA	13	0	0	0	0	0	0	0	0
Meter Reading Exp CA	14	29,809	27,302	2,230	42	215	21	0	0
Meter Reading Exp CA	14	0	0	0	0	0	0	0	0
Meter Reading Exp CA	14	0	0	0	0	0	0	0	0
Cust Rec & Collection CA	13	35,142	31,600	2,579	49	250	25	640	0
Cust Rec & Collection CA	13	24,274	21,827	1,782	34	172	17	442	0
Uncollectible Accts	13	28,834	25,928	2,116	40	205	20	525	0
Misc Cust Accts Exp CA	13	0	0	0	0	0	0	0	0
Misc Cust Accts Exp CA	13	0	0	0	0	0	0	0	0
Misc Cust Accts Exp CA	13	3,863	3,474	284	5	27	3	70	0
Cust Serv & Info Exp CA	13	0	0	0	0	0	0	0	0
TOTAL CUSTOMER ACCOUNTING EXPENSE		121,922	110,130	8,991	171	869	85	1,676	0

MISSOURI-AMERICAN WATER COMPANY

PARKVILLE WATER DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
ADMINISTRATIVE AND GENERAL EXPENSES									
Salaries AG	15	61,998	42,667	10,310	155	508	2,970	1,290	4,098
Other Supplies & Exp AG	15	3,789	2,608	630	9	31	181	79	250
Other Supplies & Exp AG	15	45,976	31,641	7,646	115	377	2,202	956	3,039
Other Supplies & Exp AG	15	29,458	20,273	4,899	74	242	1,411	613	1,947
Mgmt Fees-Admin	15	250,895	172,666	41,724	627	2,057	12,018	5,219	16,584
Mgmt Fees-Customer Service	13	83,274	74,880	6,112	117	591	58	1,516	0
Mgmt Fees-Belleville Lab	2	10,348	7,650	1,931	31	90	625	4	17
Mgmt Fees- Employee	16	8,881	6,247	1,304	20	69	361	210	669
Outside Services AG	15	22,009	15,147	3,660	55	180	1,054	458	1,455
Outside Services AG	15	74,963	51,590	12,466	187	615	3,591	1,559	4,955
Property Insurance	15	0	0	0	0	0	0	0	0
Ins Gen Liab Oper AG	15	35,263	24,268	5,864	88	289	1,689	733	2,331
Ins Work Comp AG	16	11,773	8,282	1,728	27	92	478	279	887
Ins Other Oper AG	15	10,901	7,502	1,813	27	89	522	227	721
Property Insurance	15	2,616	1,800	435	7	21	125	54	173
Injuries & Damages	16	(160)	(113)	(23)	(0)	(1)	(6)	(4)	(12)
Employee Pension & Benefits	16	81,991	57,680	12,036	189	640	3,329	1,943	6,174
Employee Pension & Benefits	16	63,198	44,460	9,278	145	493	2,566	1,498	4,759
Employee Pension & Benefits	16	12,903	9,077	1,894	30	101	524	306	972
Reg Commision Exp	15	7,093	4,882	1,180	18	58	340	148	469
Rents AG	15	1,991	1,371	331	5	16	95	41	132
Goodwill Advertising Exp	15	57	39	9	0	0	3	1	4
Misc Exp AG	15	30,190	20,777	5,021	75	248	1,446	628	1,996
Research & Development	15	0	0	0	0	0	0	0	0
TOTAL A & G OPERATIONS		849,407	605,394	130,248	2,001	6,807	35,582	17,758	51,617
General Plant Maint AG	15	0	0	0	0	0	0	0	0
Maint Exp ARO/Net Neg Sal AG	18	(29,883)	(19,540)	(5,011)	(78)	(272)	(1,455)	(604)	(2,923)
General Plant Maint AG	15	3,580	2,464	595	9	29	171	74	237
TOTAL A & G EXPENSE - MAINTENANCE		(26,303)	(17,077)	(4,416)	(69)	(243)	(1,284)	(529)	(2,686)
TOTAL A & G EXPENSE		823,104	588,317	125,832	1,933	6,565	34,298	17,229	48,931
Total Operation & Maintenance Expenses		1,869,864	1,298,145	322,652	5,169	16,017	97,183	32,600	98,099

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MISSOURI-AMERICAN WATER COMPANY

PARKVILLE WATER DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
DEPRECIATION EXPENSE									
Struct & Imp SS	2	463	342	86	1	4	28	0	1
Struct & Imp P	6	1,186	841	212	3	10	69	11	39
Struct & Imp WT	2	20,981	15,511	3,915	63	183	1,267	8	34
Struct & Imp TD	7	6,198	3,366	969	14	45	301	328	1,175
Struct & Imp AG	15	28	19	5	0	0	1	1	2
Struct & Imp Offices	15	1,629	1,121	271	4	13	78	34	108
Struct & Imp Store,Shop,Gar	15	974	670	162	2	8	47	20	64
Struct & Imp Misc	15	11,650	8,018	1,937	29	96	558	242	770
Collect & Impounding	1	0	0	0	0	0	0	0	0
Lake, River & Other Intakes	2	0	0	0	0	0	0	0	0
Wells & Springs	2	5,513	4,076	1,029	17	48	333	2	9
Supply Mains	2	3,556	2,629	664	11	31	215	1	6
Power Generation Equip	6	2,669	1,893	478	7	22	155	25	88
Pump Equip Electric	6	43,690	30,994	7,821	122	367	2,538	406	1,442
Pump Equip Diesel	6	294	209	53	1	2	17	3	10
Pump Equip Hydraulic	6	1,867	1,324	334	5	16	108	17	62
Pump Equip Other	6	1,581	1,122	283	4	13	92	15	52
WT Equip Non-Media	2	72,844	53,854	13,593	219	634	4,400	29	117
WT Equip Filter Media	2	1,906	1,409	356	6	17	115	1	3
Dist Reservoirs & Standpipe	5	84,681	55,627	17,334	246	771	5,242	1,194	4,268
Elevated Tanks & Standpipes	5	2,616	1,718	535	8	24	162	37	132
Ground Level Facilities	5	1,903	1,250	390	6	17	118	27	96
Below Ground Facilities	5	707	464	145	2	6	44	10	36
TD Mains Not Classified by	7	54,983	29,861	8,599	126	396	2,667	2,909	10,425
TD Mains 4" & Less	4	4,664	2,194	684	10	31	207	335	1,202
TD Mains 6 to 8"	4	586	276	86	1	4	26	42	151
TD Mains 10 to 16"	3	109,213	76,973	19,418	306	906	6,302	1,158	4,150
TD Mains 18" & Grtr	3	74,404	52,440	13,229	208	618	4,293	789	2,827
Fire Mains	8	1,552	0	0	0	0	0	0	1,552
Services	10	40,431	34,294	3,562	81	396	73	2,026	0
Meters Bronze Case	9	19,595	15,406	3,435	61	445	249	0	0
Meters Plastic Case	9	0	0	0	0	0	0	0	0
Meters Other	9	1,171	921	205	4	27	15	0	0
Meters Other-Rem Rdr Unts	9	137	108	24	0	3	2	0	0
Meter Installations	9	26,982	21,213	4,730	84	612	343	0	0
Meter Installation Other	9	0	0	0	0	0	0	0	0
Meter Vaults	9	7,115	5,594	1,247	22	162	90	0	0
Hydrants	8	19,099	0	0	0	0	0	0	19,099
Other P/E Intangible	17	158	103	27	0	1	8	3	15
Other P/E TD	7	655	356	102	2	5	32	35	124
Other P/E CPS	15	3,227	2,221	537	8	26	155	67	213
Office Furniture & Equip	15	1,452	999	241	4	12	70	30	96

MISSOURI-AMERICAN WATER COMPANY

PARKVILLE WATER DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Comp & Periph Equip	15	12,896	8,875	2,145	32	106	618	268	852
Computer Software	15	27,610	19,001	4,592	69	226	1,323	574	1,825
Comp Software Personal	15	2,740	1,886	456	7	22	131	57	181
Data Handling Equipment	15	20,639	14,204	3,432	52	169	989	429	1,364
Other Office Equipment	15	2,468	1,698	410	6	20	118	51	163
Trans Equip Lt Duty Trks	15	849	584	141	2	7	41	18	56
Trans Equip Hvy Duty Trks	15	0	0	0	0	0	0	0	0
Trans Equip Autos	15	1,305	898	217	3	11	63	27	86
Trans Equip Other	15	0	0	0	0	0	0	0	0
Stores Equipment	15	107	74	18	0	1	5	2	7
Tools,Shop,Garage Equip	15	6,060	4,170	1,008	15	50	290	126	401
Tools,Shop,Garage Equip Oth	15	0	0	0	0	0	0	0	0
Laboratory Equipment	2	11,401	8,429	2,127	34	99	689	5	18
Laboratory Equip Other	2	0	0	0	0	0	0	0	0
Power Operated Equipment	15	7	5	1	0	0	0	0	0
Comm Equip Non-Telephone	15	2,421	1,666	403	6	20	116	50	160
Remote Control & Instr	15	1,196	823	199	3	10	57	25	79
Comm Equip Telephone	15	16	11	3	0	0	1	0	1
Misc Equipment	15	27,930	19,221	4,645	70	229	1,338	581	1,846
Other Tangible Property	15	0	0	0	0	0	0	0	0
Total Depreciation Expense		750,005	510,962	126,494	1,986	6,941	36,195	12,019	55,408
Amort-Other UP	18	1,226	802	206	3	11	60	25	120
Amort-Intangible Fin	2	336	248	63	1	3	20	0	1
Amort-Property Losses	2	0	0	0	0	0	0	0	0
Taxes Other Than Income									
Utility Reg Assessment Fee	19	40,085	26,817	6,782	108	361	1,988	758	3,271
Property Taxes	18	640,447	418,788	107,403	1,665	5,828	31,190	12,937	62,636
FUTA	16	368	259	54	1	3	15	9	28
FICA	16	19,590	13,782	2,876	45	153	795	464	1,475
SUTA	16	1,063	748	156	2	8	43	25	80
Other Taxes & Licenses	15	6,300	4,336	1,048	16	52	302	131	416
Gross Receipts Tax	19	0	0	0	0	0	0	0	0
Total Taxes, Other Than Income		707,853	464,729	118,319	1,837	6,404	34,333	14,324	67,906
Income Taxes	18	878,577	574,502	147,337	2,284	7,995	42,787	17,747	85,925
Utility Income Available for Return	18	2,193,766	1,434,504	367,895	5,704	19,963	106,836	44,314	214,550
Revenue Contribution	19	(354,195)	(236,956)	(59,930)	(956)	(3,188)	(17,568)	(6,694)	(28,902)
Total Cost of Service		6,047,432	4,046,935	1,023,035	16,029	54,147	299,846	114,335	493,106
Less: Other Water Revenues	19	40,193	26,889	6,801	109	362	1,994	760	3,280
Total Other Water Revenues		40,193	26,889	6,801	109	362	1,994	760	3,280
Total Cost of Service Related to Sales of Water		$ 6,007,239	$ 4,020,046	$ 1,016,235	$ 15,920	$ 53,785	$ 297,852	$ 113,575	$ 489,826
Reallocation of Public Fire	20	0	390,097	86,944	1,518	11,266	0	0	(489,826)
Total		$ 6,007,239	$ 4,410,143	$ 1,103,179	$ 17,438	$ 65,051	$ 297,852	$ 113,575	$ -

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Schedule B-PKW

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS

FACTOR 1. ALLOCATION OF COSTS WHICH VARY WITH THE AMOUNT OF WATER CONSUMED.

Factors are based on the pro forma test year average daily consumption for each customer classification.

Customer Classification	Average Daily Consumption, Thousand Gallons	Allocation Factor
(1)	(2)	(3)
Residential	1,326	0.6554
Commercial	479	0.2368
Industrial	9	0.0044
Other Public Authority	22	0.0109
Sales for Resale	177	0.0875
Private Fire Protection	2	0.0010
Public Fire Protection	8	0.0040
Total	2,023	1.0000

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the factors for average daily consumption (Factor 1) and the factors derived from maximum day extra capacity demand for each customer classification, as follows:

	Average Daily Consumption		Maximum Day Extra Capacity		
Customer Classification	Allocation Factor 1	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)x 0.4000	(4)	(5)=(4)x 0.6000	(6)=(3)+(5)
Residential	0.6554	0.2621	0.7953	0.4772	0.7393
Commercial	0.2368	0.0947	0.1531	0.0919	0.1866
Industrial	0.0044	0.0018	0.0020	0.0012	0.0030
Other Public Authority	0.0109	0.0044	0.0072	0.0043	0.0087
Sales for Resale	0.0875	0.0350	0.0424	0.0254	0.0604
Private Fire Protection	0.0010	0.0004			0.0004
Public Fire Protection	0.0040	0.0016			0.0016
Total	1.0000	0.4000	1.0000	0.6000	1.0000

The derivation of the maximum day extra capacity factors in column 4 and the basis for the column 3 and 5 weightings are presented on the following page.

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS, cont.

		Maximum Day Extra Capacity		
Customer Classification	Average Daily Consumption, Thousand Gal.	Factor*	Rate of Flow, Thousand Gal. Per Day	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	1,326	1.5	1,989	0.7953
Commercial	479	0.8	383	0.1531
Industrial	9	0.5	5	0.0020
Other Public Authority	22	0.8	18	0.0072
Sales for Resale	177	0.6	106	0.0424
Total	2,013		2,501	1.0000

The weighting of the factors is based on the maximum day ratio of 2.20, based on a review of maximum day ratios experienced during the period 1990 through 2007 (see Schedule D).

	Maximum Day Ratio	Weight
Average Day	1.00	0.4000
Maximum Day Extra Capacity	1.50	0.6000
Total	2.50	1.0000

* Ratio of maximum day to average day minus 1.0.

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

	Average Daily Consumption		Maximum Day Extra Capacity		Fire Protection		
Customer Classification	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2) X 0.3813	(4)	(5)=(4) X 0.5720	(6)	(7)=(6) X 0.0467	(8)=(3)+(5)+(7)
Residential	0.6554	0.2499	0.7953	0.4549			0.7048
Commercial	0.2368	0.0902	0.1531	0.0876			0.1778
Industrial	0.0044	0.0017	0.0020	0.0011			0.0028
Other Public Authority	0.0109	0.0042	0.0072	0.0041			0.0083
Sales for Resale	0.0875	0.0334	0.0424	0.0243			0.0577
Private Fire Protection	0.0010	0.0004			0.2179	0.0102	0.0106
Public Fire Protection	0.0040	0.0015			0.7821	0.0365	0.0380
Total	1.0000	0.3813	1.0000	0.5720	1.0000	0.0467	1.0000

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum day ratio of 2.50 and the average daily system sendout for 2008 of 1.962 MGD. The system demand for fire protection is 2,000 Gallons per minute for 2 hours.

	Ratio	Rate of Flow, (GPD)	Weight
Average Day	1.00	1,961,797	0.3813
Maximum Day Extra Capacity	1.50	2,942,696	0.5720
Subtotal	2.50	4,904,493	0.9533
Fire Protection		240,000	0.0467
Total		5,144,493	1.0000

The public and private fire protection allocation factors in column 6 on the previous page are based on the relative potential demands (see Schedule E).

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		Allocation Factor
	Thousand Gallons	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	
(1)	(2)	(3)	(4)=(3) X 0.2237	(5)	(6)=(5) X 0.4477	(7)	(8)=(7) X 0.3286	(9)=(4)+(6)+(8)
Residential	55.3	0.6551	0.1465	0.7239	0.3240			0.4705
Commercial	20.0	0.2370	0.0530	0.2093	0.0937			0.1467
Industrial	0.4	0.0047	0.0011	0.0022	0.0010			0.0021
Other Public Authority	0.9	0.0107	0.0024	0.0093	0.0042			0.0066
Sales for Resale	7.4	0.0877	0.0196	0.0553	0.0248			0.0444
Private Fire Protection	0.1	0.0012	0.0003			0.2179	0.0716	0.0719
Public Fire Protection	0.3	0.0036	0.0008			0.7821	0.2570	0.2578
Total	84.4	1.0000	0.2237	1.0000	0.4477	1.0000	0.3286	1.0000

The maximum hour extra capacity factors in column 5 are determined on the following page.

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum hour ratio of 3.0 and the average daily system sendout for 2008 of 1.962 MGD. The system demand for fire protection is 2,000 gallons per minute.

	Ratio	Rate of Flow, (GPM)	Weight
Average Hour	1.00	1,362	0.2237
Maximum Hour Extra Capacity	2.00	2,724	0.4477
Subtotal	3.00	4,086	0.6714
Fire Protection		2,000	0.3286
Total		6,086	1.0000

The maximum hour extra capacity factors in column 5 of the previous page are determined as follows:

Customer Classification	Average Hourly Consumption Thousand Gal.	Maximum Hour Extra Capacity		
		Factor*	1,000 Gallons Per Hour	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	55.3	3.5	193.6	0.7239
Commercial	20.0	2.8	56.0	0.2093
Industrial	0.4	1.5	0.6	0.0022
Other Public Authority	0.9	2.8	2.5	0.0093
Sales for Resale	7.4	2.0	14.8	0.0553
Total	84.0		267.5	1.0000

* Ratio of Maximum Hour To Average Hour Minus 1.0.

The public and private fire protection allocation factors in column 7 on the previous page are based on the relative potential demands (see Schedule E).

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES.

Factors are based on the weighting of the average hourly consumption, the maximum hour extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		Allocation Factor
	Thousand Gallons	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	
(1)	(2)	(3)	(4)=(3) X 0.3123	(5)	(6)=(5) X 0.6247	(7)	(8)=(7) X 0.0630	(9)=(4)+(6)+(8)
Residential	55.3	0.6551	0.2046	0.7239	0.4523			0.6569
Commercial	20.0	0.2370	0.0740	0.2093	0.1307			0.2047
Industrial	0.4	0.0047	0.0015	0.0022	0.0014			0.0029
Other Public Authority	0.9	0.0107	0.0033	0.0093	0.0058			0.0091
Sales for Resale	7.4	0.0877	0.0274	0.0553	0.0345			0.0619
Private Fire Protection	0.1	0.0012	0.0004			0.2179	0.0137	0.0141
Public Fire Protection	0.3	0.0036	0.0011			0.7821	0.0493	0.0504
Total	84.4	1.0000	0.3123	1.0000	0.6247	1.0000	0.0630	1.0000

The weighting of the factors is based on the ratio of the capacity required for a 2 hour demand of fire flow, as related to total storage capacity. The calculation is shown on the following page.

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES, cont.

The weighting of the factors is based on the ratio of the capacity required for a 2 hour demand of fire flow, as related to total storage capacity.

Fire Protection Weight = $\frac{\text{2,000 GPM X 60 Min. X 2 Hrs.}}{\text{3,810,000 Gallons}}$ = 0.0630

General Service Weight = 1.0000 - 0.0630 = 0.9370

The weighting of the average hourly consumption and maximum hour extra demand for general service is based on the maximum hour ratio, as follows:

	Maximum Hour Ratio	Percent	Weight
Average Hour	1.00	33.33	0.3123
Extra Capacity Maximum Hour	2.00	66.67	0.6247
Total	3.00	100.00	0.9370

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH POWER AND PUMPING FACILITIES.

Factors are based on the weighting of the maximum daily consumption, Factor 2, the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

	Maximum Daily Consumption		Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 2	Weighted Factor	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.1358	(4)	(5)=(4)X 0.8642	(6)	(7)=(6)X 0.0000	(8)=(3)+ (5)+(7)
Residential	0.7393	0.1004	0.7048	0.6090	0.4705	0.0000	0.7094
Commercial	0.1866	0.0253	0.1778	0.1537	0.1467	0.0000	0.1790
Industrial	0.0030	0.0004	0.0028	0.0024	0.0021	0.0000	0.0028
Other Public Authority	0.0087	0.0012	0.0083	0.0072	0.0066	0.0000	0.0084
Sales for Resale	0.0604	0.0082	0.0577	0.0499	0.0444	0.0000	0.0581
Private Fire Protection	0.0004	0.0001	0.0106	0.0092	0.0719	0.0000	0.0093
Public Fire Protection	0.0016	0.0002	0.0380	0.0328	0.2578	0.0000	0.0330
Total	1.0000	0.1358	1.0000	0.8642	1.0000	0.0000	1.0000

The weighting of the factors is based on the horsepower of pumps associated with maximum day facilities, maximum day and fire facilities, and maximum hour facilities, as follows:

	Horsepower of Pumps	Weight
Associated with Maximum Day	165	0.1358
Associated with Maximum Day and Fire	1,050	0.8642
Associated with Maximum Hour	0	0.0000
Total	1,215	1.0000

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 7. ALLOCATION OF COSTS ASSOCIATED WITH TRANSMISSION AND DISTRIBUTION MAINS.

Factors are based on the weighting of the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

	Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.3102	(4)	(5)=(4)X 0.6898	(6)=(3)+(5)
Residential	0.7048	0.2185	0.4705	0.3246	0.5431
Commercial	0.1778	0.0552	0.1467	0.1012	0.1564
Industrial	0.0028	0.0009	0.0021	0.0014	0.0023
Other Public Authority	0.0083	0.0026	0.0066	0.0046	0.0072
Sales for Resale	0.0577	0.0179	0.0444	0.0306	0.0485
Private Fire Protection	0.0106	0.0033	0.0719	0.0496	0.0529
Public Fire Protection	0.0380	0.0118	0.2578	0.1778	0.1896
Total	1.0000	0.3102	1.0000	0.6898	1.0000

The weighting of the factors is based on the total footage of mains, designated as either transmission mains or distribution mains, as follows:

	Total Footage of Mains	Weight
Transmission Mains	146,468	0.3102
Distribution Mains	325,741	0.6898
Total	472,209	1.0000

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 8. ALLOCATION OF COSTS ASSOCIATED WITH FIRE HYDRANTS.

Costs are assigned directly to Public Fire Protection.

Customer Classification	Allocation Factor
(1)	(3)
Public Fire Protection	1.0000
Total	1.0000

FACTOR 9. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

Factors are based on the relative cost of meters by size and customer classification, as developed on the following page and summarized below.

Customer Classification	5/8" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	5,339	0.7862
Commercial	1,190	0.1753
Industrial	21	0.0031
Other Public Authority	154	0.0227
Sales for Resale	86	0.0127
Private Fire	0	0.0000
Total	6,790	1.0000

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS

Meter Size	5/8" Dollar Equivalent	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Total	
		Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)
5/8	1.0	4,722	4,722	239	239	4	4	18	18	0	0	4,983	4,983
3/4	1.3	0	0	0	0	0	0	0	0	0	0	0	0
1	1.7	318	541	75	128	0	0	4	7	0	0	397	676
1-1/2	3.5	12	42	33	116	1	4	8	28	0	0	54	190
2	4.3	8	34	48	206	3	13	8	34	0	0	67	287
3	19.0	0	0	10	190	0	0	1	19	3	57	14	266
4	29.3	0	0	4	117	0	0	0	0	1	29	5	146
6	48.4	0	0	4	194	0	0	1	48	0	0	5	242
8	112.9	0	0	0	0	0	0	0	0	0	0	0	0
Total		5,060	5,339	413	1,190	8	21	40	154	4	86	5,525	6,790

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 10. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

Factors are based on the relative cost of services by size and customer classification, as developed on the following page and summarized below.

Customer Classification	3/4" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	5,129	0.8482
Commercial	533	0.0881
Industrial	12	0.0020
Other Public Authority	59	0.0098
Sales for Resale	11	0.0018
Private Fire Protection	303	0.0501
Total	6,047	1.0000

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

BASIS FOR ALLOCATING SERVICE COSTS TO CUSTOMER CLASSIFICATIONS

Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Private Fire Protection		Total	
Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting
(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)=(2)X(11)	(15)	(16)
4,722	4,722	239	239	4	4	18	18	0	0	0	0	4,983	4,983
318	372	75	88	0	0	4	5	0	0	0	0	397	465
12	19	33	52	1	2	8	13	0	0	0	0	54	86
8	16	48	98	3	6	8	16	0	0	1	2	68	138
0	0	10	27	0	0	1	3	3	8	1	3	15	41
0	0	4	12	0	0	0	0	1	3	9	26	14	41
0	0	4	17	0	0	1	4	0	0	44	187	49	208
0	0	0	0	0	0	0	0	0	0	8	56	8	56
0	0	0	0	0	0	0	0	0	0	3	29	3	29
0	0	0	0	0	0	0	0	0	0	0	0	0	0
5,060	5,129	413	533	8	12	40	59	4	11	66	303	5,591	6,047

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 11. ALLOCATION OF TRANSMISSION AND DISTRIBUTION OPERATION SUPERVISION AND ENGINEERING AND MISCELLANEOUS EXPENSES.

Factors are based on transmission and distribution operation expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Operating Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$ 4,840	0.5431
Commercial	1,394	0.1564
Industrial	20	0.0023
Other Public Authority	64	0.0072
Sales for Resale	432	0.0485
Private Fire Protection	471	0.0529
Public Fire Protection	1,689	0.1896
Total	8,911	1.0000

FACTOR 12. ALLOCATION OF TRANSMISSION AND DISTRIBUTION MAINTENANCE SUPERVISION AND ENGINEERING, STRUCTURES AND IMPROVEMENTS, AND OTHER EXPENSES.

Factors are based on transmission and distribution maintenance expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$ 3,935	0.5431
Commercial	1,133	0.1564
Industrial	17	0.0023
Other Public Authority	52	0.0072
Sales for Resale	351	0.0485
Private Fire Protection	383	0.0529
Public Fire Protection	1,374	0.1896
Total	$7,246	1.0000

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 13. ALLOCATION OF BILLING AND COLLECTING COSTS.

Factors are based on the total number of customers.

Customer Classification	Total Customers	Allocation Factor
(1)	(2)	(3)
Residential	5,060	0.8992
Commercial	413	0.0734
Industrial	8	0.0014
Other Public Authority	40	0.0071
Sales for Resale	4	0.0007
Private Fire Protection	103	0.0182
Public Fire Protection	0	0.0000
Total	5,628	1.0000

FACTOR 14. ALLOCATION OF METER READING COSTS.

Factors are based on the number of metered customers.

Customer Classification	Total Metered Customers	Allocation Factor
(1)	(2)	(3)
Residential	5,060	0.9159
Commercial	413	0.0748
Industrial	8	0.0014
Other Public Authority	40	0.0072
Sales for Resale	4	0.0007
Total	5,525	1.0000

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 15. ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES

Factors are based on the allocation of all other operation and maintenance expenses excluding purchased water, power, chemicals and waste disposal.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$498,819	0.6882
Commercial	120,582	0.1663
Industrial	1,819	0.0025
Other Public Authority	5,943	0.0082
Sales for Resale	34,714	0.0479
Private Fire Protection	15,049	0.0208
Public Fire Protection	47,880	0.0661
Total	$724,807	1.0000

FACTOR 15A. ALLOCATION OF CASH WORKING CAPITAL
WORKING CAPITAL.

Factors are based on the allocation of operation and maintenance expenses including purchased water, power, chemicals and waste disposal.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$1,298,145	0.6941
Commercial	322,652	0.1726
Industrial	5,169	0.0028
Other Public Authority	16,017	0.0086
Sales for Resale	97,183	0.0520
Private Fire Protection	32,600	0.0174
Public Fire Protection	98,099	0.0525
Total	$1,869,864	1.0000

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 16. ALLOCATION OF LABOR RELATED TAXES AND BENEFITS.

Factors are based on the allocation of direct labor expense.

Customer Classification	Direct Labor Expense	Allocation Factor
(1)	(2)	(3)
Residential	$205,321	0.7035
Commercial	42,847	0.1468
Industrial	668	0.0023
Other Public Authority	2,262	0.0078
Sales for Resale	11,833	0.0406
Private Fire Protection	6,923	0.0237
Public Fire Protection	21,968	0.0753
Total	$291,823	1.0000

FACTOR 17. ALLOCATION OF ORGANIZATION, FRANCHISES AND CONSENTS, MISCELLANEOUS INTANGIBLE PLANT AND OTHER RATE BASE ELEMENTS.

Factors are based on the allocation of the original cost less depreciation other than those items being allocated, as follows:

Customer Classification	Original Cost Less Depreciation	Allocation Factor
(1)	(2)	(3)
Residential	$17,854,146	0.6535
Commercial	4,583,700	0.1678
Industrial	71,459	0.0026
Other Public Authority	248,969	0.0091
Sales for Resale	1,331,047	0.0487
Private Fire Protection	552,400	0.0202
Public Fire Protection	2,679,249	0.0981
Total	$27,320,969	1.0000

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 18. ALLOCATION OF INCOME TAXES AND INCOME AVAILABLE FOR RETURN.

Factors are based on the allocation of the original cost measure of value rate base as shown on the following pages and summarized below.

Customer Classification	Original Cost Measure of Value	Allocation Factor
(1)	(2)	(3)
Residential	$16,097,152	0.6539
Commercial	4,129,412	0.1677
Industrial	64,411	0.0026
Other Public Authority	224,217	0.0091
Sales for Resale	1,199,047	0.0487
Private Fire Protection	498,131	0.0202
Public Fire Protection	2,409,023	0.0978
Total	$24,621,393	1.0000

FACTOR 19. ALLOCATION OF REGULATORY COMMISSION EXPENSES, ASSESSMENTS AND OTHER WATER REVENUES.

The factors are based on the allocation of the total cost of service, excluding those items being allocated.

Customer Classification	Total Cost of Service	Allocation Factor
(1)	(2)	(3)
Residential	$4,252,193	0.6690
Commercial	1,075,003	0.1692
Industrial	16,859	0.0027
Other Public Authority	56,916	0.0090
Sales for Resale	315,086	0.0496
Private Fire Protection	120,124	0.0189
Public Fire Protection	518,268	0.0816
Total	$6,354,449	1.0000

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
RATE BASE									
Organization	17	$ 2,384	$ 1,558	$ 400	$ 6	$ 22	$ 116	$ 48	$ 234
Franchises	17	13	9	2	0	0	1	0	1
Land & Ld Rights SS	2	1,735	1,283	324	5	15	105	1	3
Land & Ld Rights P	6	0	0	0	0	0	0	0	0
Land & Ld Rights WT	2	432	320	81	1	4	26	0	1
Land & Ld Rights TD	7	35,704	19,391	5,584	82	257	1,732	1,889	6,770
Land & Land Rights AG	15	142	98	24	0	1	7	3	9
Struct & Imp SS	2	9,690	7,164	1,808	29	84	585	4	16
Struct & Imp P	6	10,481	7,435	1,876	29	88	609	97	346
Struct & Imp Pump Boosters	6	0	0	0	0	0	0	0	0
Struct & Imp WT	2	465,969	344,491	86,950	1,398	4,054	28,145	186	746
Struct & Imp TD	7	252,207	136,973	39,445	580	1,816	12,232	13,342	47,818
Struct & Imp TD Spec Cross	7	0	0	0	0	0	0	0	0
Struct & Imp AG	15	1,173	807	195	3	10	56	24	78
Struct & Imp Offices	15	29,841	20,537	4,963	75	245	1,429	621	1,973
Gen Structures HVAC	15	0	0	0	0	0	0	0	0
Struct & Imp Leasehold	15	6	4	1	0	0	0	0	0
Struct & Imp Leasehold	15	0	0	0	0	0	0	0	0
Struct & Imp Store,Shop,Gar	15	17,568	12,091	2,922	44	144	842	365	1,161
Struct & Imp Misc	15	483,803	332,953	80,456	1,210	3,967	23,174	10,063	31,979
Collect & Impounding	1	0	0	0	0	0	0	0	0
Lake, River & Other Intakes	2	0	0	0	0	0	0	0	0
Wells & Springs	2	158,124	116,901	29,506	474	1,376	9,551	63	253
Supply Mains	2	154,448	114,184	28,820	463	1,344	9,329	62	247
Power Generation Equip	6	128,591	91,223	23,018	360	1,080	7,471	1,196	4,244
Power Generation Equip Othe	6	0	0	0	0	0	0	0	0
Boiler Plant Equipment P	6	0	0	0	0	0	0	0	0
Pump Equip Steam	6	0	0	0	0	0	0	0	0
Pump Equip Electric	6	1,574,793	1,117,158	281,888	4,409	13,228	91,495	14,646	51,968
Pump Equip Elec Boosters Po	6	0	0	0	0	0	0	0	0
Pump Equip Diesel	6	11,821	8,386	2,116	33	99	687	110	390
Pump Equip Hydraulic	6	77,071	54,674	13,796	216	647	4,478	717	2,543
Pump Equip Other	6	64,727	45,917	11,586	181	544	3,761	602	2,136
Pump Equip WT	6	0	0	0	0	0	0	0	0
Pump Equip TD	6	0	0	0	0	0	0	0	0
WT Equip Non-Media	2	1,890,736	1,397,821	352,811	5,672	16,449	114,200	756	3,025
WT Equip Filter Media	2	64,261	47,508	11,991	193	559	3,881	26	103
Dist Reservoirs & Standpipe	5	3,023,530	1,986,157	618,917	8,768	27,514	187,156	42,632	152,386
Elevated Tanks & Standpipes	5	60,885	39,995	12,463	177	554	3,769	858	3,069
Ground Level Facilities	5	67,908	44,609	13,901	197	618	4,203	957	3,423
Below Ground Facilities	5	27,207	17,873	5,569	79	248	1,684	384	1,371

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
TD Mains Not Classified by	7	1,888,698	1,025,752	295,392	4,344	13,599	91,602	99,912	358,097
TD Mains 4" & Less	4	227,292	106,941	33,344	477	1,500	10,092	16,342	58,596
TD Mains 6 to 8"	4	2,643,306	1,243,676	387,773	5,551	17,446	117,363	190,054	681,444
TD Mains 10 to 16"	3	5,444,891	3,837,559	968,102	15,246	45,193	314,170	57,716	206,906
TD Mains 18" & Grtr	3	3,843,257	2,708,727	683,331	10,761	31,899	221,756	40,739	146,044
Fire Mains	8	78,105	0	0	0	0	0	0	78,105
Services	10	858,843	728,471	75,664	1,718	8,417	1,546	43,028	0
Meters Bronze Case	9	848,832	667,352	148,800	2,631	19,268	10,780	0	0
Meters Plastic Case	9	0	0	0	0	0	0	0	0
Meters Other	9	120	94	21	0	3	2	0	0
Meters Other-Rem Rdr Unts	9	6,034	4,744	1,058	19	137	77	0	0
Meter Installations	9	1,024,440	805,415	179,584	3,176	23,255	13,010	0	0
Meter Installation Other	9	0	0	0	0	0	0	0	0
Meter Vaults	9	318,911	250,728	55,905	989	7,239	4,050	0	0
Hydrants	8	785,940	0	0	0	0	0	0	785,940
Other P/E Intangible	17	11,552	7,549	1,938	30	105	563	233	1,133
Other P/E WT Res Hand Equip	2	0	0	0	0	0	0	0	0
Other P/E TD	7	16,870	9,162	2,638	39	121	818	892	3,199
Other P/E CPS	15	118,438	81,509	19,696	296	971	5,673	2,464	7,829
Office Furniture & Equip	15	587	404	98	1	5	28	12	39
Comp & Periph Equip	15	38,313	26,367	6,371	96	314	1,835	797	2,532
Computer Software	15	19,226	13,232	3,197	48	158	921	400	1,271
Comp Software Personal	15	6,745	4,642	1,122	17	55	323	140	446
Comp Software Other	15	0	0	0	0	0	0	0	0
Data Handling Equipment	15	136,211	93,740	22,652	341	1,117	6,525	2,833	9,004
Other Office Equipment	15	19,550	13,454	3,251	49	160	936	407	1,292
Trans Equip Lt Duty Trks	15	23,363	16,078	3,885	58	192	1,119	486	1,544
Trans Equip Hvy Duty Trks	15	211	145	35	1	2	10	4	14
Trans Equip Autos	15	(1,670)	(1,149)	(278)	(4)	(14)	(80)	(35)	(110)
Trans Equip Other	15	(17,258)	(11,877)	(2,870)	(43)	(142)	(827)	(359)	(1,141)
Stores Equipment	15	1,277	879	212	3	10	61	27	84
Tools,Shop,Garage Equip	15	72,125	49,636	11,994	180	591	3,455	1,500	4,767
Tools,Shop,Garage Equip Oth	15	0	0	0	0	0	0	0	0
Laboratory Equipment	2	44,958	33,237	8,389	135	391	2,715	18	72
Laboratory Equip Other	2	0	0	0	0	0	0	0	0
Power Operated Equipment	15	(222)	(153)	(37)	(1)	(2)	(11)	(5)	(15)
Comm Equip Non-Telephone	15	4,377	3,013	728	11	36	210	91	289
Remote Control & Instr	15	16,574	11,406	2,756	41	136	794	345	1,096
Comm Equip Telephone	15	176	121	29	0	1	8	4	12
Misc Equipment	15	239,595	164,889	39,845	599	1,965	11,477	4,984	15,837
Other Tangible Property	17	0	0	0	0	0	0	0	0
Total Utility Plant in Service		27,334,918	17,863,261	4,586,040	71,495	249,096	1,331,726	552,681	2,680,618

MISSOURI-AMERICAN WATER COMPANY

PARKVILLE WATER DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Other Rate Base Items									
Add:									
Other Utility Plant Adjustments	17	0	0	0	0	0	0	0	0
Cash Working Capital	15A	0	0	0	0	0	0	0	0
Materials and Supplies	15	114,741	78,965	19,081	287	941	5,496	2,387	7,584
Prepayments	15	16,590	11,417	2,759	41	136	795	345	1,097
OPEB's Contributed to External Fund	16	98,890	69,569	14,517	227	771	4,015	2,344	7,446
Pension / OPEB Tracker	16	19,643	13,819	2,884	45	153	798	466	1,479
Regulatory Deferrals	17	42,098	27,511	7,064	109	383	2,050	850	4,130
Less:									
Accumulated Deferred ITC (3%)	17	0	0	0	0	0	0	0	0
Deferred Income Taxes	17	(2,939,402)	(1,920,899)	(493,232)	(7,642)	(26,749)	(143,149)	(59,376)	(288,355)
Pensions	16	(66,085)	(46,491)	(9,701)	(152)	(515)	(2,683)	(1,566)	(4,976)
Total Other Rate Base Elements		(2,713,525)	(1,766,109)	(456,628)	(7,084)	(24,879)	(132,679)	(54,551)	(271,595)
Total Original Cost Measure of Value		$ 24,621,393	$ 16,097,152	$ 4,129,412	$ 64,411	$ 224,217	$ 1,199,047	$ 498,131	$ 2,409,023

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 20. REALLOCATION OF PUBLIC FIRE

Factors are based on the relative cost of meters by size and customer classification.

Customer Classification	5/8" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	5,339	0.7964
Commercial	1,190	0.1775
Industrial	21	0.0031
Other Public Authority	154	0.0230
Sales for Resale	0	0.0000
Private Fire	0	0.0000
Total	6,704	1.0000

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE DISTRICT

SUMMARY OF AVERAGE DAILY SEND OUT AND MAXIMUM DAILY USAGE
FOR THE YEARS 1990-2008

Year	Average Daily Send out (MGD)	Maximum Daily Use		
		MGD	Ratio to Average	Highest Use Day
(1)	(2)	(3)	(4)	(5)
1990	N/A	2.867	N/A	N/A
1991	N/A	2.950	N/A	N/A
1992	N/A	2.700	N/A	N/A
1993	N/A	2.310	N/A	N/A
1994	1.710	3.200	1.87	N/A
1995	1.627	3.319	2.04	N/A
1996	1.764	3.200	1.81	N/A
1997	1.860	3.106	1.67	7/26/1997
1998	1.719	3.360	1.95	7/19/1998
1999	1.893	4.200	2.22	7/18/1999
2000	2.229	4.582	2.06	7/16/2000
2001	2.146	4.783	2.23	7/22/2001
2002	2.349	5.088	2.17	7/26/2002
2003	2.488	6.626	2.66	8/23/2003
2004	2.087	4.630	2.22	8/18/2004
2005	2.238	5.328	2.38	8/2/2005
2006	2.480	5.945	2.40	7/19/2006
2007	2.338	5.486	2.35	8/6/2007
2008	1.962	3.361	1.71	9/1/2008

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

BASIS FOR ALLOCATING DEMAND RELATED COSTS OF FIRE SERVICE TO PRIVATE AND PUBLIC FIRE PROTECTION CUSTOMER CLASSIFICATIONS

Description		Restrictive Diameters Squared	Quantity	Relative Demand	Allocation Factor
(1)		(2)	(3)	(4)=(2)x(3)	(5)
PRIVATE FIRE PROTECTION					
Fire Lines					
2 -inch		4.00	1	4	
3 -inch		9.00	1	9	
4 -inch		16.00	9	144	
6 -inch		36.00	44	1,584	
8 -inch		64.00	8	512	
10 -inch		100.00	3	300	
12 -inch		144.00	0	0	
Private Hydrants		26.50	37	967	
Total Private Fire Protection			102.5	3,520	0.2179
PUBLIC FIRE PROTECTION					
Hydrant	Nozzle Sizes				
5 1/4" Valve	1- 2-1/2" & 1- 4 1/2"	26.50	426	11,289	
4 1/2" Valve	1-2 1/2	6.25	215	1,344	
Total Public Fire Prorection			641	12,633	0.7821
Total Fire Protection			744	16,153	1.0000

MISSOURI-AMERICAN WATER COMPANY
PARKVILLE WATER DISTRICT

CALCULATION OF CUSTOMER CHARGE

(1) Cost Related to Meters	329,888		
(2) Meter Equivalents X 12	81,480		
(3) Cost per Bill - Meter related		$	4.05
(4) Cost Related to Services	139,256		
(5) Service Equivalents X 12	72,564		
(6) Cost per Bill - Services related		$	1.92
(7) Cost Related to Billing and Collecting	380,818		
(8) Number of Customers X 12	67,530		
(9) Cost per Bill - Billing and Collecting		$	5.64
(10) Total Customer Charge (3)+(6)+(9)		$	11.61

ST. JOSEPH DISTRICT

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES
FOR THE TEST YEAR ENDED JUNE 30, 2009

Customer Classification	Cost of Service		Revenues, Present Rates		Revenues, Proposed Rates		Proposed Increase	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent Increase
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Residential	$ 11,871,403	46.9%	$ 10,070,185	50.2%	$ 12,926,243	51.0%	$ 2,856,058	28.4%
Commercial	3,916,611	15.5%	3,755,412	18.7%	$ 4,240,743	16.7%	485,331	12.9%
Industrial	3,998,201	15.8%	2,988,266	14.9%	$ 4,230,790	16.7%	1,242,524	41.6%
Large Industrial	2,128,946	8.3%	436,579	2.2%	$ 442,864	1.8%	6,285	1.4%
Public Authority	729,272	2.9%	670,067	3.3%	$ 788,222	3.1%	118,155	17.6%
Sales for Resale	2,363,868	9.3%	1,900,568	9.5%	$ 2,379,305	9.4%	478,737	25.2%
Private Fire Service	323,637	1.3%	250,593	1.2%	$ 323,632	1.3%	73,039	29.1%
Public Fire Service	-	0.0%	$0	0.0%	$ -	0.0%	-	-
Total Sales	25,331,939	100.0%	20,071,670	100.0%	25,331,799	100.0%	5,260,129	26.2%
Other Revenues	316,832		256,717		$316,832		60,115	23.4%
Total	$ 25,648,771		$ 20,328,387		$ 25,648,631		$ 5,320,244	26.2%

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Schedule A-SJO

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Large Industrial	Public Authorities	Sales for Resale	Fire Protection	
									Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
OPERATION AND MAINTENANCE EXPENSES										
SOURCE OF SUPPLY EXPENSES										
Super & Eng Oper SS	2	0	0	0	0	0	0	0	0	0
Labor & Exp Oper SS - Labor	2	0	0	0	0	0	0	0	0	0
Labor & Exp Oper SS	2	75,386	25,669	12,145	16,072	8,594	2,412	10,207	68	219
Purchased Water	1	0	0	0	0	0	0	0	0	0
TOTAL SS EXPENSE - OPERATION		75,386	25,669	12,145	16,072	8,594	2,412	10,207	68	219
Misc Exp Oper SS	2	0	0	0	0	0	0	0	0	0
Misc Exp Oper SS	2	0	0	0	0	0	0	0	0	0
Rents Oper SS	2	0	0	0	0	0	0	0	0	0
Super & Eng Maint SS	2	0	0	0	0	0	0	0	0	0
Struct & Improve Maint SS - Labor	2	0	0	0	0	0	0	0	0	0
Struct & Improve Maint SS	2	0	0	0	0	0	0	0	0	0
Collect & Impound Maint SS - Labor	2	0	0	0	0	0	0	0	0	0
Collect & Impound Maint SS	2	0	0	0	0	0	0	0	0	0
Lake, River & Oth Maint SS - Labor	2	0	0	0	0	0	0	0	0	0
Lake, River & Oth Maint SS	2	0	0	0	0	0	0	0	0	0
Wells & Springs Maint SS - Labor	2	0	0	0	0	0	0	0	0	0
Wells & Springs Maint SS	2	0	0	0	0	0	0	0	0	0
Infilt Gall & Tunnels Maint SS - Labor	2	0	0	0	0	0	0	0	0	0
Infilt Gall & Tunnels Maint SS	2	0	0	0	0	0	0	0	0	0
Supply Mains Maint SS - Labor	2	0	0	0	0	0	0	0	0	0
Supply Mains Maint SS	2	0	0	0	0	0	0	0	0	0
Misc Plant Maint SS - Labor	2	98	33	16	21	11	3	13	0	0
Misc Plant Maint SS	2	8,874	3,022	1,430	1,892	1,012	284	1,202	8	26
TOTAL SS EXPENSE - MAINTENANCE		8,972	3,055	1,445	1,913	1,023	287	1,215	8	26
TOTAL SS EXPENSE		84,358	28,724	13,590	17,985	9,617	2,699	11,422	76	245
POWER AND PUMPING EXPENSES										
Super & Eng Oper P	6	45,080	15,052	7,105	9,345	4,977	1,411	5,915	289	987
Fuel for Power Prod	1	0	0	0	0	0	0	0	0	0
Labor & Exp Oper Pwr Prod - Labor	6	(13,139)	(4,387)	(2,071)	(2,724)	(1,451)	(411)	(1,724)	(84)	(288)
Labor & Exp Oper Pwr Prod	6	0	0	0	0	0	0	0	0	0
Purch Fuel/Power for Pump	1	812,971	237,306	122,759	189,097	120,889	24,389	113,897	1,057	3,577
Labor & Exp Oper Pump - Labor	6	524,913	175,268	82,726	108,814	57,950	16,430	68,869	3,359	11,496
Labor & Exp Oper Pump	6	240	80	38	50	26	8	31	2	5
Misc Exp Oper P	6	11,167	3,729	1,760	2,315	1,233	350	1,465	71	245
Rents Oper P	6	0	0	0	0	0	0	0	0	0
TOTAL PUMPING EXPENSE - OPERATION		1,381,232	427,049	212,317	306,898	183,625	42,176	188,453	4,694	16,022
Super & Eng Maint P	6	46,570	15,550	7,339	9,654	5,141	1,458	6,110	298	1,020
Struct & Improve Maint P - Labor	6	0	0	0	0	0	0	0	0	0
Struct & Improve Maint P	6	0	0	0	0	0	0	0	0	0
Power Prod Equip Maint P - Labor	6	0	0	0	0	0	0	0	0	0
Power Prod Equip Maint P	6	0	0	0	0	0	0	0	0	0

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Large Industrial	Public Authorities	Sales for Resale	Fire Protection	
									Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Pump Equip Maint P - Labor	6	0	0	0	0	0	0	0	0	0
Pump Equip Maint P	6	2,410	805	380	500	266	75	316	15	53
TOTAL PUMPING EXPENSES - MAINTENANCE		48,980	16,355	7,719	10,154	5,407	1,533	6,426	313	1,073
TOTAL PUMPING EXPENSES		1,430,212	443,403	220,036	317,051	189,032	43,709	194,879	5,007	17,095
WATER TREATMENT										
Super & Eng Oper WT	2	71,966	24,504	11,594	15,343	8,204	2,303	9,744	65	209
Chemicals	1	729,631	212,979	110,174	169,712	108,496	21,889	102,221	949	3,210
Labor & Exp Oper WT - Labor	2	0	0	0	0	0	0	0	0	0
Labor & Exp Oper WT	2	69,967	23,824	11,272	14,917	7,976	2,239	9,474	63	203
Misc Exp Oper WT	2	0	0	0	0	0	0	0	0	0
Misc Exp Oper WT	1	296,974	86,687	44,843	69,076	44,160	8,909	41,606	386	1,307
Misc Exp Oper WT	2	21,657	7,374	3,489	4,617	2,469	693	2,932	19	63
Rents Oper WT	2	0	0	0	0	0	0	0	0	0
TOTAL WT EXPENSE - OPERATION		1,190,195	355,368	181,372	273,666	171,305	36,033	165,977	1,482	4,991
Super & Eng Maint WT	2	38	13	6	8	4	1	5	0	0
Struct & Improve Maint WT - Labor	2	0	0	0	0	0	0	0	0	0
Struct & Improve Maint WT	2	0	0	0	0	0	0	0	0	0
WT Equip Maint WT - Labor	2	0	0	0	0	0	0	0	0	0
WT Equip Maint WT	2	41,861	14,254	6,744	8,925	4,772	1,340	5,668	38	121
TOTAL WT EXPENSE - MAINTENANCE		41,899	14,267	6,750	8,933	4,776	1,341	5,673	38	122
TOTAL WT EXPENSE		1,232,094	369,635	188,122	282,599	176,082	37,374	171,651	1,520	5,113
TRANSMISSION AND DISTRIBUTION EXPENSES										
Super & Eng Oper TD	11	23,408	13,652	3,696	1,643	321	662	396	887	2,151
Storage Facilty Exp - Labor	5	0	0	0	0	0	0	0	0	0
Storage Facilty Exp	5	0	0	0	0	0	0	0	0	0
TD Lines Exp - Labor	7	278,663	113,137	52,389	30,569	6,075	10,422	7,217	13,125	45,729
TD Lines Exp	7	8,551	3,472	1,608	938	186	320	221	403	1,403
Meter Expense - Labor	9	120,894	95,724	16,804	3,748	737	2,781	1,100	0	0
Meter Expense	9	19	15	3	1	0	0	0	0	0
Customer Install Exp - Labor	10	105,012	86,918	10,207	767	42	1,008	147	5,923	0
Customer Install Exp	10	0	0	0	0	0	0	0	0	0
Misc Exp Oper TD - Labor	11	19,616	11,440	3,097	1,377	269	555	332	743	1,803
Misc Exp Oper TD	11	0	0	0	0	0	0	0	0	0
Misc Exp Oper TD	11	56,196	32,774	8,873	3,945	770	1,590	950	2,130	5,164
Rents Oper TD	11	211	123	33	15	3	6	4	8	19
M & S Oper TD Mains	11	0	0	0	0	0	0	0	0	0
TOTAL T & D EXPENSE OPERATION		612,570	357,254	96,710	43,002	8,403	17,345	10,367	23,219	56,270
Super & Eng Maint TD	12	13,379	5,149	1,690	842	167	320	203	355	4,653
Struct & Improve Maint TD - Labor	12	16	6	2	1	0	0	0	0	6
Struct & Improve Maint TD	12	0	0	0	0	0	0	0	0	0
Dist Res Stand Maint TD - Labor	5	195	59	27	31	25	5	21	6	21
TD Main Maint TD - Labor	7	105,803	42,956	19,891	11,607	2,307	3,957	2,740	4,983	17,362

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Large Industrial	Public Authorities	Sales for Resale	Fire Protection	
									Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
TD Main Maint TD	7	4,096	1,663	770	449	89	153	106	193	672
Fire Main Maint TD - Labor	8	202	0	0	0	0	0	0	0	202
Fire Main Maint TD	8	0	0	0	0	0	0	0	0	0
Services Maint TD - Labor	10	7,712	6,383	750	56	3	74	11	435	0
Services Maint TD	10	0	0	0	0	0	0	0	0	0
Meters Maint TD - Labor	9	38,566	30,536	5,361	1,196	235	887	351	0	0
Meters Maint TD	9	0	0	0	0	0	0	0	0	0
Hydrants Maint TD - Labor	8	55,505	0	0	0	0	0	0	0	55,505
Hydrants Maint TD	8	0	0	0	0	0	0	0	0	0
Misc Plant Maint TD - Labor	12	1,628	627	206	102	20	39	25	43	566
Mat and Sup Maint TD	12	143,262	55,142	18,094	9,011	1,791	3,424	2,178	3,796	49,827
Misc Maint TD	12	0	0	0	0	0	0	0	0	0
Amort Def Maint TD	5	913,786	274,410	125,554	146,206	116,599	24,855	98,963	28,327	98,872
TOTAL T & D EXPENSE - MAINTENANCE		1,284,149	416,930	172,343	169,501	121,237	33,715	104,598	38,139	227,686
TOTAL T & D EXPENSE		1,896,719	774,185	269,054	212,503	129,640	51,059	114,965	61,358	283,955
CUSTOMER ACCOUNTS										
Supervision CA	13	37,660	33,386	3,348	143	4	241	23	516	0
Meter Reading Exp CA - Labor	14	280,702	252,267	25,319	1,095	28	1,825	168	0	0
Meter Reading Exp CA	14	6,611	5,941	596	26	1	43	4	0	0
Meter Reading Exp CA	14	3,008	2,703	271	12	0	20	2	0	0
Cust Rec & Collection CA - Labor	13	26,925	23,869	2,394	102	3	172	16	369	0
Cust Rec & Collection CA	13	141,144	125,124	12,548	536	14	903	85	1,934	0
Uncollectible Accts	13	240,328	213,051	21,365	913	24	1,538	144	3,292	0
Misc Cust Accts Exp CA - Labor	13	6,827	6,052	607	26	1	44	4	94	0
Misc Cust Accts Exp CA	13	0	0	0	0	0	0	0	0	0
Misc Cust Accts Exp CA	13	38,160	33,829	3,392	145	4	244	23	523	0
Cust Serv & Info Exp CA	13	0	0	0	0	0	0	0	0	0
TOTAL CUSTOMER ACCOUNTING EXPENSE		781,365	696,222	69,841	2,998	78	5,030	469	6,727	0
ADMINISTRATIVE AND GENERAL EXPENSES										
Salaries AG	15	319,764	158,347	43,072	36,133	20,593	7,546	21,008	6,459	26,604
Other Supplies & Exp AG	15	100	50	13	11	6	2	7	2	8
Other Supplies & Exp AG	15	122,113	60,470	16,449	13,799	7,864	2,882	8,023	2,467	10,160
Other Supplies & Exp AG	15	68,151	33,748	9,180	7,701	4,389	1,608	4,478	1,377	5,670
Mgmt Fees-Admin	15	1,438,598	712,394	193,779	162,562	92,646	33,951	94,516	29,060	119,691
Mgmt Fees-Customer Service	13	477,485	423,290	42,448	1,814	48	3,056	286	6,542	0
Mgmt Fees-Belleville Lab	2	59,331	20,202	9,558	12,649	6,764	1,899	8,033	53	172
Mgmt Fees- Employee	16	50,920	26,606	7,108	5,525	2,541	1,242	2,948	911	4,038
Outside Services AG	15	91,454	45,288	12,319	10,334	5,890	2,158	6,009	1,847	7,609
Outside Services AG	15	302,045	149,573	40,685	34,131	19,452	7,128	19,844	6,101	25,130
Ins Gen Liab Oper AG	15	202,193	100,126	27,235	22,848	13,021	4,772	13,284	4,084	16,822
Ins Work Comp AG	16	86,074	44,974	12,016	9,339	4,295	2,100	4,984	1,541	6,826
Ins Other Oper AG	15	62,506	30,953	8,420	7,063	4,025	1,475	4,107	1,263	5,200
Property Insurance	15	19,013	9,415	2,561	2,148	1,224	449	1,249	384	1,582
Injuries & Damages	16	1,795	938	251	195	90	44	104	32	142

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MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Large Industrial	Public Authorities	Sales for Resale	Fire Protection	
									Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Employee Pension & Benefits	16	619,799	323,845	86,524	67,248	30,928	15,123	35,886	11,094	49,150
Employee Pension & Benefits	16	451,777	236,053	63,068	49,018	22,544	11,023	26,158	8,087	35,826
Employee Pension & Benefits	16	72,580	37,923	10,132	7,875	3,622	1,771	4,202	1,299	5,756
Reg Commision Exp	19	40,672	17,233	5,954	6,324	3,392	1,114	3,778	525	2,351
Rents AG	15	46,762	23,157	6,299	5,284	3,011	1,104	3,072	945	3,891
Goodwill Advertising Exp	15	326	161	44	37	21	8	21	7	27
Misc Exp AG	15	296,552	146,853	39,946	33,510	19,098	6,999	19,483	5,990	24,673
Research & Development	15	0	0	0	0	0	0	0	0	0
TOTAL A & G OPERATIONS		4,830,010	2,601,598	637,062	495,550	265,463	107,455	281,482	90,070	351,329
General Plant Maint AG - Labor	15	0	0	0	0	0	0	0	0	0
Maint Exp ARO/Net Neg Sal AG	18	(29,090)	(11,101)	(4,483)	(5,073)	(2,595)	(870)	(3,060)	(314)	(1,594)
General Plant Maint AG	15	24,902	12,331	3,354	2,814	1,604	588	1,636	503	2,072
TOTAL A & G EXPENSE - MAINTENANCE		(4,188)	1,231	(1,128)	(2,259)	(991)	(282)	(1,424)	189	478
TOTAL A & G EXPENSE		4,825,822	2,602,829	635,934	493,291	264,472	107,173	280,058	90,259	351,807
Total Operation & Maintenance Expenses		10,250,570	4,914,998	1,396,576	1,326,427	768,921	247,044	773,443	164,947	658,215
DEPRECIATION EXPENSE										
Struct & Imp SS	2	51,415	17,507	8,283	10,962	5,861	1,645	6,962	46	149
Struct & Imp P	6	299,080	99,863	47,135	61,999	33,018	9,361	39,239	1,914	6,550
Struct & Imp WT	2	807,884	275,085	130,150	172,241	92,099	25,852	109,387	727	2,343
Struct & Imp TD	7	8,578	3,483	1,613	941	187	321	222	404	1,408
Struct & Imp AG	15	659	326	89	74	42	16	43	13	55
Struct & Imp Offices	15	0	0	0	0	0	0	0	0	0
Struct & Imp Store,Shop,Gar	15	9,138	4,525	1,231	1,033	588	216	600	185	760
Struct & Imp Misc	15	36,869	18,258	4,966	4,166	2,374	870	2,422	745	3,068
Collect & Impounding	1	0	0	0	0	0	0	0	0	0
Lake, River & Other Intakes	2	334	114	54	71	38	11	45	0	1
Wells & Springs	2	755	257	122	161	86	24	102	1	2
Supply Mains	2	161,049	54,837	25,945	34,336	18,360	5,154	21,806	145	467
Power Generation Equip	6	409	137	64	85	45	13	54	3	9
Pump Equip Electric	6	119,430	39,878	18,822	24,758	13,185	3,738	15,669	764	2,616
Pump Equip Diesel	6	9,070	3,028	1,429	1,880	1,001	284	1,190	58	199
Pump Equip Other	6	60	20	9	12	7	2	8	0	1
Pump Equip WT	6	945	316	149	196	104	30	124	6	21
WT Equip Non-Media	2	560,232	190,759	90,253	119,441	63,866	17,927	75,855	504	1,625
WT Equip Non Media Ctrl 1 &	2	100	34	16	21	11	3	14	0	0
WT Equip Filter Media	2	758	258	122	162	86	24	103	1	2
Dist Reservoirs & Standpipe	5	39,045	11,725	5,365	6,247	4,982	1,062	4,229	1,210	4,225
Elevated Tanks & Standpipes	5	8,199	2,462	1,127	1,312	1,046	223	888	254	887
Ground Level Facilities	5	0	0	0	0	0	0	0	0	0
TD Mains Not Classified by	7	22,237	9,028	4,181	2,439	485	832	576	1,047	3,649
TD Mains 4" & Less	4	15,494	6,644	3,065	1,343	0	609	0	855	2,978
TD Mains 6 to 8"	4	101,402	43,481	20,057	8,792	0	3,985	0	5,597	19,489
TD Mains 10 to 16"	3	199,465	63,390	29,960	39,694	21,223	5,964	25,212	3,132	10,891

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MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Large Industrial	Public Authorities	Sales for Resale	Fire Protection	
									Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
TD Mains 18" & Grtr	3	71,909	22,853	10,801	14,310	7,651	2,150	9,089	1,129	3,926
Services	10	100,194	82,931	9,739	731	40	962	140	5,651	0
Meters Bronze Case	9	71,434	56,561	9,929	2,214	436	1,643	650	0	0
Meters Plastic Case	9	1,570	1,243	218	49	10	36	14	0	0
Meters Other	9	4,480	3,547	623	139	27	103	41	0	0
Meters Other-Rem Rdr Unts	9	1,587	1,257	221	49	10	37	14	0	0
Meter Installations	9	68,407	54,165	9,509	2,121	417	1,573	623	0	0
Meter Installation Other	9	0	0	0	0	0	0	0	0	0
Meter Vaults	9	5,083	4,025	707	158	31	117	46	0	0
Hydrants	8	54,622	0	0	0	0	0	0	0	54,622
Other P/E Intangible	17	906	345	140	158	81	27	96	10	49
Other P/E WT Res Hand Equip	2	43,771	14,904	7,052	9,332	4,990	1,401	5,927	39	127
Other P/E TD	7	0	0	0	0	0	0	0	0	0
Other P/E CPS	15	9,990	4,947	1,346	1,129	643	236	656	202	831
Office Furniture & Equip	15	12,764	6,321	1,719	1,442	822	301	839	258	1,062
Comp & Periph Equip	15	82,002	40,607	11,046	9,266	5,281	1,935	5,388	1,656	6,823
Computer Software	15	136,072	67,383	18,329	15,376	8,763	3,211	8,940	2,749	11,321
Comp Software Personal	15	7,663	3,795	1,032	866	493	181	503	155	638
Comp Software Customized	15	8,527	4,223	1,149	964	549	201	560	172	709
Data Handling Equipment	15	3,677	1,821	495	416	237	87	242	74	306
Other Office Equipment	15	16,817	8,328	2,265	1,900	1,083	397	1,105	340	1,399
Trans Equip Lt Duty Trks	15	4,939	2,446	665	558	318	117	324	100	411
Trans Equip Hvy Duty Trks	15	0	0	0	0	0	0	0	0	0
Trans Equip Autos	15	3,218	1,594	433	364	207	76	211	65	268
Trans Equip Other	15	13	6	2	1	1	0	1	0	1
Stores Equipment	15	6,447	3,193	868	729	415	152	424	130	536
Tools,Shop,Garage Equip	15	54,427	26,952	7,331	6,150	3,505	1,284	3,576	1,099	4,528
Tools,Shop,Garage Equip Oth	15	0	0	0	0	0	0	0	0	0
Laboratory Equipment	2	52,045	17,721	8,384	11,096	5,933	1,665	7,047	47	151
Laboratory Equip Other	2	2,758	939	444	588	314	88	373	2	8
Power Operated Equipment	15	2,191	1,085	295	248	141	52	144	44	182
Comm Equip Non-Telephone	15	4,589	2,272	618	519	296	108	301	93	382
Remote Control & Instr	15	750	371	101	85	48	18	49	15	62
Comm Equip Telephone	15	1,124	557	151	127	72	27	74	23	94
Misc Equipment	15	10,081	4,992	1,358	1,139	649	238	662	204	839
Total Depreciation Expense		3,296,664	1,286,796	501,177	574,589	302,163	96,588	352,811	31,870	150,669
Amort-Other UP	18	7,028	2,682	1,083	1,226	627	210	739	76	385
Amort-Intangible Fin	2	(77,521)	(26,396)	(12,489)	(16,527)	(8,837)	(2,481)	(10,496)	(70)	(225)
Amort-Property Losses	2	238,339	81,154	38,396	50,814	27,171	7,627	32,271	215	691

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Schedule B-SJO

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Large Industrial	Public Authorities	Sales for Resale	Fire Protection	
									Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Taxes Other Than Income										
Utility Reg Assessment Fee	19	170,006	72,032	24,889	26,436	14,179	4,658	15,794	2,193	9,826
Property Taxes	18	1,032,884	394,149	159,167	180,135	92,133	30,883	108,659	11,155	56,602
FUTA	16	2,177	1,137	304	236	109	53	126	39	173
FICA	16	147,574	77,107	20,601	16,012	7,364	3,601	8,545	2,642	11,703
SUTA	16	6,132	3,204	856	665	306	150	355	110	486
Other Taxes & Licenses	15	36,123	17,888	4,866	4,082	2,326	853	2,373	730	3,005
Gross Receipts Tax	19	0	0	0	0	0	0	0	0	0
Total Taxes, Other Than Income		1,394,896	565,517	210,683	227,566	116,417	40,197	135,852	16,868	81,795
Income Taxes	18	3,117,843	1,189,769	480,460	543,752	278,112	93,224	327,997	33,673	170,858
Utility Income Available for Return	18	7,420,952	2,831,835	1,143,569	1,294,214	661,949	221,886	780,684	80,146	406,668
Total Cost of Service		25,648,771	10,846,355	3,759,455	4,002,060	2,146,521	704,296	2,393,302	327,724	1,469,057
Less: Other Water Revenues	19	316,832	134,242	46,384	49,267	26,424	8,681	29,434	4,087	18,313
Total Cost of Service Related to Sales of Water		25,331,939	10,712,114	3,713,071	3,952,793	2,120,097	695,615	2,363,868	323,637	1,450,744
Reallocation of Public Fire	20	0	1,159,289	203,539	45,408	8,850	33,657	0	0	(1,450,744)
Total		$ 25,331,939	$ 11,871,403	$ 3,916,611	$ 3,998,201	$ 2,128,946	$ 729,272	$ 2,363,868	$ 323,637	$ -

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TN-CMA-01-Q29-SUPPLEMENTAL ATTACHMENT
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Schedule B-SJO

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS

FACTOR 1. ALLOCATION OF COSTS WHICH VARY WITH THE AMOUNT OF WATER CONSUMED.

Factors are based on the pro forma test year average daily consumption for each customer classification.

Customer Classification	Average Daily Consumption, Thousand Gallons	Allocation Factor
(1)	(2)	(3)
Residential	4,582	0.2919
Commercial	2,370	0.1510
Industrial	3,652	0.2326
Large Industrial	2,335	0.1487
Other Public Authority	471	0.0300
Sales for Resale	2,200	0.1401
Private Fire Protection	20	0.0013
Public Fire Protection	69	0.0044
Total	15,699	1.0000

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the factors for average daily consumption (Factor 1) and the factors derived from maximum day extra capacity demand for each customer classification, as follows:

	Average Daily Consumption		Maximum Day Extra Capacity		
Customer Classification	Allocation Factor 1	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)x 0.6667	(4)	(5)=(4)x 0.3333	(6)=(3)+(5)
Residential	0.2919	0.1946	0.4378	0.1459	0.3405
Commercial	0.1510	0.1007	0.1811	0.0604	0.1611
Industrial	0.2326	0.1551	0.1744	0.0581	0.2132
Large Industrial	0.1487	0.0991	0.0446	0.0149	0.1140
Other Public Authority	0.0300	0.0200	0.0360	0.0120	0.0320
Sales for Resale	0.1401	0.0934	0.1261	0.0420	0.1354
Private Fire Protection	0.0013	0.0009			0.0009
Public Fire Protection	0.0044	0.0029			0.0029
Total	1.0000	0.6667	1.0000	0.3333	1.0000

The derivation of the maximum day extra capacity factors in column 4 and the basis for the column 3 and 5 weightings are presented on the following page.

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS, cont.

Customer Classification	Average Daily Consumption, Thousand Gal.	Maximum Day Extra Capacity		
		Factor*	Rate of Flow, Thousand Gal. Per Day	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	4,582	1.0	4,582	0.4378
Commercial	2,370	0.8	1,896	0.1811
Industrial	3,652	0.5	1,826	0.1744
Large Industrial	2,335	0.2	467	0.0446
Other Public Authority	471	0.8	377	0.0360
Sales for Resale	2,200	0.6	1,320	0.1261
Total	15,610		10,468	1.0000

The weighting of the factors is based on the maximum day ratio of 1.50, based on a review of maximum day ratios experienced during the period 1990 through 2007 (see Schedule D).

	Maximum Day Ratio	Weight
Average Day	1.00	0.6667
Maximum Day Extra Capacity	0.50	0.3333
Total	1.50	1.0000

* Ratio of maximum day to average day minus 1.0.

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

	Average Daily Consumption		Maximum Day Extra Capacity		Fire Protection		
Customer Classification	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2) X 0.6221	(4)	(5)=(4) X 0.3111	(6)	(7)=(6) X 0.0668	(8)=(3)+(5)+(7)
Residential	0.2919	0.1816	0.4378	0.1362			0.3178
Commercial	0.1510	0.0939	0.1811	0.0563			0.1502
Industrial	0.2326	0.1447	0.1744	0.0543			0.1990
Large Industrial	0.1487	0.0925	0.0446	0.0139			0.1064
Other Public Authority	0.0300	0.0187	0.0360	0.0112			0.0299
Sales for Resale	0.1401	0.0872	0.1261	0.0392			0.1264
Private Fire Protection	0.0013	0.0008			0.2233	0.0149	0.0157
Public Fire Protection	0.0044	0.0027			0.7767	0.0519	0.0546
Total	1.0000	0.6221	1.0000	0.3111	1.0000	0.0668	1.0000

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum day ratio of 1.50 and the average daily system sendout for 2008 of 17.892 MGD. The system demand for fire protection is 8,000 Gallons per minute for 4 hours.

	Ratio	Rate of Flow, (GPD)	Weight
Average Day	1.00	17,891,608	0.6221
Maximum Day Extra Capacity	0.50	8,945,804	0.3111
Subtotal	1.50	26,837,412	0.9332
Fire Protection		1,920,000	0.0668
Total		28,757,412	1.0000

The public and private fire protection allocation factors in column 6 on the previous page are based on the relative potential demands (see Schedule E).

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		
Customer Classification	Thousand Gallons	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3) X 0.3782	(5)	(6)=(5) X 0.3782	(7)	(8)=(7) X 0.2436	(9)=(4)+(6)+(8)
Residential	190.9	0.5172	0.1956	0.6166	0.2332			0.4288
Commercial	98.8	0.2678	0.1013	0.2552	0.0965			0.1978
Industrial	56.0	0.1518	0.0574	0.0775	0.0293			0.0867
Other Public Authority	19.6	0.0531	0.0201	0.0507	0.0192			0.0393
Private Fire Protection	0.8	0.0022	0.0008			0.2233	0.0544	0.0552
Public Fire Protection	2.9	0.0079	0.0030			0.7767	0.1892	0.1922
Total	369.0	1.0000	0.3782	1.0000	0.3782	1.0000	0.2436	1.0000

The maximum hour extra capacity factors in column 5 are determined on the following page.

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum hour ratio of 2.0 and the average daily system sendout for 2008 of 17.892 MGD. The system demand for fire protection is 8,000 gallons per minute.

	Ratio	Rate of Flow, (GPM)	Weight
Average Hour	1.00	12,425	0.3782
Maximum Hour Extra Capacity	1.00	12,425	0.3782
Subtotal	2.00	24,850	0.7564
Fire Protection		8,000	0.2436
Total		32,850	1.0000

The maximum hour extra capacity factors in column 5 of the previous page are determined as follows:

Customer Classification	Average Hourly Consumption Thousand Gal.	Maximum Hour Extra Capacity		
		Factor*	1,000 Gallons Per Hour	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	190.9	3.5	668.2	0.6166
Commercial	98.8	2.8	276.6	0.2552
Industrial	56.0	1.5	84.0	0.0775
Other Public Authority	19.6	2.8	54.9	0.0507
Total	365.3		1,083.7	1.0000

* Ratio of Maximum Hour To Average Hour Minus 1.0.

The public and private fire protection allocation factors in column 7 on the previous page are based on the relative potential demands (see Schedule E).

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES.

Factors are based on the weighting of the average hourly consumption, the maximum hour extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		
	Thousand Gallons	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3) X 0.4316	(5)	(6)=(5) X 0.4316	(7)	(8)=(7) X 0.1368	(9)=(4)+(6)+(8)
Residential	190.9	0.2918	0.1260	0.4038	0.1743			0.3003
Commercial	98.8	0.1510	0.0652	0.1672	0.0722			0.1374
Industrial	152.2	0.2327	0.1004	0.1380	0.0596			0.1600
Large Industrial	97.3	0.1487	0.0642	0.1470	0.0634			0.1276
Other Public Authority	19.6	0.0300	0.0129	0.0332	0.0143			0.0272
Sales for Resale	91.7	0.1402	0.0605	0.1108	0.0478			0.1083
Private Fire Protection	0.8	0.0012	0.0005			0.2233	0.0305	0.0310
Public Fire Protection	2.9	0.0044	0.0019			0.7767	0.1063	0.1082
Total	654.2	1.0000	0.4316	1.0000	0.4316	1.0000	0.1368	1.0000

The weighting of the factors is based on the ratio of the capacity required for a 4 hour demand of fire flow, as related to total storage capacity. The calculation is shown on the following page.

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES, cont.

The weighting of the factors is based on the ratio of the capacity required for a 4 hour demand of fire flow, as related to total storage capacity.

Fire Protection Weight = $\frac{\text{8,000 GPM X 60 Min. X 4 Hrs.}}{\text{14,040,000 Gallons}}$ = 0.1368 updated 2009

General Service Weight = 1.0000 - 0.1368 = 0.8632

The weighting of the average hourly consumption and maximum hour extra demand for general service is based on the maximum hour ratio, as follows:

	Maximum Hour Ratio	Percent	Weight
Average Hour	1.00	50.00	0.4316
Extra Capacity Maximum Hour	1.00	50.00	0.4316
Total	2.00	100.00	0.8632

Customer Classification	Average Hourly Consumption Thousand Gal.	Maximum Hour Extra Capacity Factor*	Maximum Hour Extra Capacity 1,000 Gallons Per Hour	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	190.9	3.5	668.2	0.4038
Commercial	98.8	2.8	276.6	0.1672
Industrial	152.2	1.5	228.3	0.1380
Large Industrial	97.3	2.5	243.3	0.1470
Other Public Authority	19.6	2.8	54.9	0.0332
Sales for Resale	91.7	2.0	183.4	0.1108
Total	650.5		1654.7	1.0000

* Ratio of Maximum Hour To Average Hour Minus 1.0.

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH POWER AND PUMPING FACILITIES.

Factors are based on the weighting of the maximum daily consumption, Factor 2, the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

	Maximum Daily Consumption		Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 2	Weighted Factor	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.6539	(4)	(5)=(4)X 0.3378	(6)	(7)=(6)X 0.0083	(8)=(3)+ (5)+(7)
Residential	0.3405	0.2228	0.3178	0.1075	0.4288	0.0036	0.3339
Commercial	0.1611	0.1053	0.1502	0.0507	0.1978	0.0016	0.1576
Industrial	0.2132	0.1394	0.1990	0.0672	0.0867	0.0007	0.2073
Large Industrial	0.1140	0.0745	0.1064	0.0359	0.0000	0.0000	0.1104
Other Public Authority	0.0320	0.0209	0.0299	0.0101	0.0393	0.0003	0.0313
Sales for Resale	0.1354	0.0885	0.1264	0.0427	0.0000	0.0000	0.1312
Private Fire Protection	0.0009	0.0006	0.0157	0.0053	0.0552	0.0005	0.0064
Public Fire Protection	0.0029	0.0019	0.0546	0.0184	0.1922	0.0016	0.0219
Total	1.0000	0.6539	1.0000	0.3378	1.0000	0.0083	1.0000

The weighting of the factors is based on the horsepower of pumps associated with maximum day facilities, maximum day and fire facilities, and maximum hour facilities, as follows:

	Horsepower of Pumps	Weight
Associated with Maximum Day	2,350	0.6539
Associated with Maximum Day and Fire	1,214	0.3378
Associated with Maximum Hour	30	0.0083
Total	3,594	1.0000

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 7. ALLOCATION OF COSTS ASSOCIATED WITH TRANSMISSION AND DISTRIBUTION MAINS.

Factors are based on the weighting of the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

	Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.2046	(4)	(5)=(4)X 0.7954	(6)=(3)+(5)
Residential	0.3178	0.0650	0.4288	0.3410	0.4060
Commercial	0.1502	0.0307	0.1978	0.1573	0.1880
Industrial	0.1990	0.0407	0.0867	0.0690	0.1097
Large Industrial	0.1064	0.0218	0.0000	0.0000	0.0218
Other Public Authority	0.0299	0.0061	0.0393	0.0313	0.0374
Sales for Resale	0.1264	0.0259	0.0000	0.0000	0.0259
Private Fire Protection	0.0157	0.0032	0.0552	0.0439	0.0471
Public Fire Protection	0.0546	0.0112	0.1922	0.1529	0.1641
Total	1.0000	0.2046	1.0000	0.7954	1.0000

The weighting of the factors is based on the total footage of mains, designated as either transmission mains or distribution mains, as follows:

	Total Footage of Mains	Weight
Transmission Mains	679,140	0.2046
Distribution Mains	2,639,514	0.7954
Total	3,318,654	1.0000

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 8. ALLOCATION OF COSTS ASSOCIATED WITH FIRE HYDRANTS.

Costs are assigned directly to Public Fire Protection.

Customer Classification	Allocation Factor
(1)	(3)
Public Fire Protection	1.0000
Total	1.0000

FACTOR 9. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

Factors are based on the relative cost of meters by size and customer classification, as developed on the following page and summarized below.

Customer Classification	5/8" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	29,430	0.7918
Commercial	5,167	0.1390
Industrial	1,154	0.0310
Large Industrial	226	0.0061
Other Public Authority	856	0.0230
Sales for Resale	339	0.0091
Private Fire	0	0.0000
Total	37,172	1.0000

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS

Meter Size	5/8" Dollar Equivalent	Residential		Commercial		Industrial		Large Industrial		Other Public Authority		Sales for Resale		Total	
		Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)=(2)X(13)	(15)	(16)
5/8	1.0	26,532	26,532	1,874	1,874	6	6	-	0	40	40	0	0	28,452	28,452
3/4	1.3	1,304	1,695	158	205	4	5	-	0	14	18	0	0	1,480	1,923
1	1.7	646	1,098	394	670	19	32	-	0	36	61	0	0	1,095	1,861
1-1/2	3.5	6	21	85	298	2	7	-	0	18	63	0	0	111	389
2	4.3	15	65	320	1,376	67	288	-	0	87	374	11	47	500	2,150
3	19.0	1	19	13	247	3	57	-	0	4	76	0	0	21	399
4	29.3	0	0	12	352	16	469	-	0	6	176	5	147	39	1,144
6	48.4	0	0	3	145	6	290	-	0	1	48	3	145	13	628
8	112.9	0	0	0	0	0	0	2	226	0	0	0	0	2	226
Total		28,504	29,430	2,859	5,167	123	1,154	2	226	206	856	19	339	31,713	37,172

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 10. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

Factors are based on the relative cost of services by size and customer classification, as developed on the following page and summarized below.

Customer Classification	3/4" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	28,635	0.8277
Commercial	3,363	0.0972
Industrial	251	0.0073
Large Industrial	14	0.0004
Other Public Authority	333	0.0096
Sales for Resale	49	0.0014
Private Fire Protection	1,951	0.0564
Total	34,596	1.0000

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

BASIS FOR ALLOCATING SERVICE COSTS TO CUSTOMER CLASSIFICATIONS

Service Size	3/4" Dollar Equivalent	Residential		Commercial		Industrial		Large Industrial		Other Public Authority		Sales for Resale		Private Fire Protection		Total	
		Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Servicees	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)=(2)X(11)	(15)	(16)
3/4	1.00	27,836	27,836	2,032	2,032	10	10	0	0	54	54	0	0	0	0	29,932	29,932
1	1.17	646	756	394	461	19	22	0	0	36	42	0	0	0	0	1,095	1,281
1-1/2	1.58	6	9	85	134	2	3	0	0	18	28	0	0	0	0	111	174
2	2.04	15	31	320	653	67	137	0	0	87	177	11	22	9	18	509	1,038
3	2.73	1	3	13	35	3	8	0	0	4	11	0	0	1	3	22	60
4	2.88	0	0	12	35	16	46	0	0	6	17	5	14	84	242	123	354
6	4.24	0	0	3	13	6	25	0	0	1	4	3	13	160	678	173	733
8	6.98	0	0	0	0	0	0	2	14	0	0	0	0	101	705	101	719
10	9.50	0	0	0	0	0	0	0	0	0	0	0	0	18	171	18	171
12	12.16	0	0	0	0	0	0	0	0	0	0	0	0	11	134	11	134
Total		28,504	28,635	2,859	3,363	123	251	2	14	206	333	19	49	384	1,951	32,095	34,596

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 11. ALLOCATION OF TRANSMISSION AND DISTRIBUTION OPERATION SUPERVISION AND ENGINEERING AND MISCELLANEOUS EXPENSES.

Factors are based on transmission and distribution operation expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Operating Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$ 299,266	0.5832
Commercial	81,010	0.1579
Industrial	36,022	0.0702
Large Industrial	7,041	0.0137
Other Public Authority	14,531	0.0283
Sales for Resale	8,686	0.0169
Private Fire Protection	19,450	0.0379
Public Fire Protection	47,132	0.0919
Total	513,139	1.0000

FACTOR 12. ALLOCATION OF TRANSMISSION AND DISTRIBUTION MAINTENANCE SUPERVISION AND ENGINEERING, STRUCTURES AND IMPROVEMENTS, AND OTHER EXPENSES.

Factors are based on transmission and distribution maintenance expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$ 81,597	0.3849
Commercial	26,798	0.1263
Industrial	13,339	0.0629
Large Industrial	2,659	0.0125
Other Public Authority	5,077	0.0239
Sales for Resale	3,229	0.0152
Private Fire Protection	5,617	0.0265
Public Fire Protection	73,763	0.3478
Total	$212,079	1.0000

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 13. ALLOCATION OF BILLING AND COLLECTING COSTS.

Factors are based on the total number of customers.

Customer Classification	Total Customers	Allocation Factor
(1)	(2)	(3)
Residential	28,504	0.8865
Commercial	2,859	0.0889
Industrial	123	0.0038
Large Industrial	1	0.0001
Other Public Authority	206	0.0064
Sales for Resale	19	0.0006
Private Fire Protection	441	0.0137
Public Fire Protection	0	0.0000
Total	32,153	1.0000

FACTOR 14. ALLOCATION OF METER READING COSTS.

Factors are based on the number of metered customers.

Customer Classification	Total Metered Customers	Allocation Factor
(1)	(2)	(3)
Residential	28,504	0.8987
Commercial	2,859	0.0902
Industrial	123	0.0039
Large Industrial	2	0.0001
Other Public Authority	206	0.0065
Sales for Resale	19	0.0006
Total	31,713	1.0000

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 15. ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES

Factors are based on the allocation of all other operation and maintenance expenses excluding purchased water, power, chemicals and waste disposal.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$1,775,197	0.4952
Commercial	482,866	0.1347
Industrial	405,251	0.1130
Large Industrial	230,904	0.0644
Other Public Authority	84,684	0.0236
Sales for Resale	235,661	0.0657
Private Fire Protection	72,297	0.0202
Public Fire Protection	298,313	0.0832
Total	$3,585,172	1.0000

FACTOR 15A. ALLOCATION OF ADMINISTRATIVE AND CASH WORKING CAPITAL

Factors are based on the allocation of all operation and maintenance expenses including purchased water, power, chemicals and waste disposal.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$4,914,998	0.4795
Commercial	1,396,576	0.1362
Industrial	1,326,427	0.1294
Large Industrial	768,921	0.0750
Other Public Authority	247,044	0.0241
Sales for Resale	773,443	0.0755
Private Fire Protection	164,947	0.0161
Public Fire Protection	658,215	0.0642
Total	$10,250,570	1.0000

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 16. ALLOCATION OF LABOR RELATED TAXES AND BENEFITS.

Factors are based on the allocation of direct labor expense.

Customer Classification	Direct Labor Expense	Allocation Factor
(1)	(2)	(3)
Residential	$1,106,542	0.5225
Commercial	295,574	0.1396
Industrial	229,900	0.1085
Large Industrial	105,667	0.0499
Other Public Authority	51,733	0.0244
Sales for Resale	122,695	0.0579
Private Fire Protection	37,865	0.0179
Public Fire Protection	168,026	0.0793
Total	$2,118,002	1.0000

FACTOR 17. ALLOCATION OF ORGANIZATION, FRANCHISES AND CONSENTS, MISCELLANEOUS INTANGIBLE PLANT AND OTHER RATE BASE ELEMENTS.

Factors are based on the allocation of the original cost less depreciation other than those items being allocated, as follows:

Customer Classification	Original Cost Less Depreciation	Allocation Factor
(1)	(2)	(3)
Residential	$34,925,863	0.3803
Commercial	14,165,363	0.1543
Industrial	16,065,173	0.1749
Large Industrial	8,216,482	0.0895
Other Public Authority	2,754,507	0.0300
Sales for Resale	9,700,226	0.1056
Private Fire Protection	988,130	0.0108
Public Fire Protection	5,014,421	0.0546
Total	$91,830,164	1.0000

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 18. ALLOCATION OF INCOME TAXES AND INCOME AVAILABLE FOR RETURN.

Factors are based on the allocation of the original cost measure of value rate base as shown on the following pages and summarized below.

Customer Classification	Original Cost Measure of Value	Allocation Factor
(1)	(2)	(3)
Residential	$31,777,199	0.3816
Commercial	12,833,136	0.1541
Industrial	14,522,204	0.1744
Large Industrial	7,428,746	0.0892
Other Public Authority	2,493,357	0.0299
Sales for Resale	8,764,867	0.1052
Private Fire Protection	902,006	0.0108
Public Fire Protection	4,566,389	0.0548
Total	$83,287,904	1.0000

FACTOR 19. ALLOCATION OF REGULATORY COMMISSION EXPENSES, ASSESSMENTS AN OTHER WATER REVENUES.

The factors are based on the allocation of the total cost of service, excluding those items being allocated.

Customer Classification	Total Cost of Service	Allocation Factor
(1)	(2)	(3)
Residential	$10,675,937	0.4237
Commercial	3,690,216	0.1464
Industrial	3,918,486	0.1555
Large Industrial	2,101,780	0.0834
Other Public Authority	690,897	0.0274
Sales for Resale	2,341,459	0.0929
Private Fire Protection	324,792	0.0129
Public Fire Protection	1,456,188	0.0578
Total	$25,199,754	1.0000

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Large Industrial	Public Authorities	Sales for Resale	Fire Protection	
									Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
RATE BASE										
Organization	17	$ 13,672	$ 5,199	$ 2,110	$ 2,391	$ 1,224	$ 410	$ 1,444	$ 148	$ 746
Franchises	17	0	0	0	0	0	0	0	0	0
Land & Ld Rights SS	2	1,414,424	481,611	227,864	301,555	161,244	45,262	191,513	1,273	4,102
Land & Ld Rights P	6	13,065	4,363	2,059	2,708	1,442	409	1,714	84	286
Land & Ld Rights WT	2	0	0	0	0	0	0	0	0	0
Land & Ld Rights TD	7	841,125	341,497	158,132	92,271	18,337	31,458	21,785	39,617	138,029
Land & Land Rights AG	15	8,112	4,017	1,093	917	522	191	533	164	675
Struct & Imp SS	2	1,795,492	611,365	289,254	382,799	204,686	57,456	243,110	1,616	5,207
Struct & Imp P	6	4,186,458	1,397,858	659,786	867,853	462,185	131,036	549,263	26,793	91,683
Struct & Imp Pump Boosters	6	0	0	0	0	0	0	0	0	0
Struct & Imp WT	2	19,885,159	6,770,897	3,203,499	4,239,516	2,266,908	636,325	2,692,450	17,897	57,667
Struct & Imp WT Nth Plt (ST	2	0	0	0	0	0	0	0	0	0
Struct & Imp WT Ctrl Plt 1	2	0	0	0	0	0	0	0	0	0
Struct & Imp WT Ctrl Plt 3	2	0	0	0	0	0	0	0	0	0
Struct & Imp WT Sth Plt (ST	2	0	0	0	0	0	0	0	0	0
Struct & Imp WT Meramec (ST	2	0	0	0	0	0	0	0	0	0
Struct & Imp TD	7	335,041	136,027	62,988	36,754	7,304	12,531	8,678	15,780	54,980
Struct & Imp TD Spec Cross	7	0	0	0	0	0	0	0	0	0
Struct & Imp AG	15	27,373	13,555	3,687	3,093	1,763	646	1,798	553	2,277
Struct & Imp Offices	15	402,155	199,147	54,170	45,444	25,899	9,491	26,422	8,124	33,459
Gen Structures HVAC	15	0	0	0	0	0	0	0	0	0
Struct & Imp Leasehold	15	33	16	4	4	2	1	2	1	3
Struct & Imp Leasehold	15	0	0	0	0	0	0	0	0	0
Struct & Imp Store,Shop,Gar	15	159,555	79,012	21,492	18,030	10,275	3,765	10,483	3,223	13,275
Struct & Imp Misc	15	692,024	342,690	93,216	78,199	44,566	16,332	45,466	13,979	57,576
Collect & Impounding	1	0	0	0	0	0	0	0	0	0
Lake. River & Other Intakes	2	685,568	233,436	110,445	146,163	78,155	21,938	92,826	617	1,988
Wells & Springs	2	66,177	22,533	10,661	14,109	7,544	2,118	8,960	60	192
Supply Mains	2	7,962,395	2,711,195	1,282,742	1,697,583	907,713	254,797	1,078,108	7,166	23,091
Power Generation Equip	6	19,285	6,439	3,039	3,998	2,129	604	2,530	123	422
Power Generation Equip Othe	6	0	0	0	0	0	0	0	0	0
Boiler Plant Equipment P	6	0	0	0	0	0	0	0	0	0
Pump Equip Steam	6	0	0	0	0	0	0	0	0	0
Pump Equip Electric	6	4,259,738	1,422,327	671,335	883,044	470,275	133,330	558,878	27,262	93,288
Pump Equip Elec Pre46 (STL)	6	0	0	0	0	0	0	0	0	0
Pump Equip Elec Post46 (STL	6	0	0	0	0	0	0	0	0	0
Pump Equip Elec Boosters Po	6	0	0	0	0	0	0	0	0	0
Pump Equip Diesel	6	374,322	124,986	58,993	77,597	41,325	11,716	49,111	2,396	8,198
Pump Equip Diesel Stratman\	6	0	0	0	0	0	0	0	0	0
Pump Equip Diesel Ctrl Plt	6	0	0	0	0	0	0	0	0	0
Pump Equip Hydraulic	6	0	0	0	0	0	0	0	0	0
Pump Equip Other	6	2,474	826	390	513	273	77	325	16	54
Pump Equip WT	6	38,781	12,949	6,112	8,039	4,281	1,214	5,088	248	849
Pump Equip TD	6	0	0	0	0	0	0	0	0	0
WT Equip Non-Media	2	14,322,735	4,876,891	2,307,393	3,053,607	1,632,792	458,328	1,939,298	12,890	41,536

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Large Industrial	Public Authorities	Sales for Resale	Fire Protection	
									Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
WT Equip Non Media Ctrl 1 &	2	3,441	1,172	554	734	392	110	466	3	10
WT Equip Filter Media	2	25,812	8,789	4,158	5,503	2,943	826	3,495	23	75
Dist Reservoirs & Standpipe	5	608,526	182,740	83,612	97,364	77,648	16,552	65,903	18,864	65,843
Elevated Tanks & Standpipes	5	281,548	84,549	38,685	45,048	35,926	7,658	30,492	8,728	30,463
Ground Level Facilities	5	0	0	0	0	0	0	0	0	0
TD Mains Not Classified by	7	(2,549,325)	(1,035,026)	(479,273)	(279,661)	(55,575)	(95,345)	(66,028)	(120,073)	(418,344)
TD Mains 4" & Less	4	882,490	378,411	174,556	76,512	0	34,682	0	48,713	169,614
TD Mains 6 to 8"	4	7,912,355	3,392,818	1,565,064	686,001	0	310,956	0	436,762	1,520,755
TD Mains 10 to 16"	3	10,313,098	3,277,503	1,549,027	2,052,307	1,097,314	308,362	1,303,576	161,916	563,095
TD Mains 18" & Grtr	3	3,646,739	1,158,934	547,740	725,701	388,013	109,038	460,948	57,254	199,112
Fire Mains	8	0	0	0	0	0	0	0	0	0
Services	10	2,816,475	2,331,196	273,761	20,560	1,127	27,038	3,943	158,849	0
Meters Bronze Case	9	3,244,512	2,569,005	450,987	100,580	19,792	74,624	29,525	0	0
Meters Plastic Case	9	64,175	50,814	8,920	1,989	391	1,476	584	0	0
Meters Other	9	(806,853)	(638,867)	(112,153)	(25,012)	(4,922)	(18,558)	(7,342)	0	0
Meters Other-Rem Rdr Unts	9	70,412	55,752	9,787	2,183	430	1,619	641	0	0
Meter Installations	9	2,195,284	1,738,226	305,144	68,054	13,391	50,492	19,977	0	0
Meter Installation Other	9	0	0	0	0	0	0	0	0	0
Meter Vaults	9	223,426	176,908	31,056	6,926	1,363	5,139	2,033	0	0
Hydrants	8	2,102,937	0	0	0	0	0	0	0	2,102,937
Other P/E Intangible	17	65,376	24,863	10,088	11,434	5,851	1,961	6,904	706	3,570
Other P/E WT Res Hand Equip	2	1,261,743	429,624	203,267	269,004	143,839	40,376	170,840	1,136	3,659
Other P/E TD	7	0	0	0	0	0	0	0	0	0
Other P/E CPS	15	356,612	176,594	48,036	40,297	22,966	8,416	23,429	7,204	29,670
Office Furniture & Equip	15	(193,491)	(95,817)	(26,063)	(21,864)	(12,461)	(4,566)	(12,712)	(3,909)	(16,098)
Comp & Periph Equip	15	329,674	163,254	44,407	37,253	21,231	7,780	21,660	6,659	27,429
Computer Software	15	109,891	54,418	14,802	12,418	7,077	2,593	7,220	2,220	9,143
Comp Software Personal	15	30,671	15,188	4,131	3,466	1,975	724	2,015	620	2,552
Comp Software Customized	15	25,698	12,725	3,461	2,904	1,655	606	1,688	519	2,138
Comp Software Other	15	0	0	0	0	0	0	0	0	0
Data Handling Equipment	15	23,513	11,644	3,167	2,657	1,514	555	1,545	475	1,956
Other Office Equipment	15	114,404	56,653	15,410	12,928	7,368	2,700	7,516	2,311	9,518
Trans Equip Lt Duty Trks	15	184,190	91,211	24,810	20,814	11,862	4,347	12,101	3,721	15,325
Trans Equip Hvy Duty Trks	15	43,340	21,462	5,838	4,897	2,791	1,023	2,847	875	3,606
Trans Equip Autos	15	18,941	9,380	2,551	2,140	1,220	447	1,244	383	1,576
Trans Equip Other	15	(238,175)	(117,944)	(32,082)	(26,914)	(15,338)	(5,621)	(15,648)	(4,811)	(19,816)
Stores Equipment	15	130,076	64,414	17,521	14,699	8,377	3,070	8,546	2,628	10,822
Tools,Shop,Garage Equip	15	638,377	316,124	85,989	72,137	41,111	15,066	41,941	12,895	53,113
Tools,Shop,Garage Equip Oth	15	0	0	0	0	0	0	0	0	0
Laboratory Equipment	2	250,944	85,447	40,427	53,501	28,608	8,030	33,978	226	728
Laboratory Equip Other	2	17,062	5,810	2,749	3,638	1,945	546	2,310	15	49
Power Operated Equipment	15	62,983	31,189	8,484	7,117	4,056	1,486	4,138	1,272	5,240
Comm Equip Non-Telephone	15	36,997	18,321	4,983	4,181	2,383	873	2,431	747	3,078
Remote Control & Instr	15	11,247	5,570	1,515	1,271	724	265	739	227	936
Comm Equip Telephone	15	15,310	7,581	2,062	1,730	986	361	1,006	309	1,274
Misc Equipment	15	73,614	36,453	9,916	8,318	4,741	1,737	4,836	1,487	6,125
Other Tangible Property	17	0	0	0	0	0	0	0	0	0
Total Utility Plant in Service		91,909,212	34,955,925	14,177,560	16,078,998	8,223,556	2,756,878	9,708,573	988,984	5,018,737

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Large Industrial	Public Authorities	Sales for Resale	Fire Protection	
									Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Other Rate Base Items										
Add:										
Other Utility Plant Adjustments	17	0	0	0	0	0	0	0	0	0
Cash Working Capital	15A	199,000	95,421	27,104	25,751	14,925	4,796	15,025	3,204	12,776
Materials and Supplies	15	197,803	97,952	26,644	22,352	12,739	4,668	12,996	3,996	16,457
Prepayments	15	95,124	47,105	12,813	10,749	6,126	2,245	6,250	1,922	7,914
OPEB's Contributed to External Fund	16	593,715	310,216	82,883	64,418	29,626	14,487	34,376	10,627	47,082
Pension / OPEB Tracker	16	112,628	58,848	15,723	12,220	5,620	2,748	6,521	2,016	8,931
Regulatory Deferrals	17	128,650	48,926	19,851	22,501	11,514	3,860	13,585	1,389	7,024
Less:										
Accumulated Deferred ITC (3%)	17	(18,085)	(6,878)	(2,790)	(3,163)	(1,619)	(543)	(1,910)	(195)	(987)
Deferred Income Taxes	17	(9,551,218)	(3,632,328)	(1,473,753)	(1,670,508)	(854,834)	(286,537)	(1,008,609)	(103,153)	(521,497)
Pensions	16	(378,925)	(197,988)	(52,898)	(41,113)	(18,908)	(9,246)	(21,940)	(6,783)	(30,049)
Total Other Rate Base Elements		(8,621,308)	(3,178,726)	(1,344,424)	(1,556,794)	(794,811)	(263,522)	(943,706)	(86,977)	(452,348)
Total Original Cost Measure of Value		$ 83,287,904	$ 31,777,199	$ 12,833,136	$ 14,522,204	$ 7,428,746	$ 2,493,357	$ 8,764,867	$ 902,006	$ 4,566,389

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 20. REALLOCATION OF PUBLIC FIRE

Factors are based on the relative cost of meters by size and customer classification.

Customer Classification	5/8" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	29,430	0.7991
Commercial	5,167	0.1403
Industrial	1,154	0.0313
Large Industrial	226	0.0061
Other Public Authority	856	0.0232
Sales for Resale	0	0.0000
Private Fire	0	0.0000
Total	36,833	1.0000

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

SUMMARY OF AVERAGE DAILY SEND OUT AND MAXIMUM DAILY USAGE
FOR THE YEARS 1990-2008

Year	Average Daily Send out (MGD)	Maximum Daily Use		
		MGD	Ratio to Average	Highest Use Day
(1)	(2)	(3)	(4)	(5)
1990	16.540	22.556	1.36	9/30/1990
1991	16.389	24.628	1.50	7/20/1991
1992	15.936	21.983	1.38	6/30/1992
1993	15.958	21.619	1.35	6/15/1993
1994	14.665	22.291	1.52	8/25/1994
1995	14.525	22.125	1.52	7/12/1995
1996	15.116	19.378	1.28	7/18/1996
1997	15.018	20.865	1.39	7/16/1997
1998	15.018	20.912	1.39	8/24/1998
1999	16.047	21.888	1.36	7/30/1999
2000	15.185	21.096	1.39	8/16/2000
2001	14.232	19.574	1.38	8/6/2001
2002	15.117	22.027	1.46	7/31/2002
2003	14.994	22.510	1.50	8/8/2003
2004	14.889	19.653	1.32	7/27/2004
2005	15.003	21.333	1.42	7/21/2005
2006	16.891	23.463	1.39	5/25/2006
2007	18.057	23.952	1.33	7/17/2007
2008	17.892	22.588	1.26	8/19/2008

Schedule E-SJO

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

BASIS FOR ALLOCATING DEMAND RELATED COSTS OF FIRE SERVICE
TO PRIVATE AND PUBLIC FIRE PROTECTION CUSTOMER CLASSIFICATIONS

Description		Restrictive Diameters Squared	Quantity	Relative Demand*	Allocation Factor
(1)		(2)	(3)	(4)=(2)x(3)	(5)
PRIVATE FIRE PROTECTION					
Fire Lines					
2 -inch		4.00	9	36	
3 -inch		9.00	1	9	
4 -inch		16.00	84	1,344	
6 -inch		36.00	160	5,760	
8 -inch		64.00	101	6,464	
10 -inch		100.00	18	1,800	
12 -inch		144.00	11	1,584	
Private Hydrants		20.25	57	1,160	
Total Private Fire Protection			441.3	18,157	0.2233
PUBLIC FIRE PROTECTION					
Hydrant	Nozzle Sizes				
4 1/2" Valve	2- 2-1/2" & 1- 4 1/2"	20.25	2,468	49,977	
5 1/4" Valve	2- 2-1/2" & 1- 4 1/2"	26.50	19	504	
5" Valve	2- 2-1/2" & 1- 4 1/2"	25.00	465	11,625	
5 1/2" Valve	2- 2-1/2" & 1- 4 1/2"	26.50	4	106	
6" Valve	2- 2-1/2" & 1- 4 1/2"	26.50	34	901	
2" Valve	2- 2-1/2" & 1- 4 1/2"	4.00	1	4	
2 1/4" Valve	2- 2-1/2" & 1- 4 1/2"	5.06	1	5	
3" Valve	2- 2-1/2" & 1- 4 1/2"	9.00	1	9	
3 1/4" Valve	2- 2-1/2" & 1- 4 1/2"	10.56	1	11	
Total Public Fire Prorection			2,994	63,142	0.7767
Total Fire Protection			3,435	81,299	1.0000

MISSOURI-AMERICAN WATER COMPANY
ST. JOSEPH DISTRICT

CALCULATION OF CUSTOMER CHARGE

(1) Cost Related to Meters	$ 2,793,793		
(2) Meter Equivalents X 12	446,064		
(3) Cost per Bill - Meter related		$	6.26
(4) Cost Related to Services	784,046		
(5) Service Equivalents X 12	415,152		
(6) Cost per Bill - Services related		$	1.89
(7) Cost Related to Billing and Collecting	2,371,213		
(8) Number of Customers X 12	385,840		
(9) Cost per Bill - Billing and Collecting		$	6.15
(10) Total Customer Charge (3)+(6)+(9)		$	14.30

ST. LOUIS METRO DISTRICT

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS METRO DISTRICT

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES
FOR THE TEST YEAR ENDED JUNE 30, 2009

Customer Classification	Cost of Service** Amount (Schedule B)	Cost of Service** Percent	Revenues, Present Rates Amount	Revenues, Present Rates Percent	Revenues, Proposed Rates Amount	Revenues, Proposed Rates Percent	Proposed Increase Amount	Proposed Increase Percent Increase
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Rate A - Res/Com/Ind/OPA	$ 166,073,134	87.0%	$ 136,795,310	88.2%	$ 166,030,744	87.0%	$ 29,235,434	21.4%
Rate B - Sales for Resale	2,550,447	1.3%	2,418,389	1.6%	2,545,425	1.3%	127,036	5.3%
Rate J - Manufacturing	6,970,577	3.7%	5,928,260	3.8%	6,877,224	3.6%	948,964	16.0%
Rate F - Private Fire	1,918,665	1.0%	2,070,724	1.3%	2,070,724	1.1%	-	0.0%
Rate E - Public Fire	13,301,990	7.0%	8,001,215	5.1%	13,290,207	7.0%	5,288,992	66.1%
Total Sales	190,814,813	100.0%	155,213,898	100.0%	190,814,324	100.0%	35,600,426	22.9%
Other Revenues*	5,309,208		4,361,115		5,309,208		948,093	21.7%
Total	$ 196,124,021		$ 159,575,013		$ 196,123,532		$ 36,548,519	22.9%

* Includes Rate G and H Contract Sales.
** Cost of Service inculdes a revenue contribution to the Brunswick, Parkville Water, Warren County Water, Warren County Sewer and Cedar Hill Sewer Districts.

SLM-1

TN-CMA-01-Q29-SUPPLEMENTAL ATTACHMENT
Page 1457 of 2267
Schedule A -SLM

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS METRO DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30 ,2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Res/Com/Ind/OPA Rate A	Sales for Resale Rate B	Large Industrial Rate J	Fire Protection Rate F	Fire Protection Rate E
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
OPERATION AND MAINTENANCE EXPENSES							
SOURCE OF SUPPLY EXPENSES							
Super & Eng Oper SS	2	$ -	$ -	$ -	$ -	$ -	$ -
Labor & Exp Oper SS - Labor	2	67,257	60,444	1,984	4,614	47	168
Labor & Exp Oper SS	2	219,304	197,089	6,469	15,044	154	548
Purchased Water	1	199,977	173,320	6,679	18,758	260	960
TOTAL SS EXPENSE - OPERATION		486,538	430,853	15,133	38,416	461	1,676
Misc Exp Oper SS	2	285,340	256,435	8,418	19,574	200	713
Misc Exp Oper SS	2	11	10	0	1	0	0
Rents Oper SS	2	91	82	3	6	0	0
Super & Eng Maint SS	2	0	0	0	0	0	0
Struct & Improve Maint SS - Labor	2	237	213	7	16	0	1
Struct & Improve Maint SS	2	0	0	0	0	0	0
Collect & Impound Maint SS	2	0	0	0	0	0	0
Lake, River & Oth Maint SS - Labor	2	27,776	24,963	819	1,905	19	69
Lake, River & Oth Maint SS	2	0	0	0	0	0	0
Wells & Springs Maint SS - Labor	2	0	0	0	0	0	0
Wells & Springs Maint SS	2	0	0	0	0	0	0
Infilt Gall & Tunnels Maint SS - Labor	2	0	0	0	0	0	0
Supply Mains Maint SS - Labor	2	0	0	0	0	0	0
Misc Plant Maint SS - Labor	2	338,743	304,428	9,993	23,238	237	847
Misc Plant Maint SS	2	56,111	50,427	1,655	3,849	39	140
TOTAL SS EXPENSE - MAINTENANCE		708,309	636,557	20,895	48,590	496	1,771
TOTAL SS EXPENSE		1,194,847	1,067,410	36,028	87,006	956	3,447
POWER AND PUMPING EXPENSES							
Super & Eng Oper P	6	11,273	10,024	327	761	37	124
Fuel for Power Prod	1	0	0	0	0	0	0
Labor & Exp Oper Pwr Prod - Labor	6	0	0	0	0	0	0
Labor & Exp Oper Pwr Prod	6	0	0	0	0	0	0
Purch Fuel/Power for Pump	1	6,246,615	5,413,941	208,637	585,932	8,121	29,984
Labor & Exp Oper Pump - Labor	6	1,069,866	951,325	31,026	72,216	3,531	11,769
Labor & Exp Oper Pump	6	0	0	0	0	0	0
Misc Exp Oper P	6	23,731	21,102	688	1,602	78	261
Rents Oper P	6	187	167	5	13	1	2
TOTAL PUMPING EXPENSE - OPERATION		7,351,672	6,396,558	240,684	660,524	11,767	42,139

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS METRO DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30 ,2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Res/Com/Ind/OPA Rate A	Sales for Resale Rate B	Large Industrial Rate J	Fire Protection Rate F	Fire Protection Rate E
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Super & Eng Maint P	6	18,053	16,053	524	1,219	60	199
Struct & Improve Maint P - Labor	6	444,611	395,349	12,894	30,011	1,467	4,891
Power Prod Equip Maint P - Labor	6	89,021	79,157	2,582	6,009	294	979
Pump Equip Maint P - Labor	6	55,370	49,235	1,606	3,737	183	609
Pump Equip Maint P	6	1,354	1,204	39	91	4	15
TOTAL PUMPING EXPENSES - MAINTENANCE		608,409	540,997	17,644	41,068	2,008	6,692
TOTAL PUMPING EXPENSES		7,960,081	6,937,555	258,327	701,591	13,775	48,832
WATER TREATMENT							
Super & Eng Oper WT	2	99,529	89,447	2,936	6,828	70	249
Chemicals	1	9,415,122	8,160,086	314,465	883,138	12,240	45,193
Labor & Exp Oper WT - Labor	2	1,387,182	1,246,661	40,922	95,161	971	3,468
Labor & Exp Oper WT	2	147,815	132,841	4,361	10,140	103	370
Misc Exp Oper WT	2	116,190	104,420	3,428	7,971	81	290
Misc Exp Oper WT	1	445,209	385,863	14,870	41,761	579	2,137
Misc Exp Oper WT	2	32,484	29,193	958	2,228	23	81
Rents Oper WT	2	3,198	2,874	94	219	2	8
TOTAL WT EXPENSE - OPERATION		11,646,730	10,151,385	382,034	1,047,446	14,069	51,796
Super & Eng Maint WT	2	1,171,523	1,052,847	34,560	80,366	820	2,929
Struct & Improve Maint WT - Labor	2	2,765	2,485	82	190	2	7
Struct & Improve Maint WT	2	0	0	0	0	0	0
WT Equip Maint WT - Labor	2	250,905	225,488	7,402	17,212	176	627
WT Equip Maint WT	2	534,557	480,406	15,769	36,671	374	1,336
TOTAL WT EXPENSE - MAINTENANCE		1,959,750	1,761,227	57,813	134,439	1,372	4,899
TOTAL WT EXPENSE		13,606,480	11,912,613	439,846	1,181,885	15,441	56,695
TRANSMISSION AND DISTRIBUTION EXPENSES							
Super & Eng Oper TD	11	915,786	844,904	4,121	16,850	17,308	32,602
Storage Facilty Exp - Labor	5	26,489	21,456	681	1,505	654	2,193
Storage Facilty Exp	5	20	16	1	1	0	2
TD Lines Exp - Labor	7	1,159,297	1,058,206	6,840	21,911	16,578	55,762
TD Lines Exp	7	1,532,287	1,398,672	9,040	28,960	21,912	73,703
Meter Expense - Labor	9	521,428	502,500	0	14,809	4,119	0
Meter Expense	9	0	0	0	0	0	0
Customer Install Exp - Labor	10	455,792	428,353	0	729	26,709	0
Customer Install Exp	10	0	0	0	0	0	0
Misc Exp Oper TD - Labor	11	871,787	804,311	3,923	16,041	16,477	31,036
Misc Exp Oper TD	11	0	0	0	0	0	0
Misc Exp Oper TD	11	664,950	613,483	2,992	12,235	12,568	23,672
Rents Oper TD	11	5,501	5,076	25	101	104	196
TOTAL T & D EXPENSE OPERATION		6,153,337	5,676,977	27,623	113,142	116,430	219,166

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS METRO DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30 ,2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Res/Com/Ind/OPA Rate A	Sales for Resale Rate B	Large Industrial Rate J	Fire Protection Rate F	Fire Protection Rate E
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Super & Eng Maint TD	12	41,287	30,606	128	607	710	9,236
Struct & Improve Maint TD - Labor	12	17,596	13,044	55	259	303	3,936
Struct & Improve Maint TD	12	0	0	0	0	0	0
Dist Res Stand Maint TD - Labor	5	43,760	35,446	1,125	2,486	1,081	3,623
TD Main Maint TD - Labor	7	24,476	22,342	144	463	350	1,177
TD Main Maint TD	7	1,242,582	1,134,229	7,331	23,485	17,769	59,768
Fire Main Maint TD - Labor	8	88	0	0	0	0	88
Fire Main Maint TD	8	0	0	0	0	0	0
Services Maint TD - Labor	10	426,268	400,607	0	682	24,979	0
Services Maint TD	10	0	0	0	0	0	0
Meters Maint TD - Labor	9	492,675	474,791	0	13,992	3,892	0
Meters Maint TD	9	0	0	0	0	0	0
Hydrants Maint TD - Labor	8	559,197	0	0	0	0	559,197
Hydrants Maint TD	8	0	0	0	0	0	0
Misc Plant Maint TD - Labor	12	3,758,153	2,785,919	11,650	55,245	64,640	840,699
Mat and Sup Maint TD	12	1,140,355	845,345	3,535	16,763	19,614	255,097
Misc Maint TD	12	(75,237)	(55,773)	(233)	(1,106)	(1,294)	(16,831)
Amort Def Maint TD	5	284,110	230,129	7,302	16,137	7,018	23,524
Permits TD	12	69,546	51,555	216	1,022	1,196	15,557
TOTAL T & D EXPENSE - MAINTENANCE		8,024,857	5,968,239	31,252	130,034	140,258	1,755,073
TOTAL T & D EXPENSE		14,178,195	11,645,216	58,875	243,177	256,688	1,974,239
CUSTOMER ACCOUNTS							
Supervision CA	13	28,691	28,324	0	14	353	0
Meter Reading Exp CA - Labor	14	1,525,587	1,524,824	0	763	0	0
Meter Reading Exp CA	14	0	0	0	0	0	0
Meter Reading Exp CA	14	0	0	0	0	0	0
Cust Rec & Collection CA - Labor	13	687,949	679,143	0	344	8,462	0
Cust Rec & Collection CA	13	1,902,616	1,878,263	0	951	23,402	0
Uncollectible Accts	13	1,859,390	1,835,590	0	930	22,870	0
Misc Cust Accts Exp CA - Labor	13	62	62	0	0	1	0
Misc Cust Accts Exp CA	13	0	0	0	0	0	0
Misc Cust Accts Exp CA	13	59,496	58,734	0	30	732	0
Cust Serv & Info Exp CA	13	0	0	0	0	0	0
TOTAL CUSTOMER ACCOUNTING EXPENSE		6,063,791	6,004,939	0	3,032	55,820	0

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS METRO DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30 ,2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Res/Com/Ind/OPA Rate A	Sales for Resale Rate B	Large Industrial Rate J	Fire Protection Rate F	Fire Protection Rate E
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
ADMINISTRATIVE AND GENERAL EXPENSES							
Salaries AG	15	3,868,946	3,396,548	35,981	99,432	46,427	290,558
Other Supplies & Exp AG	15	1,250	1,097	12	32	15	94
Other Supplies & Exp AG	15	1,229,432	1,079,318	11,434	31,596	14,753	92,330
Other Supplies & Exp AG	15	852,246	748,187	7,926	21,903	10,227	64,004
Mgmt Fees-Admin	15	16,356,721	14,359,565	152,118	420,368	196,281	1,228,390
Mgmt Fees-Customer Service	13	5,428,956	5,359,465	0	2,714	66,776	0
Mgmt Fees-Belleville Lab	2	674,590	606,254	19,900	46,277	472	1,686
Mgmt Fees- Employee	16	578,953	496,858	6,021	16,674	6,832	52,569
Outside Services AG	15	1,337,301	1,174,017	12,437	34,369	16,048	100,431
Outside Services AG	15	602,644	529,061	5,605	15,488	7,232	45,259
Ins Gen Liab Oper AG	15	2,298,910	2,018,213	21,380	59,082	27,587	172,648
Ins Work Comp AG	16	649,513	557,412	6,755	18,706	7,664	58,976
Ins Other Oper AG	15	710,683	623,909	6,609	18,265	8,528	53,372
Property Insurance	15	207,894	182,510	1,933	5,343	2,495	15,613
Injuries & Damages	16	12,162	10,437	126	350	144	1,104
Employee Pension & Benefits	16	6,790,066	5,827,235	70,617	195,554	80,123	616,538
Employee Pension & Benefits	16	4,386,737	3,764,698	45,622	126,338	51,763	398,316
Employee Pension & Benefits	16	1,057,385	907,447	10,997	30,453	12,477	96,011
Reg Commision Exp	19	462,436	402,458	6,197	16,879	4,671	32,232
Rents AG	15	229,809	201,750	2,137	5,906	2,758	17,259
Goodwill Advertising Exp	15	20,143	17,684	187	518	242	1,513
Misc Exp AG	15	774,597	680,019	7,204	19,907	9,295	58,172
Research & Development	15	0	0	0	0	0	0
TOTAL A & G OPERATIONS		48,531,374	42,944,141	431,197	1,186,153	572,809	3,397,074
General Plant Maint AG - Labor	15	0	0	0	0	0	0
Maint Exp ARO/Net Neg Sal AG	18	(569,065)	(490,079)	(7,398)	(20,088)	(5,861)	(45,639)
General Plant Maint AG	15	239,377	210,149	2,226	6,152	2,873	17,977
TOTAL A & G EXPENSE - MAINTENANCE		(329,688)	(279,930)	(5,172)	(13,936)	(2,989)	(27,662)
TOTAL A & G EXPENSE		48,201,686	42,664,211	426,026	1,172,217	569,820	3,369,412
Total Operation & Maintenance Expenses		91,205,079	80,231,944	1,219,103	3,388,907	912,500	5,452,625

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS METRO DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30 ,2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Res/Com/Ind/OPA Rate A	Sales for Resale Rate B	Large Industrial Rate J	Fire Protection Rate F	Fire Protection Rate E
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
DEPRECIATION EXPENSE							
Struct & Imp SS	2	151,092	135,786	4,457	10,365	106	378
Struct & Imp P	6	138,116	122,813	4,005	9,323	456	1,519
Struct & Imp Pumps (STL)	6	326,819	290,607	9,478	22,060	1,079	3,595
Struct & Imp Pump Boosters	6	222,603	197,939	6,455	15,026	735	2,449
Struct & Imp WT	2	290,111	260,723	8,558	19,902	203	725
Struct & Imp WT Nth Plt (ST	2	334,498	300,613	9,868	22,947	234	836
Struct & Imp WT Ctrl Plt 1	2	100,832	90,618	2,975	6,917	71	252
Struct & Imp WT Ctrl Plt 3	2	793,492	713,111	23,408	54,434	555	1,984
Struct & Imp WT Sth Plt (ST	2	148,470	133,430	4,380	10,185	104	371
Struct & Imp WT Meramec (ST	2	351,830	316,190	10,379	24,136	246	880
Struct & Imp TD	7	125,446	114,507	740	2,371	1,794	6,034
Struct & Imp TD Spec Cross	7	5,721	5,222	34	108	82	275
Struct & Imp AG	15	61,228	53,752	569	1,574	735	4,598
Struct & Imp Offices	15	74,548	65,446	693	1,916	895	5,599
Gen Structures HVAC	15	4,638	4,072	43	119	56	348
Struct & Imp Leasehold	15	0	0	0	0	0	0
Struct & Imp Leasehold	15	47,445	41,652	441	1,219	569	3,563
Struct & Imp Store,Shop,Gar	15	14,537	12,762	135	374	174	1,092
Struct & Imp Misc	15	32,882	28,867	306	845	395	2,469
Collect & Impounding	1	0	0	0	0	0	0
Lake, River & Other Intakes	2	0	0	0	0	0	0
Wells & Springs	2	0	0	0	0	0	0
Infiltration Galleries & Tunnels	2	0	0	0	0	0	0
Supply Mains	2	12	11	0	1	0	0
Supply Mains Nth Plt (STL)	2	4,260	3,828	126	292	3	11
Supply Mains Ctrl Plt (STL)	2	69,622	62,569	2,054	4,776	49	174
Supply Mains Sth Plt (STL)	2	5,852	5,259	173	401	4	15
Supply Mains Meramec Plt (S	2	22,598	20,309	667	1,550	16	56
Power Generation Equip	6	25,965	23,088	753	1,753	86	286
Power Generation Equip Othe	6	0	0	0	0	0	0
Boiler Plant Equipment P	6	0	0	0	0	0	0
Pump Equip Steam	6	0	0	0	0	0	0
Pump Equip Electric	6	153,272	136,289	4,445	10,346	506	1,686
Pump Equip Elec Pre46 (STL)	6	20,018	17,800	581	1,351	66	220
Pump Equip Elec Post46 (STL	6	627,248	557,749	18,190	42,339	2,070	6,900
Pump Equip Elec Boosters Po	6	34,386	30,576	997	2,321	113	378
Pump Equip Diesel	6	0	0	0	0	0	0
Pump Equip Diesel Stratman\	6	0	0	0	0	0	0
Pump Equip Diesel Ctrl Plt	6	43,747	38,900	1,269	2,953	144	481
Pump Equip Hydraulic	6	1,819	1,617	53	123	6	20
Pump Equip Other	6	2,449	2,178	71	165	8	27
Pump Equip WT	6	14,438	12,838	419	975	48	159
Pump Equip TD	6	0	0	0	0	0	0
WT Equip Non-Media	2	229,720	206,449	6,777	15,759	161	574

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS METRO DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30 ,2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Res/Com/Ind/OPA Rate A	Sales for Resale Rate B	Large Industrial Rate J	Fire Protection Rate F	Fire Protection Rate E
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
WT Equip Non-Med North (STL	2	223,269	200,652	6,586	15,316	156	558
WT Equip Non Media Ctrl 1 &	2	65,390	58,766	1,929	4,486	46	163
WT Equip Non Media Ctrl 3 (	2	652,622	586,511	19,252	44,770	457	1,632
WT Equip Non Media Sth (STL	2	190,690	171,373	5,625	13,081	133	477
WT Equip Non Media Mer (STL	2	312,437	280,787	9,217	21,433	219	781
WT Equip Filter Media	2	35,515	31,917	1,048	2,436	25	89
Dist Reservoirs & Standpipe	5	45,057	36,496	1,158	2,559	1,113	3,731
Elevated Tanks & Standpipes	5	71,820	58,174	1,846	4,079	1,774	5,947
Ground Level Facilities	5	241,257	195,418	6,200	13,703	5,959	19,976
Below Ground Facilities	5	375	304	10	21	9	31
TD Mains Not Classified by	7	530,777	484,494	3,132	10,032	7,590	25,530
TD Mains 4" & Less	4	6,775	6,268	0	45	106	356
TD Mains 6 to 8"	4	125,781	116,373	0	830	1,962	6,616
TD Mains 10 to 16"	3	197,118	170,586	5,598	13,010	1,813	6,111
TD Mains 18" & Grtr	3	118,124	102,224	3,355	7,796	1,087	3,662
TD Mains AC 4" (STL)	4	27,964	25,873	0	185	436	1,471
TD Mains CI <10" 1900-28	4	28,901	26,739	0	191	451	1,520
TD Mains CI <10" 1929-56	4	172,815	159,888	0	1,141	2,696	9,090
TD Mains CI <10" 1957-93	4	546,833	505,929	0	3,609	8,531	28,763
TD Mains CI 12" (STL)	3	140,896	121,932	4,001	9,299	1,296	4,368
TD Mains CI 16" (STL)	3	204,057	176,591	5,795	13,468	1,877	6,326
TD Mains DI 6-8" (STL)	4	3,003,080	2,778,449	0	19,820	46,848	157,962
TD Mains DI 12" (STL)	3	818,741	708,539	23,252	54,037	7,532	25,381
TD Mains DI 16" & >(STL)	3	1,259,687	1,090,133	35,775	83,139	11,589	39,050
TD Mains Galve 1" (STL)	4	398	368	0	3	6	21
TD Mains LJ 20" (STL)	3	46,995	40,670	1,335	3,102	432	1,457
TD Mains PL 6-8in (STL)	4	0	0	0	0	0	0
TD Mains PL 12in (STL)	3	0	0	0	0	0	0
Fire Mains	8	5,099	0	0	0	0	5,099
Services	10	170,597	160,327	0	273	9,997	0
Meters Bronze Case	9	177,068	170,640	0	5,029	1,399	0
Meters Plastic Case	9	2	2	0	0	0	0
Meters Other	9	789,586	760,924	0	22,424	6,238	0
Meters Other-Rem Rdr Unts	9	85,910	82,791	0	2,440	679	0
Meter Installations	9	138,621	133,589	0	3,937	1,095	0
Meter Installation Other	9	220,140	212,149	0	6,252	1,739	0
Meter Vaults	9	791	762	0	22	6	0
Hydrants	8	755,006	0	0	0	0	755,006
Other P/E Intangible	17	10,299	8,865	134	363	106	831
Other P/E WT Res Hand Equip	2	0	0	0	0	0	0
Other P/E TD	7	0	0	0	0	0	0
Other P/E CPS	15	48,128	42,252	448	1,237	578	3,614
Office Furniture & Equip	15	92,499	81,205	860	2,377	1,110	6,947
Comp & Periph Equip	15	1,654,391	1,452,390	15,386	42,518	19,853	124,245
Computer Software	15	1,898,337	1,666,550	17,655	48,787	22,780	142,565
Comp Software Personal	15	51,088	44,850	475	1,313	613	3,837

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS METRO DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30 ,2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Res/Com/Ind/OPA Rate A	Sales for Resale Rate B	Large Industrial Rate J	Fire Protection Rate F	Fire Protection Rate E
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Comp Software Other	15	0	0	0	0	0	0
Data Handling Equipment	15	1,396	1,226	13	36	17	105
Other Office Equipment	15	16,154	14,182	150	415	194	1,213
Trans Equip Lt Duty Trks	15	5,514	4,841	51	142	66	414
Trans Equip Hvy Duty Trks	15	0	0	0	0	0	0
Trans Equip Autos	15	159,842	140,325	1,487	4,108	1,918	12,004
Trans Equip Other	15	2,015	1,769	19	52	24	151
Stores Equipment	15	7,776	6,827	72	200	93	584
Tools,Shop,Garage Equip	15	110,757	97,234	1,030	2,846	1,329	8,318
Tools,Shop,Garage Equip Oth	15	210,079	184,428	1,954	5,399	2,521	15,777
Laboratory Equipment	2	176,498	158,619	5,207	12,108	124	441
Laboratory Equip Other	2	41,828	37,591	1,234	2,869	29	105
Power Operated Equipment	15	13,610	11,948	127	350	163	1,022
Comm Equip Non-Telephone	15	73,900	64,877	687	1,899	887	5,550
Remote Control & Instr	15	86,353	75,809	803	2,219	1,036	6,485
Comm Equip Telephone	15	4,035	3,542	38	104	48	303
Misc Equipment	15	73,632	64,642	685	1,892	884	5,530
Other Tangible Property	17	163,709	140,921	2,128	5,763	1,686	13,211
Total Depreciation Expense		20,791,748	17,969,102	309,254	807,889	193,123	1,512,380

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS METRO DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30 ,2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Res/Com/Ind/OPA Rate A	Sales for Resale Rate B	Large Industrial Rate J	Fire Protection Rate F	Fire Protection Rate E
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Amort-Other UP	18	79,905	68,814	1,039	2,821	823	6,408
Amort-Intangible Fin	2	205,843	184,991	6,072	14,121	144	515
Amort-Property Losses	2	0	0	0	0	0	0
Taxes Other Than Income							
Utility Reg Assessment Fee	19	1,334,526	1,161,438	17,883	48,710	13,479	93,016
Property Taxes	18	9,070,481	7,811,498	117,916	320,188	93,426	727,453
FUTA	16	21,562	18,505	224	621	254	1,958
FICA	16	1,342,617	1,152,234	13,963	38,667	15,843	121,910
SUTA	16	60,688	52,082	631	1,748	716	5,510
Other Taxes & Licenses	15	410,724	360,575	3,820	10,556	4,929	30,845
Gross Receipts Tax	19	0	0	0	0	0	0
Total Taxes, Other Than Income		12,240,598	10,556,332	154,437	420,490	128,647	980,692
Income Taxes	18	19,677,731	16,946,462	255,811	694,624	202,681	1,578,154
Utility Income Available for Return	18	49,735,786	42,832,459	646,565	1,755,673	512,279	3,988,810
Revenue Contribution	19	2,187,330	1,903,634	29,310	79,838	22,092	152,457
Total Cost of Service		196,124,021	170,693,738	2,621,591	7,164,363	1,972,288	13,672,042
Less: Other Water Revenues	19	2,407,852	2,095,554	32,265	87,887	24,319	167,827
Contract Sales	19	2,901,356	2,525,050	38,878	105,899	29,304	202,225
Total Other Water Revenues		5,309,208	4,620,604	71,143	193,786	53,623	370,052
Total Cost of Service Related to Sales of Water		$ 190,814,813	$ 166,073,134	$ 2,550,447	$ 6,970,577	$ 1,918,665	$ 13,301,990

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS METRO DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS

FACTOR 1. ALLOCATION OF COSTS WHICH VARY WITH THE AMOUNT OF WATER CONSUMED.

Factors are based on the pro forma test year average daily consumption for each customer classification.

Customer Classification	Average Daily Consumption, Thousand Gallons	Allocation Factor
(1)	(2)	(3)
Rate A - Res/Com/Ind/OPA	113,604	0.8667
Rate B - Sales for Resale	4,380	0.0334
Rate J - Manufacturing	12,301	0.0938
Rate F - Private Fire	166	0.0013
Rate E - Public Fire	631	0.0048
Total	131,082	1.0000

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the factors for average daily consumption (Factor 1) and the factors derived from maximum day extra capacity demand for each customer classification, as follows:

	Average Daily Consumption		Maximum Day Extra Capacity		
Customer Classification	Allocation Factor 1	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)x 0.5263	(4)	(5)=(4)x 0.4737	(6)=(3)+(5)
Rate A - Res/Com/Ind/OPA	0.8667	0.4561	0.9343	0.4426	0.8987
Rate B - Sales for Resale	0.0334	0.0176	0.0252	0.0119	0.0295
Rate J - Manufacturing	0.0938	0.0494	0.0405	0.0192	0.0686
Rate F - Private Fire	0.0013	0.0007			0.0007
Rate E - Public Fire	0.0048	0.0025			0.0025
Total	1.0000	0.5263	1.0000	0.4737	1.0000

The derivation of the maximum day extra capacity factors in column 4 and the basis for the column 3 and 5 weightings are presented on the following page.

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS METRO DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS, cont.

Customer Classification	Average Daily Consumption, Thousand Gal.	Maximum Day Extra Capacity		
		Factor*	Rate of Flow, Thousand Gal. Per Day	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Rate A - Res/Com/Ind/OPA	113,604	1.0	113,604	0.9343
Rate B - Sales for Resale	4,380	0.7	3,066	0.0252
Rate J - Manufacturing	12,301	0.4	4,920	0.0405
	130,285		121,590	1.0000

The weighting of the factors is based on the maximum day ratio of 1.90, based on a review of maximum day ratios experienced during the period 1999 through 2005 (see Schedule D).

	Maximum Day Ratio	Weight
Average Day	1.00	0.5263
Maximum Day Extra Capacity	0.90	0.4737
Total	1.90	1.0000

* Ratio of maximum day to average day minus 1.0.

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS METRO DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Daily Consumption		Maximum Day Extra Capacity		Fire Protection		
	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2) X 0.5068	(4)	(5)=(4) X 0.4561	(6)	(7)=(6) X 0.0371	(8)=(3)+(5)+(7)
Rate A - Res/Com/Ind/OPA	0.8667	0.4393	0.9343	0.4261			0.8654
Rate B - Sales for Resale	0.0334	0.0169	0.0252	0.0115			0.0284
Rate J - Manufacturing	0.0938	0.0475	0.0405	0.0185			0.0660
Rate F - Private Fire	0.0013	0.0007			0.2299	0.0085	0.0092
Rate E - Public Fire	0.0048	0.0024			0.7701	0.0286	0.0310
Total	1.0000	0.5068	1.0000	0.4561	1.0000	0.0371	1.0000

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS METRO DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum day ratio of 1.90 and the average daily system sendout for 2008 of 163.963 MGD. The system demand for fire protection is 20,000 Gallons per minute for 10 hours.

	Ratio	Rate of Flow, (GPD)	Weight
Average Day	1.00	163,963,153	0.5068
Maximum Day Extra Capacity	0.90	147,566,838	0.4561
Subtotal	1.90	311,529,991	0.9629
Fire Protection		12,000,000	0.0371
Total		323,529,991	1.0000

The public and private fire protection allocation factors in column 6 on the previous page are based on the relative potential demands (see Schedule E).

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS METRO DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		
	Thousand Gallons	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3) X 0.3738	(5)	(6)=(5) X 0.5606	(7)	(8)=(7) X 0.0656	(9)=(4)+(6)+(8)
Rate A - Res/Com/Ind/OPA	4,733.5	0.9825	0.3672	0.9954	0.5580			0.9252
Rate B - Sales for Resale	0.0	0.0000	0.0000	0.0000	0.0000			0.0000
Rate J - Manufacturing	51.3	0.0106	0.0040	0.0046	0.0026			0.0066
Rate F - Private Fire	6.9	0.0014	0.0005			0.2299	0.0151	0.0156
Rate E - Public Fire	26.3	0.0055	0.0021			0.7701	0.0505	0.0526
Total	4,818.0	1.0000	0.3738	1.0000	0.5606	1.0000	0.0656	1.0000

The maximum hour extra capacity factors in column 5 are determined as follows:

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS METRO DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum hour ratio of 2.5 and the average daily system sendout for 2008 of 163.963 MGD. The system demand for fire protection is 20,000 gallons per minute.

	Ratio	Rate of Flow, (GPM)	Weight
Average Hour	1.00	113,863	0.3738
Maximum Hour Extra Capacity	1.50	170,795	0.5606
Subtotal	2.50	284,658	0.9344
Fire Protection		20,000	0.0656
Total		304,658	1,0000

The maximum hour extra capacity factors in column 5 of the previous page are determined as follows:

Customer Classification	Average Hourly Consumption Thousand Gal.	Maximum Hour Extra Capacity		
		Factor*	1,000 Gallons Per Hour	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Rate A	4,733.5	3.5	16,567.3	0.9954
Rate B	0.0	2.5	0.0	0.0000
Rate J	51.3	1.5	76.9	0.0046
Total	4,784.8		16,644.2	1.0000

* Ratio of Maximum Hour To Average Hour Minus 1.0.

The public and private fire protection allocation factors in column 7 on the previous page are based on the relative potential demands (see Schedule E).

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS METRO DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES.

Factors are based on the weighting of the average hourly consumption, the maximum hour extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		
	Thousand Gallons	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3) X 0.3579	(5)	(6)=(5) X 0.5368	(7)	(8)=(7) X 0.1053	(9)=(4)+(6)+(8)
Rate A - Res/Com/Ind/OPA	4,733.5	0.8667	0.3101	0.9312	0.4999			0.8100
Rate B - Sales for Resale	182.5	0.0334	0.0120	0.0256	0.0137			0.0257
Rate J - Manufacturing	512.5	0.0938	0.0336	0.0432	0.0232			0.0568
Rate F - Private Fire	6.9	0.0013	0.0005			0.2299	0.0242	0.0247
Rate E - Public Fire	26.3	0.0048	0.0017			0.7701	0.0811	0.0828
Total	5,461.7	1.0000	0.3579	1.0000	0.5368	1.0000	0.1053	1.0000

The weighting of the factors is based on the ratio of the capacity required for a 10 hour demand of fire flow, as related to total storage capacity. The calculation is shown on the following page.

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS METRO DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES, cont.

The weighting of the factors is based on the ratio of the capacity required for a 10 hour demand of fire flow, as related to total storage capacity.

Fire Protection Weight = $\frac{\text{20,000 GPM X 60 Min. X 10 Hrs.}}{\text{113,972,000 Gallons}}$ = 0.1053

General Service Weight = 1.0000 - 0.1053 = 0.8947

The weighting of the average hourly consumption and maximum hour extra demand for general service is based on the maximum hour ratio, as follows:

	Maximum Hour Ratio	Percent	Weight
Average Hour	1.00	40.00	0.3579
Extra Capacity Maximum Hour	1.50	60.00	0.5368
Total	2.50	100.00	0.8947

Customer Classification	Average Hourly Consumption Thousand Gal.	Maximum Hour Extra Capacity Factor*	1,000 Gallons Per Hour	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Rate A - Res/Com/Ind/OPA	4,733.5	3.5	16,567.3	0.9312
Rate B - Sales for Resale	182.5	2.5	456.3	0.0256
Rate J - Manufacturing	512.5	1.5	768.8	0.0432
	5,428.5		17,792.4	1.0000

* Ratio of maximum day to average day minus 1.0.

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS METRO DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH POWER AND PUMPING FACILITIES.

Factors are based on the weighting of the maximum daily consumption, Factor 2, the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

Customer Classification	Maximum Daily Consumption		Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		Allocation Factor
	Allocation Factor 2	Weighted Factor	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	
(1)	(2)	(3)=(2)X 0.7054	(4)	(5)=(4)X 0.2887	(6)	(7)=(6)X 0.0059	(8)=(3)+ (5)+(7)
Rate A - Res/Com/Ind/OPA	0.8987	0.6339	0.8654	0.2498	0.9252	0.0055	0.8892
Rate B - Sales for Resale	0.0295	0.0208	0.0284	0.0082	0.0000	0.0000	0.0290
Rate J - Manufacturing	0.0686	0.0484	0.0660	0.0191	0.0066	0.0000	0.0675
Rate F - Private Fire	0.0007	0.0005	0.0092	0.0027	0.0156	0.0001	0.0033
Rate E - Public Fire	0.0025	0.0018	0.0310	0.0089	0.0526	0.0003	0.0110
Total	1.0000	0.7054	1.0000	0.2887	1.0000	0.0059	1.0000

The weighting of the factors is based on the horsepower of pumps associated with maximum day facilities, maximum day and fire facilities, and maximum hour facilities, as follows:

	Horsepower of Pumps	Weight
Associated with Maximum Day	44,355	0.7054
Associated with Maximum Day and Fire	18,150	0.2887
Associated with Maximum Hour	368	0.0059
Total	62,873	1.0000

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS METRO DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 7. ALLOCATION OF COSTS ASSOCIATED WITH TRANSMISSION AND DISTRIBUTION MAINS.

Factors are based on the weighting of the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

Customer Classification	Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		Allocation Factor
	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	
(1)	(2)	(3)=(2)X 0.2077	(4)	(5)=(4)X 0.7923	(6)=(3)+(5)
Rate A - Res/Com/Ind/OPA	0.8654	0.1798	0.9252	0.7330	0.9128
Rate B - Sales for Resale	0.0284	0.0059	0.0000	0.0000	0.0059
Rate J - Manufacturing	0.0660	0.0137	0.0066	0.0052	0.0189
Rate F - Private Fire	0.0092	0.0019	0.0156	0.0124	0.0143
Rate E - Public Fire	0.0310	0.0064	0.0526	0.0417	0.0481
Total	1.0000	0.2077	1.0000	0.7923	1.0000

The weighting of the factors is based on the total footage of mains, designated as either transmission mains or distribution mains, as follows:

	Total Footage of Mains	Weight
Transmission Mains	5,053,497	0.2077
Distribution Mains	19,282,304	0.7923
Total	24,335,801	1.0000

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS METRO DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 8. ALLOCATION OF COSTS ASSOCIATED WITH FIRE HYDRANTS.

Costs are assigned directly to Rate E.

Customer Classification	Allocation Factor
(1)	(3)
Rate E - Public Fire	1.0000
Total	1.0000

FACTOR 9. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

Factors are based on the relative cost of meters by size and customer classification, as developed on the following page and summarized below.

Customer Classification	5/8" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Rate A - Res/Com/Ind/OPA	497,185	0.9637
Rate B - Sales for Resale	0	0.0000
Rate J - Manufacturing	14,661	0.0284
Rate F - Private Fire	4,075	0.0079
Rate E - Public Fire	0	0.0000
Total	515,921	1.0000

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS METRO DISTRICT

BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS

Meter Size	5/8" Dollar Equivalent	Rate A		Rate B		Rate J		Rate F		Total	
		Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Services	Weighting	Number of Meters	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(13)	(14)=(2)X(11)	(15)	(16)
5/8	1.0	326,437	326,437	0	0	0	0	533	533	326,970	326,970
3/4	1.2	22,478	26,974	0	0	0	0	2,781	3,337	25,259	30,311
1	1.9	7,977	15,156	0	0	3	6	26	49	8,006	15,211
1-1/2	5.0	1,508	7,540	0	0	9	45	13	65	1,530	7,650
2	6.5	3,632	23,608	0	0	42	273	14	91	3,688	23,972
3	36.6	279	10,211	0	0	31	1,135		0	310	11,346
4	78.8	180	14,184	0	0	49	3,861		0	229	18,045
6	147.8	169	24,978	0	0	36	5,321		0	205	30,299
8	193.1	180	34,758	0	0	12	2,317		0	192	37,075
10	283.8	47	13,339	0	0	6	1,703		0	53	15,042
12	400.0	0	0	0	0	0	0		0	0	0
Total		362,887	497,185	0	0	188	14,661	3,367	4,075	366,442	515,921

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MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS METRO DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 10. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

Factors are based on the relative cost of services by size and customer classification, as developed on the following page and summarized below.

Customer Classification	3/4" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Rate A - Res/Com/Ind/OPA	371,740	0.9398
Rate B - Sales for Resale	0	0.0000
Rate J - Manufacturing	624	0.0016
Rate F - Private Fire	23,159	0.0586
Total	395,523	1.0000

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS METRO DISTRICT

BASIS FOR ALLOCATING SERVICE COSTS TO CUSTOMER CLASSIFICATIONS

Service Size	3/4" Dollar Equivalent	Rate A		Rate B		Rate J		Rate F		Total	
		Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(13)	(14)=(2)X(11)	(15)	(16)
3/4	1.00	348,915	348,915	0	0	0	0	0	0	348,915	348,915
1	1.17	7,977	9,333	0	0	3	4	0	0	7,980	9,337
1-1/2	1.58	1,508	2,383	0	0	9	14	0	0	1,517	2,397
2	2.04	3,632	7,409	0	0	42	86	165	337	3,839	7,832
3	2.73	279	762	0	0	31	85	0	0	310	847
4	2.88	180	518	0	0	49	141	511	1,472	740	2,131
6	4.24	169	717	0	0	36	153	2,287	9,696	2,492	10,566
8	6.98	180	1,256	0	0	12	84	1,411	9,849	1,603	11,189
10	9.50	47	447	0	0	6	57	62	589	115	1,093
12 and above	12.16	0	0	0	0	0	0	100	1,216	100	1,216
Total		362,887	371,740	0	0	188	624	4,536	23,159	367,611	395,523

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MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS METRO DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 11. ALLOCATION OF TRANSMISSION AND DISTRIBUTION OPERATION SUPERVISION AND ENGINEERING AND MISCELLANEOUS EXPENSES.

Factors are based on transmission and distribution operation expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Operating Expenses	Allocation Factor
(1)	(2)	(3)
Rate A - Res/Com/Ind/OPA	$ 3,409,204	0.9226
Rate B - Sales for Resale	16,562	0.0045
Rate J - Manufacturing	67,914	0.0184
Rate F - Private Fire	69,973	0.0189
Rate E - Public Fire	131,660	0.0356
Total	3,695,313	1.0000

FACTOR 12. ALLOCATION OF TRANSMISSION AND DISTRIBUTION MAINTENANCE SUPERVISION AND ENGINEERING, STRUCTURES AND IMPROVEMENTS, AND OTHER EXPENSES.

Factors are based on transmission and distribution maintenance expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Rate A - Res/Com/Ind/OPA	$ 2,067,415	0.7413
Rate B - Sales for Resale	8,600	0.0031
Rate J - Manufacturing	41,107	0.0147
Rate F - Private Fire	48,071	0.0172
Rate E - Public Fire	623,854	0.2237
Total	$2,789,047	1.0000

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS METRO DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 13. ALLOCATION OF BILLING AND COLLECTING COSTS.

Factors are based on the total number of customers.

Customer Classification	Total Customers	Allocation Factor
(1)	(2)	(3)
Rate A - Res/Com/Ind/OPA	362,887	0.9872
Rate B - Sales for Resale	0	0.0000
Rate J - Manufacturing	188	0.0005
Rate F - Private Fire	4,536	0.0123
Rate E - Public Fire	0	0.0000
Total	367,611	1.0000

FACTOR 14. ALLOCATION OF METER READING COSTS.

Factors are based on the number of metered customers.

Customer Classification	Total Metered Customers	Allocation Factor
(1)	(2)	(3)
Rate A - Res/Com/Ind/OPA	362,887	0.9995
Rate B - Sales for Resale	0	0.0000
Rate J - Manufacturing	188	0.0005
	363,075	1.0000

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS METRO DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 15. ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES

Factors are based on the allocation of all other operation and maintenance expenses excluding purchased water, power, chemicals and waste disposal.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Rate A - Res/Com/Ind/OPA	$23,434,523	0.8779
Rate B - Sales for Resale	248,425	0.0093
Rate J - Manufacturing	687,101	0.0257
Rate F - Private Fire	321,481	0.0120
Rate E - Public Fire	2,004,940	0.0751
Total	$26,696,470	1.0000

FACTOR 15A. ALLOCATION OF CASH WORKING CAPITAL

Factors are based on the allocation operation and maintenance expenses eINcluding purchased water, power, chemicals and waste disposal.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Rate A - Res/Com/Ind/OPA	$80,231,944	0.8796
Rate B - Sales for Resale	1,219,103	0.0134
Rate J - Manufacturing	3,388,907	0.0372
Rate F - Private Fire	912,500	0.0100
Rate E - Public Fire	5,452,625	0.0598
Total	$91,205,079	1.0000

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS METRO DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 16. ALLOCATION OF LABOR RELATED TAXES AND BENEFITS.

Factors are based on the allocation of direct labor expense.

Customer Classification (1)	Direct Labor Expense (2)	Allocation Factor (3)
Rate A - Res/Com/Ind/OPA	$17,559,503	0.8582
Rate B - Sales for Resale	212,310	0.0104
Rate J - Manufacturing	589,613	0.0288
Rate F - Private Fire	240,957	0.0118
Rate E - Public Fire	1,857,042	0.0908
Total	$20,459,426	1.0000

FACTOR 17. ALLOCATION OF ORGANIZATION, FRANCHISES AND CONSENTS, MISCELLANEOUS INTANGIBLE PLANT AND OTHER Rate Base ELEMENTS.

Factors are based on the allocation of the original cost less depreciation other than those items being allocated, as follows:

Customer Classification (1)	Original Cost Less Depreciation (2)	Allocation Factor (3)
Rate A - Res/Com/Ind/OPA	$535,259,273	0.8608
Rate B - Sales for Resale	8,089,692	0.0130
Rate J - Manufacturing	21,917,874	0.0352
Rate F - Private Fire	6,398,160	0.0103
Rate E - Public Fire	50,200,405	0.0807
Total	$621,865,404	1.0000

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS METRO DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 18. ALLOCATION OF INCOME TAXES AND INCOME AVAILABLE FOR RETURN.

Factors are based on the allocation of the original cost measure of value Rate Base as shown on the following pages and summarized below.

Customer Classification (1)	Original Cost Measure of Value (2)	Allocation Factor (3)
Rate A - Res/Com/Ind/OPA	$480,775,674	0.8612
Rate B - Sales for Resale	7,258,890	0.0130
Rate J - Manufacturing	19,680,517	0.0353
Rate F - Private Fire	5,741,590	0.0103
Rate E - Public Fire	44,745,195	0.0802
Total	$558,201,866	1.0000

FACTOR 19. ALLOCATION OF REGULATORY COMMISSION EXPENSES, ASSESSMENTS AND OTHER WATER REVENUES.

The factors are based on the allocation of the total cost of service, excluding those items being allocated.

Customer Classification (1)	Total Cost of Service (2)	Allocation Factor (3)
Rate A - Res/Com/Ind/OPA	$167,226,209	0.8703
Rate B - Sales for Resale	2,568,201	0.0134
Rate J - Manufacturing	7,018,936	0.0365
Rate F - Private Fire	1,932,047	0.0101
Rate E - Public Fire	13,394,336	0.0697
Total	$192,139,729	1.0000

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS METRO DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30 ,2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Res/Com/Ind/OPA Rate A	Sales for Resale Rate B	Large Industrial Rate J	Fire Protection Rate F	Fire Protection Rate E
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Rate Base							
Organization	17	$ 203,475	$ 175,152	$ 2,645	$ 7,162	$ 2,096	$ 16,420
Franchises	17	12,572	10,822	163	443	129	1,015
Land & Ld Rights SS	2	96,668	86,875	2,852	6,631	68	242
Land & Ld Rights P	6	285,782	254,117	8,288	19,290	943	3,144
Land & Ld Rights WT	2	1,869,492	1,680,112	55,150	128,247	1,309	4,674
Land & Ld Rights TD	7	4,304,114	3,928,796	25,394	81,348	61,549	207,028
Land & Land Rights AG	15	0	0	0	0	0	0
Struct & Imp SS	2	2,970,425	2,669,521	87,628	203,771	2,079	7,426
Struct & Imp P	6	1,724,030	1,533,008	49,997	116,372	5,689	18,964
Struct & Imp Pumps (STL)	6	2,428,385	2,159,320	70,423	163,916	8,014	26,712
Struct & Imp Pump Boosters	6	2,526,916	2,246,934	73,281	170,567	8,339	27,796
Struct & Imp WT	2	8,726,139	7,842,181	257,421	598,613	6,108	21,815
Struct & Imp WT Nth Plt (ST	2	7,283,056	6,545,282	214,850	499,618	5,098	18,208
Struct & Imp WT Ctrl Plt 1	2	736,067	661,504	21,714	50,494	515	1,840
Struct & Imp WT Ctrl Plt 3	2	12,471,941	11,208,534	367,922	855,575	8,730	31,180
Struct & Imp WT Sth Plt (ST	2	3,032,349	2,725,172	89,454	208,019	2,123	7,581
Struct & Imp WT Meramec (ST	2	6,022,350	5,412,286	177,659	413,133	4,216	15,056
Struct & Imp TD	7	2,744,307	2,505,003	16,191	51,867	39,244	132,001
Struct & Imp TD Spec Cross	7	(96,970)	(88,514)	(572)	(1,833)	(1,387)	(4,664)
Struct & Imp AG	7	2,555,186	2,332,374	15,076	48,293	36,539	122,904
Struct & Imp Offices	15	2,894,101	2,540,731	26,915	74,378	34,729	217,347
Gen Structures HVAC	15	187,604	164,697	1,745	4,821	2,251	14,089
Struct & Imp Leasehold	15	55,548	48,766	517	1,428	667	4,172
Struct & Imp Leasehold	15	(149,065)	(130,864)	(1,386)	(3,831)	(1,789)	(11,195)
Struct & Imp Store,Shop,Gar	15	289,777	254,395	2,695	7,447	3,477	21,762
Struct & Imp Misc	15	1,140,362	1,001,124	10,605	29,307	13,684	85,641
Collect & Impounding	1	0	0	0	0	0	0
Lake, River & Other Intakes	2	0	0	0	0	0	0
Wells & Springs	2	0	0	0	0	0	0
Infiltration Galleries & Tunnels	2	0	0	0	0	0	0
Supply Mains	2	2,893	2,600	85	198	2	7
Supply Mains Nth Plt (STL)	2	70,009	62,917	2,065	4,803	49	175
Supply Mains Ctrl Plt (STL)	2	1,956,557	1,758,358	57,718	134,220	1,370	4,891
Supply Mains Sth Plt (STL)	2	(147)	(132)	(4)	(10)	(0)	(0)
Supply Mains Meramec Plt (S	2	558,682	502,087	16,481	38,326	391	1,397
Power Generation Equip	2	1,179,516	1,060,031	34,796	80,915	826	2,949
Power Generation Equip Othe	6	0	0	0	0	0	0
Boiler Plant Equipment P	6	0	0	0	0	0	0
Pump Equip Steam	6	0	0	0	0	0	0
Pump Equip Electric	6	5,588,168	4,968,999	162,057	377,201	18,441	61,470
Pump Equip Elec Pre46 (STL)	6	803,597	714,559	23,304	54,243	2,652	8,840
Pump Equip Elec Post46 (STL	6	13,184,036	11,723,244	382,337	889,922	43,507	145,024
Pump Equip Elec Boosters Po	6	(294,551)	(261,915)	(8,542)	(19,882)	(972)	(3,240)
Pump Equip Diesel	6	0	0	0	0	0	0
Pump Equip Diesel Stratman\	6	60,383	53,693	1,751	4,076	199	664

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS METRO DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30 ,2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Res/Com/Ind/OPA Rate A	Sales for Resale Rate B	Large Industrial Rate J	Fire Protection Rate F	Fire Protection Rate E
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Pump Equip Diesel Ctrl Plt	6	467,875	416,034	13,568	31,582	1,544	5,147
Pump Equip Hydraulic	6	75,844	67,440	2,199	5,119	250	834
Pump Equip Other	6	83,179	73,963	2,412	5,615	274	915
Pump Equip WT	6	595,845	529,826	17,280	40,220	1,966	6,554
Pump Equip TD	6	(625)	(556)	(18)	(42)	(2)	(7)
WT Equip Non-Media	2	8,013,315	7,201,566	236,393	549,713	5,609	20,033
WT Equip Non-Med North (STL	2	3,834,922	3,446,444	113,130	263,076	2,684	9,587
WT Equip Non Media Ctrl 1 &	2	12,755	11,463	376	875	9	32
WT Equip Non Media Ctrl 3 (	2	12,686,224	11,401,109	374,244	870,275	8,880	31,716
WT Equip Non Media Sth (STL	2	4,660,046	4,187,983	137,471	319,679	3,262	11,650
WT Equip Non Media Mer (STL	2	6,354,553	5,710,836	187,459	435,922	4,448	15,886
WT Equip Filter Media	2	1,297,427	1,165,998	38,274	89,003	908	3,244
Dist Reservoirs & Standpipe	5	986,336	798,932	25,349	56,024	24,362	81,669
Elevated Tanks & Standpipes	5	1,869,142	1,514,005	48,037	106,167	46,168	154,765
Ground Level Facilities	5	4,098,489	3,319,776	105,331	232,794	101,233	339,355
Below Ground Facilities	5	14,326	11,604	368	814	354	1,186
TD Mains Not Classified by	7	31,531,948	28,782,362	186,038	595,954	450,907	1,516,687
TD Mains 4" & Less	4	422,592	390,982	0	2,789	6,592	22,228
TD Mains 6 to 8"	4	7,510,489	6,948,704	0	49,569	117,164	395,052
TD Mains 10 to 16"	3	11,882,185	10,282,843	337,454	784,224	109,316	368,348
TD Mains 18" & Grtr	3	7,145,175	6,183,435	202,923	471,582	65,736	221,500
TD Mains AC 4" (STL)	4	1,216,025	1,125,066	0	8,026	18,970	63,963
TD Mains CI <10" 1900-28	4	889,494	822,960	0	5,871	13,876	46,787
TD Mains CI <10" 1929-56	4	2,215,862	2,050,115	0	14,625	34,567	116,554
TD Mains CI <10" 1957-93	4	13,158,711	12,174,440	0	86,847	205,276	692,148
TD Mains CI 12" (STL)	3	5,204,437	4,503,920	147,806	343,493	47,881	161,338
TD Mains CI 16" (STL)	3	6,455,659	5,586,728	183,341	426,074	59,392	200,125
TD Mains DI 6-8" (STL)	4	165,307,373	152,942,381	0	1,091,029	2,578,795	8,695,168
TD Mains DI 12" (STL)	3	45,055,024	38,990,618	1,279,563	2,973,632	414,506	1,396,706
TD Mains DI 16" & >(STL)	3	68,648,275	59,408,218	1,949,611	4,530,786	631,564	2,128,097
TD Mains Galve 1" (STL)	4	(40,809)	(37,756)	0	(269)	(637)	(2,147)
TD Mains LJ 20" (STL)	3	1,864,907	1,613,891	52,963	123,084	17,157	57,812
TD Mains PL 6-8in (STL)	4	17,907,014	16,567,570	0	118,186	279,349	941,909
TD Mains PL 12in (STL)	3	1,436,456	1,243,109	40,795	94,806	13,215	44,530
TD Mains DI 4in (STL)	4	734,200	679,282	0	4,846	11,454	38,619
Fire Mains	8	271,930	0	0	0	0	271,930
Services	10	3,754,019	3,528,027	0	6,006	219,985	0
Meters Bronze Case	9	8,715,898	8,399,511	0	247,532	68,856	0
Meters Plastic Case	9	90	87	0	3	1	0
Meters Other	9	30,261,371	29,162,883	0	859,423	239,065	0
Meters Other-Rem Rdr Unts	9	2,129,901	2,052,585	0	60,489	16,826	0
Meter Installations	9	3,858,329	3,718,272	0	109,577	30,481	0
Meter Installation Other	9	6,009,831	5,791,674	0	170,679	47,478	0
Meter Vaults	9	36,446	35,123	0	1,035	288	0
Hydrants	8	29,759,767	0	0	0	0	29,759,767

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS METRO DISTRICT
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30 ,2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Res/Com/Ind/OPA Rate A	Sales for Resale Rate B	Large Industrial Rate J	Fire Protection Rate F	Fire Protection Rate E
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Other P/E Intangible	17	438,030	377,056	5,694	15,419	4,512	35,349
Other P/E WT Res Hand Equip	2	0	0	0	0	0	0
Other P/E TD	7	2,677	2,444	16	51	38	129
Other P/E CPS	15	1,585,941	1,392,298	14,749	40,759	19,031	119,104
Office Furniture & Equip	15	885,130	777,056	8,232	22,748	10,622	66,473
Comp & Periph Equip	15	4,108,117	3,606,516	38,205	105,579	49,297	308,520
Computer Software	15	1,839,560	1,614,950	17,108	47,277	22,075	138,151
Comp Software Other	15	86,193	75,668	802	2,215	1,034	6,473
Comp Software Personal	15	0	0	0	0	0	0
Data Handling Equipment	15	12,308	10,806	114	316	148	924
Other Office Equipment	15	75,705	66,461	704	1,946	908	5,685
Trans Equip Lt Duty Trks	15	(17,465)	(15,333)	(162)	(449)	(210)	(1,312)
Trans Equip Hvy Duty Trks	15	(243,476)	(213,747)	(2,264)	(6,257)	(2,922)	(18,285)
Trans Equip Autos	15	1,677,219	1,472,430	15,598	43,105	20,127	125,959
Trans Equip Other	15	346,566	304,250	3,223	8,907	4,159	26,027
Stores Equipment	15	518,565	455,248	4,823	13,327	6,223	38,944
Tools,Shop,Garage Equip	15	896,155	786,735	8,334	23,031	10,754	67,301
Tools,Shop,Garage Equip Oth	15	1,477,871	1,297,423	13,744	37,981	17,734	110,988
Laboratory Equipment	2	405,149	364,108	11,952	27,793	284	1,013
Laboratory Equip Other	2	99,614	89,523	2,939	6,834	70	249
Power Operated Equipment	15	198,026	173,847	1,842	5,089	2,376	14,872
Comm Equip Non-Telephone	15	381,454	334,879	3,548	9,803	4,577	28,647
Remote Control & Instr	15	1,219,931	1,070,978	11,345	31,352	14,639	91,617
Comm Equip Telephone	15	55,181	48,444	513	1,418	662	4,144
Misc Equipment	15	655,022	575,044	6,092	16,834	7,860	49,192
Other Tangible Property	17	517,541	445,499	6,728	18,217	5,331	41,766
Total Utility Plant in Service		623,037,023	536,267,803	8,104,923	21,959,115	6,410,227	50,294,954
Other Rate Base Items							
Add:							
Other Utility Plant Adjustments	17	0	0	0	0	0	0
Cash Working Capital	15A	12,825,000	11,280,870	171,855	477,090	128,250	766,935
Materials and Supplies	15	3,013,124	2,645,222	28,022	77,437	36,157	226,286
Prepayments	15	1,081,555	949,497	10,058	27,796	12,979	81,225
OPEB's Contributed to External Fund	16	395,747	339,630	4,116	11,398	4,670	35,934
Pension / OPEB Tracker	16	1,280,570	1,098,985	13,318	36,880	15,111	116,276
Regulatory Deferrals	17	956,412	823,279	12,433	33,666	9,851	77,182
Less: Accumulated Amortization	17	0	0	0	0	0	0
Accumulated Deferred ITC (3%)	17	0	0	0	0	0	0
Deferred Income Taxes	17	(80,078,689)	(68,931,735)	(1,041,023)	(2,818,770)	(824,810)	(6,462,350)
Pensions	16	(4,308,876)	(3,697,877)	(44,812)	(124,096)	(50,845)	(391,246)
Total Other Rate Base Elements		(64,835,157)	(55,492,129)	(846,033)	(2,278,599)	(668,638)	(5,549,759)
Total Original Cost Measure of Value		$ 558,201,866	$ 480,775,674	$ 7,258,890	$ 19,680,517	$ 5,741,590	$ 44,745,195

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS METRO DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 20. REALLOCATION OF PUBLIC FIRE

Factors are based on the relative cost of meters by size and customer classification.

Customer Classification	5/8" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Rate A - Res/Com/Ind/OPA	497,185	0.9714
Rate B - Sales for Resale	0	0.0000
Rate J - Manufacturing	14,661	0.0286
Rate F - Private Fire	0	0.0000
Total	511,846	1.0000

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS METRO DISTRICT

FOR THE YEARS 1999-2008

Year	Average Daily Send out (MGD)	Maximum Daily Use		
		MGD	Ratio to Average	Highest Use Day
(1)	(2)	(3)	(4)	(5)
1999	176.034	337.657	1.92	NA
2000	167.103	276.090	1.65	NA
2001	173.067	294.010	1.70	NA
2002	175.226	330.780	1.89	NA
2003	167.899	322.790	1.92	8/23/2003
2004	171.808	268.970	1.57	7/22/2004
2005	185.871	333.620	1.79	6/25/2005
2006	181.038	319.290	1.76	8/5/2006
2007	188.414	352.250	1.87	8/12/2007
2008	163.963	273.580	1.67	7/21/2008

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS METRO DISTRICT

BASIS FOR ALLOCATING DEMAND RELATED COSTS OF FIRE SERVICE TO PRIVATE AND PUBLIC FIRE PROTECTION CUSTOMER CLASSIFICATIONS

Description			Restrictive Diameters Squared	Quantity	Relative Demand	Allocation Factor
(1)			(2)	(3)	(4)=(2)x(3)	(5)
PRIVATE FIRE PROTECTION						
Fire Lines						
2 -inch			4.00	165	660	
3 -inch			9.00	-	0	
4 -inch			16.00	511	8,176	
6 -inch			36.00	2,287	82,321	
8 -inch			64.00	1,411	90,304	
10 -inch			100.00	62	6,200	
12 -inch			144.00	96	13,824	
20 -inch			400.00	4	1,600	
Private Hydrants			18.06	-	0	
Total Rate F				4,536	203,085	0.2299
PUBLIC FIRE PROTECTION						
Hydrant	Nozzle Sizes					
4 1/4" Valve	2- 2-1/2" & 1- 4.5"		18.06	1,101	19,887	
4 1/2" Valve	2- 2-1/2" & 1- 4.5"		20.25	30,400	615,600	
6" Valve	2- 2-1/2" & 1- 4.5"		32.75	258	8,450	
6" Valve	2- 2-1/2"		12.50	2,789	34,863	
4 1/2" Valves		1- 2-	20.25	52	1,053	
5 1/4 Valves		1- 2-	26.50	14	371	
Total Rate E				34,614	680,224	0.7701
Total Fire Protection				39,150	883,309	1.0000

MISSOURI-AMERICAN WATER COMPANY
ST. LOUIS METRO DISTRICT

CALCULATION OF CUSTOMER CHARGE

(1) Cost Related to Meters	14,497,587		
(2) Meter Equivalents X 12	6,191,052		
(3) Cost per Bill - Meter related		$	2.34
(4) Cost Related to Services	6,317,946		
(5) Service Equivalents X 12	4,746,276		
(6) Cost per Bill - Services related		$	1.33
(7) Cost Related to Billing and Collecting	22,124,106		
(8) Number of Bills	1,698,034		
(9) Cost per Bill - Billing and Collecting		$	13.03
(10) Total Customer Charge (3)+(6)+(9)		$	16.70

WARREN COUNTY WATER OPERATIONS

MISSOURI-AMERICAN WATER COMPANY
WARREN COUNTY WATER OPERATIONS

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES
FOR THE TEST YEAR ENDED JUNE 30, 2009

Customer Classification	Cost of Service (a) Amount (Schedule B)	Cost of Service (a) Percent	Revenues, Present Rates Amount	Revenues, Present Rates Percent	Revenues, Proposed Rates Amount	Revenues, Proposed Rates Percent	Proposed Increase Amount	Proposed Increase Percent Increase
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Residential	$ 291,492	98.7%	$ 230,791	98.7%	$ 291,089	98.6%	$ 60,298	26.1%
Commercial	3,875	1.3%	3,077	1.3%	4,221	1.4%	1,144	37.2%
Total Sales	295,367	100.0%	233,868	100.0%	295,310	100.0%	61,442	26.3%
Other Revenues	1,892		1,817		1,892		75	4.1%
Total	$ 297,259		$ 235,685		$ 297,202		$ 61,517	26.1%

(a) Cost of Service is net of revenue contribution frrom St. Louis Metro District.

WCW-1

TN-CMA-01-Q29-SUPPLEMENTAL ATTACHMENT
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Schedule A-WCW

MISSOURI-AMERICAN WATER COMPANY

WARREN COUNTY WATER OPERATIONS

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
OPERATION AND MAINTENANCE EXPENSES									
SOURCE OF SUPPLY EXPENSES									
Super & Eng Oper SS	2	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Labor & Exp Oper SS - Labor	2	0	0	0	0	0	0	0	0
Labor & Exp Oper SS	2	443	436	6	0	0	0	0	1
Purchased Water	1	0	0	0	0	0	0	0	0
TOTAL SS EXPENSE - OPERATION		443	436	6	0	0	0	0	1
Misc Exp Oper SS	2	6,198	6,104	81	0	0	0	0	13
Misc Exp Oper SS	2	0	0	0	0	0	0	0	0
Rents Oper SS	2	0	0	0	0	0	0	0	0
Super & Eng Maint SS	2	0	0	0	0	0	0	0	0
Struct & Improve Maint SS - Labor	2	0	0	0	0	0	0	0	0
Struct & Improve Maint SS	2	0	0	0	0	0	0	0	0
Collect & Impound Maint SS - Labor	2	0	0	0	0	0	0	0	0
Collect & Impound Maint SS	2	0	0	0	0	0	0	0	0
Lake, River & Oth Maint SS - Labor	2	0	0	0	0	0	0	0	0
Lake, River & Oth Maint SS	2	0	0	0	0	0	0	0	0
Wells & Springs Maint SS - Labor	2	0	0	0	0	0	0	0	0
Wells & Springs Maint SS	2	0	0	0	0	0	0	0	0
Infilt Gall & Tunnels Maint SS - Labor	2	0	0	0	0	0	0	0	0
Infilt Gall & Tunnels Maint SS	2	0	0	0	0	0	0	0	0
Supply Mains Maint SS - Labor	2	0	0	0	0	0	0	0	0
Supply Mains Maint SS	2	0	0	0	0	0	0	0	0
Misc Plant Maint SS - Labor	2	(1)	(1)	(0)	0	0	0	0	(0)
Misc Plant Maint SS	2	(1)	(1)	(0)	0	0	0	0	(0)
TOTAL SS EXPENSE - MAINTENANCE		6,196	6,102	81	0	0	0	0	13
TOTAL SS EXPENSE		6,639	6,539	86	0	0	0	0	14
POWER AND PUMPING EXPENSES									
Super & Eng Oper P	6	0	0	0	0	0	0	0	0
Fuel for Power Prod	1	0	0	0	0	0	0	0	0
Labor & Exp Oper Pwr Prod - Labor	6	0	0	0	0	0	0	0	0
Labor & Exp Oper Pwr Prod	6	0	0	0	0	0	0	0	0
Purch Fuel/Power for Pump	1	0	0	0	0	0	0	0	0
Labor & Exp Oper Pump - Labor	6	(9)	(9)	(0)	0	0	0	0	(0)
Labor & Exp Oper Pump	6	0	0	0	0	0	0	0	0
Expenses Transferred	6	0	0	0	0	0	0	0	0
Misc Exp Oper P	6	0	0	0	0	0	0	0	0
Rents Oper P	6	0	0	0	0	0	0	0	0
TOTAL PUMPING EXPENSE - OPERATION		(9)	(9)	(0)	0	0	0	0	(0)

MISSOURI-AMERICAN WATER COMPANY

WARREN COUNTY WATER OPERATIONS

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Super & Eng Maint P	6	0	0	0	0	0	0	0	0
Struct & Improve Maint P - Labor	6	0	0	0	0	0	0	0	0
Struct & Improve Maint P	6	0	0	0	0	0	0	0	0
Power Prod Equip Maint P - Labor	6	0	0	0	0	0	0	0	0
Power Prod Equip Maint P	6	0	0	0	0	0	0	0	0
Pump Equip Maint P - Labor	6	0	0	0	0	0	0	0	0
Pump Equip Maint P	6	0	0	0	0	0	0	0	0
TOTAL PUMPING EXPENSES - MAINTENANCE		0	0	0	0	0	0	0	0
TOTAL PUMPING EXPENSES		(9)	(9)	(0)	0	0	0	0	(0)
WATER TREATMENT									
Super & Eng Oper WT	2	(5)	(5)	(0)	0	0	0	0	(0)
Chemicals	1	2,180	2,129	39	0	0	0	0	11
Labor & Exp Oper WT - Labor	2	0	0	0	0	0	0	0	0
Labor & Exp Oper WT	2	2	2	0	0	0	0	0	0
Misc Exp Oper WT	2	0	0	0	0	0	0	0	0
Misc Exp Oper WT	1	0	0	0	0	0	0	0	0
Misc Exp Oper WT	2	1	1	0	0	0	0	0	0
Rents Oper WT	2	0	0	0	0	0	0	0	0
TOTAL WT EXPENSE - OPERATION		2,178	2,127	39	0	0	0	0	11
Super & Eng Maint WT	2	0	0	0	0	0	0	0	0
Struct & Improve Maint WT - Labor	2	0	0	0	0	0	0	0	0
	2	0	0	0	0	0	0	0	0
WT Equip Maint WT	2	0	0	0	0	0	0	0	0
WT Equip Maint WT	2	1	1	0	0	0	0	0	0
TOTAL WT EXPENSE - MAINTENANCE		1	1	0	0	0	0	0	0
TOTAL WT EXPENSE		2,179	2,128	39	0	0	0	0	11
TRANSMISSION AND DISTRIBUTION EXPENSES									
Super & Eng Oper TD	11	0	0	0	0	0	0	0	0
Storage Facilty Exp - Labor	5	0	0	0	0	0	0	0	0
Storage Facilty Exp	5	0	0	0	0	0	0	0	0
TD Lines Exp - Labor	7	41,583	19,482	557	0	0	0	0	21,544
TD Lines Exp	7	0	0	0	0	0	0	0	0
Meter Expense - Labor	9	0	0	0	0	0	0	0	0
Meter Expense	9	0	0	0	0	0	0	0	0
Customer Install Exp - Labor	10	0	0	0	0	0	0	0	0
Customer Install Exp	10	0	0	0	0	0	0	0	0
Misc Exp Oper TD - Labor	11	0	0	0	0	0	0	0	0

MISSOURI-AMERICAN WATER COMPANY

WARREN COUNTY WATER OPERATIONS

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Misc Exp Oper TD	11	0	0	0	0	0	0	0	0
Misc Exp Oper TD	11	2,840	1,331	38	0	0	0	0	1,471
Rents Oper TD	11	0	0	0	0	0	0	0	0
TOTAL T & D EXPENSE OPERATION		44,423	20,812	595	0	0	0	0	23,015
Super & Eng Maint TD	12	0	0	0	0	0	0	0	0
Struct & Improve Maint TD - Labor	12	0	0	0	0	0	0	0	0
Struct & Improve Maint TD	12	0	0	0	0	0	0	0	0
Dist Res Stand Maint TD - Labor	5	0	0	0	0	0	0	0	0
TD Main Maint TD - Labor	7	0	0	0	0	0	0	0	0
TD Main Maint TD	7	0	0	0	0	0	0	0	0
Fire Main Maint TD -Labor	8	0	0	0	0	0	0	0	0
Fire Main Maint TD	8	0	0	0	0	0	0	0	0
Services Maint TD - Labor	10	0	0	0	0	0	0	0	0
Services Maint TD	10	0	0	0	0	0	0	0	0
Meters Maint TD - Labor	9	0	0	0	0	0	0	0	0
Meters Maint TD	9	0	0	0	0	0	0	0	0
Hydrants Maint TD - Labor	8	0	0	0	0	0	0	0	0
Hydrants Maint TD	8	0	0	0	0	0	0	0	0
Misc Plant Maint TD - Labor	12	1	0	0	0	0	0	0	1
Mat and Sup Maint TD	12	5,025	2,354	67	0	0	0	0	2,603
Misc Maint TD	12	0	0	0	0	0	0	0	0
Amort Def Maint TD	5	0	0	0	0	0	0	0	0
TOTAL T & D EXPENSE - MAINTENANCE		5,026	2,355	67	0	0	0	0	2,604
TOTAL T & D EXPENSE		49,449	23,167	663	0	0	0	0	25,619
CUSTOMER ACCOUNTS									
Supervision CA	13	0	0	0	0	0	0	0	0
Meter Reading Exp CA - Labor	14	0	0	0	0	0	0	0	0
Meter Reading Exp CA	14	0	0	0	0	0	0	0	0
Meter Reading Exp CA	14	0	0	0	0	0	0	0	0
Cust Rec & Collection CA - Labor	13	626	623	3	0	0	0	0	0
Cust Rec & Collection CA	13	1,966	1,957	9	0	0	0	0	0
Uncollectible Accts	13	2,261	2,251	10	0	0	0	0	0
Misc Cust Accts Exp CA - Labor	13	0	0	0	0	0	0	0	0
Misc Cust Accts Exp CA	13	0	0	0	0	0	0	0	0
Misc Cust Accts Exp CA	13	0	0	0	0	0	0	0	0
Cust Serv & Info Exp CA	13	0	0	0	0	0	0	0	0
TOTAL CUSTOMER ACCOUNTING EXPENSE		4,853	4,831	22	0	0	0	0	0

MISSOURI-AMERICAN WATER COMPANY

WARREN COUNTY WATER OPERATIONS

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
ADMINISTRATIVE AND GENERAL EXPENSES									
Salaries AG	15	1,795	1,017	23	0	0	0	0	755
Other Supplies & Exp AG	15	1	1	0	0	0	0	0	0
Other Supplies & Exp AG	15	1,477	837	19	0	0	0	0	621
Other Supplies & Exp AG	15	262	149	3	0	0	0	0	110
Mgmt Fees-Admin	15	20,233	11,464	257	0	0	0	0	8,512
Mgmt Fees-Customer Service	13	6,716	6,685	31	0	0	0	0	0
Mgmt Fees-Belleville Lab	2	834	822	11	0	0	0	0	2
Mgmt Fees- Employee	16	716	344	9	0	0	0	0	363
Outside Services AG	15	943	534	12	0	0	0	0	397
Outside Services AG	15	259	147	3	0	0	0	0	109
Ins Gen Liab Oper AG	15	2,844	1,611	36	0	0	0	0	1,196
Ins Work Comp AG	16	1,121	538	15	0	0	0	0	568
Ins Other Oper AG	15	879	498	11	0	0	0	0	370
Property Insurance	15	0	0	0	0	0	0	0	0
Injuries & Damages	16	(11)	(5)	(0)	0	0	0	0	(6)
Employee Pension & Benefits	16	9,159	4,396	121	0	0	0	0	4,643
Employee Pension & Benefits	16	9,554	4,585	126	0	0	0	0	4,843
Employee Pension & Benefits	16	2,168	1,040	29	0	0	0	0	1,099
Reg Commision Exp	19	572	427	7	0	0	0	0	138
Rents AG	15	45	25	1	0	0	0	0	19
Goodwill Advertising Exp	15	5	3	0	0	0	0	0	2
Misc Exp AG	15	796	451	10	0	0	0	0	335
Research & Development	15	0	0	0	0	0	0	0	0
TOTAL A & G OPERATIONS		60,369	35,568	723	0	0	0	0	24,077
General Plant Maint AG - Labor	15	0	0	0	0	0	0	0	0
Maint Exp ARO/Net Neg Sal AG	18	(25)	(21)	(0)	0	0	0	0	(4)
General Plant Maint AG	15	288	163	4	0	0	0	0	121
TOTAL A & G EXPENSE - MAINTENANCE		263	142	3	0	0	0	0	117
TOTAL A & G EXPENSE		60,632	35,710	727	0	0	0	0	24,195
Total Operation & Maintenance Expenses		123,743	72,367	1,537	0	0	0	0	49,839

MISSOURI-AMERICAN WATER COMPANY

WARREN COUNTY WATER OPERATIONS

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
DEPRECIATION EXPENSE									
Struct & Imp SS	2	102	100	1	0	0	0	0	0
Struct & Imp P	6	269	265	3	0	0	0	0	1
Struct & Imp WT	2	1,979	1,949	26	0	0	0	0	4
Struct & Imp TD	7	41	19	1	0	0	0	0	21
Struct & Imp TD Spec Cross	7	0	0	0	0	0	0	0	0
Struct & Imp AG	15	2	1	0	0	0	0	0	1
Struct & Imp Offices	15	0	0	0	0	0	0	0	0
Struct & Imp Store,Shop,Gar	15	0	0	0	0	0	0	0	0
Struct & Imp Misc	15	0	0	0	0	0	0	0	0
Collect & Impounding	1	0	0	0	0	0	0	0	0
Lake, River & Other Intakes	2	0	0	0	0	0	0	0	0
Wells & Springs	2	16,189	15,945	210	0	0	0	0	34
Infiltration Galleries & Tunnels	2	0	0	0	0	0	0	0	0
Supply Mains	2	0	0	0	0	0	0	0	0
Power Generation Equip Othe	6	0	0	0	0	0	0	0	0
Pump Equip Electric	6	2,857	2,814	37	0	0	0	0	6
Pump Equip Diesel	6	0	0	0	0	0	0	0	0
Pump Equip Other	6	0	0	0	0	0	0	0	0
WT Equip Non-Media	2	570	561	7	0	0	0	0	1
Dist Reservoirs & Standpipe	5	0	0	0	0	0	0	0	0
Elevated Tanks & Standpipes	5	188	155	4	0	0	0	0	28
Ground Level Facilities	5	0	0	0	0	0	0	0	0
TD Mains Not Classified by	7	1,694	794	23	0	0	0	0	878
TD Mains 4" & Less	4	663	311	9	0	0	0	0	344
TD Mains 6 to 8"	4	2,334	1,093	31	0	0	0	0	1,209
TD Mains 6 to 10"	4	98	46	1	0	0	0	0	51
TD Mains 10 to 16"	3	2	2	0	0	0	0	0	0
TD Mains 18" & Grtr	3	1	1	0	0	0	0	0	0
Fire Mains	8	0	0	0	0	0	0	0	0
Services	10	3,034	3,020	14	0	0	0	0	0
Meters Bronze Case	9	948	944	4	0	0	0	0	0
Meters Plastic Case	9	0	0	0	0	0	0	0	0
Meters Other	9	225	224	1	0	0	0	0	0
Meters Other-Rem Rdr Unts	9	0	0	0	0	0	0	0	0
Meter Installations	9	986	982	4	0	0	0	0	0
Meter Installation Other	9	0	0	0	0	0	0	0	0
Meter Vaults	9	56	56	0	0	0	0	0	0
Hydrants	8	598	0	0	0	0	0	0	598
Other P/E Intangible	17	12	10	0	0	0	0	0	2
Other P/E WT Res Hand Equip	2	0	0	0	0	0	0	0	0
Other P/E TD	7	0	0	0	0	0	0	0	0
Other P/E CPS	15	39	22	0	0	0	0	0	16

MISSOURI-AMERICAN WATER COMPANY

WARREN COUNTY WATER OPERATIONS

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Office Furniture & Equip	15	8	5	0	0	0	0	0	3
Comp & Periph Equip	15	12,076	6,842	153	0	0	0	0	5,080
Computer Software	15	1,573	891	20	0	0	0	0	662
Comp Software Personal	15	30	17	0	0	0	0	0	13
Comp Software Other	15	0	0	0	0	0	0	0	0
Data Handling Equipment	15	0	0	0	0	0	0	0	0
Other Office Equipment	15	0	0	0	0	0	0	0	0
Trans Equip Lt Duty Trks	15	1	1	0	0	0	0	0	0
Trans Equip Hvy Duty Trks	15	0	0	0	0	0	0	0	0
Trans Equip Autos	15	10	6	0	0	0	0	0	4
Trans Equip Other	15	0	0	0	0	0	0	0	0
Stores Equipment	15	0	0	0	0	0	0	0	0
Tools,Shop,Garage Equip	15	420	238	5	0	0	0	0	177
Tools,Shop,Garage Equip Oth	15	0	0	0	0	0	0	0	0
Laboratory Equipment	2	0	0	0	0	0	0	0	0
Laboratory Equip Other	2	0	0	0	0	0	0	0	0
Power Operated Equipment	15	0	0	0	0	0	0	0	0
Comm Equip Non-Telephone	15	671	380	9	0	0	0	0	282
Remote Control & Instr	15	7	4	0	0	0	0	0	3
Comm Equip Telephone	15	1	1	0	0	0	0	0	0
Misc Equipment	15	257	146	3	0	0	0	0	108
Other Tangible Property	15	0	0	0	0	0	0	0	0
Total Depreciation Expense		47,941	37,843	570	0	0	0	0	9,528
Amort-Other UP	18	99	83	1	0	0	0	0	15
Amort-Intangible Fin	2	27	27	0	0	0	0	0	0
Amort-Property Losses	2	0	0	0	0	0	0	0	0
Taxes Other Than Income									
Utility Reg Assessment Fee	19	1,970	1,472	24	0	0	0	0	475
Property Taxes	18	45,910	38,528	542	0	0	0	0	6,841
FUTA	16	37	18	0	0	0	0	0	19
FICA	16	3,010	1,445	40	0	0	0	0	1,526
SUTA	16	115	55	2	0	0	0	0	58
Other Taxes & Licenses	15	508	288	6	0	0	0	0	214
Gross Receipts Tax	19	0	0	0	0	0	0	0	0
Total Taxes, Other Than Income		51,550	41,805	614	0	0	0	0	9,132
Income Taxes	18	45,758	38,400	540	0	0	0	0	6,818
Utility Income Available for Return	18	114,163	95,806	1,347	0	0	0	0	17,010
Revenue Contribution	19	(86,022)	(64,267)	(1,032)	0	0	0	0	(20,723)
Total Cost of Service		297,259	222,063	3,578	0	0	0	0	71,619

MISSOURI-AMERICAN WATER COMPANY

WARREN COUNTY WATER OPERATIONS

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Less: Other Water Revenues	19	1,892	1,414	23	0	0	0	0	456
Total Other Water Revenues		1,892	1,414	23	0	0	0	0	456
Total Cost of Service Related to Sales of Water		$ 295,367	$ 220,649	$ 3,555	$ -	$ -	$ -	$ -	$ 71,163
Reallocation of Public Fire	20	0	70,843	320	0	0	0	0	(71,163)
Total		$ 295,367	$ 291,492	$ 3,875	$ -	$ -	$ -	$ -	$ -

MISSOURI-AMERICAN WATER COMPANY
WARREN COUNTY WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS

FACTOR 1. ALLOCATION OF COSTS WHICH VARY WITH THE AMOUNT OF WATER CONSUMED.

Factors are based on the pro forma test year average daily consumption for each customer classification.

Customer Classification	Average Daily Consumption, Thousand Gallons	Allocation Factor
(1)	(2)	(3)
Residential	75.4	0.9767
Commercial	1.4	0.0181
Industrial	0.0	0.0000
Other Public Authority	0.0	0.0000
Sales for Resale	0.0	0.0000
Private Fire Protection	0.0	0.0000
Public Fire Protection	0.4	0.0052
Total	77.2	1.0000

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the factors for average daily consumption (Factor 1) and the factors derived from maximum day extra capacity demand for each customer classification, as follows:

	Average Daily Consumption		Maximum Day Extra Capacity		
Customer Classification	Allocation Factor 1	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)x 0.4000	(4)	(5)=(4)x 0.6000	(6)=(3)+(5)
Residential	0.9767	0.3907	0.9904	0.5942	0.9849
Commercial	0.0181	0.0072	0.0096	0.0058	0.0130
Industrial	0.0000	0.0000	0.0000	0.0000	0.0000
Other Public Authority	0.0000	0.0000	0.0000	0.0000	0.0000
Sales for Resale	0.0000	0.0000	0.0000	0.0000	0.0000
Private Fire Protection	0.0000	0.0000			0.0000
Public Fire Protection	0.0052	0.0021			0.0021
Total	1.0000	0.4000	1.0000	0.6000	1.0000

The derivation of the maximum day extra capacity factors in column 4 and the basis for the column 3 and 5 weightings are presented on the following page.

MISSOURI-AMERICAN WATER COMPANY
WARREN COUNTY WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS, cont.

		Maximum Day Extra Capacity		
Customer Classification	Average Daily Consumption, Thousand Gal.	Factor*	Rate of Flow, Thousand Gal. Per Day	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	75.4	1.5	113.1	0.9904
Commercial	1.4	0.8	1.1	0.0096
Industrial	0.0	0.5	0.0	0.0000
Other Public Authority	0.0	0.8	0.0	0.0000
Sales for Resale	0.0	0.6	0.0	0.0000
Total	76.8		114.2	1.0000

The weighting of the factors is based on the maximum day ratio of 1.50, based on a review of maximum day ratios experienced from 2005 to 2007.

	Maximum Day Ratio	Weight
Average Day	1.00	0.4000
Maximum Day Extra Capacity	1.50	0.6000
Total	2.50	1.0000

* Ratio of maximum day to average day minus 1.0.

MISSOURI-AMERICAN WATER COMPANY
WARREN COUNTY WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Daily Consumption		Maximum Day Extra Capacity		Fire Protection		
	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2) X 0.3447	(4)	(5)=(4) X 0.5172	(6)	(7)=(6) X 0.1381	(8)=(3)+(5)+(7)
Residential	0.9767	0.3367	0.9904	0.5122			0.8489
Commercial	0.0181	0.0062	0.0096	0.0050			0.0112
Industrial	0.0000	0.0000	0.0000	0.0000			0.0000
Other Public Authority	0.0000	0.0000	0.0000	0.0000			0.0000
Sales for Resale	0.0000	0.0000	0.0000	0.0000			0.0000
Private Fire Protection	0.0000	0.0000			0.0000	0.0000	0.0000
Public Fire Protection	0.0052	0.0018			1.0000	0.1381	0.1399
Total	1.0000	0.3447	1.0000	0.5172	1.0000	0.1381	1.0000

MISSOURI-AMERICAN WATER COMPANY
WARREN COUNTY WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum day ratio of 2.5 and the average daily system sendout for 2008 of .089 MGD. The system demand for fire protection is 300 Gallons per minute for 2 hours.

	Ratio	Rate of Flow, (GPD)	Weight
Average Day	1.00	89,871	0.3447
Maximum Day Extra Capacity	1.50	134,807	0.5172
Subtotal	2.50	224,678	0.8619
Fire Protection		36,000	0.1381
Total		260,678	1.0000

The public and private fire protection allocation factors in column 6 on the previous page are based on the relative potential demands (see Schedule E).

MISSOURI-AMERICAN WATER COMPANY
WARREN COUNTY WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		
	Thousand Gallons	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3) X 0.1071	(5)	(6)=(5) X 0.3748	(7)	(8)=(7) X 0.5181	(9)=(4)+(6)+(8)
Residential	3.1	0.9687	0.1037	0.9732	0.3648			0.4685
Commercial	0.1	0.0313	0.0034	0.0268	0.0100			0.0134
Industrial	0.0	0.0000	0.0000	0.0000	0.0000			0.0000
Other Public Authority	0.0	0.0000	0.0000	0.0000	0.0000			0.0000
Sales for Resale	0.0	0.0000	0.0000	0.0000	0.0000			0.0000
Private Fire Protection	0.0	0.0000	0.0000			0.0000	0.0000	0.0000
Public Fire Protection	0.0	0.0000	0.0000			1.0000	0.5181	0.5181
Total	3.2	1.0000	0.1071	1.0000	0.3748	1.0000	0.5181	1.0000

The maximum hour extra capacity factors in column 5 are determined as follows:

MISSOURI-AMERICAN WATER COMPANY
WARREN COUNTY WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum hour ratio of 3.5 and the average daily system sendout for 2008 of .089 MGD. The system demand for fire protection is 300 gallons per minute.

	Ratio	Rate of Flow, (GPM)	Weight
Average Hour	1.00	62	0.1071
Maximum Hour Extra Capacity	3.50	217	0.3748
Subtotal	4.50	279	0.4819
Fire Protection		300	0.5181
Total		579	1.0000

The maximum hour extra capacity factors in column 5 of the previous page are determined as follows:

Customer Classification	Average Hourly Consumption Thousand Gal.	Maximum Hour Extra Capacity		
		Factor*	1,000 Gallons Per Hour	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	3.1	3.5	10.9	0.9732
Commercial	0.1	2.8	0.3	0.0268
Industrial	0.0	1.5	0.0	0.0000
Other Public Authority	0.0	2.8	0.0	0.0000
Sales for Resale	0.0	2.0	0.0	0.0000
Total	3.2		11.2	1.0000

* Ratio of Maximum Hour To Average Hour Minus 1.0.

The public and private fire protection allocation factors in column 7 on the previous page are based on the relative potential demands (see Schedule E).

MISSOURI-AMERICAN WATER COMPANY
WARREN COUNTY WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES.

Factors are based on the weighting of the average hourly consumption, the maximum hour extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		
	Thousand Gallons	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3) X 0.1886	(5)	(6)=(5) X 0.6601	(7)	(8)=(7) X 0.1513	(9)=(4)+(6)+(8)
Residential	3.1	0.9687	0.1827	0.9732	0.6424			0.8251
Commercial	0.1	0.0313	0.0059	0.0268	0.0177			0.0236
Industrial	0.0	0.0000	0.0000	0.0000	0.0000			0.0000
Other Public Authority	0.0	0.0000	0.0000	0.0000	0.0000			0.0000
Sales for Resale	0.0	0.0000	0.0000	0.0000	0.0000			0.0000
Private Fire Protection	0.0	0.0000	0.0000			0.0000	0.0000	0.0000
Public Fire Protection	0.0	0.0000	0.0000			1.0000	0.1513	0.1513
Total	3.2	1.0000	0.1886	1.0000	0.6601	1.0000	0.1513	1.0000

The weighting of the factors is based on the ratio of the capacity required for a 2 hour demand of fire flow, as related to total storage capacity. The calculation is shown on the following page.

MISSOURI-AMERICAN WATER COMPANY
WARREN COUNTY WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES, cont.

The weighting of the factors is based on the ratio of the capacity required for a 2 hour demand of fire flow, as related to total storage capacity.

Fire Protection Weight = $\frac{300 \text{ GPM X } 60 \text{ Min. X } 2 \text{ Hrs.}}{238{,}000 \text{ Gallons}}$ = 0.1513

General Service Weight = 1.0000 - 0.1513 = 0.8487

The weighting of the average hourly consumption and maximum hour extra demand for general service is based on the maximum hour ratio, as follows:

	Maximum Hour Ratio	Percent	Weight
Average Hour	1.00	22.22	0.1886
Extra Capacity Maximum Hour	3.50	77.78	0.6601
Total	4.50	100.00	0.8487

MISSOURI-AMERICAN WATER COMPANY
WARREN COUNTY WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH POWER AND PUMPING FACILITIES.

Factors are based on the weighting of the maximum daily consumption, Factor 2, the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

	Maximum Daily Consumption		Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 2	Weighted Factor	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 1.0000	(4)	(5)=(4)X 0.0000	(6)	(7)=(6)X 0.0000	(8)=(3)+ (5)+(7)
Residential	0.9849	0.9849	0.8489	0.0000	0.4685	0.0000	0.9849
Commercial	0.0130	0.0130	0.0112	0.0000	0.0134	0.0000	0.0130
Industrial	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Other Public Authority	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Sales for Resale	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Private Fire Protection	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Public Fire Protection	0.0021	0.0021	0.1399	0.0000	0.5181	0.0000	0.0021
Total	1.0000	1.0000	1.0000	0.0000	1.0000	0.0000	1.0000

The weighting of the factors is based on the horsepower of pumps associated with maximum day facilities, maximum day and fire facilities, and maximum hour facilities, as follows:

	Horsepower of Pumps	Weight
Associated with Maximum Day	30	1.0000
Associated with Maximum Day and Fire	0	0.0000
Associated with Maximum Hour	0	0.0000
Total	30	1.0000

MISSOURI-AMERICAN WATER COMPANY
WARREN COUNTY WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 7. ALLOCATION OF COSTS ASSOCIATED WITH TRANSMISSION AND DISTRIBUTION MAINS.

Factors are based on the weighting of the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

	Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.0000	(4)	(5)=(4)X 1.0000	(6)=(3)+(5)
Residential	0.8489	0.0000	0.4685	0.4685	0.4685
Commercial	0.0112	0.0000	0.0134	0.0134	0.0134
Industrial	0.0000	0.0000	0.0000	0.0000	0.0000
Other Public Authority	0.0000	0.0000	0.0000	0.0000	0.0000
Sales for Resale	0.0000	0.0000	0.0000	0.0000	0.0000
Private Fire Protection	0.0000	0.0000	0.0000	0.0000	0.0000
Public Fire Protection	0.1399	0.0000	0.5181	0.5181	0.5181
Total	1.0000	0.0000	1.0000	1.0000	1.0000

The weighting of the factors is based on the total footage of mains, designated as either transmission mains or distribution mains, as follows:

	Total Footage of Mains	Weight
Transmission Mains	0	0.0000
Distribution Mains	60,073	1.0000
Total	60,073	1.0000

MISSOURI-AMERICAN WATER COMPANY
WARREN COUNTY WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 8. ALLOCATION OF COSTS ASSOCIATED WITH FIRE HYDRANTS.

Costs are assigned directly to Public Fire Protection.

Customer Classification	Allocation Factor
(1)	(3)
Public Fire Protection	1.0000
Total	1.0000

FACTOR 9. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

Factors are based on the relative cost of meters by size and customer classification, as developed on the following page and summarized below.

Customer Classification	5/8" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	446	0.9955
Commercial	2	0.0045
Industrial	0	0.0000
Other Public Authority	0	0.0000
Sales for Resale	0	0.0000
Private Fire	0	0.0000
Total	448	1.0000

MISSOURI-AMERICAN WATER COMPANY
WARREN COUNTY WATER OPERATIONS

BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS

Meter Size	5/8" Dollar Equivalent	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Total	
		Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)
5/8	1.0	425	425	2	2	0	0	0	0	0	0	427	427
3/4	1.3	0	0	0	0	0	0	0	0	0	0	0	0
1	1.7	10	17	0	0	0	0	0	0	0	0	10	17
1-1/2	3.5	0	0	0	0	0	0	0	0	0	0	0	0
2	4.3	1	4	0	0	0	0	0	0	0	0	1	4
3	19.0	0	0	0	0	0	0	0	0	0	0	0	0
4	29.3	0	0	0	0	0	0	0	0	0	0	0	0
6	48.4	0	0	0	0	0	0	0	0	0	0	0	0
8	112.9	0	0	0	0	0	0	0	0	0	0	0	0
Total		436	446	2	2	0	0	0	0	0	0	438	448

MISSOURI-AMERICAN WATER COMPANY
WARREN COUNTY WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 10. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

Factors are based on the relative cost of services by size and customer classification, as developed on the following page and summarized below.

Customer Classification	3/4" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	439	0.9955
Commercial	2	0.0045
Industrial	0	0.0000
Other Public Authority	0	0.0000
Sales for Resale	0	0.0000
Private Fire Protection	0	0.0000
Total	441	1.0000

MISSOURI-AMERICAN WATER COMPANY
WARREN COUNTY WATER OPERATIONS

BASIS FOR ALLOCATING SERVICE COSTS TO CUSTOMER CLASSIFICATIONS

Service Size	3/4" Dollar Equivalent	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Private Fire Protection		Total	
		Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)=(2)X(11)	(15)	(16)
3/4	1.00	425	425	2	2	0	0	0	0	0	0	0	0	427	427
1	1.17	10	12	0	0	0	0	0	0	0	0	0	0	10	12
1-1/2	1.58	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2	2.04	1	2	0	0	0	0	0	0	0	0	0	0	1	2
3	2.73	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4	2.88	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6	4.24	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8	6.98	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10	9.50	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12	12.16	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total		436	439	2	2	0	0	0	0	0	0	0	0	438	441

MISSOURI-AMERICAN WATER COMPANY
WARREN COUNTY WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 11. ALLOCATION OF TRANSMISSION AND DISTRIBUTION OPERATION SUPERVISION AND ENGINEERING AND MISCELLANEOUS EXPENSES.

Factors are based on transmission and distribution operation expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Operating Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$ 19,482	0.4685
Commercial	557	0.0134
Industrial	-	0.0000
Other Public Authority	-	0.0000
Sales for Resale	-	0.0000
Private Fire Protection	-	0.0000
Public Fire Protection	21,544	0.5181
Total	41,583	1.0000

FACTOR 12. ALLOCATION OF TRANSMISSION AND DISTRIBUTION MAINTENANCE SUPERVISION AND ENGINEERING, STRUCTURES AND IMPROVEMENTS, AND OTHER EXPENSES.

Factors are based on transmission and distribution maintenance expenses other than those being allocated, however, due to no expenses in these categories, Factor 7 is used as follows:

Customer Classification	Transmission & Distribution Maintenance Expenses	Factor 7 Allocation Factor
(1)	(2)	(3)
Residential	$ -	0.4685
Commercial	-	0.0134
Industrial	-	0.0000
Other Public Authority	-	0.0000
Sales for Resale	-	0.0000
Private Fire Protection	-	0.0000
Public Fire Protection	-	0.5181
Total	$0	1.0000

MISSOURI-AMERICAN WATER COMPANY
WARREN COUNTY WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 13. ALLOCATION OF BILLING AND COLLECTING COSTS.

Factors are based on the total number of customers.

Customer Classification	Total Customers	Allocation Factor
(1)	(2)	(3)
Residential	436	0.9954
Commercial	2	0.0046
Industrial	0	0.0000
Other Public Authority	0	0.0000
Sales for Resale	0	0.0000
Private Fire Protection	0	0.0000
Public Fire Protection	0	0.0000
Total	438	1.0000

FACTOR 14. ALLOCATION OF METER READING COSTS.

Factors are based on the number of metered customers.

Customer Classification	Total Metered Customers	Allocation Factor
(1)	(2)	(3)
Residential	436	0.9954
Commercial	2	0.0046
Industrial	0	0.0000
Other Public Authority	0	0.0000
Sales for Resale	0	0.0000
Total	438	1.0000

MISSOURI-AMERICAN WATER COMPANY
WARREN COUNTY WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 15. ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES

Factors are based on the allocation of all other operation and maintenance expenses excluding purchased water, power, chemicals and waste disposal.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$34,527	0.5666
Commercial	771	0.0127
Industrial	0	0.0000
Other Public Authority	0	0.0000
Sales for Resale	0	0.0000
Private Fire Protection	0	0.0000
Public Fire Protection	25,633	0.4207
Total	$60,931	1.0000

FACTOR 15A. ALLOCATION OF CASH WORKING CAPITAL

Factors are based on the allocation of operation and maintenance expenses including purchased water, power, chemicals and waste disposal.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$72,367	0.5848
Commercial	1,537	0.0124
Industrial	0	0.0000
Other Public Authority	0	0.0000
Sales for Resale	0	0.0000
Private Fire Protection	0	0.0000
Public Fire Protection	49,839	0.4028
Total	$123,743	1.0000

MISSOURI-AMERICAN WATER COMPANY
WARREN COUNTY WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 16. ALLOCATION OF LABOR RELATED TAXES AND BENEFITS.

Factors are based on the allocation of direct labor expense.

Customer Classification	Direct Labor Expense	Allocation Factor
(1)	(2)	(3)
Residential	$21,108	0.4799
Commercial	583	0.0132
Industrial	0	0.0000
Other Public Authority	0	0.0000
Sales for Resale	0	0.0000
Private Fire Protection	0	0.0000
Public Fire Protection	22,300	0.5069
Total	$43,990	1.0000

FACTOR 17. ALLOCATION OF ORGANIZATION, FRANCHISES AND CONSENTS, MISCELLANEOUS INTANGIBLE PLANT AND OTHER RATE BASE ELEMENTS.

Factors are based on the allocation of the original cost less depreciation other than those items being allocated, as follows:

Customer Classification	Original Cost Less Depreciation	Allocation Factor
(1)	(2)	(3)
Residential	$1,170,049	0.8385
Commercial	16,510	0.0118
Industrial	0	0.0000
Other Public Authority	0	0.0000
Sales for Resale	0	0.0000
Private Fire Protection	0	0.0000
Public Fire Protection	208,901	0.1497
Total	$1,395,460	1.0000

MISSOURI-AMERICAN WATER COMPANY
WARREN COUNTY WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 18. ALLOCATION OF INCOME TAXES AND INCOME AVAILABLE FOR RETURN.

Factors are based on the allocation of the original cost measure of value rate base as shown on the following pages and summarized below.

Customer Classification	Original Cost Measure of Value	Allocation Factor
(1)	(2)	(3)
Residential	$1,075,237	0.8392
Commercial	15,159	0.0118
Industrial	0	0.0000
Other Public Authority	0	0.0000
Sales for Resale	0	0.0000
Private Fire Protection	0	0.0000
Public Fire Protection	190,894	0.1490
Total	$1,281,290	1.0000

FACTOR 19. ALLOCATION OF REGULATORY COMMISSION EXPENSES, ASSESSMENTS AND OTHER WATER REVENUES.

The factors are based on the allocation of the total cost of service, excluding those items being allocated.

Customer Classification	Total Cost of Service	Allocation Factor
(1)	(2)	(3)
Residential	$284,431	0.7471
Commercial	4,579	0.0120
Industrial	0	0.0000
Other Public Authority	0	0.0000
Sales for Resale	0	0.0000
Private Fire Protection	0	0.0000
Public Fire Protection	91,729	0.2409
Total	$380,739	1.0000

MISSOURI-AMERICAN WATER COMPANY

WARREN COUNTY WATER OPERATIONS

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
RATE BASE									
Organization	17	$ 192	$ 161	$ 2	$ -	$ -	$ -	$ -	$ 29
Franchises	17	0	0	0	0	0	0	0	0
Land & Ld Rights SS	2	0	0	0	0	0	0	0	0
Land & Ld Rights P	6	0	0	0	0	0	0	0	0
Land & Ld Rights WT	2	0	0	0	0	0	0	0	0
Land & Ld Rights TD	7	64,984	30,445	871	0	0	0	0	33,668
Land & Land Rights AG	15	0	0	0	0	0	0	0	0
Struct & Imp SS	2	4,004	3,944	52	0	0	0	0	8
Struct & Imp P	6	4,052	3,991	53	0	0	0	0	9
Struct & Imp Pump Boosters	6	0	0	0	0	0	0	0	0
Struct & Imp WT	2	59,706	58,805	776	0	0	0	0	125
Struct & Imp TD	7	829	388	11	0	0	0	0	429
Struct & Imp TD Spec Cross	7	0	0	0	0	0	0	0	0
Struct & Imp AG	15	95	54	1	0	0	0	0	40
Struct & Imp Offices	15	147	83	2	0	0	0	0	62
Gen Structures HVAC	15	0	0	0	0	0	0	0	0
Struct & Imp Leasehold	15	0	0	0	0	0	0	0	0
Struct & Imp Leasehold	15	0	0	0	0	0	0	0	0
Struct & Imp Store,Shop,Gar	15	0	0	0	0	0	0	0	0
Struct & Imp Misc	15	(1)	(1)	(0)	0	0	0	0	(0)
Collect & Impounding	1	0	0	0	0	0	0	0	0
Lake, River & Other Intakes	2	0	0	0	0	0	0	0	0
Wells & Springs	2	634,079	624,505	8,243	0	0	0	0	1,332
Supply Mains	2	0	0	0	0	0	0	0	0
Power Generation Equip	6	0	0	0	0	0	0	0	0
Power Generation Equip Othe	6	0	0	0	0	0	0	0	0
Boiler Plant Equipment P	6	0	0	0	0	0	0	0	0
Pump Equip Steam	6	0	0	0	0	0	0	0	0
Pump Equip Electric	6	112,169	110,476	1,458	0	0	0	0	236

MISSOURI-AMERICAN WATER COMPANY

WARREN COUNTY WATER OPERATIONS

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Pump Equip Elec Boosters Po	6	0	0	0	0	0	0	0	0
Pump Equip Diesel	6	0	0	0	0	0	0	0	0
Pump Equip Diesel Stratman\	6	0	0	0	0	0	0	0	0
Pump Equip Diesel Ctrl Plt	6	0	0	0	0	0	0	0	0
Pump Equip Hydraulic	6	0	0	0	0	0	0	0	0
Pump Equip Other	6	0	0	0	0	0	0	0	0
Pump Equip WT	6	0	0	0	0	0	0	0	0
Pump Equip TD	6	0	0	0	0	0	0	0	0
WT Equip Non-Media	2	18,924	18,638	246	0	0	0	0	40
WT Equip Filter Media	2	0	0	0	0	0	0	0	0
Dist Reservoirs & Standpipe	5	5	4	0	0	0	0	0	1
Elevated Tanks & Standpipes	5	14,525	11,985	343	0	0	0	0	2,198
Ground Level Facilities	5	0	0	0	0	0	0	0	0
TD Mains Not Classified by	7	119,715	56,087	1,604	0	0	0	0	62,024
TD Mains 4" & Less	4	30,713	14,389	412	0	0	0	0	15,913
TD Mains 6 to 8"	4	80,515	37,721	1,079	0	0	0	0	41,715
TD Mains 6 to 10"	4	2,995	1,403	40	0	0	0	0	1,552
TD Mains 10 to 16"	3	132	112	1	0	0	0	0	18
TD Mains 18" & Grtr	3	76	64	1	0	0	0	0	11
Fire Mains	8	0	0	0	0	0	0	0	0
Services	10	92,328	91,913	415	0	0	0	0	0
Meters Bronze Case	9	37,083	36,916	167	0	0	0	0	0
Meters Plastic Case	9	0	0	0	0	0	0	0	0
Meters Other	9	879	875	4	0	0	0	0	0
Meters Other-Rem Rdr Unts	9	0	0	0	0	0	0	0	0
Meter Installations	9	41,074	40,889	185	0	0	0	0	0
Meter Installation Other	9	0	0	0	0	0	0	0	0
Meter Vaults	9	2,539	2,528	11	0	0	0	0	0
Hydrants	8	31,824	0	0	0	0	0	0	31,824
Other P/E Intangible	17	891	747	11	0	0	0	0	133
Other P/E WT Res Hand Equip	2	0	0	0	0	0	0	0	0

MISSOURI-AMERICAN WATER COMPANY

WARREN COUNTY WATER OPERATIONS

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Other P/E TD	7	0	0	0	0	0	0	0	0
Other P/E CPS	15	1,243	704	16	0	0	0	0	523
Office Furniture & Equip	15	68	39	1	0	0	0	0	29
Comp & Periph Equip	15	29,123	16,501	370	0	0	0	0	12,252
Computer Software	15	1,333	755	17	0	0	0	0	561
Comp Software Personal	15	49	28	1	0	0	0	0	21
Comp Software Other	15	0	0	0	0	0	0	0	0
Data Handling Equipment	15	0	0	0	0	0	0	0	0
Other Office Equipment	15	4	2	0	0	0	0	0	2
Trans Equip Lt Duty Trks	15	(32)	(18)	(0)	0	0	0	0	(13)
Trans Equip Hvy Duty Trks	15	0	0	0	0	0	0	0	0
Trans Equip Autos	15	21	12	0	0	0	0	0	9
Trans Equip Other	15	0	0	0	0	0	0	0	0
Stores Equipment	15	0	0	0	0	0	0	0	0
Tools,Shop,Garage Equip	15	5,802	3,287	74	0	0	0	0	2,441
Tools,Shop,Garage Equip Oth	15	0	0	0	0	0	0	0	0
Laboratory Equipment	2	0	0	0	0	0	0	0	0
Laboratory Equip Other	2	0	0	0	0	0	0	0	0
Power Operated Equipment	15	0	0	0	0	0	0	0	0
Comm Equip Non-Telephone	15	8,185	4,637	104	0	0	0	0	3,443
Remote Control & Instr	15	106	60	1	0	0	0	0	44
Comm Equip Telephone	15	16	9	0	0	0	0	0	7
Misc Equipment	15	(3,850)	(2,182)	(49)	0	0	0	0	(1,620)
Other Tangible Property	17	0	0	0	0	0	0	0	0
Total Utility Plant in Service		1,396,543	1,170,957	16,523	0	0	0	0	209,063
Other Rate Base Items									
Add:									
Other Utility Plant Adjustments	17	0	0	0	0	0	0	0	0
Cash Working Capital	15A	0	0	0	0	0	0	0	0
Materials and Supplies	15	218	124	3	0	0	0	0	92
Prepayments	15	1,338	758	17	0	0	0	0	563
OPEB's Contributed to External Fund	16	0	0	0	0	0	0	0	0
Pension / OPEB Tracker	16	1,584	760	21	0	0	0	0	803
Regulatory Deferrals	17	0	0	0	0	0	0	0	0
Less:									
Accumulated Deferred ITC (3%)	17	0	0	0	0	0	0	0	0
Deferred Income Taxes	17	(113,064)	(94,804)	(1,334)	0	0	0	0	(16,926)
Pensions	16	(5,329)	(2,557)	(70)	0	0	0	0	(2,701)
Total Other Rate Base Elements		(115,253)	(95,720)	(1,364)	0	0	0	0	(18,169)
Total Original Cost Measure of Value		$ 1,281,290	$ 1,075,237	$ 15,159	$ -	$ -	$ -	$ -	$ 190,894

MISSOURI-AMERICAN WATER COMPANY
WARREN COUNTY WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 20. REALLOCATION OF PUBLIC FIRE

Factors are based on the relative cost of meters by size and customer classification.

Customer Classification	5/8" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	446	0.9955
Commercial	2	0.0045
Industrial	0	0.0000
Other Public Authority	0	0.0000
Sales for Resale	0	0.0000
Private Fire	0	0.0000
Total	448	1.0000

MISSOURI-AMERICAN WATER COMPANY
WARREN COUNTY WATER OPERATIONS

SUMMARY OF AVERAGE DAILY SEND OUT AND MAXIMUM DAILY USAGE
FOR THE YEARS 2005-2008

Year	Average Daily Send out (MGD)	Maximum Daily Use		
		MGD	Ratio to Average	Highest Use Day
(1)	(2)	(3)	(4)	(5)
2005	0.100	0.247	2.46	7/28/2005
2006	0.103	0.262	2.54	7/7/2006
2007	0.102	0.247	2.43	7/28/2007
2008	0.090	0.272	3.03	5/18/2008

MISSOURI-AMERICAN WATER COMPANY
WARREN COUNTY WATER OPERATIONS

BASIS FOR ALLOCATING DEMAND RELATED COSTS OF FIRE SERVICE TO PRIVATE AND PUBLIC FIRE PROTECTION CUSTOMER CLASSIFICATIONS

Description		Restrictive Diameters Squared	Quantity	Relative Demand	Allocation Factor
(1)		(2)	(3)	(4)=(2)x(3)	(5)
PRIVATE FIRE PROTECTION					
Fire Lines					
2 -inch		4.00	0	0	
3 -inch		9.00	0	0	
4 -inch		16.00	0	0	
6 -inch		36.00	0	0	
8 -inch		64.00	0	0	
10 -inch		100.00	0	0	
12 -inch		144.00	0	0	
Private Hydrants		20.25	0	0	
Total Private Fire Protection			0	0	0.0000
PUBLIC FIRE PROTECTION					
Hydrant	Nozzle Sizes				
4 1/2" Valves	1- 2-1/2" & 1- 4 1/2"	20.25	55	1,114	
5 1/4 Valves	1- 2-1/2" & 1- 4 1/2"	26.50	14	371	
Total Public Fire Prorection			69	1,485	1.0000
Total Fire Protection			69	1,485	1.0000

MISSOURI-AMERICAN WATER COMPANY
WARREN COUNTY WATER DISTRICT

CALCULATION OF CUSTOMER CHARGE

(1) Cost Related to Meters	82,244		
(2) Meter Equivalents X 12	5,376		
(3) Cost per Bill - Meter related		$	15.30
(4) Cost Related to Services	12,947		
(5) Service Equivalents X 12	5,292		
(6) Cost per Bill - Services related		$	2.45
(7) Cost Related to Billing and Collecting	12,538		
(8) Number of Customers X 12	5,256		
(9) Cost per Bill - Billing and Collecting		$	2.39
(10) Total Customer Charge (3)+(6)+(9)		$	20.13

WARRENSBURG DISTRICT

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES
FOR THE TEST YEAR ENDED JUNE 30, 2009

Customer Classification	Cost of Service Amount (Schedule B)	Cost of Service Percent	Revenues, Present Rates Amount	Revenues, Present Rates Percent	Revenues, Proposed Rates Amount	Revenues, Proposed Rates Percent	Proposed Increase Amount	Proposed Increase Percent Increase
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Residential	$ 2,486,444	60.0%	$ 2,044,356	55.0%	$ 2,419,331	58.5%	$ 374,975	18.3%
Commercial	652,996	15.8%	711,409	19.3%	724,470	17.5%	13,061	1.8%
Industrial	95,799	2.3%	93,822	2.5%	108,956	2.6%	15,134	16.1%
Public Authority	496,567	12.0%	462,084	12.5%	477,131	11.5%	15,047	3.3%
Sales for Resale	302,505	7.3%	292,392	7.9%	304,284	7.3%	11,892	4.1%
Private Fire Service	106,702	2.6%	104,721	2.8%	106,651	2.6%	1,930	1.8%
Public Fire Service	-	0.0%	-	0.0%	-	0.0%	-	-
Total Sales	4,141,013	100.0%	3,708,784	100.0%	4,140,823	100.0%	432,039	11.6%
Other Revenues	86,529		69,529		86,529		17,000	24.4%
Total	$ 4,227,542		$ 3,778,313		$ 4,227,352		$ 449,039	11.9%

MISSOURI-AMERICAN WATER COMPANY

WARRENSBURG DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
OPERATION AND MAINTENANCE EXPENSES									
SOURCE OF SUPPLY EXPENSES									
Super & Eng Oper SS	2	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Labor & Exp Oper SS - Labor	2	4,530	2,240	868	155	698	555	4	12
Labor & Exp Oper SS	2	2,745	1,357	526	94	423	336	2	7
Purchased Water	1	0	0	0	0	0	0	0	0
TOTAL SS EXPENSE - OPERATION		7,275	3,597	1,393	249	1,121	891	6	19
Misc Exp Oper SS	2	124,824	61,713	23,904	4,269	19,235	15,278	100	325
Misc Exp Oper SS	2	0	0	0	0	0	0	0	0
Rents Oper SS	2	0	0	0	0	0	0	0	0
Super & Eng Maint SS	2	0	0	0	0	0	0	0	0
Struct & Improve Maint SS - Labor	2	0	0	0	0	0	0	0	0
Struct & Improve Maint SS	2	923	456	177	32	142	113	1	2
Collect & Impound Maint SS - Labor	2	0	0	0	0	0	0	0	0
Collect & Impound Maint SS	2	0	0	0	0	0	0	0	0
Lake, River & Oth Maint SS - Labor	2	0	0	0	0	0	0	0	0
Lake, River & Oth Maint SS	2	0	0	0	0	0	0	0	0
Wells & Springs Maint SS - Labor	2	3,957	1,956	758	135	610	484	3	10
Wells & Springs Maint SS	2	0	0	0	0	0	0	0	0
Infilt Gall & Tunnels Maint SS - Labor	2	0	0	0	0	0	0	0	0
Infilt Gall & Tunnels Maint SS	2	0	0	0	0	0	0	0	0
Supply Mains Maint SS - Labor	2	0	0	0	0	0	0	0	0
Supply Mains Maint SS	2	0	0	0	0	0	0	0	0
Misc Plant Maint SS - Labor	2	(17)	(8)	(3)	(1)	(3)	(2)	(0)	(0)
Misc Plant Maint SS	2	5,057	2,500	968	173	779	619	4	13
TOTAL SS EXPENSE - MAINTENANCE		134,744	66,617	25,803	4,608	20,764	16,493	108	350
TOTAL SS EXPENSE		142,019	70,214	27,197	4,857	21,885	17,383	114	369
POWER AND PUMPING EXPENSES									
Super & Eng Oper P	6	0	0	0	0	0	0	0	0
Fuel for Power Prod	1	0	0	0	0	0	0	0	0
Labor & Exp Oper Pwr Prod - Labor	6	0	0	0	0	0	0	0	0
Labor & Exp Oper Pwr Prod	6	0	0	0	0	0	0	0	0
Purch Fuel/Power for Pump	1	0	0	0	0	0	0	0	0
Labor & Exp Oper Pump - Labor	6	126	62	24	4	19	15	0	1
Labor & Exp Oper Pump	6	0	0	0	0	0	0	0	0
Misc Exp Oper P	6	1,405	693	268	48	216	171	2	6
Rents Oper P	6	0	0	0	0	0	0	0	0
TOTAL PUMPING EXPENSE - OPERATION		1,531	755	292	52	235	187	2	7

MISSOURI-AMERICAN WATER COMPANY

WARRENSBURG DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Super & Eng Maint P	6	0	0	0	0	0	0	0	0
Struct & Improve Maint P - Labor	6	0	0	0	0	0	0	0	0
Struct & Improve Maint P	6	0	0	0	0	0	0	0	0
Power Prod Equip Maint P - Labor	6	0	0	0	0	0	0	0	0
Power Prod Equip Maint P	6	0	0	0	0	0	0	0	0
Pump Equip Maint P - Labor	6	(128)	(63)	(25)	(4)	(20)	(16)	(0)	(1)
Pump Equip Maint P	6	0	0	0	0	0	0	0	0
TOTAL PUMPING EXPENSES - MAINTENANCE		(128)	(63)	(25)	(4)	(20)	(16)	(0)	(1)
TOTAL PUMPING EXPENSES		1,403	692	268	48	216	171	2	6
WATER TREATMENT									
Super & Eng Oper WT	2	(89)	(44)	(17)	(3)	(14)	(11)	(0)	(0)
Chemicals	1	33,323	15,332	6,531	1,366	5,255	4,642	47	150
Labor & Exp Oper WT - Labor	2	0	0	0	0	0	0	0	0
Labor & Exp Oper WT	2	3,873	1,915	742	132	597	474	3	10
Misc Exp Oper WT	2	18,602	9,197	3,562	636	2,867	2,277	15	48
Misc Exp Oper WT	1	0	0	0	0	0	0	0	0
Misc Exp Oper WT	2	959	474	184	33	148	117	1	2
Rents Oper WT	2	0	0	0	0	0	0	0	0
TOTAL WT EXPENSE - OPERATION		56,668	26,874	11,002	2,165	8,853	7,499	65	211
Super & Eng Maint WT	2	8	4	2	0	1	1	0	0
Struct & Improve Maint WT - Labor	2	0	0	0	0	0	0	0	0
Struct & Improve Maint WT	2	0	0	0	0	0	0	0	0
WT Equip Maint WT - Labor	2	204	101	39	7	31	25	0	1
WT Equip Maint WT	2	10	5	2	0	2	1	0	0
TOTAL WT EXPENSE - MAINTENANCE		222	110	42	8	34	27	0	1
TOTAL WT EXPENSE		56,890	26,983	11,044	2,172	8,887	7,526	66	211
TRANSMISSION AND DISTRIBUTION EXPENSES									
Super & Eng Oper TD	11	0	0	0	0	0	0	0	0
Storage Facilty Exp - Labor	5	0	0	0	0	0	0	0	0
Storage Facilty Exp	5	0	0	0	0	0	0	0	0
TD Lines Exp - Labor	7	139,131	52,077	19,562	3,130	15,764	11,840	7,833	28,925
TD Lines Exp	7	1,393	521	196	31	158	119	78	290
Meter Expense - Labor	9	25,317	18,919	3,223	352	2,706	116	0	0
Meter Expense	9	0	0	0	0	0	0	0	0
Customer Install Exp - Labor	10	6,600	5,400	641	24	209	6	319	0
Customer Install Exp	10	0	0	0	0	0	0	0	0
Misc Exp Oper TD - Labor	11	17,299	7,717	2,370	355	1,889	1,213	825	2,930

MISSOURI-AMERICAN WATER COMPANY

WARRENSBURG DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Misc Exp Oper TD	11	54,667	24,387	7,489	1,121	5,970	3,832	2,608	9,261
Misc Exp Oper TD	11	12,576	5,610	1,723	258	1,373	882	600	2,130
Rents Oper TD	11	0	0	0	0	0	0	0	0
TOTAL T & D EXPENSE OPERATION		256,983	114,631	35,204	5,271	28,068	18,007	12,264	43,536
Super & Eng Maint TD	12	0	0	0	0	0	0	0	0
Struct & Improve Maint TD - Labor	12	0	0	0	0	0	0	0	0
Struct & Improve Maint TD	12	0	0	0	0	0	0	0	0
Dist Res Stand Maint TD - Labor	5	0	0	0	0	0	0	0	0
TD Main Maint TD - Labor	7	6,570	2,459	924	148	744	559	370	1,366
TD Main Maint TD	7	0	0	0	0	0	0	0	0
Fire Main Maint TD - Labor	8	0	0	0	0	0	0	0	0
Fire Main Maint TD	8	0	0	0	0	0	0	0	0
Services Maint TD - Labor	10	6,963	5,697	677	26	220	6	337	0
Services Maint TD	10	0	0	0	0	0	0	0	0
Meters Maint TD - Labor	9	3,530	2,638	449	49	377	16	0	0
Meters Maint TD	9	0	0	0	0	0	0	0	0
Hydrants Maint TD - Labor	8	13,056	0	0	0	0	0	0	13,056
Hydrants Maint TD	8	0	0	0	0	0	0	0	0
Misc Plant Maint TD - Labor	12	62	22	4	0	3	1	1	30
Mat and Sup Maint TD	12	55,833	20,011	3,802	413	2,485	1,078	1,312	26,733
Misc Maint TD	12	0	0	0	0	0	0	0	0
Amort Def Maint TD	5	125,560	43,720	16,247	2,486	13,108	9,630	8,588	31,779
TOTAL T & D EXPENSE - MAINTENANCE		211,575	74,547	22,104	3,122	16,938	11,291	10,609	72,964
TOTAL T & D EXPENSE		468,557	189,179	57,308	8,394	45,006	29,298	22,872	116,500
CUSTOMER ACCOUNTS									
Supervision CA	13	0	0	0	0	0	0	0	0
Meter Reading Exp CA - Labor	14	37,946	33,650	3,351	76	854	15	0	0
Meter Reading Exp CA	14	0	0	0	0	0	0	0	0
Meter Reading Exp CA	14	0	0	0	0	0	0	0	0
Cust Rec & Collection CA - Labor	13	4,125	3,616	360	8	92	2	47	0
Cust Rec & Collection CA	13	31,150	27,309	2,716	62	692	12	358	0
Uncollectible Accts	13	37,320	32,718	3,254	75	829	15	429	0
Misc Cust Accts Exp CA - Labor	13	5,903	5,176	515	12	131	2	68	0
Misc Cust Accts Exp CA	13	1,956	1,715	171	4	43	1	22	0
Misc Cust Accts Exp CA	13	11,216	9,833	978	22	249	4	129	0
Cust Serv & Info Exp CA	13	0	0	0	0	0	0	0	0
TOTAL CUSTOMER ACCOUNTING EXPENSE		129,616	114,017	11,344	259	2,889	52	1,054	0

MISSOURI-AMERICAN WATER COMPANY

WARRENSBURG DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
ADMINISTRATIVE AND GENERAL EXPENSES									
Salaries AG	15	55,896	28,183	7,350	1,051	5,377	3,639	1,755	8,541
Other Supplies & Exp AG	15	3,267	1,647	430	61	314	213	103	499
Other Supplies & Exp AG	15	26,042	13,130	3,425	490	2,505	1,695	818	3,979
Other Supplies & Exp AG	15	11,391	5,743	1,498	214	1,096	742	358	1,741
Mgmt Fees-Admin	15	313,618	158,126	41,241	5,896	30,170	20,417	9,848	47,921
Mgmt Fees-Customer Service	13	104,093	91,258	9,077	208	2,311	42	1,197	0
Mgmt Fees-Belleville Lab	2	12,934	6,395	2,477	442	1,993	1,583	10	34
Mgmt Fees- Employee	16	11,101	5,695	1,378	185	996	619	387	1,840
Outside Services AG	15	17,058	8,601	2,243	321	1,641	1,110	536	2,606
Outside Services AG	15	29,581	14,915	3,890	556	2,846	1,926	929	4,520
Property Insurance	15	0	0	0	0	0	0	0	0
Ins Gen Liab Oper AG	15	44,079	22,224	5,796	829	4,240	2,870	1,384	6,735
Ins Work Comp AG	16	17,881	9,173	2,219	299	1,604	998	624	2,965
Ins Other Oper AG	15	13,626	6,870	1,792	256	1,311	887	428	2,082
Property Insurance	15	1,321	666	174	25	127	86	41	202
Injuries & Damages	16	(120)	(62)	(15)	(2)	(11)	(7)	(4)	(20)
Employee Pension & Benefits	16	112,548	57,737	13,967	1,880	10,096	6,280	3,928	18,660
Employee Pension & Benefits	16	74,917	38,433	9,297	1,251	6,720	4,180	2,615	12,421
Employee Pension & Benefits	16	19,333	9,918	2,399	323	1,734	1,079	675	3,205
Reg Commision Exp	19	8,867	4,485	1,256	190	943	648	229	1,116
Rents AG	15	4,664	2,352	613	88	449	304	146	713
Goodwill Advertising Exp	15	466	235	61	9	45	30	15	71
Misc Exp AG	15	18,340	9,247	2,412	345	1,764	1,194	576	2,802
Research & Development	15	0	0	0	0	0	0	0	0
TOTAL A & G OPERATIONS		900,904	494,972	112,979	14,916	78,272	50,534	26,596	122,635
General Plant Maint AG - Labor	15	0	0	0	0	0	0	0	0
Maint Exp ARO/Net Neg Sal AG	18	(22,311)	(10,832)	(3,347)	(531)	(2,601)	(1,816)	(518)	(2,666)
General Plant Maint AG	15	4,474	2,256	588	84	430	291	140	684
TOTAL A & G EXPENSE - MAINTENANCE		(17,837)	(8,576)	(2,758)	(447)	(2,171)	(1,525)	(377)	(1,983)
TOTAL A & G EXPENSE		883,067	486,395	110,221	14,469	76,101	49,010	26,219	120,652
Total Operation & Maintenance Expenses		1,681,552	887,481	217,382	30,199	154,983	103,440	50,327	237,739

MISSOURI-AMERICAN WATER COMPANY

WARRENSBURG DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
DEPRECIATION EXPENSE									
Struct & Imp SS	2	2,975	1,471	570	102	458	364	2	8
Struct & Imp P	6	15,946	7,866	3,046	544	2,451	1,945	21	73
Struct & Imp WT	2	30,620	15,139	5,864	1,047	4,719	3,748	24	80
Struct & Imp TD	7	7,373	2,760	1,037	166	835	627	415	1,533
Struct & Imp AG	15	35	18	5	1	3	2	1	5
Struct & Imp Offices	15	4,330	2,183	569	81	417	282	136	662
Struct & Imp Store,Shop,Gar	15	2,515	1,268	331	47	242	164	79	384
Struct & Imp Misc	15	339	171	45	6	33	22	11	52
Collect & Impounding	1	0	0	0	0	0	0	0	0
Lake, River & Other Intakes	2	0	0	0	0	0	0	0	0
Wells & Springs	2	18,520	9,156	3,547	633	2,854	2,267	15	48
Supply Mains	2	3,142	1,553	602	107	484	385	3	8
Power Generation Equip	6	107	53	20	4	16	13	0	0
Power Generation Equip Othe	6	0	0	0	0	0	0	0	0
Pump Equip Electric	6	14,647	7,225	2,798	499	2,251	1,787	19	67
Pump Equip Diesel	6	0	0	0	0	0	0	0	0
Pump Equip Hydraulic	6	1,941	957	371	66	298	237	3	9
Pump Equip Other	6	290	143	55	10	45	35	0	1
WT Equip Non-Media	2	94,222	46,583	18,044	3,222	14,520	11,533	75	245
Dist Reservoirs & Standpipe	5	17,708	6,166	2,291	351	1,849	1,358	1,211	4,482
Elevated Tanks & Standpipes	5	1,533	534	198	30	160	118	105	388
Ground Level Facilities	5	0	0	0	0	0	0	0	0
TD Mains Not Classified by	7	7,435	2,783	1,045	167	842	633	419	1,546
TD Mains 4" & Less	4	1,377	480	178	27	144	106	94	348
TD Mains 6 to 8"	4	39,018	13,598	5,049	773	4,073	2,993	2,669	9,864
TD Mains 10 to 16"	3	57,413	26,829	10,397	1,854	8,365	6,648	712	2,607
TD Mains 18" & Grtr	3	18	8	3	1	3	2	0	1
Fire Mains	8	1,899	0	0	0	0	0	0	1,899
Services	10	59,234	48,465	5,758	219	1,872	53	2,867	0
Meters Bronze Case	9	12,553	9,381	1,598	174	1,342	58	0	0
Meters Plastic Case	9	0	0	0	0	0	0	0	0
Meters Other	9	2,397	1,791	305	33	256	11	0	0
Meters Other-Rem Rdr Unts	9	0	0	0	0	0	0	0	0
Meter Installations	9	23,886	17,850	3,041	332	2,553	110	0	0
Meter Installation Other	9	0	0	0	0	0	0	0	0
Meter Vaults	9	140	105	18	2	15	1	0	0
Hydrants	8	15,455	0	0	0	0	0	0	15,455
Other P/E Intangible	17	197	96	30	5	23	16	5	23
Other P/E TD	7	0	0	0	0	0	0	0	0
Other P/E CPS	15	712	359	94	13	68	46	22	109
Office Furniture & Equip	15	931	469	122	18	90	61	29	142
Comp & Periph Equip	15	23,946	12,074	3,149	450	2,304	1,559	752	3,659
Computer Software	15	24,407	12,306	3,210	459	2,348	1,589	766	3,729
Comp Software Personal	15	459	231	60	9	44	30	14	70
Data Handling Equipment	15	0	0	0	0	0	0	0	0
Other Office Equipment	15	0	0	0	0	0	0	0	0
Trans Equip Lt Duty Trks	15	3,805	1,918	500	72	366	248	119	581
Trans Equip Hvy Duty Trks	15	0	0	0	0	0	0	0	0
Trans Equip Autos	15	2,076	1,047	273	39	200	135	65	317
Trans Equip Other	15	0	0	0	0	0	0	0	0

MISSOURI-AMERICAN WATER COMPANY

WARRENSBURG DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Stores Equipment	15	0	0	0	0	0	0	0	0
Tools,Shop,Garage Equip	15	1,416	714	186	27	136	92	44	216
Tools,Shop,Garage Equip Oth	15	0	0	0	0	0	0	0	0
Laboratory Equipment	2	8,469	4,187	1,622	290	1,305	1,037	7	22
Laboratory Equip Other	2	0	0	0	0	0	0	0	0
Power Operated Equipment	15	916	462	120	17	88	60	29	140
Comm Equip Non-Telephone	15	827	417	109	16	80	54	26	126
Remote Control & Instr	15	2,942	1,483	387	55	283	192	92	450
Comm Equip Telephone	15	95	48	12	2	9	6	3	15
Misc Equipment	15	5,512	2,779	725	104	530	359	173	842
Other Tangible Property	15	1,252	631	165	24	120	82	39	191
Total Depreciation Expense		515,030	263,758	77,547	12,098	59,095	41,065	11,068	50,399
Amort-Other UP	18	1,532	744	230	36	179	125	36	183
Amort-Intangible Fin	2	420	208	80	14	65	51	0	1
Amort-Property Losses	2	0	0	0	0	0	0	0	0
Taxes Other Than Income									
Utility Reg Assessment Fee	19	31,598	15,982	4,474	676	3,362	2,310	815	3,978
Property Taxes	18	237,499	115,306	35,625	5,652	27,692	19,332	5,510	28,381
FUTA	16	427	219	53	7	38	24	15	71
FICA	16	22,613	11,601	2,806	378	2,028	1,262	789	3,749
SUTA	16	1,272	653	158	21	114	71	44	211
Other Taxes & Licenses	15	7,875	3,971	1,036	148	758	513	247	1,203
Gross Receipts Tax	19	0	0	0	0	0	0	0	0
Total Taxes, Other Than Income		301,284	147,731	44,152	6,883	33,993	23,512	7,421	37,594
Income Taxes	18	493,944	239,810	74,092	11,756	57,594	40,207	11,460	59,026
Utility Income Available for Return	18	1,233,780	599,000	185,067	29,364	143,859	100,430	28,624	147,437
Total Cost of Service		4,227,542	2,138,732	598,550	90,350	449,766	308,830	108,935	532,379
Less: Other Water Revenues	19	86,529	43,766	12,252	1,852	9,207	6,325	2,232	10,894
Revenue Contribution	19	0	0	0	0	0	0	0	0
Total Other Water Revenues		86,529	43,766	12,252	1,852	9,207	6,325	2,232	10,894
Total Cost of Service Related to Sales of Water		$ 4,141,013	$ 2,094,966	$ 586,298	$ 88,498	$ 440,560	$ 302,505	$ 106,702	$ 521,485
Reallocation of Public Fire	20	0	391,479	66,698	7,301	56,008	0	0	(521,485)
Total		$ 4,141,013	$ 2,486,444	$ 652,996	$ 95,799	$ 496,567	$ 302,505	$ 106,702	$ -

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS

FACTOR 1. ALLOCATION OF COSTS WHICH VARY WITH THE AMOUNT OF WATER CONSUMED.

Factors are based on the pro forma test year average daily consumption for each customer classification.

Customer Classification	Average Daily Consumption, Thousand Gallons	Allocation Factor
(1)	(2)	(3)
Residential	1,021	0.4601
Commercial	435	0.1960
Industrial	91	0.0410
Other Public Authority	350	0.1577
Sales for Resale	309	0.1393
Private Fire Protection	3	0.0014
Public Fire Protection	10	0.0045
Total	2,219	1.0000

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the factors for average daily consumption (Factor 1) and the factors derived from maximum day extra capacity demand for each customer classification, as follows:

	Average Daily Consumption		Maximum Day Extra Capacity		
Customer Classification	Allocation Factor 1	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)x 0.5882	(4)	(5)=(4)x 0.4118	(6)=(3)+(5)
Residential	0.4601	0.2707	0.5431	0.2237	0.4944
Commercial	0.1960	0.1153	0.1851	0.0762	0.1915
Industrial	0.0410	0.0241	0.0245	0.0101	0.0342
Other Public Authority	0.1577	0.0928	0.1489	0.0613	0.1541
Sales for Resale	0.1393	0.0819	0.0984	0.0405	0.1224
Private Fire Protection	0.0014	0.0008			0.0008
Public Fire Protection	0.0045	0.0026			0.0026
Total	1.0000	0.5882	1.0000	0.4118	1.0000

The derivation of the maximum day extra capacity factors in column 4 and the basis for the column 3 and 5 weightings are presented on the following page.

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS, cont.

Customer Classification	Average Daily Consumption, Thousand Gal.	Maximum Day Extra Capacity		
		Factor*	Rate of Flow, Thousand Gal. Per Day	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	1,021	1.0	1,021	0.5431
Commercial	435	0.8	348	0.1851
Industrial	91	0.5	46	0.0245
Other Public Authority	350	0.8	280	0.1489
Sales for Resale	309	0.6	185	0.0984
Total	2,206		1,880	1.0000

The weighting of the factors is based on the maximum day ratio of 1.70, based on a review of maximum day ratios experienced during the period 1990 through 2007 (see Schedule D).

	Maximum Day Ratio	Weight
Average Day	1.00	0.5882
Maximum Day Extra Capacity	0.70	0.4118
Total	1.70	1.0000

* Ratio of maximum day to average day minus 1.0.

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

	Average Daily Consumption		Maximum Day Extra Capacity		Fire Protection		
Customer Classification	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2) X 0.5562	(4)	(5)=(4) X 0.3893	(6)	(7)=(6) X 0.0545	(8)=(3)+(5)+(7)
Residential	0.4601	0.2559	0.5431	0.2114			0.4673
Commercial	0.1960	0.1090	0.1851	0.0721			0.1811
Industrial	0.0410	0.0228	0.0245	0.0095			0.0323
Other Public Authority	0.1577	0.0877	0.1489	0.0580			0.1457
Sales for Resale	0.1393	0.0775	0.0984	0.0383			0.1158
Private Fire Protection	0.0014	0.0008			0.2129	0.0116	0.0124
Public Fire Protection	0.0045	0.0025			0.7871	0.0429	0.0454
Total	1.0000	0.5562	1.0000	0.3893	1.0000	0.0545	1.0000

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum day ratio of 1.70 and the average daily system sendout for 2008 of 2.451 MGD. The system demand for fire protection is 2,000 Gallons per minute for 2 hours.

	Ratio	Rate of Flow, (GPD)	Weight
Average Day	1.00	2,450,797	0.5562
Maximum Day Extra Capacity	0.70	1,715,558	0.3893
Subtotal	1.70	4,166,355	0.9455
Fire Protection		240,000	0.0545
Total		4,406,355	1.0000

The public and private fire protection allocation factors in column 6 on the previous page are based on the relative potential demands (see Schedule E).

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		
	Thousand Gallons	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3) X 0.2721	(5)	(6)=(5) X 0.4082	(7)	(8)=(7) X 0.3197	(9)=(4)+(6)+(8)
Residential	42.5	0.4600	0.1251	0.5472	0.2234			0.3485
Commercial	18.1	0.1959	0.0533	0.1865	0.0761			0.1294
Industrial	3.8	0.0411	0.0112	0.0210	0.0086			0.0198
Other Public Authority	14.6	0.1580	0.0430	0.1504	0.0614			0.1044
Sales for Resale	12.9	0.1396	0.0380	0.0949	0.0387			0.0767
Private Fire Protection	0.1	0.0011	0.0003			0.2129	0.0681	0.0684
Public Fire Protection	0.4	0.0043	0.0012			0.7871	0.2516	0.2528
Total	92.4	1.0000	0.2721	1.0000	0.4082	1.0000	0.3197	1.0000

The maximum hour extra capacity factors in column 5 are determined as follows:

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum hour ratio of 2.5 and the average daily system sendout for 2008 of 2.451 MGD. The system demand for fire protection is 2,000 gallons per minute.

	Ratio	Rate of Flow, (GPM)	Weight
Average Hour	1.00	1,702	0.2721
Maximum Hour Extra Capacity	1.50	2,553	0.4082
Subtotal	2.50	4,255	0.6803
Fire Protection		2,000	0.3197
Total		6,255	1.0000

The maximum hour extra capacity factors in column 5 of the previous page are determined as follows:

Customer Classification	Average Hourly Consumption Thousand Gal.	Maximum Hour Extra Capacity		
		Factor*	1,000 Gallons Per Hour	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	42.5	3.5	148.8	0.5472
Commercial	18.1	2.8	50.7	0.1865
Industrial	3.8	1.5	5.7	0.0210
Other Public Authority	14.6	2.8	40.9	0.1504
Sales for Resale	12.9	2.0	25.8	0.0949
Total	91.9		271.9	1.0000

* Ratio of Maximum Hour To Average Hour Minus 1.0.

The public and private fire protection allocation factors in column 7 on the previous page are based on the relative potential demands (see Schedule E).

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES.

Factors are based on the weighting of the average hourly consumption, the maximum hour extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		Allocation Factor
	Thousand Gallons	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	
(1)	(2)	(3)	(4)=(3) X 0.2720	(5)	(6)=(5) X 0.4080	(7)	(8)=(7) X 0.3200	(9)=(4)+(6)+(8)
Residential	42.5	0.4600	0.1250	0.5472	0.2232			0.3482
Commercial	18.1	0.1959	0.0533	0.1865	0.0761			0.1294
Industrial	3.8	0.0411	0.0112	0.0210	0.0086			0.0198
Other Public Authority	14.6	0.1580	0.0430	0.1504	0.0614			0.1044
Sales for Resale	12.9	0.1396	0.0380	0.0949	0.0387			0.0767
Private Fire Protection	0.1	0.0011	0.0003			0.2129	0.0681	0.0684
Public Fire Protection	0.4	0.0043	0.0012			0.7871	0.2519	0.2531
Total	92.4	1.0000	0.2720	1.0000	0.4080	1.0000	0.3200	1.0000

The weighting of the factors is based on the ratio of the capacity required for a 2 hour demand of fire flow, as related to total storage capacity. The calculation is shown on the following page.

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES, cont.

The weighting of the factors is based on the ratio of the capacity required for a 2 hour demand of fire flow, as related to total storage capacity.

Fire Protection Weight = $\frac{\text{2,000 GPM X 60 Min. X 2 Hrs.}}{\text{750,000 Gallons}}$ = 0.3200

General Service Weight = 1.0000 - 0.3200 = 0.6800

The weighting of the average hourly consumption and maximum hour extra demand for general service is based on the maximum hour ratio, as follows:

	Maximum Hour Ratio	Percent	Weight
Average Hour	1.00	40.00	0.2720
Extra Capacity Maximum Hour	1.50	60.00	0.4080
Total	2.50	100.00	0.6800

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH POWER AND PUMPING FACILITIES.

Factors are based on the weighting of the maximum daily consumption, Factor 2, the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

	Maximum Daily Consumption		Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 2	Weighted Factor	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.9920	(4)	(5)=(4)X 0.0000	(6)	(7)=(6)X 0.0080	(8)=(3)+ (5)+(7)
Residential	0.4944	0.4904	0.4673	0.0000	0.3485	0.0029	0.4933
Commercial	0.1915	0.1900	0.1811	0.0000	0.1294	0.0010	0.1910
Industrial	0.0342	0.0339	0.0323	0.0000	0.0198	0.0002	0.0341
Other Public Authority	0.1541	0.1529	0.1457	0.0000	0.1044	0.0008	0.1537
Sales for Resale	0.1224	0.1214	0.1158	0.0000	0.0767	0.0006	0.1220
Private Fire Protection	0.0008	0.0008	0.0124	0.0000	0.0684	0.0005	0.0013
Public Fire Protection	0.0026	0.0026	0.0454	0.0000	0.2528	0.0020	0.0046
Total	1.0000	0.9920	1.0000	0.0000	1.0000	0.0080	1.0000

The weighting of the factors is based on the horsepower of pumps associated with maximum day facilities, maximum day and fire facilities, and maximum hour facilities, as follows:

	Horsepower of Pumps	Weight
Associated with Maximum Day	1,240	0.9920
Associated with Maximum Day and Fire	0	0.0000
Associated with Maximum Hour	10	0.0080
Total	1,250	1.0000

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 7. ALLOCATION OF COSTS ASSOCIATED WITH TRANSMISSION AND DISTRIBUTION MAINS.

Factors are based on the weighting of the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

	Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.2162	(4)	(5)=(4)X 0.7838	(6)=(3)+(5)
Residential	0.4673	0.1010	0.3485	0.2733	0.3743
Commercial	0.1811	0.0392	0.1294	0.1014	0.1406
Industrial	0.0323	0.0070	0.0198	0.0155	0.0225
Other Public Authority	0.1457	0.0315	0.1044	0.0818	0.1133
Sales for Resale	0.1158	0.0250	0.0767	0.0601	0.0851
Private Fire Protection	0.0124	0.0027	0.0684	0.0536	0.0563
Public Fire Protection	0.0454	0.0098	0.2528	0.1981	0.2079
Total	1.0000	0.2162	1.0000	0.7838	1.0000

The weighting of the factors is based on the total footage of mains, designated as either transmission mains or distribution mains, as follows:

	Total Footage of Mains	Weight
Transmission Mains	121,373	0.2162
Distribution Mains	440,103	0.7838
Total	561,476	1.0000

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 8. ALLOCATION OF COSTS ASSOCIATED WITH FIRE HYDRANTS.

Costs are assigned directly to Public Fire Protection.

Customer Classification	Allocation Factor
(1)	(3)
Public Fire Protection	1.0000
Total	1.0000

FACTOR 9. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

Factors are based on the relative cost of meters by size and customer classification, as developed on the following page and summarized below.

Customer Classification	5/8" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	6,173	0.7473
Commercial	1,052	0.1273
Industrial	115	0.0139
Other Public Authority	883	0.1069
Sales for Resale	38	0.0046
Private Fire	0	0.0000
Total	8,261	1.0000

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS

Meter Size	5/8" Dollar Equivalent	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Total	
		Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)
5/8	1.0	6,121	6,121	412	412	0	0	87	87	0	0	6,620	6,620
3/4	1.3	3	4	7	9	0	0	1	1	0	0	11	14
1	1.7	23	39	79	134	4	7	6	10	0	0	112	190
1-1/2	3.5	0	0	28	98	1	4	5	18	0	0	34	120
2	4.3	2	9	84	361	6	26	37	159	2	9	131	564
3	19.0	0	0	2	38	1	19	6	114	0	0	9	171
4	29.3	0	0	0	0	2	59	13	381	1	29	16	469
6	48.4	0	0	0	0	0	0	0	0	0	0	0	0
8	112.9	0	0	0	0	0	0	1	113	0	0	1	113
Total		6,149	6,173	612	1,052	14	115	156	883	3	38	6,934	8,261

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 10. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

Factors are based on the relative cost of services by size and customer classification, as developed on the following page and summarized below.

Customer Classification	3/4" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	6,155	0.8182
Commercial	731	0.0972
Industrial	28	0.0037
Other Public Authority	238	0.0316
Sales for Resale	7	0.0009
Private Fire Protection	364	0.0484
Total	7,523	1.0000

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

BASIS FOR ALLOCATING SERVICE COSTS TO CUSTOMER CLASSIFICATIONS

Service Size	3/4" Dollar Equivalent	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Private Fire Protection		Total	
		Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)=(2)X(11)	(15)	(16)
3/4	1.00	6,124	6,124	419	419	0	0	88	88	0	0	0	0	6,631	6,631
1	1.17	23	27	79	92	4	5	6	7	0	0	0	0	112	131
1-1/2	1.58	0	0	28	44	1	2	5	8	0	0	0	0	34	54
2	2.04	2	4	84	171	6	12	37	75	2	4	2	4	133	270
3	2.73	0	0	2	5	1	3	6	16	0	0	1	3	10	27
4	2.88	0	0	0	0	2	6	13	37	1	3	18	52	34	98
6	4.24	0	0	0	0	0	0	0	0	0	0	35	148	35	148
8	6.98	0	0	0	0	0	0	1	7	0	0	21	147	22	154
10	9.50	0	0	0	0	0	0	0	0	0	0	1	10	1	10
12	12.16	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total		6,149	6,155	612	731	14	28	156	238	3	7	78	364	7,012	7,523

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 11. ALLOCATION OF TRANSMISSION AND DISTRIBUTION OPERATION SUPERVISION AND ENGINEERING AND MISCELLANEOUS EXPENSES.

Factors are based on transmission and distribution operation expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Operating Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$ 76,917	0.4461
Commercial	23,622	0.1370
Industrial	3,538	0.0205
Other Public Authority	18,836	0.1092
Sales for Resale	12,081	0.0701
Private Fire Protection	8,231	0.0477
Public Fire Protection	29,215	0.1694
Total	172,441	1.0000

FACTOR 12. ALLOCATION OF TRANSMISSION AND DISTRIBUTION MAINTENANCE SUPERVISION AND ENGINEERING, STRUCTURES AND IMPROVEMENTS, AND OTHER EXPENSES.

Factors are based on transmission and distribution maintenance expenses other than those being allocated as follows:

Customer Classification	Transmission & Distribution Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$ 10,795	0.3584
Commercial	2,050	0.0681
Industrial	223	0.0074
Other Public Authority	1,342	0.0445
Sales for Resale	582	0.0193
Private Fire Protection	707	0.0235
Public Fire Protection	14,422	0.4788
Total	$30,120	1.0000

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 13. ALLOCATION OF BILLING AND COLLECTING COSTS.

Factors are based on the total number of customers.

Customer Classification	Total Customers	Allocation Factor
(1)	(2)	(3)
Residential	6,149	0.8767
Commercial	612	0.0872
Industrial	14	0.0020
Other Public Authority	156	0.0222
Sales for Resale	3	0.0004
Private Fire Protection	81	0.0115
Public Fire Protection	0	0.0000
Total	7,015	1.0000

FACTOR 14. ALLOCATION OF METER READING COSTS.

Factors are based on the number of metered customers.

Customer Classification	Total Metered Customers	Allocation Factor
(1)	(2)	(3)
Residential	6,149	0.8868
Commercial	612	0.0883
Industrial	14	0.0020
Other Public Authority	156	0.0225
Sales for Resale	3	0.0004
Total	6,934	1.0000

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 15. ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES

Factors are based on the allocation of all other operation and maintenance expenses excluding purchased water, power, chemicals and waste disposal.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$385,754	0.5042
Commercial	100,630	0.1315
Industrial	14,364	0.0188
Other Public Authority	73,627	0.0962
Sales for Resale	49,789	0.0651
Private Fire Protection	24,061	0.0314
Public Fire Protection	116,937	0.1528
Total	$765,162	1.0000

FACTOR 15A. ALLOCATION OF CASH WORKING CAPITAL

Factors are based on the allocation of operation and maintenance expenses including purchased water, power, chemicals and waste disposal.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$887,481	0.5277
Commercial	217,382	0.1293
Industrial	30,199	0.0180
Other Public Authority	154,983	0.0922
Sales for Resale	103,440	0.0615
Private Fire Protection	50,327	0.0299
Public Fire Protection	237,739	0.1414
Total	$1,681,552	1.0000

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 16. ALLOCATION OF LABOR RELATED TAXES AND BENEFITS.

Factors are based on the allocation of direct labor expense.

Customer Classification	Direct Labor Expense	Allocation Factor
(1)	(2)	(3)
Residential	$169,802	0.5130
Commercial	41,071	0.1241
Industrial	5,525	0.0167
Other Public Authority	29,690	0.0897
Sales for Resale	18,468	0.0558
Private Fire Protection	11,563	0.0349
Public Fire Protection	54,871	0.1658
Total	$330,989	1.0000

FACTOR 17. ALLOCATION OF ORGANIZATION, FRANCHISES AND CONSENTS, MISCELLANEOUS INTANGIBLE PLANT AND OTHER RATE BASE ELEMENTS.

Factors are based on the allocation of the original cost less depreciation other than those items being allocated, as follows:

Customer Classification	Original Cost Less Depreciation	Allocation Factor
(1)	(2)	(3)
Residential	$7,549,243	0.4853
Commercial	2,335,472	0.1502
Industrial	371,455	0.0239
Other Public Authority	1,816,079	0.1168
Sales for Resale	1,268,048	0.0815
Private Fire Protection	359,459	0.0231
Public Fire Protection	1,853,878	0.1192
Total	$15,553,634	1.0000

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 18. ALLOCATION OF INCOME TAXES AND INCOME AVAILABLE FOR RETURN.

Factors are based on the allocation of the original cost measure of value rate base as shown on the following pages and summarized below.

Customer Classification	Original Cost Measure of Value	Allocation Factor
(1)	(2)	(3)
Residential	$6,723,758	0.4855
Commercial	2,076,830	0.1500
Industrial	330,028	0.0238
Other Public Authority	1,614,270	0.1166
Sales for Resale	1,126,753	0.0814
Private Fire Protection	321,053	0.0232
Public Fire Protection	1,654,443	0.1195
Total	$13,847,136	1.0000

FACTOR 19. ALLOCATION OF REGULATORY COMMISSION EXPENSES, ASSESSMENTS AND OTHER WATER REVENUES.

The factors are based on the allocation of the total cost of service, excluding those items being allocated.

Customer Classification	Total Cost of Service	Allocation Factor
(1)	(2)	(3)
Residential	$2,118,265	0.5058
Commercial	592,820	0.1416
Industrial	89,484	0.0214
Other Public Authority	445,461	0.1064
Sales for Resale	305,872	0.0731
Private Fire Protection	107,891	0.0258
Public Fire Protection	527,285	0.1259
Total	$4,187,077	1.0000

MISSOURI-AMERICAN WATER COMPANY

WARRENSBURG DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
RATE BASE									
Organization	17	$ 2,961	$ 1,437	$ 445	$ 71	$ 346	$ 241	$ 68	$ 353
Franchises	17	5,083	2,467	763	121	594	414	117	606
Land & Ld Rights SS	2	9,981	4,935	1,911	341	1,538	1,222	8	26
Land & Ld Rights P	6	0	0	0	0	0	0	0	0
Land & Ld Rights WT	2	511	253	98	17	79	63	0	1
Land & Ld Rights TD	7	147,169	55,085	20,692	3,311	16,674	12,524	8,286	30,596
Land & Land Rights AG	15	2,222	1,120	292	42	214	145	70	340
Struct & Imp SS	2	116,398	57,547	22,290	3,981	17,937	14,247	93	303
Struct & Imp P	6	200,372	98,844	38,271	6,833	30,797	24,445	260	922
Struct & Imp Pump Boosters	6	0	0	0	0	0	0	0	0
Struct & Imp WT	2	766,107	378,763	146,709	26,201	118,057	93,771	613	1,992
Struct & Imp TD	7	314,668	117,780	44,242	7,080	35,652	26,778	17,716	65,420
Struct & Imp TD Spec Cross	7	0	0	0	0	0	0	0	0
Struct & Imp AG	15	1,456	734	191	27	140	95	46	222
Struct & Imp Offices	15	119,539	60,271	15,719	2,247	11,500	7,782	3,754	18,266
Gen Structures HVAC	15	0	0	0	0	0	0	0	0
Struct & Imp Leasehold	15	7	4	1	0	1	0	0	1
Struct & Imp Leasehold	15	0	0	0	0	0	0	0	0
Struct & Imp Store,Shop,Gar	15	52,294	26,367	6,877	983	5,031	3,404	1,642	7,991
Struct & Imp Misc	15	14,455	7,288	1,901	272	1,391	941	454	2,209
Collect & Impounding	1	0	0	0	0	0	0	0	0
Lake, River & Other Intakes	2	0	0	0	0	0	0	0	0
Wells & Springs	2	682,411	337,384	130,682	23,338	105,160	83,527	546	1,774
Supply Mains	2	124,369	61,488	23,817	4,253	19,165	15,223	99	323
Power Generation Equip	6	4,386	2,164	838	150	674	535	6	20
Power Generation Equip Othe	6	0	0	0	0	0	0	0	0
Boiler Plant Equipment P	6	0	0	0	0	0	0	0	0
Pump Equip Steam	6	0	0	0	0	0	0	0	0
Pump Equip Electric	6	800,138	394,708	152,826	27,285	122,981	97,617	1,040	3,681
Pump Equip Elec Boosters Po	6	0	0	0	0	0	0	0	0
Pump Equip Diesel	6	0	0	0	0	0	0	0	0
Pump Equip Hydraulic	6	81,468	40,188	15,560	2,778	12,522	9,939	106	375
Pump Equip Other	6	6,318	3,117	1,207	215	971	771	8	29
Pump Equip WT	6	0	0	0	0	0	0	0	0
Pump Equip TD	6	0	0	0	0	0	0	0	0
WT Equip Non-Media	2	2,489,225	1,230,673	476,687	85,131	383,590	304,681	1,991	6,472
WT Equip Filter Media	2	(2,411)	(1,192)	(462)	(82)	(372)	(295)	(2)	(6)
Dist Reservoirs & Standpipe	5	455,212	158,505	58,904	9,013	47,524	34,915	31,136	115,214
Elevated Tanks & Standpipes	5	52,039	18,120	6,734	1,030	5,433	3,991	3,559	13,171
Ground Level Facilities	5	0	0	0	0	0	0	0	0
TD Mains Not Classified by	7	1,272,219	476,192	178,874	28,625	144,142	108,266	71,626	264,494
TD Mains 4" & Less	4	57,558	20,059	7,448	1,140	6,009	4,415	3,937	14,551
TD Mains 6 to 8"	4	1,547,196	539,198	200,207	30,634	161,527	118,670	105,828	391,131
TD Mains 10 to 16"	3	2,303,906	1,076,615	417,237	74,416	335,679	266,792	28,568	104,597
TD Mains 18" & Grtr	3	726	339	132	23	106	84	9	33
Fire Mains	8	98,553	0	0	0	0	0	0	98,553
Services	10	1,403,324	1,148,200	136,403	5,192	44,345	1,263	67,921	0
Meters Bronze Case	9	531,290	397,033	67,633	7,385	56,795	2,444	0	0
Meters Plastic Case	9	0	0	0	0	0	0	0	0
Meters Other	9	(36,967)	(27,625)	(4,706)	(514)	(3,952)	(170)	0	0

MISSOURI-AMERICAN WATER COMPANY

WARRENSBURG DISTRICT

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Meters Other-Rem Rdr Unts	9	0	0	0	0	0	0	0	0
Meter Installations	9	908,135	678,649	115,606	12,623	97,080	4,177	0	0
Meter Installation Other	9	0	0	0	0	0	0	0	0
Meter Vaults	9	6,372	4,762	811	89	681	29	0	0
Hydrants	8	661,900	0	0	0	0	0	0	661,900
Other P/E Intangible	17	14,319	6,949	2,151	342	1,672	1,167	331	1,707
Other P/E WT Res Hand Equip	2	0	0	0	0	0	0	0	0
Other P/E TD	7	0	0	0	0	0	0	0	0
Other P/E CPS	15	22,506	11,348	2,960	423	2,165	1,465	707	3,439
Office Furniture & Equip	15	37,964	19,141	4,992	714	3,652	2,471	1,192	5,801
Comp & Periph Equip	15	62,324	31,424	8,196	1,172	5,996	4,057	1,957	9,523
Computer Software	15	12,326	6,215	1,621	232	1,186	802	387	1,883
Comp Software Personal	15	638	322	84	12	61	42	20	97
Comp Software Other	15	0	0	0	0	0	0	0	0
Data Handling Equipment	15	0	0	0	0	0	0	0	0
Other Office Equipment	15	68	34	9	1	7	4	2	10
Trans Equip Lt Duty Trks	15	53,914	27,183	7,090	1,014	5,187	3,510	1,693	8,238
Trans Equip Hvy Duty Trks	15	0	0	0	0	0	0	0	0
Trans Equip Autos	15	25,406	12,810	3,341	478	2,444	1,654	798	3,882
Trans Equip Other	15	(34,338)	(17,313)	(4,515)	(646)	(3,303)	(2,235)	(1,078)	(5,247)
Stores Equipment	15	(19)	(10)	(2)	(0)	(2)	(1)	(1)	(3)
Tools,Shop,Garage Equip	15	15,125	7,626	1,989	284	1,455	985	475	2,311
Tools,Shop,Garage Equip Oth	15	0	0	0	0	0	0	0	0
Laboratory Equipment	2	39,251	19,406	7,517	1,342	6,049	4,804	31	102
Laboratory Equip Other	2	0	0	0	0	0	0	0	0
Power Operated Equipment	15	35,022	17,658	4,605	658	3,369	2,280	1,100	5,351
Comm Equip Non-Telephone	15	8,112	4,090	1,067	153	780	528	255	1,240
Remote Control & Instr	15	39,680	20,007	5,218	746	3,817	2,583	1,246	6,063
Comm Equip Telephone	15	(2,972)	(1,498)	(391)	(56)	(286)	(193)	(93)	(454)
Misc Equipment	15	46,083	23,235	6,060	866	4,433	3,000	1,447	7,042
Other Tangible Property	17	4,150	2,014	623	99	485	338	96	495
Total Utility Plant in Service		15,580,147	7,562,109	2,339,454	372,089	1,819,176	1,270,209	360,071	1,857,039
Other Rate Base Items									
Add:									
Other Utility Plant Adjustments	17	0	0	0	0	0	0	0	0
Cash Working Capital	15A	12,000	6,332	1,552	216	1,106	738	359	1,697
Materials and Supplies	15	13,306	6,709	1,750	250	1,280	866	418	2,033
Prepayments	15	20,737	10,456	2,727	390	1,995	1,350	651	3,169
OPEB's Contributed to External Fund	16	113,178	58,060	14,045	1,890	10,152	6,315	3,950	18,765
Pension / OPEB Tracker	16	24,553	12,596	3,047	410	2,202	1,370	857	4,071
Regulatory Deferrals	17	21,452	10,411	3,222	513	2,506	1,748	496	2,557
Less:									
Accumulated Deferred ITC (3%)	17	0	0	0	0	0	0	0	0
Deferred Income Taxes	17	(1,855,630)	(900,537)	(278,716)	(44,350)	(216,738)	(151,234)	(42,865)	(221,191)
Pensions	16	(82,607)	(42,377)	(10,252)	(1,380)	(7,410)	(4,609)	(2,883)	(13,696)
Total Other Rate Base Elements		(1,733,011)	(838,351)	(262,624)	(42,060)	(204,906)	(143,455)	(39,018)	(202,596)
Total Original Cost Measure of Value		$ 13,847,136	$ 6,723,758	$ 2,076,830	$ 330,028	$ 1,614,270	$ 1,126,753	$ 321,053	$ 1,654,443

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 20. REALLOCATION OF PUBLIC FIRE

Factors are based on the relative cost of meters by size and customer classification.

Customer Classification	5/8" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	6,173	0.7507
Commercial	1,052	0.1279
Industrial	115	0.0140
Other Public Authority	883	0.1074
Sales for Resale	0	0.0000
Private Fire	0	0.0000
Total	8,223	1.0000

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

SUMMARY OF AVERAGE DAILY SEND OUT AND MAXIMUM DAILY USAGE
FOR THE YEARS 1990-2008

Year	Average Daily Send out (MGD)	Maximum Daily Use		
		MGD	Ratio to Average	Highest Use Day
(1)	(2)	(3)	(4)	(5)
1990	2.048	3.225	1.57	8/28/1990
1991	2.120	3.397	1.60	8/27/1991
1992	2.225	3.348	1.50	7/1/1992
1993	2.408	3.933	1.63	8/26/1993
1994	2.287	3.636	1.59	6/20/1994
1995	2.318	3.631	1.57	8/30/1995
1996	2.287	3.421	1.50	7/18/1996
1997	2.241	3.863	1.72	7/24/1997
1998	2.393	3.792	1.58	7/21/1998
1999	2.427	3.893	1.60	7/29/1999
2000	2.472	4.075	1.65	8/29/2000
2001	2.403	3.647	1.52	8/21/2001
2002	2.548	3.769	1.48	9/8/2002
2003	2.404	4.189	1.74	8/26/2003
2004	2.262	3.162	1.40	6/8/2004
2005	2.488	4.011	1.61	8/2/2005
2006	2.537	4.001	1.58	8/9/2006
2007	2.540	3.833	1.51	8/7/2007
2008	2.451	3.449	1.41	7/23/2008

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

BASIS FOR ALLOCATING DEMAND RELATED COSTS OF FIRE SERVICE TO PRIVATE AND PUBLIC FIRE PROTECTION CUSTOMER CLASSIFICATIONS

Description		Restrictive Diameters Squared	Quantity	Relative Demand	Allocation Factor
(1)		(2)	(3)	(4)=(2)x(3)	(5)
PRIVATE FIRE PROTECTION					
Fire Lines					
2 -inch		4.00	2	8	
3 -inch		9.00	0	0	
4 -inch		16.00	18	288	
6 -inch		36.00	35	1,260	
8 -inch		64.00	21	1,344	
10 -inch		100.00	1	100	
12 -inch		144.00	0	0	
Private Hydrants		26.50	4	106	
Total Private Fire Protection			81	3,106	0.2129
PUBLIC FIRE PROTECTION					
Hydrant	Nozzle Sizes				
5 1/4" Valve	1- 2-1/2" & 1- 4.5"	26.50	92	2,438	
4 1/2" Valve	1- 2-1/2" & 1- 4.5"	20.25	354	7,169	
4 1/2" Valve	1- 2-1/2"	6.25	300	1,875	
Total Public Fire Prorection			746	11,482	0.7871
Total Fire Protection			827	14,588	1.0000

MISSOURI-AMERICAN WATER COMPANY
WARRENSBURG DISTRICT

CALCULATION OF CUSTOMER CHARGE

(1) Cost Related to Meters	$ 851,336		
(2) Meter Equivalents X 12	99,132		
(3) Cost per Bill - Meter related		$	8.59
(4) Cost Related to Services	285,584		
(5) Service Equivalents X 12	90,276		
(6) Cost per Bill - Services related		$	3.16
(7) Cost Related to Billing and Collecting	390,847		
(8) Number of Customers X 12	84,180		
(9) Cost per Bill - Billing and Collecting		$	4.64
(10) Total Customer Charge (3)+(6)+(9)		$	16.39

Exhibit No. PT-11A

NEW JERSEY-AMERICAN WATER COMPANY, INC.

Cherry Hill, New Jersey

COST OF SERVICE ALLOCATION STUDY

FOR THE PRO FORMA POST TEST YEAR PERIOD ENDED

MARCH 31, 2007

AND

PROPOSED CUSTOMER RATES

GANNETT FLEMING, INC. - VALUATION AND RATE DIVISION

Harrisburg, Pennsylvania Calgary, Alberta Valley Forge, Pennsylvania

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PART I. INTRODUCTION

NEW JERSEY-AMERICAN WATER COMPANY, INC.
ELIZABETHTOWN WATER COMPANY
THE MOUNT HOLLY WATER COMPANY

COST OF SERVICE ALLOCATION STUDY
FOR THE PRO FORMA POST TEST YEAR PERIOD ENDED
MARCH 31, 2007
AND
PROPOSED CUSTOMER RATES

PART I. INTRODUCTION

PLAN OF REPORT

The report sets forth the results of the cost of service allocation study based on costs for the pro forma post test year period ended March 31, 2007, for the New Jersey-American Water Company, Inc., Elizabethtown Water Company, and The Mount Holly Water Company. Part I, Introduction, contains statements with respect to the basis of the study, the procedures employed, and a summary of the results of the study. Part II, Cost of Service by Customer Classification, presents detailed schedules of the allocation of costs to customer classifications, as well as the bases for the allocations. Schedule A in Part II summarizes the cost allocation and the revenues produced under present and proposed rates. Part III, Comparisons of Present and Proposed Customer Rates, presents the proposed rates for water service.

BASIS OF STUDY

The purpose of the cost allocation study was to determine the relative cost of service responsibilities of the several customer classifications based on considerations of quantity of water consumed, variability of rate of consumption, and costs associated with customer metering, billing and accounting. The allocation study incorporated generally-accepted principles and procedures for allocating the several categories of

cost to customer classifications in proportion to each classification's use of facilities, commodities and services required in providing water service.

ALLOCATION PROCEDURES

The allocation study was based on the Base-Extra Capacity Method for allocating costs to customer classifications. The method is described in the 2000 and prior editions of the Water Rates Manual, published by the American Water Works Association. The four basic categories of cost responsibility are base, extra capacity, customer, and fire protection costs. The following discussion presents a brief description of these costs and the manner in which they were allocated.

Base Costs are costs that tend to vary with the quantity of water used, plus costs associated with supplying, treating, pumping, and distributing water to customers under average load conditions, without the elements necessary to meet peak demands. Base costs were allocated to customer classifications on the basis of average daily usage.

Extra Capacity Costs are costs associated with meeting usage requirements in excess of the average. They include operating and capital costs for additional plant and system capacity beyond that required for average use. The extra capacity costs in this study include costs necessary to meet maximum day extra demand and costs to meet maximum hour extra demand. The extra capacity costs were allocated to customer classifications on the bases of each classification's maximum day and hour usage in excess of average usage.

Customer Costs are costs associated with serving customers regardless of their usage or demand characteristics. Customer costs include the operating and capital costs related to meters and services, meter reading costs, and billing and collecting

costs. The customer costs were allocated on the bases of the relative capacity of meters and services, and the number of bills.

Fire Protection Costs are costs associated with providing the facilities to meet the potential peak demand of fire protection service. Fire Protection costs are subdivided into costs to meet Public Fire Protection and Private Fire Protection demands. The extra capacity costs assigned to fire protection service were allocated to Public and Private Fire Protection on the basis of the total relative demands of the hydrants and fire service lines.

RESULTS OF STUDY

The results of the cost of service allocation study are set forth in Part II. The data summarized in Schedule A, Comparison of Cost of Service with Revenues Under Present and Proposed Rates for the Pro Forma Post Test Year Period Ended March 31, 2007, constitute the principal results of the cost allocation study and subsequent rate design.

The cost of service by customer classification shown in column 2 of Schedule A is developed in Schedule B, Allocation of Cost of Service to Customer Classifications for the Twelve Months Ended March 31, 2007. The bases for the allocation factors are presented in Schedule C.

Comparisons of present and proposed rates for each of the proposed tariff areas are set forth in Part III in Schedule D. Schedule D is a comparison of present and proposed service charges by meter size and consumption rates, as well as rates for private and public fire protection service.

5 PART II. COST OF SERVICE BY CUSTOMER CLASSIFICATION

6 NEW JERSEY-AMERICAN WATER COMPANY

NEW JERSEY-AMERICAN WATER COMPANY

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES
FOR THE PRO FORMA POST TEST YEAR PERIOD ENDED MARCH 31, 2007

Customer Classification	Cost of Service		Revenues, Present Rates		Revenues, Proposed Rates		Revenue Increase	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent Increase
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
WATER								
General Metered Service	$ 277,090,891	90.4%	$ 231,718,171	89.7%	$ 279,765,481 **	90.6%	$ 48,047,310	20.7%
Commodity-Demand	6,921,400	2.3%	5,855,384	2.3%	6,933,630	2.2%	1,078,246	18.4%
Manasquan	3,912,713	1.3%	2,906,061	1.1%	3,603,587	1.2%	697,526	24.0%
Private Fire Protection	7,739,388	2.5%	7,820,985	3.0%	7,859,324	2.5%	38,339	0.5%
Public Fire Protection	10,788,852	3.5%	10,113,861	3.9%	10,790,401	3.5%	676,540	6.7%
Subtotal	306,453,244	100.0%	258,414,462	100.0%	308,952,423	100.0%	50,537,961	19.6%
Other Revenue	(1,186,710)		(1,186,710)		(1,186,710)		-	0.0%
Total Water	$ 305,266,534		$ 257,227,752		$ 307,765,713 **		$ 50,537,961	19.6%

** Includes $ 2,496,890 of Mount Holly Deficiency.

NEW JERSEY-AMERICAN WATER COMPANY

ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2007

Account Description	Factor Ref.	Cost of Service	GMS	Commodity-Demand	Manasquan	Private Fire Protection	Public Fire Protection
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
OPERATION AND MAINTENANCE EXPENSES							
Source of Supply							
----Operation----							
Labor Oper SS Super/Eng	2	-	-	-	-	-	-
Labor Oper SS	2	272,285	258,535	7,379	5,500	163	708
Puchased Water	1	16,123,522	14,617,585	807,788	601,407	17,736	79,005
Puchased Water - NJWSA	3	5,176,590	4,875,312	269,183	-	5,694	26,401
Diversion Rights	1	255,823	231,929	12,817	9,542	281	1,254
Purch Power SS	1	3,128	2,836	157	117	3	15
Fuel for Power Prod SS	1	46,689	42,328	2,339	1,741	51	229
Rents-Real Prop Oper SS	2	7,235	6,870	196	146	4	19
M & S Oper SS	2	206,916	196,467	5,607	4,180	124	538
Contr Svc-Other Oper SS	2	-	-	-	-	-	-
Trans Oper SS	2	291	276	8	6	-	1
Misc Oper SS	2	92,167	87,513	2,498	1,862	55	240
Telephone SS	2	371,179	352,434	10,059	7,498	223	965
----Maintenance----							
Labor Maint SS	2	163,907	155,630	4,442	3,311	98	426
Labor Maint SS Coll & Imp	1	-	-	-	-	-	-
Labor Maint SS Lake, River	2	-	-	-	-	-	-
Labor Maint SS Wells & Spr	2	-	-	-	-	-	-
Transport Maint SS	2	382	363	10	8	-	1
Contr Svc-Eng Maint SS	2	4,066	3,861	110	82	2	11
Mat and Sup Maint SS	2	909,140	863,228	24,638	18,365	545	2,364
Misc Maint SS	2	3,215	3,053	87	65	2	8
Subtotal Source of Supply		23,636,535	21,698,220	1,147,318	653,830	24,981	112,185

NEW JERSEY-AMERICAN WATER COMPANY

ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2007

Account Description	Factor Ref.	Cost of Service	GMS	Commodity-Demand	Manasquan	Private Fire Protection	Public Fire Protection
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Power and Pumping Expenses							
----Operation----							
Labor Oper P Super/Eng	2	-	-	-	-	-	-
Labor Oper P	2	2,335,577	2,217,630	63,294	47,179	1,401	6,073
Purch Power P	1	2,308,800	2,093,158	115,671	86,118	2,540	11,313
M & S Oper P	2	27,614	26,219	748	558	17	72
Trans Oper P	2	1,631	1,549	44	33	1	4
Misc Oper P	2	653,556	620,551	17,711	13,202	392	1,699
----Maintenance----							
Labor Maint P	2	534,084	507,113	14,474	10,788	320	1,389
Labor Maint P Struct & Imp	2	-	-	-	-	-	-
Mat and Sup Maint P	2	502,593	477,212	13,620	10,152	302	1,307
Misc Maint P	2	2,731	2,593	74	55	2	7
Subtotal Power and Pumping		6,366,586	5,946,025	225,636	168,085	4,975	21,864
Water Treatment Expenses							
----Operation----							
Labor Oper WT	2	3,032,534	2,879,391	82,182	61,257	1,820	7,885
Purch Power WT	1	6,253,974	5,669,853	313,324	233,273	6,879	30,644
Chemicals WT	1	3,785,419	3,431,861	189,649	141,196	4,164	18,549
Waste Disposal Exp WT	1	942,488	854,460	47,219	35,155	1,037	4,618
Contr Svc-Mgmt Oper WT	2	131,706	125,055	3,569	2,660	79	342
Rents-Real Prop Oper WT	2	-	-	-	-	-	-
Rents-Equipment Oper WT	2	8,775	8,332	238	177	5	23
M & S Oper WT	2	258,388	245,339	7,002	5,219	155	672
Contr Svc-Legal Oper WT	2	-	-	-	-	-	-
Trans Oper WT	2	625	593	17	13	-	2
Misc Oper WT	2	1,387,297	1,317,239	37,596	28,023	832	3,607
Office & Admin Supplies WT	2	17,173	16,306	465	347	10	45

NEW JERSEY-AMERICAN WATER COMPANY

ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2007

Account Description	Factor Ref.	Cost of Service	GMS	Commodity-Demand	Manasquan	Private Fire Protection	Public Fire Protection
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
----Maintenance----							
Labor Maint WT Equip.	2	819	778	22	17	-	2
Labor Maint WT	2	652,542	619,589	17,684	13,181	392	1,697
Labor Maint WT Struct & Imp	2	3,600	3,418	98	73	2	9
Other Welf Maint WT	2	-	-	-	-	-	-
Transport Maint WT	2	2,199	2,088	60	44	1	6
Contr Svc-Eng Maint WT	2	1,027,760	975,858	27,852	20,761	617	2,672
Mat and Sup Maint WT	2	1,118,059	1,061,597	30,299	22,585	671	2,907
Misc Maint WT	2	2,233	2,120	61	45	1	6
Subtotal Water Treatment		18,625,591	17,213,877	757,337	564,026	16,665	73,686
Transmission & Distribution Expenses							
----Operation----							
Labor Oper TD Super/Eng	14	-	-	-	-	-	-
Labor Oper TD							
Storage Facilities	6	136,291	117,183	3,366	-	2,862	12,879
Mains	8	1,515,639	1,376,655	39,558	7,275	16,824	75,327
Meters	10	1,077,544	1,062,351	1,616	2,047	11,530	-
Services	11	292,869	213,589	234	293	78,752	-
Labor Oper TD Lines	8	9,312	8,458	243	45	103	463
Purch Power TD	14	23,224	21,262	353	72	817	720
Rents-Real Prop Oper TD	14	(373,438)	(341,882)	(5,676)	(1,158)	(13,145)	(11,577)
Rents-Equipment Oper TD	14	54,481	49,877	828	169	1,918	1,689
Other Welf Oper TD	14	99	91	2	-	3	3
M & S Oper TD	14	265,838	243,375	4,041	824	9,357	8,241
Contract Svc-Eng Oper TD	14	10,611	9,714	161	33	374	329
Contr Svc-Legal Oper TD	14	-	-	-	-	-	-
Contr Svc-Other Oper TD	14	60,860	55,717	925	189	2,142	1,887
Trans Oper TD	14	53,589	49,061	815	166	1,886	1,661
Misc Oper TD	14	311,906	285,550	4,741	967	10,979	9,669
Misc Oper TD Storage	6	72,508	62,342	1,791	-	1,523	6,852
Misc Oper TD Mains	8	67,383	61,204	1,759	323	748	3,349

NEW JERSEY-AMERICAN WATER COMPANY

ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2007

Account Description	Factor Ref.	Cost of Service	GMS	Commodity-Demand	Manasquan	Private Fire Protection	Public Fire Protection
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Misc Oper TD Meters	10	16,553	16,320	25	31	177	-
Misc Oper TD Mtr Inst	10	6,355	6,265	10	12	68	-
Office & Admin Supplies TD	14	7,526	6,890	114	23	265	233
Telephone TD	14	63,144	57,808	960	196	2,223	1,957
----Maintenance----							
Labor Maint TD							
Storage Facilities	6	359,517	309,113	8,880	-	7,550	33,974
Mains	8	1,734,585	1,575,524	45,273	8,326	19,254	86,209
Meters	10	437,875	431,701	657	832	4,685	-
Services	11	904,615	659,736	724	905	243,251	-
Hydrants	9	476,073	-	-	-	-	476,073
Labor Maint TD Mains	8	861,000	782,046	22,472	4,133	9,557	42,792
Transport Maint TD	15	16,393	12,821	267	49	951	2,305
Contr Svc-Other Maint TD	15	287,444	224,810	4,685	862	16,672	40,415
Mat and Sup Maint TD	15	2,292,127	1,792,673	37,362	6,876	132,943	322,273
Misc Maint TD	15	84,899	66,400	1,384	255	4,924	11,937
Misc Maint TD Struct & Imp	6	23,404	20,123	578	-	491	2,212
Misc Maint TD Dist Res	6	-	-	-	-	-	-
Misc Maint TD Mains	8	311,340	282,790	8,126	1,494	3,456	15,474
Misc Maint TD Services	11	72,374	52,782	58	72	19,461	-
Misc Maint TD Meters	10	41,460	40,875	62	79	444	-
Misc Maint TD Hydrants	9	90,269	-	-	-	-	90,269
Subtotal Transmission & Distribution		11,665,669	9,613,224	186,394	35,390	593,045	1,237,615

NEW JERSEY-AMERICAN WATER COMPANY

ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2007

Account Description	Factor Ref.	Cost of Service	GMS	Commodity-Demand	Manasquan	Private Fire Protection	Public Fire Protection
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Customer Accounting Expenses							
Labor Oper CA	12	4,442,874	4,380,229	444	444	59,979	1,777
Labor Oper CA Off/Dir	12	-	-	-	-	-	-
Labor Oper CA Mtr Read	13	176,897	174,474	18	18	2,388	-
Contr Svc- Oper CA	12	80,747	79,608	8	8	1,090	32
M & S Oper CA	12	2,040,767	2,011,992	204	204	27,550	816
Uncollectible Accounts	12	1,444,536	1,424,168	144	144	19,501	578
Misc Oper CA	12	131,425	129,572	13	13	1,774	53
Misc Oper CA Mtr Read	13	57,247	56,463	6	6	773	-
Subtotal Customer Accounting		8,374,493	8,256,506	837	837	113,055	3,256
Administrative and General Expenses							
Labor Oper AG	16	1,235,109	1,130,248	20,503	11,487	26,184	46,687
Purch Power AG	16	4	4	-	-	-	-
Contr Svc-Mgmt Oper AG	16	8,627	7,895	143	80	183	326
Mgmt Fees-Labor	16	2,373,748	2,172,217	39,404	22,076	50,323	89,728
Mgmt Fees-Administrative	16	15,531,700	14,213,059	257,826	144,445	329,272	587,098
Mgmt Fees-Employee Related	17	404,087	368,972	6,546	3,475	9,536	15,557
Employee Pension and Benefits	17	10,435,415	9,528,577	169,054	89,745	246,276	401,763
Reg Commission Expense	16	847,762	775,787	14,073	7,884	17,973	32,045
Ins Gen Liab Oper AG	16	2,257,587	2,065,918	37,476	20,996	47,861	85,337
Ins Work Comp AG	17	670,859	612,561	10,868	5,769	15,832	25,828
Rents	16	65,897	60,302	1,094	613	1,397	2,491
M & S Oper AG	16	1,402,293	1,283,238	23,278	13,041	29,729	53,007
Dues/Membership	16	188,208	172,229	3,124	1,750	3,990	7,114
Employee Expenses AG	17	259,357	236,819	4,202	2,230	6,121	9,985
Office & Admin Supplies & Expenses	16	45,232	41,392	751	421	959	1,710
Contract Services	16	884,817	809,696	14,688	8,229	18,758	33,446
Contr Svc-Temp Empl Oper AG	17	48,302	44,105	782	415	1,140	1,860
Trans Oper AG	16	2,131,142	1,950,208	35,377	19,820	45,180	80,557
Ins Vehicle Oper AG	16	297,745	272,466	4,943	2,769	6,312	11,255
Misc Oper AG	16	2,504,153	2,291,550	41,569	23,289	53,088	94,657

NEW JERSEY-AMERICAN WATER COMPANY

ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2007

Account Description	Factor Ref.	Cost of Service	GMS	Commodity-Demand	Manasquan	Private Fire Protection	Public Fire Protection
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Charitable Contrib	16	100,956	92,385	1,676	939	2,140	3,816
Injuries and Damages	17	18,909	17,266	306	163	446	728
Labor Maint AG	16	129,933	118,902	2,157	1,208	2,755	4,911
Mat and Sup Maint AG	16	4,298,852	3,933,879	71,361	39,979	91,136	162,497
Misc Maint AG	16	147,772	135,226	2,453	1,374	3,133	5,586
Subtotal Administrative and General		46,288,466	42,334,901	763,654	422,197	1,009,724	1,757,989
Total Operation & Maintenance Expenses		114,957,340	105,062,753	3,081,176	1,844,365	1,762,445	3,206,595
Pro Forma Adjustments							
Salaries and Wages	17	5,407,158	4,937,276	87,596	46,502	127,609	208,176
Group Insurance	17	1,618,624	1,477,966	26,222	13,920	38,200	62,317
Pension Expense	17	(608,969)	(556,050)	(9,865)	(5,237)	(14,372)	(23,445)
Post-Retirement Other than Pensions	17	(442,059)	(403,644)	(7,161)	(3,802)	(10,433)	(17,019)
401(k)	17	259,816	237,238	4,209	2,234	6,132	10,003
Defined Contribution Plan	17	226,415	206,740	3,668	1,947	5,343	8,717
Electric Power	1	3,858,001	3,497,664	193,286	143,903	4,244	18,904
Painting of Storage Facilities	6	785,098	675,027	19,392	-	16,487	74,192
Regulatory Expense	16	(607,745)	(556,147)	(10,089)	(5,652)	(12,884)	(22,973)
Water Diversion	1	205,515	186,320	10,296	7,666	226	1,007
Waste Disposal - Water Operation	1	42,558	38,583	2,132	1,587	47	209
Chemicals	1	1,468,812	1,331,625	73,587	54,787	1,616	7,197
Purchased Water	1	(6,812,008)	(6,175,766)	(341,282)	(254,088)	(7,493)	(33,379)
Purchased Water - NJWSA	3	(161,707)	(152,296)	(8,409)	-	(178)	(825)
Insurance Other Than Group	16	1,115,279	1,020,592	18,514	10,372	23,644	42,158
Service Company Expenses	16	(282,070)	(258,122)	(4,682)	(2,623)	(5,980)	(10,662)
Amortization of Bus. Serv. Exp.	16	(1,136)	(1,040)	(19)	(11)	(24)	(43)
Amortization of Def. Security Costs	16	(18,512)	(16,940)	(307)	(172)	(392)	(700)
Rental Expense	16	(522,025)	(477,705)	(8,666)	(4,855)	(11,067)	(19,733)
Lease of Granular Activated Carbon	2	(1,205)	(1,144)	(33)	(24)	(1)	(3)
Leased Vehicle Expense	16	1,174,625	1,074,899	19,499	10,924	24,902	44,401

NEW JERSEY-AMERICAN WATER COMPANY

ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2007

Account Description	Factor Ref.	Cost of Service	GMS	Commodity-Demand	Manasquan	Private Fire Protection	Public Fire Protection
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Audit Fees	16	999,439	914,587	16,591	9,295	21,188	37,779
Postage	16	98,863	90,470	1,641	919	2,096	3,737
Charitable Contr. & Lobbying Exps.	16	(330,504)	(302,444)	(5,486)	(3,074)	(7,007)	(12,493)
Uncollectible Expense	12	278,952	275,019	28	28	3,766	112
Other O&M	16	(4,617,038)	(4,225,051)	(76,643)	(42,938)	(97,881)	(174,524)
Total Pro Forma Expense Adjustments		3,134,177	2,837,657	4,019	(18,392)	107,788	203,110
Total Pro Forma O & M Expenses		118,091,517	107,900,410	3,085,195	1,825,973	1,870,233	3,409,705
DEPRECIATION EXPENSE							
Structures & Improvements - SS	2	361,898	343,622	9,807	7,310	217	941
Collecting & Impounding Reservoirs	1	241,292	218,756	12,089	9,000	265	1,182
Lakes, rivers & other intakes	1	24,055	21,809	1,205	897	26	118
Wells & springs	1	1,078,688	977,939	54,042	40,235	1,187	5,286
Infiltration galleries and tunnels	1	400	363	20	15	-	2
Supply mains	1	152,469	138,228	7,639	5,687	168	747
Other water source plant	2	15,513	14,730	420	313	9	40
Structures & Improvements - Pumping	2	712,253	676,284	19,302	14,388	427	1,852
Other power production equipment	2	125,665	119,319	3,406	2,538	75	327
Boiler Plant Equipment	2	8,697	8,258	236	176	5	23
Electric pumping equipment	2	1,792,242	1,701,734	48,570	36,203	1,075	4,660
Diesel pumping equipment	2	38,492	36,548	1,043	778	23	100
Hydraulic pumping equipment	2	2,143	2,035	58	43	1	6
Other pumping equipment	2	99,731	94,695	2,703	2,015	60	259
Structures & improvements - WT	2	960,268	911,774	26,023	19,397	576	2,497
Water treatment equipment	2	3,049,898	2,895,878	82,652	61,608	1,830	7,930
Water treatment - GAC	2	1,818,645	1,726,803	49,285	36,737	1,091	4,728
WH Structures & improvements	2	162,362	154,163	4,400	3,280	97	422
WH equipment	2	112,398	106,722	3,046	2,270	67	292
T & D structures & improvements	14	22,537	20,633	343	70	793	699
Distribution reservoirs & standpipes	6	1,134,083	975,085	28,012	-	23,816	107,171

NEW JERSEY-AMERICAN WATER COMPANY

ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2007

Account Description	Factor Ref.	Cost of Service	GMS	Commodity-Demand	Manasquan	Private Fire Protection	Public Fire Protection
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Transmission & distrbtn mains -4" & les	5	165,595	150,294	4,322	-	2,004	8,975
Transmission & distrbtn mains -6"-8"	5	2,334,117	2,118,445	60,920	-	28,243	126,509
Transmission & distrbtn mains -10"-16"	4	2,040,927	1,857,652	53,064	39,390	16,532	74,290
Transmission & distrbtn mains -18" & m	4	1,055,478	960,696	27,442	20,371	8,549	38,419
Services	11	3,195,522	2,330,494	2,556	3,196	859,276	-
Meters	10	916,834	903,907	1,375	1,742	9,810	-
Meter installations	10	1,523,833	1,502,347	2,286	2,895	16,305	-
Hydrants	9	725,816	-	-	-	-	725,816
Office structures & improvements	16	581,146	531,807	9,647	5,405	12,320	21,967
Stores, shops & garage structures	16	246,261	225,353	4,088	2,290	5,221	9,309
Miscellaneous structures	16	292,092	267,294	4,849	2,716	6,192	11,041
Office Furniture & Equipment	16	437,555	400,407	7,263	4,069	9,276	16,540
Computers and Peripheral Equipment	16	1,923,898	1,760,559	31,937	17,892	40,787	72,723
Computer Software	16	1,708,580	1,563,522	28,362	15,890	36,222	64,584
Data handling equipment	16	42,396	38,797	704	394	899	1,603
Other Office Equipment	16	166,028	151,932	2,756	1,544	3,520	6,276
Transportation equipment - light trucks	16	119,290	109,162	1,980	1,109	2,529	4,509
Transportation equipment - heavy truck	16	257,073	235,248	4,267	2,391	5,450	9,717
Transportation equipment - cars	16	21,944	20,081	364	204	465	829
Transportation equipment - other	16	40,329	36,905	669	375	855	1,524
Stores equipment	16	19,558	17,898	325	182	415	739
Tools, shop & garage equipment	16	309,130	282,885	5,132	2,875	6,554	11,685
Laboratory equipment	2	235,580	223,683	6,384	4,759	141	613
Power operated equipment	16	67,487	61,757	1,120	628	1,431	2,551
Communication equipment	16	253,868	232,315	4,214	2,361	5,382	9,596
Communication equipment - telephone	16	337	308	6	3	7	13
Miscellaneous equipment	16	93,291	85,371	1,549	868	1,978	3,526
Other Tangible Property	18	22,248	19,845	474	267	716	946
Units of Production Plant	2	2,956,663	2,807,352	80,126	59,725	1,774	7,687
Test Year Additions	18	2,556,440	2,280,344	54,452	30,677	82,317	108,649
Contributions and Advances	8	(1,207,729)	(1,096,980)	(31,522)	(5,797)	(13,406)	(60,024)

NEW JERSEY-AMERICAN WATER COMPANY

ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2007

Account Description	Factor Ref.	Cost of Service	GMS	Commodity-Demand	Manasquan	Private Fire Protection	Public Fire Protection
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Total Depreciation Expense		35,015,316	31,225,058	725,412	461,381	1,183,572	1,419,894
AMORTIZATIONS							
Amortization of UPAA	18	186,627	166,471	3,975	2,240	6,009	7,932
Amortization of ITC	18	(142,772)	(127,353)	(3,041)	(1,713)	(4,597)	(6,068)
Amortization of Comp. Planning	18	337,170	300,755	7,182	4,046	10,857	14,330
Total Depreciation & Amortization		35,396,341	31,564,931	733,528	465,954	1,195,841	1,436,088
TAXES OTHER THAN INCOME TAXES							
Utility Reg Assessment Fee	20	721,431	650,659	16,665	10,028	18,396	25,683
Property Taxes	18	2,876,956	2,566,245	61,279	34,523	92,638	122,271
Payroll Taxes	17	2,105,329	1,922,376	34,106	18,106	49,686	81,055
Water Monitoring	7	411,504	411,504	-	-	-	-
Other Taxes and Licenses	16	-	-	-	-	-	-
Total Taxes Other Than Income Taxes		6,115,220	5,550,784	112,050	62,657	160,720	229,009

NEW JERSEY-AMERICAN WATER COMPANY

ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2007

Account Description	Factor Ref.	Cost of Service	GMS	Commodity-Demand	Manasquan	Private Fire Protection	Public Fire Protection
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
INCOME TAXES							
Federal and State Income Taxes	19	27,174,104	24,222,997	565,221	345,111	915,767	1,125,008
Total Income Taxes		27,174,104	24,222,997	565,221	345,111	915,767	1,125,008
UTILITY OPERATING INCOME	19	76,186,597	67,912,733	1,584,681	967,570	2,567,488	3,154,125
Total Cost of Service (Excl. GRFT)		262,963,779	237,151,855	6,080,675	3,667,265	6,710,049	9,353,935
Less:							
Other Revenues (negative)	7	1,186,710	1,186,710	-	-	-	-
Total Cost of Service Related to Sales (Excl. GRFT)		264,150,489	238,338,565	6,080,675	3,667,265	6,710,049	9,353,935
Gross Receipts and Franchise Tax		42,302,755	38,752,326	840,725	245,448	1,029,339	1,434,917
Total Including Gross Receipts		306,453,244	277,090,891	6,921,400	3,912,713	7,739,388	10,788,852

NEW JERSEY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS

FACTOR 1. ALLOCATION OF COSTS WHICH VARY WITH THE AMOUNT OF WATER CONSUMED.

Factors are based on the pro forma test year average daily consumption for each customer classification.

Customer Classification (1)	Average Daily Consumption, 1000 Gals (2)	Allocation Factor (3)
General Metered Service	114,058	0.9066
Commodity-Demand	6,302	0.0501
Manasquan Resale	4,690	0.0373
Private Fire Protection	136	0.0011
Public Fire Protection	614	0.0049
Total	125,800	1.0000

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the factors for average daily consumption (Factor 1) and the factors derived from maximum day extra capacity demand for each customer classification, as follows:

	Average Day Consumption		Maximum Day Extra Capacity		
Customer Classification	Allocation Factor 1	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)x 0.5405	(4)	(5)=(4)x 0.4595	(6)=(3)+(5)
General Metered Service	0.9066	0.4900	1.0000	0.4595	0.9495
Commodity-Demand	0.0501	0.0271			0.0271
Manasquan Resale	0.0373	0.0202			0.0202
Private Fire Protection	0.0011	0.0006			0.0006
Public Fire Protection	0.0049	0.0026			0.0026
Total	1.0000	0.5405	1.0000	0.4595	1.0000

The basis for the column 3 and column 5 weightings are presented on the following page.

NEW JERSEY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS, cont.

The weighting of the factors is based on the maximum day ratio of 1.85, based on a review of maximum day ratios experienced by the Company, as follows:

	Maximum Day Ratio	Weight
Average Day	1.00	0.5405
Maximum Day Extra Capacity	0.85	0.4595
Total	1.85	1.0000

* Ratio of maximum day to average day minus 1.0.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH PURCHASED RAW WATER.

Factors are based on the pro forma test year average daily consumption for each customer classification shown.

Customer Classification	Average Daily Consumption, 1000 Gals	Allocation Factor
(1)	(2)	(3)
General Metered Service	114,058	0.9418
Commodity-Demand	6,302	0.0520
Private Fire Protection	136	0.0011
Public Fire Protection	614	0.0051
Total	121,110	1.0000

NEW JERSEY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Daily Consumption			Maximum Day Extra Capacity		Fire Protection		
	1000 Gals	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3) X 0.5182	(5)	(6)=(5) X 0.4404	(7)	(8)=(7) X 0.0414	(9)=(4)+(6)+(8)
General Metered Service	114,058	0.9066	0.4698	1.0000	0.4404			0.9102
Commodity-Demand	6,302	0.0501	0.0260					0.0260
Manasquan Resale	4,690	0.0373	0.0193					0.0193
Private Fire Protection	136	0.0011	0.0006			0.1818	0.0075	0.0081
Public Fire Protection	614	0.0049	0.0025			0.8182	0.0339	0.0364
Total	125,800	1.0000	0.5182	1.0000	0.4404	1.0000	0.0414	1.0000

The allocation factors in column 7 are based on the relative potential fire demands of Private and Public Fire Protection Service.

(See the second page following)

NEW JERSEY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum day ratio of 1.85 and the average pumpage for the year ended 12/31/2005. The system demand for fire protection is 20,000 gpm for 10 hours.

	Ratio	Rate of Flow, (GPD)	Weight
Average Day	1.00	150,052,055	0.5182
Maximum Day Extra Capacity	0.85	127,544,247	0.4404
Subtotal	1.85	277,596,302	0.9586
Fire Protection		12,000,000	0.0414
Total		289,596,302	1.0000

NEW JERSEY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS, cont.

BASIS FOR ALLOCATING DEMAND RELATED COSTS OF FIRE SERVICE TO PRIVATE FIRE PROTECTION AND PUBLIC FIRE PROTECTION CUSTOMER CLASSIFICATIONS

Description	Restrictive Diameters Squared	Quantity	Relative Demand	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Private Fire Protection				
Fire Lines				
2 -inch fire line	4.00	596	2,384	
4 -inch fire line	16.00	1,065	17,040	
6 -inch fire line	36.00	2,286	82,296	
8 -inch fire line	64.00	852	54,528	
10 -inch fire line	100.00	32	3,200	
12 -inch fire line	144.00	36	5,184	
Private Hydrants	32.75	94	3,079	
Total Private Fire Protection		4,961	167,711	0.1818
Public Fire Protection				
2 2-1/2" nozzles	12.50	720	9,000	
4 1/2-inch Steamer, 2 2-1/2 nozzles	32.75	22,771	745,750	
Total Public Fire Protection		23,491	754,750	0.8182
Total Fire Protection		28,452	922,461	1.0000

NEW JERSEY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM HOUR EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS.

Factors are based on the weighting of the average hourly consumption, the maximum hour extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		
	1000 Gals	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3) X 0.3342	(5)	(6)=(5) X 0.6016	(7)	(8)=(7) X 0.0642	(9)=(4)+(6)+(8)
General Metered Service	4,752.4	0.9418	0.3147	0.9856	0.5929			0.9076
Commodity-Demand	262.6	0.0520	0.0174	0.0144	0.0087			0.0261
Private Fire Protection	5.7	0.0011	0.0004			0.1818	0.0117	0.0121
Public Fire Protection	25.6	0.0051	0.0017			0.8182	0.0525	0.0542
Total	5,046.3	1.0000	0.3342	1.0000	0.6016	1.0000	0.0642	1.0000

The allocation factors in column 7 are based on the relative potential fire demands of Private and Public Fire Protection Service.

(See the previous page)

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NEW JERSEY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM HOUR EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum hour ratio of 2.80 and the average pumpage for the year ended 12/31/2005. The system demand for fire protection is 20,000 gpm.

	Ratio	Rate of Flow, (GPM)	Weight
Average Hour	1.00	104,203	0.3342
Maximum Hour Extra Capacity	1.80	187,565	0.6016
Subtotal	2.80	291,768	0.9358
Fire Protection		20,000	0.0642
Total		311,768	1.0000

The factors in column 5 on the previous page are based on the maximum hour demand in excess of average demand for each classification, as follows:

Customer Classification	Average Hourly Consumption	Maximum Hour Extra Capacity		
		Factor*	Rate of Flow 1000 Gals Per Hour	Allocation Factor
GMS	4,752	1.90	9,029	0.9856
Commodity-Demand	263	0.50	132	0.0144
Total	5,015		9,160	1.0000

* Ratio of maximum hour to average hour minus 1.0.

NEW JERSEY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES.

Factors are based on the weighting of the average hourly consumption, the maximum hour extra capacity demand, and the fire protection demand for each customer classification, as follows:

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		
	1000 Gals	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3)X	(5)	(6)=(5)X	(7)	(8)=(7)X	(9)=(4)+(6)+(8)
			0.3165		0.5699		0.1136	
General Metered Service	4,752.4	0.9418	0.2981	0.9856	0.5617			0.8598
Commodity-Demand	262.6	0.0520	0.0165	0.0144	0.0082			0.0247
Private Fire Protection	5.7	0.0011	0.0003			0.1818	0.0207	0.0210
Public Fire Protection	25.6	0.0051	0.0016			0.8182	0.0929	0.0945
Total	5,046.3	1.0000	0.3165	1.0000	0.5699	1.0000	0.1136	1.0000

The weighting of the factors is based on the ratio of the capacity required for a 10-hour demand of fire flow, as related to total storage capacity. The calculation is shown on the following page.

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NEW JERSEY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES, cont.

The weighting of the factors is based on the ratio of the capacity required for a 10-hour demand of fire flow, as related to total storage capacity.

$$\text{Fire Protection Weight} = \frac{20{,}000 \text{ GPM X } 60 \text{ Min. X } 10 \text{ Hours}}{105{,}590{,}000 \text{ Gallons}} = 0.1136$$

$$\text{General Service Weight} = 1.0000 - 0.1136 = 0.8864$$

The weighting of the average hourly consumption and maximum hour extra demand for general service is based on the maximum hour ratio, as follows.

	Maximum Hour Ratio	Percent	Weight
Average Hour	1.00	35.71	0.3165
Extra Capacity Maximum Hour	1.80	64.29	0.5699
	2.80	100.00	0.8864

FACTOR 7. ALLOCATION OF WATER MONITORING TAXES.

These costs are assigned directly to the General Metered Service Customer Classification.

Customer Classification (1)	Allocation Factor (2)
General Metered Service	1.0000

NEW JERSEY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 8. ALLOCATION OF COSTS ASSOCIATED WITH MAINS.

Factors are based on the weighting of the maximum daily consumption, Factor 4, and the maximum hour consumption, Factor 5, for each customer classification, as follows:

	10-inch and Larger		Under 10-inch		
Customer Classification	Allocation Factor 4	Weighted Factor	Allocation Factor 5	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)x 0.2502	(4)	(5)=(4)x 0.7498	(6)=(3)+(5)
General Metered Service	0.9102	0.2278	0.9076	0.6805	0.9083
Commodity-Demand	0.0260	0.0065	0.0261	0.0196	0.0261
Manasquan Resale	0.0193	0.0048	0.0000	0.0000	0.0048
Private Fire Protection	0.0081	0.0020	0.0121	0.0091	0.0111
Public Fire Protection	0.0364	0.0091	0.0542	0.0406	0.0497
Total	1.0000	0.2502	1.0000	0.7498	1.0000

The weighting of the factors is based on the length of transmission and distribution mains, as follows:

	Length of Mains (Feet)	Weight
10-inch and Larger	6,425,781	0.2502
Under 10-inch	19,260,770	0.7498
Total	25,686,551	1.0000

NEW JERSEY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 9. ALLOCATION OF COSTS ASSOCIATED WITH FIRE HYDRANTS.

These costs are assigned directly to Public Fire Protection.

Customer Classification (1)	Allocation Factor (2)
Public Fire Protection	1.0000

FACTOR 10. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

Factors are based on the relative capacity of meters by size and customer classification, as developed on the following page and summarized below.

Customer Classification (1)	5/8" Equivalents (2)	Allocation Factor (3)
General Metered Service	450,311	0.9859
Commodity-Demand	679	0.0015
Manasquan Resale	866	0.0019
Private Fire Protection	4,867	0.0107
Total	456,723	1.0000

FACTOR 11. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

Factors are based on the relative capacity of services by size and customer classification, as developed on the second of the following pages, and summarized below.

Customer Classification (1)	3/4" Equivalents (2)	Allocation Factor (3)
General Metered Service	408,753	0.7293
Commodity-Demand	452	0.0008
Manasquan Resale	584	0.0010
Private Fire Protection	150,744	0.2689
Total	560,533	1.0000

NEW JERSEY-AMERICAN WATER COMPANY

BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS

Meter Size	5/8" Equivalent	General Metered Service		Commodity-Demand		Manasquan		Private Fire		Total	
		Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
5/8	1.0	323,651	323,651		0		0	4,867	4,867	328,518	328,518
3/4	1.5	3,360	5,040		0		0	0	0	3,360	5,040
1	2.5	22,316	55,790		0	2	5	0	0	22,318	55,795
1-1/2	5.0	1,373	6,865		0		0	0	0	1,373	6,865
2	8.0	6,355	50,840	3	24	2	16	0	0	6,360	50,880
3	15.0	36	540		0	1	15	0	0	37	555
4	25.0	105	2,625	7	175	2	50	0	0	114	2,850
6	50.0	78	3,900	8	400	6	300	0	0	92	4,600
8	80.0	12	960	1	80	6	480	0	0	19	1,520
10	100.0	1	100							1	100
Total		357,287	450,311	19	679	19	866	4,867	4,867	362,192	456,723

NEW JERSEY-AMERICAN WATER COMPANY

BASIS FOR ALLOCATING SERVICE COSTS TO CUSTOMER CLASSIFICATIONS

Service Size	3/4" Equivalent	General Metered Service		Commodity-Demand		Manasquan		Private Fire		Total	
		Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
3/4	1.0	327,011	327,011	0	0	0	0	0	0	327,011	327,011
1	1.7	22,316	37,937	0	0	2	3	0	0	22,318	37,940
1-1/2	3.3	1,373	4,531	0	0	0	0	0	0	1,373	4,531
2	5.3	6,355	33,682	3	16	2	11	596	3,159	6,956	36,868
4	16.7	141	2,355	7	117	3	50	1,065	17,786	1,216	20,308
6	33.3	78	2,597	8	266	6	200	2,380	79,254	2,472	82,317
8	53.3	12	640	1	53	6	320	852	45,412	871	46,425
10	66.7	0	0	0	0	0	0	32	2,134	32	2,134
12	83.3	0	0	0	0	0	0	36	2,999	36	2,999
Total		357,286	408,753	19	452	19	584	4,961	150,744	362,285	560,533

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NEW JERSEY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 12. ALLOCATION OF COSTS ASSOCIATED WITH BILLING AND COLLECTING.

Factors are based on the number of bills, as follows:

Customer Classification (1)	Number of Bills (2)	Allocation Factor (3)
General Metered Service	4,254,258	0.9859
Commodity-Demand	228	0.0001
Manasquan Resale	228	0.0001
Private Fire Protection	58,404	0.0135
Public Fire Protection	1,512	0.0004
Total	4,314,630	1.0000

FACTOR 13. ALLOCATION OF COSTS ASSOCIATED WITH METER READING.

Factors are based on the number of bills for those customers with meters, as follows:

Customer Classification (1)	Number of Bills (2)	Allocation Factor (3)
General Metered Service	4,254,258	0.9863
Commodity-Demand	228	0.0001
Manasquan Resale	228	0.0001
Private Fire Protection	58,404	0.0135
Total	4,313,118	1.0000

NEW JERSEY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 14. ALLOCATION OF TRANSMISSION AND DISTRIBUTION OPERATION SUPERVISION AND ENGINEERING, RENTS, AND MISCELLANEOUS EXPENSES.

The factors are based on the allocation of Transmission and Distribution Operating Labor

Customer Classification	Transmission and Distribution Operating Expenses	Allocation Factor
(1)	(2)	(3)
General Metered Service	$2,924,367	0.9155
Commodity-Demand	48,602	0.0152
Manasquan Resale	10,026	0.0031
Private Fire Protection	112,587	0.0352
Public Fire Protection	98,870	0.0310
Total	$3,194,452	1.0000

FACTOR 15. ALLOCATION OF TRANSMISSION AND DISTRIBUTION MAINTENANCE SUPERVISION AND ENGINEERING, STRUCTURES AND IMPROVEMENTS, AND OTHER EXPENSES.

The factors are based on the allocation of Transmission and Distribution Maintenance Labor.

Customer Classification	Transmission and Distribution Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
General Metered Service	$4,154,690	0.7821
Commodity-Demand	86,830	0.0163
Manasquan Resale	15,841	0.0030
Private Fire Protection	308,149	0.0580
Public Fire Protection	747,003	0.1406
Total	$5,312,513	1.0000

NEW JERSEY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 16. ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES.

The factors are based on the allocation of all other operation and maintenance expenses excluding purchased water, power, fuel, chemicals and waste disposal.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
General Metered Service	$30,908,530	0.9151
Commodity-Demand	559,375	0.0166
Manasquan Resale	313,619	0.0093
Private Fire Protection	714,336	0.0212
Public Fire Protection	1,276,578	0.0378
Total	$33,772,438	1.0000

FACTOR 17. ALLOCATION OF LABOR RELATED TAXES AND BENEFITS.

The factors are based on the allocation of direct labor expense as shown below.

Customer Classification	Labor Expense	Allocation Factor
(1)	(2)	(3)
General Metered Service	$18,982,293	0.9131
Commodity-Demand	335,720	0.0162
Manasquan Resale	178,319	0.0086
Private Fire Protection	489,870	0.0236
Public Fire Protection	799,281	0.0385
Total	$20,785,483	1.0000

NEW JERSEY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 18. ALLOCATION OF ORGANIZATION, FRANCHISES AND CONSENTS, OTHER INTANGIBLE PLANT AND OTHER RATE BASE ELEMENTS.

The factors are based on the allocation of the original cost less depreciation other than those items being allocated, as follows:

Customer Classification	Original Cost Less Depreciation	Allocation Factor
(1)	(2)	(3)
General Metered Service	$1,182,530,034	0.8920
Commodity-Demand	28,259,562	0.0213
Manasquan Resale	15,908,486	0.0120
Private Fire Protection	42,685,413	0.0322
Public Fire Protection	56,376,911	0.0425
Total	$1,325,760,406	1.0000

FACTOR 19. ALLOCATION OF INCOME TAXES, TAXES OTHER THAN INCOME, AND INCOME AVAILABLE FOR RETURN.

The factors are based on the allocation of the original cost measure of value rate base as shown on the following pages and summarized below:

Customer Classification	Original Cost Measure of Value	Allocation Factor
(1)	(2)	(3)
General Metered Service	$788,800,658	0.8914
Commodity-Demand	18,404,754	0.0208
Manasquan Resale	11,219,526	0.0127
Private Fire Protection	29,844,190	0.0337
Public Fire Protection	36,592,626	0.0414
Total	$884,861,754	1.0000

NEW JERSEY-AMERICAN WATER COMPANY

ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2007

Account Description	Factor Ref.	Cost of Service	GMS	Commodity-Demand	Manasquan	Private Fire Protection	Public Fire Protection
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
UTILITY PLANT IN SERVICE LESS DEPRECIATION							
Intangible and Nondepreciable							
Intangible	18	809,848	722,384	17,250	9,718	26,077	34,419
Organization	18	517,301	461,432	11,019	6,208	16,657	21,985
Franchises	18	184,981	165,003	3,940	2,220	5,956	7,862
Land & Ld Rights SS	2	5,389,963	5,117,770	146,068	108,877	3,234	14,014
Land & Ld Rights P	2	696,258	661,097	18,869	14,064	418	1,810
Land & Ld Rights WT	2	3,056,282	2,901,940	82,825	61,737	1,834	7,946
Land & Ld Rights TD	8	12,589,649	11,435,178	328,590	60,430	139,745	625,706
Land & Land Rights AG	16	331,114	303,003	5,496	3,079	7,020	12,516
Subtotal Intangible and Nondepreciable		23,575,395	21,767,807	614,057	266,333	200,941	726,258
Depreciable Plant							
Structures & improvements - SS	2	12,924,938	12,272,229	350,266	261,084	7,755	33,605
Collecting & impounding reservoirs	1	15,175,596	13,758,195	760,297	566,050	16,693	74,360
Lakes, rivers & other intakes	2	791,294	751,334	21,444	15,984	475	2,057
Wells & springs	2	25,262,016	23,986,284	684,601	510,293	15,157	65,681
Infiltration galleries and tunnels	2	12,426	11,798	337	251	7	32
Supply mains	2	9,353,899	8,881,527	253,491	188,949	5,612	24,320
Other water source plant	2	550,119	522,338	14,908	11,112	330	1,430
Structures & Imp. - pumping	2	25,437,615	24,153,015	689,359	513,840	15,263	66,138
Other power production equipment	2	2,402,779	2,281,439	65,115	48,536	1,442	6,247
Boiler Plant Equipment	2	166,293	157,895	4,507	3,359	100	432
Electric pumping equipment	2	35,560,355	33,764,557	963,686	718,319	21,336	92,457
Diesel pumping equipment	2	893,090	847,989	24,203	18,040	536	2,322
Hydraulic pumping equipment	2	35,426	33,637	960	716	21	92
Other pumping equipment	2	1,345,902	1,277,934	36,474	27,187	808	3,499
Structures & Imp. - WT	2	37,364,533	35,477,624	1,012,579	754,764	22,419	97,148
Water treatment equipment	2	90,770,780	86,186,856	2,459,888	1,833,570	54,462	236,004
Water treatment - GAC	2	4,280,171	4,064,022	115,993	86,459	2,568	11,128
WH Structures & improvements	2	7,184,160	6,821,360	194,691	145,120	4,310	18,679
WH equipment	2	3,556,903	3,377,279	96,392	71,849	2,134	9,248

NEW JERSEY-AMERICAN WATER COMPANY

ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2007

Account Description	Factor Ref.	Cost of Service	GMS	Commodity-Demand	Manasquan	Private Fire Protection	Public Fire Protection
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
T & D structures & improvements	14	963,132	881,747	14,640	2,986	33,902	29,857
Distribution reservoirs & standpipes	6	47,253,466	40,628,530	1,167,161	-	992,323	4,465,453
T & D mains -4" & less	5	13,142,435	11,928,074	343,018	-	159,023	712,320
T & D mains -6"-8"	5	189,765,640	172,231,295	4,952,883	-	2,296,164	10,285,298
T & D mains -10"-16"	4	165,929,031	151,028,605	4,314,155	3,202,430	1,344,025	6,039,817
T & D mains -18" & more	4	83,768,085	76,245,712	2,177,970	1,616,724	678,521	3,049,158
Services	11	126,305,230	92,114,404	101,044	126,305	33,963,476	-
Meters	10	23,036,042	22,711,235	34,554	43,768	246,486	-
Meter installations	10	74,333,321	73,285,221	111,500	141,233	795,367	-
Hydrants	9	26,782,880	-	-	-	-	26,782,880
Office structures & improvements	16	17,826,562	16,313,088	295,921	165,787	377,923	673,844
Stores, shops & garage structures	16	8,763,732	8,019,692	145,478	81,503	185,791	331,269
Miscellaneous structures	16	6,419,610	5,874,585	106,566	59,702	136,096	242,661
Office Furniture & Equipment	16	8,350,282	7,641,343	138,615	77,658	177,026	315,641
Computers and Peripheral Equipment	16	10,233,500	9,364,676	169,876	95,172	216,950	386,826
Computer Software	16	14,750,045	13,497,766	244,851	137,175	312,701	557,552
Data handling equipment	16	529,945	484,953	8,797	4,928	11,235	20,032
Other Office Equipment	16	1,119,542	1,024,493	18,584	10,412	23,734	42,319
Transportation equip. - light trucks	16	775,116	709,309	12,867	7,209	16,432	29,299
Transportation equip. - heavy trucks	16	1,748,794	1,600,321	29,030	16,264	37,074	66,104
Transportation equip. - cars	16	131,247	120,105	2,179	1,221	2,782	4,961
Transportation equip. - other	16	236,948	216,831	3,933	2,204	5,023	8,957
Stores equipment	16	384,249	351,625	6,379	3,574	8,146	14,525
Tools, shop & garage equipment	16	5,500,539	5,033,543	91,309	51,155	116,611	207,920
Laboratory equipment	2	3,187,819	3,026,834	86,390	64,394	1,913	8,288
Power operated equipment	16	1,169,616	1,070,316	19,416	10,877	24,796	44,211
Communication equipment	16	2,441,042	2,233,798	40,521	22,702	51,750	92,271
Communication equip. - telephone	16	2,562	2,344	43	24	54	97
Miscellaneous equipment	16	1,404,988	1,285,704	23,323	13,066	29,786	53,109
Other Tangible Property	18	335,068	298,881	7,137	4,021	10,789	14,240

NEW JERSEY-AMERICAN WATER COMPANY

ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2007

Account Description	Factor Ref.	Cost of Service	GMS	Commodity-Demand	Manasquan	Private Fire Protection	Public Fire Protection
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Units of Production Plant	2	194,373,444	184,557,585	5,267,520	3,926,344	116,624	505,371
Test Year Additions	18	92,290,218	82,322,874	1,965,782	1,107,483	2,971,745	3,922,334
Subtotal Depreciable Plant		1,396,322,425	1,244,732,801	29,650,633	16,771,803	45,515,696	59,651,493
Total Utility Plant in Service		1,419,897,820	1,266,500,608	30,264,690	17,038,136	45,716,637	60,377,751
Other Rate Base Elements							
Accumulated Depr. Reserve	18	(370,770,566)	(330,727,345)	(7,897,413)	(4,449,247)	(11,938,812)	(15,757,749)
Working Capital - Return and Taxes	18	12,800,000	11,417,600	272,640	153,600	412,160	544,000
Working Capital	16	12,200,000	11,164,220	202,520	113,460	258,640	461,160
Utility Plant Acquisition Adjustment	18	4,327,462	3,860,096	92,175	51,930	139,344	183,917
Prepayments	16	4,216,733	3,858,731	69,998	39,216	89,395	159,393
Materials and Supplies	16	2,208,443	2,020,945	36,660	20,539	46,819	83,479
Tax on CIAC	8	302,472	274,735	7,895	1,452	3,357	15,033
Customer Advances	8	(32,406,486)	(29,434,812)	(845,809)	(155,551)	(359,712)	(1,610,602)
CIAC - Mains	8	(55,246,500)	(50,180,396)	(1,441,934)	(265,183)	(613,236)	(2,745,751)
CIAC - Services	11	(1,286,540)	(938,274)	(1,029)	(1,287)	(345,951)	-
CIAC - Meters	10	(396,677)	(391,084)	(595)	(754)	(4,244)	-
CIAC - Hydrants	9	(418,974)	-	-	-	-	(418,974)
Pre-1971 ITC	18	(385,498)	(343,864)	(8,211)	(4,626)	(12,413)	(16,384)
Deferred FIT	18	(110,179,935)	(98,280,502)	(2,346,833)	(1,322,159)	(3,547,794)	(4,682,647)
Subtotal Other Rate Base Elements		(535,036,066)	(477,699,950)	(11,859,936)	(5,818,610)	(15,872,447)	(23,785,125)
Total Original Cost Rate Base		$ 884,861,754	$ 788,800,658	$ 18,404,754	$ 11,219,526	$ 29,844,190	$ 36,592,626

NEW JERSEY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 20. ALLOCATION OF REGULATORY ASSESSMENTS.

The factors are based on the allocation of the total cost of service.

Customer Classification	Total Cost of Service	Allocation Factor
(1)	(2)	(3)
General Metered Service	$236,501,196	0.9019
Commodity-Demand	6,064,010	0.0231
Manasquan Resale	3,657,237	0.0139
Private Fire Protection	6,691,653	0.0255
Public Fire Protection	9,328,252	0.0356
Total	$262,242,348	1.0000

ELIZABETHTOWN WATER COMPANY

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES
FOR THE PRO FORMA POST TEST YEAR PERIOD ENDED MARCH 31, 2007

Customer Classification	Cost of Service		Revenues, Present Rates		Revenues, Proposed Rates		Revenue Increase	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent Increase
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
General Metered Service	$ 153,386,065	75.1%	$ 108,367,110	68.2%	$ 147,468,280	72.2%	$ 39,101,170	36.1%
Optional Industrial Wholesale	12,061,314	5.9%	9,801,209	6.2%	12,061,911	5.9%	2,260,702	23.1%
Service to Other Systems	23,948,728	11.7%	19,178,729	12.1%	23,948,365	11.7%	4,769,636	24.9%
Private Fire Protection	7,329,433	3.6%	9,246,366	5.8%	8,963,872	4.4%	(282,494)	-3.1%
Public Fire Protection	7,606,208	3.7%	12,256,013	7.7%	11,890,238	5.8%	(365,775)	-3.0%
Subtotal	204,331,748	100.0%	158,849,427	100.0%	204,332,666	100.0%	45,483,239	28.6%
Other Revenue	(532,411)		(532,411)		(532,411)		-	0.0%
Total	$ 203,799,337		$ 158,317,016		$ 203,800,255		$ 45,483,239	28.7%

ELIZABETHTOWN WATER COMPANY

ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2007

Account Description	Factor Ref.	Cost of Service	GMS	OIW	SOS	Private Fire Protection	Public Fire Protection	
							Inch-Foot	Hydrants
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
OPERATION AND MAINTENANCE EXPENSES								
Source of Supply								
----Operation----								
Labor Oper SS Super/Eng	2	-	-	-	-	-	-	-
Labor Oper SS	2	-	-	-	-	-	-	-
Puchased Water-Outside	1	10,847,822	6,906,808	1,017,526	2,849,723	20,611	53,154	-
Puchased Water - NJWSA	3	-	-	-	-	-	-	-
Diversion Rights	1	-	-	-	-	-	-	-
Purch Power SS	1	8,076,953	5,142,596	757,618	2,121,816	15,346	39,577	-
Fuel for Power Prod SS	1	-	-	-	-	-	-	-
Rents-Real Prop Oper SS	2	-	-	-	-	-	-	-
M & S Oper SS	2	183,288	133,635	13,215	35,668	220	550	-
Contr Svc-Other Oper SS	2	(24,314)	(17,727)	(1,753)	(4,732)	(29)	(73)	-
Trans Oper SS	2	-	-	-	-	-	-	-
Misc Oper SS	2	176,337	128,567	12,714	34,315	212	529	-
Telephone SS	2	-	-	-	-	-	-	-
----Maintenance----								
Labor Maint SS	2	-	-	-	-	-	-	-
Labor Maint SS Coll & Imp	1	193,553	123,235	18,155	50,846	368	948	-
Labor Maint SS Lake, River	2	-	-	-	-	-	-	-
Labor Maint SS Wells & Spr	2	349,264	254,648	25,182	67,967	419	1,048	-
Transport Maint SS	2	-	-	-	-	-	-	-
Contr Svc-Eng Maint SS	2	-	-	-	-	-	-	-
Misc Maint SS - Coll & Imp	1	54,899	34,954	5,150	14,422	104	269	-
Misc Maint SS	2	48,388	35,280	3,489	9,416	58	145	-
Subtotal Source of Supply		19,906,190	12,741,996	1,851,296	5,179,441	37,309	96,147	-

ELIZABETHTOWN WATER COMPANY

ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2007

Account Description	Factor Ref.	Cost of Service	GMS	OIW	SOS	Private Fire Protection	Public Fire Protection	
							Inch-Foot	Hydrants
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Power and Pumping Expenses								
----Operation----								
Labor Oper P Super/Eng	2	-	-	-	-	-	-	-
Labor Oper P	2	1,417,368	1,033,403	102,192	275,820	1,701	4,252	-
Purch Power P	1	-	-	-	-	-	-	-
M & S Oper P	2	-	-	-	-	-	-	-
Trans Oper P	2	-	-	-	-	-	-	-
----Maintenance----								
Labor Maint P Pwr Prod	2	195,259	142,363	14,078	37,997	234	586	-
Labor Maint P	2	65,429	47,704	4,717	12,732	79	196	-
Labor Maint P Struct & Imp	2	97,945	71,412	7,062	19,060	118	294	-
Mat and Sup Maint P	2	34,710	25,307	2,503	6,755	42	104	-
Misc Maint P	2	255,820	186,518	18,445	49,783	307	767	-
Subtotal Power and Pumping		2,066,531	1,506,707	148,997	402,147	2,481	6,199	-
Water Treatment Expenses								
----Operation----								
Labor Oper WT	2	1,015,189	740,174	73,195	197,556	1,218	3,046	-
Purch Power WT	1	-	-	-	-	-	-	-
Chemicals WT	1	2,441,862	1,554,734	229,047	641,477	4,640	11,965	-
Waste Disposal Exp WT	1	686,064	436,817	64,353	180,229	1,304	3,362	-
Contr Svc-Lab Testing	2	39,450	28,763	2,844	7,677	47	118	-
Rents-Real Prop Oper WT	2	-	-	-	-	-	-	-
Rents-Equipment Oper WT	2	-	-	-	-	-	-	-
M & S Oper WT	2	-	-	-	-	-	-	-
Contr Svc-Legal Oper WT	2	-	-	-	-	-	-	-
Lab Supplies WT	2	100,699	73,420	7,260	19,596	121	302	-
Misc Oper WT	2	30,410	22,172	2,193	5,918	36	91	-
Office & Admin Supplies WT	2	-	-	-	-	-	-	-

ELIZABETHTOWN WATER COMPANY

ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2007

Account Description	Factor Ref.	Cost of Service	GMS	OIW	SOS	Private Fire Protection	Public Fire Protection	
							Inch-Foot	Hydrants
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
----Maintenance----								
Labor Maint WT Equip.	2	474,767	346,153	34,231	92,390	570	1,424	-
Labor Maint WT	2	430,887	314,160	31,067	83,851	517	1,293	-
Labor Maint WT Struct & Imp	2	322,494	235,130	23,252	62,757	387	967	-
Other Welf Maint WT	2	-	-	-	-	-	-	-
Transport Maint WT	2	-	-	-	-	-	-	-
Contr Svc-Eng Maint WT	2	18,720	13,649	1,350	3,643	22	56	-
Mat and Sup Maint WT	2	-	-	-	-	-	-	-
Misc Maint WT	2	118,461	86,370	8,541	23,053	142	355	-
Subtotal Water Treatment		5,679,003	3,851,542	477,333	1,318,147	9,004	22,979	-
Transmission & Distribution Expenses								
----Operation----								
Labor Oper TD Super/Eng	14	1,015,073	837,131	68,822	42,532	19,692	46,896	-
Labor Oper TD								
Storage Facilities	6	-	-	-	-	-	-	-
Mains	8	-	-	-	-	-	-	-
Meters	10	396,929	382,878	5,160	4,366	4,525	-	-
Services	11	-	-	-	-	-	-	-
Labor Oper TD Lines	8	2,101,713	1,675,486	164,984	100,882	44,136	116,225	-
Purch Power TD	14	-	-	-	-	-	-	-
Rents-Real Prop Oper TD	14	-	-	-	-	-	-	-
Rents-Equipment Oper TD	14	-	-	-	-	-	-	-
Other Welf Oper TD	14	-	-	-	-	-	-	-
M & S Oper TD	14	91,607	75,548	6,211	3,838	1,777	4,232	-
Contract Svc-Eng Oper TD	14	-	-	-	-	-	-	-
Contr Svc-Legal Oper TD	14	-	-	-	-	-	-	-
Contr Svc-Other Oper TD	14	-	-	-	-	-	-	-
Trans Oper TD	14	-	-	-	-	-	-	-
Misc Oper TD	14	319,466	263,464	21,660	13,386	6,198	14,759	-
Misc Oper TD Storage	6	-	-	-	-	-	-	-

ELIZABETHTOWN WATER COMPANY

ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2007

Account Description	Factor Ref.	Cost of Service	GMS	OIW	SOS	Private Fire Protection	Public Fire Protection	
							Inch-Foot	Hydrants
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Misc Oper TD Mains	8	91,364	72,835	7,172	4,385	1,919	5,052	-
Misc Oper TD Meters	10	33,488	32,303	435	368	382	-	-
Misc Oper TD Mtr Inst	10	-	-	-	-	-	-	-
Office & Admin Supplies TD	14	-	-	-	-	-	-	-
Telephone TD	14	-	-	-	-	-	-	-
----Maintenance----								
Labor Maint TD								
Storage Facilities	6	-	-	-	-	-	-	-
Mains	8	497,385	396,515	39,045	23,874	10,445	27,505	-
Meters	10	199,013	191,968	2,587	2,189	2,269	-	-
Services	11	276,097	170,379	1,767	1,491	102,460	-	-
Hydrants	9	149,688	-	-	-	-	-	149,688
Labor Maint TD Mains	8	87	69	7	4	2	5	-
Transport Maint TD	15	-	-	-	-	-	-	-
Contr Svc-Other Maint TD	15	-	-	-	-	-	-	-
Mat and Sup Maint TD	15	18,307	12,894	846	606	1,763	584	1,615
Misc Maint TD	15	(4,650)	(3,275)	(215)	(154)	(448)	(148)	(410)
Misc Maint TD Struct & Imp	6	52,569	34,170	3,233	8,548	1,819	4,800	-
Misc Maint TD Dist Res	6	-	-	-	-	-	-	-
Misc Maint TD Mains	8	341,502	272,245	26,808	16,392	7,172	18,885	-
Misc Maint TD Services	11	81,608	50,360	522	441	30,285	-	-
Misc Maint TD Meters	10	15,651	15,097	203	172	178	-	-
Misc Maint TD Hydrants	9	(7,997)	-	-	-	-	-	(7,997)
Subtotal Transmission & Distribution		5,668,900	4,480,067	349,247	223,320	234,574	238,795	142,896

ELIZABETHTOWN WATER COMPANY

ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2007

Account Description	Factor Ref.	Cost of Service	GMS	OIW	SOS	Private Fire Protection	Public Fire Protection	
							Inch-Foot	Hydrants
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Customer Accounting Expenses								
Labor Oper CA	12	1,300,944	1,272,063	3,513	911	23,287	-	1,171
Labor Oper CA Off/Dir	12	-	-	-	-	-	-	-
Labor Oper CA Mtr Read	13	1,315,886	1,287,726	3,684	921	23,554	-	-
Contr Svc- Oper CA	12	-	-	-	-	-	-	-
M & S Oper CA	12	27,486	26,876	74	19	492	-	25
Uncollectible Accounts	12	1,308,018	1,278,980	3,532	916	23,414	-	1,177
Misc Oper CA	12	281,491	275,242	760	197	5,039	-	253
Misc Oper CA Mtr Read	13	73,555	71,981	206	51	1,317	-	-
Subtotal Customer Accounting		4,307,380	4,212,868	11,769	3,015	77,103	-	2,626
Administrative and General Expenses								
Labor Oper AG	16	4,667,653	3,821,874	230,582	399,551	95,687	76,550	43,409
Purch Power AG	16	-	-	-	-	-	-	-
Contr Svc-Mgmt Oper AG	16	918,814	752,325	45,389	78,650	18,836	15,069	8,545
Mgmt Fees-Labor	16	-	-	-	-	-	-	-
Mgmt Fees-Administrative	16	6,564,860	5,375,307	324,304	561,952	134,580	107,664	61,053
Mgmt Fees-Employee Related	17	-	-	-	-	-	-	-
Employee Pension and Benefits	17	11,270,748	9,137,195	580,444	996,334	228,796	193,857	134,122
Reg Commission Expense	16	421,747	345,326	20,834	36,102	8,646	6,917	3,922
Ins Gen Liab Oper AG	16	1,049,143	859,038	51,828	89,807	21,507	17,206	9,757
Ins Work Comp AG	17	377,621	306,137	19,447	33,382	7,666	6,495	4,494
Rents	16	660,686	540,970	32,638	56,555	13,544	10,835	6,144
M & S Oper AG	16	2,034,613	1,665,941	100,510	174,163	41,710	33,368	18,922
Dues/Membership	16	81,921	67,077	4,047	7,012	1,679	1,344	762
Employee Expenses AG	17	275,003	222,945	14,163	24,310	5,583	4,730	3,273
Office & Admin Supplies & Expenses	16	168,014	137,570	8,300	14,382	3,444	2,755	1,563
Contract Services	16	(123)	(101)	(6)	(11)	(3)	(2)	(1)
Contr Svc-Temp Empl Oper AG	17	8,461	6,859	436	748	172	146	101
Trans Oper AG	16	2,342,633	1,918,148	115,726	200,529	48,024	38,419	21,786
Ins Vehicle Oper AG	16	47,883	39,207	2,365	4,099	982	785	445

ELIZABETHTOWN WATER COMPANY

ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2007

Account Description	Factor Ref.	Cost of Service	GMS	OIW	SOS	Private Fire Protection	Public Fire Protection	
							Inch-Foot	Hydrants
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Misc Oper AG	16	(7,629,844)	(6,247,316)	(376,914)	(653,115)	(156,412)	(125,129)	(70,958)
Charitable Contrib	16	-	-	-	-	-	-	-
Injuries and Damages	17	14,572	11,814	750	1,288	296	251	173
Labor Maint AG	16	-	-	-	-	-	-	-
Mat and Sup Maint AG	16	132	108	7	11	3	2	1
Misc Maint AG	16	624,954	511,712	30,873	53,496	12,812	10,249	5,812
Subtotal Administrative and General		23,899,491	19,472,136	1,205,723	2,079,245	487,552	401,511	253,325
Total Operation & Maintenance Expenses		61,527,495	46,265,316	4,044,365	9,205,315	848,023	765,631	398,847
Pro Forma Adjustments								
Salaries and Wages	17	3,354,339	2,719,363	172,748	296,524	68,093	57,695	39,917
Group Insurance	17	333,152	270,086	17,157	29,451	6,763	5,730	3,965
Pension Expense	17	(448,547)	(363,637)	(23,100)	(39,652)	(9,106)	(7,715)	(5,338)
Post-Retirement Other than Pensions	17	(144,666)	(117,281)	(7,450)	(12,788)	(2,937)	(2,488)	(1,722)
401(k)	17	(124,108)	(100,614)	(6,392)	(10,971)	(2,519)	(2,135)	(1,477)
Defined Contribution Plan	17	121,738	98,693	6,270	10,762	2,471	2,094	1,449
Electric Power	1	2,045,755	1,302,532	191,892	537,420	3,887	10,024	-
Painting of Storage Facilities	6	820,888	533,577	50,485	133,476	28,403	74,947	-
Regulatory Expense	16	(281,544)	(230,528)	(13,908)	(24,100)	(5,772)	(4,617)	(2,618)
Water Diversion	1	(6,615)	(4,212)	(620)	(1,738)	(13)	(32)	-
Waste Disposal - Water Operation	1	(73,572)	(46,843)	(6,901)	(19,327)	(140)	(361)	-
Chemicals	1	1,460,193	929,705	136,966	383,593	2,774	7,155	-
Purchased Water	1	898,756	572,238	84,303	236,103	1,708	4,404	-
Deferred Purchased Water	1	-	-	-	-	-	-	-
Insurance Other Than Group	16	(11,839)	(9,694)	(585)	(1,013)	(243)	(194)	(110)
Service Company Expenses	16	5,452,088	4,464,168	269,333	466,699	111,768	89,414	50,704
Amortization of Bus. Serv. Exp.	16	278,825	228,302	13,774	23,867	5,716	4,573	2,593
Amortization of Def. Security Costs	16	-	-	-	-	-	-	-
Rental Expense	16	(1,443,523)	(1,181,957)	(71,310)	(123,566)	(29,592)	(23,674)	(13,425)

ELIZABETHTOWN WATER COMPANY

ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2007

Account Description	Factor Ref.	Cost of Service	GMS	OIW	SOS	Private Fire Protection	Public Fire Protection	
							Inch-Foot	Hydrants
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Lease of Granular Activated Carbon	2	-	-	-	-	-	-	-
Leased Vehicle Expense	16	229,676	188,059	11,346	19,660	4,708	3,767	2,136
Audit Fees	16	633,485	518,697	31,294	54,226	12,986	10,389	5,891
Postage	16	(16,677)	(13,655)	(824)	(1,428)	(342)	(274)	(155)
Charitable Contr. & Lobbying Exps.	16	(25,086)	(20,540)	(1,239)	(2,147)	(514)	(411)	(233)
Uncollectible Expense	12	(166,737)	(163,035)	(450)	(117)	(2,985)	-	(150)
Base Year Capitalization	16	5,242,592	4,292,634	258,984	448,766	107,473	85,979	48,756
Other O & M	16	(1,037,688)	(849,659)	(51,262)	(88,826)	(21,273)	(17,018)	(9,650)
Total Pro Forma Expense Adjustments		17,090,885	13,016,399	1,060,511	2,314,874	281,314	297,252	120,533
Total Pro Forma O & M Expenses		78,618,380	59,281,715	5,104,876	11,520,189	1,129,337	1,062,883	519,380
DEPRECIATION EXPENSE								
Structures & Improvements - SS	2	18,700	13,634	1,348	3,639	22	56	-
Collecting & Impounding Reservoirs	1	22,713	14,461	2,130	5,967	43	111	-
Lakes, rivers & other intakes	1	7,918	5,041	743	2,080	15	39	-
Wells & springs	1	54,821	34,905	5,142	14,401	104	269	-
Infiltration galleries and tunnels	1	156,564	99,684	14,686	41,129	297	767	-
Supply mains	1	33,410	21,272	3,134	8,777	63	164	-
Other water source plant	2	-	-	-	-	-	-	-
Structures & Improvements - Pumping	2	346,705	252,783	24,997	67,469	416	1,040	-
Other power production equipment	2	199,593	145,523	14,391	38,841	240	599	-
Boiler Plant Equipment	2	-	-	-	-	-	-	-
Electric pumping equipment	2	1,487,386	1,084,453	107,241	289,445	1,785	4,462	-
Diesel pumping equipment	2	134,816	98,295	9,720	26,235	162	404	-
Hydraulic pumping equipment	2	-	-	-	-	-	-	-
Other pumping equipment	2	179,763	131,065	12,961	34,982	216	539	-
Structures & improvements - WT	2	1,573,339	1,147,121	113,438	306,172	1,888	4,720	-
Water treatment equipment	2	2,619,040	1,909,542	188,833	509,665	3,143	7,857	-
Water treatment - GAC	2	-	-	-	-	-	-	-

ELIZABETHTOWN WATER COMPANY

ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2007

Account Description	Factor Ref.	Cost of Service	GMS	OIW	SOS	Private Fire Protection	Public Fire Protection	
							Inch-Foot	Hydrants
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
WH Structures & improvements	2	-	-	-	-	-	-	-
WH equipment	2	-	-	-	-	-	-	-
T & D structures & improvements	14	81,072	66,860	5,497	3,397	1,573	3,746	-
Distribution reservoirs & standpipes	6	333,064	216,492	20,483	54,156	11,524	30,409	-
Fire Mains	5	1,467	1,222	120	-	34	91	-
Transmission & distrbtn mains -6"-8"	5	3,349,828	2,790,407	274,016	-	78,386	207,019	-
Transmission & distrbtn mains -10"-16"	4	1,167,809	811,628	80,228	216,629	16,349	42,975	-
Transmission & distrbtn mains -18" & n	4	-	-	-	-	-	-	-
Services	11	2,542,078	1,568,717	16,269	13,727	943,365	-	-
Meters	10	839,769	810,042	10,917	9,237	9,573	-	-
Meter installations	10	95,695	92,307	1,244	1,053	1,091	-	-
Hydrants	9	314,058	-	-	-	-	-	314,058
Other T & D Plant	14	83,252	68,659	5,644	3,488	1,615	3,846	-
Office structures & improvements	16	323,076	264,535	15,960	27,655	6,623	5,298	3,005
Miscellaneous structures	16	-	-	-	-	-	-	-
Office Furniture & Equipment	16	2,385,492	1,953,241	117,843	204,198	48,903	39,122	22,185
Computers and Peripheral Equipment	16	-	-	-	-	-	-	-
Computer Software	16	-	-	-	-	-	-	-
Data handling equipment	16	-	-	-	-	-	-	-
Other Office Equipment	16	-	-	-	-	-	-	-
Transportation equipment - light trucks	16	99,947	81,837	4,937	8,555	2,049	1,639	930
Transportation equipment - heavy truck	16	-	-	-	-	-	-	-
Transportation equipment - cars	16	-	-	-	-	-	-	-
Transportation equipment - other	16	-	-	-	-	-	-	-
Stores equipment	16	64,357	52,696	3,179	5,509	1,319	1,055	599
Tools, shop & garage equipment	16	114,083	93,411	5,636	9,766	2,339	1,871	1,061
Laboratory equipment	2	43,189	31,489	3,114	8,405	52	130	-
Power operated equipment	16	83,190	68,116	4,110	7,121	1,705	1,364	774
Communication equipment	16	116,386	95,297	5,749	9,963	2,386	1,909	1,082
Communication equipment - telephone	16	-	-	-	-	-	-	-
Miscellaneous equipment	16	34,454	28,212	1,702	2,949	706	565	320

ELIZABETHTOWN WATER COMPANY

ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2007

Account Description	Factor Ref.	Cost of Service	GMS	OIW	SOS	Private Fire Protection	Public Fire Protection	
							Inch-Foot	Hydrants
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Other Tangible Property	18	4,892	3,643	310	431	235	149	124
Miscellaneous Intangible Plant	18	2,778	2,069	176	245	133	85	70
Test Year Additions	18	1,670,327	1,243,892	105,899	147,156	80,176	50,945	42,259
Contributions and Advances	5	(1,133,796)	(944,451)	(92,745)	-	(26,531)	(70,069)	-
Total Depreciation Expense		19,451,235	14,358,100	1,089,052	2,082,442	1,191,999	343,176	386,467
AMORTIZATIONS								
Amortization of UPAA	18	97,871	72,885	6,205	8,622	4,698	2,985	2,476
Amortization of ITC	18	(196,020)	(145,976)	(12,428)	(17,269)	(9,409)	(5,979)	(4,959)
Amortization of Comprehensive Planni	18	38,026	28,318	2,411	3,350	1,825	1,160	962
Total Depreciation & Amortization		19,391,112	14,313,327	1,085,240	2,077,145	1,189,113	341,342	384,946
TAXES OTHER THAN INCOME TAXES								
Utility Reg Assessment Fee	20	477,726	356,431	29,476	56,897	17,150	9,220	8,551
Property Taxes	18	1,014,493	755,492	64,319	89,377	48,696	30,942	25,667
Payroll Taxes	17	1,608,628	1,304,115	82,844	142,203	32,655	27,668	19,143
Water Monitoring	7	291,912	291,912	-	-	-	-	-
Other Taxes and Licenses	16	-	-	-	-	-	-	-
Total Taxes Other Than Income Taxes		3,392,759	2,707,950	176,639	288,477	98,501	67,830	53,361

ELIZABETHTOWN WATER COMPANY

ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2007

Account Description	Factor Ref.	Cost of Service	GMS	OIW	SOS	Private Fire Protection	Public Fire Protection	
							Inch-Foot	Hydrants
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
INCOME TAXES								
Federal and State Income Taxes	19	19,908,359	14,684,405	1,200,474	1,893,285	1,035,235	511,645	583,315
Total Income Taxes		19,908,359	14,684,405	1,200,474	1,893,285	1,035,235	511,645	583,315
UTILITY OPERATING INCOME	19	55,816,009	41,169,890	3,365,705	5,308,102	2,902,432	1,434,471	1,635,409
Total Cost of Service (Excl. GRFT)		177,126,619	132,157,287	10,932,934	21,087,198	6,354,618	3,418,171	3,176,411
Less:								
Other Revenues (negative)	7	532,411	532,411	-	-	-	-	-
Total Cost of Service Related to Sales (Excl. GRFT)		177,659,030	132,689,698	10,932,934	21,087,198	6,354,618	3,418,171	3,176,411
Gross Receipts and Franchise Tax		26,672,718	20,696,367	1,128,380	2,861,530	974,815	524,356	487,270
Total Including Gross Receipts		$ 204,331,748	$ 153,386,065	$ 12,061,314	$ 23,948,728	$ 7,329,433	$ 3,942,527	$ 3,663,681

ELIZABETHTOWN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS

FACTOR 1. ALLOCATION OF COSTS WHICH VARY WITH THE AMOUNT OF WATER CONSUMED.

Factors are based on the pro forma test year average daily consumption for each customer classification.

Customer Classification (1)	Average Daily Consumption, 1000 Gals (2)	Allocation Factor (3)
General Metered Service	69,127	0.6367
Optional Industrial Wholesale	10,189	0.0938
Service to Other Systems	28,530	0.2627
Private Fire Protection	203	0.0019
Public Fire Protection	536	0.0049
Total	108,585	1.0000

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the factors for average daily consumption (Factor 1) and the factors derived from maximum day extra capacity demand for each customer classification, as follows:

	Average Day Consumption		Maximum Day Extra Capacity		
Customer Classification	Allocation Factor 1	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)x 0.6061	(4)	(5)=(4)x 0.3939	(6)=(3)+(5)
General Metered Service	0.6367	0.3858	0.8716	0.3433	0.7291
Optional Industrial Wholesale	0.0938	0.0569	0.0385	0.0152	0.0721
Service to Other Systems	0.2627	0.1592	0.0899	0.0354	0.1946
Private Fire Protection	0.0019	0.0012			0.0012
Public Fire Protection	0.0049	0.0030			0.0030
Total	1.0000	0.6061	1.0000	0.3939	1.0000

The basis for the column 3 and column 5 weightings are presented on the following page.

ELIZABETHTOWN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS, cont.

The weighting of the factors is based on the maximum day ratio of 1.65, based on a review of maximum day ratios experienced by the Company, as follows:

	Maximum Day Ratio	Weight
Average Day	1.00	0.6061
Maximum Day Extra Capacity	0.65	0.3939
Total	1.65	1.0000

* Ratio of maximum day to average day minus 1.0.

The factors in column 4 on the previous page are based on the maximum day demand in excess of average demand for each classification, as follows:

Customer Classification	Average Daily Consumption, 1000 Gals	Maximum Day Extra Capacity		
		Ratio	Rate of Flow 1000 Gals	Allocation Factor
(1)	(2)	(3)	(4)	(5)
GMS	69,127	1.00	69,127	0.8716
OIW	10,189	0.30	3,057	0.0385
SOS	28,530	0.25	7,133	0.0899
Total	107,846		79,316	1.0000

Factor 3. is not used in this allocation.

ELIZABETHTOWN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Daily Consumption			Maximum Day Extra Capacity		Fire Protection		
	1000 Gals	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3) X 0.5776	(5)	(6)=(5) X 0.3755	(7)	(8)=(7) X 0.0469	(9)=(4)+(6)+(8)
General Metered Service	69,127	0.6367	0.3678	0.8716	0.3272			0.6950
Optional Industrial Wholesale	10,189	0.0938	0.0542	0.0385	0.0145			0.0687
Service to Other Systems	28,530	0.2627	0.1517	0.0899	0.0338			0.1855
Private Fire Protection	203	0.0019	0.0011			0.2747	0.0129	0.0140
Public Fire Protection	536	0.0049	0.0028			0.7253	0.0340	0.0368
Total	108,585	1.0000	0.5776	1.0000	0.3755	1.0000	0.0469	1.0000

The allocation factors in column 7 are based on the relative potential fire demands of Private and Public Fire Protection Service.

(See the second page following)

ELIZABETHTOWN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum day ratio of 1.65 and the average pumpage for the year ended 12/31/2005. The system demand for fire protection is 20,000 gpm for 10 hours.

	Ratio	Rate of Flow, (GPD)	Weight
Average Day	1.00	147,741,200	0.5776
Maximum Day Extra Capacity	0.65	96,031,780	0.3755
Subtotal	1.65	243,772,980	0.9531
Fire Protection		12,000,000	0.0469
Total		255,772,980	1.0000

ELIZABETHTOWN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS, cont.

BASIS FOR ALLOCATING DEMAND RELATED COSTS OF FIRE SERVICE TO PRIVATE FIRE PROTECTION AND PUBLIC FIRE PROTECTION CUSTOMER CLASSIFICATIONS

Description	Restrictive Diameters Squared	Quantity	Relative Demand	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Private Fire Protection				
Fire Lines				
2 -inch fire line	4.00	238	952	
3 -inch fire line	9.00	119	1,071	
4 -inch fire line	16.00	926	14,816	
6 -inch fire line	36.00	1,443	51,948	
8 -inch fire line	64.00	567	36,288	
10 -inch fire line	100.00	71	7,100	
12 -inch fire line	144.00	5	720	
Private Hydrants	32.75	1,440	47,160	
Total Private Fire Protection		4,809	160,055	0.2747
Public Fire Protection				
4-inch Steamer, 2 2-1/2 nozzles	28.50	4,380	124,830	
4 1/2-inch Steamer, 2 2-1/2 nozzles	32.75	9,090	297,698	
Total Public Fire Protection		13,470	422,528	0.7253
Total Fire Protection		18,279	582,583	1.0000

ELIZABETHTOWN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM HOUR EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS.

Factors are based on the weighting of the average hourly consumption, the maximum hour extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		Allocation Factor
	1000 Gals	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	
(1)	(2)	(3)	(4)=(3) X 0.4175	(5)	(6)=(5) X 0.5011	(7)	(8)=(7) X 0.0814	(9)=(4)+(6)+(8)
General Metered Service	2,880.3	0.8635	0.3606	0.9427	0.4724			0.8330
Optional Industrial Wholesale	424.5	0.1273	0.0531	0.0573	0.0287			0.0818
Private Fire Protection	8.5	0.0025	0.0010			0.2747	0.0224	0.0234
Public Fire Protection	22.3	0.0067	0.0028			0.7253	0.0590	0.0618
Total	3,335.6	1.0000	0.4175	1.0000	0.5011	1.0000	0.0814	1.0000

The allocation factors in column 7 are based on the relative potential fire demands of Private and Public Fire Protection Service.

(See the previous page)

ELIZABETHTOWN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM HOUR EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum hour ratio of 2.2 and the average pumpage for the year ended 12/31/2005. The system demand for fire protection is 20,000 gpm.

	Ratio	Rate of Flow, (GPM)	Weight
Average Hour	1.00	102,598	0.4175
Maximum Hour Extra Capacity	1.20	123,118	0.5011
Subtotal	2.20	225,716	0.9186
Fire Protection		20,000	0.0814
Total		245,716	1.0000

The factors in column 5 on the previous page are based on the maximum hour demand in excess of average demand for each classification, as follows:

		Maximum Hour Extra Capacity		
Customer Classification	Average Hourly Consumption	Factor*	Rate of Flow 1000 Gals Per Hour	Allocation Factor
GMS	2,880	1.70	4,896	0.9427
Optional Industrial Wholesale	425	0.70	298	0.0573
Total	3,305		5,194	1.0000

* Ratio of maximum hour to average hour minus 1.0.

ELIZABETHTOWN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES.

Factors are based on the weighting of the average hourly consumption, the maximum hour extra capacity demand, and the fire protection demand for each customer classification, as follows:

	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		
Customer Classification	1000 Gals	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3)X 0.3986	(5)	(6)=(5)X 0.4783	(7)	(8)=(7)X 0.1231	(9)=(4)+(6)+(8)
General Metered Service	2,880.3	0.6366	0.2536	0.8288	0.3964			0.6500
Optional Industrial Wholesal	424.5	0.0938	0.0374	0.0504	0.0241			0.0615
Service to Other Systems	1,188.8	0.2628	0.1048	0.1208	0.0578			0.1626
Private Fire Protection	8.5	0.0019	0.0008			0.2747	0.0338	0.0346
Public Fire Protection	22.3	0.0049	0.0020			0.7253	0.0893	0.0913
Total	4,524.4	1.0000	0.3986	1.0000	0.4783	1.0000	0.1231	1.0000

The weighting of the factors is based on the ratio of the capacity required for a 10-hour demand of fire flow, as related to total storage capacity. The calculation is shown on the following page.

ELIZABETHTOWN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES, cont.

The factors in column 5 on the previous page are based on the maximum hour demand in excess of average demand for each classification, as follows:

Customer Classification	Average Hourly Consumption	Maximum Hour Extra Capacity Factor*	Maximum Hour Extra Capacity Rate of Flow 1000 Gals Per Hour	Maximum Hour Extra Capacity Allocation Factor
GMS	2,880	1.70	4,896	0.8288
Optional Industrial Wholesale	425	0.70	298	0.0504
Service to Other Systems	1,189	0.60	713	0.1208
Total	4,494		5,907	1.0000

* Ratio of maximum hour to average hour minus 1.0.

ELIZABETHTOWN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES, cont.

The weighting of the factors is based on the ratio of the capacity required for a 10-hour demand of fire flow, as related to total storage capacity.

$$\text{Fire Protection Weight} = \frac{20{,}000 \text{ GPM X } 60 \text{ Min. X } 10 \text{ Hours}}{97{,}460{,}000 \text{ Gallons}} = 0.1231$$

$$\text{General Service Weight} = 1.0000 - 0.1231 = 0.8769$$

The weighting of the average hourly consumption and maximum hour extra demand for general service is based on the maximum hour ratio, as follows.

	Maximum Hour Ratio	Percent	Weight
Average Hour	1.00	45.45	0.3986
Extra Capacity Maximum Hour	1.20	54.55	0.4783
	2.20	100.00	0.8769

FACTOR 7. ALLOCATION OF WATER MONITORING TAXES.

These costs are assigned directly to the General Metered Service Classification

Customer Classification (1)	Allocation Factor (2)
General Metered Service	1.0000

ELIZABETHTOWN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 8. ALLOCATION OF COSTS ASSOCIATED WITH MAINS.

Factors are based on the weighting of the maximum daily consumption, Factor 4, and the maximum hour consumption, Factor 5, for each customer classification, as follows:

Customer Classification	10-inch and Larger Allocation Factor 4	10-inch and Larger Weighted Factor	Under 10-inch Allocation Factor 5	Under 10-inch Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)x 0.2585	(4)	(5)=(4)x 0.7415	(6)=(3)+(5)
General Metered Service	0.6950	0.1796	0.8330	0.6176	0.7972
Optional Industrial Wholesale	0.0687	0.0178	0.0818	0.0607	0.0785
Service to Other Systems Resale	0.1855	0.0480	0.0000	0.0000	0.0480
Private Fire Protection	0.0140	0.0036	0.0234	0.0174	0.0210
Public Fire Protection	0.0368	0.0095	0.0618	0.0458	0.0553
Total	1.0000	0.2585	1.0000	0.7415	1.0000

The weighting of the factors is based on the inch-feet of transmission and distribution mains, as follows:

	Length of Mains (Inch-Feet)	Weight
Transmission	39,042,694	0.2585
Distribution	111,995,010	0.7415
Total	151,037,704	1.0000

ELIZABETHTOWN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 9. ALLOCATION OF COSTS ASSOCIATED WITH FIRE HYDRANTS.

These costs are assigned directly to Public Fire Protection.

Customer Classification	Allocation Factor
(1)	(2)
Public Fire Protection	1.0000

FACTOR 10. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

Factors are based on the relative capacity of meters by size and customer classification, as developed on the following page and summarized below.

Customer Classification	5/8" Equivalents	Allocation Factor
(1)	(2)	(3)
General Metered Service	284,531	0.9646
Optional Industrial Wholesale	3,840	0.0130
Service to Other Systems Resale	3,238	0.0110
Private Fire Protection	3,369	0.0114
Total	294,978	1.0000

FACTOR 11. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

Factors are based on the relative capacity of services by size and customer classification, as developed on the second of the following pages, and summarized below.

Customer Classification	3/4" Equivalents	Allocation Factor
(1)	(2)	(3)
General Metered Service	248,308	0.6171
Optional Industrial Wholesale	2,562	0.0064
Service to Other Systems Resale	2,157	0.0054
Private Fire Protection	149,293	0.3711
Total	402,320	1.0000

ELIZABETHTOWN WATER COMPANY

BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS

Meter Size	5/8" Equivalent	General Metered Service		Optional Industrial Wholesale		Service to Other Systems		Private Fire		Total	
		Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
5/8	1.0	175,379	175,379	10	10	0	0	3,369	3,369	178,758	178,758
3/4	1.5	12,065	18,098	3	5	0	0	0	0	12,068	18,103
1	2.5	9,939	24,848	5	13	0	0	0	0	9,944	24,861
1-1/2	5.0	2,122	10,610	11	55	0	0	0	0	2,133	10,665
2	8.0	3,217	25,736	69	552	1	8	0	0	3,287	26,296
3	15.0	713	10,695	37	555	0	0	0	0	750	11,250
4	25.0	409	10,225	30	750	2	50	0	0	441	11,025
6	50.0	101	5,050	11	550	29	1,450	0	0	141	7,050
8	80.0	38	3,040	5	400	16	1,280	0	0	59	4,720
10	100.0	1	100	7	700	2	200	0	0	10	1,000
12	125.0	6	750	2	250	2	250	0	0	10	1,250
Total		203,990	284,531	190	3,840	52	3,238	3,369	3,369	207,601	294,978

ELIZABETHTOWN WATER COMPANY

BASIS FOR ALLOCATING SERVICE COSTS TO CUSTOMER CLASSIFICATIONS

Service Size	3/4" Equivalent	General Metered Service		Optional Industrial Wholesale		Service to Other Systems		Private Fire		Total	
		Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
3/4	1.0	187,444	187,444	13	13	0	0	0	0	187,457	187,457
1	1.7	9,939	16,896	5	9	0	0	0	0	9,944	16,905
1-1/2	3.3	2,122	7,003	11	36	0	0	0	0	2,133	7,039
2	5.3	3,217	17,050	69	366	1	5	238	1,261	3,525	18,682
3	10.0	713	7,130	37	370	0	0	119	1,190	869	8,690
4	16.7	409	6,830	30	501	2	33	926	15,464	1,367	22,828
6	33.3	101	3,363	11	366	29	966	2,883	96,004	3,024	100,699
8	53.3	38	2,025	5	267	16	853	567	30,221	626	33,366
10	66.7	1	67	7	467	2	133	71	4,736	81	5,403
12	83.3	6	500	2	167	2	167	5	417	15	1,251
Total		203,990	248,308	190	2,562	52	2,157	4,809	149,293	209,041	402,320

ELIZABETHTOWN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 12. ALLOCATION OF COSTS ASSOCIATED WITH BILLING AND COLLECTING.

Factors are based on the number of bills, as follows:

Customer Classification	Number of Bills	Allocation Factor
(1)	(2)	(3)
General Metered Service	815,960	0.9778
Optional Industrial Wholesale	2,280	0.0027
Service to Other Systems Resale	624	0.0007
Private Fire Protection	14,916	0.0179
Public Fire Protection	744	0.0009
Total	834,524	1.0000

FACTOR 13. ALLOCATION OF COSTS ASSOCIATED WITH METER READING.

Factors are based on the number of bills for those customers with meters, as follows:

Customer Classification	Number of Bills	Allocation Factor
(1)	(2)	(3)
General Metered Service	815,960	0.9786
Optional Industrial Wholesale	2,280	0.0028
Service to Other Systems Resale	624	0.0007
Private Fire Protection	14,916	0.0179
Total	833,780	1.0000

ELIZABETHTOWN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 14. ALLOCATION OF TRANSMISSION AND DISTRIBUTION OPERATION SUPERVISION AND ENGINEERING, RENTS, AND MISCELLANEOUS EXPENSES.

The factors are based on the allocation of Transmission and Distribution Operating Labor

Customer Classification	Transmission and Distribution Operating Expenses	Allocation Factor
(1)	(2)	(3)
General Metered Service	$2,163,502	0.8247
Optional Industrial Wholesale	177,751	0.0678
Service to Other Systems Resale	110,001	0.0419
Private Fire Protection	50,962	0.0194
Public Fire Protection, Inch-Foot	121,277	0.0462
Public Fire Protection, Hydrants	0	0.0000
Total	$2,623,493	1.0000

FACTOR 15. ALLOCATION OF TRANSMISSION AND DISTRIBUTION MAINTENANCE SUPERVISION AND ENGINEERING, STRUCTURES AND IMPROVEMENTS, AND OTHER EXPENSES.

The factors are based on the allocation of Transmission and Distribution Maintenance Labor.

Customer Classification	Transmission and Distribution Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
General Metered Service	$1,130,803	0.7043
Optional Industrial Wholesale	74,172	0.0462
Service to Other Systems Resale	53,111	0.0331
Private Fire Protection	154,630	0.0963
Public Fire Protection, Inch-Foot	51,195	0.0319
Public Fire Protection, Hydrants	141,691	0.0882
Total	$1,605,602	1.0000

ELIZABETHTOWN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 16. ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES.

The factors are based on the allocation of all other operation and maintenance expenses excluding purchased water, power, fuel, chemicals and waste disposal.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
General Metered Service	$12,752,225	0.8188
Optional Industrial Wholesale	770,098	0.0494
Service to Other Systems Resale	1,332,825	0.0856
Private Fire Protection	318,570	0.0205
Public Fire Protection, Inch-Foot	256,062	0.0164
Public Fire Protection, Hydrants	145,522	0.0093
Total	$15,575,302	1.0000

FACTOR 17. ALLOCATION OF LABOR RELATED TAXES AND BENEFITS.

The factors are based on the allocation of direct labor expense as shown below.

Customer Classification	Labor Expense	Allocation Factor
(1)	(2)	(3)
General Metered Service	$13,202,108	0.8107
Optional Industrial Wholesale	839,204	0.0515
Service to Other Systems Resale	1,439,700	0.0884
Private Fire Protection	331,434	0.0203
Public Fire Protection, Inch-Foot	280,649	0.0172
Public Fire Protection, Hydrants	194,268	0.0119
Total	$16,287,363	1.0000

ELIZABETHTOWN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 18. ALLOCATION OF ORGANIZATION, FRANCHISES AND CONSENTS, OTHER INTANGIBLE PLANT AND OTHER RATE BASE ELEMENTS.

The factors are based on the allocation of the original cost less depreciation other than those items being allocated, as follows:

Customer Classification (1)	Original Cost Less Depreciation (2)	Allocation Factor (3)
General Metered Service	$720,679,257	0.7447
Optional Industrial Wholesale	61,340,953	0.0634
Service to Other Systems Resale	85,250,032	0.0881
Private Fire Protection	46,463,421	0.0480
Public Fire Protection, Inch-Foot	29,525,911	0.0305
Public Fire Protection, Hydrants	24,490,253	0.0253
Total	$967,749,827	1.0000

FACTOR 19. ALLOCATION OF INCOME TAXES, TAXES OTHER THAN INCOME, AND INCOME AVAILABLE FOR RETURN.

The factors are based on the allocation of the original cost measure of value rate base as shown on the following pages and summarized below:

Customer Classification (1)	Original Cost Measure of Value (2)	Allocation Factor (3)
General Metered Service	$478,070,438	0.7376
Optional Industrial Wholesale	39,107,081	0.0603
Service to Other Systems Resale	61,651,818	0.0951
Private Fire Protection	33,730,328	0.0520
Public Fire Protection, Inch-Foot	16,690,223	0.0257
Public Fire Protection, Hydrants	19,019,677	0.0293
Total	$648,269,565	1.0000

ELIZABETHTOWN WATER COMPANY

ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2007

Account Description	Factor Ref.	Cost of Service	GMS	OIW	SOS	Private Fire Protection	Public Fire Protection	
							Inch-Foot	Hydrants
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
UTILITY PLANT IN SERVICE LESS DEPRECIATION								
Intangible and Nondepreciable								
Intangible	18	179,194	133,446	11,361	15,787	8,601	5,465	4,534
Nondepreciable	18	6,762,059	5,035,705	428,715	595,737	324,579	206,243	171,080
Franchises	18	-	-	-	-	-	-	-
Land & Ld Rights SS	2	-	-	-	-	-	-	-
Land & Ld Rights P	2	-	-	-	-	-	-	-
Land & Ld Rights WT	2	-	-	-	-	-	-	-
Land & Ld Rights TD	8	-	-	-	-	-	-	-
Land & Land Rights AG	16	-	-	-	-	-	-	-
Subtotal Intangible and Nondepreciable		6,941,253	5,169,151	440,076	611,524	333,180	211,708	175,614
Depreciable Plant								
Structures & improvements - SS	2	850,020	619,750	61,286	165,414	1,020	2,550	-
Collecting & impounding reservoirs	1	1,657,903	1,055,587	155,511	435,531	3,150	8,124	-
Lakes, rivers & other intakes	2	504,336	367,711	36,363	98,144	605	1,513	-
Wells & springs	2	2,458,344	1,792,379	177,247	478,394	2,950	7,375	-
Infiltration galleries and tunnels	2	9,664,441	7,046,344	696,806	1,880,700	11,597	28,993	-
Supply mains	2	1,876,976	1,368,503	135,330	365,260	2,252	5,631	-
Other water source plant	2	-	-	-	-	-	-	-
Structures & Imp. - pumping	2	16,201,186	11,812,285	1,168,106	3,152,751	19,441	48,604	-
Other power production equipment	2	6,316,219	4,605,155	455,399	1,229,136	7,579	18,949	-
Boiler Plant Equipment	2	-	-	-	-	-	-	-
Electric pumping equipment	2	44,005,501	32,084,411	3,172,797	8,563,470	52,807	132,017	-
Diesel pumping equipment	2	5,205,252	3,795,149	375,299	1,012,942	6,246	15,616	-
Hydraulic pumping equipment	2	-	-	-	-	-	-	-
Other pumping equipment	2	6,241,765	4,550,871	450,031	1,214,647	7,490	18,725	-
Structures & Imp. - WT	2	66,666,897	48,606,835	4,806,683	12,973,378	80,000	200,001	-
Water treatment equipment	2	111,448,517	81,257,114	8,035,438	21,687,881	133,738	334,346	-
Water treatment - GAC	2	-	-	-	-	-	-	-
WH Structures & improvements	2	-	-	-	-	-	-	-

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ELIZABETHTOWN WATER COMPANY

ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2007

Account Description	Factor Ref.	Cost of Service	GMS	OIW	SOS	Private Fire Protection	Public Fire Protection	
							Inch-Foot	Hydrants
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
WH equipment	2	-	-	-	-	-	-	-
T & D structures & improvements	14	3,897,677	3,214,414	264,263	163,313	75,615	180,073	-
Distribution reservoirs & standpipes	6	24,311,256	15,802,316	1,495,142	3,953,010	841,169	2,219,618	-
Fire Mains	5	148,230	123,476	12,125	-	3,469	9,161	-
T & D mains -6"-8"	5	338,366,468	281,859,268	27,678,377	-	7,917,775	20,911,048	-
T & D mains -10"-16"	4	117,960,529	81,982,568	8,103,888	21,881,678	1,651,447	4,340,947	-
T & D mains -18" & more	4	-	1	-	-	-	-	-
Services	11	91,771,775	56,632,362	587,339	495,568	34,056,506	-	-
Meters	10	31,102,546	30,001,517	404,333	342,128	354,569	-	-
Meter installations	10	3,544,249	3,418,783	46,075	38,987	40,404	-	-
Hydrants	9	23,973,889	-	-	-	-	-	23,973,889
Other T & D Plant	14	2,775,082	2,288,609	188,151	116,276	53,837	128,209	-
Office structures & improvements	16	11,791,090	9,654,545	582,480	1,009,317	241,717	193,374	109,657
Miscellaneous structures	16	-	-	-	-	-	-	-
Office Furniture & Equipment	16	36,143,818	29,594,558	1,785,505	3,093,911	740,948	592,759	336,138
Computers and Peripheral Equipment	16	-	-	-	-	-	-	-
Computer Software	16	-	-	-	-	-	-	-
Data handling equipment	16	-	-	-	-	-	-	-
Other Office Equipment	16	-	-	-	-	-	-	-
Transportation equip. - light trucks	16	635,392	520,259	31,388	54,390	13,026	10,420	5,909
Transportation equip. - heavy trucks	16	-	-	-	-	-	-	-
Transportation equip. - cars	16	-	-	-	-	-	-	-
Transportation equip. - other	16	-	-	-	-	-	-	-
Stores equipment	16	874,422	715,976	43,196	74,851	17,926	14,341	8,132
Tools, shop & garage equipment	16	1,763,265	1,443,761	87,105	150,935	36,147	28,918	16,398
Laboratory equipment	2	1,277,777	931,627	92,128	248,655	1,533	3,833	-
Power operated equipment	16	960,619	786,554	47,455	82,229	19,693	15,754	8,934
Communication equipment	16	2,024,107	1,657,339	99,991	173,264	41,494	33,195	18,824
Communication equip. - telephone	16	-	-	-	-	-	-	-
Miscellaneous equipment	16	1,330,278	1,089,230	65,716	113,872	27,271	21,817	12,372

ELIZABETHTOWN WATER COMPANY

ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2007

Account Description	Factor Ref.	Cost of Service	GMS	OIW	SOS	Private Fire Protection	Public Fire Protection	
							Inch-Foot	Hydrants
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Other Tangible Property	18	188,879	140,658	11,975	16,640	9,066	5,761	4,779
Test Year Additions	18	85,657,808	63,789,369	5,430,705	7,546,453	4,111,575	2,612,563	2,167,143
Subtotal Depreciable Plant		1,053,596,513	784,609,284	66,783,633	92,813,125	50,584,062	32,144,235	26,662,175
Total Utility Plant in Service		1,060,537,766	789,778,435	67,223,709	93,424,649	50,917,242	32,355,943	26,837,789
Other Rate Base Elements								
Accumulated Depr. Reserve	18	(242,469,375)	(180,566,944)	(15,372,558)	(21,361,552)	(11,638,530)	(7,395,316)	(6,134,475)
Accumulated Amortization	18	(677,071)	(504,215)	(42,926)	(59,650)	(32,499)	(20,651)	(17,130)
Working Capital - Expenses	16	12,700,000	10,398,760	627,380	1,087,120	260,350	208,280	118,110
Working Capital - Return & Taxes	18	12,300,000	9,159,810	779,820	1,083,630	590,400	375,150	311,190
Utility Plant Acquisition Adjustment	18	1,965,416	1,463,646	124,607	173,153	94,340	59,945	49,725
Prepayments	16	2,238,757	1,833,093	110,595	191,638	45,895	36,716	20,820
Materials and Supplies	16	2,888,619	2,365,201	142,698	247,266	59,217	47,373	26,864
Customer Deposits	12	(1,380)	(1,349)	(4)	(1)	(25)	-	(1)
Customer Advances	8	(38,314,453)	(30,544,282)	(3,007,685)	(1,839,094)	(804,604)	(2,118,789)	-
CIAC	8	(76,210,375)	(60,754,911)	(5,982,514)	(3,658,098)	(1,600,418)	(4,214,434)	-
Pre-1971 ITC	18	(174,402)	(129,877)	(11,057)	(15,365)	(8,371)	(5,319)	(4,412)
Deferred FIT	18	(86,513,937)	(64,426,929)	(5,484,984)	(7,621,878)	(4,152,669)	(2,638,675)	(2,188,803)
Subtotal Other Rate Base Elements		(412,268,201)	(311,707,997)	(28,116,628)	(31,772,831)	(17,186,914)	(15,665,720)	(7,818,112)
Total Original Cost Rate Base		$ 648,269,565	$ 478,070,438	$ 39,107,081	$ 61,651,818	$ 33,730,328	$ 16,690,223	$ 19,019,677

ELIZABETHTOWN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 20. ALLOCATION OF REGULATORY ASSESSMENTS.

The factors are based on the allocation of the total cost of service.

Customer Classification	Total Cost of Service	Allocation Factor
(1)	(2)	(3)
General Metered Service	$131,800,856	0.7461
Optional Industrial Wholesale	10,903,458	0.0617
Service to Other Systems Resale	21,030,301	0.1191
Private Fire Protection	6,337,468	0.0359
Public Fire Protection, Inch-Foot	3,408,951	0.0193
Public Fire Protection, Hydrants	3,167,860	0.0179
Total	$176,648,894	1.0000

MOUNT HOLLY WATER COMPANY

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES
FOR THE PRO FORMA POST TEST YEAR PERIOD ENDED MARCH 31, 2007

Customer Classification	Cost of Service		Revenues, Present Rates		Revenues, Proposed Rates		Revenue Increase	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent Increase
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
General Metered Service	$ 11,400,422	87.3%	$ 7,308,636	91.6%	$ 9,864,310	93.5%	$ 2,555,674	35.0%
Private Fire Protection	414,428	3.2%	129,516	1.6%	161,260	1.5%	31,744	24.5%
Public Fire Protection	1,239,083	9.5%	539,163	6.8%	531,473	5.0%	(7,690)	-1.4%
Subtotal	13,053,933	100.0%	7,977,315	100.0%	10,557,043	100.0%	2,579,728	32.3%
Other Revenue	(47,328)		(47,328)		(47,328)		-	0.0%
Total	$ 13,006,605		$ 7,929,987		$ 10,509,715 **		$ 2,579,728	32.5%

** Deficiency of $ (2,496,890) recovered under NJAWC.

MOUNT HOLLY WATER COMPANY

ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2007

Account Description	Factor Ref.	Cost of Service	GMS	Private Fire Protection	Public Fire Protection Inch-Foot	Public Fire Protection Hydrants
(1)	(2)	(3)	(4)	(5)	(6)	(7)
OPERATION AND MAINTENANCE EXPENSES						
Source of Supply						
----Operation----						
Labor Oper SS Super/Eng	2	-	-	-	-	-
Labor Oper SS	2	-	-	-	-	-
Puchased Water-Outside	1	663,325	659,080	597	3,648	-
Puchased Water - NJWSA	3	-	-	-	-	-
Diversion Rights	1	-	-	-	-	-
Purch Power SS	1	382,590	380,141	344	2,104	-
Fuel for Power Prod SS	1	-	-	-	-	-
Rents-Real Prop Oper SS	2	-	-	-	-	-
M & S Oper SS	2	13,302	13,263	5	33	-
Contr Svc-Other Oper SS	2	-	-	-	-	-
Trans Oper SS	2	-	-	-	-	-
Misc Oper SS	2	-	-	-	-	-
Telephone SS	2	-	-	-	-	-
----Maintenance----						
Labor Maint SS	2	-	-	-	-	-
Labor Maint SS Coll & Imp	1	1,532	1,522	1	8	-
Labor Maint SS Lake, River	2	-	-	-	-	-
Labor Maint SS Wells & Spr	2	1,337	1,333	1	3	-
Transport Maint SS	2	-	-	-	-	-
Contr Svc-Eng Maint SS	2	-	-	-	-	-
Misc Maint SS - Coll & Imp	1	-	-	-	-	-
Misc Maint SS	2	37,731	37,622	15	94	-
Subtotal Source of Supply		1,099,817	1,092,961	963	5,890	-

MOUNT HOLLY WATER COMPANY

ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2007

Account Description	Factor Ref.	Cost of Service	GMS	Private Fire Protection	Public Fire Protection Inch-Foot	Public Fire Protection Hydrants
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Power and Pumping Expenses						
----Operation----						
Labor Oper P Super/Eng	2	-	-	-	-	-
Labor Oper P	2	-	-	-	-	-
Purch Power P	1	-	-	-	-	-
M & S Oper P	2	-	-	-	-	-
Trans Oper P	2	-	-	-	-	-
----Maintenance----						
Labor Maint P Pwr Prod	2	1,588	1,583	1	4	-
Labor Maint P	2	28	28	-	-	-
Labor Maint P Struct & Imp	2	6	6	-	-	-
Mat and Sup Maint P	2	-	-	-	-	-
Misc Maint P	2	10,167	10,138	4	25	-
Subtotal Power and Pumping		11,789	11,755	5	29	-
Water Treatment Expenses						
----Operation----						
Labor Oper WT	2	33,245	33,149	13	83	-
Purch Power WT	1	-	-	-	-	-
Chemicals WT	1	58,038	57,667	52	319	-
Waste Disposal Exp WT	1	2,187	2,173	2	12	-
Contr Svc-Lab Testing	2	-	-	-	-	-
Rents-Real Prop Oper WT	2	-	-	-	-	-
Rents-Equipment Oper WT	2	-	-	-	-	-
M & S Oper WT	2	-	-	-	-	-
Contr Svc-Legal Oper WT	2	-	-	-	-	-
Lab Supplies WT	2	1,807	1,802	1	5	-
Misc Oper WT	2	26	26	-	-	-

MOUNT HOLLY WATER COMPANY

ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2007

Account Description	Factor Ref.	Cost of Service	GMS	Private Fire Protection	Public Fire Protection Inch-Foot	Public Fire Protection Hydrants
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Office & Admin Supplies WT	2	-	-	-	-	-
----Maintenance----						
Labor Maint WT Equip.	2	10,279	10,249	4	26	-
Labor Maint WT	2	-	-	-	-	-
Labor Maint WT Struct & Imp	2	380	379	-	1	-
Other Welf Maint WT	2	-	-	-	-	-
Transport Maint WT	2	-	-	-	-	-
Contr Svc-Eng Maint WT	2	-	-	-	-	-
Mat and Sup Maint WT	2	-	-	-	-	-
Misc Maint WT	2	15,059	15,015	6	38	-
Subtotal Water Treatment		121,021	120,460	78	484	-
Transmission & Distribution Expenses						
----Operation----						
Labor Oper TD Super/Eng	14	34,085	29,313	750	4,022	-
Labor Oper TD						
Storage Facilities	6	-	-	-	-	-
Mains	8	-	-	-	-	-
Meters	10	37,378	37,199	179	-	-
Services	11	-	-	-	-	-
Labor Oper TD Lines	8	103,838	84,223	2,939	16,676	-
Purch Power TD	14	-	-	-	-	-
Rents-Real Prop Oper TD	14	-	-	-	-	-
Rents-Equipment Oper TD	14	-	-	-	-	-
Other Welf Oper TD	14	-	-	-	-	-
M & S Oper TD	14	2,865	2,464	63	338	-
Contract Svc-Eng Oper TD	14	-	-	-	-	-
Contr Svc-Legal Oper TD	14	-	-	-	-	-

MOUNT HOLLY WATER COMPANY

ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2007

Account Description	Factor Ref.	Cost of Service	GMS	Private Fire Protection	Public Fire Protection	
					Inch-Foot	Hydrants
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Contr Svc-Other Oper TD	14	-	-	-	-	-
Trans Oper TD	14	-	-	-	-	-
Misc Oper TD	14	-	-	-	-	-
Misc Oper TD Storage	6	1,505	1,319	28	158	-
Misc Oper TD Mains	8	-	-	-	-	-
Misc Oper TD Meters	10	-	-	-	-	-
Misc Oper TD Mtr Inst	10	-	-	-	-	-
Office & Admin Supplies TD	14	-	-	-	-	-
Telephone TD	14	-	-	-	-	-
----Maintenance----						
Labor Maint TD						
Storage Facilities	6	-	-	-	-	-
Mains	8	37,711	30,587	1,067	6,056	-
Meters	10	9,869	9,822	47	-	-
Services	11	21,507	16,010	5,497	-	-
Hydrants	9	26,183	-	-	-	26,183
Labor Maint TD Mains	8	-	-	-	-	-
Labor Maint TD Super/Eng	15	104,385	65,648	7,046	7,004	24,687
Contr Svc-Other Maint TD	15	-	-	-	-	-
Mat and Sup Maint TD	15	-	-	-	-	-
Misc Maint TD	15	25,299	15,911	1,708	1,698	5,983
Misc Maint TD Struct & Imp	6	20,502	17,962	381	2,159	-
Misc Maint TD Dist Res	6	-	-	-	-	-
Misc Maint TD Mains	8	3,732	3,027	106	599	-
Misc Maint TD Services	11	6,898	5,135	1,763	-	-
Misc Maint TD Meters	10	-	-	-	-	-
Misc Maint TD Hydrants	9	4,864	-	-	-	4,864
Subtotal Transmission & Distribution		440,621	318,620	21,574	38,710	61,717

MOUNT HOLLY WATER COMPANY

ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2007

Account Description	Factor Ref.	Cost of Service	GMS	Private Fire Protection	Public Fire Protection Inch-Foot	Public Fire Protection Hydrants
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Customer Accounting Expenses						
Labor Oper CA	12	41,973	41,612	277	-	84
Labor Oper CA Off/Dir	12	-	-	-	-	-
Labor Oper CA Mtr Read	13	167,772	166,665	1,107	-	-
Contr Svc- Oper CA	12	-	-	-	-	-
M & S Oper CA	12	(843)	(836)	(6)	-	(2)
Uncollectible Accounts	12	60,000	59,484	396	-	120
Misc Oper CA	12	15,404	15,272	102	-	31
Misc Oper CA Mtr Read	13	-	-	-	-	-
Subtotal Customer Accounting		284,306	282,197	1,876	-	233
Administrative and General Expenses						
Labor Oper AG	16	166,084	141,803	4,584	7,607	12,091
Purch Power AG	16	-	-	-	-	-
Contr Svc-Mgmt Oper AG	16	-	-	-	-	-
Mgmt Fees-Labor	16	-	-	-	-	-
Mgmt Fees-Administrative	16	460,244	392,956	12,703	21,079	33,506
Mgmt Fees-Employee Related	17	-	-	-	-	-
Employee Pension and Benefits	17	352,987	307,522	8,401	17,543	19,520
Reg Commission Expense	16	27,834	23,765	768	1,275	2,026
Ins Gen Liab Oper AG	16	53,873	45,997	1,487	2,467	3,922
Ins Work Comp AG	17	12,465	10,860	297	620	689
Rents	16	-	-	-	-	-
M & S Oper AG	16	67,502	57,633	1,863	3,092	4,914
Dues/Membership	16	5,246	4,479	145	240	382
Employee Expenses AG	17	5,109	4,451	122	254	283
Office & Admin Supplies & Expenses	16	5,877	5,018	162	269	428

MOUNT HOLLY WATER COMPANY

ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2007

Account Description	Factor Ref.	Cost of Service	GMS	Private Fire Protection	Public Fire Protection Inch-Foot	Public Fire Protection Hydrants
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Contract Services	16	2,130	1,819	59	98	155
Contr Svc-Temp Empl Oper AG	17	-	-	-	-	-
Trans Oper AG	16	113,100	96,565	3,122	5,180	8,234
Ins Vehicle Oper AG	16	-	-	-	-	-
Misc Oper AG	16	(220,667)	(188,405)	(6,090)	(10,107)	(16,065)
Charitable Contrib	16	-	-	-	-	-
Injuries and Damages	17	-	-	-	-	-
Labor Maint AG	16	-	-	-	-	-
Mat and Sup Maint AG	16	-	-	-	-	-
Misc Maint AG	16	-	-	-	-	-
Subtotal Administrative and General		1,051,784	904,463	27,623	49,617	70,085
Total Operation & Maintenance Expenses		3,009,338	2,730,456	52,119	94,730	132,035
Pro Forma Adjustments						
Salaries and Wages	17	378,219	329,504	9,002	18,797	20,916
Group Insurance	17	78,578	68,457	1,870	3,905	4,345
Pension Expense	17	(21,009)	(18,303)	(500)	(1,044)	(1,162)
Post-Retirement Other than Pensions	17	(36,174)	(31,515)	(861)	(1,798)	(2,000)
401(k)	17	2,549	2,221	61	127	141
Defined Contribution Plan	17	10,166	8,857	242	505	562
Electric Power	1	185,523	184,336	167	1,020	-
Painting of Storage Facilities	6	76,853	67,331	1,429	8,093	-
Regulatory Expense	16	(15,213)	(12,988)	(420)	(697)	(1,108)
Water Diversion	1	10,843	10,774	10	60	-
Waste Disposal - Water Operation	1	17,988	17,873	16	99	-
Chemicals	1	142,608	141,696	128	784	-

MOUNT HOLLY WATER COMPANY

ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2007

Account Description	Factor Ref.	Cost of Service	GMS	Private Fire Protection	Public Fire Protection Inch-Foot	Public Fire Protection Hydrants
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Purchased Water	1	(663,325)	(659,080)	(597)	(3,648)	-
Deferred Purchased Water	1	-	-	-	-	-
Insurance Other Than Group	16	39,056	33,346	1,078	1,789	2,843
Service Company Expenses	16	153,632	131,171	4,240	7,036	11,184
Amortization of Bus. Serv. Exp.	16	21,860	18,664	603	1,001	1,591
Security Costs	16	-	-	-	-	-
Amortization of Def. Security Costs	16	-	-	-	-	-
Rental Expense	16	-	-	-	-	-
Lease of Granular Activated Carbon	2	-	-	-	-	-
Leased Vehicle Expense	16	(1,369)	(1,169)	(38)	(63)	(100)
Audit Fees	16	48,305	41,243	1,333	2,212	3,517
Postage	16	107	91	3	5	8
Charitable Contr. & Lobbying Exps.	16	(1,214)	(1,037)	(34)	(56)	(88)
Uncollectible Expense	12	(1,146)	(1,137)	(8)	-	(2)
Base Year Capitalization	16	664,302	567,181	18,335	30,425	48,361
Other O & M	16	(9,309)	(7,948)	(257)	(426)	(678)
Total Pro Forma Expense Adjustments		1,081,830	889,568	35,802	68,126	88,330
Total Pro Forma O & M Expenses		4,091,168	3,620,024	87,921	162,856	220,365
DEPRECIATION EXPENSE						
Structures & Improvements - SS	2	5,761	5,744	2	14	-
Collecting & Impounding Reservoirs	1	-	-	-	-	-
Lakes, rivers & other intakes	1	-	-	-	-	-
Wells & springs	1	65,231	64,814	59	359	-
Infiltration galleries and tunnels	1	-	-	-	-	-
Supply mains	1	3,166	3,146	3	17	-

MOUNT HOLLY WATER COMPANY

ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2007

Account Description	Factor Ref.	Cost of Service	GMS	Private Fire Protection	Public Fire Protection Inch-Foot	Public Fire Protection Hydrants
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Other water source plant	2	-	-	-	-	-
Structures & Improvements - Pumping	2	20,239	20,180	8	51	-
Other power production equipment	2	24,725	24,653	10	62	-
Boiler Plant Equipment	2	-	-	-	-	-
Electric pumping equipment	2	74,939	74,722	30	187	-
Diesel pumping equipment	2	-	-	-	-	-
Hydraulic pumping equipment	2	-	-	-	-	-
Other pumping equipment	2	640	638	-	2	-
Structures & improvements - WT	2	65,843	65,652	26	165	-
Water treatment equipment	2	369,580	368,508	148	924	-
Water treatment - GAC	2	-	-	-	-	-
WH Structures & improvements	2	-	-	-	-	-
WH equipment	2	-	-	-	-	-
T & D structures & improvements	14	-	-	-	-	-
Distribution reservoirs & standpipes	6	50,059	43,857	931	5,271	-
Transmission & distrbtn mains -4" & less	5	-	-	-	-	-
Transmission & distrbtn mains -6"-8"	5	245,157	193,233	7,771	44,153	-
Transmission & distrbtn mains -10"-16"	4	302,436	258,522	6,563	37,351	-
Transmission & distrbtn mains -18" & m(	4	-	-	-	-	-
Services	11	116,115	86,436	29,679	-	-
Meters	10	37,798	37,617	181	-	-
Meter installations	10	-	-	-	-	-
Hydrants	9	32,570	-	-	-	32,570
Other T & D Plant	14	-	-	-	-	-
Office structures & improvements	16	20,642	17,624	570	945	1,503
Miscellaneous structures	16	-	-	-	-	-
Office Furniture & Equipment	16	2,470	2,109	68	113	180
Computers and Peripheral Equipment	16	-	-	-	-	-

MOUNT HOLLY WATER COMPANY

ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2007

Account Description	Factor Ref.	Cost of Service	GMS	Private Fire Protection	Public Fire Protection	
					Inch-Foot	Hydrants
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Computer Software	16	-	-	-	-	-
Data handling equipment	16	-	-	-	-	-
Other Office Equipment	16	-	-	-	-	-
Transportation equipment - light trucks	16	12,377	10,567	342	567	901
Transportation equipment - heavy trucks	16	-	-	-	-	-
Transportation equipment - cars	16	-	-	-	-	-
Transportation equipment - other	16	-	-	-	-	-
Stores equipment	16	208	178	6	10	15
Tools, shop & garage equipment	16	10,300	8,794	284	472	750
Laboratory equipment	2	169	169	-	-	-
Power operated equipment	16	(1,172)	(1,001)	(32)	(54)	(85)
Communication equipment	16	1,286	1,098	35	59	94
Communication equipment - telephone	16	-	-	-	-	-
Miscellaneous equipment	16	-	-	-	-	-
Other Tangible Property	18	23	19	1	2	1
Miscellaneous Intangible Plant	18	-	-	-	-	-
Test Year Additions	18	123,548	106,202	4,485	9,723	3,138
Contributions and Advances	8	(83,515)	(67,739)	(2,363)	(13,413)	-
Total Depreciation Expense		1,500,595	1,325,742	48,807	86,980	39,067

MOUNT HOLLY WATER COMPANY

ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2007

Account Description	Factor Ref.	Cost of Service	GMS	Private Fire Protection	Public Fire Protection Inch-Foot	Public Fire Protection Hydrants
(1)	(2)	(3)	(4)	(5)	(6)	(7)
AMORTIZATIONS						
Amortization of UPAA	18	14,132	12,148	513	1,112	359
Amortization of ITC	18	(6,829)	(5,870)	(248)	(537)	(173)
Amortization of Comprehensive Planning	18	5,000	4,297	182	394	127
Total Depreciation & Amortization		1,512,898	1,336,317	49,254	87,949	39,380
TAXES OTHER THAN INCOME TAXES						
Utility Reg Assessment Fee	20	24,636	21,584	766	1,345	941
Property Taxes	18	63,800	54,842	2,316	5,021	1,621
Payroll Taxes	17	94,341	82,190	2,245	4,689	5,217
Water Monitoring	7	16,077	16,077	-	-	-
Other Taxes and Licenses	16	-	-	-	-	-
Total Taxes Other Than Income Taxes		198,854	174,693	5,327	11,055	7,779
INCOME TAXES						
Federal and State Income Taxes	19	1,515,953	1,315,696	57,000	97,324	45,933
Total Income Taxes		1,515,953	1,315,696	57,000	97,324	45,933
UTILITY OPERATING INCOME	19	4,250,195	3,688,744	159,807	272,863	128,781
Total Cost of Service (Excl. GRFT)		11,569,068	10,135,474	359,309	632,047	442,238

MOUNT HOLLY WATER COMPANY

ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2007

Account Description	Factor Ref.	Cost of Service	GMS	Private Fire Protection	Public Fire Protection Inch-Foot	Public Fire Protection Hydrants
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Less:						
Other Revenues (negative)	7	47,328	47,328	-	-	-
Total Cost of Service Related to Sales (Excl. GRFT)		11,616,396	10,182,802	359,309	632,047	442,238
Gross Receipts and Franchise Tax		1,437,537	1,217,620	55,119	96,958	67,840
Total Including Gross Receipts		13,053,933	11,400,422	414,428	729,005	510,078

MOUNT HOLLY WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS

FACTOR 1. ALLOCATION OF COSTS WHICH VARY WITH THE AMOUNT OF WATER CONSUMED.

Factors are based on the pro forma test year average daily consumption for each customer classification.

Customer Classification	Average Daily Consumption, 1000 Gals	Allocation Factor
(1)	(2)	(3)
General Metered Service	4,309	0.9936
Private Fire Protection	4	0.0009
Public Fire Protection	24	0.0055
Total	4,337	1.0000

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the factors for average daily consumption (Factor 1) and the factors derived from maximum day extra capacity demand for each customer classification, as follows:

	Average Day Consumption		Maximum Day Extra Capacity		
Customer Classification	Allocation Factor 1	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)x 0.4545	(4)	(5)=(4)x 0.5455	(6)=(3)+(5)
General Metered Service	0.9936	0.4516	1.0000	0.5455	0.9971
Private Fire Protection	0.0009	0.0004			0.0004
Public Fire Protection	0.0055	0.0025			0.0025
Total	1.0000	0.4545	1.0000	0.5455	1.0000

The basis for the column 3 and column 5 weightings are presented on the following page.

MOUNT HOLLY WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS, cont.

The weighting of the factors is based on the maximum day ratio of 2.20, based on a review of maximum day ratios experienced by the Company, as follows:

	Maximum Day Ratio	Weight
Average Day	1.00	0.4545
Maximum Day Extra Capacity	1.20	0.5455
Total	2.20	1.0000

* Ratio of maximum day to average day minus 1.0.

FACTOR 3. is not used in this allocation.

MOUNT HOLLY WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Daily Consumption			Maximum Day Extra Capacity		Fire Protection		
	1000 Gals	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3) X 0.3897	(5)	(6)=(5) X 0.4676	(7)	(8)=(7) X 0.1427	(9)=(4)+(6)+(8)
General Metered Service	4,309	0.9936	0.3872	1.0000	0.4676			0.8548
Private Fire Protection	4	0.0009	0.0004			0.1496	0.0213	0.0217
Public Fire Protection	24	0.0055	0.0021			0.8504	0.1214	0.1235
Total	4,337	1.0000	0.3897	1.0000	0.4676	1.0000	0.1427	1.0000

The allocation factors in column 7 are based on the relative potential fire demands of Private and Public Fire Protection Service.

(See the second page following)

MOUNT HOLLY WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum day ratio of 2.0 and the average pumpage for the year ended 12/31/2002. The system demand for fire protection is 3500 gpm for 3 hours.

	Ratio	Rate of Flow, (GPD)	Weight
Average Day	1.00	5,736,300	0.3897
Maximum Day Extra Capacity	1.20	6,883,560	0.4676
Subtotal	2.20	12,619,860	0.8573
Fire Protection		2,100,000	0.1427
Total		14,719,860	1.0000

MOUNT HOLLY WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS, cont.

BASIS FOR ALLOCATING DEMAND RELATED COSTS OF FIRE SERVICE TO PRIVATE FIRE PROTECTION AND PUBLIC FIRE PROTECTION CUSTOMER CLASSIFICATIONS

Description	Restrictive Diameters Squared	Quantity	Relative Demand	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Private Fire Protection				
Fire Lines				
2 -inch fire line	4.00	6	24	
3 -inch fire line	9.00	4	36	
4 -inch fire line	16.00	26	416	
6 -inch fire line	36.00	46	1,656	
8 -inch fire line	64.00	25	1,600	
10 -inch fire line	100.00	0	0	
12 -inch fire line	144.00	1	144	
Private Hydrants	32.75	102	3,341	
Total Private Fire Protection		210	7,217	0.1496
Public Fire Protection				
4 1/2-inch Steamer, 2 2-1/2 nozzles	32.75	1,253	41,036	
Total Public Fire Protection		1,253	41,036	0.8504
Total Fire Protection		1,463	48,253	1.0000

MOUNT HOLLY WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM HOUR EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS.

Factors are based on the weighting of the average hourly consumption, the maximum hour extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		Allocation Factor
	1000 Gals	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	
(1)	(2)	(3)	(4)=(3) X 0.2394	(5)	(6)=(5) X 0.5504	(7)	(8)=(7) X 0.2102	(9)=(4)+(6)+(8)
General Metered Service	179.5	0.9934	0.2378	1.0000	0.5504			0.7882
Private Fire Protection	0.2	0.0011	0.0003			0.1496	0.0314	0.0317
Public Fire Protection	1.0	0.0055	0.0013			0.8504	0.1788	0.1801
Total	180.7	1.0000	0.2394	1.0000	0.5504	1.0000	0.2102	1.0000

The allocation factors in column 7 are based on the relative potential fire demands of Private and Public Fire Protection Service.

(See the previous page)

MOUNT HOLLY WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM HOUR EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum hour ratio of 3.3 and the average pumpage for the year ended 12/31/2005. The system demand for fire protection is 3,500 gpm.

	Ratio	Rate of Flow, (GPM)	Weight
Average Hour	1.00	3,984	0.2394
Maximum Hour Extra Capacity	2.30	9,163	0.5504
Subtotal	3.30	13,147	0.7898
Fire Protection		3,500	0.2102
Total		16,647	1.0000

MOUNT HOLLY WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES.

Factors are based on the weighting of the average hourly consumption, the maximum hour extra capacity demand, and the fire protection demand for each customer classification, as follows:

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		
	1000 Gals	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	-2	-3	(4)=(3)X	-5	(6)=(5)X	-7	(8)=(7)X	(9)=(4)+(6)+(8)
			0.2660		0.6119		0.1221	
General Metered Service	179.5	0.9934	0.2642	1.0000	0.6119			0.8761
Private Fire Protection	0.2	0.0011	0.0003			0.1496	0.0183	0.0186
Public Fire Protection	1.0	0.0055	0.0015			0.8504	0.1038	0.1053
Total	180.7	1.0000	0.2660	1.0000	0.6119	1.0000	0.1221	1.0000

The weighting of the factors is based on the ratio of the capacity required for a 10-hour demand of fire flow, as related to total storage capacity. The calculation is shown on the following page.

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MOUNT HOLLY WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cor

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES, cont.

The weighting of the factors is based on the ratio of the capacity required for a 10-hour demand of fire flow, as related to total storage capacity.

Fire Protection Weight = $\frac{\text{3,500 GPM X 60 Min. X 3 Hours}}{\text{5,160,000 Gallons}}$ = 0.1221

General Service Weight = 1.0000 - 0.1221 = 0.8779

The weighting of the average hourly consumption and maximum hour extra demand for general service is based on the maximum hour ratio, as follows.

	Maximum Hour Ratio	Percent	Weight
Average Hour	1.00	30.30	0.2660
Extra Capacity Maximum Hour	2.30	69.70	0.6119
	3.30	100.00	0.8779

FACTOR 7. ALLOCATION OF WATER MONITORING TAXES.

These costs are assigned directly to the General Metered Service Classification.

Customer Classification (1)	Allocation Factor (2)
General Metered Service	1.0000

MOUNT HOLLY WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 8. ALLOCATION OF COSTS ASSOCIATED WITH MAINS.

Factors are based on the weighting of the maximum daily consumption, Factor 4, and the maximum hour consumption, Factor 5, for each customer classification, as follows:

Customer Classification	10-inch and Larger Allocation Factor 4	10-inch and Larger Weighted Factor	Under 10-inch Allocation Factor 5	Under 10-inch Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)x 0.3442	(4)	(5)=(4)x 0.6558	(6)=(3)+(5)
General Metered Service	0.8548	0.2942	0.7882	0.5169	0.8111
Private Fire Protection	0.0217	0.0075	0.0317	0.0208	0.0283
Public Fire Protection	0.1235	0.0425	0.1801	0.1181	0.1606
Total	1.0000	0.3442	1.0000	0.6558	1.0000

The weighting of the factors is based on the length of transmission and distribution mains, as follows:

	Length of Mains (Feet)	Weight
10-inch and Larger	424,326	0.3442
Under 10-inch	808,377	0.6558
Total	1,232,703	1.0000

MOUNT HOLLY WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 9. ALLOCATION OF COSTS ASSOCIATED WITH FIRE HYDRANTS.

These costs are assigned directly to Public Fire Protection.

Customer Classification (1)	Allocation Factor (2)
Public Fire Protection	1.0000

FACTOR 10. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

Factors are based on the relative capacity of meters by size and customer classification, as developed on the following page and summarized below.

Customer Classification (1)	5/8" Equivalents (2)	Allocation Factor (3)
General Metered Service	22,481	0.9952
Private Fire Protection	108	0.0048
Total	22,589	1.0000

FACTOR 11. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

Factors are based on the relative capacity of services by size and customer classification, as developed on the second of the following pages, and summarized below.

Customer Classification (1)	3/4" Equivalents (2)	Allocation Factor (3)
General Metered Service	19,945	0.7444
Private Fire Protection	6,850	0.2556
Total	26,795	1.0000

MOUNT HOLLY WATER COMPANY

BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS

		General Metered Service		Private Fire		Total	
Meter Size	5/8" Equivalent	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
5/8	1.0	13,809	13,809	108	108	13,917	13,917
3/4	1.5	111	167	0	0	111	167
1	2.5	1,861	4,653	0	0	1,861	4,653
1-1/2	5.0	103	515	0	0	103	515
2	8.0	189	1,512	0	0	189	1,512
3	15.0	45	675	0	0	45	675
4	25.0	33	825	0	0	33	825
6	50.0	4	200	0	0	4	200
8	80.0	0	0	0	0	0	0
10	100.0	0	0				
12	125.0	1	125				
Total		16,156	22,481	108	108	16,263	22,464

MOUNT HOLLY WATER COMPANY

BASIS FOR ALLOCATING SERVICE COSTS TO CUSTOMER CLASSIFICATIONS

		General Metered Service		Private Fire		Total	
Service Size	3/4" Equivalent	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting
(1)	(2)	(3)	(4)	(9)	(10)	(11)	(12)
3/4	1.0	13,920	13,920	0	0	13,920	13,920
1	1.7	1,861	3,164	0	0	1,861	3,164
1-1/2	3.3	103	340	0	0	103	340
2	5.3	189	1,002	6	32	195	1,034
3	10.0	0	0	4	40	4	40
4	16.7	78	1,303	26	434	104	1,737
6	33.3	4	133	148	4,928	152	5,061
8	53.3	0	0	25	1,333	25	1,333
10	66.7	0	0	0	0	0	0
12	83.3	1	83	1	83	2	166
Total		16,156	19,945	210	6,850	16,366	26,795

MOUNT HOLLY WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 12. ALLOCATION OF COSTS ASSOCIATED WITH BILLING AND COLLECTING.

Factors are based on the number of bills, as follows:

Customer Classification (1)	Number of Bills (2)	Allocation Factor (3)
General Metered Service	64,624	0.9914
Private Fire Protection	432	0.0066
Public Fire Protection	132	0.0020
Total	65,188	1.0000

FACTOR 13. ALLOCATION OF COSTS ASSOCIATED WITH METER READING.

Factors are based on the number of bills for those customers with meters, as follows:

Customer Classification (1)	Number of Bills (2)	Allocation Factor (3)
General Metered Service	64,624	0.9934
Private Fire Protection	432	0.0066
Total	65,056	1.0000

MOUNT HOLLY WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 14. ALLOCATION OF TRANSMISSION AND DISTRIBUTION OPERATION SUPERVISION AND ENGINEERING, RENTS, AND MISCELLANEOUS EXPENSES.

The factors are based on the allocation of Transmission and Distribution Operating Labor

Customer Classification (1)	Transmission and Distribution Operating Expenses (2)	Allocation Factor (3)
General Metered Service	$122,741	0.8600
Private Fire Protection	3,146	0.0220
Public Fire Protection, Inch-Foot	16,834	0.1180
Public Fire Protection, Hydrants	0	0.0000
Total	$142,721	1.0000

FACTOR 15. ALLOCATION OF TRANSMISSION AND DISTRIBUTION MAINTENANCE SUPERVISION AND ENGINEERING, STRUCTURES AND IMPROVEMENTS, AND OTHER EXPENSES.

The factors are based on the allocation of Transmission and Distribution Maintenance Labor.

Customer Classification (1)	Transmission and Distribution Maintenance Expenses (2)	Allocation Factor (3)
General Metered Service	$82,543	0.6289
Private Fire Protection	8,861	0.0675
Public Fire Protection, Inch-Foot	8,814	0.0671
Public Fire Protection, Hydrants	31,047	0.2365
Total	$131,265	1.0000

MOUNT HOLLY WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 16. ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES.

The factors are based on the allocation of all other operation and maintenance expenses excluding purchased water, power, fuel, chemicals and waste disposal.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
General Metered Service	$726,932	0.8538
Private Fire Protection	23,501	0.0276
Public Fire Protection, Inch-Foot	39,030	0.0458
Public Fire Protection, Hydrants	61,950	0.0728
Total	$851,413	1.0000

FACTOR 17. ALLOCATION OF LABOR RELATED TAXES AND BENEFITS.

The factors are based on the allocation of direct labor expense as summarized below.

Customer Classification	Labor Expense	Allocation Factor
(1)	(2)	(3)
General Metered Service	$603,900	0.8712
Private Fire Protection	16,466	0.0238
Public Fire Protection, Inch-Foot	34,482	0.0497
Public Fire Protection, Hydrants	38,358	0.0553
Total	$693,206	1.0000

MOUNT HOLLY WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 18. ALLOCATION OF ORGANIZATION, FRANCHISES AND CONSENTS, OTHER INTANGIBLE PLANT AND OTHER RATE BASE ELEMENTS.

The factors are based on the allocation of the original cost less depreciation other than those items being allocated, as follows:

Customer Classification (1)	Original Cost Less Depreciation (2)	Allocation Factor (3)
General Metered Service	$57,627,301	0.8596
Private Fire Protection	2,435,397	0.0363
Public Fire Protection, Inch-Foot	5,273,315	0.0787
Public Fire Protection, Hydrants	1,699,946	0.0254
Total	$67,035,959	1.0000

FACTOR 19. ALLOCATION OF INCOME TAXES, TAXES OTHER THAN INCOME, AND INCOME AVAILABLE FOR RETURN.

The factors are based on the allocation of the original cost measure of value rate base as shown on the following pages and summarized below:

Customer Classification (1)	Original Cost Measure of Value (2)	Allocation Factor (3)
General Metered Service	$42,841,333	0.8679
Private Fire Protection	1,855,612	0.0376
Public Fire Protection, Inch-Foot	3,169,815	0.0642
Public Fire Protection, Hydrants	1,496,718	0.0303
Total	$49,363,478	1.0000

MOUNT HOLLY WATER COMPANY

ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2007

Account Description	Factor Ref.	Cost of Service	GMS	Private Fire Protection	Public Fire Protection Inch-Foot	Public Fire Protection Hydrants
(1)	(2)	(3)	(4)	(5)	(6)	(7)
UTILITY PLANT IN SERVICE LESS DEPRECIATION						
Intangible and Nondepreciable						
Non-Depreciable	18	746,415	641,618	27,095	58,743	18,959
Organization	18	-	-	-	-	-
Franchises	18	-	-	-	-	-
Land & Ld Rights SS	2	-	-	-	-	-
Land & Ld Rights P	2	-	-	-	-	-
Land & Ld Rights WT	2	-	-	-	-	-
Land & Ld Rights TD	8	-	-	-	-	-
Land & Land Rights AG	16	-	-	-	-	-
Subtotal Intangible and Nondepreciable		746,415	641,618	27,095	58,743	18,959
Depreciable Plant						
Structures & improvements - SS	2	288,054	287,219	115	720	-
Collecting & impounding reservoirs	1	-	-	-	-	-
Lakes, rivers & other intakes	2	-	-	-	-	-
Wells & springs	2	2,174,381	2,168,075	870	5,436	-
Infiltration galleries and tunnels	2	-	-	-	-	-
Supply mains	2	105,524	105,218	42	264	-
Other water source plant	2	-	-	-	-	-
Structures & Imp. - pumping	2	674,642	672,686	270	1,687	-
Other power production equipment	2	618,114	616,321	247	1,545	-
Boiler Plant Equipment	2	-	-	-	-	-
Electric pumping equipment	2	2,497,964	2,490,720	999	6,245	-
Diesel pumping equipment	2	-	-	-	-	-
Hydraulic pumping equipment	2	-	-	-	-	-
Other pumping equipment	2	12,794	12,757	5	32	-
Structures & Imp. - WT	2	3,292,140	3,282,593	1,317	8,230	-

MOUNT HOLLY WATER COMPANY

ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2007

Account Description	Factor Ref.	Cost of Service	GMS	Private Fire Protection	Public Fire Protection	
					Inch-Foot	Hydrants
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Water treatment equipment	2	12,319,337	12,283,611	4,928	30,798	-
Water treatment - GAC	2	-	-	-	-	-
WH Structures & improvements	2	-	-	-	-	-
WH equipment	2	-	-	-	-	-
T & D structures & improvements	14	-	-	-	-	-
Distribution reservoirs & standpipes	6	2,502,954	2,192,838	46,555	263,561	-
T & D mains -4" & less	5	-	-	-	-	-
T & D mains -6"-8"	5	14,768,506	11,640,536	468,162	2,659,808	-
T & D mains -10"-16"	4	18,218,998	15,573,600	395,352	2,250,046	-
T & D mains -18" & more	4	-	-	-	-	-
Services	11	5,805,770	4,321,815	1,483,955	-	-
Meters	10	1,145,383	1,139,886	5,498	-	-
Meter installations	10	-	-	-	-	-
Hydrants	9	1,628,515	-	-	-	1,628,515
Other T & D Plant	14	-	-	-	-	-
Office structures & improvements	16	688,057	587,463	18,990	31,513	50,091
Miscellaneous structures	16	-	-	-	-	-
Office Furniture & Equipment	16	49,408	42,185	1,364	2,263	3,597
Computers and Peripheral Equipment	16	-	-	-	-	-
Computer Software	16	-	-	-	-	-
Data handling equipment	16	-	-	-	-	-
Other Office Equipment	16	-	-	-	-	-
Transportation equip. - light trucks	16	61,887	52,839	1,708	2,834	4,505
Transportation equip. - heavy trucks	16	-	-	-	-	-
Transportation equip. - cars	16	-	-	-	-	-
Transportation equip. - other	16	-	-	-	-	-
Stores equipment	16	4,168	3,559	115	191	303
Tools, shop & garage equipment	16	171,667	146,569	4,738	7,862	12,497

MOUNT HOLLY WATER COMPANY

ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2007

Account Description	Factor Ref.	Cost of Service	GMS	Private Fire Protection	Public Fire Protection	
					Inch-Foot	Hydrants
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Laboratory equipment	2	1,686	1,681	1	4	-
Power operated equipment	16	(19,704)	(16,824)	(544)	(902)	(1,434)
Communication equipment	16	25,714	21,954	710	1,178	1,872
Communication equip. - telephone	16	-	-	-	-	-
Miscellaneous equipment	16	-	-	-	-	-
Other Tangible Property	18	1,154	992	42	91	29
Test Year Additions	18	5,667,339	4,871,645	205,724	446,020	143,950
Subtotal Depreciable Plant		72,704,452	62,499,938	2,641,163	5,719,426	1,843,925
Total Utility Plant in Service		73,450,867	63,141,556	2,668,258	5,778,169	1,862,884
Other Rate Base Elements						
Accumulated Depr. Reserve	18	(12,935,769)	(11,119,587)	(469,568)	(1,018,045)	(328,569)
Accumulated Amortization	18	(398,178)	(342,273)	(14,454)	(31,337)	(10,114)
Working Capital - Expenses	16	400,000	341,520	11,040	18,320	29,120
Working Capital - Return & Taxes	18	300,000	257,880	10,890	23,610	7,620
Utility Plant Acquisition Adjustment	18	515,892	443,460	18,727	40,601	13,104
Prepayments	16	97,028	82,842	2,678	4,444	7,064
Materials and Supplies	16	165,076	140,942	4,556	7,560	12,018
Customer Deposits	12	(3)	(3)	-	-	-
Customer Advances	8	(3,278,465)	(2,659,163)	(92,781)	(526,521)	-
CIAC	8	(5,157,351)	(4,183,127)	(145,953)	(828,271)	-
Pre-1971 ITC	18	-	-	-	-	-
Deferred FIT	18	(3,795,619)	(3,262,714)	(137,781)	(298,715)	(96,409)
Subtotal Other Rate Base Elements		(24,087,389)	(20,300,223)	(812,646)	(2,608,354)	(366,166)
Total Original Cost Rate Base		$ 49,363,478	$ 42,841,333	$ 1,855,612	$ 3,169,815	$ 1,496,718

MOUNT HOLLY WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 20. ALLOCATION OF REGULATORY ASSESSMENTS.

The factors are based on the allocation of the total cost of service.

Customer Classification (1)	Total Cost of Service (2)	Allocation Factor (3)
General Metered Service	$10,113,890	0.8761
Private Fire Protection	358,543	0.0311
Public Fire Protection, Inch-Foot	630,702	0.0546
Public Fire Protection, Hydrants	441,297	0.0382
Total	$11,544,432	1.0000

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PART III. COMPARISONS OF PRESENT AND PROPOSED CUSTOMER RATES

NEW JERSEY-AMERICAN WATER COMPANY

COMPARATIVE SCHEDULE OF PRESENT AND PROPOSED RATES
STATE-WIDE TARIFF RATES

Customer Charges, per Month:

Meter Size	Present Rates Non-Exempt	Present Rates Exempt	Proposed Rates Non-Exempt	Proposed Rates Exempt
5/8	$ 8.01	$ 6.90	$ 8.80	$ 7.63
3/4	12.10	10.42	13.20	11.44
1	22.43	19.32	22.00	19.07
1-1/2	44.87	38.64	44.00	38.15
2	71.79	61.83	70.40	61.04
3	134.60	115.92	132.00	114.44
4	224.34	193.21	220.00	190.74
6	448.68	386.41	440.00	381.48
8	717.89	618.27	704.00	610.37
10	1,301.17	1,120.60	880.00	762.96
12	1,929.32	1,661.58	1,100.00	953.70
Consumption Charges, per Thousand Gallons:				
All Usage - GMS	$ 4.3570	$ 3.7524	$ 5.5143	$ 4.7809
All Usage - Regular SFR	4.3148	3.7160	5.4609	4.7346

Private Fire Connections (Monthly):

Size	Present Rates Schedule J	Present Rates Schedule L	Present Rates Schedule K-2	Proposed State-Wide
2-inch	$13.31	$15.12	$20.06	$14.67
3-inch	-	-	45.14	33.01
4-inch	53.24	60.48	80.24	58.68
6-inch	119.79	136.08	180.54	132.03
8-inch	212.96	241.92	320.96	234.72
10-inch	332.75	378.00	-	366.75
12-inch	479.16	544.32	-	528.12
16-inch	851.84	967.68	-	938.88
Stanby Charge			$229.58	Respective Size
Private Hydrant			42.25	Respective Size

Public Fire Hydrant (Annually):

State-Wide	$433.20	$462.00
Adelphia	$381.72	$410.52
Ortley	$176.88	$205.68

NEW JERSEY-AMERICAN WATER COMPANY

COMPARATIVE SCHEDULE OF PRESENT AND PROPOSED RATES
SALES FOR RESALE

	Present Rates		Proposed Rates	
	Non-Exempt	Exempt	Non-Exempt	Exempt
Rates Applicable to Commodity-Damand Tariff:				
Customer Charges, per Month:				
By Meter Size	Same as GMS		Same as GMS	
Consumption Charges, per Thousand:				
All Usage	$0.3128	$0.2694	$0.4805	$0.4166
Demand Charge per Month:				
Per Thousand Gallons of				
Maximum Day Nomination	$ 68.23	$ 58.76	$ 80.55	$ 69.84
Off-Peak Demand Charge per Month:				
Per Thousand Gallons of				
Maximum Day Nomination	$ 62.74	$ 54.04	$ 74.07	$ 64.22
Rates Applicable to Manasquan:				
Customer Charges, per Month:				
By Meter Size	Same as GMS		Same as GMS	
Consumption Charges, per Thousand:				
Uninterruptible Sales	$ 1.7642	$ 1.5185	$ 2.1911	$ 1.8997
Regular Sales	4.3148	3.4186	5.4609	4.7346

NEW JERSEY-AMERICAN WATER COMPANY

COMPARATIVE SCHEDULE OF PRESENT AND PROPOSED RATES
LOGAN RATE SCHEDULE

Customer Charges, per Month:

Meter Size	Present Rates Non-Exempt	Proposed Rates Non-Exempt
5/8	$ 6.67	$ 8.80
3/4	10.04	13.20
1	17.87	22.00
1-1/2	35.74	44.00
2	57.18	70.40
3	107.20	132.00
4	178.67	220.00
6	357.34	440.00
8	571.75	704.00
10	1,036.29	880.00
12	1,536.56	1,100.00
Consumption Charges, per Thousand Gallons:		
All Usage	$4.3570	$5.5143
Private Fire Connections (Annually):		
For each Sprinkler Head	$7.44	$7.92
For each Private Fire Hydrant	$172.92	$206.64
Public Fire Hydrant (Annually):		
For each Public Fire Hydrant	$182.16	$210.96

ELIZABETHTOWN WATER COMPANY

COMPARATIVE SCHEDULE OF PRESENT AND PROPOSED RATES
Excluding Manville

Customer Charges, per Month:

Meter Size	Present Rates Non-Exempt	Proposed Rates Non-Exempt
5/8	$ 5.85	$ 8.80
3/4	8.78	13.20
1	14.62	22.00
1-1/2	29.25	44.00
2	46.79	70.40
3	87.74	132.00
4	146.23	220.00
6	292.46	440.00
8	467.94	704.00
10	584.93	880.00
12	731.16	1,100.00

Consumption Charges, per Thousand Gallons:	Present Rates Non-Exempt	Present Rates Exempt	Proposed Rates Non-Exempt	Proposed Rates Exempt
All Usage - GMS	$ 3.4160	$ -	$ 4.6060	$ -
All Usage - OIW	2.6275	2.2757	3.2767	2.8409
All Usage - SOS	1.8148	1.5704	2.3300	2.0201

Private Fire Connections (Monthly):

Size	Present Rates With Hose	Present Rates Without Hose	Proposed Rates
2-inch	$ 53.86	$ 38.45	$ 38.45
3-inch	105.38	75.52	75.52
4-inch	162.76	121.78	121.78
6-inch	291.16	225.89	225.89
8-inch	472.65	385.81	385.81
10-inch	613.95	458.61	458.61
12-inch	889.90	669.76	669.76
16-inch	1,925.37	1,424.80	1,424.80
20-inch	3,510.78	2,596.59	2,596.59
Private Hydrant	302.04		302.04

Public Fire Hydrant (Annually):		
Per Inch-Foot of Main	$ 0.0592	N/A
For each Public Fire Hydrant	$ 234.72	Various

ELIZABETHTOWN WATER COMPANY

COMPARATIVE SCHEDULE OF PRESENT AND PROPOSED RATES
MANVILLE

Customer Charges, per Month:

Meter Size	Present Rates Non-Exempt	Proposed Rates Non-Exempt
5/8	$ 5.85	$ 8.80
3/4	8.78	13.20
1	14.62	22.00
1-1/2	29.25	44.00
2	46.79	70.40
3	87.74	132.00
4	146.23	220.00
6	292.46	440.00
8	467.94	704.00
10	584.93	880.00
12	731.16	1,100.00
Consumption Charges, per Thousand Gallons:		
All Usage - GMS	$ 2.9381	$ 4.0046

MOUNT HOLLY WATER COMPANY

COMPARATIVE SCHEDULE OF PRESENT AND PROPOSED RATES

Customer Charges, per Month:

Meter Size	Present Rates Non-Exempt	Proposed Rates Non-Exempt
5/8	$ 5.88	$ 8.80
3/4	8.82	13.20
1	14.70	22.00
1-1/2	29.40	44.00
2	47.04	70.40
3	88.20	132.00
4	147.00	220.00
6	294.06	440.00
8	470.46	704.00
10	588.06	880.00
12	735.12	1,100.00

Consumption Charges, per Thousand Gallons:

All Usage - Mount Holly	$ 3.4991	$ 4.5711
All Usage - Plumsted	3.4991	4.5711
All Usage - Southampton	2.6650	3.4752
All Usage - Homestead	4.1096	5.4247

Private Fire Connections (Monthly):

Size	Present Rates Mt. Holly	Present Rates Homestead	Proposed Non-Exempt
2-inch	$ 11.79	$ -	$ 14.67
3-inch	26.62	-	33.01
4-inch	58.55	95.99	58.68
6-inch	97.54	215.97	132.03
8-inch	145.15	383.95	234.72
10-inch	-	599.91	366.75
12-inch	322.10	863.88	528.12
Private Hydrant	4.90		6.44

Public Fire Hydrant (Annually):

	Mt. Holly	Homestead	
Per Inch-Foot of Main	$ 0.0582	$ 0.0452	N/A
For each Public Fire Hydrant	$ 50.76	$ 103.32	Various

NEW JERSEY-AMERICAN WATER COMPANY

CHERRY HILL, NEW JERSEY

SCHEDULES COS-1 THROUGH COS-9

COST OF SERVICE ALLOCATION STUDY
FOR THE PRO FORMA YEAR ENDED

DECEMBER 31, 2008
AND
PROPOSED CUSTOMER RATES

Gannett Fleming
Valuation and Rate Division

Harrisburg, Pennsylvania Calgary, Alberta Valley Forge, Pennsylvania

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NEW JERSEY-AMERICAN WATER COMPANY, INC.

COST OF SERVICE ALLOCATION STUDY
FOR THE PRO FORMA POST TEST YEAR PERIOD ENDED
DECEMBER 31, 2008
AND
PROPOSED CUSTOMER RATES

PLAN OF REPORT

The report sets forth the results of the cost of service allocation study based on costs for the pro forma post test year period ended December 31, 2008, for the consolidated water operations of New Jersey-American Water Company, Inc. Schedule COS-1 contains statements with respect to the basis of the study, the procedures employed, and a summary of the results of the study. Schedules COS-3 through COS-7 present detailed schedules of the allocation of costs to customer classifications, as well as the bases for the allocations. Schedule COS-2 summarizes the cost allocation and the revenues produced under present and proposed rates. Schedule COS-8, Comparisons of Present and Proposed Customer Rates, presents the proposed rates for water service.

BASIS OF STUDY

The purpose of the cost allocation study was to determine the relative cost of service responsibilities of the several customer classifications based on considerations of quantity of water consumed, variability of rate of consumption, and costs associated with customer metering, billing and accounting. The allocation study incorporated generally-accepted principles and procedures for allocating the several categories of cost to customer classifications in proportion to each classification's use of facilities, commodities and services required in providing water service.

ALLOCATION PROCEDURES

The allocation study was based on the Base-Extra Capacity Method for allocating costs to customer classifications. The method is described in the 2000 and prior editions of the Water Rates Manual, published by the American Water Works Association. The four basic categories of cost responsibility are base, extra capacity, customer, and fire protection costs. The following discussion presents a brief description of these costs and the manner in which they were allocated.

Base Costs are costs that tend to vary with the quantity of water used, plus costs associated with supplying, treating, pumping, and distributing water to customers under average load conditions, without the elements necessary to meet peak demands. Base costs were allocated to customer classifications on the basis of average daily usage.

Extra Capacity Costs are costs associated with meeting usage requirements in excess of the average. They include operating and capital costs for additional plant and system capacity beyond that required for average use. The extra capacity costs in this study include costs necessary to meet maximum day extra demand and costs to meet maximum hour extra demand. The extra capacity costs were allocated to customer classifications on the bases of each classification's maximum day and hour usage in excess of average usage.

Customer Costs are costs associated with serving customers regardless of their usage or demand characteristics. Customer costs include the operating and capital costs related to meters and services, meter reading costs, and billing and collecting costs. The customer costs were allocated on the bases of the relative capacity of meters and services, and the number of bills.

Fire Protection Costs are costs associated with providing the facilities to meet the potential peak demand of fire protection service. Fire Protection costs are subdivided into costs to meet Public Fire Protection and Private Fire Protection demands. The extra capacity costs assigned to fire protection service were allocated to Public and Private Fire Protection on the basis of the total relative demands of the hydrants and fire service lines.

RESULTS OF STUDY

The results of the cost of service allocation study are set forth in Schedule COS-2. The data summarized in Schedule COS-2, Comparison of Cost of Service with Revenues Under Present and Proposed Rates for the Pro Forma Post Test Year Period Ended December 31, 2008, constitute the principal results of the cost allocation study and subsequent rate design.

The cost of service by customer classification shown in column 2 of Schedule COS-2 is developed in Schedule COS-3, Allocation of Cost of Service to Customer Classifications for the pro forma post test year period December 31, 2008. The bases for the allocation factors are presented in Schedule COS-4.

An analysis of customer costs by meter size is provided on Schedule COS-5, based on a functional allocation of cost presented in Schedule COS-7. The calculation of commodity-demand rates for sales for resale service is shown on Schedule COS-6.

Comparisons of present and proposed rates for each of the proposed tariff areas are set forth in Schedule COS-8. Schedule COS-8 is a comparison of present and proposed service charges by meter size and consumption rates, as well as rates for private and public fire protection service. The calculation of the GMS rates for each service area is provided on Schedule COS-9.

NEW JERSEY AMERICAN WATER COMPANY

(CONSOLIDATED WATER COST OF SERVICE)

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES
FOR THE PRO FORMA POST TEST YEAR PERIOD ENDED DECEMBER 31, 2008

Customer Classification	Cost of Service		Revenues, Present Rates		Revenues, Proposed Rates		Revenue Increase	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent Increase
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
General Metered Service	$ 510,673,630	84.40%	$ 399,593,731	82.71%	$ 512,633,779	84.72%	$ 113,040,048	28.3%
Manasquan	2,967,496	0.49%	2,920,441	0.60%	2,984,297	0.49%	63,856	2.2%
Optional Industrial Wholesale	11,581,740	1.91%	8,833,849	1.83%	11,260,536	1.86%	2,426,687	27.5%
Sales For Resale	34,317,299	5.67%	27,650,692	5.72%	33,086,520	5.47%	5,435,828	19.7%
Private Fire Protection	19,257,094	3.18%	18,532,269	3.84%	19,376,490	3.20%	844,221	4.6%
Public Fire Protection	26,264,466	4.34%	25,624,261	5.30%	25,719,111	4.25%	94,850	0.4%
Subtotal	605,061,725	100.0%	483,155,243	100.0%	605,060,733	100.0%	121,905,490	25.2%
Other Revenue	(368,198)		(368,198)		(368,198)		-	0.0%
Total Water	$ 604,693,527		$ 482,787,045		$ 604,692,535		$ 121,905,490	25.3%

NEW JERSEY AMERICAN WATER COMPANY
(CONSOLIDATED WATER COST OF SERVICE)
ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE PRO FORMA TEST YEAR PERIOD ENDED DECEMBER 31, 2008

Account Description	Factor Ref.	Cost of Service	GMS	Manasquan	OIW	Sales for Resale	Private Fire Protection	Public Fire Protection
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
OPERATION AND MAINTENANCE EXPENSES								
Source of Supply								
----Operation----								
Labor Oper SS Super/Eng	2A	-	-	-	-	-	-	-
Labor Oper SS	2A	300,685	261,446	-	8,149	30,038	241	812
Puchased Water	1A	31,309,915	25,119,945	-	1,170,991	4,827,989	43,834	147,157
Puchased Water - NJWSA	3A	-	-	-	-	-	-	-
Diversion Rights	1A	680,313	545,815	-	25,444	104,904	952	3,197
Purch Power SS	1A	10,856,965	8,710,543	-	406,050	1,674,144	15,200	51,028
Fuel for Power Prod SS	1A	49,390	39,626	-	1,847	7,616	69	232
Rents-Real Prop Oper SS	2A	8,184	7,116	-	222	818	7	22
M & S Oper SS	2A	287,683	250,140	-	7,796	28,740	230	777
Contr Svc-Other Oper SS	2A	28,720	24,972	-	778	2,869	23	78
Trans Oper SS	2A	-	-	-	-	-	-	-
Misc Oper SS	2A	138,725	120,621	-	3,759	13,859	111	375
Grounds Keeping	2A	535,716	465,805	-	14,518	53,518	429	1,446
----Maintenance----		-						
Labor Maint SS	2A	310,572	270,042	-	8,417	31,026	248	839
Labor Maint SS Coll & Imp	1A	34,822	27,938	-	1,302	5,370	49	164
Labor Maint SS Lake, River	2A	-	-	-	-	-	-	-
Labor Maint SS Wells & Spr	2A	182,248	158,465	-	4,939	18,207	146	492
Transport Maint SS	2A	-	-	-	-	-	-	-
Contr Svc-Eng Maint SS	2A	5,251	4,566	-	142	525	4	14
Mat and Sup Maint SS	2A	1,080,754	939,716	-	29,288	107,967	865	2,918
Misc Maint SS	2A	160,534	139,584	-	4,350	16,037	128	433
Subtotal Source of Supply		45,970,477	37,086,340	-	1,687,992	6,923,627	62,536	209,984
Power and Pumping Expenses								
----Operation----								
Labor Oper P Super/Eng	2	-	-	-	-	-	-	-
Labor Oper P	2	2,971,717	2,559,243	31,203	79,345	292,120	2,080	7,726
Purch Power P	1	7,912,382	6,231,792	145,588	291,176	1,197,143	10,286	36,397
M & S Oper P	2	37,898	32,638	398	1,012	3,725	27	99
Trans Oper P	2	-	-	-	-	-	-	-
Misc Oper P	2	496,195	427,323	5,210	13,248	48,776	347	1,290

NEW JERSEY AMERICAN WATER COMPANY
(CONSOLIDATED WATER COST OF SERVICE)
ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE PRO FORMA TEST YEAR PERIOD ENDED DECEMBER 31, 2008

Account Description	Factor Ref.	Cost of Service	GMS	Manasquan	OIW	Sales for Resale	Private Fire Protection	Public Fire Protection
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
----Maintenance----								
Labor Maint P Pwr Prod	2	100,248	86,334	1,053	2,677	9,854	70	261
Labor Maint P	2	1,354,921	1,166,858	14,227	36,176	133,189	948	3,523
Labor Maint P Struct & Imp	2	17,877	15,396	188	477	1,757	13	46
Mat and Sup Maint P	2	719,495	619,629	7,555	19,211	70,726	504	1,871
Misc Maint P	2	382,135	329,095	4,012	10,203	37,564	267	994
Subtotal Power and Pumping		13,992,868	11,468,308	209,434	453,525	1,794,854	14,542	52,207
Water Treatment Expenses								
----Operation----								
Labor Oper WT	2	5,237,391	4,510,441	54,993	139,838	514,836	3,666	13,617
Purch Power WT	1	3,650,260	2,874,945	67,165	134,330	552,284	4,745	16,791
Chemicals WT	1	8,099,345	6,379,044	149,028	298,056	1,225,431	10,529	37,257
Waste Disposal Exp WT	1	3,751,589	2,954,751	69,029	138,058	567,615	4,877	17,257
Contr Svc-Mgmt Oper WT	2	44,629	38,434	469	1,192	4,387	31	116
Rents-Real Prop Oper WT	2	-	-	-	-	-	-	-
Rents-Equipment Oper WT	2	18,701	16,105	196	499	1,838	13	49
M & S Oper WT	2	232,703	200,404	2,443	6,213	22,875	163	605
Contr Svc-Legal Oper WT	2	-	-	-	-	-	-	-
Trans Oper WT	2	-	-	-	-	-	-	-
Misc Oper WT	2	1,271,329	1,094,869	13,349	33,944	124,972	890	3,305
Office & Admin Supplies WT	2	25,967	22,363	273	693	2,553	18	68
----Maintenance----								
Labor Maint WT Equip.	2	257,582	221,830	2,705	6,877	25,320	180	670
Labor Maint WT	2	950,318	818,414	9,978	25,373	93,416	665	2,471
Labor Maint WT Struct & Imp	2	162,209	139,694	1,703	4,331	15,945	114	422
Other Welf Maint WT	2	-	-	-	-	-	-	-
Transport Maint WT	2	-	-	-	-	-	-	-
Contr Svc-Eng Maint WT	2	72,559	62,488	762	1,937	7,133	51	189
Mat and Sup Maint WT	2	1,294,144	1,114,517	13,589	34,554	127,214	906	3,365
Misc Maint WT	2	421,638	363,115	4,427	11,258	41,447	295	1,096
Subtotal Water Treatment		25,490,364	20,811,414	390,109	837,153	3,327,266	27,143	97,278

NEW JERSEY AMERICAN WATER COMPANY
(CONSOLIDATED WATER COST OF SERVICE)
ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE PRO FORMA TEST YEAR PERIOD ENDED DECEMBER 31, 2008

Account Description	Factor Ref.	Cost of Service	GMS	Manasquan	OIW	Sales for Resale	Private Fire Protection	Public Fire Protection
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Transmission & Distribution Expenses								
----Operation----								
Labor Oper TD Super/Eng	14	323,517	290,486	744	5,112	6,988	11,032	9,156
Labor Oper TD								
Storage Facilities	6	199,524	156,507	-	4,449	16,261	4,549	17,758
Mains	8	2,218,825	1,937,256	8,432	57,911	78,103	27,957	109,166
Meters	10	1,730,975	1,702,587	1,731	7,616	2,077	16,964	-
Services	11	428,747	314,743	257	1,072	300	112,375	-
Labor Oper TD Lines	8	1,978	1,727	8	52	70	25	97
Purch Power TD	14	10,859	9,750	25	172	235	370	307
Rents-Real Prop Oper TD	14	39,469	35,439	91	624	853	1,346	1,117
Rents-Equipment Oper TD	14	58,205	52,262	134	920	1,257	1,985	1,647
Other Welf Oper TD	14	76	68	-	1	2	3	2
M & S Oper TD	14	368,355	330,746	847	5,820	7,956	12,561	10,424
Contract Svc-Eng Oper TD	14	109,028	97,896	251	1,723	2,355	3,718	3,085
Contr Svc-Legal Oper TD	14	-	-	-	-	-	-	-
Contr Svc-Other Oper TD	14	-	-	-	-	-	-	-
Trans Oper TD	14	-	-	-	-	-	-	-
Misc Oper TD	14	1,542,890	1,385,361	3,549	24,378	33,326	52,613	43,664
Misc Oper TD Storage	6	17,228	13,514	-	384	1,404	393	1,533
Misc Oper TD Mains	8	174,523	152,376	663	4,555	6,143	2,199	8,587
Misc Oper TD Meters	10	59,296	58,324	59	261	71	581	-
Misc Oper TD Mtr Inst	10	8,343	8,206	8	37	10	82	-
Office & Admin Supplies TD	14	14,182	12,734	33	224	306	484	401
Telephone TD	14	-	-	-	-	-	-	-
----Maintenance----								
Labor Maint TD	15	4,568,640	3,370,743	11,422	78,124	106,906	251,275	750,171
Storage Facilities	6	-	-	-	-	-	-	-
Mains	8	1,091,916	953,352	4,149	28,499	38,435	13,758	53,722
Meters	10	178,737	175,806	179	786	214	1,752	-
Services	11	901,455	661,758	541	2,254	631	236,271	-
Hydrants	9	647,949	-	-	-	-	-	647,949
Labor Maint TD Mains	8	-	-	-	-	-	-	-
Transport Maint TD	15	-	-	-	-	-	-	-
Contr Svc-Other Maint TD	15	576,016	424,985	1,440	9,850	13,479	31,681	94,582
Mat and Sup Maint TD	15	2,311,150	1,705,166	5,778	39,521	54,081	127,113	379,491
Misc Maint TD	15	1,052,097	776,237	2,630	17,991	24,619	57,865	172,754

NEW JERSEY AMERICAN WATER COMPANY
(CONSOLIDATED WATER COST OF SERVICE)
ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE PRO FORMA TEST YEAR PERIOD ENDED DECEMBER 31, 2008

Account Description	Factor Ref.	Cost of Service	GMS	Manasquan	OIW	Sales for Resale	Private Fire Protection	Public Fire Protection
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Misc Maint TD Struct & Imp	6	132,262	103,746	-	2,949	10,779	3,016	11,771
Misc Maint TD Dist Res	6	-	-	-	-	-	-	-
Misc Maint TD Mains	8	2,739,257	2,391,645	10,409	71,495	96,422	34,515	134,771
Misc Maint TD Services	11	203,209	149,176	122	508	142	53,261	-
Misc Maint TD Meters	10	191,634	188,491	192	843	230	1,878	-
Misc Maint TD Hydrants	9	180,988	-	-	-	-	-	180,988
Subtotal Transmission & Distribution		22,081,330	17,461,087	53,694	368,131	503,655	1,061,622	2,633,143
Customer Accounting Expenses								
Labor Oper CA	12	5,554,674	5,479,130	-	1,666	-	72,211	1,666
Labor Oper CA Off/Dir	12	179,048	176,613	-	54	-	2,328	54
Labor Oper CA Mtr Read	13	837,733	826,591	-	251	-	10,891	-
Contr Svc- Oper CA	12	10,427	10,285	-	3	-	136	3
M & S Oper CA	12	2,745,805	2,708,462	-	824	-	35,695	824
Uncollectible Accounts	12	5,390,039	5,316,734	-	1,617	-	70,071	1,617
Misc Oper CA	12	209,458	206,609	-	63	-	2,723	63
Misc Oper CA Mtr Read	13	47,312	46,683	-	14	-	615	-
Subtotal Customer Accounting		14,974,496	14,771,107	-	4,492	-	194,670	4,227
Administrative and General Expenses								
Labor Oper AG	16	9,054,141	7,851,751	36,217	143,055	385,706	204,624	432,788
Purch Power AG	16	14	12	-	-	1	-	1
Mgmt Fees-Labor	16	-	-	-	-	-	-	-
Mgmt Fees-Administrative	16	36,332,088	31,507,187	145,328	574,047	1,547,747	821,105	1,736,674
Employee Pension and Benefits	17	18,251,072	15,936,836	87,605	295,667	877,877	375,972	677,115
Reg Commission Expense	16	2,464,163	2,136,922	9,857	38,934	104,973	55,690	117,787
Ins Gen Liab Oper AG	16	2,377,564	2,061,824	9,510	37,566	101,284	53,733	113,648
Ins Work Comp AG	17	1,334,158	1,164,987	6,404	21,613	64,173	27,484	49,497
Rents	16	(178,327)	(154,645)	(713)	(2,818)	(7,597)	(4,030)	(8,524)
M & S Oper AG	16	(1,115,497)	(967,359)	(4,462)	(17,625)	(47,520)	(25,210)	(53,321)
Dues/Membership	16	37,985	32,941	152	600	1,618	858	1,816
Employee Expenses AG	17	411,383	359,220	1,975	6,664	19,788	8,474	15,262
Office & Admin Supplies & Expenses	16	200,355	173,748	801	3,166	8,535	4,528	9,577
Contract Services	16	2,202,252	1,909,793	8,809	34,796	93,816	49,771	105,268
Contr Svc-Temp Empl Oper AG	17	187,079	163,357	898	3,031	8,998	3,854	6,941
Trans Oper AG	16	4,821,000	4,180,771	19,284	76,172	205,375	108,955	230,444
Ins Vehicle Oper AG	16	219,290	190,168	877	3,465	9,342	4,956	10,482
Misc Oper AG	16	6,496,646	5,633,891	25,987	102,647	276,757	146,824	310,540
Charitable Contrib	16	130,135	112,853	521	2,056	5,544	2,941	6,220

NEW JERSEY AMERICAN WATER COMPANY
(CONSOLIDATED WATER COST OF SERVICE)
ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE PRO FORMA TEST YEAR PERIOD ENDED DECEMBER 31, 2008

Account Description	Factor Ref.	Cost of Service	GMS	Manasquan	OIW	Sales for Resale	Private Fire Protection	Public Fire Protection
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Injuries and Damages	17	-	-	-	-	-	-	-
Labor Maint AG	16	156,522	135,736	626	2,473	6,668	3,537	7,482
Mat and Sup Maint AG	16	725,281	628,964	2,901	11,459	30,897	16,391	34,668
Misc Maint AG	16	6,638,061	5,756,526	26,552	104,881	282,781	150,020	317,299
Subtotal Administrative and General		90,745,365	78,815,483	379,129	1,441,849	3,976,763	2,010,477	4,121,664
Total Operation & Maintenance Expenses		213,254,900	180,413,739	1,032,366	4,793,142	16,526,165	3,370,990	7,118,503
Pro Forma Adjustments								
Salaries and Wages	17	$17,250,637	15,063,256	82,803	279,460	829,756	355,363	639,999
Group Insurance	17	$4,091,878	3,573,028	19,641	66,288	196,819	84,293	151,809
Pension Expense	17	$330,620	288,697	1,587	5,356	15,903	6,811	12,266
Post-Retirement Other than Pensions	17	($569,808)	(497,556)	(2,735)	(9,231)	(27,408)	(11,738)	(21,140)
401(k)	17	$450,947	393,767	2,165	7,305	21,691	9,290	16,730
Defined Contribution Plan	17	$498,315	435,129	2,392	8,073	23,969	10,265	18,487
Base Year Capitalization	18	$4,459,076	3,739,381	22,295	95,424	232,764	151,163	218,049
Power	1	$5,048,299	3,976,040	92,889	185,777	763,808	6,563	23,222
Chemicals	1	$2,182,534	1,718,964	40,159	80,317	330,217	2,837	10,040
Water Diversion	1A	$28,117	22,558	-	1,052	4,336	39	132
Waste Disposal - Water Operation	1	($1,315,431)	(1,036,033)	(24,204)	(48,408)	(199,025)	(1,710)	(6,051)
Painting of Storage Facilities	6	$535,851	420,322	-	11,949	43,672	12,217	47,691
Regulatory Expense	16	($1,676,116)	(1,453,528)	(6,704)	(26,483)	(71,403)	(37,880)	(80,118)
Insurance Other Than Group	16	$2,849,616	2,471,187	11,398	45,024	121,394	64,401	136,212
Service Company Expenses	16	($680,284)	(589,942)	(2,721)	(10,748)	(28,980)	(15,374)	(32,518)
Rental Expense - Real Property	16	($1,511,463)	(1,310,741)	(6,046)	(23,881)	(64,388)	(34,159)	(72,248)
Lease of Granular Activated Carbon	1	$111,936	88,161	2,060	4,119	16,936	146	515
Leased Vehicle, Fuel & Maintenance I	16	$3,398,169	2,946,893	13,593	53,691	144,762	76,799	162,432
Postage	12	$1,184,875	1,168,761	-	355	-	15,403	355
Charitable Contributions/Lobbying Exp	16	($379,824)	(329,383)	(1,519)	(6,001)	(16,181)	(8,584)	(18,156)
Refund of Charitable Contributions	16	($14,507)	(12,580)	(58)	(229)	(618)	(328)	(693)
Uncollectible Expense	12	($1,633,019)	(1,610,810)	-	(490)	-	(21,229)	(490)
Audit Fees	16	$23,866	20,697	95	377	1,017	539	1,141
Purchased Water	1A	($31,309,915)	(25,119,945)	-	(1,170,991)	(4,827,989)	(43,834)	(147,157)
Business Services Exp and Amort of I	16	($1,567,139)	(1,359,023)	(6,269)	(24,761)	(66,760)	(35,417)	(74,909)
Property Sales	18	($166,059)	(139,257)	(830)	(3,554)	(8,668)	(5,629)	(8,120)
Other O&M	16	($4,185,132)	(3,629,346)	(16,741)	(66,125)	(178,287)	(94,584)	(200,049)
Total Pro Forma Expense Adjustments		(2,563,961)	(761,303)	223,250	(546,335)	(2,742,663)	485,663	777,431
Total Pro Forma O & M Expenses		210,690,939	179,652,436	1,255,616	4,246,807	13,783,502	3,856,653	7,895,934

NEW JERSEY AMERICAN WATER COMPANY
(CONSOLIDATED WATER COST OF SERVICE)
ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE PRO FORMA TEST YEAR PERIOD ENDED DECEMBER 31, 2008

Account Description	Factor Ref.	Cost of Service	GMS	Manasquan	OIW	Sales for Resale	Private Fire Protection	Public Fire Protection
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
DEPRECIATION EXPENSE								
Structures & Improvements - SS	2A	495,568	430,896	-	13,430	49,507	396	1,338
Collecting & Impounding Reservoirs	1A	239,035	191,778	-	8,940	36,859	335	1,123
Lakes, rivers & other intakes	2A	30,983	26,939	-	840	3,095	25	84
Wells & springs	2A	1,106,705	962,280	-	29,992	110,560	885	2,988
Infiltration galleries and tunnels	2A	243,863	212,039	-	6,609	24,362	195	658
Supply mains	2	201,205	173,278	2,113	5,372	19,778	141	523
Other water source plant	2A	14,176	12,326	-	384	1,416	11	38
Structures & Improvements - Pumping	2	1,928,619	1,660,927	20,250	51,494	189,583	1,350	5,014
Other power production equipment	2	359,711	309,783	3,777	9,604	35,360	252	935
Boiler Plant Equipment	2	4,806	4,139	50	128	472	3	12
Electric pumping equipment	2	2,676,397	2,304,913	28,102	71,460	263,090	1,873	6,959
Diesel pumping equipment	2	236,574	203,737	2,484	6,317	23,255	166	615
Hydraulic pumping equipment	2	606	522	6	16	60	-	2
Other pumping equipment	2	535,104	460,831	5,619	14,287	52,601	375	1,391
Structures & improvements - WT	2	4,059,924	3,496,406	42,629	108,400	399,091	2,842	10,556
Water treatment equipment	2	7,649,999	6,588,179	80,325	204,255	751,995	5,355	19,890
Water treatment - GAC	2	99,428	85,626	1,044	2,655	9,774	70	259
WH Structures & improvements	2	266,326	229,360	2,796	7,111	26,180	186	692
WH equipment	2	2,849	2,454	30	76	280	2	7
T & D structures & improvements	14	257,848	231,521	593	4,074	5,570	8,793	7,297
Distribution reservoirs & standpipes	6	1,706,131	1,338,288	-	38,047	139,050	38,900	151,846
Transmission & distrbtn mains -4" & le	5	323,061	291,401	-	8,529	-	4,717	18,414
Transmission & distrbtn mains -6"-8"	5	10,119,055	9,127,388	-	267,143	-	147,738	576,786
Transmission & distrbtn mains -10"-16	4	5,128,084	4,229,643	51,794	131,279	482,553	47,691	185,124
Transmission & distrbtn mains -18" &	4	1,265,327	1,043,642	12,780	32,392	119,067	11,768	45,678
Services	11	14,448,569	10,606,695	8,669	36,121	10,114	3,786,970	-
Meters	10	6,561,765	6,454,152	6,562	28,872	7,874	64,305	-
Meter installations	10	3,300,429	3,246,302	3,300	14,522	3,961	32,344	-
Hydrants	9	2,022,653	-	-	-	-	-	2,022,653
Office structures & improvements	16	1,258,871	1,091,693	5,035	19,890	53,628	28,450	60,174

NEW JERSEY AMERICAN WATER COMPANY
(CONSOLIDATED WATER COST OF SERVICE)
ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE PRO FORMA TEST YEAR PERIOD ENDED DECEMBER 31, 2008

Account Description	Factor Ref.	Cost of Service	GMS	Manasquan	OIW	Sales for Resale	Private Fire Protection	Public Fire Protection
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Stores, shops & garage structures	16	144,020	124,894	576	2,276	6,135	3,255	6,884
Miscellaneous structures	16	152,718	132,437	611	2,413	6,506	3,451	7,300
Office Furniture & Equipment	16	1,138,780	987,550	4,555	17,993	48,512	25,736	54,434
Computers and Peripheral Equipment	16	(130)	(113)	(1)	(2)	(6)	(3)	(6)
Computer Software	16	345,183	299,342	1,381	5,454	14,705	7,801	16,500
Data handling equipment	16	15,209	13,189	61	240	648	344	727
Other Office Equipment	16	32,160	27,889	129	508	1,370	727	1,537
Transportation equipment - heavy truc	16	-	-	-	-	-	-	-
Transportation equipment - cars	16	-	-	-	-	-	-	-
Stores equipment	16	46,620	40,429	186	737	1,986	1,054	2,228
Tools, shop & garage equipment	16	206,541	179,112	826	3,263	8,799	4,668	9,873
Laboratory equipment	2	144,690	124,607	1,519	3,863	14,223	101	376
Power operated equipment	16	100,733	87,355	403	1,592	4,291	2,277	4,815
Communication equipment	16	317,609	275,431	1,270	5,018	13,530	7,178	15,182
Communication equipment - telephon	16	174	151	1	3	7	4	8
Miscellaneous equipment	16	96,811	83,954	387	1,530	4,124	2,188	4,628
Other PE/CPS	18	370,021	310,300	1,850	7,918	19,315	12,544	18,094
Units of Production Plant	2A	3,251,649	2,827,309	-	88,120	324,840	2,601	8,779
Test Year and Post TY Additions	18	11,507,468	9,650,163	57,537	246,260	600,690	390,103	562,715
Contributions and Advances	8	(3,699,286)	(3,229,847)	(14,057)	(96,551)	(130,215)	(46,611)	(182,005)
Total Depreciation Expense		80,714,641	66,951,290	335,192	1,412,874	3,758,595	4,603,556	3,653,125
AMORTIZATIONS								
Amortization of ITC	18	(345,902)	(290,073)	(1,730)	(7,402)	(18,056)	(11,726)	(16,915)
Amortization of Acquisition Adjs.	18	435,874	365,524	2,179	9,328	22,753	14,776	21,314
Amortization of Comp. Planning	18	-	-	-	-	-	-	-
Total Depreciation & Amortization		80,804,613	67,026,741	335,641	1,414,800	3,763,292	4,606,606	3,657,524
TAXES OTHER THAN INCOME TAXES								
Utility Reg Assessment Fee	20	1,329,735	1,119,901	7,048	26,595	76,327	42,286	57,578
Property Taxes	18	4,496,143	3,770,466	22,481	96,217	234,699	152,419	219,861
Payroll Taxes	17	4,613,481	4,028,492	22,145	74,738	221,908	95,038	171,160
Water Monitoring	7	772,131	737,707	-	34,424	-	-	-
Other Taxes and Licenses	16	-	-	-	-	-	-	-
Total Taxes Other Than Income Taxes		11,211,490	9,656,566	51,674	231,974	532,934	289,743	448,599

NEW JERSEY AMERICAN WATER COMPANY
(CONSOLIDATED WATER COST OF SERVICE)
ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE PRO FORMA TEST YEAR PERIOD ENDED DECEMBER 31, 2008

Account Description	Factor Ref.	Cost of Service	GMS	Manasquan	OIW	Sales for Resale	Private Fire Protection	Public Fire Protection
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
INCOME TAXES								
Federal and State Income Taxes	19	58,420,073	48,827,496	303,784	1,215,138	3,160,526	2,085,597	2,827,532
Total Income Taxes		58,420,073	48,827,496	303,784	1,215,138	3,160,526	2,085,597	2,827,532
UTILITY OPERATING INCOME	19	161,623,851	135,085,216	840,444	3,361,776	8,743,850	5,769,971	7,822,594
Total Cost of Service (Excl. GRFT)		522,750,966	440,248,455	2,787,159	10,470,495	29,984,104	16,608,570	22,652,183
Less:								
Other Revenues (negative)	7	368,198	351,783	-	16,415	-	-	-
Total Cost of Service Related to Sales (Excl. GRFT)		523,119,164	440,600,238	2,787,159	10,486,910	29,984,104	16,608,570	22,652,183
Gross Receipts and Franchise Tax		81,942,561	70,073,392	180,337	1,094,830	4,333,195	2,648,524	3,612,283
Total Including Gross Receipts		605,061,725	510,673,630	2,967,496	11,581,740	34,317,299	19,257,094	26,264,466

NEW JERSEY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS

FACTOR 1. ALLOCATION OF COSTS WHICH VARY WITH THE AMOUNT OF WATER CONSUMED.

Factors are based on the pro forma test year average daily consumption for each customer classification.

Customer Classification	Average Daily Consumption, 1000 Gals	Allocation Factor 1	Average Daily Consumption, Excluding Manasquan	Allocation Factor 1A
(1)	(2)	(3)	(4)	(5)
General Metered Service	201,508	0.7876	201,508	0.8023
Manasquan Resale	4,696	0.0184	0	0.0000
Optional Industrial Wholesale	9,403	0.0368	9,403	0.0374
Sales for Resale	38,721	0.1513	38,721	0.1542
Private Fire Protection	343	0.0013	343	0.0014
Public Fire Protection	1,174	0.0046	1,174	0.0047
Total	255,845	1.0000	251,149	1.0000

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the factors for average daily consumption (Factor 1) and the factors derived from maximum day extra capacity demand for each customer classification, as follows:

	Average Day Consumption		Maximum Day Extra Capacity		
Customer Classification	Allocation Factor 1	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)x 0.5714	(4)	(5)=(4)x 0.4286	(6)=(3)+(5)
General Metered Service	0.7876	0.4501	0.9590	0.4111	0.8612
Manasquan Resale	0.0184	0.0105			0.0105
Optional Industrial Wholesale	0.0368	0.0210	0.0134	0.0057	0.0267
Sales for Resale	0.1513	0.0865	0.0276	0.0118	0.0983
Private Fire Protection	0.0013	0.0007			0.0007
Public Fire Protection	0.0046	0.0026			0.0026
Total	1.0000	0.5714	1.0000	0.4286	1.0000

The basis for the column 3 and column 5 weightings are presented on the following page.

NEW JERSEY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS, cont.

The weighting of the factors is based on the maximum day ratio of 1.75, based on a review of maximum day ratios experienced by the Company, as follows:

	Maximum Day Ratio	Weight
Average Day	1.00	0.5714
Maximum Day Extra Capacity	0.75	0.4286
Total	1.75	1.0000

* Ratio of maximum day to average day minus 1.0.

The factors in column 4 on the previous page are based on the maximum day demand in excess of average demand for each classification, as follows:

Customer Classification	Average Daily Consumption, 1000 Gals	Maximum Day Extra Capacity		
		Ratio	Rate of Flow 1000 Gals	Allocation Factor
(1)	(2)	(3)	(4)	(5)
GMS	201,508	1.00	201,508	0.9590
OIW	9,403	0.30	2,821	0.0134
SFR	38,721	0.15	5,808	0.0276
Total	249,632		210,137	1.0000

NEW JERSEY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 2A. ALLOCATION OF COSTS ASSOCIATED WITH SOURCE OF SUPPLY FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the factors for average daily consumption excluding Manasquan Resale (Factor 1A) and the factors derived from maximum day extra capacity demand for each customer classification, as follows:

	Average Day Consumption		Maximum Day Extra Capacity		
Customer Classification	Allocation Factor 1A	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)x 0.5714	(4)	(5)=(4)x 0.4286	(6)=(3)+(5)
General Metered Service	0.8023	0.4584	0.9590	0.4111	0.8695
Manasquan Resale	0.0000	0.0000			0.0000
Optional Industrial Wholesale	0.0374	0.0214	0.0134	0.0057	0.0271
Sales for Resale	0.1542	0.0881	0.0276	0.0118	0.0999
Private Fire Protection	0.0014	0.0008			0.0008
Public Fire Protection	0.0047	0.0027			0.0027
Total	1.0000	0.5714	1.0000	0.4286	1.0000

FACTOR 3. ALLOCATION FACTOR 3 IS NOT USED IN THIS STUDY.

NEW JERSEY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Daily Consumption			Maximum Day Extra Capacity		Fire Protection		
	1000 Gals	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3) X 0.5473	(5)	(6)=(5) X 0.4105	(7)	(8)=(7) X 0.0422	(9)=(4)+(6)+(8)
General Metered Service	201,508	0.7875	0.4311	0.9590	0.3937			0.8248
Manasquan Resale	4,696	0.0184	0.0101					0.0101
OIW	9,403	0.0368	0.0201	0.0134	0.0055			0.0256
Sales for Resale	38,721	0.1513	0.0828	0.0276	0.0113			0.0941
Private Fire Protection	343	0.0013	0.0007			0.2034	0.0086	0.0093
Public Fire Protection	1,174	0.0046	0.0025			0.7966	0.0336	0.0361
Total	255,845	0.9999	0.5473	1.0000	0.4105	1.0000	0.0422	1.0000

The allocation factors in column 7 are based on the relative potential fire demands of Private and Public Fire Protection Service.

(See the second page following)

NEW JERSEY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum day ratio of 1.75 and the average pumpage for the year ended 6/30/2007. The system demand for fire protection is 40,000 gpm for 10 hours.

	Ratio	Rate of Flow, (GPD)	Weight
Average Day	1.00	310,796,508	0.5473
Maximum Day Extra Capacity	0.75	233,097,381	0.4105
Subtotal	1.75	543,893,889	0.9578
Fire Protection		24,000,000	0.0422
Total		567,893,889	1.0000

NEW JERSEY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM HOUR EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS.

Factors are based on the weighting of the average hourly consumption, the maximum hour extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		
	1000 Gals	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3) X 0.3724	(5)	(6)=(5) X 0.5586	(7)	(8)=(7) X 0.0690	(9)=(4)+(6)+(8)
General Metered Service	8,396.2	0.9486	0.3533	0.9822	0.5487			0.9020
OIW	391.8	0.0443	0.0165	0.0178	0.0099			0.0264
Private Fire Protection	14.3	0.0016	0.0006			0.2034	0.0140	0.0146
Public Fire Protection	48.9	0.0055	0.0020			0.7966	0.0550	0.0570
Total	8,851.2	1.0000	0.3724	1.0000	0.5586	1.0000	0.0690	1.0000

The allocation factors in column 7 are based on the relative potential fire demands of Private and Public Fire Protection Service.

(See the previous page)

NEW JERSEY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM HOUR EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum hour ratio of 2.50 and the average pumpage for the year ended 6/30/2007. The system demand for fire protection is 40,000 gpm.

	Ratio	Rate of Flow, (GPM)	Weight
Average Hour	1.00	215,831	0.3724
Maximum Hour Extra Capacity	1.50	323,747	0.5586
Subtotal	2.50	539,578	0.9310
Fire Protection		40,000	0.0690
Total		579,578	1.0000

The factors in column 5 on the previous page are based on the maximum hour demand in excess of average demand for each classification, as follows:

		Maximum Hour Extra Capacity		
Customer Classification	Average Hourly Consumption	Factor*	Rate of Flow 1000 Gals Per Hour	Allocation Factor
GMS	8,396	1.80	15,113	0.9822
OIW	392	0.70	274	0.0178
Total	8,788		15,387	1.0000

* Ratio of maximum hour to average hour minus 1.0.

NEW JERSEY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES.

Factors are based on the weighting of the average hourly consumption, the maximum hour extra capacity demand, and the fire protection demand for each customer classification, as follows:

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		
	1000 Gals	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3)X	(5)	(6)=(5)X	(7)	(8)=(7)X	(9)=(4)+(6)+(8)
			0.3562		0.5342		0.1096	
General Metered Service	8,396.2	0.8023	0.2858	0.9333	0.4986			0.7844
OIW	391.8	0.0374	0.0133	0.0169	0.0090			0.0223
Sales for Resale	1,613.4	0.1542	0.0549	0.0498	0.0266			0.0815
Private Fire Protection	14.3	0.0014	0.0005			0.2034	0.0223	0.0228
Public Fire Protection	48.9	0.0047	0.0017			0.7966	0.0873	0.0890
Total	10,464.6	1.0000	0.3562	1.0000	0.5342	1.0000	0.1096	1.0000

The weighting of the factors is based on the ratio of the capacity required for a 10-hour demand of fire flow, as related to total storage capacity. The calculation is shown on the following page.

NEW JERSEY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES, cont.

The factors in column 5 on the previous page are based on the maximum hour demand in excess of average demand for each classification, as follows:

Customer Classification	Average Hourly Consumption	Maximum Hour Extra Capacity Factor*	Maximum Hour Extra Capacity Rate of Flow 1000 Gals Per Hour	Maximum Hour Extra Capacity Allocation Factor
GMS	8,396	1.80	15,113	0.9333
Optional Industrial Wholesale	392	0.70	274	0.0169
Sales for Resale	1,613	0.50	807	0.0498
Total	10,401		16,194	1.0000

* Ratio of maximum hour to average hour minus 1.0.

NEW JERSEY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES, cont.

The weighting of the factors is based on the ratio of the capacity required for a 10-hour demand of fire flow, as related to total storage capacity.

Fire Protection Weight = $\frac{\text{40,000 GPM X 60 Min. X 10 Hours}}{\text{219,038,000 Gallons}}$ = 0.1096

General Service Weight = 1.0000 - 0.1096 = 0.8904

The weighting of the average hourly consumption and maximum hour extra demand for general service is based on the maximum hour ratio, as follows.

	Maximum Hour Ratio	Percent	Weight
Average Hour	1.00	40.00	0.3562
Extra Capacity Maximum Hour	1.50	60.00	0.5342
	2.50	100.00	0.8904

FACTOR 7. ALLOCATION OF WATER MONITORING TAXES.

These costs are allocated to the General Metered Service and OIW Customer Classifications.

Customer Classification	Average Daily Consumption, 1000 Gals	Allocation Factor
(1)	(2)	(3)
General Metered Service	201,508	0.9554
OIW	9,403	0.0446
Total	210,911	1.0000

NEW JERSEY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 8. ALLOCATION OF COSTS ASSOCIATED WITH MAINS.

Factors are based on the weighting of the maximum daily consumption, Factor 4, and the maximum hour consumption, Factor 5, for each customer classification, as follows:

Customer Classification	10-inch and Larger Allocation Factor 4	10-inch and Larger Weighted Factor	Under 10-inch Allocation Factor 5	Under 10-inch Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)x 0.3744	(4)	(5)=(4)x 0.6256	(6)=(3)+(5)
General Metered Service	0.8248	0.3088	0.9020	0.5643	0.8731
Manasquan Resale	0.0101	0.0038	0.0000	0.0000	0.0038
OIW	0.0256	0.0096	0.0264	0.0165	0.0261
Sales for Resale	0.0941	0.0352	0.0000	0.0000	0.0352
Private Fire Protection	0.0093	0.0035	0.0146	0.0091	0.0126
Public Fire Protection	0.0361	0.0135	0.0570	0.0357	0.0492
Total	1.0000	0.3744	1.0000	0.6256	1.0000

The weighting of the factors is based on the inch-feet of transmission and distribution mains, as follows:

	Length of Mains (Inch-Feet)	Weight
10-inch and Larger	146,028,477	0.3744
Under 10-inch	243,978,406	0.6256
Total	390,006,883	1.0000

NEW JERSEY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 9. ALLOCATION OF COSTS ASSOCIATED WITH FIRE HYDRANTS.

These costs are assigned directly to Public Fire Protection.

Customer Classification (1)	Allocation Factor (2)
Public Fire Protection	1.0000

FACTOR 10. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

Factors are based on the relative capacity of meters by size and customer classification, as developed on the following page and summarized below.

Customer Classification (1)	5/8" Equivalents (2)	Allocation Factor (3)
General Metered Service	844,821	0.9836
Manasquan Resale	866	0.0010
OIW	3,794	0.0044
Sales for Resale	1,023	0.0012
Private Fire Protection	8,390	0.0098
Total	858,894	1.0000

FACTOR 11. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

Factors are based on the relative capacity of services by size and customer classification, as developed on the second of the following pages, and summarized below.

Customer Classification (1)	3/4" Equivalents (2)	Allocation Factor (3)
General Metered Service	747,722	0.7341
Manasquan Resale	577	0.0006
OIW	2,532	0.0025
Sales for Resale	682	0.0007
Private Fire Protection	266,943	0.2621
Total	1,018,456	1.0000

NEW JERSEY-AMERICAN WATER COMPANY

BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS

Meter Size	5/8" Equivalent	General Metered Service		Sales for Resale		Manasquan		OIW		Private Fire		Total	
		Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
5/8	1.0	551,168	551,168		0		0	10	10	8,390	8,390	559,568	559,568
3/4	1.5	27,774	41,661		0		0	4	6	0	0	27,778	41,667
1	2.5	38,301	95,753		0	2	5	5	13	0	0	38,308	95,771
1-1/2	5.0	4,192	20,959		0		0	11	55	0	0	4,203	21,014
2	8.0	10,947	87,575	1	8	2	16	70	560	0	0	11,020	88,159
3	15.0	990	14,849	2	30	1	15	35	525	0	0	1,028	15,419
4	25.0	663	16,582	13	325	2	50	31	775	0	0	709	17,732
6	50.0	206	10,321	10	500	6	300	10	500	0	0	232	11,621
8	80.0	57	4,577	2	160	6	480	5	400	0	0	70	5,617
10	100.0	6	616					7	700			13	1,316
12	125.0	3	372					2	250			5	622
16	200.0	2	388									2	388
Total		634,310	844,821	28	1,023	19	866	190	3,794	8,390	8,390	642,937	858,894

NEW JERSEY-AMERICAN WATER COMPANY

BASIS FOR ALLOCATING SERVICE COSTS TO CUSTOMER CLASSIFICATIONS

Service Size	3/4" Equivalent	General Metered Service		Sales for Resale		Manasquan		OIW		Private Fire		Total	
		Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
3/4	1.0	578,942	578,942	0	0	0	0	14	14	0	0	578,956	578,956
1	1.7	38,301	65,112	0	0	2	3	5	9	0	0	38,308	65,124
1-1/2	3.3	4,192	13,833	0	0	0	0	11	36	0	0	4,203	13,869
2	5.3	10,947	58,019	1	5	2	11	70	371	283	1,500	11,303	59,906
3	10.0	990	9,899	2	20	1	10	35	350	140	1,400	1,168	11,679
4	16.7	663	11,077	13	217	2	33	31	518	2,262	37,775	2,971	49,620
6	33.3	206	6,873	10	333	6	200	10	333	4,028	134,132	4,260	141,871
8	53.3	57	3,049	2	107	6	320	5	267	1,520	81,016	1,590	84,759
10	66.7	6	411	0	0	0	0	7	467	118	7,871	131	8,749
12	83.3	3	248	0	0	0	0	2	167	39	3,249	44	3,664
16	133.3	2	259	0	0	0	0	0	0		0	2	259
Total		634,310	747,722	28	682	19	577	190	2,532	8,390	266,943	642,937	1,018,456

NEW JERSEY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 12. ALLOCATION OF COSTS ASSOCIATED WITH BILLING AND COLLECTING.

Factors are based on the number of bills, as follows:

Customer Classification	Number of Bills	Allocation Factor
(1)	(2)	(3)
General Metered Service	7,611,722	0.9864
Manasquan Resale	228	0.0000
OIW	2,280	0.0003
Sales for Resale	336	0.0000
Private Fire Protection	100,680	0.0130
Public Fire Protection	2,388	0.0003
Total	7,717,634	1.0000

FACTOR 13. ALLOCATION OF COSTS ASSOCIATED WITH METER READING.

Factors are based on the number of bills for those customers with meters, as follows:

Customer Classification	Number of Bills	Allocation Factor
(1)	(2)	(3)
General Metered Service	7,611,722	0.9867
Manasquan Resale	228	0.0000
OIW	2,280	0.0003
Sales for Resale	336	0.0000
Private Fire Protection	100,680	0.0130
Total	7,715,246	1.0000

NEW JERSEY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 14. ALLOCATION OF TRANSMISSION AND DISTRIBUTION OPERATION SUPERVISION AND ENGINEERING, RENTS, AND MISCELLANEOUS EXPENSES.

The factors are based on the allocation of Transmission and Distribution Operating Labor

Customer Classification	Transmission and Distribution Operating Expenses	Allocation Factor
(1)	(2)	(3)
General Metered Service	$4,345,240	0.8979
Manasquan Resale	11,158	0.0023
OIW	76,337	0.0158
Sales for Resale	104,439	0.0216
Private Fire Protection	165,125	0.0341
Public Fire Protection	137,141	0.0283
Total	$4,839,440	1.0000

FACTOR 15. ALLOCATION OF TRANSMISSION AND DISTRIBUTION MAINTENANCE SUPERVISION AND ENGINEERING, STRUCTURES AND IMPROVEMENTS, AND OTHER EXPENSES.

The factors are based on the allocation of Transmission and Distribution Maintenance Labor.

Customer Classification	Transmission and Distribution Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
General Metered Service	$4,623,974	0.7378
Manasquan Resale	15,592	0.0025
OIW	107,334	0.0171
Sales for Resale	146,853	0.0234
Private Fire Protection	344,451	0.0550
Public Fire Protection	1,029,201	0.1642
Total	$6,267,405	1.0000

NEW JERSEY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 16. ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES.

The factors are based on the allocation of all other operation and maintenance expenses excluding purchased water, power, fuel, chemicals and waste disposal.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
General Metered Service	$48,741,795	0.8672
Manasquan Resale	222,427	0.0040
OIW	885,341	0.0158
Sales for Resale	2,392,276	0.0426
Private Fire Protection	1,270,021	0.0226
Public Fire Protection	2,687,523	0.0478
Total	$56,199,383	1.0000

FACTOR 17. ALLOCATION OF LABOR RELATED TAXES AND BENEFITS.

The factors are based on the allocation of direct labor expense as shown below.

Customer Classification	Labor Expense	Allocation Factor
(1)	(2)	(3)
General Metered Service	$30,813,810	0.8732
Manasquan Resale	167,881	0.0048
OIW	570,474	0.0162
Sales for Resale	1,696,677	0.0481
Private Fire Protection	726,624	0.0206
Public Fire Protection	1,310,620	0.0371
Total	$35,286,086	1.0000

NEW JERSEY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 18. ALLOCATION OF ORGANIZATION, FRANCHISES AND CONSENTS, OTHER INTANGIBLE PLANT AND OTHER RATE BASE ELEMENTS.

The factors are based on the allocation of the original cost less depreciation other than those items being allocated, as follows:

Customer Classification	Original Cost Less Depreciation	Allocation Factor
(1)	(2)	(3)
General Metered Service	$2,155,579,232	0.8386
Manasquan Resale	12,896,163	0.0050
OIW	54,981,885	0.0214
Sales for Resale	134,284,926	0.0522
Private Fire Protection	87,230,433	0.0339
Public Fire Protection	125,804,664	0.0489
Total	$2,570,777,303	1.0000

FACTOR 19. ALLOCATION OF INCOME TAXES, TAXES OTHER THAN INCOME, AND INCOME AVAILABLE FOR RETURN.

The factors are based on the allocation of the original cost measure of value rate base as shown on the following pages and summarized below:

Customer Classification	Original Cost Measure of Value	Allocation Factor
(1)	(2)	(3)
General Metered Service	$1,558,089,395	0.8358
Manasquan Resale	9,602,428	0.0052
OIW	38,715,666	0.0208
Sales for Resale	100,919,331	0.0541
Private Fire Protection	66,576,331	0.0357
Public Fire Protection	90,270,447	0.0484
Total	$1,864,173,598	1.0000

NEW JERSEY AMERICAN WATER COMPANY
(CONSOLIDATED WATER COST OF SERVICE)
ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE PRO FORMA TEST YEAR PERIOD ENDED DECEMBER 31, 2008

Account Description	Factor Ref.	Cost of Service	GMS	Manasquan	OIW	Sales for Resale	Private Fire Protection	Public Fire Protection
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
UTILITY PLANT IN SERVICE LESS DEPRECIATION								
Intangible and Nondepreciable								
Intangible	18	2,608,306	2,187,325	13,042	55,818	136,154	88,422	127,546
Organization/Nondepreciable	18	3,911,627	3,280,290	19,558	83,709	204,187	132,604	191,279
Franchises	18	184,981	155,125	925	3,959	9,656	6,271	9,046
Land & Ld Rights SS	2A	5,389,963	4,686,573	-	146,068	538,457	4,312	14,553
Land & Ld Rights P	2	696,258	599,617	7,311	18,590	68,442	487	1,810
Land & Ld Rights WT	2	3,056,282	2,632,070	32,091	81,603	300,433	2,139	7,946
Land & Ld Rights TD	8	12,589,649	10,992,023	47,841	328,590	443,156	158,630	619,411
Land & Land Rights AG	16	331,114	287,142	1,324	5,232	14,105	7,483	15,827
Subtotal Intangible and Nondepreciable		28,768,179	24,820,165	122,092	723,569	1,714,590	400,348	987,418
Depreciable Plant								
Structures & improvements - SS	2A	17,029,853	14,807,457	-	461,509	1,701,282	13,624	45,981
Collecting & impounding reservoirs	1A	16,833,499	13,505,516	-	629,573	2,595,726	23,567	79,117
Lakes, rivers & other intakes	2A	1,370,950	1,192,041	-	37,153	136,958	1,097	3,702
Wells & springs	2A	33,035,918	28,724,731	-	895,273	3,300,288	26,429	89,197
Infiltration galleries and tunnels	2A	9,677,097	8,414,236	-	262,249	966,742	7,742	26,128
Supply mains	2	11,630,261	10,015,981	122,118	310,528	1,143,255	8,141	30,239
Other water source plant	2A	553,768	481,501	-	15,007	55,321	443	1,495
Structures & Imp. - pumping	2	54,022,933	46,524,550	567,241	1,442,412	5,310,454	37,816	140,460
Other power production equipment	2	12,446,772	10,719,160	130,691	332,329	1,223,518	8,713	32,362
Boiler Plant Equipment	2	166,293	143,212	1,746	4,440	16,347	116	432
Electric pumping equipment	2	87,463,913	75,323,922	918,371	2,335,286	8,597,703	61,225	227,406
Diesel pumping equipment	2	6,128,874	5,278,186	64,353	163,641	602,468	4,290	15,935
Hydraulic pumping equipment	2	34,444	29,663	362	920	3,386	24	90
Other pumping equipment	2	8,440,111	7,268,624	88,621	225,351	829,663	5,908	21,944
Structures & Imp. - WT	2	113,089,839	97,392,969	1,187,443	3,019,499	11,116,731	79,163	294,034
Water treatment equipment	2	219,827,555	189,315,490	2,308,189	5,869,396	21,609,049	153,879	571,552
Water treatment - GAC	2	1,804,506	1,554,041	18,947	48,180	177,383	1,263	4,692
WH Structures & improvements	2	7,418,540	6,388,847	77,895	198,075	729,242	5,193	19,288
WH equipment	2	3,561,634	3,067,279	37,397	95,096	350,109	2,493	9,260
T & D structures & improvements	14	5,500,120	4,938,558	12,650	86,902	118,803	187,554	155,653
Distribution reservoirs & standpipes	6	75,492,527	59,216,338	-	1,683,483	6,152,641	1,721,230	6,718,835
T & D mains -4" & less	5	13,925,057	12,560,401	-	367,622	-	203,306	793,728
T & D mains -6"-8"	5	608,149,828	548,551,145	-	16,055,155	-	8,878,987	34,664,540
T & D mains -10"-16"	4	332,483,944	274,232,757	3,358,088	8,511,589	31,286,739	3,092,101	12,002,670
T & D mains -18" & more	4	88,484,388	72,981,923	893,692	2,265,200	8,326,381	822,905	3,194,286

NEW JERSEY AMERICAN WATER COMPANY
(CONSOLIDATED WATER COST OF SERVICE)
ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE PRO FORMA TEST YEAR PERIOD ENDED DECEMBER 31, 2008

Account Description	Factor Ref.	Cost of Service	GMS	Manasquan	OIW	Sales for Resale	Private Fire Protection	Public Fire Protection
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Services	11	253,929,154	186,409,392	152,357	634,823	177,750	66,554,831	-
Meters	10	67,369,241	66,264,385	67,369	296,425	80,843	660,219	-
Meter installations	10	86,128,901	84,716,387	86,129	378,967	103,355	844,063	-
Hydrants	9	58,056,847	-	-	-	-	-	58,056,847
Office structures & improvements	16	32,356,282	28,059,368	129,425	511,229	1,378,378	731,252	1,546,630
Stores, shops & garage structures	16	8,890,102	7,709,496	35,560	140,464	378,718	200,916	424,947
Miscellaneous structures	16	6,182,933	5,361,839	24,732	97,690	263,393	139,734	295,544
Office Furniture & Equipment	16	53,463,871	46,363,869	213,855	844,729	2,277,561	1,208,283	2,555,573
Computers and Peripheral Equipment	16	10,620,165	9,209,807	42,481	167,799	452,419	240,016	507,644
Computer Software	16	15,273,549	13,245,222	61,094	241,322	650,653	345,182	730,076
Data handling equipment	16	529,945	459,568	2,120	8,373	22,576	11,977	25,331
Other Office Equipment	16	1,120,540	971,732	4,482	17,705	47,735	25,324	53,562
Transportation equip. - light trucks	16	775,116	672,181	3,100	12,247	33,020	17,518	37,051
Transportation equip. - heavy trucks	16	5,730,497	4,969,487	22,922	90,542	244,119	129,509	273,918
Transportation equip. - cars	16	131,247	113,817	525	2,074	5,591	2,966	6,274
Transportation equip. - other	16	236,948	205,481	948	3,744	10,094	5,355	11,326
Stores equipment	16	1,412,716	1,225,106	5,651	22,321	60,182	31,927	67,528
Tools, shop & garage equipment	16	7,943,911	6,888,960	31,776	125,514	338,411	179,532	379,719
Laboratory equipment	2	4,904,743	4,223,965	51,500	130,957	482,136	3,433	12,752
Power operated equipment	16	2,213,913	1,919,905	8,856	34,980	94,313	50,034	105,825
Communication equipment	16	5,223,831	4,530,106	20,895	82,537	222,535	118,059	249,699
Communication equip. - telephone	16	2,862	2,482	11	45	122	65	137
Miscellaneous equipment	16	3,270,658	2,836,314	13,083	51,676	139,330	73,917	156,337
Other Tangible Property	18	504,202	422,824	2,521	10,790	26,319	17,092	24,655
Units of Production Plant	2	194,373,444	167,394,410	2,040,921	5,189,771	19,106,910	136,061	505,371
Test Year Additions	18	292,142,232	244,990,476	1,460,711	6,251,844	15,249,825	9,903,622	14,285,755
Trenton	18	100,000,000	83,860,000	500,000	2,140,000	5,220,000	3,390,000	4,890,000
Subtotal Depreciable Plant		2,941,360,474	2,465,655,107	14,770,828	62,804,436	153,416,477	100,368,096	144,345,527
Total Utility Plant in Service		2,970,128,653	2,490,475,272	14,892,920	63,528,005	155,131,067	100,768,444	145,332,945

NEW JERSEY AMERICAN WATER COMPANY
(CONSOLIDATED WATER COST OF SERVICE)
ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE PRO FORMA TEST YEAR PERIOD ENDED DECEMBER 31, 2008

Account Description	Factor Ref.	Cost of Service	GMS	Manasquan	OIW	Sales for Resale	Private Fire Protection	Public Fire Protection
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Other Rate Base Elements								
Accumulated Depr. Reserve	18	(736,101,661)	(617,294,853)	(3,680,508)	(15,752,576)	(38,424,507)	(24,953,846)	(35,995,371)
Accumulated Amortization	18	-	-	-	-	-	-	-
Working Capital - Return and Taxes	18	26,800,000	22,474,480	134,000	573,520	1,398,960	908,520	1,310,520
Working Capital - Expenses	16	27,700,000	24,021,440	110,800	437,660	1,180,020	626,020	1,324,060
Utility Plant Acquisition Adjustment	18	9,196,399	7,712,100	45,982	196,803	480,052	311,758	449,704
Prepayments	16	8,966,319	7,775,591	35,865	141,668	381,965	202,639	428,590
Materials and Supplies	16	5,589,468	4,847,186	22,358	88,314	238,111	126,322	267,177
Tax on CIAC	8	186,275	162,637	708	4,862	6,557	2,347	9,165
Customer Advances - Mains	8	(91,107,354)	(79,545,831)	(346,208)	(2,377,902)	(3,206,979)	(1,147,953)	(4,482,482)
Customer Advances - Services	11	(1,733,829)	(1,272,804)	(1,040)	(4,335)	(1,214)	(454,437)	-
Customer Advances - Hydrants	9	(677,094)	-	-	-	-	-	(677,094)
CIAC - Mains	8	(123,948,354)	(108,219,308)	(471,004)	(3,235,052)	(4,362,982)	(1,561,749)	(6,098,259)
CIAC - Services	11	(1,982,112)	(1,455,068)	(1,189)	(4,955)	(1,387)	(519,512)	-
CIAC - Meters	10	(426,211)	(419,221)	(426)	(1,875)	(511)	(4,177)	-
CIAC - Hydrants	9	(450,974)	-	-	-	-	-	(450,974)
Pre-1971 ITC	18	(584,625)	(490,267)	(2,923)	(12,511)	(30,517)	(19,819)	(28,588)
Deferred FIT	18	(227,381,301)	(190,681,959)	(1,136,907)	(4,865,960)	(11,869,304)	(7,708,226)	(11,118,946)
Subtotal Other Rate Base Elements		(1,105,955,055)	(932,385,877)	(5,290,492)	(24,812,339)	(54,211,736)	(34,192,113)	(55,062,498)
Total Original Cost Rate Base		$ 1,864,173,599	$ 1,558,089,395	$ 9,602,428	$ 38,715,666	$ 100,919,331	$ 66,576,331	$ 90,270,447

NEW JERSEY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 20. ALLOCATION OF REGULATORY ASSESSMENTS.

The factors are based on the allocation of the total cost of service.

Customer Classification	Total Cost of Service	Allocation Factor
(1)	(2)	(3)
General Metered Service	$439,128,554	0.8422
Manasquan Resale	2,780,111	0.0053
OIW	10,443,900	0.0200
Sales for Resale	29,907,777	0.0574
Private Fire Protection	16,566,284	0.0318
Public Fire Protection	22,594,605	0.0433
Total	$521,421,231	1.0000

NEW JERSEY - AMERICAN WATER COMPANY

ANALYSIS OF CUSTOMER COSTS BY METER SIZE

Size	Meters		Services		Meter Read Billing & Collecting	Total Cost per Month	
	Ratio	Cost	Ratio	Cost		Exempt	Non-Exempt
5/8	1.0	$ 3.77	1.0	$ 4.21	$ 6.62	$ 14.60	$ 16.93
3/4	1.5	5.66	1.0	4.21	6.62	16.49	19.11
1	2.5	9.43	1.7	7.16	6.62	23.20	26.90
1-1/2	5.0	18.85	3.3	13.89	6.62	39.36	45.64
2	8.0	30.16	5.3	22.31	6.62	59.09	68.52
3	15.0	56.55	10.0	42.10	6.62	105.27	122.06
4	25.0	94.25	16.7	70.31	6.62	171.18	198.47
6	50.0	188.50	33.3	140.19	6.62	335.31	388.78
8	80.0	301.60	53.3	224.39	6.62	532.61	617.55
10	100.0	377.00	66.7	280.81	6.62	664.43	770.38
12	125.0	471.25	83.3	350.69	6.62	828.56	960.69
16	200.0	754.00	133.3	561.19	6.62	1,321.81	1,532.60

NEW JERSEY-AMERICAN WATER COMPANY

CALCULATION OF COMMODITY DEMAND-BASED RATES FOR SALES FOR RESALE (SFR)

COMMODITY RATE:

	Total Cost of Service	Factor For SFR Class	SFR Variable Costs
Variable Costs Allocated to Base/Extra Capacity Functions			
Diversion Rights	$ 708,430	0.1513	$ 107,185
Power Purchased/Fuel - SS	10,906,355	0.1513	1,650,132
Power Purchased/Fuel - P & WT	16,610,941	0.1513	2,513,235
Chemicals	10,281,879	0.1513	1,555,648
Waste Disposal	2,436,158	0.1513	368,591
Total	$ 40,943,762		$ 6,194,791

Commodity Rate = SFR Variable Costs / SFR Annual Consumption

= $ 6,194,791 / 14,133,249 = 0.4383 per Thousand Gallons
0.5082 (Non-Exempt)

DEMAND RATE:

Description	SFR Total Cost of Service	Base and Extra Capacity Functions	Less: Variable Costs	Base and Extra Capacity Less Variable
(1)	(2)	(3)	(4)	(5)
Cost of Service excl. GRFT	$ 29,984,104	$ 29,941,451	$ 6,194,791	$ 23,746,660

Annual Consumption 1,000 Gallons	Average Day		Peak Day Factor		Peak Day Units
14,133,249	38,721	x	1.00	=	38,721

Demand Rate = Base & Extra Capacity Less Variable / 12 Months / Peak Day Units

= $ 23,746,660 /12 / 38,721 = $ 51.11 Per Mo. per kgal. of of Peak Day Usage
$ 59.26 (Non-Exempt)

$ 47.00 =Off-Peak Exempt
$ 54.50 =Off-Peak NonExempt

* Off-Peak and Manasquan units reduced by a factor of 91.96%.

NEW JERSEY-AMERICAN WATER COMPANY
(CONSOLIDATED WATER COST OF SERVICE)
ALLOCATION OF COST OF SERVICE TO COST FUNCTIONS
FOR THE PRO FORMA TEST YEAR PERIOD ENDED DECEMBER 31, 2008

Account Description	Factor Ref.	Total Company Test Year	Base and Extra Capacity				Meters	Services	Billing & Collecting	Fire Protection
			GMS	OIW	Sales for Resale	Manasquan				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
OPERATION AND MAINTENANCE EXPENSES										
Source of Supply										
----Operation----										
Labor Oper SS Super/Eng	2A	-	-	-	-	-	-	-	-	-
Labor Oper SS	2A	300,685	261,446	8,149	30,038	-	-	-	-	1,052
Puchased Water	1A	31,309,915	25,119,945	1,170,991	4,827,989	-	-	-	-	190,990
Puchased Water - NJWSA	3A	-	-	-	-	-	-	-	-	-
Diversion Rights	1A	680,313	545,815	25,444	104,904	-	-	-	-	4,150
Purch Power SS	1A	10,856,965	8,710,543	406,050	1,674,144	-	-	-	-	66,227
Fuel for Power Prod SS	1A	49,390	39,626	1,847	7,616	-	-	-	-	301
Rents-Real Prop Oper SS	2A	8,184	7,116	222	818	-	-	-	-	29
M & S Oper SS	2A	287,683	250,140	7,796	28,740	-	-	-	-	1,007
Contr Svc-Other Oper SS	2A	28,720	24,972	778	2,869	-	-	-	-	101
Trans Oper SS	2A	-	-	-	-	-	-	-	-	-
Misc Oper SS	2A	138,725	120,621	3,759	13,859	-	-	-	-	486
Grounds Keeping	2A	535,716	465,805	14,518	53,518	-	-	-	-	1,875
----Maintenance----										
Labor Maint SS	2A	310,572	270,042	8,417	31,026	-	-	-	-	1,087
Labor Maint SS Coll & Imp	1A	34,822	27,938	1,302	5,370	-	-	-	-	212
Labor Maint SS Lake, River	2A	-	-	-	-	-	-	-	-	-
Labor Maint SS Wells & Spr	2A	182,248	158,465	4,939	18,207	-	-	-	-	638
Transport Maint SS	2A	-	-	-	-	-	-	-	-	-
Contr Svc-Eng Maint SS	2A	5,251	4,566	142	525	-	-	-	-	18
Mat and Sup Maint SS	2A	1,080,754	939,716	29,288	107,967	-	-	-	-	3,783
Misc Maint SS	2A	160,534	139,584	4,350	16,037	-	-	-	-	562
Subtotal Source of Supply		45,970,477	37,086,340	1,687,992	6,923,627	-	-	-	-	272,518
Power and Pumping Expenses										
----Operation----										
Labor Oper P Super/Eng	2	-	-	-	-	-	-	-	-	-
Labor Oper P	2	2,971,717	2,559,243	79,345	292,120	31,203	-	-	-	9,807
Purch Power P	1	7,912,382	6,231,792	291,176	1,197,143	145,588	-	-	-	46,683
M & S Oper P	2	37,898	32,638	1,012	3,725	398	-	-	-	125
Trans Oper P	2	-	-	-	-	-	-	-	-	-
Misc Oper P	2	496,195	427,323	13,248	48,776	5,210	-	-	-	1,637

NEW JERSEY-AMERICAN WATER COMPANY
(CONSOLIDATED WATER COST OF SERVICE)
ALLOCATION OF COST OF SERVICE TO COST FUNCTIONS
FOR THE PRO FORMA TEST YEAR PERIOD ENDED DECEMBER 31, 2008

Account Description	Factor Ref.	Total Company Test Year	Base and Extra Capacity				Meters	Services	Billing & Collecting	Fire Protection
			GMS	OIW	Sales for Resale	Manasquan				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
----Maintenance----										
Labor Maint P Pwr Prod	2	100,248	86,334	2,677	9,854	1,053	-	-	-	331
Labor Maint P	2	1,354,921	1,166,858	36,176	133,189	14,227	-	-	-	4,471
Labor Maint P Struct & Imp	2	17,877	15,396	477	1,757	188	-	-	-	59
Mat and Sup Maint P	2	719,495	619,629	19,211	70,726	7,555	-	-	-	2,374
Misc Maint P	2	382,135	329,095	10,203	37,564	4,012	-	-	-	1,261
Subtotal Power and Pumping		13,992,868	11,468,308	453,525	1,794,854	209,434	-	-	-	66,748
Water Treatment Expenses										
----Operation----										
Labor Oper WT	2	5,237,391	4,510,441	139,838	514,836	54,993	-	-	-	17,283
Purch Power WT	1	3,650,260	2,874,945	134,330	552,284	67,165	-	-	-	21,537
Chemicals WT	1	8,099,345	6,379,044	298,056	1,225,431	149,028	-	-	-	47,786
Waste Disposal Exp WT	1	3,751,589	2,954,751	138,058	567,615	69,029	-	-	-	22,134
Contr Svc-Mgmt Oper WT	2	44,629	38,434	1,192	4,387	469	-	-	-	147
Rents-Real Prop Oper WT	2	-	-	-	-	-	-	-	-	-
Rents-Equipment Oper WT	2	18,701	16,105	499	1,838	196	-	-	-	62
M & S Oper WT	2	232,703	200,404	6,213	22,875	2,443	-	-	-	768
Contr Svc-Legal Oper WT	2	-	-	-	-	-	-	-	-	-
Trans Oper WT	2	-	-	-	-	-	-	-	-	-
Misc Oper WT	2	1,271,329	1,094,869	33,944	124,972	13,349	-	-	-	4,195
Office & Admin Supplies WT	2	25,967	22,363	693	2,553	273	-	-	-	86
----Maintenance----										
Labor Maint WT Equip.	2	257,582	221,830	6,877	25,320	2,705	-	-	-	850
Labor Maint WT	2	950,318	818,414	25,373	93,416	9,978	-	-	-	3,136
Labor Maint WT Struct & Imp	2	162,209	139,694	4,331	15,945	1,703	-	-	-	535
Other Welf Maint WT	2	-	-	-	-	-	-	-	-	-
Transport Maint WT	2	-	-	-	-	-	-	-	-	-
Contr Svc-Eng Maint WT	2	72,559	62,488	1,937	7,133	762	-	-	-	239
Mat and Sup Maint WT	2	1,294,144	1,114,517	34,554	127,214	13,589	-	-	-	4,271
Misc Maint WT	2	421,638	363,115	11,258	41,447	4,427	-	-	-	1,391
Subtotal Water Treatment		25,490,364	20,811,414	837,153	3,327,266	390,109	-	-	-	124,420
Transmission & Distribution Expenses										
----Operation----										
Labor Oper TD Super/Eng	14	323,517	151,147	4,497	6,826	615	119,054	21,158	-	20,220
Labor Oper TD										
Storage Facilities	6	199,524	156,507	4,449	16,261	-	-	-	-	22,307
Mains	8	2,218,825	1,937,256	57,911	78,103	8,432	-	-	-	137,123
Meters	10	1,730,975	-	-	-	-	1,714,012	-	-	16,964
Services	11	428,747	-	-	-	-	-	316,372	-	112,375
Labor Oper TD Lines	8	1,978	1,727	52	70	8	-	-	-	122
Purch Power TD	14	10,859	5,073	151	229	21	3,996	710	-	679
Rents-Real Prop Oper TD	14	39,469	18,440	549	833	75	14,525	2,581	-	2,467
Rents-Equipment Oper TD	14	58,205	27,193	809	1,228	111	21,419	3,807	-	3,638
Other Welf Oper TD	14	76	36	1	2	-	28	5	-	5

NEW JERSEY-AMERICAN WATER COMPANY
(CONSOLIDATED WATER COST OF SERVICE)
ALLOCATION OF COST OF SERVICE TO COST FUNCTIONS
FOR THE PRO FORMA TEST YEAR PERIOD ENDED DECEMBER 31, 2008

Account Description	Factor Ref.	Total Company Test Year	Base and Extra Capacity				Meters	Services	Billing & Collecting	Fire Protection
			GMS	OIW	Sales for Resale	Manasquan				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
M & S Oper TD	14	368,355	172,095	5,120	7,772	700	135,555	24,090	-	23,022
Contract Svc-Eng Oper TD	14	109,028	50,938	1,515	2,300	207	40,122	7,130	-	6,814
Contr Svc-Legal Oper TD	14	-	-	-	-	-	-	-	-	-
Contr Svc-Other Oper TD	14	-	-	-	-	-	-	-	-	-
Trans Oper TD	14	-	-	-	-	-	-	-	-	-
Misc Oper TD	14	1,542,890	720,838	21,446	32,555	2,931	567,784	100,905	-	96,431
Misc Oper TD Storage	6	17,228	13,514	384	1,404	-	-	-	-	1,926
Misc Oper TD Mains	8	174,523	152,376	4,555	6,143	663	-	-	-	10,786
Misc Oper TD Meters	10	59,296	-	-	-	-	58,715	-	-	581
Misc Oper TD Mtr Inst	10	8,343	-	-	-	-	8,261	-	-	82
Office & Admin Supplies TD	14	14,182	6,626	197	299	27	5,219	928	-	886
Telephone TD	14	-	-	-	-	-	-	-	-	-
----Maintenance----										
Labor Maint TD	15	4,568,640	2,514,580	74,470	105,992	10,508	267,265	594,380	-	1,001,446
Storage Facilities	6	-	-	-	-	-	-	-	-	-
Mains	8	1,091,916	953,353	28,500	38,435	4,149	-	-	-	67,480
Meters	10	178,737	-	-	-	-	176,985	-	-	1,752
Services	11	901,455	-	-	-	-	-	665,184	-	236,271
Hydrants	9	647,949	-	-	-	-	-	-	-	647,949
Labor Maint TD Mains	8	-	1	1	-	-	-	-	-	-
Transport Maint TD	15	-	1	1	-	-	-	-	-	-
Contr Svc-Other Maint TD	15	576,016	317,039	9,389	13,364	1,325	33,697	74,940	-	126,263
Mat and Sup Maint TD	15	2,311,150	1,272,058	37,673	53,619	5,316	135,202	300,681	-	506,604
Misc Maint TD	15	1,052,097	579,074	17,149	24,409	2,420	61,548	136,878	-	230,620
Misc Maint TD Struct & Imp	6	132,262	103,746	2,949	10,779	-	-	-	-	14,787
Misc Maint TD Dist Res	6	-	-	-	-	-	-	-	-	-
Misc Maint TD Mains	8	2,739,257	2,391,645	71,495	96,422	10,409	-	-	-	169,286
Misc Maint TD Services	11	203,209	-	-	-	-	-	149,948	-	53,261
Misc Maint TD Meters	10	191,634	-	-	-	-	189,756	-	-	1,878
Misc Maint TD Hydrants	9	180,988	-	-	-	-	-	-	-	180,988
Subtotal Transmission & Distribution		22,081,330	11,545,263	343,263	497,045	47,917	3,553,143	2,399,697	-	3,695,013
Customer Accounting Expenses										
Labor Oper CA	12	5,554,674	-	-	-	-	-	-	5,480,797	73,877
Labor Oper CA Off/Dir	12	179,048	-	-	-	-	-	-	176,667	2,381
Labor Oper CA Mtr Read	13	837,733	-	-	-	-	-	-	826,842	10,891
Contr Svc- Oper CA	12	10,427	-	-	-	-	-	-	10,288	139
M & S Oper CA	12	2,745,805	-	-	-	-	-	-	2,709,286	36,519
Uncollectible Accounts	12	5,390,039	-	-	-	-	-	-	5,318,351	71,688
Misc Oper CA	12	209,458	-	-	-	-	-	-	206,672	2,786
Misc Oper CA Mtr Read	13	47,312	-	-	-	-	-	-	46,697	615
Subtotal Customer Accounting		14,974,496	-	-	-	-	-	-	14,775,600	198,896

NEW JERSEY-AMERICAN WATER COMPANY
(CONSOLIDATED WATER COST OF SERVICE)
ALLOCATION OF COST OF SERVICE TO COST FUNCTIONS
FOR THE PRO FORMA TEST YEAR PERIOD ENDED DECEMBER 31, 2008

Account Description	Factor Ref.	Total Company Test Year	Base and Extra Capacity				Meters	Services	Billing & Collecting	Fire Protection
			GMS	OIW	Sales for Resale	Manasquan				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Administrative and General Expenses										
Labor Oper AG	16	9,054,141	4,519,827	137,623	384,801	35,311	572,222	386,612	2,380,334	637,412
Purch Power AG	16	14	7	-	1	-	1	1	4	1
Mgmt Fees-Labor	16	-	-	-	-	-	-	-	-	-
Mgmt Fees-Administrative	16	36,332,088	18,136,978	552,248	1,544,114	141,695	2,296,188	1,551,380	9,551,706	2,557,779
Employee Pension and Benefits	17	18,251,072	9,278,845	284,717	876,051	85,780	1,341,454	722,742	4,606,571	1,054,912
Reg Commission Expense	16	2,464,163	1,230,110	37,455	104,727	9,610	155,735	105,220	647,828	173,477
Ins Gen Liab Oper AG	16	2,377,564	1,186,880	36,139	101,046	9,272	150,262	101,522	625,062	167,381
Ins Work Comp AG	17	1,334,158	678,286	20,813	64,040	6,271	98,061	52,833	336,741	77,114
Rents	16	(178,327)	(89,021)	(2,711)	(7,579)	(695)	(11,270)	(7,615)	(46,882)	(12,554)
M & S Oper AG	16	(1,115,497)	(556,856)	(16,956)	(47,409)	(4,350)	(70,499)	(47,632)	(293,264)	(78,531)
Dues/Membership	16	37,985	18,962	577	1,614	148	2,401	1,622	9,986	2,674
Employee Expenses AG	17	411,383	209,147	6,418	19,746	1,934	30,237	16,291	103,833	23,778
Office & Admin Supplies & Expenses	16	200,355	100,017	3,045	8,515	781	12,662	8,555	52,673	14,105
Contract Services	16	2,202,252	1,099,364	33,474	93,596	8,589	139,182	94,036	578,972	155,039
Contr Svc-Temp Empl Oper AG	17	187,079	95,111	2,918	8,980	879	13,750	7,408	47,219	10,813
Trans Oper AG	16	4,821,000	2,406,644	73,280	204,893	18,802	304,687	205,857	1,267,441	339,398
Ins Vehicle Oper AG	16	219,290	109,471	3,334	9,320	855	13,859	9,364	57,651	15,438
Misc Oper AG	16	6,496,646	3,243,126	98,749	276,107	25,337	410,588	277,407	1,707,968	457,364
Charitable Contrib	16	130,135	64,964	1,979	5,531	508	8,225	5,557	34,212	9,162
Injuries and Damages	17	-	-	-	-	-	-	-	-	-
Labor Maint AG	16	156,522	78,136	2,379	6,652	610	9,892	6,683	41,150	11,019
Mat and Sup Maint AG	16	725,281	362,061	11,025	30,824	2,829	45,838	30,969	190,676	51,060
Misc Maint AG	16	6,638,061	3,313,720	100,899	282,118	25,888	419,525	283,445	1,745,146	467,319
Subtotal Administrative and General		90,745,365	45,485,779	1,387,405	3,967,688	370,054	5,943,000	3,812,257	23,645,027	6,134,160
Total Operation & Maintenance Expenses		213,254,900	126,397,104	4,709,338	16,510,480	1,017,514	9,496,143	6,211,954	38,420,627	10,491,755
Pro Forma Adjustments										
Salaries and Wages	17	17,250,637	8,770,224	269,110	828,031	81,078	1,267,922	683,125	4,354,061	997,087
Group Insurance	17	4,091,878	2,080,311	63,833	196,410	19,232	300,753	162,038	1,032,790	236,511
Pension Expense	17	330,620	168,087	5,158	15,870	1,554	24,301	13,093	83,448	19,110
Post-Retirement Other than Pensions	17	(569,808)	(289,690)	(8,889)	(27,351)	(2,678)	(41,881)	(22,564)	(143,820)	(32,935)
401(k)	17	450,947	229,261	7,035	21,645	2,119	33,145	17,858	113,819	26,065
Defined Contribution Plan	17	498,315	253,343	7,774	23,919	2,342	36,626	19,733	125,775	28,803
Base Year Capitalization	18	4,459,076	3,050,008	93,195	232,318	21,849	284,043	337,106	70,899	369,657
Power	1	5,048,299	3,976,040	185,777	763,808	92,889	-	-	-	29,785
Chemicals	1	2,182,534	1,718,964	80,317	330,217	40,159	-	-	-	12,877
Water Diversion	1A	28,117	22,558	1,052	4,336	-	-	-	-	172
Waste Disposal - Water Operation	1	(1,315,431)	(1,036,033)	(48,408)	(199,025)	(24,204)	-	-	-	(7,761)
Painting of Storage Facilities	6	535,851	420,322	11,949	43,672	-	-	-	-	59,908
Regulatory Expense	16	(1,676,116)	(836,717)	(25,477)	(71,235)	(6,537)	(105,931)	(71,570)	(440,651)	(117,999)
Insurance Other Than Group	16	2,849,616	1,422,528	43,314	121,109	11,114	180,096	121,679	749,164	200,613
Service Company Expenses	16	(680,284)	(339,598)	(10,340)	(28,912)	(2,653)	(42,994)	(29,048)	(178,847)	(47,892)
Rental Expense - Real Property	16	(1,511,463)	(754,522)	(22,974)	(64,237)	(5,895)	(95,524)	(64,539)	(397,364)	(106,407)
Lease of Granular Activated Carbon	1	111,936	88,161	4,119	16,936	2,060	-	-	-	660
Leased Vehicle, Fuel & Maintenance E	16	3,398,169	1,696,366	51,652	144,422	13,253	214,764	145,102	893,379	239,231

NEW JERSEY-AMERICAN WATER COMPANY
(CONSOLIDATED WATER COST OF SERVICE)
ALLOCATION OF COST OF SERVICE TO COST FUNCTIONS
FOR THE PRO FORMA TEST YEAR PERIOD ENDED DECEMBER 31, 2008

Account Description	Factor Ref.	Total Company Test Year	Base and Extra Capacity				Meters	Services	Billing & Collecting	Fire Protection
			GMS	OIW	Sales for Resale	Manasquan				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Postage	12	1,184,875	(1)	-	-	-	-	-	1,169,116	15,759
Charitable Contributions/Lobbying Exp	16	(379,824)	(189,608)	(5,773)	(16,143)	(1,481)	(24,005)	(16,218)	(99,856)	(26,740)
Refund of Charitable Contributions	16	(14,507)	(7,242)	(221)	(617)	(57)	(917)	(619)	(3,814)	(1,021)
Uncollectible Expense	12	(1,633,019)	-	-	-	-	-	-	(1,611,300)	(21,719)
Audit Fees	16	23,866	11,913	363	1,014	93	1,508	1,019	6,274	1,680
Purchased Water	1A	(31,309,915)	(25,119,945)	(1,170,991)	(4,827,989)	-	-	-	-	(190,990)
Business Services Exp and Amort of E	16	(1,567,139)	(782,316)	(23,821)	(66,603)	(6,112)	(99,043)	(66,917)	(412,001)	(110,327)
	18	(166,059)	(113,584)	(3,471)	(8,652)	(814)	(10,578)	(12,554)	(2,640)	(13,766)
Other O&M	16	(4,185,132)	(2,089,218)	(63,614)	(177,868)	(16,322)	(264,500)	(178,705)	(1,100,271)	(294,633)
Total Pro Forma Expense Adjustments		(2,563,961)	(7,650,388)	(559,331)	(2,744,925)	220,989	1,657,785	1,038,019	4,208,161	1,265,728
Total Pro Forma O & M Expenses		210,690,939	118,746,716	4,150,007	13,765,555	1,238,503	11,153,928	7,249,973	42,628,788	11,757,483
DEPRECIATION EXPENSE										
Structures & Improvements - SS	2A	495,568	430,896	13,430	49,507	-	-	-	-	1,734
Collecting & Impounding Reservoirs	1A	239,035	191,778	8,940	36,859	-	-	-	-	1,458
Lakes, rivers & other intakes	2A	30,983	26,940	840	3,095	-	-	-	-	108
Wells & springs	2A	1,106,705	962,280	29,992	110,560	-	-	-	-	3,873
Infiltration galleries and tunnels	2A	243,863	212,039	6,609	24,362	-	-	-	-	854
Supply mains	2	201,205	173,278	5,372	19,778	2,113	-	-	-	664
Other water source plant	2A	14,176	12,326	384	1,416	-	-	-	-	50
Structures & Improvements - Pumping	2	1,928,619	1,660,927	51,494	189,583	20,250	-	-	-	6,364
Other power production equipment	2	359,711	309,783	9,604	35,360	3,777	-	-	-	1,187
Boiler Plant Equipment	2	4,806	4,138	128	472	50	-	-	-	16
Electric pumping equipment	2	2,676,397	2,304,913	71,460	263,090	28,102	-	-	-	8,832
Diesel pumping equipment	2	236,574	203,738	6,317	23,255	2,484	-	-	-	781
Hydraulic pumping equipment	2	606	522	16	60	6	-	-	-	2
Other pumping equipment	2	535,104	460,831	14,287	52,601	5,619	-	-	-	1,766
Structures & improvements - WT	2	4,059,924	3,496,407	108,400	399,091	42,629	-	-	-	13,398
Water treatment equipment	2	7,649,999	6,588,179	204,255	751,995	80,325	-	-	-	25,245
Water treatment - GAC	2	99,428	85,627	2,655	9,774	1,044	-	-	-	328
WH Structures & improvements	2	266,326	229,359	7,111	26,180	2,796	-	-	-	879
WH equipment	2	2,849	2,454	76	280	30	-	-	-	9
T & D structures & improvements	14	257,848	120,467	3,584	5,441	490	94,888	16,863	-	16,116
Distribution reservoirs & standpipes	6	1,706,131	1,338,288	38,047	139,050	-	-	-	-	190,745
Transmission & distrbtn mains -4" & le	5	323,061	291,401	8,529	-	-	-	-	-	23,131
Transmission & distrbtn mains -6"-8"	5	10,119,055	9,127,388	267,143	-	-	-	-	-	724,524
Transmission & distrbtn mains -10"-16'	4	5,128,084	4,229,644	131,279	482,553	51,794	-	-	-	232,815
Transmission & distrbtn mains -18" & r	4	1,265,327	1,043,642	32,392	119,067	12,780	-	-	-	57,446
Services	11	14,448,569	-	-	-	-	-	10,661,599	-	3,786,970
Meters	10	6,561,765	-	-	-	-	6,497,460	-	-	64,305
Meter installations	10	3,300,429	-	-	-	-	3,268,085	-	-	32,344
Hydrants	9	2,022,653	-	-	-	-	-	-	-	2,022,653
Office structures & improvements	16	1,258,871	628,428	19,135	53,502	4,910	79,561	53,754	330,957	88,625
Stores, shops & garage structures	16	144,020	71,895	2,189	6,121	562	9,102	6,150	37,863	10,139
Miscellaneous structures	16	152,718	76,238	2,321	6,491	596	9,652	6,521	40,150	10,751

NEW JERSEY-AMERICAN WATER COMPANY
(CONSOLIDATED WATER COST OF SERVICE)
ALLOCATION OF COST OF SERVICE TO COST FUNCTIONS
FOR THE PRO FORMA TEST YEAR PERIOD ENDED DECEMBER 31, 2008

Account Description	Factor Ref.	Total Company Test Year	Base and Extra Capacity				Meters	Services	Billing & Collecting	Fire Protection
			GMS	OIW	Sales for Resale	Manasquan				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Office Furniture & Equipment	16	1,138,780	568,479	17,309	48,398	4,441	71,971	48,626	299,385	80,170
Computers and Peripheral Equipment	16	(130)	(64)	(2)	(6)	(1)	(8)	(6)	(34)	(9)
Computer Software	16	345,183	172,316	5,247	14,670	1,346	21,816	14,739	90,749	24,301
Data handling equipment	16	15,209	7,592	231	646	59	961	649	3,998	1,071
Other Office Equipment	16	32,160	16,053	489	1,367	125	2,033	1,373	8,455	2,264
Transportation equipment - heavy truc	16	-	-	-	-	-	-	-	-	-
Transportation equipment - cars	16	-	-	-	-	-	-	-	-	-
Stores equipment	16	46,620	23,273	709	1,981	182	2,946	1,991	12,256	3,282
Tools, shop & garage equipment	16	206,541	103,105	3,139	8,778	806	13,053	8,819	54,300	14,540
Laboratory equipment	2	144,690	124,607	3,863	14,223	1,519	-	-	-	477
Power operated equipment	16	100,733	50,285	1,531	4,281	393	6,366	4,301	26,483	7,092
Communication equipment	16	317,609	158,550	4,828	13,498	1,239	20,073	13,562	83,499	22,360
Communication equipment - telephone	16	174	87	3	7	1	11	7	46	12
Miscellaneous equipment	16	96,811	48,327	1,472	4,114	378	6,118	4,134	25,452	6,815
Other PE/CPS	18	370,021	253,094	7,733	19,278	1,813	23,570	27,974	5,883	30,675
Units of Production Plant	2A	3,251,649	2,827,308	88,120	324,840	-	-	-	-	11,381
Test Year and Post TY Additions	18	11,507,468	7,871,108	240,506	599,539	56,387	733,026	869,965	182,969	953,969
Contributions and Advances	8	(3,699,286)	(3,229,847)	(96,551)	(130,215)	(14,057)	-	-	-	(228,616)
Total Depreciation Expense		80,714,641	43,278,079	1,324,616	3,734,942	314,988	10,860,684	11,741,021	1,202,411	8,257,896
AMORTIZATIONS										
Amortization of ITC	18	(345,902)	(236,597)	(7,229)	(18,021)	(1,695)	(22,034)	(26,150)	(5,500)	(28,675)
Amortization of Acquisition Adjs.	18	435,874	298,138	9,110	22,709	2,136	27,765	32,952	6,930	36,134
Amortization of Comp. Planning	18	-	(1)	-	-	-	-	-	-	-
Total Depreciation & Amortization		80,804,613	43,339,619	1,326,497	3,739,630	315,429	10,866,415	11,747,823	1,203,841	8,265,355
TAXES OTHER THAN INCOME TAXES										
Utility Reg Assessment Fee	20	1,329,735	797,974	25,664	76,194	6,915	97,868	96,539	128,319	100,262
Property Taxes	18	4,496,143	3,075,361	93,969	234,249	22,031	286,404	339,908	71,489	372,730
Payroll Taxes	17	4,613,481	2,345,495	71,970	221,447	21,683	339,091	182,694	1,164,443	266,659
Water Monitoring	7	772,131	737,707	34,424	-	-	-	-	-	-
Other Taxes and Licenses	16	-	-	-	-	-	-	-	-	-
Total Taxes Other Than Income Taxes		11,211,490	6,956,537	226,027	531,890	50,629	723,363	619,141	1,364,251	739,651

NEW JERSEY-AMERICAN WATER COMPANY
(CONSOLIDATED WATER COST OF SERVICE)
ALLOCATION OF COST OF SERVICE TO COST FUNCTIONS
FOR THE PRO FORMA TEST YEAR PERIOD ENDED DECEMBER 31, 2008

Account Description	Factor Ref.	Total Company Test Year	Base and Extra Capacity				Meters	Services	Billing & Collecting	Fire Protection
			GMS	OIW	Sales for Resale	Manasquan				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
INCOME TAXES										
Federal and State Income Taxes	19	58,420,073	38,422,882	1,168,401	3,160,526	292,100	4,171,193	4,866,392	1,390,398	4,948,180
Total Income Taxes		58,420,073	38,422,882	1,168,401	3,160,526	292,100	4,171,193	4,866,392	1,390,398	4,948,180
UTILITY OPERATING INCOME	19	161,623,851	106,300,008	3,232,477	8,743,850	808,119	11,539,943	13,463,267	3,846,648	13,689,540
Total Cost of Service (Excl. GRFT)		522,750,966	313,765,762	10,103,409	29,941,451	2,704,780	38,454,842	37,946,596	50,433,926	39,400,209
Less:										
Other Revenues (negative)	7	368,198	351,783	16,415	-	-	-	-	-	-
Total Cost of Service Related to Sales (Excl. GRFT)		523,119,164	314,117,545	10,119,824	29,941,451	2,704,780	38,454,842	37,946,596	50,433,926	39,400,209
Number of Units							850,504	751,513	7,614,566	
Cost Per Unit w/o GRFT							3.77	4.21	6.62	

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NEW JERSEY-AMERICAN WATER COMPANY

COMPARATIVE SCHEDULE OF PRESENT AND PROPOSED RATES
SERVICE AREA 1 (SA-1)

Customer Charges, per Month:

Meter Size	Present Rates Non-Exempt	Present Rates Exempt	Proposed Rates Non-Exempt	Proposed Rates Exempt
5/8	$ 8.50	$ 7.37	$ 9.00	$ 7.76
3/4	12.75	11.05	13.50	11.64
1	21.25	18.42	22.50	19.41
1-1/2	42.50	36.85	45.00	38.81
2	68.00	58.96	72.00	62.10
3	127.50	110.54	135.00	116.43
4	212.50	184.24	225.00	194.05
6	425.00	368.48	450.00	388.11
8	680.00	589.56	720.00	620.97
10	850.00	736.95	900.00	776.22
12	1,062.50	921.19	1,125.00	970.27

Consumption Charges, per Thousand Gallons:

All Usage - GMS	$ 4.7814	$ 4.1455	$ 6.0681	$ 5.2335
All Usage - Regular SFR	4.7300	4.1009	6.0181	5.1904

Private Fire Connections (Monthly):

Size	Present Monthly Rates Schedule L-1	Present Monthly Rates Schedule L-2	Proposed State-Wide
2-inch	$ 14.24		$ 16.38
3-inch	32.04		36.85
4-inch	56.96		65.50
6-inch	128.16		147.38
8-inch	227.84		262.02
10-inch	356.00		409.40
12-inch	512.64		589.54
16-inch	911.36		1,048.06
Sprinkler Heads		$0.66	0.76
Private Hydrant		17.22	19.80

Public Fire Hydrant (Annually):

State-Wide	M-1	$ 462.00	$ 490.08
Logan	M-2	221.52	284.52
Adelphia	M-3	410.52	436.80
Ortley	M-4	216.00	284.52

NEW JERSEY-AMERICAN WATER COMPANY

COMPARATIVE SCHEDULE OF PRESENT AND PROPOSED RATES
SA-1 SALES FOR RESALE

	Present Rates		Proposed Rates	
	Non-Exempt	Exempt	Non-Exempt	Exempt
Rates Applicable to Commodity-Damand Tariff:				
Customer Charges, per Month:				
By Meter Size	Same as GMS		Same as GMS	
Consumption Charges, per Thousand:				
All Usage	$0.4805	$0.4166	$0.5082	$0.4383
Demand Charge per Month:				
Per Thousand Gallons of				
Maximum Day Nomination	$ 62.49	$ 54.18	$ 62.49	$ 53.90
Off-Peak Demand Charge per Month:				
Per Thousand Gallons of				
Maximum Day Nomination	$ 57.47	$ 49.83	$ 57.47	$ 49.57
Rates Applicable to Manasquan:				
Customer Charges, per Month:				
By Meter Size	Same as GMS		Same as GMS	
Consumption Charges, per Thousand:				
Uninterruptible Sales	$ 1.7642	$ 1.5185	$ 1.7800	$ 1.5352
Regular Sales	4.7300	4.1009	6.0181	5.1904

NEW JERSEY-AMERICAN WATER COMPANY

COMPARATIVE SCHEDULE OF PRESENT AND PROPOSED RATES
SERVICE AREA 2 (SA-2)

Customer Charges, per Month:

Meter Size	Present Rates Non-Exempt	Proposed Rates Non-Exempt
5/8	$ 7.50	$ 9.00
3/4	11.25	13.50
1	18.75	22.50
1-1/2	37.50	45.00
2	60.00	72.00
3	112.50	135.00
4	187.50	225.00
6	375.00	450.00
8	600.00	720.00
10	750.00	900.00
12	937.50	1,125.00
16	1,462.32	1,800.00

Consumption Charges, per Thousand Gallons:	Present Rates Non-Exempt	Present Rates Exempt	Proposed Rates Non-Exempt	Proposed Rates Exempt
All Usage - GMS	$ 3.6398	$ 3.1557	$ 5.3070	$ 4.5771
All Usage - GMS, Manville	3.1291	2.7129	4.9665	4.2834
All Usage - OIW	2.6017	2.2557	3.3300	2.8720
All Usage - SOS	1.7881	1.5503	2.8720	2.4770

Private Fire Connections (Monthly):

Size	Present Rates	Proposed Rates
2-inch	$ 40.47	$ 38.45
3-inch	79.48	75.51
4-inch	128.18	121.77
6-inch	237.75	225.86
8-inch	406.07	385.77
10-inch	482.68	458.55
12-inch	704.93	669.68
16-inch	1,500.31	1,425.29
20-inch	2,734.21	2,597.50
Private Hydrant	25.17	25.17

Public Fire Hydrant (Annually):	Various	Various

NEW JERSEY-AMERICAN WATER COMPANY

COMPARATIVE SCHEDULE OF PRESENT AND PROPOSED RATES
SERVICE AREA 3 (SA-3)

Customer Charges, per Month:

Meter Size	Present Rates Non-Exempt	Proposed Rates Non-Exempt
5/8	$ 7.50	$ 9.00
3/4	11.25	13.50
1	18.75	22.50
1-1/2	37.50	45.00
2	60.00	72.00
3	112.50	135.00
4	187.50	225.00
6	375.00	450.00
8	600.00	720.00
10	750.00	900.00
12	937.50	1,125.00

Consumption Charges, per Thousand Gallons:

All Usage - Mount Holly	$ 3.6398	$ 5.3070
All Usage - Southampton	2.7344	4.4305
All Usage - Homestead	4.3508	5.7810

Private Fire Connections (Monthly):

Size	Present Rates	Proposed Rates
2-inch	$ 14.24	$ 16.38
3-inch	32.04	36.85
4-inch	56.96	65.50
6-inch	128.16	147.38
8-inch	190.72	262.02
10-inch	356.00	409.40
12-inch	423.21	589.54
Private Hydrant	6.44	7.08

Public Fire Hydrant (Annually): Various Various

NEW JERSEY-AMERICAN WATER COMPANY

COMPARATIVE SCHEDULE OF PRESENT AND PROPOSED RATES
SERVICE AREA 1A (SA-1A)

Customer Charges, per Month:

Meter Size	Present Rates Non-Exempt	Proposed Rates Non-Exempt
5/8	$ 7.473	$ 9.00
3/4	11.210	13.50
1	18.683	22.50
1-1/2	37.367	45.00
2	59.787	72.00
3	112.100	135.00
4	186.833	225.00

Consumption Charges, per Thousand Gallons:

All Usage	$ 3.9069	$ 5.1393

Private Fire Connections (Monthly):

Size	Present Rates	Proposed Rates
2-inch	$ 19.95	$ 17.96
3-inch	44.90	40.41
4-inch	119.67	107.70
6-inch	179.61	161.65
8-inch	319.19	287.27
Private Hydrant	2.27	2.27

Public Fire Hydrant (Annually):	27.20 *	339.84

* Plus inch-foot charge of $0.0441

NEW JERSEY-AMERICAN WATER COMPANY

COMPARATIVE SCHEDULE OF PRESENT AND PROPOSED RATES
SERVICE AREA 1B (SA-1B)

Customer Charges, per Month:

Meter Size	Present Rates Non-Exempt	Proposed Rates Non-Exempt
5/8	$ 5.953	$ 6.40
3/4	8.930	9.60
1	14.893	16.00
1-1/2	29.783	32.00
2	47.657	51.20
3	89.360	96.00
4	148.933	160.00
6	297.873	320.00

Consumption Charges, per Thousand Gallons:

All Usage	$ 2.8704	$ 4.1935

Private Fire Connections (Monthly):

Size	Present Rates	Proposed Rates
2-inch	$ 27.51	$ 22.01
3-inch	61.89	49.51
4-inch	110.03	88.02
6-inch	247.64	198.11
8-inch	440.12	352.10
10-inch	687.69	550.15
12-inch	990.28	792.22
Private Hydrant	19.87	15.90

Public Fire Hydrant (Annually):	238.48	262.32

NEW JERSEY-AMERICAN WATER COMPANY

COMPARATIVE SCHEDULE OF PRESENT AND PROPOSED RATES
SERVICE AREA 1C (SA-1C)

Customer Charges, per Month:

Meter Size	Present Rates Non-Exempt	Proposed Rates Non-Exempt
5/8	$ 11.010	$ 9.00
3/4	15.667	13.50
1	24.957	22.50
1-1/2	48.217	45.00
2	76.107	72.00
3	141.167	135.00
4	448.147	225.00
6	1,024.633	450.00
8	1,860.717	720.00
10	2,790.577	900.00

Consumption Charges, per Thousand Gallons:

All Usage	$ 2.0200	$ 3.2542

Private Fire Connections (Monthly):

Size	Present Rates	Proposed Rates
2-inch	$ 29.81	$ 16.38
3-inch	29.81	36.85
4-inch	50.03	65.50
6-inch	112.74	147.38
8-inch	203.57	262.02
10-inch	304.92	409.40
12-inch	466.25	589.54

Public Fire Hydrant (Annually):	171.84 *	Various

* Plus inch-foot charge of $0.0822

NEW JERSEY-AMERICAN WATER COMPANY

CALCULATION OF GMS RATES BY SERVICE AREA

	SA-1	SA-2	SA-2 Manville	SA-3 MH	SA-3 S. Hampton	SA-3 Homestead	SA-1A Harrison	SA-1B Pennsgrove
NJAWC Proposed Rate	$ 6.0681							
NJAWC Existing Rate	4.7814							
Increase	1.2867							
Existing Rate		$ 3.6398	$ 3.1291	3.6398	2.7344	4.3508	3.9069	2.8704
Plus: NJAWC increase		1.2867	1.2867	1.2867	1.2867	1.2867	1.2867	1.2867
Subtotal		4.9265	4.4158	4.9265	4.0211	5.6375	5.1936	4.1571
Difference Remaining		1.1416	1.6523	1.1416	2.0470	0.4306	0.8745	1.9110
One-Third of Difference		0.3805	0.5507	0.3805		0.1435	0.2915	
One-Fifth of Difference					0.4094			0.3822
Total Proposed Rate		$ 5.3070	$ 4.9665	$ 5.3070	$ 4.4305	$ 5.7810	$ 5.4851	4.5393
Less: PWAC							0.3458	0.3458
Total							$ 5.1393	4.1935

NEW JERSEY-AMERICAN WATER COMPANY

CHERRY HILL, NEW JERSEY

EXHIBIT PT-15

SCHEDULES PRH-1 THROUGH PRH-11

COST OF SERVICE ALLOCATION STUDY

FOR THE PRO FORMA YEAR ENDED

MARCH 31, 2011

AND

PROPOSED CUSTOMER RATES

Gannett Fleming
Valuation and Rate Division

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NEW JERSEY-AMERICAN WATER COMPANY, INC.

COST OF SERVICE ALLOCATION STUDY
FOR THE PRO FORMA POST TEST YEAR PERIOD ENDED
MARCH 31, 2011
AND
PROPOSED CUSTOMER RATES

PLAN OF REPORT

The report sets forth the results of the cost of service allocation study based on costs for the pro forma post test year period ended March 31, 2011, for the consolidated water operations of New Jersey-American Water Company, Inc. Schedule PRH-1 contains statements with respect to the basis of the study, the procedures employed, and a summary of the results of the study. Schedules PRH-3 through PRH-7 present detailed schedules of the allocation of costs to customer classifications, as well as the bases for the allocations. Schedule PRH-2 summarizes the cost allocation and the revenues produced under present and proposed rates. Schedule PRH-8, Comparisons of Present and Proposed Customer Rates, presents the proposed rates for water service.

BASIS OF STUDY

The purpose of the cost allocation study was to determine the relative cost of service responsibilities of the several customer classifications based on considerations of quantity of water consumed, variability of rate of consumption, and costs associated with customer metering, billing and accounting. The allocation study incorporated generally-accepted principles and procedures for allocating the several categories of cost to customer classifications in proportion to each classification's use of facilities, commodities and services required in providing water service.

ALLOCATION PROCEDURES

The allocation study was based on the Base-Extra Capacity Method for allocating costs to customer classifications. The method is described in the 2000 and prior editions of the Water Rates Manual, published by the American Water Works Association. The four basic categories of cost responsibility are base, extra capacity, customer, and fire protection costs. The following discussion presents a brief description of these costs and the manner in which they were allocated.

Base Costs are costs that tend to vary with the quantity of water used, plus costs associated with supplying, treating, pumping, and distributing water to customers under average load conditions, without the elements necessary to meet peak demands. Base costs were allocated to customer classifications on the basis of average daily usage.

Extra Capacity Costs are costs associated with meeting usage requirements in excess of the average. They include operating and capital costs for additional plant and system capacity beyond that required for average use. The extra capacity costs in this study include costs necessary to meet maximum day extra demand and costs to meet maximum hour extra demand. The extra capacity costs were allocated to customer classifications on the bases of each classification's maximum day and hour usage in excess of average usage.

Customer Costs are costs associated with serving customers regardless of their usage or demand characteristics. Customer costs include the operating and capital costs related to meters and services, meter reading costs, and billing and collecting costs. The customer costs were allocated on the bases of the relative capacity of meters and services, and the number of bills.

Fire Protection Costs are costs associated with providing the facilities to meet the potential peak demand of fire protection service. Fire Protection costs are subdivided into costs to meet Public Fire Protection and Private Fire Protection demands. The extra capacity costs assigned to fire protection service were allocated to Public and Private Fire Protection on the basis of the total relative demands of the hydrants and fire service lines.

RESULTS OF STUDY

The results of the cost of service allocation study are set forth in Schedule PRH-2. The data summarized in Schedule PRH-2, Comparison of Cost of Service with Revenues Under Present and Proposed Rates for the Pro Forma Post Test Year Period Ended March 31, 2011, constitute the principal results of the cost allocation study and subsequent rate design.

The cost of service by customer classification shown in column 2 of Schedule PRH-2 is developed in Schedule PRH-3, Allocation of Cost of Service to Customer Classifications for the pro forma post test year period March 31, 2011. The bases for the allocation factors are presented in Schedule PRH-4.

An analysis of customer costs by meter size is provided on Schedule PRH-5, based on a functional allocation of cost presented in Schedule PRH-7. The calculation of commodity-demand rates for sales for resale service is shown on Schedule PRH-6.

Comparisons of present and proposed rates for each of the proposed tariff areas are set forth in Schedule PRH-8. Schedule PRH-8 is a comparison of present and proposed service charges by meter size and consumption rates, as well as rates for private and public fire protection service. The calculation of the GMS rates for each service area is provided on Schedule PRH-9.

The example of the calculation under the Water Efficiency Tracker (WET) is provided in Schedule PRH-10. This mechanism is proposed to adjust the change in revenue experienced from the implementation of conservation programs state-wide and conservation rates in the pilot areas.

Schedule PRH-11 sets forth the comparison of bills under present rates, under proposed non-seasonal rates, and under the proposed conservation rates for the pilot program during the seasonal months May through September.

NEW JERSEY AMERICAN WATER COMPANY

(CONSOLIDATED WATER COST OF SERVICE)

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES
FOR THE PRO FORMA POST TEST YEAR PERIOD ENDED MARCH 31, 2011

Customer Classification	Cost of Service		Revenues, Present Rates		Revenues, Proposed Rates		Revenue Increase	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent Increase
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
General Metered Service	$ 541,122,093	84.69%	$ 460,509,590	82.86%	$ 536,497,509	83.88%	$ 75,987,920	16.5%
Manasquan	2,971,667	0.47%	2,925,193	0.53%	2,971,520	0.46%	46,326	1.6%
Optional Industrial Wholesale	11,211,673	1.75%	9,271,014	1.67%	10,842,143	1.70%	1,571,129	16.9%
Sales For Resale	38,398,062	6.01%	34,226,900	6.16%	38,315,829	5.99%	4,088,929	11.9%
Private Fire Protection	18,394,191	2.88%	21,747,623	3.91%	23,352,117	3.65%	1,604,494	7.4%
Public Fire Protection	26,843,284	4.20%	27,116,382	4.88%	27,655,019	4.32%	538,637	2.0%
Subtotal	638,940,970	100.0%	555,796,702	100.0%	639,634,137	100.0%	83,837,435	15.1%
Other Revenue	402,263		387,593		402,263		14,670	3.8%
Total Water	$ 639,343,233		$ 556,184,295		$ 640,036,400		$ 83,852,105	15.1%

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NEW JERSEY AMERICAN WATER COMPANY
(CONSOLIDATED WATER COST OF SERVICE)
ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE PRO FORMA TEST YEAR PERIOD ENDED MARCH 31, 2011

Account Description	Factor Ref.	Cost of Service	GMS	Manasquan	OIW	Sales for Resale	Private Fire Protection	Public Fire Protection
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
OPERATION AND MAINTENANCE EXPENSES								
Source of Supply								
----Operation----								
Labor Oper SS Super/Eng	2A	2,757,312	2,390,590	-	69,484	287,588	2,206	7,445
Labor Oper SS	2A	237,119	205,582	-	5,975	24,732	190	640
Puchased Water	1A	26,076,095	20,819,154	-	904,840	4,193,036	36,507	122,558
Puchased Water - NJWSA	3A	-	-	-	-	-	-	-
Diversion Rights	1A	790,590	631,207	-	27,433	127,127	1,107	3,716
Purch Power SS	1A	13,334,725	10,646,444	-	462,715	2,144,224	18,669	62,673
Fuel for Power Prod SS	1A	-	-	-	-	-	-	-
Rents-Real Prop Oper SS	2A	9,559	8,288	-	241	997	8	26
M & S Oper SS	2A	174,030	150,884	-	4,386	18,151	139	470
Contr Svc-Other Oper SS	2A	23,555	20,422	-	594	2,457	19	64
Trans Oper SS	2A	-	-	-	-	-	-	-
Misc Oper SS/Security Service	2A	255,169	221,232	-	6,430	26,614	204	689
Grounds Keeping	2A	517,296	448,496	-	13,036	53,954	414	1,397
----Maintenance----		-						
Labor Maint SS	2A	41,026	35,570	-	1,034	4,279	33	111
Labor Maint SS Coll & Imp	1A	-	-	-	-	-	-	-
Labor Maint SS Lake, River	2A	-	-	-	-	-	-	-
Labor Maint SS Wells & Spr	2A	-	-	-	-	-	-	-
Transport Maint SS	2A	-	-	-	-	-	-	-
Contr Svc-Eng Maint SS	2A	1,341	1,163	-	34	140	1	4
Mat and Sup Maint SS	2A	717,217	621,827	-	18,074	74,806	574	1,936
Misc Maint SS - Coll & Imp	1A	39,980	31,920	-	1,387	6,429	56	188
Misc Maint SS	2A	311,312	269,908	-	7,845	32,470	249	841
Subtotal Source of Supply		45,286,326	36,502,687	-	1,523,508	6,997,004	60,376	202,758
Power and Pumping Expenses								
----Operation----								
Labor Oper P Super/Eng	2	2,757,394	2,367,774	28,953	68,659	282,909	1,930	7,169
Labor Oper P	2	1,553,451	1,333,948	16,311	38,681	159,384	1,087	4,039
Purch Power P	1	8,597,983	6,739,099	157,343	293,191	1,357,622	11,177	39,551
M & S Oper P	2	2,167	1,861	23	54	222	2	6
Trans Oper P	2	-	-	-	-	-	-	-
Misc Oper P	2	201,581	173,098	2,117	5,019	20,682	141	524

NEW JERSEY AMERICAN WATER COMPANY
(CONSOLIDATED WATER COST OF SERVICE)
ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE PRO FORMA TEST YEAR PERIOD ENDED MARCH 31, 2011

Account Description	Factor Ref.	Cost of Service	GMS	Manasquan	OIW	Sales for Resale	Private Fire Protection	Public Fire Protection
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
----Maintenance----								
Misc Maint P Pwr Prod	2	524	450	6	13	54	-	1
Labor Maint P	2	1,461,992	1,255,413	15,351	36,404	150,000	1,023	3,801
Misc Maint P Struct & Imp	2	44,137	37,900	463	1,099	4,528	31	115
Mat and Sup Maint P	2	814,857	699,718	8,556	20,290	83,604	570	2,119
Misc Maint P	2	322,180	276,656	3,383	8,022	33,056	226	838
Subtotal Power and Pumping		15,756,266	12,885,917	232,506	471,432	2,092,061	16,187	58,163
Water Treatment Expenses								
----Operation----								
Labor Oper WT	2	5,519,879	4,739,920	57,959	137,445	566,340	3,864	14,352
Purch Power WT	1	4,165,873	3,265,211	76,235	142,056	657,791	5,416	19,163
Chemicals WT	1	10,457,659	8,196,713	191,375	356,606	1,651,264	13,595	48,105
Waste Disposal Exp WT	1	2,182,336	1,710,515	39,937	74,418	344,591	2,837	10,039
Contr Svc-Mgmt Oper WT	2	1,635	1,404	17	41	168	1	4
Rents-Real Prop Oper WT	2	-	-	-	-	-	-	-
Lab Supplies	2	15,457	13,273	162	385	1,586	11	40
M & S Oper WT	2	704,701	605,127	7,399	17,547	72,302	493	1,832
Contr Svc-Legal Oper WT	2	-	-	-	-	-	-	-
Trans Oper WT	2	-	-	-	-	-	-	-
Misc Oper WT	2	1,396,598	1,199,259	14,664	34,775	143,291	978	3,631
Office & Admin Supplies WT	2	48,395	41,557	508	1,205	4,965	34	126
----Maintenance----								
Labor Maint WT Equip.	2	405,718	348,390	4,260	10,102	41,627	284	1,055
Labor Maint WT	2	-	-	-	-	-	-	-
Labor Maint WT Struct & Imp	2	-	-	-	-	-	-	-
Other Welf Maint WT	2	-	-	-	-	-	-	-
Transport Maint WT	2	-	-	-	-	-	-	-
Contr Svc-Eng Maint WT	2	40,138	34,467	421	999	4,118	28	104
Mat and Sup Maint WT	2	1,436,937	1,233,898	15,088	35,780	147,430	1,006	3,736
Misc Maint WT	2	914,573	785,344	9,603	22,773	93,835	640	2,378
Subtotal Water Treatment		27,289,899	22,175,078	417,628	834,132	3,729,308	29,187	104,565

NEW JERSEY AMERICAN WATER COMPANY
(CONSOLIDATED WATER COST OF SERVICE)
ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE PRO FORMA TEST YEAR PERIOD ENDED MARCH 31, 2011

Account Description	Factor Ref.	Cost of Service	GMS	Manasquan	OIW	Sales for Resale	Private Fire Protection	Public Fire Protection
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Transmission & Distribution Expenses								
----Operation----								
Labor Oper TD Super/Eng	14	4,207,365	3,680,182	10,518	63,110	137,160	154,410	161,984
Labor Oper TD								
Storage Facilities	6	153,299	116,001	-	3,097	12,632	4,538	17,032
Mains	8	1,704,775	1,461,844	8,183	41,085	80,295	23,867	89,501
Meters	10	1,212,010	1,192,134	1,212	4,969	1,333	12,362	-
Services	11	329,416	238,893	165	758	198	89,404	-
Labor Oper TD Lines	8	5,231	4,486	25	126	246	73	275
Purch Power TD	14	184,643	161,507	462	2,770	6,019	6,776	7,109
Rents-Real Prop Oper TD	14	20,156	17,630	50	302	657	740	776
Rents-Equipment Oper TD	14	67,137	58,725	168	1,007	2,189	2,464	2,585
Other Welf Oper TD	14	26,286	22,992	66	394	857	965	1,012
M & S Oper TD	14	80,316	70,252	201	1,205	2,618	2,948	3,092
Contract Svc-Eng Oper TD	14	61,189	53,522	153	918	1,995	2,246	2,356
Contr Svc-Legal Oper TD	14	-	-	-	-	-	-	-
Contr Svc-Other Oper TD	14	374,558	327,626	936	5,618	12,211	13,746	14,420
Trans Oper TD	14	-	-	-	-	-	-	-
Misc Oper TD	14	622,596	544,585	1,556	9,339	20,297	22,849	23,970
Misc Oper TD Storage	6	377,101	285,352	-	7,617	31,073	11,162	41,896
Misc Oper TD Mains	8	10,388	8,908	50	250	489	145	545
Misc Oper TD Meters	10	55,491	54,581	55	228	61	566	-
Misc Oper TD Mtr Inst	10	30,949	30,441	31	127	34	316	-
Office & Admin Supplies TD	14	66,699	58,342	167	1,000	2,174	2,448	2,568
Telephone TD	14	-	-	-	-	-	-	-
----Maintenance----								
Labor Maint TD	15	4,896,840	3,684,382	16,649	84,226	163,065	253,167	695,351
Storage Facilities	6	-	-	-	-	-	-	-
Mains	8	1,183,132	1,014,536	5,679	28,513	55,726	16,564	62,114
Meters	10	116,024	114,121	116	476	128	1,183	-
Services	11	614,926	445,944	307	1,414	369	166,891	-
Hydrants	9	371,057	-	-	-	-	-	371,057
Labor Maint TD Mains	8	-	-	-	-	-	-	-
Transport Maint TD	15	-	-	-	-	-	-	-
Contr Svc-Other Maint TD	15	850,310	639,773	2,891	14,625	28,315	43,961	120,744
Mat and Sup Maint TD	15	2,250,758	1,693,470	7,653	38,713	74,950	116,364	319,608
Misc Maint TD	15	414,745	312,054	1,410	7,134	13,811	21,442	58,894

NEW JERSEY AMERICAN WATER COMPANY
(CONSOLIDATED WATER COST OF SERVICE)
ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE PRO FORMA TEST YEAR PERIOD ENDED MARCH 31, 2011

Account Description	Factor Ref.	Cost of Service	GMS	Manasquan	OIW	Sales for Resale	Private Fire Protection	Public Fire Protection
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Misc Maint TD Struct & Imp	6	67,039	50,728	-	1,354	5,524	1,984	7,448
Misc Maint TD Dist Res	6	-	-	-	-	-	-	-
Misc Maint TD Mains	8	2,696,385	2,312,150	12,943	64,983	127,000	37,749	141,560
Misc Maint TD Services	11	249,409	180,871	125	574	150	67,690	-
Misc Maint TD Meters	10	160,052	157,427	160	656	176	1,633	-
Misc Maint TD Hydrants	9	225,012	-	-	-	-	-	225,012
Subtotal Transmission & Distribution		23,685,294	18,993,459	71,931	386,588	781,752	1,080,653	2,370,909
Customer Accounting Expenses								
Labor Oper CA	12	7,699,751	7,589,106	231	2,156	308	105,641	2,310
Labor Oper CA Off/Dir	12	-	-	-	-	-	-	-
Labor Oper CA Mtr Read	13	2,437,440	2,403,121	73	682	97	33,466	-
Contr Svc- Oper CA	12	122,659	120,896	4	34	5	1,683	37
M & S Oper CA	12	3,637,451	3,585,181	109	1,018	145	49,906	1,091
Uncollectible Accounts	12	3,184,804	3,139,038	96	892	127	43,696	955
Misc Oper CA	12	199,848	196,976	6	56	8	2,742	60
Misc Oper CA Mtr Read	13	43,219	42,610	1	12	2	593	-
Subtotal Customer Accounting		17,325,172	17,076,928	520	4,850	692	237,727	4,453
Administrative and General Expenses								
Labor Oper AG	16	5,592,598	4,881,779	22,370	83,889	274,037	116,885	213,637
Other Labor	16	2,229,572	1,946,193	8,918	33,444	109,249	46,598	85,170
Mgmt Fees-Labor	16	-	-	-	-	-	-	-
Mgmt Fees-Administrative	16	21,993,035	19,197,720	87,972	329,896	1,077,659	459,654	840,134
Mgmt Fees-Human Resources	17	582,498	508,404	2,446	8,796	28,834	12,698	21,319
Mgmt Fees-Customer Related	12	9,125,966	8,994,826	274	2,555	365	125,208	2,738
Mgmt Fees-Lab Services	1	985,600	772,513	18,036	33,609	155,626	1,281	4,534
Mgmt Fees-Employee Benefits	17	220,827	192,738	927	3,334	10,931	4,814	8,082
Employee Pension and Benefits	17	18,650,789	16,278,409	78,333	281,627	923,214	406,587	682,619
Other Employee Benefits	17	2,830,100	2,470,111	11,886	42,735	140,090	61,696	103,582
Reg Commission Expense	20	1,946,595	1,645,067	9,928	35,817	118,353	55,867	81,562
Ins Gen Liab Oper AG	16	4,618,074	4,031,117	18,472	69,271	226,286	96,518	176,410
Ins Work Comp AG	17	1,604,568	1,400,467	6,739	24,229	79,426	34,980	58,727
Rents	16	218,285	190,541	873	3,274	10,696	4,562	8,338
M & S Oper AG	16	3,514,955	3,068,204	14,060	52,724	172,233	73,463	134,271
Dues/Membership	16	398,698	348,023	1,595	5,980	19,536	8,333	15,230
Employee Expenses AG	17	601,224	524,748	2,525	9,078	29,761	13,107	22,005
Office & Admin Supplies & Expenses	16	215,306	187,941	861	3,230	10,550	4,500	8,225
Contract Services	16	4,150,947	3,623,362	16,604	62,264	203,396	86,755	158,566

NEW JERSEY AMERICAN WATER COMPANY
(CONSOLIDATED WATER COST OF SERVICE)
ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE PRO FORMA TEST YEAR PERIOD ENDED MARCH 31, 2011

Account Description	Factor Ref.	Cost of Service	GMS	Manasquan	OIW	Sales for Resale	Private Fire Protection	Public Fire Protection
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Contr Svc-Temp Empl Oper AG	17	13,333	11,637	56	201	660	291	488
Trans Oper AG	16	4,570,904	3,989,942	18,284	68,564	223,974	95,532	174,609
Ins Vehicle Oper AG	16	256,369	223,785	1,025	3,846	12,562	5,358	9,793
Misc Oper AG	16	2,065,643	1,803,100	8,263	30,985	101,217	43,172	78,908
Charitable Contrib	16	70,624	61,648	282	1,059	3,461	1,476	2,698
Trustee Fees	16	40,062	34,970	160	601	1,963	837	1,530
Research and Development	16	139,799	122,031	559	2,097	6,850	2,922	5,340
Security Costs	16	1,043,960	911,273	4,176	15,659	51,154	21,819	39,879
Labor Maint AG	16	201,728	176,088	807	3,026	9,885	4,216	7,706
Mat and Sup Maint AG	16	220,807	192,742	883	3,312	10,820	4,615	8,435
Misc Maint AG	16	5,139,642	4,486,394	20,559	77,095	251,842	107,419	196,334
Subtotal Administrative and General		93,242,508	82,275,773	357,873	1,292,197	4,264,630	1,901,163	3,150,869
Total Operation & Maintenance Expenses		222,585,465	189,909,842	1,080,458	4,512,707	17,865,447	3,325,293	5,891,717
Pro Forma Adjustments								
Salaries and Wages	17	$15,507,740	13,535,155	65,133	234,167	767,633	338,069	567,583
Group Insurance	17	2,541,462	2,218,188	10,674	38,376	125,802	55,404	93,018
Pension Expense	17	1,516,338	1,323,460	6,369	22,897	75,059	33,056	55,498
Post-Retirement Other than Pensions	17	648,746	566,226	2,725	9,796	32,113	14,143	23,744
401(k)	17	532,453	464,725	2,236	8,040	26,356	11,607	19,488
Defined Contribution Plan	17	403,153	351,872	1,693	6,088	19,956	8,789	14,755
Other - Benefits	17	118,167	103,136	496	1,784	5,849	2,576	4,325
Power	1	3,830,465	3,002,318	70,098	130,619	604,830	4,980	17,620
Chemicals	1	511,900	401,227	9,368	17,456	80,829	665	2,355
Water Diversion	1A	(16,507)	(13,179)	-	(573)	(2,654)	(23)	(78)
Waste Disposal - Water Operation	1	416,284	326,283	7,618	14,195	65,731	541	1,915
Engineered Coating of Steel Structure	6	3,036,372	2,297,623	-	61,335	250,197	89,877	337,341
Regulatory Expense	20	(1,561,710)	(1,319,801)	(7,965)	(28,735)	(94,952)	(44,821)	(65,436)
Insurance Other Than Group	16	1,725,853	1,506,497	6,903	25,888	84,567	36,070	65,928
Call Center	12	1,149,886	1,133,362	34	322	46	15,776	345
Central Services	16	794,031	693,110	3,176	11,910	38,908	16,595	30,332
ITS Services	16	3,314,287	2,893,041	13,257	49,714	162,400	69,269	126,606
Laboratory Services	1	103,565	81,174	1,895	3,532	16,353	135	476
Regional Services	16	(4,014,753)	(3,504,478)	(16,059)	(60,221)	(196,723)	(83,908)	(153,364)
Shared Service Center	16	375,018	327,353	1,500	5,625	18,376	7,838	14,326
Supply Chain Services	16	55,523	48,466	222	833	2,721	1,160	2,121
Rental Expense - Real Property	16	(3,504,509)	(3,059,086)	(14,018)	(52,568)	(171,721)	(73,244)	(133,872)
Lease of Granular Activated Carbon	1	(176,806)	(138,581)	(3,236)	(6,029)	(27,918)	(230)	(813)

NEW JERSEY AMERICAN WATER COMPANY
(CONSOLIDATED WATER COST OF SERVICE)
ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE PRO FORMA TEST YEAR PERIOD ENDED MARCH 31, 2011

Account Description	Factor Ref.	Cost of Service	GMS	Manasquan	OIW	Sales for Resale	Private Fire Protection	Public Fire Protection
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Leased Vehicle, Fuel & Maintenance I	16	1,437,119	1,254,461	5,748	21,557	70,419	30,036	54,898
Postage & Forms	12	1,013,575	999,010	30	284	41	13,906	304
Security (ADT and NAS)	16	56,116	48,984	224	842	2,750	1,173	2,144
Paving	8	752,940	645,646	3,614	18,146	35,463	10,541	39,529
Phone and Cell Phone	16	58,661	51,205	235	880	2,874	1,226	2,241
Contract Services - Sewer	16	-	-	-	-	-	-	-
Uncollectible Expense	12	1,040,104	1,025,158	31	291	42	14,270	312
Audit Fees	16	93,657	81,753	375	1,405	4,589	1,957	3,578
Property Sales	19	177,696	147,257	888	3,358	9,684	6,983	9,525
Management Audit	16	386,092	337,020	1,544	5,791	18,919	8,069	14,749
Charitable Contributions and Lobbying	16	(244,360)	(213,302)	(977)	(3,665)	(11,974)	(5,107)	(9,335)
Purchased Water	1A	(21,662,385)	(17,295,248)	-	(751,685)	(3,483,312)	(30,327)	(101,813)
Sewage Treatment and Disposal Cost	1	-	-	-	-	-	-	-
Other O&M	16	2,297,808	2,005,756	9,191	34,467	112,593	48,024	87,776
Total Pro Forma Expense Adjustments		$12,713,980	$12,325,791	$183,022	($173,878)	($1,354,154)	$605,075	$1,128,121
Total Pro Forma O & M Expenses		235,299,445	202,235,633	1,263,480	4,338,829	16,511,293	3,930,368	7,019,838
DEPRECIATION EXPENSE								
Structures & Improvements - SS	2A	628,250	544,693	-	15,832	65,526	503	1,696
Collecting & Impounding Reservoirs	1A	214,286	171,086	-	7,436	34,457	300	1,007
Lakes, rivers & other intakes	2A	37,955	32,907	-	956	3,959	30	102
Wells & springs	2A	1,240,087	1,075,155	-	31,250	129,341	992	3,348
Infiltration galleries and tunnels	2A	258,972	224,529	-	6,526	27,011	207	699
Supply mains	2	228,848	196,512	2,403	5,698	23,480	160	595
Other water source plant	2A	15,616	13,539	-	394	1,629	12	42
Structures & Improvements - Pumping	2	1,690,277	1,451,441	17,748	42,088	173,422	1,183	4,395
Other power production equipment	2	480,571	412,666	5,046	11,966	49,307	336	1,249
Boiler Plant Equipment	2	1,198	1,029	13	30	123	1	3
Electric pumping equipment	2	2,890,467	2,482,044	30,350	71,973	296,562	2,023	7,515
Diesel pumping equipment	2	255,662	219,537	2,684	6,366	26,231	179	665
Hydraulic pumping equipment	2	3,336	2,865	35	83	342	2	9
Other pumping equipment	2	467,095	401,095	4,904	11,631	47,924	327	1,214
Structures & improvements - WT	2	3,727,457	3,200,768	39,138	92,814	382,437	2,609	9,691
Water treatment equipment	2	9,118,632	7,830,169	95,746	227,054	935,572	6,383	23,708
Water treatment - GAC	2	300,382	257,939	3,154	7,480	30,819	210	781

NEW JERSEY AMERICAN WATER COMPANY
(CONSOLIDATED WATER COST OF SERVICE)
ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE PRO FORMA TEST YEAR PERIOD ENDED MARCH 31, 2011

Account Description	Factor Ref.	Cost of Service	GMS	Manasquan	OIW	Sales for Resale	Private Fire Protection	Public Fire Protection
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
WH Structures & improvements	2	244,154	209,655	2,564	6,079	25,050	171	635
WH equipment	2	-	-	-	-	-	-	-
T & D structures & improvements	14	384,217	336,075	961	5,763	12,525	14,101	14,792
Distribution reservoirs & standpipes	6	1,633,843	1,236,329	-	33,004	134,629	48,362	181,520
Transmission & distrbtn mains -4" & les	5	462,219	413,547	-	11,324	-	7,858	29,490
Transmission & distrbtn mains -6"-8"	5	7,722,125	6,908,985	-	189,192	-	131,276	492,672
Transmission & distrbtn mains -10"-16'	4	3,865,830	3,159,929	38,658	91,620	377,692	41,751	156,180
Transmission & distrbtn mains -18" & n	4	1,179,459	964,090	11,795	27,953	115,233	12,738	47,650
Fire Mains	9	30,570	-	-	-	-	-	30,570
Services	11	6,384,333	4,629,918	3,192	14,684	3,831	1,732,708	-
Meters	10	12,396,287	12,192,988	12,396	50,825	13,636	126,442	-
Meter installations	10	1,819,163	1,789,329	1,819	7,459	2,001	18,555	-
Hydrants	9	1,758,691	-	-	-	-	-	1,758,691
Office structures & improvements	16	1,743,748	1,522,118	6,975	26,156	85,444	36,444	66,611
Stores, shops & garage structures	16	80,008	69,840	320	1,200	3,920	1,672	3,056
Miscellaneous structures	16	210,806	184,013	843	3,162	10,329	4,406	8,053
Office Furniture & Equipment	16	485,246	423,571	1,941	7,279	23,777	10,142	18,536
Computers and Peripheral Equipment	16	641,036	559,560	2,564	9,616	31,411	13,398	24,488
Computer Software	16	2,563,000	2,237,243	10,252	38,445	125,587	53,567	97,907
Data handling equipment	16	11,347	9,906	45	170	556	237	433
Other Office Equipment	16	12,827	11,197	51	192	629	268	490
Transportation equip. - light trucks		-						
Transportation equipment - heavy truck	16	(45,051)	(39,325)	(180)	(676)	(2,207)	(942)	(1,721)
Transportation equipment - cars	16	-	-	-	-	-	-	-
Transportation equip. - other		-						
Stores equipment	16	48,278	42,142	193	724	2,366	1,009	1,844
Tools, shop & garage equipment	16	253,147	220,972	1,013	3,797	12,404	5,291	9,670
Laboratory equipment	2	208,888	179,373	2,193	5,201	21,432	146	543
Power operated equipment	16	119,908	104,668	480	1,799	5,875	2,506	4,580
Communication equipment	16	1,439,910	1,256,897	5,760	21,599	70,556	30,094	55,005
Communication equipment - telephone	16	38,432	33,548	154	576	1,883	803	1,468
Miscellaneous equipment	16	138,622	121,004	554	2,079	6,792	2,897	5,295
Other PE/CPS/ Other Tangible	18	1,147,824	953,268	5,739	22,497	61,409	42,814	62,097
Units of Production Plant	2A	3,851,119	3,338,920	-	97,048	401,672	3,081	10,398
Test Year and Post TY Additions	18	4,056,123	3,368,610	20,281	79,500	217,003	151,293	219,436
Contributions, Advances, Cost of Rem	8	(4,041,039)	(3,465,191)	(19,397)	(97,389)	(190,333)	(56,575)	(212,155)
Total Depreciation Expense		72,404,161	61,491,153	312,387	1,200,455	3,803,244	2,451,970	3,144,953

NEW JERSEY AMERICAN WATER COMPANY
(CONSOLIDATED WATER COST OF SERVICE)
ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE PRO FORMA TEST YEAR PERIOD ENDED MARCH 31, 2011

Account Description	Factor Ref.	Cost of Service	GMS	Manasquan	OIW	Sales for Resale	Private Fire Protection	Public Fire Protection
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
AMORTIZATIONS								
Amortization of ITC	18	(355,656)	(295,372)	(1,778)	(6,971)	(19,028)	(13,266)	(19,241)
Amortization of Acquisition Adjs.	18	404,838	336,218	2,024	7,935	21,659	15,100	21,902
Amortization of Comp. Planning	18	-	-	-	-	-	-	-
Total Depreciation & Amortization		72,453,343	61,531,999	312,633	1,201,419	3,805,875	2,453,804	3,147,614
TAXES OTHER THAN INCOME TAXES								
Utility Reg Assessment Fee	20	1,104,505	933,417	5,633	20,323	67,154	31,699	46,279
Property Taxes	18	4,589,530	3,811,605	22,948	89,955	245,540	171,189	248,294
Payroll Taxes	17	5,185,717	4,526,094	21,780	78,304	256,693	113,049	189,797
Water Monitoring	7	757,455	725,890	-	31,565	-	-	-
Other Taxes and Licenses	16	67,250	58,703	269	1,009	3,295	1,406	2,569
Total Taxes Other Than Income Taxes		11,704,457	10,055,709	50,630	221,156	572,682	317,343	486,939
INCOME TAXES								
Federal and State Income Taxes	19	60,936,665	50,498,215	304,683	1,151,703	3,321,048	2,394,811	3,266,205
Total Income Taxes		60,936,665	50,498,215	304,683	1,151,703	3,321,048	2,394,811	3,266,205
UTILITY OPERATING INCOME	19	172,183,805	142,688,720	860,919	3,254,274	9,384,017	6,766,824	9,229,052
Total Cost of Service (Excl. GRFT)		552,577,715	467,010,276	2,792,345	10,167,381	33,594,915	15,863,150	23,149,648
Less:								
Other Revenues	7	(402,263)	(385,500)	-	(16,763)	-	-	-
Total Cost of Service Related to Sales (Excl. GRFT)		552,175,452	466,624,776	2,792,345	10,150,618	33,594,915	15,863,150	23,149,648
Gross Receipts and Franchise Tax		86,765,518	74,497,317	179,322	1,061,055	4,803,147	2,531,041	3,693,636
Total Including Gross Receipts		638,940,970	541,122,093	2,971,667	11,211,673	38,398,062	18,394,191	26,843,284

NEW JERSEY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS

FACTOR 1. ALLOCATION OF COSTS WHICH VARY WITH THE AMOUNT OF WATER CONSUMED.

Factors are based on the pro forma test year average daily consumption for each customer classification.

Customer Classification	Average Daily Consumption, 1000 Gals	Allocation Factor 1	Average Daily Consumption, Excluding Manasquan	Allocation Factor 1A
(1)	(2)	(3)	(4)	(5)
General Metered Service	199,913	0.7838	199,913	0.7984
Manasquan Resale	4,678	0.0183	0	0.0000
Optional Industrial Wholesale	8,693	0.0341	8,693	0.0347
Sales for Resale	40,272	0.1579	40,272	0.1608
Private Fire Protection	343	0.0013	343	0.0014
Public Fire Protection	1,174	0.0046	1,174	0.0047
Total	255,073	1.0000	250,395	1.0000

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the factors for average daily consumption (Factor 1) and the factors derived from maximum day extra capacity demand for each customer classification, as follows:

	Average Day Consumption		Maximum Day Extra Capacity		
Customer Classification	Allocation Factor 1	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)x 0.5714	(4)	(5)=(4)x 0.4286	(6)=(3)+(5)
General Metered Service	0.7838	0.4479	0.9585	0.4108	0.8587
Manasquan Resale	0.0183	0.0105			0.0105
Optional Industrial Wholesale	0.0341	0.0195	0.0125	0.0054	0.0249
Sales for Resale	0.1579	0.0902	0.0290	0.0124	0.1026
Private Fire Protection	0.0013	0.0007			0.0007
Public Fire Protection	0.0046	0.0026			0.0026
Total	1.0000	0.5714	1.0000	0.4286	1.0000

The basis for the column 3 and column 5 weightings are presented on the following page.

NEW JERSEY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS, cont.

The weighting of the factors is based on the maximum day ratio of 1.75, based on a review of maximum day ratios experienced by the Company, as follows:

	Maximum Day Ratio	Weight
Average Day	1.00	0.5714
Maximum Day Extra Capacity	0.75	0.4286
Total	1.75	1.0000

* Ratio of maximum day to average day minus 1.0.

The factors in column 4 on the previous page are based on the maximum day demand in excess of average demand for each classification, as follows:

Customer Classification	Average Daily Consumption, 1000 Gals	Maximum Day Extra Capacity		
		Ratio	Rate of Flow 1000 Gals	Allocation Factor
(1)	(2)	(3)	(4)	(5)
GMS	199,913	1.00	199,913	0.9585
OIW	8,693	0.30	2,608	0.0125
SFR	40,272	0.15	6,041	0.0290
Total	248,878		208,562	1.0000

NEW JERSEY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 2A. ALLOCATION OF COSTS ASSOCIATED WITH SOURCE OF SUPPLY FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the factors for average daily consumption excluding Manasquan Resale (Factor 1A) and the factors derived from maximum day extra capacity demand for each customer classification, as follows:

	Average Day Consumption		Maximum Day Extra Capacity		
Customer Classification	Allocation Factor 1A	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)x 0.5714	(4)	(5)=(4)x 0.4286	(6)=(3)+(5)
General Metered Service	0.7984	0.4562	0.9585	0.4108	0.8670
Manasquan Resale	0.0000	0.0000			0.0000
Optional Industrial Wholesale	0.0347	0.0198	0.0125	0.0054	0.0252
Sales for Resale	0.1608	0.0919	0.0290	0.0124	0.1043
Private Fire Protection	0.0014	0.0008			0.0008
Public Fire Protection	0.0047	0.0027			0.0027
Total	1.0000	0.5714	1.0000	0.4286	1.0000

FACTOR 3. ALLOCATION FACTOR 3 IS NOT USED IN THIS STUDY.

NEW JERSEY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Daily Consumption			Maximum Day Extra Capacity		Fire Protection		
	1000 Gals	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3) X 0.5440	(5)	(6)=(5) X 0.4080	(7)	(8)=(7) X 0.0480	(9)=(4)+(6)+(8)
General Metered Service	199,913	0.7838	0.4263	0.9585	0.3911			0.8174
Manasquan Resale	4,678	0.0183	0.0100					0.0100
OIW	8,693	0.0341	0.0186	0.0125	0.0051			0.0237
Sales for Resale	40,272	0.1579	0.0859	0.0290	0.0118			0.0977
Private Fire Protection	343	0.0013	0.0007			0.2103	0.0101	0.0108
Public Fire Protection	1,174	0.0046	0.0025			0.7897	0.0379	0.0404
Total	255,073	1.0000	0.5440	1.0000	0.4080	1.0000	0.0480	1.0000

The allocation factors in column 7 are based on the relative potential fire demands of Private and Public Fire Protection Service.

(See the second page following)

NEW JERSEY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum day ratio of 1.75 and the pro forma pumpage for the year ended 6/30/2009. The system demand for fire protection is 45,000 gpm for 10 hours.

	Ratio	Rate of Flow, (GPD)	Weight
Average Day	1.00	305,950,540	0.5440
Maximum Day Extra Capacity	0.75	229,462,905	0.4080
Subtotal	1.75	535,413,445	0.9520
Fire Protection		27,000,000	0.0480
Total		562,413,445	1.0000

NEW JERSEY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS, cont.

BASIS FOR ALLOCATING DEMAND RELATED COSTS OF FIRE SERVICE TO PRIVATE FIRE PROTECTION AND PUBLIC FIRE PROTECTION CUSTOMER CLASSIFICATIONS

Description	Restrictive Diameters Squared	Quantity	Relative Demand	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Private Fire Protection				
Fire Lines				
2 -inch fire line	4.00	287	1,148	
3 -inch fire line	9.00	141	1,269	
4 -inch fire line	16.00	2,470	39,520	
6 -inch fire line	36.00	4,288	154,368	
8 -inch fire line	64.00	1,633	104,512	
10 -inch fire line	100.00	117	11,700	
12 -inch fire line	144.00	46	6,624	
Private Hydrants	32.75	2,047	67,039	
Total Private Fire Protection		11,029	386,180	0.2103
Public Fire Protection				
2 2-1/2" nozzles	12.50	720	9,000	
4-inch Steamer, 2 2-1/2 nozzles	28.50	4,380	124,830	
4 1/2-inch Steamer, 2 2-1/2 nozzles	32.75	40,182	1,315,961	
Total Public Fire Protection		45,282	1,449,791	0.7897
Total Fire Protection		56,311	1,835,971	1.0000

NEW JERSEY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM HOUR EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS.

Factors are based on the weighting of the average hourly consumption, the maximum hour extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		
	1000 Gals	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3) X 0.3688	(5)	(6)=(5) X 0.5531	(7)	(8)=(7) X 0.0781	(9)=(4)+(6)+(8)
General Metered Service	8,329.7	0.9514	0.3508	0.9834	0.5439			0.8947
OIW	362.2	0.0414	0.0153	0.0166	0.0092			0.0245
Private Fire Protection	14.3	0.0016	0.0006			0.2103	0.0164	0.0170
Public Fire Protection	48.9	0.0056	0.0021			0.7897	0.0617	0.0638
Total	8,755.1	1.0000	0.3688	1.0000	0.5531	1.0000	0.0781	1.0000

The allocation factors in column 7 are based on the relative potential fire demands of Private and Public Fire Protection Service.

(See the previous page)

NEW JERSEY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM HOUR EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum hour ratio of 2.50 and the pro forma pumpage for the year ended 6/30/2009. The system demand for fire protection is 45,000 gpm.

	Ratio	Rate of Flow, (GPM)	Weight
Average Hour	1.00	212,466	0.3688
Maximum Hour Extra Capacity	1.50	318,699	0.5531
Subtotal	2.50	531,165	0.9219
Fire Protection		45,000	0.0781
Total		576,165	1.0000

The factors in column 5 on the previous page are based on the maximum hour demand in excess of average demand for each classification, as follows:

		Maximum Hour Extra Capacity		
Customer Classification	Average Hourly Consumption	Factor*	Rate of Flow 1000 Gals Per Hour	Allocation Factor
GMS	8,330	1.80	14,994	0.9834
OIW	362	0.70	253	0.0166
Total	8,692		15,247	1.0000

* Ratio of maximum hour to average hour minus 1.0.

NEW JERSEY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES.

Factors are based on the weighting of the average hourly consumption, the maximum hour extra capacity demand, and the fire protection demand for each customer classification, as follows:

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		
	1000 Gals	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3)X 0.3446	(5)	(6)=(5)X 0.5168	(7)	(8)=(7)X 0.1386	(9)=(4)+(6)+(8)
General Metered Service	8,329.7	0.7984	0.2751	0.9320	0.4816			0.7567
OIW	362.2	0.0347	0.0120	0.0158	0.0082			0.0202
Sales for Resale	1,678.0	0.1608	0.0554	0.0522	0.0270			0.0824
Private Fire Protection	14.3	0.0014	0.0005			0.2103	0.0291	0.0296
Public Fire Protection	48.9	0.0047	0.0016			0.7897	0.1095	0.1111
Total	10,433.1	1.0000	0.3446	1.0000	0.5168	1.0000	0.1386	1.0000

The weighting of the factors is based on the ratio of the capacity required for a 10-hour demand of fire flow, as related to total storage capacity. The calculation is shown on the following page.

NEW JERSEY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES, cont.

The factors in column 5 on the previous page are based on the maximum hour demand in excess of average demand for each classification, as follows:

Customer Classification	Average Hourly Consumption	Maximum Hour Extra Capacity Factor*	Maximum Hour Extra Capacity Rate of Flow 1000 Gals Per Hour	Maximum Hour Extra Capacity Allocation Factor
GMS	8,330	1.80	14,994	0.9320
Optional Industrial Wholesale	362	0.70	253	0.0158
Sales for Resale	1,678	0.50	839	0.0522
Total	10,370		16,086	1.0000

* Ratio of maximum hour to average hour minus 1.0.

NEW JERSEY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES, cont.

The weighting of the factors is based on the ratio of the capacity required for a 10-hour demand of fire flow, as related to total storage capacity.

Fire Protection Weight = $\frac{\text{40,000 GPM X 60 Min. X 10 Hours}}{\text{194,781,086 Gallons}}$ = 0.1386

General Service Weight = 1.0000 - 0.1386 = 0.8614

The weighting of the average hourly consumption and maximum hour extra demand for general service is based on the maximum hour ratio, as follows.

	Maximum Hour Ratio	Percent	Weight
Average Hour	1.00	40.00	0.3446
Extra Capacity Maximum Hour	1.50	60.00	0.5168
	2.50	100.00	0.8614

FACTOR 7. ALLOCATION OF WATER MONITORING TAXES.

These costs are allocated to the General Metered Service and OIW Customer Classifications.

Customer Classification	Average Daily Consumption, 1000 Gals	Allocation Factor
(1)	(2)	(3)
General Metered Service	199,913	0.9583
OIW	8,693	0.0417
Total	208,606	1.0000

NEW JERSEY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 8. ALLOCATION OF COSTS ASSOCIATED WITH MAINS.

Factors are based on the weighting of the maximum daily consumption, Factor 4, and the maximum hour consumption, Factor 5, for each customer classification, as follows:

	10-inch and Larger		Under 10-inch		
Customer Classification	Allocation Factor 4	Weighted Factor	Allocation Factor 5	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)x 0.4820	(4)	(5)=(4)x 0.5180	(6)=(3)+(5)
General Metered Service	0.8174	0.3940	0.8947	0.4635	0.8575
Manasquan Resale	0.0100	0.0048	0.0000	0.0000	0.0048
OIW	0.0237	0.0114	0.0245	0.0127	0.0241
Sales for Resale	0.0977	0.0471	0.0000	0.0000	0.0471
Private Fire Protection	0.0108	0.0052	0.0170	0.0088	0.0140
Public Fire Protection	0.0404	0.0195	0.0638	0.0330	0.0525
Total	1.0000	0.4820	1.0000	0.5180	1.0000

The weighting of the factors is based on the inch-feet of transmission and distribution mains, as follows:

	Length of Mains (Inch-Feet)	Weight
10-inch and Larger	207,587,023	0.4820
Under 10-inch	223,074,384	0.5180
Total	430,661,407	1.0000

NEW JERSEY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 9. ALLOCATION OF COSTS ASSOCIATED WITH FIRE HYDRANTS.

These costs are assigned directly to Public Fire Protection.

Customer Classification (1)	Allocation Factor (2)
Public Fire Protection	1.0000

FACTOR 10. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

Factors are based on the relative capacity of meters by size and customer classification, as developed on the following page and summarized below.

Customer Classification (1)	5/8" Equivalents (2)	Allocation Factor (3)
General Metered Service	864,173	0.9836
Manasquan Resale	866	0.0010
OIW	3,562	0.0041
Sales for Resale	948	0.0011
Private Fire Protection	8,982	0.0102
Total	878,531	1.0000

FACTOR 11. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

Factors are based on the relative capacity of services by size and customer classification, as developed on the second of the following pages, and summarized below.

Customer Classification (1)	3/4" Equivalents (2)	Allocation Factor (3)
General Metered Service	763,239	0.7252
Manasquan Resale	577	0.0005
OIW	2,377	0.0023
Sales for Resale	632	0.0006
Private Fire Protection	285,645	0.2714
Total	1,052,470	1.0000

NEW JERSEY-AMERICAN WATER COMPANY

BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS

Meter Size	5/8" Equivalent	General Metered Service		Sales for Resale		Manasquan		OIW		Private Fire		Total	
		Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
5/8	1.0	558,898	558,898		0		0	10	10	8,982	8,982	567,890	567,890
3/4	1.5	28,434	42,650		0		0	4	6	0	0	28,438	42,656
1	2.5	40,006	100,014		0	2	5	4	10	0	0	40,012	100,029
1-1/2	5.0	4,304	21,518		0		0	11	55	0	0	4,315	21,573
2	8.0	11,426	91,406	1	8	2	16	65	519	0	0	11,494	91,949
3	15.0	1,041	15,615	2	30	1	15	35	520	0	0	1,079	16,180
4	25.0	697	17,421	12	300	2	50	31	779	0	0	742	18,550
6	50.0	204	10,218	9	450	6	300	10	500	0	0	229	11,468
8	80.0	62	4,963	2	160	6	480	3	240	0	0	73	5,843
10	100.0	9	921					7	673			16	1,594
12	125.0	3	349					2	250			5	599
16	200.0	1	200									1	200
Total		645,084	864,173	26	948	19	866	181	3,562	8,982	8,982	654,292	878,531

NEW JERSEY-AMERICAN WATER COMPANY

BASIS FOR ALLOCATING SERVICE COSTS TO CUSTOMER CLASSIFICATIONS

Service Size	3/4" Equivalent	General Metered Service		Sales for Resale		Manasquan		OIW		Private Fire		Total	
		Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
3/4	1.0	587,332	587,332	0	0	0	0	14	14	0	0	587,346	587,346
1	1.7	40,006	68,009	0	0	2	3	4	7	0	0	40,012	68,019
1-1/2	3.3	4,304	14,202	0	0	0	0	11	36	0	0	4,315	14,238
2	5.3	11,426	60,557	1	5	2	11	65	344	287	1,521	11,781	62,438
3	10.0	1,041	10,410	2	20	1	10	35	347	141	1,410	1,220	12,197
4	16.7	697	11,637	12	200	2	33	31	520	2,470	41,249	3,212	53,639
6	33.3	204	6,805	9	300	6	200	10	333	4,288	142,790	4,517	150,428
8	53.3	62	3,307	2	107	6	320	3	160	1,633	87,039	1,706	90,933
10	66.7	9	614	0	0	0	0	7	449	117	7,804	133	8,867
12	83.3	3	233	0	0	0	0	2	167	46	3,832	51	4,232
16	133.3	1	133	0	0	0	0	0	0		0	1	133
Total		645,084	763,239	26	632	19	577	181	2,377	8,982	285,645	654,292	1,052,470

NEW JERSEY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 12. ALLOCATION OF COSTS ASSOCIATED WITH BILLING AND COLLECTING.

Factors are based on the number of bills, as follows:

Customer Classification	Number of Bills	Allocation Factor
(1)	(2)	(3)
General Metered Service	7,741,007	0.98563
Manasquan Resale	228	0.00003
OIW	2,178	0.00028
Sales for Resale	312	0.00004
Private Fire Protection	107,784	0.01372
Public Fire Protection	2,388	0.00030
Total	7,853,897	1.00000

FACTOR 13. ALLOCATION OF COSTS ASSOCIATED WITH METER READING.

Factors are based on the number of bills for those customers with meters, as follows:

Customer Classification	Number of Bills	Allocation Factor
(1)	(2)	(3)
General Metered Service	7,741,007	0.98592
Manasquan Resale	228	0.00003
OIW	2,178	0.00028
Sales for Resale	312	0.00004
Private Fire Protection	107,784	0.01373
Total	7,851,509	1.00000

NEW JERSEY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 14. ALLOCATION OF TRANSMISSION AND DISTRIBUTION OPERATION SUPERVISION AND ENGINEERING, RENTS, AND MISCELLANEOUS EXPENSES.

The factors are based on the allocation of Transmission and Distribution Operating Labor

Customer Classification	Transmission and Distribution Operating Expenses	Allocation Factor
(1)	(2)	(3)
General Metered Service	$3,392,640	0.8747
Manasquan Resale	9,721	0.0025
OIW	58,257	0.0150
Sales for Resale	126,361	0.0326
Private Fire Protection	142,433	0.0367
Public Fire Protection	149,249	0.0385
Total	$3,878,661	1.0000

FACTOR 15. ALLOCATION OF TRANSMISSION AND DISTRIBUTION MAINTENANCE SUPERVISION AND ENGINEERING, STRUCTURES AND IMPROVEMENTS, AND OTHER EXPENSES.

The factors are based on the allocation of Transmission and Distribution Maintenance Labor.

Customer Classification	Transmission and Distribution Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
General Metered Service	$4,275,777	0.7524
Manasquan Resale	19,330	0.0034
OIW	97,970	0.0172
Sales for Resale	189,073	0.0333
Private Fire Protection	293,694	0.0517
Public Fire Protection	807,191	0.1420
Total	$5,683,035	1.0000

NEW JERSEY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 16. ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES.

The factors are based on the allocation of all other operation and maintenance expenses excluding purchased water, power, fuel, chemicals and waste disposal.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
General Metered Service	$55,625,726	0.8729
Manasquan Resale	257,695	0.0040
OIW	959,251	0.0150
Sales for Resale	3,125,162	0.0490
Private Fire Protection	1,334,822	0.0209
Public Fire Protection	2,435,043	0.0382
Total	$63,737,699	1.0000

FACTOR 17. ALLOCATION OF LABOR RELATED TAXES AND BENEFITS.

The factors are based on the allocation of direct labor expense as shown below.

Customer Classification	Labor Expense	Allocation Factor
(1)	(2)	(3)
General Metered Service	$41,625,997	0.8728
Manasquan Resale	198,087	0.0042
OIW	718,755	0.0151
Sales for Resale	2,361,587	0.0495
Private Fire Protection	1,039,882	0.0218
Public Fire Protection	1,744,749	0.0366
Total	$47,689,057	1.0000

NEW JERSEY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 18. ALLOCATION OF ORGANIZATION, FRANCHISES AND CONSENTS, OTHER INTANGIBLE PLANT AND OTHER RATE BASE ELEMENTS.

The factors are based on the allocation of the original cost less depreciation other than those items being allocated, as follows:

Customer Classification	Original Cost Less Depreciation	Allocation Factor
(1)	(2)	(3)
General Metered Service	$2,509,651,202	0.8305
Manasquan Resale	14,983,265	0.0050
OIW	59,113,832	0.0196
Sales for Resale	161,801,139	0.0535
Private Fire Protection	112,659,244	0.0373
Public Fire Protection	163,447,548	0.0541
Total	$3,021,656,230	1.0000

FACTOR 19. ALLOCATION OF INCOME TAXES, TAXES OTHER THAN INCOME, AND INCOME AVAILABLE FOR RETURN.

The factors are based on the allocation of the original cost measure of value rate base as shown on the following pages and summarized below:

Customer Classification	Original Cost Measure of Value	Allocation Factor
(1)	(2)	(3)
General Metered Service	$1,566,360,529	0.8287
Manasquan Resale	9,364,369	0.0050
OIW	35,799,511	0.0189
Sales for Resale	102,956,684	0.0545
Private Fire Protection	74,326,617	0.0393
Public Fire Protection	101,307,277	0.0536
Total	$1,890,114,987	1.0000

NEW JERSEY AMERICAN WATER COMPANY
(CONSOLIDATED WATER COST OF SERVICE)
ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE PRO FORMA TEST YEAR PERIOD ENDED MARCH 31, 2011

Account Description	Factor Ref.	Cost of Service	GMS	Manasquan	OIW	Sales for Resale	Private Fire Protection	Public Fire Protection
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
UTILITY PLANT IN SERVICE LESS DEPRECIATION								
Intangible and Nondepreciable								
Intangible	18	14,605	12,129	73	286	781	545	790
Organization/Nondepreciable	18	9,195,136	7,636,560	45,976	180,225	491,940	342,979	497,457
Franchises	18	184,981	153,626	925	3,626	9,896	6,900	10,007
Land & Ld Rights SS	2A	5,389,963	4,673,098	-	135,827	562,173	4,312	14,553
Land & Ld Rights P	2	696,258	597,877	7,311	17,337	71,436	487	1,810
Land & Ld Rights WT	2	3,056,282	2,624,430	32,091	76,101	313,575	2,139	7,946
Land & Ld Rights TD	8	13,681,103	11,731,546	65,669	329,715	644,380	191,535	718,258
Land & Land Rights AG	16	331,114	289,029	1,324	4,967	16,225	6,920	12,649
Subtotal Intangible and Nondepreciable		32,549,442	27,718,295	153,369	748,084	2,110,406	555,817	1,263,470
Depreciable Plant								
Structures & improvements - SS	2A	20,802,964	18,036,170	-	524,235	2,169,749	16,642	56,168
Collecting & impounding reservoirs	1A	17,709,535	14,139,293	-	614,521	2,847,693	24,793	83,235
Lakes, rivers & other intakes	2A	1,650,227	1,430,747	-	41,586	172,119	1,320	4,456
Wells & springs	2A	34,351,428	29,782,688	-	865,656	3,582,854	27,481	92,749
Infiltration galleries and tunnels	2A	9,663,150	8,377,951	-	243,511	1,007,867	7,731	26,091
Supply mains	2	15,674,516	13,459,707	164,582	390,295	1,608,205	10,972	40,754
Other water source plant	2A	553,768	480,117	-	13,955	57,758	443	1,495
Structures & Imp. - pumping	2	58,487,100	50,222,873	614,115	1,456,329	6,000,776	40,941	152,066
Other power production equipment	2	18,483,513	15,871,792	194,077	460,239	1,896,408	12,938	48,057
Boiler Plant Equipment	2	203,015	174,329	2,132	5,055	20,829	142	528
Electric pumping equipment	2	103,600,950	88,962,136	1,087,810	2,579,664	10,629,457	72,521	269,362
Diesel pumping equipment	2	9,098,267	7,812,682	95,532	226,547	933,482	6,369	23,655
Hydraulic pumping equipment	2	406,849	349,361	4,272	10,131	41,743	285	1,058
Other pumping equipment	2	8,137,517	6,987,686	85,444	202,624	834,909	5,696	21,158
Structures & Imp. - WT	2	128,091,325	109,992,021	1,344,959	3,189,474	13,142,170	89,664	333,037
Water treatment equipment	2	249,929,942	214,614,841	2,624,264	6,223,256	25,642,812	174,951	649,818
Water treatment - Media	2	5,583,325	4,794,401	58,625	139,025	572,849	3,908	14,517
WH Structures & improvements	2	8,390,181	7,204,649	88,097	208,916	860,833	5,873	21,814
WH equipment	2	3,755,436	3,224,793	39,432	93,510	385,308	2,629	9,764
T & D structures & improvements	14	8,646,136	7,562,775	21,615	129,692	281,864	317,313	332,876
Distribution reservoirs & standpipes	6	80,484,781	60,902,834	-	1,625,793	6,631,946	2,382,350	8,941,859
T & D mains -4" & less	5	25,410,815	22,735,056	-	622,565	-	431,984	1,621,210
T & D mains -6"-8"	5	698,601,254	625,038,542	-	17,115,731	-	11,876,221	44,570,760
T & D mains -10"-16"	4	401,330,310	328,047,395	4,013,303	9,511,528	39,209,971	4,334,367	16,213,745
T & D mains -18" & more	4	134,029,397	109,555,629	1,340,294	3,176,497	13,094,672	1,447,517	5,414,788
Fire Mains	9	2,079,567	-	-	-	-	-	2,079,567

NEW JERSEY AMERICAN WATER COMPANY
(CONSOLIDATED WATER COST OF SERVICE)
ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE PRO FORMA TEST YEAR PERIOD ENDED MARCH 31, 2011

Account Description	Factor Ref.	Cost of Service	GMS	Manasquan	OIW	Sales for Resale	Private Fire Protection	Public Fire Protection
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Services	11	316,056,073	229,203,864	158,028	726,929	189,634	85,777,618	-
Meters	10	115,843,130	113,943,303	115,843	474,957	127,427	1,181,600	-
Meter installations	10	94,257,103	92,711,286	94,257	386,454	103,683	961,422	-
Hydrants	9	75,480,333	-	-	-	-	-	75,480,333
General Office structures & improveme	16	39,937,251	34,861,226	159,749	599,059	1,956,925	834,689	1,525,603
Stores, shops & garage structures	16	8,989,585	7,847,009	35,958	134,844	440,490	187,882	343,402
Miscellaneous structures	16	6,407,482	5,593,091	25,630	96,112	313,967	133,916	244,766
Office Furniture & Equipment	16	18,174,028	15,864,109	72,696	272,610	890,527	379,837	694,248
Computers and Peripheral Equipment	16	8,124,668	7,092,023	32,499	121,870	398,109	169,806	310,362
Computer Software	16	30,991,539	27,052,515	123,966	464,873	1,518,585	647,723	1,183,877
Data handling equipment	16	424,997	370,980	1,700	6,375	20,825	8,882	16,235
Other Office Equipment	16	480,399	419,341	1,922	7,206	23,540	10,040	18,351
Transportation equip. - light trucks	16	2,124,686	1,854,639	8,499	31,870	104,110	44,406	81,163
Transportation equip. - heavy trucks	16	2,085,708	1,820,615	8,343	31,286	102,200	43,591	79,674
Transportation equip. - cars	16	192,077	167,664	768	2,881	9,412	4,014	7,337
Transportation equip. - other	16	474,092	413,835	1,896	7,111	23,230	9,909	18,110
Stores equipment	16	1,326,329	1,157,751	5,305	19,895	64,990	27,720	50,666
Tools, shop & garage equipment	16	8,913,595	7,780,677	35,654	133,704	436,766	186,294	340,499
Laboratory equipment	2	5,468,293	4,695,623	57,417	136,160	561,047	3,828	14,218
Power operated equipment	16	2,917,465	2,546,656	11,670	43,762	142,956	60,975	111,447
Communication equipment	16	12,423,728	10,844,673	49,695	186,356	608,763	259,656	474,586
Communication equip. - telephone	16	331,593	289,447	1,326	4,974	16,248	6,930	12,667
Miscellaneous equipment	16	3,797,843	3,315,136	15,191	56,968	186,094	79,375	145,078
Other Tangible Property/CPS	18	8,425,665	6,997,515	42,128	165,143	450,773	314,277	455,828
Units of Production Plant	2	198,124,248	170,129,291	2,080,305	4,933,294	20,327,548	138,687	515,123
Test Year Additions	18	167,624,473	139,212,125	838,122	3,285,440	8,967,909	6,252,393	9,068,484
	18	-	-	-	-	-	-	-
Subtotal Depreciable Plant		3,174,551,651	2,635,944,862	15,757,120	62,000,468	169,612,032	119,020,521	172,216,644
Total Utility Plant in Service		3,207,101,093	2,663,663,157	15,910,489	62,748,552	171,722,438	119,576,338	173,480,114

NEW JERSEY AMERICAN WATER COMPANY
(CONSOLIDATED WATER COST OF SERVICE)
ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE PRO FORMA TEST YEAR PERIOD ENDED MARCH 31, 2011

Account Description	Factor Ref.	Cost of Service	GMS	Manasquan	OIW	Sales for Resale	Private Fire Protection	Public Fire Protection
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Other Rate Base Elements								
Accumulated Depr. Reserve	18	(830,169,591)	(689,455,846)	(4,150,848)	(16,271,324)	(44,414,073)	(30,965,326)	(44,912,175)
Accumulated Amortization	18	(789,296)	(655,510)	(3,946)	(15,470)	(42,227)	(29,441)	(42,701)
Working Capital - Return and Taxes	18	34,626,000	28,756,893	173,130	678,670	1,852,491	1,291,550	1,873,267
Working Capital - Expenses	16	30,074,000	26,251,595	120,296	451,110	1,473,626	628,547	1,148,827
Utility Plant Acquisition Adjustment	18	4,640,912	3,854,278	23,205	90,962	248,289	173,106	251,073
Prepayments	16	2,776,302	2,423,434	11,105	41,645	136,039	58,025	106,055
Materials and Supplies	16	4,839,858	4,224,712	19,359	72,598	237,153	101,153	184,883
Tax on CIAC	8	36,878	31,623	177	889	1,737	516	1,936
CAC/CIAC Debit	8	6,979,206	5,984,669	33,500	168,199	328,721	97,709	366,408
Customer Advances - Mains	8	(67,128,602)	(57,562,776)	(322,217)	(1,617,799)	(3,161,757)	(939,800)	(3,524,252)
Customer Advances - Services	11	(1,390,205)	(1,008,177)	(695)	(3,197)	(834)	(377,302)	-
Customer Advances - Hydrants	9	(519,852)	-	-	-	-	-	(519,852)
CIAC - Mains	8	(178,514,245)	(153,075,965)	(856,868)	(4,302,193)	(8,408,021)	(2,499,199)	(9,371,998)
CIAC - Services	11	(3,396,735)	(2,463,312)	(1,698)	(7,812)	(2,038)	(921,874)	-
CIAC - Meters	10	(497,012)	(488,861)	(497)	(2,038)	(547)	(5,070)	-
CIAC - Hydrants	9	(529,180)	-	-	-	-	-	(529,180)
Pre-1971 ITC	18	(505,042)	(419,437)	(2,525)	(9,899)	(27,020)	(18,838)	(27,323)
Consolidated/Deferred FIT	18	(317,519,504)	(263,699,948)	(1,587,598)	(6,223,382)	(16,987,293)	(11,843,477)	(17,177,805)
Subtotal Other Rate Base Elements		(1,316,986,108)	(1,097,302,628)	(6,546,120)	(26,949,041)	(68,765,754)	(45,249,721)	(72,172,837)
Total Original Cost Rate Base		$ 1,890,114,985	$ 1,566,360,529	$ 9,364,369	$ 35,799,511	$ 102,956,684	$ 74,326,617	$ 101,307,277

NEW JERSEY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 20. ALLOCATION OF REGULATORY ASSESSMENTS.

The factors are based on the allocation of the total cost of service.

Customer Classification	Total Cost of Service	Allocation Factor
(1)	(2)	(3)
General Metered Service	$465,751,593	0.8451
Manasquan Resale	2,784,749	0.0051
OIW	10,139,976	0.0184
Sales for Resale	33,504,360	0.0608
Private Fire Protection	15,820,405	0.0287
Public Fire Protection	23,087,243	0.0419
Total	$551,088,326	1.0000

NEW JERSEY - AMERICAN WATER COMPANY

ANALYSIS OF CUSTOMER COSTS BY METER SIZE

Size	Meters		Services		Meter Read Billing & Collecting	Total Cost per Month	
	Ratio	Cost	Ratio	Cost		Exempt	Non-Exempt
5/8	1.0	$ 4.38	1.0	$ 3.47	$ 8.42	$ 16.27	$ 18.87
3/4	1.5	6.57	1.0	3.47	8.42	18.46	21.41
1	2.5	10.95	1.7	5.90	8.42	25.27	29.30
1-1/2	5.0	21.90	3.3	11.45	8.42	41.77	48.44
2	8.0	35.04	5.3	18.39	8.42	61.85	71.72
3	15.0	65.70	10.0	34.70	8.42	108.82	126.18
4	25.0	109.50	16.7	57.95	8.42	175.87	203.93
6	50.0	219.00	33.3	115.55	8.42	342.97	397.69
8	80.0	350.40	53.3	184.95	8.42	543.77	630.53
10	100.0	438.00	66.7	231.45	8.42	677.87	786.03
12	125.0	547.50	83.3	289.05	8.42	844.97	979.79
16	200.0	876.00	133.3	462.55	8.42	1,346.97	1,561.89

NEW JERSEY-AMERICAN WATER COMPANY

CALCULATION OF COMMODITY DEMAND-BASED RATES FOR SALES FOR RESALE (SFR)

COMMODITY RATE:

	Total Cost of Service	Factor For SFR Class	SFR Variable Costs
Variable Costs Allocated to Base/Extra Capacity Functions			
Diversion Rights	$ 774,083	0.1579	$ 122,228
Power Purchased/Fuel - SS	13,334,725	0.1579	2,105,553
Power Purchased/Fuel - P & WT	16,594,321	0.1579	2,620,243
Chemicals	10,969,559	0.1579	1,732,093
Waste Disposal	2,598,620	0.1579	410,322
Total	$ 44,271,308		$ 6,990,439

Commodity Rate = SFR Variable Costs / SFR Annual Consumption

= $ 6,990,439 / 14,699,346 = 0.4756 per Thousand Gallons
0.5515 (Non-Exempt)

DEMAND RATE:

Description	SFR Total Cost of Service	Base and Extra Capacity Functions	Less: Variable Costs	Base and Extra Capacity Less Variable
(1)	(2)	(3)	(4)	(5)
Cost of Service excl. GRFT	$ 33,594,915	$ 33,531,398	$ 6,990,439	$ 26,540,959

Annual Consumption 1,000 Gallons	Average Day		Peak Day Factor		Peak Day Units
14,699,346	40,272	x	1.00	=	40,272

Demand Rate = Base & Extra Capacity Less Variable / 12 Months / Peak Day Units

= $ 26,540,959 /12 / 40,272 = $ 54.92 Per Mo. per kgal. of of Peak Day Usage
$ 63.68 (Non-Exempt)

$ 50.50 =Off-Peak Exempt
$ 58.56 =Off-Peak NonExempt

NEW JERSEY-AMERICAN WATER COMPANY
(CONSOLIDATED WATER COST OF SERVICE)
ALLOCATION OF COST OF SERVICE TO COST FUNCTIONS
FOR THE PRO FORMA TEST YEAR PERIOD ENDED MARCH 31, 2011

Account Description	Factor Ref.	Total Company Test Year	Base and Extra Capacity				Meters	Services	Billing & Collecting	Fire Protection
			GMS	OIW	Sales for Resale	Manasquan				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
OPERATION AND MAINTENANCE EXPENSES										
Source of Supply										
----Operation----										
Labor Oper SS Super/Eng	2A	2,757,312	2,390,590	69,484	287,588	-	-	-	-	9,651
Labor Oper SS	2A	237,119	205,582	5,975	24,732	-	-	-	-	830
Puchased Water	1A	26,076,095	20,819,154	904,840	4,193,036	-	-	-	-	159,064
Puchased Water - NJWSA	3A	-	-	-	-	-	-	-	-	-
Diversion Rights	1A	790,590	631,207	27,433	127,127	-	-	-	-	4,823
Purch Power SS	1A	13,334,725	10,646,444	462,715	2,144,224	-	-	-	-	81,342
Fuel for Power Prod SS	1A	-	-	-	-	-	-	-	-	-
Rents-Real Prop Oper SS	2A	9,559	8,288	241	997	-	-	-	-	33
M & S Oper SS	2A	174,030	150,884	4,386	18,151	-	-	-	-	609
Contr Svc-Other Oper SS	2A	23,555	20,422	594	2,457	-	-	-	-	82
Trans Oper SS	2A	-	-	-	-	-	-	-	-	-
Misc Oper SS/Security Service	2A	255,169	221,232	6,430	26,614	-	-	-	-	893
Grounds Keeping	2A	517,296	448,496	13,036	53,954	-	-	-	-	1,811
----Maintenance----										
Labor Maint SS	2A	41,026	35,570	1,034	4,279	-	-	-	-	144
Labor Maint SS Coll & Imp	1A	-	-	-	-	-	-	-	-	-
Labor Maint SS Lake, River	2A	-	-	-	-	-	-	-	-	-
Labor Maint SS Wells & Spr	2A	-	-	-	-	-	-	-	-	-
Transport Maint SS	2A	-	-	-	-	-	-	-	-	-
Contr Svc-Eng Maint SS	2A	1,341	1,163	34	140	-	-	-	-	5
Mat and Sup Maint SS	2A	717,217	621,827	18,074	74,806	-	-	-	-	2,510
Misc Maint SS - Coll & Imp	1A	39,980	31,920	1,387	6,429	-	-	-	-	244
Misc Maint SS	2A	311,312	269,908	7,845	32,470	-	-	-	-	1,090
Subtotal Source of Supply		45,286,326	36,502,687	1,523,508	6,997,004	-	-	-	-	263,131
Power and Pumping Expenses										
----Operation----										
Labor Oper P Super/Eng	2	2,757,394	2,367,774	68,659	282,909	28,953	-	-	-	9,099
Labor Oper P	2	1,553,451	1,333,948	38,681	159,384	16,311	-	-	-	5,126
Purch Power P	1	8,597,983	6,739,099	293,191	1,357,622	157,343	-	-	-	50,728
M & S Oper P	2	2,167	1,861	54	222	23	-	-	-	7
Trans Oper P	2	-	-	-	-	-	-	-	-	-
Misc Oper P	2	201,581	173,098	5,019	20,682	2,117	-	-	-	665

NEW JERSEY-AMERICAN WATER COMPANY
(CONSOLIDATED WATER COST OF SERVICE)
ALLOCATION OF COST OF SERVICE TO COST FUNCTIONS
FOR THE PRO FORMA TEST YEAR PERIOD ENDED MARCH 31, 2011

Account Description	Factor Ref.	Total Company Test Year	Base and Extra Capacity				Meters	Services	Billing & Collecting	Fire Protection
			GMS	OIW	Sales for Resale	Manasquan				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
----Maintenance----										
Misc Maint P Pwr Prod	2	524	450	13	54	6	-	-	-	2
Labor Maint P	2	1,461,992	1,255,413	36,404	150,000	15,351	-	-	-	4,825
Misc Maint P Struct & Imp	2	44,137	37,900	1,099	4,528	463	-	-	-	146
Mat and Sup Maint P	2	814,857	699,718	20,290	83,604	8,556	-	-	-	2,689
Misc Maint P	2	322,180	276,656	8,022	33,056	3,383	-	-	-	1,063
Subtotal Power and Pumping		15,756,266	12,885,917	471,432	2,092,061	232,506	-	-	-	74,350
Water Treatment Expenses										
----Operation----										
Labor Oper WT	2	5,519,879	4,739,920	137,445	566,340	57,959	-	-	-	18,216
Purch Power WT	1	4,165,873	3,265,211	142,056	657,791	76,235	-	-	-	24,579
Chemicals WT	1	10,457,659	8,196,713	356,606	1,651,264	191,375	-	-	-	61,700
Waste Disposal Exp WT	1	2,182,336	1,710,515	74,418	344,591	39,937	-	-	-	12,876
Contr Svc-Mgmt Oper WT	2	1,635	1,404	41	168	17	-	-	-	5
Rents-Real Prop Oper WT	2	-	-	-	-	-	-	-	-	-
Lab Supplies	2	15,457	13,273	385	1,586	162	-	-	-	51
M & S Oper WT	2	704,701	605,127	17,547	72,302	7,399	-	-	-	2,326
Contr Svc-Legal Oper WT	2	-	-	-	-	-	-	-	-	-
Trans Oper WT	2	-	-	-	-	-	-	-	-	-
Misc Oper WT	2	1,396,598	1,199,259	34,775	143,291	14,664	-	-	-	4,609
Office & Admin Supplies WT	2	48,395	41,557	1,205	4,965	508	-	-	-	160
----Maintenance----										
Labor Maint WT Equip.	2	405,718	348,390	10,102	41,627	4,260	-	-	-	1,339
Labor Maint WT	2	-	-	-	-	-	-	-	-	-
Labor Maint WT Struct & Imp	2	-	-	-	-	-	-	-	-	-
Other Welf Maint WT	2	-	-	-	-	-	-	-	-	-
Transport Maint WT	2	-	-	-	-	-	-	-	-	-
Contr Svc-Eng Maint WT	2	40,138	34,467	999	4,118	421	-	-	-	132
Mat and Sup Maint WT	2	1,436,937	1,233,898	35,780	147,430	15,088	-	-	-	4,742
Misc Maint WT	2	914,573	785,344	22,773	93,835	9,603	-	-	-	3,018
Subtotal Water Treatment		27,289,899	22,175,078	834,132	3,729,308	417,628	-	-	-	133,753
Transmission & Distribution Expenses										
----Operation----										
Labor Oper TD Super/Eng	14	4,207,365	2,035,102	56,799	135,477	8,835	1,394,321	260,436	-	316,394
Labor Oper TD										
Storage Facilities	6	153,299	116,001	3,097	12,632	-	-	-	-	21,569
Mains	8	1,704,775	1,461,844	41,085	80,295	8,183	-	-	-	113,368
Meters	10	1,212,010	-	-	-	-	1,199,647	-	-	12,362
Services	11	329,416	-	-	-	-	-	240,013	-	89,404
Labor Oper TD Lines	8	5,231	4,486	126	246	25	-	-	-	348
Purch Power TD	14	184,643	89,312	2,493	5,946	388	61,191	11,429	-	13,885
Rents-Real Prop Oper TD	14	20,156	9,749	272	649	42	6,680	1,248	-	1,516
Rents-Equipment Oper TD	14	67,137	32,474	906	2,162	141	22,249	4,156	-	5,049
Other Welf Oper TD	14	26,286	12,715	355	846	55	8,711	1,627	-	1,977

NEW JERSEY-AMERICAN WATER COMPANY
(CONSOLIDATED WATER COST OF SERVICE)
ALLOCATION OF COST OF SERVICE TO COST FUNCTIONS
FOR THE PRO FORMA TEST YEAR PERIOD ENDED MARCH 31, 2011

Account Description	Factor Ref.	Total Company Test Year	Base and Extra Capacity				Meters	Services	Billing & Collecting	Fire Protection
			GMS	OIW	Sales for Resale	Manasquan				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
M & S Oper TD	14	80,316	38,849	1,084	2,586	169	26,617	4,972	-	6,040
Contract Svc-Eng Oper TD	14	61,189	29,597	826	1,970	128	20,278	3,788	-	4,601
Contr Svc-Legal Oper TD	14	-	-	-	-	-	-	-	-	-
Contr Svc-Other Oper TD	14	374,558	181,174	5,057	12,061	787	124,129	23,185	-	28,167
Trans Oper TD	14	-	-	-	-	-	-	-	-	-
Misc Oper TD	14	622,596	301,150	8,405	20,048	1,307	206,328	38,539	-	46,819
Misc Oper TD Storage	6	377,101	285,352	7,617	31,073	-	-	-	-	53,058
Misc Oper TD Mains	8	10,388	8,908	250	489	50	-	-	-	691
Misc Oper TD Meters	10	55,491	-	-	-	-	54,925	-	-	566
Misc Oper TD Mtr Inst	10	30,949	-	-	-	-	30,633	-	-	316
Office & Admin Supplies TD	14	66,699	32,262	900	2,148	140	22,104	4,129	-	5,016
Telephone TD	14	-	-	-	-	-	-	-	-	-
----Maintenance----										
Labor Maint TD	15	4,896,840	2,910,683	81,289	162,085	16,160	235,538	542,570	-	948,518
Storage Facilities	6	-	-	-	-	-	-	-	-	-
Mains	8	1,183,132	1,014,537	28,514	55,726	5,679	-	-	-	78,678
Meters	10	116,024	-	-	-	-	114,841	-	-	1,183
Services	11	614,926	-	-	-	-	-	448,035	-	166,891
Hydrants	9	371,057	-	-	-	-	-	-	-	371,057
Labor Maint TD Mains	8	-	1	1	-	-	-	-	-	-
Transport Maint TD	15	-	1	1	-	-	-	-	-	-
Contr Svc-Other Maint TD	15	850,310	505,424	14,115	28,145	2,806	40,900	94,214	-	164,705
Mat and Sup Maint TD	15	2,250,758	1,337,852	37,364	74,500	7,428	108,261	249,384	-	435,972
Misc Maint TD	15	414,745	246,524	6,885	13,728	1,369	19,949	45,954	-	80,336
Misc Maint TD Struct & Imp	6	67,039	50,728	1,354	5,524	-	-	-	-	9,432
Misc Maint TD Dist Res	6	-	-	-	-	-	-	-	-	-
Misc Maint TD Mains	8	2,696,385	2,312,150	64,983	127,000	12,943	-	-	-	179,310
Misc Maint TD Services	11	249,409	-	-	-	-	-	181,719	-	67,690
Misc Maint TD Meters	10	160,052	-	-	-	-	158,419	-	-	1,633
Misc Maint TD Hydrants	9	225,012	-	-	-	-	-	-	-	225,012
Subtotal Transmission & Distribution		23,685,294	13,016,875	363,778	775,336	66,635	3,855,721	2,155,398	-	3,451,563
Customer Accounting Expenses										
Labor Oper CA	12	7,699,751	-	-	-	-	-	-	7,591,800	107,951
Labor Oper CA Off/Dir	12	-	-	-	-	-	-	-	-	-
Labor Oper CA Mtr Read	13	2,437,440	-	-	-	-	-	-	2,403,974	33,466
Contr Svc- Oper CA	12	122,659	-	-	-	-	-	-	120,939	1,720
M & S Oper CA	12	3,637,451	-	-	-	-	-	-	3,586,454	50,997
Uncollectible Accounts	12	3,184,804	-	-	-	-	-	-	3,140,153	44,651
Misc Oper CA	12	199,848	-	-	-	-	-	-	197,046	2,802
Misc Oper CA Mtr Read	13	43,219	-	-	-	-	-	-	42,626	593
Subtotal Customer Accounting		17,325,172	-	-	-	-	-	-	17,082,992	242,180

NEW JERSEY-AMERICAN WATER COMPANY
(CONSOLIDATED WATER COST OF SERVICE)
ALLOCATION OF COST OF SERVICE TO COST FUNCTIONS
FOR THE PRO FORMA TEST YEAR PERIOD ENDED MARCH 31, 2011

Account Description	Factor Ref.	Total Company Test Year	Base and Extra Capacity				Meters	Services	Billing & Collecting	Fire Protection
			GMS	OIW	Sales for Resale	Manasquan				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Administrative and General Expenses										
Labor Oper AG	16	5,592,598	2,858,377	81,652	273,478	22,370	338,352	189,030	1,498,816	330,523
Other Labor	16	2,229,572	1,139,534	32,552	109,026	8,918	134,889	75,360	597,525	131,768
Mgmt Fees-Labor	16	-	-	-	-	-	-	-	-	-
Mgmt Fees-Administrative	16	21,993,035	11,240,640	321,098	1,075,459	87,972	1,330,579	743,365	5,894,133	1,299,788
Mgmt Fees-Human Resources	17	582,498	296,957	8,504	28,775	2,388	41,882	21,552	148,362	34,076
Mgmt Fees-Customer Related	12	9,125,966	-	-	-	-	-	-	8,998,020	127,946
Mgmt Fees-Lab Services	1	985,600	772,513	33,609	155,626	18,036	-	-	-	5,815
Mgmt Fees-Employee Benefits	17	220,827	112,578	3,224	10,909	905	15,877	8,171	56,245	12,918
Employee Pension and Benefits	17	18,650,789	9,508,172	272,302	921,349	76,468	1,340,992	690,079	4,750,356	1,091,071
Other Employee Benefits	17	2,830,100	1,442,785	41,319	139,807	11,603	203,484	104,714	720,826	165,561
Reg Commission Expense	20	1,946,595	1,142,651	34,649	118,158	9,733	161,178	112,513	229,893	137,819
Ins Gen Liab Oper AG	16	4,618,074	2,360,298	67,424	225,824	18,472	279,393	156,091	1,237,644	272,928
Ins Work Comp AG	17	1,604,568	818,009	23,427	79,266	6,579	115,368	59,369	408,683	93,867
Rents	16	218,285	111,565	3,187	10,674	873	13,206	7,378	58,500	12,901
M & S Oper AG	16	3,514,955	1,796,494	51,318	171,881	14,060	212,655	118,805	942,008	207,734
Dues/Membership	16	398,698	203,775	5,821	19,496	1,595	24,121	13,476	106,851	23,563
Employee Expenses AG	17	601,224	306,504	8,778	29,700	2,465	43,228	22,245	153,132	35,172
Office & Admin Supplies & Expenses	16	215,306	110,043	3,143	10,528	861	13,026	7,277	57,702	12,725
Contract Services	16	4,150,947	2,121,549	60,604	202,981	16,604	251,132	140,302	1,112,454	245,321
Contr Svc-Temp Empl Oper AG	17	13,333	6,797	195	659	55	959	493	3,396	780
Trans Oper AG	16	4,570,904	2,336,190	66,736	223,517	18,284	276,540	154,497	1,225,002	270,140
Ins Vehicle Oper AG	16	256,369	131,031	3,744	12,536	1,025	15,510	8,665	68,707	15,151
Misc Oper AG	16	2,065,643	1,055,750	30,158	101,010	8,263	124,971	69,819	553,592	122,080
Charitable Contrib	16	70,624	36,097	1,032	3,454	282	4,273	2,387	18,927	4,174
Trustee Fees	16	40,062	20,477	586	1,959	160	2,424	1,354	10,737	2,368
Research and Development	16	139,799	71,452	2,042	6,836	559	8,458	4,725	37,466	8,262
Security Costs	16	1,043,960	533,568	15,242	51,050	4,176	63,160	35,286	279,781	61,698
Labor Maint AG	16	201,728	103,103	2,945	9,864	807	12,205	6,818	54,063	11,922
Mat and Sup Maint AG	16	220,807	112,855	3,225	10,797	883	13,359	7,463	59,176	13,050
Misc Maint AG	16	5,139,642	2,626,871	75,039	251,328	20,559	310,948	173,720	1,377,424	303,753
Subtotal Administrative and General		93,242,508	43,376,635	1,253,555	4,255,947	354,955	5,352,169	2,934,954	30,659,421	5,054,874
Total Operation & Maintenance Expenses		222,585,465	127,957,192	4,446,405	17,849,656	1,071,724	9,207,890	5,090,352	47,742,413	9,219,851
Pro Forma Adjustments										
Salaries and Wages	17	15,507,740	7,905,846	226,413	766,082	63,582	1,115,007	573,786	3,949,821	907,203
Group Insurance	17	2,541,462	1,295,637	37,105	125,548	10,420	182,731	94,034	647,310	148,676
Pension Expense	17	1,516,338	773,029	22,139	74,907	6,217	109,025	56,105	386,211	88,706
Post-Retirement Other than Pensions	17	648,746	330,731	9,472	32,048	2,660	46,645	24,004	165,236	37,952
401(k)	17	532,453	271,445	7,774	26,303	2,183	38,283	19,701	135,616	31,149
Defined Contribution Plan	17	403,153	205,527	5,886	19,916	1,653	28,987	14,917	102,683	23,584
Other - Benefits	17	118,167	60,242	1,725	5,837	484	8,496	4,372	30,097	6,913
Power	1	3,830,465	3,002,318	130,619	604,830	70,098	-	-	-	22,600
Chemicals	1	511,900	401,227	17,456	80,829	9,368	-	-	-	3,020
Water Diversion	1A	(16,507)	(13,179)	(573)	(2,654)	-	-	-	-	(101)

NEW JERSEY-AMERICAN WATER COMPANY
(CONSOLIDATED WATER COST OF SERVICE)
ALLOCATION OF COST OF SERVICE TO COST FUNCTIONS
FOR THE PRO FORMA TEST YEAR PERIOD ENDED MARCH 31, 2011

Account Description	Factor Ref.	Total Company Test Year	Base and Extra Capacity				Meters	Services	Billing & Collecting	Fire Protection
			GMS	OIW	Sales for Resale	Manasquan				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Waste Disposal - Water Operation	1	416,284	326,283	14,195	65,731	7,618	-	-	-	2,456
Engineered Coating of Steel Structure	6	3,036,372	2,297,623	61,335	250,197	-	-	-	-	427,218
Regulatory Expense	20	(1,561,710)	(916,724)	(27,798)	(94,796)	(7,809)	(129,310)	(90,267)	(184,438)	(110,569)
Insurance Other Than Group	16	1,725,853	882,083	25,197	84,394	6,903	104,414	58,334	462,529	101,998
Call Center	12	1,149,886	-	-	-	-	-	-	1,133,765	16,121
Central Services	16	794,031	405,829	11,593	38,828	3,176	48,039	26,838	212,800	46,927
ITS Services	16	3,314,287	1,693,932	48,389	162,069	13,257	200,514	112,023	888,229	195,874
Laboratory Services	1	103,565	81,174	3,532	16,353	1,895	-	-	-	611
Regional Services	16	(4,014,753)	(2,051,940)	(58,615)	(196,321)	(16,059)	(242,893)	(135,699)	(1,075,954)	(237,272)
Shared Service Center	16	375,018	191,671	5,475	18,338	1,500	22,689	12,676	100,505	22,164
Supply Chain Services	16	55,523	28,378	811	2,715	222	3,359	1,877	14,880	3,281
Rental Expense - Real Property	16	(3,504,509)	(1,791,155)	(51,166)	(171,370)	(14,018)	(212,023)	(118,452)	(939,208)	(207,116)
Lease of Granular Activated Carbon	1	(176,806)	(138,581)	(6,029)	(27,918)	(3,236)	-	-	-	(1,043)
Leased Vehicle, Fuel & Maintenance E	16	1,437,119	734,510	20,982	70,275	5,748	86,946	48,575	385,148	84,934
Postage & Forms	12	1,013,575	-	-	-	-	-	-	999,365	14,210
Security (ADT and NAS)	16	56,116	28,681	819	2,744	224	3,395	1,897	15,039	3,316
Paving	8	752,940	645,646	18,146	35,463	3,614	-	-	-	50,071
Phone and Cell Phone	16	58,661	29,982	856	2,869	235	3,549	1,983	15,721	3,467
Contract Services - Sewer	16	-	-	-	-	-	-	-	-	-
Uncollectible Expense	12	1,040,104	-	-	-	-	-	-	1,025,522	14,582
Audit Fees	16	93,657	47,868	1,367	4,580	375	5,666	3,166	25,100	5,535
Property Sales	19	177,696	113,921	3,216	9,667	871	14,553	15,317	3,554	16,597
Management Audit	16	386,092	197,332	5,637	18,880	1,544	23,359	13,050	103,473	22,818
Charitable Contributions and Lobbying	16	(244,360)	(124,892)	(3,568)	(11,949)	(977)	(14,784)	(8,259)	(65,488)	(14,442)
Purchased Water	1A	(21,662,385)	(17,295,248)	(751,685)	(3,483,312)	-	-	-	-	(132,141)
Sewage Treatment and Disposal Cost	1	-	-	-	-	-	-	-	-	-
Other O&M	16	2,297,808	1,174,410	33,548	112,363	9,191	139,017	77,666	615,812	135,800
Total Pro Forma Expense Adjustments		12,713,980	793,606	(185,747)	(1,356,554)	180,939	1,585,664	807,644	9,153,328	1,735,099
Total Pro Forma O & M Expenses		235,299,445	128,750,798	4,260,658	16,493,102	1,252,663	10,793,554	5,897,996	56,895,741	10,954,950
DEPRECIATION EXPENSE										
Structures & Improvements - SS	2A	628,250	544,693	15,832	65,526	-	-	-	-	2,199
Collecting & Impounding Reservoirs	1A	214,286	171,086	7,436	34,457	-	-	-	-	1,307
Lakes, rivers & other intakes	2A	37,955	32,907	956	3,959	-	-	-	-	133
Wells & springs	2A	1,240,087	1,075,155	31,250	129,341	-	-	-	-	4,340
Infiltration galleries and tunnels	2A	258,972	224,529	6,526	27,011	-	-	-	-	906
Supply mains	2	228,848	196,512	5,698	23,480	2,403	-	-	-	755
Other water source plant	2A	15,616	13,539	394	1,629	-	-	-	-	55
Structures & Improvements - Pumping	2	1,690,277	1,451,441	42,088	173,422	17,748	-	-	-	5,578
Other power production equipment	2	480,571	412,666	11,966	49,307	5,046	-	-	-	1,586
Boiler Plant Equipment	2	1,198	1,028	30	123	13	-	-	-	4
Electric pumping equipment	2	2,890,467	2,482,044	71,973	296,562	30,350	-	-	-	9,539

NEW JERSEY-AMERICAN WATER COMPANY
(CONSOLIDATED WATER COST OF SERVICE)
ALLOCATION OF COST OF SERVICE TO COST FUNCTIONS
FOR THE PRO FORMA TEST YEAR PERIOD ENDED MARCH 31, 2011

Account Description	Factor Ref.	Total Company Test Year	Base and Extra Capacity				Meters	Services	Billing & Collecting	Fire Protection
			GMS	OIW	Sales for Resale	Manasquan				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Diesel pumping equipment	2	255,662	219,537	6,366	26,231	2,684	-	-	-	844
Hydraulic pumping equipment	2	3,336	2,865	83	342	35	-	-	-	11
Other pumping equipment	2	467,095	401,093	11,631	47,924	4,904	-	-	-	1,541
Structures & improvements - WT	2	3,727,457	3,200,767	92,814	382,437	39,138	-	-	-	12,301
Water treatment equipment	2	9,118,632	7,830,169	227,054	935,572	95,746	-	-	-	30,091
Water treatment - GAC	2	300,382	257,938	7,480	30,819	3,154	-	-	-	991
WH Structures & improvements	2	244,154	209,654	6,079	25,050	2,564	-	-	-	806
WH equipment	2	-	-	-	-	-	-	-	-	-
T & D structures & improvements	14	384,217	185,846	5,187	12,372	807	127,330	23,783	-	28,893
Distribution reservoirs & standpipes	6	1,633,843	1,236,328	33,004	134,629	-	-	-	-	229,882
Transmission & distrbtn mains -4" & le	5	462,219	413,547	11,324	-	-	-	-	-	37,347
Transmission & distrbtn mains -6"-8"	5	7,722,125	6,908,985	189,192	-	-	-	-	-	623,948
Transmission & distrbtn mains -10"-16	4	3,865,830	3,159,929	91,620	377,692	38,658	-	-	-	197,930
Transmission & distrbtn mains -18" &	4	1,179,459	964,090	27,953	115,233	11,795	-	-	-	60,388
Fire Mains	9	30,570	-	-	-	-	-	-	-	30,570
Services	11	6,384,333	-	-	-	-	-	4,651,625	-	1,732,708
Meters	10	12,396,287	-	-	-	-	12,269,845	-	-	126,442
Meter installations	10	1,819,163	-	-	-	-	1,800,608	-	-	18,555
Hydrants	9	1,758,691	-	-	-	-	-	-	-	1,758,691
Office structures & improvements	16	1,743,748	891,230	25,459	85,269	6,975	105,497	58,939	467,324	103,056
Stores, shops & garage structures	16	80,008	40,892	1,168	3,912	320	4,840	2,704	21,442	4,728
Miscellaneous structures	16	210,806	107,744	3,078	10,308	843	12,754	7,125	56,496	12,459
Office Furniture & Equipment	16	485,246	248,009	7,085	23,729	1,941	29,357	16,401	130,046	28,678
Computers and Peripheral Equipment	16	641,036	327,634	9,359	31,347	2,564	38,783	21,667	171,798	37,885
Computer Software	16	2,563,000	1,309,950	37,420	125,331	10,252	155,062	86,629	686,884	151,473
Data handling equipment	16	11,347	5,799	166	555	45	686	384	3,041	671
Other Office Equipment	16	12,827	6,555	187	627	51	776	434	3,438	758
Transportation equipment - heavy truc	16	(45,051)	(23,026)	(658)	(2,203)	(180)	(2,726)	(1,523)	(12,074)	(2,663)
Transportation equipment - cars	16	-	-	-	-	-	-	-	-	-
Stores equipment	16	48,278	24,675	705	2,361	193	2,921	1,632	12,939	2,853
Tools, shop & garage equipment	16	253,147	129,383	3,696	12,379	1,013	15,315	8,556	67,843	14,961
Laboratory equipment	2	208,888	179,372	5,201	21,432	2,193	-	-	-	689
Power operated equipment	16	119,908	61,284	1,751	5,864	480	7,254	4,053	32,135	7,087
Communication equipment	16	1,439,910	735,938	21,023	70,412	5,760	87,115	48,669	385,896	85,099
Communication equipment - telephone	16	38,432	19,643	561	1,879	154	2,325	1,299	10,300	2,271
Miscellaneous equipment	16	138,622	70,849	2,024	6,779	554	8,387	4,685	37,151	8,193
Other PE/CPS/ Other Tangible	18	1,147,824	766,058	21,923	61,294	5,510	83,447	89,530	15,151	104,911
Units of Production Plant	2A	3,851,119	3,338,919	97,048	401,672	-	-	-	-	13,479
Test Year and Post TY Additions	18	4,056,123	2,707,056	77,472	216,597	19,469	294,880	316,378	53,541	370,730
Contributions, Advances, Cost of Rem	8	(4,041,039)	(3,465,191)	(97,389)	(190,333)	(19,397)	-	-	-	(268,729)
Total Depreciation Expense		72,404,161	39,079,121	1,121,215	3,782,329	293,785	15,044,456	5,342,970	2,143,351	5,596,930

NEW JERSEY-AMERICAN WATER COMPANY
(CONSOLIDATED WATER COST OF SERVICE)
ALLOCATION OF COST OF SERVICE TO COST FUNCTIONS
FOR THE PRO FORMA TEST YEAR PERIOD ENDED MARCH 31, 2011

Account Description	Factor Ref.	Total Company Test Year	Base and Extra Capacity				Meters	Services	Billing & Collecting	Fire Protection
			GMS	OIW	Sales for Resale	Manasquan				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
AMORTIZATIONS										
Amortization of ITC	18	(355,656)	(237,365)	(6,793)	(18,992)	(1,707)	(25,856)	(27,741)	(4,695)	(32,507)
Amortization of Acquisition Adjs.	18	404,838	270,189	7,732	21,618	1,943	29,432	31,577	5,344	37,002
Amortization of Comp. Planning	18	-	(1)	-	-	-	-	-	-	-
Total Depreciation & Amortization		72,453,343	39,111,944	1,122,154	3,784,955	294,021	15,048,032	5,346,806	2,144,000	5,601,425
TAXES OTHER THAN INCOME TAXES										
Utility Reg Assessment Fee	20	1,104,505	648,344	19,660	67,043	5,523	91,453	63,840	130,442	78,199
Property Taxes	18	4,589,530	3,063,051	87,660	245,081	22,030	333,659	357,983	60,582	419,483
Payroll Taxes	17	5,185,717	2,643,680	75,711	256,174	21,261	372,853	191,872	1,320,802	303,364
Water Monitoring	7	757,455	725,890	31,565	-	-	-	-	-	-
Other Taxes and Licenses	16	67,250	34,371	982	3,289	269	4,069	2,273	18,023	3,974
Total Taxes Other Than Income Taxes		11,704,457	7,115,336	215,578	571,587	49,083	802,034	615,968	1,529,849	805,020
INCOME TAXES										
Federal and State Income Taxes	19	60,936,665	39,066,496	1,102,954	3,314,955	298,590	4,990,713	5,252,741	1,218,733	5,691,485
Total Income Taxes		60,936,665	39,066,496	1,102,954	3,314,955	298,590	4,990,713	5,252,741	1,218,733	5,691,485
UTILITY OPERATING INCOME	19	172,183,805	110,387,038	3,116,527	9,366,799	843,701	14,101,854	14,842,244	3,443,676	16,081,967
Total Cost of Service (Excl. GRFT)		552,577,715	324,431,612	9,817,871	33,531,398	2,738,058	45,736,187	31,955,755	65,231,999	39,134,847
Less:										
Other Revenues	7	(402,263)	(385,500)	(16,763)	-	-	-	-	-	-
Total Cost of Service Related to Sales (Excl. GRFT)		552,175,452	324,046,112	9,801,108	33,531,398	2,738,058	45,736,187	31,955,755	65,231,999	39,134,847
Number of Units							869,549	766,825	7,743,725	
Cost Per Unit w/o GRFT							4.38	3.47	8.42	

NEW JERSEY-AMERICAN WATER COMPANY

COMPARATIVE SCHEDULE OF PRESENT AND PROPOSED RATES
SERVICE AREA 1 (SA-1)

Customer Charges, per Month:

Meter Size	Present Rates Non-Exempt	Present Rates Exempt	Proposed Rates Non-Exempt	Proposed Rates Exempt
5/8	$ 9.00	$ 7.80	$ 11.00	$ 9.49
3/4	13.50	11.70	16.50	14.23
1	22.50	19.51	27.50	23.72
1-1/2	45.00	39.02	55.00	47.43
2	72.00	62.42	88.00	75.89
3	135.00	117.05	165.00	142.30
4	225.00	195.08	275.00	237.16
6	450.00	390.15	550.00	474.32
8	720.00	624.24	880.00	758.91
10	900.00	780.30	1,100.00	948.64
12	1,125.00	975.38	1,375.00	1,185.80
Consumption Charges, per Thousand Gallons:				
All Usage - GMS	$ 5.3825	$ 4.6666	$ 6.1114	$ 5.2705
All Usage - Regular SFR	5.3325	4.6233	6.0614	5.2274
Pilot Program May-September				
First 4,000 gallons per month	$5.3825	$4.6666	$5.7447	$ 4.9542
Next 6,000 gallons per month	5.3825	4.6666	6.6000	5.6918
Over 10,000 gallons per month	5.3825	4.6666	7.0280	6.0609

Private Fire Connections (Monthly):

Size	Present Monthly Rates Schedule L-1	Present Monthly Rates Schedule L-2	Proposed State-Wide
2-inch	$ 16.38		$ 18.84
3-inch	36.85		42.38
4-inch	65.50		75.33
6-inch	147.38		169.49
8-inch	262.02		301.32
10-inch	409.40		470.81
12-inch	589.54		677.97
16-inch	911.36		1,048.06
Sprinkler Heads		$0.76	0.87
Private Hydrant		19.80	22.77

NEW JERSEY-AMERICAN WATER COMPANY

COMPARATIVE SCHEDULE OF PRESENT AND PROPOSED RATES
SERVICE AREA 1 (SA-1)

Public Fire Hydrant (Annually):		**Present**	**Proposed**
State-Wide	M-1	$ 494.76	$ 519.48
Logan	M-2	300.00	354.84
Adelphia	M-3	438.36	478.92
Ortley	M-4	300.00	354.84

Sales for Resale

	Present Rates		Proposed Rates	
	Non-Exempt	Exempt	Non-Exempt	Exempt
Rates Applicable to Commodity-Damand Tariff:				
Customer Charges, per Month:				
By Meter Size	Same as GMS		Same as GMS	
Consumption Charges, per Thousand:				
All Usage	$0.5082	$0.4383	$0.5515	$0.4756
Demand Charge per Month:				
Per Thousand Gallons of				
Maximum Day Nomination	$ 62.49	$ 53.90	$ 63.68	$ 54.92
Off-Peak Demand Charge per Month:				
Per Thousand Gallons of				
Maximum Day Nomination	$ 57.47	$ 49.57	$ 58.56	$ 50.50
Rates Applicable to Manasquan:				
Customer Charges, per Month:				
By Meter Size	Same as GMS		Same as GMS	
Consumption Charges, per Thousand:				
Uninterruptible Sales	$ 1.7749	$ 1.5309	$ 1.7840	$ 1.5385
Regular Sales	5.3325	4.6233	6.0614	5.2274

NEW JERSEY-AMERICAN WATER COMPANY

COMPARATIVE SCHEDULE OF PRESENT AND PROPOSED RATES
SERVICE AREA 2 (SA-2)

Customer Charges, per Month:

Meter Size	Present Rates Non-Exempt	Proposed Rates Non-Exempt
5/8	$ 9.00	$ 11.00
3/4	13.50	16.50
1	22.50	27.50
1-1/2	45.00	55.00
2	72.00	88.00
3	135.00	165.00
4	225.00	275.00
6	450.00	550.00
8	720.00	880.00
10	900.00	1,100.00
12	1,125.00	1,375.00
16	1,800.00	2,200.00

Consumption Charges, per Thousand Gallons:	Present Rates Non-Exempt	Present Rates Exempt	Proposed Rates Non-Exempt	Proposed Rates Exempt
All Usage - GMS	$ 4.6214	$ 4.0068	$ 5.5786	$ 4.8110
All Usage - GMS, Manville	4.0607	3.5206	4.9218	4.2446
All Usage - OIW	2.9514	2.5589	3.4450	2.9710
All Usage - SOS	2.2730	1.9707	2.6451	2.2811

Private Fire Connections (Monthly):

Size	Present Rates	Proposed Rates
2-inch	$ 40.47	$ 40.47
3-inch	79.48	79.48
4-inch	128.18	128.18
6-inch	237.75	237.75
8-inch	406.07	406.07
10-inch	482.68	482.68
12-inch	704.93	704.93
16-inch	1,500.31	1,425.29
20-inch	2,734.21	2,597.50
Private Hydrant	25.17	28.95

Public Fire Hydrant (Annually):	Various	Various

NEW JERSEY-AMERICAN WATER COMPANY

COMPARATIVE SCHEDULE OF PRESENT AND PROPOSED RATES
SERVICE AREA 3 (SA-3)

Customer Charges, per Month:

Meter Size	Present Rates Non-Exempt	Proposed Rates Non-Exempt
5/8	$ 9.00	$ 11.00
3/4	13.50	16.50
1	22.50	27.50
1-1/2	45.00	55.00
2	72.00	88.00
3	135.00	165.00
4	225.00	275.00
6	450.00	550.00
8	720.00	880.00
10	900.00	1,100.00
12	1,125.00	1,375.00

Consumption Charges, per Thousand Gallons:

All Usage - Mount Holly	$ 4.6214	$ 5.5786
All Usage - Southampton	3.5402	4.2691

Private Fire Connections (Monthly):

Size	Present Rates	Proposed Rates
2-inch	$ 16.38	$ 18.84
3-inch	36.85	42.38
4-inch	65.50	75.33
6-inch	147.38	169.49
8-inch	262.02	301.32
10-inch	409.40	470.81
12-inch	589.54	677.97
Private Hydrant	7.08	8.14

Public Fire Hydrant (Annually): Various Various

NEW JERSEY-AMERICAN WATER COMPANY

COMPARATIVE SCHEDULE OF PRESENT AND PROPOSED RATES
SERVICE AREA 1A (SA-1A)

Customer Charges, per Month:

Meter Size	Present Rates Non-Exempt	Proposed Rates Non-Exempt
5/8	$ 9.00	$ 11.00
3/4	13.50	16.50
1	22.50	27.50
1-1/2	45.00	55.00
2	72.00	88.00
3	135.00	165.00
4	450.00	550.00

Consumption Charges, per Thousand Gallons:		
All Usage	$ 4.6214	$ 5.5786

Private Fire Connections (Monthly):

Size	Present Rates	Proposed Rates
2-inch	$ 19.95	$ 19.95
3-inch	44.90	44.90
4-inch	119.67	119.67
6-inch	179.61	179.61
8-inch	319.19	319.19
Private Hydrant	2.27	5.00
Public Fire Hydrant (Annually):	339.84	370.44

NEW JERSEY-AMERICAN WATER COMPANY

COMPARATIVE SCHEDULE OF PRESENT AND PROPOSED RATES
SERVICE AREA 1B (SA-1B)

Customer Charges, per Month:

Meter Size	Present Rates Non-Exempt	Proposed Rates Non-Exempt
5/8	$ 6.400	$ 7.75
3/4	9.600	11.63
1	16.000	19.38
1-1/2	32.000	38.75
2	51.200	62.00
3	96.000	116.25
4	160.000	193.75
6	320.000	387.50

Consumption Charges, per Thousand Gallons:

All Usage	$ 3.3295	$ 4.0584

Private Fire Connections (Monthly):

Size	Present Rates	Proposed Rates
2-inch	$ 27.51	$ 27.51
3-inch	61.89	61.89
4-inch	110.03	110.03
6-inch	247.64	247.64
8-inch	440.12	440.12
10-inch	687.69	687.69
12-inch	990.28	990.28
Private Hydrant	19.87	22.77

Public Fire Hydrant (Annually):	262.32	287.04

NEW JERSEY-AMERICAN WATER COMPANY

COMPARATIVE SCHEDULE OF PRESENT AND PROPOSED RATES
SERVICE AREA 1C (SA-1C)

Customer Charges, per Month:

Meter Size	Present Rates Non-Exempt	Proposed Rates Non-Exempt
5/8	$ 11.01	$ 11.01
3/4	16.52	16.52
1	27.53	27.53
1-1/2	55.05	55.05
2	88.08	88.08
3	165.15	165.15
4	448.15	448.15
6	1,024.63	1,024.63
8	1,860.72	1,860.72
10	2,790.58	2,790.58

Consumption Charges, per Thousand Gallons:

All Usage	$ 3.1010	$ 3.1010

Private Fire Connections (Monthly):

Size	Present Rates	Proposed Rates
2-inch	$ 41.73	$ 41.73
3-inch	41.73	41.73
4-inch	70.04	70.04
6-inch	157.83	157.83
8-inch	284.97	284.97
10-inch	426.89	426.89
12-inch	652.75	652.75

NEW JERSEY AMERICAN WATER COMPANY

EXAMPLE CALCULATION OF WATER EFFICIENCY TRACKER (WET) ACCOUNT

	Base-Year	Current Month, @ Prior Rate Structure	Actual Current Month, @ New Rates	Volumetric Revenue Change	Variable Production Cost Offset	WET Account
1. Avg. Monthly Consumption	33,703					
2. Avg. No. of Customers	4,154	4,200	4,200			
3. Avg. Consumption per Customer per month	8.11	8.11	7.30			
4. Current Monthly Consumption (Ln 2x3)		34,062	30,656		3,406	
5. Average Volumetric Rate	$5.3825	$6.1114				
6. Volumetric Revenue	$ 181,405	$ 208,167	$ 194,293			
7. Average Rate - Current			$6.3379		$0.5515	
8. Revenue Gain/(Loss) from Ln 6.				$ (13,873)	$ 1,879	$ (11,995)

NEW JERSEY-AMERICAN WATER COMPANY

COMPARISON OF BILLS FOR SEASONAL AND NON-SEASONAL CUSTOMERS FOR SA-1 SERVICE AREA

Usage 1,000 Gals. Per Month	Non-Seasonal				Seasonal			
	Present Rates	Proposed Rates	Increase	Percent Increase	Pilot Proposed Seasonal	Increase	Percent Increase	Sesaonal Less Non-Seasonal
0	$9.00	$11.00	$2.00	22.2%	$11.00	$2.00	22.2%	$0.00
1	14.79	17.52	2.73	18.5%	17.15	2.36	16.0%	-0.37
2	20.58	24.04	3.46	16.8%	23.31	2.72	13.2%	-0.73
3	26.37	30.56	4.19	15.9%	29.46	3.09	11.7%	-1.10
4	32.16	37.08	4.92	15.3%	35.61	3.45	10.7%	-1.47
5	37.95	43.60	5.64	14.9%	42.62	4.67	12.3%	-0.98
6	43.74	50.12	6.37	14.6%	49.63	5.88	13.5%	-0.49
7 (avg.)	49.53	56.63	7.10	14.3%	56.63	7.10	14.3%	0.00
8	55.32	63.15	7.83	14.2%	63.64	8.32	15.0%	0.49
9	61.11	69.67	8.56	14.0%	70.65	9.54	15.6%	0.98
10	66.90	76.19	9.29	13.9%	77.66	10.75	16.1%	1.46
11	72.69	82.71	10.02	13.8%	85.09	12.40	17.1%	2.38
12	78.48	89.23	10.75	13.7%	92.53	14.04	17.9%	3.30
13	84.27	95.75	11.48	13.6%	99.96	15.69	18.6%	4.21
14	90.06	102.27	12.20	13.6%	107.40	17.34	19.2%	5.13
15	95.85	108.79	12.93	13.5%	114.84	18.98	19.8%	6.05
16	101.64	115.31	13.66	13.4%	122.27	20.63	20.3%	6.96
17	107.44	121.83	14.39	13.4%	129.71	22.27	20.7%	7.88
18	113.23	128.35	15.12	13.4%	137.14	23.92	21.1%	8.80
19	119.02	134.86	15.85	13.3%	144.58	25.56	21.5%	9.71
20	124.81	141.38	16.58	13.3%	152.01	27.21	21.8%	10.63
25	153.76	173.98	20.22	13.2%	189.19	35.44	23.0%	15.21
30	182.71	206.58	23.87	13.1%	226.37	43.66	23.9%	19.80
35	211.66	239.17	27.51	13.0%	263.55	51.89	24.5%	24.38
40	240.61	271.77	31.16	12.9%	300.73	60.12	25.0%	28.96
50	298.52	336.96	38.45	12.9%	375.09	76.57	25.7%	38.13
60	356.42	402.15	45.73	12.8%	449.45	93.03	26.1%	47.29
70	414.32	467.34	53.02	12.8%	523.80	109.48	26.4%	56.46
80	472.22	532.54	60.31	12.8%	598.16	125.94	26.7%	65.63
90	530.13	597.73	67.60	12.8%	672.52	142.39	26.9%	74.79
100	588.03	662.92	74.89	12.7%	746.88	158.85	27.0%	83.96

NEW JERSEY-AMERICAN WATER COMPANY

CALCULATION OF GMS RATES BY SERVICE AREA

	SA-1	SA-2	SA-2 Manville	SA-3	SA-3 S. Hampton	SA-1C Mercer	SA-1A Harrison	SA-1B Pennsgrove	Applied
SA-1 Proposed Rate	$ 6.1114								
SA-1 Existing Rate	5.3825								
Increase	0.7289								
Existing Rate		$ 4.6214	$ 4.0607	$ 4.6214	$ 3.5402	$ 3.1010	$ 4.6214	$ 3.3295	$ 4.9889
Plus: SA-1 increase		0.7289	0.7289	0.7289	0.7289	-	0.7289	0.7289	-
Subtotal		5.3503	4.7896	5.3503	4.2691	3.1010	5.3503	4.0584	4.9889
Additional to Close to SA-1		0.2283	0.1322	0.2283	-	-	0.2283	-	-
Total Proposed Rate		$ 5.5786	$ 4.9218	$ 5.5786	$ 4.2691	$ 3.1010	$ 5.5786	$ 4.0584	$ 4.9889

NEW MEXICO AMERICAN WATER COMPANY
CLOVIS DISTRICT

COST OF SERVICE ALLOCATION STUDY
AND
PROPOSED RATE DESIGN

RULE 730 SCHEDULES J THROUGH N

Gannett Fleming
Valuation and Rate Division

Harrisburg, Pennsylvania **Calgary, Alberta** **Valley Forge, Pennsylvania**

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TEST PERIOD

TWELVE MONTHS ENDED DECEMBER 31, 2006

NEW MEXICO AMERICAN WATER COMPANY
CLOVIS DISTRICT
RATE BASE BY FUNCTION FOR THE TEST PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2006, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES, CUSTOMER ACCOUNTING AND FIRE CLASSIFICATIONS

Account	Factor Ref.	Test Period Rate Base By Function	Commodity	Demand		Customer Facilities		Customer Accounting		Fire Service	
				Max Day	Max Hour	Meters	Services	Billing & Collecting	Meter Reading	Private Fire	Public Fire
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
RATE BASE											
301 Organization	17	2,823	0	1,860	432	195	86	77	14	17	143
303 Other P/E Intangibles	17	182,629	0	120,298	27,942	12,620	5,534	4,949	913	1,114	9,259
310 Land and Land Rights	2	9,949,195	0	9,949,195	0	0	0	0	0	0	0
314 Wells and Springs	2	6,754,612	0	6,754,612	0	0	0	0	0	0	0
316 Supply Mains	2	2,185,754	0	2,185,754	0	0	0	0	0	0	0
321 Pumping Structures & Improvements	3	982,496	0	933,764	0	0	0	0	0	6,583	42,149
325 Electric Pumping Equipment	3	2,809,646	0	2,670,288	0	0	0	0	0	18,825	120,534
332 Water Treat and Equipment	2	437,588	0	437,588	0	0	0	0	0	0	0
340 Land and Land Rights	7	141,989	0	22,711	92,396	0	0	0	0	3,644	23,238
342 Distrib. Reservoirs & Standpipes	5	2,184,589	0	0	2,055,261	0	0	0	0	17,477	111,851
343 Transmission & Distribution Mains											
Distribution	4	5,542,009	0	0	4,336,068	0	0	0	0	163,489	1,042,452
Transmission	3	7,253,855	0	6,894,064	0	0	0	0	0	48,601	311,190
345 Services	10	1,351,769	0	0	0	0	1,351,769	0	0	0	0
346 Meters	9	1,023,875	0	0	0	1,023,875	0	0	0	0	0
347 Meter Installations	9	1,545,215	0	0	0	1,545,215	0	0	0	0	0
348 Fire Hydrants	13	539,008	0	0	0	0	0	0	0	0	539,008
389 Land	15	88,801	0	20,620	14,794	14,572	1,439	27,724	5,106	542	4,005
390 Office Structures	15	901,671	0	209,368	150,218	147,964	14,607	281,502	51,846	5,500	40,665
391 Office Furniture and Equipment	15	870,114	0	202,040	144,961	142,786	14,096	271,650	50,032	5,308	39,242
392.11 Transportation Equip	15	413,891	0	96,105	68,954	67,920	6,705	129,217	23,799	2,525	18,666
394 Tools, Shop & Garage Equipment	15	153,683	0	35,685	25,604	25,219	2,490	47,980	8,837	937	6,931
395 Laboratory Equipment	2	38,401	0	38,401	0	0	0	0	0	0	0
396 Power Operated Equipment	15	230,070	0	53,422	38,330	37,754	3,727	71,828	13,229	1,403	10,376
397 Communication Equipment	15	1,240,717	0	288,094	206,703	203,602	20,100	387,352	71,341	7,568	55,956
398 Miscellaneous Equipment	15	90,215	0	20,948	15,030	14,804	1,461	28,165	5,187	550	4,069
399 Other Tangible Property	15	69,279	0	16,087	11,542	11,369	1,122	21,629	3,984	423	3,124
Total Plant in Service		46,983,894	0	30,950,904	7,188,235	3,247,895	1,423,135	1,272,071	234,288	284,506	2,382,861
OTHER RATE BASE ELEMENTS											
Accumulated Depreciation Reserve	17	(14,086,494)	0	(9,278,774)	(2,155,234)	(973,377)	(426,821)	(381,744)	(70,432)	(85,928)	(714,185)
Customer Advances	7	(1,693,615)	0	(270,894)	(1,102,076)	0	0	0	0	(43,463)	(277,182)
Contributions in Aid of Construction	7	(618,182)	0	(98,878)	(402,266)	0	0	0	0	(15,864)	(101,174)
Construction Work in Progress	17	0	0	0	0	0	0	0	0	0	0
Cash Working Capital Allowance	15	(73,413)	0	(17,046)	(12,231)	(12,047)	(1,189)	(22,920)	(4,221)	(448)	(3,311)
Materials and Supplies	15	194,832	0	45,240	32,459	31,972	3,156	60,827	11,203	1,188	8,787
Prepayments	15	7,682	0	1,784	1,280	1,261	124	2,398	442	47	346
Deferred Income Taxes	17	(3,004,712)	0	(1,979,204)	(459,721)	(207,626)	(91,043)	(81,428)	(15,024)	(18,329)	(152,339)
Deferred Charges	17	1,603,690	0	1,056,351	245,365	110,815	48,592	43,460	8,018	9,783	81,307
Customer Deposits	11	(7,227)	0	0	0	0	0	(7,227)	0	0	0
Total Other Rate Base Elements		(17,677,439)	0	(10,541,422)	(3,852,423)	(1,049,002)	(467,180)	(386,633)	(70,014)	(153,014)	(1,157,751)
Total Original Cost Measure of Value		29,306,455	0	20,409,482	3,335,812	2,198,893	955,955	885,438	164,273	131,492	1,225,110

Schedule J-4
Test Period

NEW MEXICO AMERICAN WATER COMPANY
CLOVIS DISTRICT

ALLOCATION OF TOTAL RATE BASE BY COST FUNCTION TO CUSTOMER CLASSIFICATIONS

Cost Function	Factor Ref.*	Rate Base (Schedule J-3)	Residential	Commercial	Industrial	Public Authorities	Fire Service	
							Private Fire	Public Fire
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Commodity	A	$0	$0	$0	$0	$0	$0	$0
Demand - Maximum Day	B	20,409,482	15,462,223	2,965,498	832,707	1,149,054		
Demand - Maximum Hour	C	3,335,812	2,561,236	491,032	93,069	190,475		
Customer Facilities - Meters	D	2,198,893	1,441,594	517,400	13,413	220,109	6,377	
Customer Facilities - Services	E	955,955	791,244	102,000	765	17,016	44,930	
Billing and Collecting	F	885,438	793,087	80,486	89	7,703	3,984	89
Meter Reading	G	164,273	147,830	14,998	16	1,429		
Private Fire	H	131,492					131,492	
Public Fire	I	1,225,110						1,225,110
Total		$29,306,455	$21,197,214	$4,171,414	$940,059	$1,585,786	$186,783	$1,225,199

* Schedule L-1.

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NEW MEXICO AMERICAN WATER COMPANY
CLOVIS DISTRICT

COST OF SERVICE BY FUNCTION FOR THE TEST PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2006, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES, CUSTOMER ACCOUNTING AND FIRE CLASSIFICATIONS

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting		Fire Service	
				Max Day	Max Hour	Meters	Services	Billing & Collecting	Meter Reading	Private Fire	Public Fire
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
OPERATION AND MAINTENANCE EXPENSES											
SOURCE OF SUPPLY EXPENSES											
-OPERATION-											
600 Supervision & Engineering	2	0	0	0	0	0	0	0	0	0	0
601 Operation Expense and Labor	2	43,305	0	43,305	0	0	0	0	0	0	0
602 Purchased Water	1	0	0	0	0	0	0	0	0	0	0
603 Miscellaneous Expenses	2	1,381	0	1,381	0	0	0	0	0	0	0
604 Rents	2	24,243	0	24,243	0	0	0	0	0	0	0
Total Operation		68,929	0	68,929	0	0	0	0	0	0	0
-MAINTENANCE-											
610 Supervision & Engineering	2	0	0	0	0	0	0	0	0	0	0
611 Maintenance Labor	2	23,820	0	23,820	0	0	0	0	0	0	0
614 Wells and Springs Maint	2	7,575	0	7,575	0	0	0	0	0	0	0
616 Maint Supply Mains Mat	2	4,748	0	4,748	0	0	0	0	0	0	0
617 Maint Struct. & Improvements	2	33,126	0	33,126	0	0	0	0	0	0	0
Total Maintenance		69,269	0	69,269	0	0	0	0	0	0	0
Total Source of Supply		138,198	0	138,198	0	0	0	0	0	0	0
POWER AND PUMPING EXPENSES											
620 Pumping Supervision & Eng Electric	3	0	0	0	0	0	0	0	0	0	0
623 Pump Fuel and Power Purchase	1	659,871	659,871	0	0	0	0	0	0	0	0
624 Pump Labor and Expenses	3	81,071	0	77,050	0	0	0	0	0	543	3,478
626 Misc Pumping Expenses Electic	3	15,151	0	14,400	0	0	0	0	0	102	650
Total Operation		756,093	659,871	91,449	0	0	0	0	0	645	4,128
-MAINTENANCE-											
630 Supervision & Engineering	3	0	0	0	0	0	0	0	0	0	0
632 Pump Maint Power Prod Equipment	3	24,578	0	23,359	0	0	0	0	0	165	1,054
633 Pump Maint Pumping Equipment	3	0	0	0	0	0	0	0	0	0	0
Total Maintenance		24,578	0	23,359	0	0	0	0	0	165	1,054
Total Power and Pumping		780,671	659,871	114,808	0	0	0	0	0	809	5,182

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NEW MEXICO AMERICAN WATER COMPANY
CLOVIS DISTRICT

COST OF SERVICE BY FUNCTION FOR THE TEST PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2006, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES, CUSTOMER ACCOUNTING AND FIRE CLASSIFICATIONS

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting		Fire Service	
				Max Day	Max Hour	Meters	Services	Billing & Collecting	Meter Reading	Private Fire	Public Fire
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
WATER TREATMENT											
-OPERATION-											
640 Supervision and Engineering	2	0	0	0	0	0	0	0	0	0	0
641 Chemicals	1	10,515	10,515	0	0	0	0	0	0	0	0
642 Labor and Expenses	2	21,044	0	21,044	0	0	0	0	0	0	0
643 Misc Water Treatment Exp-Current	2	(17,450)	0	(17,450)	0	0	0	0	0	0	0
644 Rents	2	0	0	0	0	0	0	0	0	0	0
Total Operation		14,109	10,515	3,594	0	0	0	0	0	0	0
-MAINTENANCE-											
650 Supervision and Engineering	2	0	0	0	0	0	0	0	0	0	0
652 General Water Equip	2	17,761	0	17,761	0	0	0	0	0	0	0
Total Maintenance		17,761	0	17,761	0	0	0	0	0	0	0
Total Water Treatment Expenses		31,870	10,515	21,355	0	0	0	0	0	0	0
TRANSMISSION AND DISTRIBUTION EXPENSES											
-OPERATION-											
660 Supervision and Engineering	8	0	0	0	0	0	0	0	0	0	0
661 Storage Facilities Expense	5	16,285	0	0	15,321	0	0	0	0	130	834
662 Lines Expense	7	61,116	0	9,776	39,770	0	0	0	0	1,568	10,002
663 Meter Expense	9	894	0	0	0	894	0	0	0	0	0
664 Customer Installation Expenses	9	96,707	0	0	0	96,707	0	0	0	0	0
665 Maps and Records	8	125,042	0	6,990	39,363	69,736	0	0	0	1,213	7,740
666 Rents	8	3,191	0	178	1,005	1,780	0	0	0	31	198
Total Operation		303,235	0	16,944	95,458	169,117	0	0	0	2,943	18,774

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NEW MEXICO AMERICAN WATER COMPANY
CLOVIS DISTRICT

COST OF SERVICE BY FUNCTION FOR THE TEST PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2006, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES, CUSTOMER ACCOUNTING AND FIRE CLASSIFICATIONS

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting		Fire Service	
				Max Day	Max Hour	Meters	Services	Billing & Collecting	Meter Reading	Private Fire	Public Fire
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
-MAINTENANCE-											
670 Supervision and Engineering	14	0	0	0	0	0	0	0	0	0	0
671 T & D Structures & Improve Maint	14	0	0	0	0	0	0	0	0	0	0
672 Reservoirs and Standpipes	5	5,529	0	0	5,202	0	0	0	0	44	283
673 T & D Mains	7	39,255	0	6,279	25,544	0	0	0	0	1,007	6,425
675 Services	10	5,144	0	0	0	0	5,144	0	0	0	0
676 Meters	9	12,944	0	0	0	12,944	0	0	0	0	0
677 Hydrants	13	2,061	0	0	0	0	0	0	0	0	2,061
678 Miscellaneous Plant	14	216,113	0	20,920	102,330	43,071	17,116	0	0	3,501	29,175
Total Maintenance		281,046	0	27,199	133,075	56,015	22,260	0	0	4,553	37,944
Total Transmission and Distribution Expenses		584,281	0	44,142	228,534	225,132	22,260	0	0	7,495	56,718
CUSTOMER ACCOUNTS											
901 Supervision	11	0	0	0	0	0	0	0	0	0	0
902 Meter Reading Expenses	12	78,911	0	0	0	0	0	0	78,911	0	0
903 Recording and Collecting Expenses	11	230,120	0	0	0	0	0	230,120	0	0	0
904 Uncollectible Accounts	11	189,088	0	0	0	0	0	189,088	0	0	0
905 Misc Customer Accounting Expenses	11	3,456	0	0	0	0	0	3,456	0	0	0
907 Customer Service Expenses	11	5,583	0	0	0	0	0	5,583	0	0	0
Total Customers' Accounting & Collecting		507,158	0	0	0	0	0	428,247	78,911	0	0
ADMINISTRATIVE AND GENERAL EXPENSES -OPERATION-											
920 Administrative & General Salaries	15	76,852	0	17,845	12,804	12,611	1,245	23,993	4,419	469	3,466
921 Miscellaneous Office Expenses	15	192,072	0	44,599	31,999	31,519	3,112	59,965	11,044	1,172	8,662
923 Outside Services	15	886,695	0	205,891	147,723	145,507	14,364	276,826	50,985	5,409	39,990
924 Property Insurance	15	83,796	0	19,457	13,960	13,751	1,357	26,161	4,818	511	3,779
925 Workers Compensation	16	(174)	0	(43)	(33)	(27)	(4)	(42)	(14)	(1)	(9)
926 Employee Pensions and Benefits	16	526,481	0	130,462	100,453	83,079	11,741	126,987	41,645	3,738	28,377
928 Regulatory Expenses	15	210,495	0	48,877	35,068	34,542	3,410	65,717	12,103	1,284	9,493
930 Miscellaneous General Expense	15	181,321	0	42,103	30,208	29,755	2,937	56,608	10,426	1,106	8,178
931 Administrative and General Rents	15	5,067	0	1,177	844	831	82	1,582	291	31	229
Total Operation		2,162,605	0	510,367	373,027	351,568	38,245	637,797	135,718	13,718	102,165

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NEW MEXICO AMERICAN WATER COMPANY
CLOVIS DISTRICT

COST OF SERVICE BY FUNCTION FOR THE TEST PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2006, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES, CUSTOMER ACCOUNTING AND FIRE CLASSIFICATIONS

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting		Fire Service	
				Max Day	Max Hour	Meters	Services	Billing & Collecting	Meter Reading	Private Fire	Public Fire
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
-MAINTENANCE-											
932 Maintenance of General Plant	15	17,234	0	4,002	2,871	2,828	279	5,380	991	105	777
Total Maintenance											
Total Administrative and General Expenses		2,179,839	0	514,369	375,898	354,396	38,524	643,178	136,709	13,823	102,942
Total Operation and Maintenance Expenses		4,222,017	670,386	832,873	604,431	579,528	60,784	1,071,425	215,620	22,128	164,842
503 DEPRECIATION EXPENSE											
310 Land and Land Rights	2	245,092	0	245,092	0	0	0	0	0	0	0
314 Wells and Springs	2	179,572	0	179,572	0	0	0	0	0	0	0
316 Supply Mains	2	47,487	0	47,487	0	0	0	0	0	0	0
321 Pumping Structures & Improvements	3	16,362	0	15,550	0	0	0	0	0	110	702
325 Electric Pumping Equipment	3	154,291	0	146,638	0	0	0	0	0	1,034	6,619
332 Water Treat and Equipment	2	11,975	0	11,975	0	0	0	0	0	0	0
342 Distrib. Reservoirs & Standpipes	5	67,285	0	0	63,302	0	0	0	0	538	3,445
343 Transmission & Distribution Mains		0									
Distribution	4	102,185	0	0	79,950	0	0	0	0	3,014	19,221
Transmission (net)	3	84,576	0	80,381	0	0	0	0	0	567	3,628
345 Services (net)	10	50,664	0	0	0	0	50,664	0	0	0	0
346 Meters	9	28,837	0	0	0	28,837	0	0	0	0	0
347 Meter Installations	9	52,846	0	0	0	52,846	0	0	0	0	0
348 Fire Hydrants	13	10,176	0	0	0	0	0	0	0	0	10,176
390 General Structures & Improvements	15	24,075	0	5,590	4,011	3,951	390	7,516	1,384	147	1,086
391 Office Furniture and Equipment	15	3,480	0	808	580	571	56	1,086	200	21	157
391.20 Computers & Peripheral Equipment	15	0	0	0	0	0	0	0	0	0	0
391.26 Personal Computer Software	15	61,235	0	14,219	10,202	10,049	992	19,118	3,521	374	2,762
391.30 Other Office Equipment	15	0	0	0	0	0	0	0	0	0	0
392.11 Transportation Equip-Light Trucks	15	40,645	0	9,438	6,771	6,670	658	12,689	2,337	248	1,833
392.12 Transportation Equip-Heavy Trucks	15	11,274	0	2,618	1,878	1,850	183	3,520	648	69	508
392.2 Transportation Equip-Cars	15	0	0	0	0	0	0	0	0	0	0
394 Tools, Shop & Garage Equipment	15	5,020	0	1,166	836	824	81	1,567	289	31	226
395 Laboratory Equipment	2	2,098	0	2,098	0	0	0	0	0	0	0
396 Power Operated Equipment	15	4,574	0	1,062	762	751	74	1,428	263	28	206
397 Communication Equipment	15	107,702	0	25,008	17,943	17,674	1,745	33,625	6,193	657	4,857
398 Miscellaneous Equipment	15	2,034	0	472	339	334	33	635	117	12	92
399 Other Tangible Property	15	5,355	0	1,243	892	879	87	1,672	308	33	242
Total Depreciation Expense		1,318,840	0	790,418	187,466	125,234	54,963	82,856	15,260	6,882	55,761

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NEW MEXICO AMERICAN WATER COMPANY
CLOVIS DISTRICT

COST OF SERVICE BY FUNCTION FOR THE TEST PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2006, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES, CUSTOMER ACCOUNTING AND FIRE CLASSIFICATIONS

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting		Fire Service	
				Max Day	Max Hour	Meters	Services	Billing & Collecting	Meter Reading	Private Fire	Public Fire
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
404 AMORTIZATION EXPENSE											
AFUDC	18	0	0	0	0	0	0	0	0	0	0
Comprehensive Planning	18	0	0	0	0	0	0	0	0	0	0
Total Amortizations		0	0	0	0	0	0	0	0	0	0
507.1 TAXES, OTHER THAN INCOME											
Federal and State Payroll Taxes	16	54,432	0	13,488	10,386	8,589	1,214	13,129	4,306	386	2,934
Ad Valorem	18	143,910	0	100,233	16,377	10,793	4,691	4,346	806	648	6,015
Water Conservation Tax	1	83,859	83,859	0	0	0	0	0	0	0	0
City Franchises	18	157,566	0	109,745	17,931	11,817	5,137	4,758	882	709	6,586
Total Taxes, Other Than Income		439,767	83,859	223,466	44,694	31,200	11,042	22,234	5,994	1,743	15,536
Total O & M, Depreciation and Other Taxes		5,980,624	754,245	1,846,757	836,591	735,962	126,789	1,176,515	236,874	30,753	236,139
507.2 INCOME TAXES	18	833,703	0	580,674	94,875	62,528	27,179	25,178	4,669	3,752	34,849
Utility Operating Income Available for Return	18	2,470,959	0	1,721,023	281,195	185,322	80,553	74,623	13,837	11,119	103,286
Total Cost of Service		9,285,286	754,245	4,148,454	1,212,662	983,812	234,521	1,276,315	255,380	45,624	374,273
Less: Other Water Revenues	19	131,327	9,731	58,638	17,348	14,118	3,336	18,465	3,690	657	5,345
Total Cost of Service Related to Sales of Water		$ 9,153,959	$ 744,514	$ 4,089,817	$ 1,195,313	$ 969,694	$ 231,186	$ 1,257,851	$ 251,690	$ 44,967	$ 368,928

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Schedule J-8
Test Period

NEW MEXICO AMERICAN WATER COMPANY
CLOVIS DISTRICT
ALLOCATION OF TOTAL EXPENSES BY COST FUNCTION TO CUSTOMER CLASSIFICATIONS

Cost Function	Factor Ref.*	Cost of Service (Schedule J-7)	Residential	Commercial	Industrial	Public Authorities	Fire Service	
							Private Fire	Public Fire
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Commodity	A	$754,245	$522,616	$133,652	$42,238	$51,741	$528	$3,470
Demand - Maximum Day	B	1,846,757	1,399,103	268,334	75,348	103,972		
Demand - Maximum Hour	C	836,591	642,335	123,146	23,341	47,769		
Customer Facilities - Meters	D	735,962	482,497	173,172	4,489	73,670	2,134	
Customer Facilities - Services	E	126,789	104,944	13,528	101	2,257	5,959	
Billing and Collecting	F	1,176,515	1,053,804	106,945	118	10,236	5,294	118
Meter Reading	G	236,874	213,162	21,627	24	2,061		
Private Fire	H	30,753					30,753	
Public Fire	I	236,139						236,139
Total		$5,980,625	$4,418,461	$840,404	$145,659	$291,706	$44,668	$239,727

* Schedule L-1.

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Schedule K
Test Period

NEW MEXICO AMERICAN WATER COMPANY
CLOVIS DISTRICT

ALLOCATED COST OF SERVICE PER BILLING UNIT OF COMMODITY, DEMAND, CUSTOMER AND FIRE SERVICE BY CLASSIFICATION

Account	Sched. Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting		Fire Service	
				Max Day	Max Hour	Meters	Services	Billing & Collecting	Meter Reading	Private Fire	Public Fire
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Total Cost of Service Related to Sales of Water	J-7	$ 9,153,959	$ 744,514	$ 4,089,817	$ 1,195,313	$ 969,694	$ 231,186	$ 1,257,851	$ 251,690	$ 44,967	$ 368,928
Annual Consumption, CCF			2,651,084	2,651,084	2,651,084						
Meter/Service Equivalents, Number of Bills						23,396	16,930	180,276	179,448		
Number of Fire Connections										68	613
Cost per CCF		$ 2.274	$ 0.281	$ 1.543	$ 0.451						
Cost per 5/8-inch meter per month		$ 12.972				$ 3.45	$ 1.14	$ 6.98	$ 1.40		
Cost per Fire Line/Hydrant per month										$ 55.11	$ 50.15

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NEW MEXICO AMERICAN WATER COMPANY
CLOVIS DISTRICT

FACTORS FOR ALLOCATING COSTS BY FUNCTION TO CUSTOMER CLASSIFICATIONS

FACTOR A. ALLOCATION OF COMMODITY COSTS.

Factors are based on the pro forma test year average daily consumption for each customer classification.

Classification	Average Daily Consumption, CCF	Allocation Factor
(1)	(2)	(3)
Residential	5,060	0.6929
Commercial	1,294	0.1772
Industrial	409	0.0560
Other Public Authority	501	0.0686
Private Fire Protection	5	0.0007
Public Fire Protection	34	0.0046
Total	7,303	1.0000

FACTOR B. ALLOCATION OF MAXIMUM DAY DEMAND COSTS.

Factors are based on the maximum day demand for each customer classification.

Customer Classification	Average Daily Consumption, CCF	Peak Day Factor*	Rate of Flow, CCF Per Day	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	5,060	2.40	12,144	0.7575
Commercial	1,294	1.80	2,329	0.1453
Industrial	409	1.60	654	0.0408
Other Public Authority	501	1.80	902	0.0563
Total	7,264		16,029	0.9999

* Ratio of Maximum Day To Average Day.

NEW MEXICO AMERICAN WATER COMPANY
CLOVIS DISTRICT

FACTORS FOR ALLOCATING COSTS BY FUNCTION TO CUSTOMER CLASSIFICATIONS

FACTOR C. ALLOCATION OF MAXIMUM HOUR DEMAND COSTS.

Factors are based on the maximum hour demand for each customer classification.

Customer Classification	Average Hourly Consumption, CCF	Factor*	Rate of Flow, CCF Per Hour	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	210.8	4.00	843.2	0.7679
Commercial	53.9	3.00	161.7	0.1472
Industrial	17.0	1.80	30.6	0.0279
Other Public Authority	20.9	3.00	62.7	0.0571
Total	302.6		1,098.2	1.0001

* Ratio of Maximum Hour To Average Hour.

FACTOR D. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

Factors are based on the relative cost of meters by size and customer classification, as developed on the following page and summarized below.

Customer Classification	5/8" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	15,337	0.6555
Commercial	5,506	0.2353
Industrial	143	0.0061
Other Public Authority	2,342	0.1001
Private Fire Protection	68	0.0029
Total	23,396	0.9999

NEW MEXICO AMERICAN WATER COMPANY

BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS

Meter Size	5/8" Dollar Equivalent	Residential		Commercial		Industrial		Other Public Authority		Private Fire Protection		Total	
		Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(13)	(14)=(2)X(11)	(15)	(16)
5/8	1.0	10,287	10,287	843	843	0	0	18	18	68	68	11,216	11,216
1	1.3	3,062	3,980	286	372	0	0	14	18	0	0	3,361	4,370
1-1/2	3.5	75	262	77	270	0	0	6	21	0	0	158	553
2	24.6	33	808	146	3,588	1	25	87	2,140	0	0	267	6,561
4	28.4	0	0	7	184	0	0	4	113	0	0	11	297
6	32.1	0	0	8	249	0	0	1	32	0	0	9	281
10	117.5	0	0	0	0	1	118	0	0	0	0	1	118
Total		13,456	15,337	1,366	5,506	2	143	130	2,342	68	68	15,022	23,396

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NEW MEXICO AMERICAN WATER COMPANY
CLOVIS DISTRICT

FACTORS FOR ALLOCATING COSTS BY FUNCTION TO CUSTOMER CLASSIFICATIONS

FACTOR E. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

Factors are based on the relative cost of services by size and customer classification, as developed on the following page and summarized below.

Customer Classification	3/4" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	14,012	0.8277
Commercial	1,806	0.1067
Industrial	14	0.0008
Other Public Authority	302	0.0178
Private Fire Protection	795	0.0470
Total	16,929	1.0000

NEW MEXICO AMERICAN WATER COMPANY

BASIS FOR ALLOCATING SERVICE COSTS TO CUSTOMER CLASSIFICATIONS

Service Size	3/4" Dollar Equivalent	Residential		Commercial		Industrial		Other Public Authority		Private Fire Protection		Total	
		Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(13)	(14)=(2)X(11)	(15)	(16)
3/4	1.00	10,287	10,287	843	843	0	0	18	18	0	0	11,148	11,148
1	1.15	3,062	3,521	286	329	0	0	14	16	0	0	3,361	3,866
1-1/2	1.72	75	129	77	133	0	0	6	10	0	0	158	272
2	2.29	33	75	146	334	1	2	87	199	0	0	267	610
4	11.70	0	0	7	76	0	0	4	47	22	257	33	380
6	11.70	0	0	8	91	0	0	1	12	23	269	32	372
10	11.70	0	0	0	0	1	12	0	0	23	269	24	281
Total		13,456	14,012	1,366	1,806	2	14	130	302	68	795	15,022	16,929

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NEW MEXICO AMERICAN WATER COMPANY
CLOVIS DISTRICT

FACTORS FOR ALLOCATING COSTS BY FUNCTION TO CUSTOMER CLASSIFICATIONS

FACTOR F. ALLOCATION OF BILLING AND COLLECTING COSTS.

Factors are based on the total number of customers.

Customer Classification (1)	Total Customers (2)	Allocation Factor (3)
Residential	13,456	0.8957
Commercial	1,366	0.0909
Industrial	2	0.0001
Other Public Authority	130	0.0087
Private Fire Protection	68	0.0045
Public Fire Protection	1	0.0001
Total	15,023	1.0000

NEW MEXICO AMERICAN WATER COMPANY
CLOVIS DISTRICT

FACTORS FOR ALLOCATING COSTS BY FUNCTION TO CUSTOMER CLASSIFICATIONS

FACTOR G. ALLOCATION OF METER READING COSTS.

Factors are based on the number of customers with meters.

Customer Classification	Total Customers	Allocation Factor
(1)	(2)	(2)
Residential	13,456	0.8999
Commercial	1,366	0.0913
Industrial	2	0.0001
Other Public Authority	130	0.0087
Total	14,954	1.0000

FACTOR H. ALLOCATION OF PRIVATE FIRE PROTECTION COSTS.

These costs are assigned directly to Private Fire Protection.

Cost Function	Allocation Factor
(1)	(2)
Private Fire Protection	1.0000

FACTOR I. ALLOCATION OF PUBLIC FIRE PROTECTION COSTS.

These costs are assigned directly to Public Fire Protection.

Cost Function	Allocation Factor
(1)	(2)
Public Fire Protection	1.0000

NEW MEXICO AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO COST FUNCTIONS

FACTOR 1. ALLOCATION OF COSTS WHICH VARY WITH THE AMOUNT OF WATER CONSUMED.

Costs are allocated directly to the Commodity Cost Function.

Cost Function (1)	Allocation Factor (2)
Commodity	1.0000

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING MAXIMUM DAY DEMAND.

Costs are allocated directly to the Demand - Maximum Day Cost Function.

Cost Function (1)	Allocation Factor (2)
Demand - Maximum Day	1.0000

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING MAXIMUM DAY AND FIRE DEMAND.

Factors are based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum day pumpage for the year ended December 31, 2005 and the system demand for fire protection of 3,500 gallons per minute for 3 hours, or 630,000 gallons per day. The Allocation of Fire Protection is based on the relative demand flows, as shown on the following page and summarized below.

Cost Function (1)		Maximum Day Rate of Flow, (GPD) (3)	Allocation Factor (4)	Allocation of Fire Protection (5)	Weighted Factor (6)
Demand - Maximum Day		12,078,000	0.9504		
Fire Protection		630,000	0.0496		
Private Fire				0.1357	0.0067
Public Fire				0.8643	0.0429
Total		12,708,000	0.0496	1.0000	0.0496

NEW MEXICO AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO COST FUNCTIONS

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING COMMODITY AND MAXIMUM HOUR EXTRA CAPACITY.

The bases for the potential demand of general service are the maximum hour rate of flow of 1.5 times the maximum day pumpage and the system demand for fire protection of 3,500 gallons per minute. The Allocation of Fire Protection is based on the relative demand flows, as shown below.

Cost Function		Maximum Hour Rate of Flow, (GPM)	Allocation Factor	Allocation of Fire Protection	Weighted Factor
(1)		(3)	(4)	(5)	(6)
Demand - Maximum Hour		12,581	0.7824		
Fire Protection		3,500	0.2176		
Private Fire				0.1357	0.0295
Public Fire				0.8643	0.1881
Total		16,081	0.2176	1.0000	0.2176

BASIS FOR ALLOCATING DEMAND RELATED COSTS OF FIRE SERVICE
TO PRIVATE AND PUBLIC FIRE PROTECTION CUSTOMER CLASSIFICATIONS

The demand for fire protection is assigned to private and public fire service based on the relative potential demands, as follows:

	Restrictive Diameter Squared	Quantity	Relative Demand*	Allocation Factor
	(1)	(2)	(3)	(4)
Private Fire Protection:				
4 -inch Fire Line	16	22	352	
6 -inch Fire Line	36	23	828	
8 -inch Fire Line	64	23	1,472	
Total Private Fire		68	2,652	0.1357
Public Fire Protection:				
5 -1/4 inch w/ 2-2 1/2, 1-4 1/2	27.6	613	16,896	
Total Public Fire		613	16,896	0.8643
Total Fire Protection		681	19,548	1.0000

NEW MEXICO AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO COST FUNCTIONS

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES.

Factors are based on the potential demand of general and fire protection service using the ratio of the capacity required for a 3-hour demand of fire flow as related to total storage capacity.

Fire Protection Weight = $\frac{\text{3,500 gpm for 3 hours}}{\text{10,650,000 Gallons Storage}}$ = 0.0592

General Service = 1.0000 - 0.0592 = 0.9408

The General Service weight is assigned to the Demand - Maximum Hour Function, as follows:

Cost Function (1)	Allocation Factor (4)	Allocation of Fire Protection (5)	Weighted Factor (6)
Demand - Maximum Hour	0.9408		
Fire Protection	0.0592		
Private Fire		0.1357	0.0080
Public Fire		0.8643	0.0512
Total	1.0000	1.0000	0.0592

FACTOR 6. ALLOCATION OF PUMPING EXPENSES - SAME AS FACTOR 3.

NEW MEXICO AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO COST FUNCTIONS

FACTOR 7. ALLOCATION OF LINES EXPENSES.

Cost Function	Transmission Mains Factor 3	Transmission Mains Weighted Factor	Distribution Mains Factor 4	Distribution Mains Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)x 0.1683	(4)	(5)=(4)x 0.8317	(6)=(3)+(5)
Demand - Maximum Day	0.9504	0.1600			0.1600
Demand - Maximum Hour			0.7824	0.6507	0.6507
Private Fire Service	0.0067	0.0011	0.0295	0.0245	0.0257
Public Fire Service	0.0429	0.0072	0.1881	0.1564	0.1637
Total	1.0000	0.1683	1.0000	0.8317	1.0000

The weighting of the factors is based on the total footage of mains, designated as either transmission mains or distribution mains, as follows:

	Total Footage of Mains	Weight
Transmission Mains	232,110	0.1683
Distribution Mains	1,147,054	0.8317
Total	1,379,164	1.0000

FACTOR 8. ALLOCATION OF TRANSMISSION AND DISTRIBUTION OPERATION SUPERVISION SALARIES AND WAGES, MAPS AND RECORDS AND RENTS.

The factors are based on the allocation of other transmission and distribution operating expenses, as follows:

Cost Function	Transmission & Distribution Operating Expenses	Allocation Factor
(1)	(2)	(3)
Commodity	$0	0.0000
Demand - Maximum Day	9,776	0.1263
Demand - Maximum Hour	55,091	0.7118
Private Fire Service	1,699	0.0219
Public Fire Service	10,836	0.1400
Total	$77,401	1.0000

NEW MEXICO AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO COST FUNCTIONS

FACTOR 9. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

These costs are assigned directly to the Customer Facilities - Meters Cost Function.

Cost Function (1)	Allocation Factor (2)
Meters	1.0000

FACTOR 10. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

These costs are assigned directly to the Customer Facilities - Services Cost Function.

Cost Function (1)	Allocation Factor (2)
Services	1.0000

FACTOR 11. ALLOCATION OF COSTS ASSOCIATED WITH BILLING AND COLLECTING.

These costs are assigned directly to the Customer Accounting Cost Function.

Cost Function (1)	Allocation Factor (2)
Billing and Collecting	1.0000

FACTOR 12. ALLOCATION OF COSTS ASSOCIATED WITH METER READING.

These costs are assigned directly to the Customer Accounting Cost Function.

Cost Function (1)	Allocation Factor (2)
Meter Reading	1.0000

NEW MEXICO AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO COST FUNCTIONS

FACTOR 13. ALLOCATION OF COSTS ASSOCIATED WITH FIRE HYDRANTS.

These costs are assigned directly to Public Fire Protection.

Cost Function	Allocation Factor
(1)	(2)
Public Fire Protection	1.0000

FACTOR 14. ALLOCATION OF TRANSMISSION AND DISTRIBUTION MISCELLANEOUS MAINTENANCE

The factors are based on the allocation of other transmission and distribution maintenance expenses.

Cost Function	Transmission & Distribution Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Commodity	$0	0.0000
Demand - Maximum Day	6,279	0.0968
Demand - Maximum Hour	30,746	0.4735
Meters	12,944	0.1993
Services	5,144	0.0792
Private Fire Service	1,052	0.0162
Public Fire Service	8,769	0.1350
Total	$64,933	1.0000

NEW MEXICO AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO COST FUNCTIONS

FACTOR 15. ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES.

The factors are based on the allocation of all other operation and maintenance expenses excluding power, chemicals, and purchased water, as follows:

Cost Function	Other Operating Expenses	Allocation Factor
(1)	(2)	(3)
Commodity	$0	0.0000
Demand - Maximum Day	318,504	0.2322
Demand - Maximum Hour	228,534	0.1666
Meters	225,132	0.1641
Services	22,260	0.0162
Billing and Collecting	428,247	0.3122
Meter Reading	78,911	0.0575
Private Fire Service	8,305	0.0061
Public Fire Service	61,900	0.0451
Total	$1,371,792	1.0000

FACTOR 16. ALLOCATION OF LABOR RELATED TAXES AND BENEFITS.

The factors are based on the allocation of operation and maintenance direct labor expense, as summarized below.

Cost Function	Direct Labor Expense	Allocation Factor
(1)	(2)	(3)
Commodity	$0	0.0000
Demand - Maximum Day	261,158	0.2478
Demand - Maximum Hour	200,969	0.1908
Meters	166,228	0.1578
Services	23,505	0.0223
Billing and Collecting	254,113	0.2412
Meter Reading	83,330	0.0791
Private Fire Service	7,428	0.0071
Public Fire Service	56,779	0.0539
Total	$1,053,510	1.0000

NEW MEXICO AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO COST FUNCTIONS

FACTOR 17. ALLOCATION OF ORGANIZATION AND OTHER RATE BASE ELEMENTS.

The factors are based on the allocation of utility plant in service, as follows:

Cost Function	Utility Plant in Service	Allocation Factor
(1)	(2)	(3)
Commodity	$0	0.0000
Demand - Maximum Day	30,828,747	0.6587
Demand - Maximum Hour	7,159,861	0.1530
Meters	3,235,080	0.0691
Services	1,417,516	0.0303
Billing and Collecting	1,267,045	0.0271
Meter Reading	233,360	0.0050
Private Fire Service	283,374	0.0061
Public Fire Service	2,373,458	0.0507
Total	$46,798,442	1.0000

FACTOR 18. ALLOCATION OF TAXES AND UTILITY OPERATING INCOME.

The factors are based on the allocation of original cost rate base, as summarized below.

Cost Function	Original Cost Rate Base	Allocation Factor
(1)	(2)	(3)
Commodity	$0	0.0000
Demand - Maximum Day	20,409,482	0.6965
Demand - Maximum Hour	3,335,812	0.1138
Meters	2,198,893	0.0750
Services	955,955	0.0326
Billing and Collecting	885,438	0.0302
Meter Reading	164,273	0.0056
Private Fire Service	131,492	0.0045
Public Fire Service	1,225,110	0.0418
Total	$29,306,455	1.0000

NEW MEXICO AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO COST FUNCTIONS

FACTOR 19. ALLOCATION OF OTHER REVENUES.

The factors are based on the allocation of total cost of service, as follows:

Cost Function	Total Cost of Service	Allocation Factor
(1)	(2)	(3)
Commodity	$670,386	0.0740
Demand - Maximum Day	4,038,709	0.4466
Demand - Maximum Hour	1,194,731	0.1321
Meters	971,994	0.1075
Services	229,385	0.0254
Billing and Collecting	1,271,557	0.1406
Meter Reading	254,498	0.0281
Private Fire Service	44,915	0.0050
Public Fire Service	367,687	0.0407
Total	$9,043,861	1.0000

Schedule M-1
Test Period
Present Rates

NEW MEXICO AMERICAN WATER COMPANY
CLOVIS DISTRICT

DEVELOPMENT OF RATE OF RETURN BY RATE CLASSES UNDER PRESENT RATES

Description	Sched. Ref.	Cost of Service (Schedule J-3)	Residential	Commercial	Industrial	Public Authorities	Fire Service	
							Private Fire	Public Fire
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1. Revenues From Sales of Water - Present Rates	N-1	$7,591,400	$5,744,674	$1,220,728	$139,500	$323,058	$16,320	147,120
2. Other Revenues		131,314	$96,434	$18,514	$3,398	$6,579	$962	$5,427
3. Total Operating Revenues		7,722,714	5,841,108	1,239,242	142,898	329,637	17,282	152,547
4. Less: Operating Expenses	J-8	5,930,175	4,370,845	836,006	145,236	291,633	44,627	241,828
5. Return and Income Taxes		1,792,539	1,470,263	403,236	(2,338)	38,004	(27,345)	(89,281)
6. Less: Interest Expense		865,920	626,059	123,307	27,796	46,933	5,542	36,282
7. Taxable Income		926,619	844,204	279,929	(30,134)	(8,929)	(32,887)	(125,563)
8. Less: Income Taxes		260,036	236,893	78,557	(8,451)	(2,496)	(9,231)	(35,235)
9. Net Return (Ln 5 - Ln 8)		1,532,503	1,233,370	324,679	6,113	40,500	(18,114)	(54,046)
10. Original Cost Measure of Value	J-2	$29,307,983	$21,189,337	$4,174,188	$941,088	$1,587,992	$187,108	$1,228,270
11. Rate of Return, Percent		5.23%	5.82%	7.78%	0.65%	2.55%	-9.68%	-4.40%
12. Relative Rate of Return		1.00	1.11	1.49	0.12	0.49	-1.85	-0.84

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Schedule M-1
Test Period
Proposed Rates

NEW MEXICO AMERICAN WATER COMPANY
CLOVIS DISTRICT

DEVELOPMENT OF RATE OF RETURN BY RATE CLASSES UNDER PROPOSED RATES

Description	Sched. Ref.	Cost of Service (Schedule J-3)	Residential	Commercial	Industrial	Public Authorities	Fire Service	
							Private Fire	Public Fire
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1. Revenues From Sales of Water - Proposed Rates	N-1	$9,341,421	$7,045,068	$1,481,492	$167,400	$426,829	$29,376	191,256
2. Other Revenues		131,330	$96,365	$18,491	$3,512	$6,625	$945	$5,392
3. Total Operating Revenues		9,472,751	7,141,433	1,499,983	170,912	433,454	30,321	196,648
4. Less: Operating Expenses	J-8	5,980,625	4,418,461	840,404	145,659	291,706	44,668	- 239,727
5. Return and Income Taxes		3,492,126	2,722,972	659,579	25,253	141,748	(14,347)	(43,079)
6. Less: Interest Expense		865,920	626,319	123,220	27,796	46,846	5,542	36,195
7. Taxable Income		2,626,206	2,096,653	536,359	(2,543)	94,902	(19,889)	(79,274)
8. Less: Income Taxes		833,703	665,712	170,242	(834)	30,097	(6,336)	(25,178)
9. Net Return (Ln 5 - Ln 8)		2,658,423	2,057,260	489,337	26,087	111,651	(8,011)	(17,901)
10. Original Cost Measure of Value	J-2	$29,306,455	$21,197,214	$4,171,414	$940,059	$1,585,786	$186,783	$1,225,199
11. Rate of Return, Percent		9.07%	9.71%	11.73%	2.78%	7.04%	-4.29%	-1.46%
12. Relative Rate of Return		1.00	1.07	1.29	0.31	0.78	-0.47	-0.16

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NEW MEXICO AMERICAN WATER COMPANY
CLOVIS DISTRICT

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2006

Customer Classification	Cost of Service Amount (Page 2 of 2)	Cost of Service Percent	Test Period Revenues, Present Rates Amount	Test Period Revenues, Present Rates Percent	Test Period Revenues, Proposed Rates Amount	Test Period Revenues, Proposed Rates Percent	Proposed Increase Amount	Proposed Increase Percent Increase
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Residential	$ 6,712,317	73.3%	$ 5,744,674	75.7%	$ 7,045,068	75.4%	$ 1,300,394	22.6%
Commercial	1,292,283	14.1%	$ 1,220,728	16.1%	1,481,492	15.9%	260,764	21.4%
Industrial	248,158	2.7%	139,500	1.8%	167,400	1.8%	27,900	20.0%
Public Authority	463,897	5.1%	323,058	4.3%	426,829	4.6%	103,771	32.1%
Private Fire Service	64,826	0.7%	16,320	0.2%	29,376	0.3%	13,056	80.0%
Public Fire Service	372,479	4.1%	147,120	1.9%	191,256	2.0%	44,136	30.0%
Total Sales	9,153,960	100.0%	7,591,400	100.0%	9,341,421	100.0%	1,750,021	23.1%
Other Revenues	131,327		131,327		131,327		-	0.0%
Total	$ 9,285,287		$ 7,722,727		$ 9,472,748		$ 1,750,021	22.7%

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NEW MEXICO AMERICAN WATER COMPANY
CLOVIS DISTRICT
ALLOCATION OF TOTAL COST OF SERVICE BY COST FUNCTION TO CUSTOMER CLASSIFICATIONS

Cost Function	Factor Ref.*	Total Cost of Service (Schedule J-7)	Residential	Commercial	Industrial	Public Authorities	Fire Service	
							Private Fire	Public Fire
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Commodity	A	$744,514	$515,873	$131,928	$41,693	$51,074	$521	$3,425
Demand - Maximum Day	B	4,089,817	3,098,445	594,250	166,865	230,257		
Demand - Maximum Hour	C	1,195,313	917,762	175,950	33,349	68,252		
Customer Facilities - Meters	D	969,694	635,732	228,169	5,915	97,066	2,812	
Customer Facilities - Services	E	231,186	191,352	24,668	185	4,115	10,866	
Billing and Collecting	F	1,257,851	1,126,657	114,339	126	10,943	5,660	126
Meter Reading	G	251,690	226,496	22,979	25	2,190		
Private Fire	H	44,967					44,967	
Public Fire	I	368,928						368,928
Total		$9,153,960	$6,712,317	$1,292,283	$248,158	$463,897	$64,826	$372,479

* Schedule L-1.

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NEW MEXICO AMERICAN WATER COMPANY

APPLICATION OF PRESENT AND PROPOSED RATES TO BILL ANALYSIS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2005

Monthly Rate Block, CCF	Number of Monthly Bills	Total Consumption, CCF	Present Rate	Present Revenue	Total Consumption, CCF	Proposed Rate	Proposed Revenue
(1)	(2)	(3)	(4)	(5)	(3)	(4)	(5)
			RESIDENTIAL - MONTHLY				
Service Charges							
5/8	120,205		$ 10.00	$ 1,202,050		$ 11.00	$ 1,322,255
1	36,739		15.00	551,085		16.50	606,194
1-1/2	898		25.00	22,450		27.50	24,695
2	394		35.00	13,790		38.50	15,169
4	-		90.00	-		99.00	-
Subtotal	158,236			1,789,375			1,968,313
First 8		935,953	2.020	1,890,625			
Over 8		873,916	2.240	1,957,572			
Subtotal		1,809,869		3,848,197			
First 6					761,980	2.319	1,767,032
Next 14					688,663	2.896	1,994,368
Over 20					359,226	3.296	1,184,009
Subtotal					1,809,869		4,945,409
Total	158,236	1,809,869		$ 5,637,572	1,809,869		$ 6,913,722

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NEW MEXICO AMERICAN WATER COMPANY

APPLICATION OF PRESENT AND PROPOSED RATES TO BILL ANALYSIS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2005

Monthly Rate Block, CCF		Number of Monthly Bills	Total Consumption, CCF	Present Rate	Present Revenue	Total Consumption, CCF	Proposed Rate	Proposed Revenue
(1)		(2)	(3)	(4)	(5)	(3)	(4)	(5)
				COMMERCIAL - MONTHLY				
Service Charges								
5/8		10,039		$ 10.00	$ 100,390		$ 11.00	$ 110,429
1		3,431		15.00	51,465		16.50	56,612
1-1/2		925		25.00	23,125		27.50	25,438
2		1,873		35.00	65,555		38.50	72,111
4		75		90.00	6,750		99.00	7,425
6		93		125.00	11,625		137.50	12,788
Subtotal		16,436			258,910			284,803
All Usage			470,170	2.130	1,001,462			
Subtotal			470,170		1,001,462			
First 30	5/8					65,086	2.570	167,271
First 85	1					70,684	2.570	181,658
First 90	1-1/2					31,529	2.570	81,030
First 250	2					141,161	2.570	362,784
First 450	4					22,458	2.570	57,717
First 1200	6					48,090	2.570	123,591
Over						91,162	2.970	270,751
Subtotal						470,170		1,244,802
Total		16,436	470,170		$ 1,260,372	470,170		$ 1,529,605

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NEW MEXICO AMERICAN WATER COMPANY

APPLICATION OF PRESENT AND PROPOSED RATES TO BILL ANALYSIS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2005

Monthly Rate Block, CCF	Number of Monthly Bills	Total Consumption, CCF	Present Rate	Present Revenue	Total Consumption, CCF	Proposed Rate	Proposed Revenue
(1)	(2)	(3)	(4)	(5)	(3)	(4)	(5)
PUBLIC - MONTHLY							
Service Charges							
5/8	215		$ 10.00	$ 2,150		$ 11.00	$ 2,365
1	166		15.00	2,490		16.50	2,739
1-1/2	72		25.00	1,800		27.50	1,980
2	1,036		35.00	36,260		38.50	39,886
4	48		90.00	4,320		99.00	4,752
6	12		125.00	1,500		137.50	1,650
Subtotal	1,549			48,520			53,372
All Usage		181,340	1.500	272,010			
Subtotal		181,340		272,010			
First Block					180,880	2.040	368,995
Over					460	2.440	1,122
Subtotal					181,340		370,117
Total	1,549	181,340		$ 320,530	181,340		$ 423,489

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NEW MEXICO AMERICAN WATER COMPANY

APPLICATION OF PRESENT AND PROPOSED RATES TO BILL ANALYSIS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2005

Monthly Rate Block, CCF	Number of Monthly Bills	Total Consumption, CCF	Present Rate	Present Revenue	Total Consumption, CCF	Proposed Rate	Proposed Revenue
(1)	(2)	(3)	(4)	(5)	(3)	(4)	(5)
Industrial Contract							
Cheese Factory		111,600	$ 1.25	$ 139,500	111,600	$ 1.50	$ 167,400
Private Fire Service							
Private Fire Lines	816		$ 20.00	16,320		$ 36.00	$ 29,376
Public Fire Service							
Public Fire Hydrants	7,356		$ 20.00	147,120		$ 26.00	$ 191,256

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NEW MEXICO AMERICAN WATER COMPANY

SUMMARY OF APPLICATION OF PRESENT AND PROPOSED RATES TO BILL ANALYSIS FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2005

Classification	Present Revenue, Base Year	Present Rate Adjustments	Present Revenue, Test Year	Application of Present Rates to Bill Analysis	Adjustment Factor	Application of Proposed Rates to Bill Analysis	Revenues at Proposed Rates
(1)	(2)	(3)	(4)=(2)+(3)	(5)	(6)=(4)/(5)	(7)	(8)=(7)x(6)
Residential	$ 5,467,009	$ 277,665	$ 5,744,674	$ 5,637,572	1.018998	$ 6,913,722	$ 7,045,068
Commercial*	1,226,813	(6,085)	1,220,728	1,260,372	0.968546	1,529,605	1,481,492
Subtotal	6,693,822	271,580	6,965,402	6,897,944		8,443,327	8,526,560
Industrial	142,739	(3,239)	139,500	139,500	1.000000	167,400	167,400
Public Authority	310,873	12,185	323,058	320,530	1.007887	423,489	426,829
Private Fire	13,890	2,430	16,320	16,320	1.000000	29,376	29,376
Public Fire	141,899	5,221	147,120	147,120	1.000000	191,256	191,256
Total	$ 7,303,223	$ 288,177	$ 7,591,400	$ 7,521,414		$ 9,254,848	$ 9,341,421
Other Revenue	123,590	7,737	131,327	131,327	1.000000	131,327	131,327
Total	$ 7,426,813	$ 295,914	$ 7,722,727	$ 7,652,741		$ 9,386,175	$ 9,472,748

* Includes Miscellaneous.

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BASE PERIOD

TWELVE MONTHS ENDED DECEMBER 31, 2005

NEW MEXICO AMERICAN WATER COMPANY
CLOVIS DISTRICT
RATE BASE BY FUNCTION FOR THE BASE PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2005, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES, CUSTOMER ACCOUNTING AND FIRE CLASSIFICATIONS

Account	Factor Ref.	Base Period Rate Base By Function	Commodity	Demand		Customer Facilities		Customer Accounting		Fire Service	
				Max Day	Max Hour	Meters	Services	Billing & Collecting	Meter Reading	Private Fire	Public Fire
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
RATE BASE											
301 Organization	17	2,823	0	1,790	466	212	92	81	16	18	148
303 Other P/E Intangibles	17	182,629	0	115,787	30,116	13,734	5,972	5,260	1,059	1,132	9,570
310 Land and Land Rights	2	9,949,195	0	9,949,195	0	0	0	0	0	0	0
314 Wells and Springs	2	6,210,846	0	6,210,846	0	0	0	0	0	0	0
316 Supply Mains	2	1,481,194	0	1,481,194	0	0	0	0	0	0	0
321 Pumping Structures & Improvements	3	491,546	0	467,165	0	0	0	0	0	3,293	21,087
325 Electric Pumping Equipment	3	1,887,189	0	1,793,584	0	0	0	0	0	12,644	80,960
332 Water Treat and Equipment	2	110,474	0	110,474	0	0	0	0	0	0	0
340 Land and Land Rights	7	141,989	0	22,711	92,396	0	0	0	0	3,644	23,238
342 Distrib. Reservoirs & Standpipes	5	2,184,589	0	0	2,055,261	0	0	0	0	17,477	111,851
343 Transmission & Distribution Mains											
Distribution	4	5,542,009	0	0	4,336,068	0	0	0	0	163,489	1,042,452
Transmission	3	6,417,526	0	6,099,217	0	0	0	0	0	42,997	275,312
345 Services	10	1,347,885	0	0	0	0	1,347,885	0	0	0	0
346 Meters	9	1,014,101	0	0	0	1,014,101	0	0	0	0	0
347 Meter Installations	9	1,545,215	0	0	0	1,545,215	0	0	0	0	0
348 Fire Hydrants	13	532,198	0	0	0	0	0	0	0	0	532,198
389 Land	15	88,801	0	21,738	13,045	15,043	1,128	28,159	5,701	480	3,508
390 Office Structures	15	901,671	0	220,729	132,455	152,743	11,451	285,920	57,887	4,869	35,616
391 Office Furniture and Equipment	15	863,304	0	211,337	126,819	146,244	10,964	273,754	55,424	4,662	34,101
392.11 Transportation Equip	15	445,191	0	108,983	65,399	75,415	5,654	141,170	28,581	2,404	17,585
394 Tools, Shop & Garage Equipment	15	146,891	0	35,959	21,578	24,883	1,866	46,579	9,430	793	5,802
395 Laboratory Equipment	2	35,596	0	35,596	0	0	0	0	0	0	0
396 Power Operated Equipment	15	152,669	0	37,373	22,427	25,862	1,939	48,411	9,801	824	6,030
397 Communication Equipment	15	1,128,963	0	276,370	165,845	191,246	14,338	357,994	72,479	6,096	44,594
398 Miscellaneous Equipment	15	87,410	0	21,398	12,841	14,807	1,110	27,718	5,612	472	3,453
399 Other Tangible Property	15	69,279	0	16,959	10,177	11,736	880	21,968	4,448	374	2,737
Total Plant in Service		42,961,183	0	27,238,406	7,084,892	3,231,242	1,403,278	1,237,014	250,440	265,669	2,250,242
OTHER RATE BASE ELEMENTS											
Accumulated Depreciation Reserve	17	(12,855,707)	0	(8,150,518)	(2,119,906)	(966,749)	(420,382)	(370,244)	(74,563)	(79,705)	(673,639)
Customer Advances	7	(1,693,615)	0	(270,894)	(1,102,076)	0	0	0	0	(43,463)	(277,182)
Contributions in Aid of Construction	7	(618,182)	0	(98,878)	(402,266)	0	0	0	0	(15,864)	(101,174)
Construction Work in Progress	17	439,955	0	278,931	72,549	33,085	14,387	12,671	2,552	2,728	23,054
Cash Working Capital Allowance	15	(83,901)	0	(20,539)	(12,325)	(14,213)	(1,066)	(26,605)	(5,386)	(453)	(3,314)
Materials and Supplies	15	194,832	0	47,695	28,621	33,005	2,474	61,781	12,508	1,052	7,696
Prepayments	15	7,682	0	1,881	1,128	1,301	98	2,436	493	41	303
Deferred Income Taxes	17	(3,001,226)	0	(1,902,777)	(494,902)	(225,692)	(98,140)	(86,435)	(17,407)	(18,608)	(157,264)
Deferred Charges	17	996,488	0	631,773	164,321	74,936	32,585	28,699	5,780	6,178	52,216
Customer Deposits	11	(7,227)	0	0	0	0	0	(7,227)	0	0	0
Total Other Rate Base Elements		(16,620,901)	0	(9,483,326)	(3,864,856)	(1,064,328)	(470,044)	(384,925)	(76,024)	(148,094)	(1,129,305)
Total Original Cost Measure of Value		26,340,282	0	17,755,080	3,220,036	2,166,914	933,235	852,089	174,416	117,575	1,120,937

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Schedule J-4
Base Period

NEW MEXICO AMERICAN WATER COMPANY
CLOVIS DISTRICT
ALLOCATION OF TOTAL RATE BASE BY COST FUNCTION TO CUSTOMER CLASSIFICATIONS

Cost Function	Factor Ref.*	Rate Base (Schedule J-3)	Residential	Commercial	Industrial	Public Authorities	Fire Service	
							Private Fire	Public Fire
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Commodity	A	$0	$0	$0	$0	$0	$0	$0
Demand - Maximum Day	B	17,755,080	13,399,758	2,609,997	736,836	1,008,489		
Demand - Maximum Hour	C	3,220,036	2,463,650	480,107	91,127	185,152		
Customer Facilities - Meters	D	2,166,914	1,413,695	515,942	13,435	217,558	6,284	
Customer Facilities - Services	E	933,235	770,292	100,883	747	16,798	44,515	
Billing and Collecting	F	852,089	762,023	78,563	85	7,413	3,920	85
Meter Reading	G	174,416	156,696	16,168	17	1,535		
Private Fire	H	117,575					117,575	
Public Fire	I	1,120,937						1,120,937
Total		$26,340,282	$18,966,114	$3,801,660	$842,247	$1,436,945	$172,294	$1,121,022

* Schedule L-1.

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NEW MEXICO AMERICAN WATER COMPANY
CLOVIS DISTRICT

COST OF SERVICE BY FUNCTION FOR THE BASE PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2005, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES, CUSTOMER ACCOUNTING AND FIRE CLASSIFICATIONS

Account	Factor Ref.	Base Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting		Fire Service	
				Max Day	Max Hour	Meters	Services	Billing & Collecting	Meter Reading	Private Fire	Public Fire
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
OPERATION AND MAINTENANCE EXPENSES											
SOURCE OF SUPPLY EXPENSES											
-OPERATION-											
600 Supervision & Engineering	2	0	0	0	0	0	0	0	0	0	0
601 Operation Expense and Labor	2	43,305	0	43,305	0	0	0	0	0	0	0
602 Purchased Water	1	0	0	0	0	0	0	0	0	0	0
603 Miscellaneous Expenses	2	1,381	0	1,381	0	0	0	0	0	0	0
604 Rents	2	16,788	0	16,788	0	0	0	0	0	0	0
Total Operation		61,474	0	61,474	0	0	0	0	0	0	0
-MAINTENANCE-											
610 Supervision & Engineering	2	0	0	0	0	0	0	0	0	0	0
611 Maintenance Labor	2	23,820	0	23,820	0	0	0	0	0	0	0
614 Wells and Springs Maint	2	7,575	0	7,575	0	0	0	0	0	0	0
616 Maint Supply Mains Mat	2	4,748	0	4,748	0	0	0	0	0	0	0
617 Maint Struct. & Improvements	2	33,126	0	33,126	0	0	0	0	0	0	0
Total Maintenance		69,269	0	69,269	0	0	0	0	0	0	0
Total Source of Supply		130,743	0	130,743	0	0	0	0	0	0	0
POWER AND PUMPING EXPENSES											
620 Pumping Supervision & Eng Electric	3	0	0	0	0	0	0	0	0	0	0
623 Pump Fuel and Power Purchase	1	552,728	552,728	0	0	0	0	0	0	0	0
624 Pump Labor and Expenses	3	81,071	0	77,050	0	0	0	0	0	543	3,478
626 Misc Pumping Expenses Electic	3	15,151	0	14,400	0	0	0	0	0	102	650
Total Operation		648,950	552,728	91,449	0	0	0	0	0	645	4,128
-MAINTENANCE-											
630 Supervision & Engineering	3	0	0	0	0	0	0	0	0	0	0
632 Pump Maint Power Prod Equipment	3	24,578	0	23,359	0	0	0	0	0	165	1,054
633 Pump Maint Pumping Equipment	3	0	0	0	0	0	0	0	0	0	0
Total Maintenance		24,578	0	23,359	0	0	0	0	0	165	1,054
Total Power and Pumping		673,528	552,728	114,808	0	0	0	0	0	809	5,182

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NEW MEXICO AMERICAN WATER COMPANY
CLOVIS DISTRICT

COST OF SERVICE BY FUNCTION FOR THE BASE PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2005, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES, CUSTOMER ACCOUNTING AND FIRE CLASSIFICATIONS

Account	Factor Ref.	Base Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting		Fire Service	
				Max Day	Max Hour	Meters	Services	Billing & Collecting	Meter Reading	Private Fire	Public Fire
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
WATER TREATMENT											
-OPERATION-											
640 Supervision and Engineering	2	0	0	0	0	0	0	0	0	0	0
641 Chemicals	1	9,692	9,692	0	0	0	0	0	0	0	0
642 Labor and Expenses	2	21,044	0	21,044	0	0	0	0	0	0	0
643 Misc Water Treatment Exp-Current	2	(17,450)	0	(17,450)	0	0	0	0	0	0	0
644 Rents	2	0	0	0	0	0	0	0	0	0	0
Total Operation		13,286	9,692	3,594	0	0	0	0	0	0	0
-MAINTENANCE-											
650 Supervision and Engineering	2	0	0	0	0	0	0	0	0	0	0
652 General Water Equip	2	17,761	0	17,761	0	0	0	0	0	0	0
Total Maintenance		17,761	0	17,761	0	0	0	0	0	0	0
Total Water Treatment Expenses		31,047	9,692	21,355	0	0	0	0	0	0	0
TRANSMISSION AND DISTRIBUTION EXPENSES											
-OPERATION-											
660 Supervision and Engineering	8	0	0	0	0	0	0	0	0	0	0
661 Storage Facilities Expense	5	16,285	0	0	15,321	0	0	0	0	130	834
662 Lines Expense	7	61,116	0	9,776	39,770	0	0	0	0	1,568	10,002
663 Meter Expense	9	894	0	0	0	894	0	0	0	0	0
664 Customer Installation Expenses	9	96,707	0	0	0	96,707	0	0	0	0	0
665 Maps and Records	8	125,042	0	6,990	39,363	69,736	0	0	0	1,213	7,740
666 Rents	8	3,191	0	178	1,005	1,780	0	0	0	31	198
Total Operation		303,235	0	16,944	95,458	169,117	0	0	0	2,943	18,774

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CLOVIS DISTRICT

COST OF SERVICE BY FUNCTION FOR THE BASE PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2005, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES, CUSTOMER ACCOUNTING AND FIRE CLASSIFICATIONS

Account	Factor Ref.	Base Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting		Fire Service	
				Max Day	Max Hour	Meters	Services	Billing & Collecting	Meter Reading	Private Fire	Public Fire
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
-MAINTENANCE-											
670 Supervision and Engineering	14	0	0	0	0	0	0	0	0	0	0
671 T & D Structures & Improve Maint	14	0	0	0	0	0	0	0	0	0	0
672 Reservoirs and Standpipes	5	5,529	0	0	5,202	0	0	0	0	44	283
673 T & D Mains	7	35,255	0	5,639	22,941	0	0	0	0	905	5,770
675 Services	10	5,144	0	0	0	0	5,144	0	0	0	0
676 Meters	9	12,944	0	0	0	12,944	0	0	0	0	0
677 Hydrants	13	2,061	0	0	0	0	0	0	0	0	2,061
678 Miscellaneous Plant	14	123,270	0	11,402	56,938	26,183	10,404	0	0	1,923	16,420
Total Maintenance		184,203	0	17,042	85,081	39,127	15,548	0	0	2,872	24,534
Total Transmission and Distribution Expenses		487,438	0	33,985	180,540	208,243	15,548	0	0	5,815	43,307
CUSTOMER ACCOUNTS											
901 Supervision	11	0	0	0	0	0	0	0	0	0	0
902 Meter Reading Expenses	12	78,911	0	0	0	0	0	0	78,911	0	0
903 Recording and Collecting Expenses	11	230,120	0	0	0	0	0	230,120	0	0	0
904 Uncollectible Accounts	11	150,595	0	0	0	0	0	150,595	0	0	0
905 Misc Customer Accounting Expenses	11	3,456	0	0	0	0	0	3,456	0	0	0
907 Customer Service Expenses	11	5,583	0	0	0	0	0	5,583	0	0	0
Total Customers' Accounting & Collecting		468,665	0	0	0	0	0	389,754	78,911	0	0
ADMINISTRATIVE AND GENERAL EXPENSES -OPERATION-											
920 Administrative & General Salaries	15	99,690	0	24,404	14,644	16,887	1,266	31,612	6,400	538	3,938
921 Miscellaneous Office Expenses	15	192,254	0	47,064	28,242	32,568	2,442	60,964	12,343	1,038	7,594
923 Outside Services	15	935,560	0	229,025	137,434	158,484	11,882	296,666	60,063	5,052	36,955
924 Property Insurance	15	52,464	0	12,843	7,707	8,887	666	16,636	3,368	283	2,072
925 Workers Compensation	16	0	0	0	0	0	0	0	0	0	0
926 Employee Pensions and Benefits	16	384,399	0	101,058	60,773	60,274	6,612	102,711	33,481	2,268	17,221
928 Regulatory Expenses	15	109,484	0	26,802	16,083	18,547	1,390	34,717	7,029	591	4,325
930 Miscellaneous General Expense	15	165,721	0	40,569	24,344	28,073	2,105	52,550	10,639	895	6,546
931 Administrative and General Rents	15	5,067	0	1,240	744	858	64	1,607	325	27	200
Total Operation		1,944,639	0	483,005	289,973	324,578	26,427	597,464	133,649	10,693	78,851

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NEW MEXICO AMERICAN WATER COMPANY
CLOVIS DISTRICT

COST OF SERVICE BY FUNCTION FOR THE BASE PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2005, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES, CUSTOMER ACCOUNTING AND FIRE CLASSIFICATIONS

Account	Factor Ref.	Base Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting		Fire Service	
				Max Day	Max Hour	Meters	Services	Billing & Collecting	Meter Reading	Private Fire	Public Fire
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
-MAINTENANCE-											
932 Maintenance of General Plant	15	17,234	0	4,219	2,532	2,919	219	5,465	1,106	93	681
Total Maintenance											
Total Administrative and General Expenses		1,961,873	0	487,224	292,504	327,498	26,646	602,928	134,755	10,786	79,531
Total Operation and Maintenance Expenses		3,753,294	562,420	788,116	473,044	535,741	42,194	992,682	213,666	17,410	128,021
503 DEPRECIATION EXPENSE											
310 Land and Land Rights	2	224,781	0	224,781	0	0	0	0	0	0	0
314 Wells and Springs	2	125,906	0	125,906	0	0	0	0	0	0	0
316 Supply Mains	2	38,363	0	38,363	0	0	0	0	0	0	0
321 Pumping Structures & Improvements	3	13,178	0	12,524	0	0	0	0	0	88	565
325 Electric Pumping Equipment	3	120,539	0	114,560	0	0	0	0	0	808	5,171
332 Water Treat and Equipment	2	5,035	0	5,035	0	0	0	0	0	0	0
342 Distrib. Reservoirs & Standpipes	5	67,084	0	0	63,113	0	0	0	0	537	3,435
343 Transmission & Distribution Mains		0									
Distribution	4	98,327	0	0	76,931	0	0	0	0	2,901	18,495
Transmission (net)	3	77,346	0	73,510	0	0	0	0	0	518	3,318
345 Services (net)	10	49,888	0	0	0	0	49,888	0	0	0	0
346 Meters	9	32,809	0	0	0	32,809	0	0	0	0	0
347 Meter Installations	9	50,213	0	0	0	50,213	0	0	0	0	0
348 Fire Hydrants	13	9,646	0	0	0	0	0	0	0	0	9,646
390 General Structures & Improvements	15	23,976	0	5,869	3,522	4,062	304	7,603	1,539	129	947
391 Office Furniture and Equipment	15	3,559	0	871	523	603	45	1,129	228	19	141
391.20 Computers & Peripheral Equipment	15	1,373	0	336	202	233	17	435	88	7	54
391.26 Personal Computer Software	15	59,450	0	14,553	8,733	10,071	755	18,852	3,817	321	2,348
391.30 Other Office Equipment	15	49	0	12	7	8	1	16	3	0	2
392.11 Transportation Equip-Light Trucks	15	41,767	0	10,225	6,136	7,075	530	13,244	2,681	226	1,650
392.12 Transportation Equip-Heavy Trucks	15	11,239	0	2,751	1,651	1,904	143	3,564	722	61	444
392.2 Transportation Equip-Cars	15	333	0	82	49	56	4	106	21	2	13
394 Tools, Shop & Garage Equipment	15	4,862	0	1,190	714	824	62	1,542	312	26	192
395 Laboratory Equipment	2	2,114	0	2,114	0	0	0	0	0	0	0
396 Power Operated Equipment	15	4,074	0	997	598	690	52	1,292	262	22	161
397 Communication Equipment	15	104,144	0	25,494	15,299	17,642	1,323	33,024	6,686	562	4,114
398 Miscellaneous Equipment	15	2,143	0	525	315	363	27	680	138	12	85
399 Other Tangible Property	15	5,332	0	1,305	783	903	68	1,691	342	29	211
Total Depreciation Expense		1,177,530	0	661,005	178,576	127,456	53,219	83,176	16,840	6,268	50,992

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CLOVIS DISTRICT

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Account	Factor Ref.	Base Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting		Fire Service	
				Max Day	Max Hour	Meters	Services	Billing & Collecting	Meter Reading	Private Fire	Public Fire
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
404 AMORTIZATION EXPENSE											
AFUDC	18	2,472	0	1,666	302	203	88	80	16	11	105
Comprehensive Planning	18	34,450	0	23,223	4,210	2,835	1,220	1,113	227	155	1,468
Total Amortizations		36,922	0	24,889	4,512	3,039	1,307	1,193	244	166	1,573
507.1 TAXES, OTHER THAN INCOME											
Federal and State Payroll Taxes	16	56,252	0	14,789	8,893	8,820	968	15,031	4,900	332	2,520
Ad Valorem	18	133,098	0	89,721	16,265	10,954	4,712	4,299	878	599	5,670
Water Conservation Tax	1	60,957	60,957	0	0	0	0	0	0	0	0
City Franchises	18	157,566	0	106,215	19,255	12,968	5,578	5,089	1,040	709	6,712
Total Taxes, Other Than Income		407,873	60,957	210,725	44,413	32,742	11,257	24,419	6,818	1,640	14,902
Total O & M, Depreciation and Other Taxes		5,375,619	623,377	1,684,735	700,544	698,977	107,977	1,101,470	237,567	25,484	195,488
507.2 INCOME TAXES	18	498,412	0	335,980	60,906	41,019	17,644	16,099	3,290	2,243	21,232
Utility Operating Income Available for Return	18	1,552,781	0	1,046,730	189,750	127,794	54,968	50,155	10,248	6,988	66,148
Total Cost of Service		7,426,812	623,377	3,067,444	951,200	867,791	180,589	1,167,723	251,105	34,714	282,869
Less: Other Water Revenues	19	123,590	9,640	50,771	15,980	14,658	3,003	19,935	4,289	581	4,733
Total Cost of Service Related to Sales of Water		$ 7,303,222	$ 613,737	$ 3,016,673	$ 935,220	$ 853,133	$ 177,586	$ 1,147,788	$ 246,817	$ 34,134	$ 278,135

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Schedule J-8
Base Period

NEW MEXICO AMERICAN WATER COMPANY
CLOVIS DISTRICT

ALLOCATION OF TOTAL EXPENSES BY COST FUNCTION TO CUSTOMER CLASSIFICATIONS

Cost Function	Factor Ref.*	Cost of Service (Schedule J-7)	Residential	Commercial	Industrial	Public Authorities	Fire Service	
							Private Fire	Public Fire
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Commodity	A	$623,377	$429,819	$111,647	$35,470	$43,075	$436	$2,930
Demand - Maximum Day	B	1,684,735	1,271,469	247,656	69,917	95,693		
Demand - Maximum Hour	C	700,544	535,987	104,451	19,825	40,281		
Customer Facilities - Meters	D	698,977	456,013	166,426	4,334	70,177	2,027	
Customer Facilities - Services	E	107,977	89,124	11,672	86	1,944	5,151	
Billing and Collecting	F	1,101,470	985,044	101,556	110	9,583	5,067	110
Meter Reading	G	237,567	213,430	22,022	24	2,091		
Private Fire	H	25,484					25,484	
Public Fire	I	195,488						195,488
Total		$5,375,619	$3,980,886	$765,430	$129,766	$262,844	$38,165	$198,528

* Schedule L-1.

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Schedule K
Base Period

NEW MEXICO AMERICAN WATER COMPANY
CLOVIS DISTRICT

ALLOCATED COST OF SERVICE PER BILLING UNIT OF COMMODITY, DEMAND, CUSTOMER AND FIRE SERVICE BY CLASSIFICATION

Account	Sched. Ref.	Base Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting		Fire Service	
				Max Day	Max Hour	Meters	Services	Billing & Collecting	Meter Reading	Private Fire	Public Fire
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Total Cost of Service Related to Sales of Water	J-7	$ 7,303,222	$ 613,737	$ 3,016,673	$ 935,220	$ 853,133	$ 177,586	$ 1,147,788	$ 246,817	$ 34,134	$ 278,135
Annual Consumption, CCF			2,610,677	2,610,677	2,610,677						
Meter/Service Equivalents, Number of Bills						23,096	16,651	176,952	176,124		
Number of Fire Connections										68	613
Cost per CCF		$ 1.749	$ 0.235	$ 1.156	$ 0.358						
Cost per 5/8-inch meter per month		$ 11.855				$ 3.08	$ 0.89	$ 6.49	$ 1.40		
Cost per Fire Line/Hydrant per month										$ 41.83	$ 37.81

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NEW MEXICO AMERICAN WATER COMPANY
CLOVIS DISTRICT

FACTORS FOR ALLOCATING COSTS BY FUNCTION TO CUSTOMER CLASSIFICATIONS

FACTOR A. ALLOCATION OF COMMODITY COSTS.

Factors are based on the pro forma test year average daily consumption for each customer classification.

Classification	Average Daily Consumption, CCF	Allocation Factor
(1)	(2)	(3)
Residential	4,959	0.6895
Commercial	1,288	0.1791
Industrial	409	0.0569
Other Public Authority	497	0.0691
Private Fire Protection	5	0.0007
Public Fire Protection	34	0.0047
Total	7,192	1.0000

FACTOR B. ALLOCATION OF MAXIMUM DAY DEMAND COSTS.

Factors are based on the maximum day demand for each customer classification.

Customer Classification	Average Daily Consumption, CCF	Peak Day Factor*	Rate of Flow, CCF Per Day	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	4,959	2.40	11,902	0.7547
Commercial	1,288	1.80	2,318	0.1470
Industrial	409	1.60	654	0.0415
Other Public Authority	497	1.80	895	0.0568
Total	7,153		15,769	1.0000

* Ratio of Maximum Day To Average Day.

NEW MEXICO AMERICAN WATER COMPANY
CLOVIS DISTRICT

FACTORS FOR ALLOCATING COSTS BY FUNCTION TO CUSTOMER CLASSIFICATIONS

FACTOR C. ALLOCATION OF MAXIMUM HOUR DEMAND COSTS.

Factors are based on the maximum hour demand for each customer classification.

Customer Classification	Average Hourly Consumption, CCF	Factor*	Rate of Flow, CCF Per Hour	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	206.6	4.00	826.4	0.7651
Commercial	53.7	3.00	161.1	0.1491
Industrial	17.0	1.80	30.6	0.0283
Other Public Authority	20.7	3.00	62.1	0.0575
Total	298.0		1,080.2	1.0000

* Ratio of Maximum Hour To Average Hour.

FACTOR D. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

Factors are based on the relative cost of meters by size and customer classification, as developed on the following page and summarized below.

Customer Classification	5/8" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	15,067	0.6524
Commercial	5,500	0.2381
Industrial	143	0.0062
Other Public Authority	2,318	0.1004
Private Fire Protection	68	0.0029
Total	23,096	1.0000

NEW MEXICO AMERICAN WATER COMPANY

BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS

Meter Size	5/8" Dollar Equivalent	Residential		Commercial		Industrial		Other Public Authority		Private Fire Protection		Total	
		Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(13)	(14)=(2)X(11)	(15)	(16)
5/8	1.0	10,017	10,017	837	837	0	0	18	18	68	68	10,940	10,940
1	1.3	3,062	3,980	286	372	0	0	14	18	0	0	3,361	4,370
1-1/2	3.5	75	262	77	270	0	0	6	21	0	0	158	553
2	24.6	33	808	146	3,588	1	25	86	2,116	0	0	266	6,537
4	28.4	0	0	7	184	0	0	4	113	0	0	11	297
6	32.1	0	0	8	249	0	0	1	32	0	0	9	281
10	117.5	0	0	0	0	1	118	0	0	0	0	1	118
Total		13,186	15,067	1,360	5,500	2	143	129	2,318	68	68	14,745	23,096

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NEW MEXICO AMERICAN WATER COMPANY
CLOVIS DISTRICT

FACTORS FOR ALLOCATING COSTS BY FUNCTION TO CUSTOMER CLASSIFICATIONS

FACTOR E. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

Factors are based on the relative cost of services by size and customer classification, as developed on the following page and summarized below.

Customer Classification	3/4" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	13,742	0.8254
Commercial	1,800	0.1081
Industrial	14	0.0008
Other Public Authority	300	0.0180
Private Fire Protection	795	0.0477
Total	16,651	1.0000

NEW MEXICO AMERICAN WATER COMPANY

BASIS FOR ALLOCATING SERVICE COSTS TO CUSTOMER CLASSIFICATIONS

Service Size	3/4" Dollar Equivalent	Residential		Commercial		Industrial		Other Public Authority		Private Fire Protection		Total	
		Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(13)	(14)=(2)X(11)	(15)	(16)
3/4	1.00	10,017	10,017	837	837	0	0	18	18	0	0	10,872	10,872
1	1.15	3,062	3,521	286	329	0	0	14	16	0	0	3,361	3,866
1-1/2	1.72	75	129	77	133	0	0	6	10	0	0	158	272
2	2.29	33	75	146	334	1	2	86	197	0	0	266	608
4	11.70	0	0	7	76	0	0	4	47	22	257	33	380
6	11.70	0	0	8	91	0	0	1	12	23	269	32	372
10	11.70	0	0	0	0	1	12	0	0	23	269	24	281
Total		13,186	13,742	1,360	1,800	2	14	129	300	68	795	14,745	16,651

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NEW MEXICO AMERICAN WATER COMPANY
CLOVIS DISTRICT

FACTORS FOR ALLOCATING COSTS BY FUNCTION TO CUSTOMER CLASSIFICATIONS

FACTOR F. ALLOCATION OF BILLING AND COLLECTING COSTS.

Factors are based on the total number of customers.

Customer Classification	Total Customers	Allocation Factor
(1)	(2)	(3)
Residential	13,186	0.8943
Commercial	1,360	0.0922
Industrial	2	0.0001
Other Public Authority	129	0.0087
Private Fire Protection	68	0.0046
Public Fire Protection	1	0.0001
Total	14,746	1.0000

NEW MEXICO AMERICAN WATER COMPANY
CLOVIS DISTRICT

FACTORS FOR ALLOCATING COSTS BY FUNCTION TO CUSTOMER CLASSIFICATIONS

FACTOR G. ALLOCATION OF METER READING COSTS.

Factors are based on the number of customers with meters.

Customer Classification (1)	Total Customers (2)	Allocation Factor (2)
Residential	13,186	0.8984
Commercial	1,360	0.0927
Industrial	2	0.0001
Other Public Authority	129	0.0088
Total	14,677	1.0000

FACTOR H. ALLOCATION OF PRIVATE FIRE PROTECTION COSTS.

These costs are assigned directly to Private Fire Protection.

Cost Function (1)	Allocation Factor (2)
Private Fire Protection	1.0000

FACTOR I. ALLOCATION OF PUBLIC FIRE PROTECTION COSTS.

These costs are assigned directly to Public Fire Protection.

Cost Function (1)	Allocation Factor (2)
Public Fire Protection	1.0000

Schedule M-1
Base Period
Present Rates

NEW MEXICO AMERICAN WATER COMPANY
CLOVIS DISTRICT

DEVELOPMENT OF RATE OF RETURN BY RATE CLASSES UNDER PRESENT RATES

Description	Sched. Ref.	Cost of Service (Schedule J-3)	Residential	Commercial	Industrial	Public Authorities	Fire Service: Private Fire	Fire Service: Public Fire
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1. Revenues From Sales of Water - Present Rates	N-1	$7,591,400	$5,744,674	$1,220,728	$139,500	$323,058	$16,320	147,120
2. Other Revenues		123,593	$90,914	$17,624	$3,203	$6,206	$866	$4,780
3. Total Operating Revenues		7,714,993	5,835,588	1,238,352	142,703	329,264	17,186	151,900
4. Less: Operating Expenses	J-8	5,375,619	3,980,886	765,430	129,766	262,844	38,165	198,528
5. Return and Income Taxes		2,339,374	1,854,702	472,922	12,937	66,420	(20,979)	(46,628)
6. Less: Interest Expense		865,920	623,461	124,952	27,709	47,279	5,628	36,888
7. Taxable Income		1,473,454	1,231,241	347,970	(14,772)	19,141	(26,607)	(83,516)
8. Less: Income Taxes		498,412	416,473	117,725	(4,984)	6,479	(9,021)	(28,260)
9. Net Return (Ln 5 - Ln 8)		1,840,962	1,438,229	355,197	17,921	59,941	(11,958)	(18,368)
10. Original Cost Measure of Value	J-2	$26,340,282	$18,966,114	$3,801,660	$842,247	$1,436,945	$172,294	$1,121,022
11. Rate of Return, Percent		6.99%	7.58%	9.34%	2.13%	4.17%	-6.94%	-1.64%
12. Relative Rate of Return		1.00	1.08	1.34	0.30	0.60	-0.99	-0.23

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NEW MEXICO AMERICAN WATER COMPANY
CLOVIS DISTRICT

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2006

Customer Classification	Base Period Cost of Service Amount (Page 2 of 2)	Base Period Cost of Service Percent	Test Period Revenues, Present Rates Amount	Test Period Revenues, Present Rates Percent	Test Period Revenues, Proposed Rates Amount	Test Period Revenues, Proposed Rates Percent	Proposed Increase Amount	Proposed Increase Percent Increase
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Residential	$ 5,366,760	73.5%	$ 5,744,674	75.7%	$ 7,045,068	75.4%	$ 1,300,394	22.6%
Commercial	1,043,846	14.3%	$ 1,220,728	16.1%	1,481,492	15.9%	260,764	21.4%
Industrial	192,152	2.6%	139,500	1.8%	167,400	1.8%	27,900	20.0%
Public Authority	368,541	5.1%	323,058	4.3%	426,829	4.6%	103,771	32.1%
Private Fire Service	50,789	0.7%	16,320	0.2%	29,376	0.3%	13,056	80.0%
Public Fire Service	281,135	3.8%	147,120	1.9%	191,256	2.0%	44,136	30.0%
Total Sales	7,303,223	100.0%	7,591,400	100.0%	9,341,421	100.0%	1,750,021	23.1%
Other Revenues	123,590		131,327		131,327		-	0.0%
Total	$ 7,426,813		$ 7,722,727		$ 9,472,748		$ 1,750,021	22.7%

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NEW MEXICO AMERICAN WATER COMPANY
CLOVIS DISTRICT
ALLOCATION OF TOTAL COST OF SERVICE BY COST FUNCTION TO CUSTOMER CLASSIFICATIONS

Cost Function	Factor Ref.*	Total Cost of Service (Schedule J-7)	Residential	Commercial	Industrial	Public Authorities	Fire Service	
							Private Fire	Public Fire
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Commodity	A	$613,737	$423,171	$109,920	$34,922	$42,409	$430	$2,885
Demand - Maximum Day	B	3,016,673	2,276,683	443,451	125,192	171,347		
Demand - Maximum Hour	C	935,220	715,537	139,441	26,467	53,775		
Customer Facilities - Meters	D	853,133	556,584	203,131	5,289	85,655	2,474	
Customer Facilities - Services	E	177,586	146,579	19,197	142	3,197	8,471	
Billing and Collecting	F	1,147,788	1,026,466	105,826	115	9,986	5,280	115
Meter Reading	G	246,817	221,740	22,880	25	2,172		
Private Fire	H	34,134					34,134	
Public Fire	I	278,135						278,135
Total		$7,303,223	$5,366,760	$1,043,846	$192,152	$368,541	$50,789	$281,135

* Schedule L-1.

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NEW MEXICO AMERICAN WATER COMPANY
EDGEWOOD DISTRICT

COST OF SERVICE ALLOCATION STUDY
AND
PROPOSED RATE DESIGN

RULE 730 SCHEDULES J THROUGH N

Gannett Fleming
Valuation and Rate Division

Harrisburg, Pennsylvania **Calgary, Alberta** **Valley Forge, Pennsylvania**

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TEST PERIOD

TWELVE MONTHS ENDED DECEMBER 31, 2006

Schedule J-2
Schedule J-3
Test Period

NEW MEXICO AMERICAN WATER COMPANY
EDGEWOOD DISTRICT
RATE BASE BY FUNCTION FOR THE TEST PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2006, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES, CUSTOMER ACCOUNTING AND FIRE CLASSIFICATIONS

Account	Factor Ref.	Test Period Rate Base By Function	Commodity	Demand		Customer Facilities		Customer Accounting		Fire Service	
				Max Day	Max Hour	Meters	Services	Billing & Collecting	Meter Reading	Private Fire	Public Fire
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
RATE BASE											
301 Organization	17	0	0	0	0	0	0	0	0	0	0
303 Other P/E Intangibles	17	88,047	0	36,724	28,096	7,105	2,439	634	53	0	12,996
310 Land and Land Rights	2	1,949,816	0	1,949,816	0	0	0	0	0	0	0
311 Source of Supply Struct & Improv	2	202,421	0	202,421	0	0	0	0	0	0	0
314 Wells and Springs	2	207,797	0	207,797	0	0	0	0	0	0	0
321 Pumping Structures & Improvements	3	304	0	278	0	0	0	0	0	0	26
325 Electric Pumping Equipment	3	266,849	0	244,380	0	0	0	0	0	0	22,469
332 Water Treat and Equipment	2	34,903	0	34,903	0	0	0	0	0	0	0
342 Distrib. Reservoirs & Standpipes	5	346,030	0	0	317,448	0	0	0	0	0	28,582
343 Transmission & Distribution Mains											
Distribution	4	2,850,461	0	0	1,912,944	0	0	0	0	0	937,517
Transmission	3	300,251	0	274,970	0	0	0	0	0	0	25,281
345 Services	10	195,942	0	0	0	0	195,942	0	0	0	0
346 Meters	9	568,722	0	0	0	568,722	0	0	0	0	0
347 Meter Installations	9	2,535	0	0	0	2,535	0	0	0	0	0
348 Fire Hydrants	13	19,502	0	0	0	0	0	0	0	0	19,502
391 Office Furniture and Equipment	15	89,125	0	27,174	21,114	1,684	490	27,531	2,112	0	9,019
394 Tools, Shop & Garage Equipment	15	6,993	0	2,132	1,657	132	38	2,160	166	0	708
395 Laboratory Equipment	2	2,061	0	2,061	0	0	0	0	0	0	0
396 Power Operated Equipment	15	2,061	0	628	488	39	11	637	49	0	209
397 Communication Equipment	15	16,777	0	5,115	3,974	317	92	5,182	398	0	1,698
398 Miscellaneous Equipment	15	43,758	0	13,342	10,366	827	241	13,517	1,037	0	4,428
399 Other Tangible Property	15	7,835	0	2,389	1,856	148	43	2,420	186	0	793
Total Depreciable Plant		7,202,190	0	3,004,132	2,297,944	581,510	199,297	52,081	4,000	0	1,063,227
OTHER RATE BASE ELEMENTS											
Accumulated Depreciation Reserve	17	(2,745,472)	0	(1,145,136)	(876,080)	(221,560)	(76,050)	(19,767)	(1,647)	0	(405,232)
Customer Advances	7	(111,500)	0	(8,343)	(68,714)	0	0	0	0	0	(34,443)
Contributions in Aid of Construction	7	(1,059,371)	0	(79,267)	(652,857)	0	0	0	0	0	(327,247)
Cash Working Capital Allowance	15	(10,587)	0	(3,228)	(2,508)	(200)	(58)	(3,270)	(251)	0	(1,071)
Materials and Supplies	15	28,095	0	8,566	6,656	531	155	8,679	666	0	2,843
Prepayments	15	1,108	0	338	262	21	6	342	26	0	112
Deferred Income Taxes	17	(332,491)	0	(138,682)	(106,098)	(26,832)	(9,210)	(2,394)	(199)	0	(49,076)
Deferred Charges	17	231,255	0	96,456	73,793	18,662	6,406	1,665	139	0	34,133
Customer Deposits	11	(19,088)	0	0	0	0	0	(19,088)	0	0	0
Total Other Rate Base Elements		(4,018,051)	0	(1,269,295)	(1,625,546)	(229,377)	(78,751)	(33,834)	(1,267)	0	(779,981)
Total Original Cost Measure of Value		3,184,139	0	1,734,836	672,398	352,133	120,545	18,247	2,733	0	283,246

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Schedule J-4
Test Period

NEW MEXICO AMERICAN WATER COMPANY
EDGEWOOD DISTRICT

ALLOCATION OF TOTAL RATE BASE BY COST FUNCTION TO CUSTOMER CLASSIFICATIONS

Cost Function	Factor Ref.*	Rate Base (Schedule J-3)	Residential	Commercial	Industrial	Public Authorities	Fire Service	
							Private Fire	Public Fire
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Commodity	A	$0	$0	$0	$0	$0	$0	$0
Demand - Maximum Day	B	1,734,836	1,641,502	93,334	0	0		
Demand - Maximum Hour	C	672,398	638,307	34,091	0	0		
Customer Facilities - Meters	D	352,133	321,216	30,917	0	0	0	
Customer Facilities - Services	E	120,545	115,735	4,810	0	0	0	
Billing and Collecting	F	18,247	17,676	571	0	0	0	0
Meter Reading	G	2,733	2,647	86	0	0		
Private Fire	H	0					0	
Public Fire	D	283,246	258,377	24,869				
Total		$3,184,138	$2,995,460	$188,678	$0	$0	$0	$0

* Schedule L-1.

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NEW MEXICO AMERICAN WATER COMPANY
EDGEWOOD DISTRICT

COST OF SERVICE BY FUNCTION FOR THE TEST PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2006, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES, CUSTOMER ACCOUNTING AND FIRE CLASSIFICATIONS

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting		Fire Service	
				Max Day	Max Hour	Meters	Services	Billing & Collecting	Meter Reading	Private Fire	Public Fire
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
OPERATION AND MAINTENANCE EXPENSES											
SOURCE OF SUPPLY EXPENSES											
-OPERATION-											
600 Supervision & Engineering	2	0	0	0	0	0	0	0	0	0	0
601 Operation Expense and Labor	2	6,547	0	6,547	0	0	0	0	0	0	0
602 Purchased Water	1	1,200	1,200	0	0	0	0	0	0	0	0
603 Miscellaneous Expenses	2	2,314	0	2,314	0	0	0	0	0	0	0
604 Rents	2	0	0	0	0	0	0	0	0	0	0
Total Operation		10,061	1,200	8,861	0	0	0	0	0	0	0
-MAINTENANCE-											
610 Supervision & Engineering	2	0	0	0	0	0	0	0	0	0	0
611 Maintenance Labor	2	0	0	0	0	0	0	0	0	0	0
614 Wells and Springs Maint	2	1,475	0	1,475	0	0	0	0	0	0	0
616 Maint Supply Mains Mat	2	0	0	0	0	0	0	0	0	0	0
617 Maint Struct. & Improvements	2	874	0	874	0	0	0	0	0	0	0
Total Maintenance		2,349	0	2,349	0	0	0	0	0	0	0
Total Source of Supply		12,410	1,200	11,210	0	0	0	0	0	0	0
POWER AND PUMPING EXPENSES											
620 Pumping Supervision & Eng Electric	3	0	0	0	0	0	0	0	0	0	0
623 Pump Fuel and Power Purchase	1	62,279	62,279	0	0	0	0	0	0	0	0
624 Pump Labor and Expenses	3	0	0	0	0	0	0	0	0	0	0
626 Misc Pumping Expenses Electic	3	63	0	58	0	0	0	0	0	0	5
Total Operation		62,342	62,279	58	0	0	0	0	0	0	5
-MAINTENANCE-											
630 Supervision & Engineering	3	0	0	0	0	0	0	0	0	0	0
632 Pump Maint Power Prod Equipment	3	167	0	153	0	0	0	0	0	0	14
633 Pump Maint Pumping Equipment	3	740	0	678	0	0	0	0	0	0	62
Total Maintenance		907	0	831	0	0	0	0	0	0	76
Total Power and Pumping		63,249	62,279	888	0	0	0	0	0	0	82

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NEW MEXICO AMERICAN WATER COMPANY
EDGEWOOD DISTRICT

COST OF SERVICE BY FUNCTION FOR THE TEST PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2006, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES, CUSTOMER ACCOUNTING AND FIRE CLASSIFICATIONS

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting		Fire Service	
				Max Day	Max Hour	Meters	Services	Billing & Collecting	Meter Reading	Private Fire	Public Fire
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
WATER TREATMENT											
-OPERATION-											
640 Supervision and Engineering	2	0	0	0	0	0	0	0	0	0	0
641 Chemicals	1	3,076	3,076	0	0	0	0	0	0	0	0
642 Labor and Expenses	2	250	0	250	0	0	0	0	0	0	0
643 Misc Water Treatment Exp-Current	2	31,953	0	31,953	0	0	0	0	0	0	0
644 Rents	2	3,987	0	3,987	0	0	0	0	0	0	0
Total Operation		39,266	3,076	36,190	0	0	0	0	0	0	0
-MAINTENANCE-											
650 Supervision and Engineering	2	0	0	0	0	0	0	0	0	0	0
652 General Water Equip	2	543	0	543	0	0	0	0	0	0	0
Total Maintenance		543	0	543	0	0	0	0	0	0	0
Total Water Treatment Expenses		39,809	3,076	36,733	0	0	0	0	0	0	0
TRANSMISSION AND DISTRIBUTION EXPENSES											
-OPERATION-											
660 Supervision and Engineering	8	0	0	0	0	0	0	0	0	0	0
661 Storage Facilities Expense	5	2,742	0	0	2,516	0	0	0	0	0	226
662 Lines Expense	7	5,768	0	432	3,555	0	0	0	0	0	1,782
663 Meter Expense	9	888	0	0	0	888	0	0	0	0	0
664 Customer Installation Expenses	9	0	0	0	0	0	0	0	0	0	0
665 Maps and Records	8	19,027	0	873	12,290	1,798	0	0	0	0	4,066
666 Rents	8	0	0	0	0	0	0	0	0	0	0
Total Operation		28,425	0	1,305	18,360	2,686	0	0	0	0	6,074
-MAINTENANCE-											
670 Supervision and Engineering	14	0	0	0	0	0	0	0	0	0	0
671 T & D Structures & Improve Maint	14	0	0	0	0	0	0	0	0	0	0
672 Reservoirs and Standpipes	5	0	0	0	0	0	0	0	0	0	0
673 T & D Mains	7	35,113	0	2,627	21,639	0	0	0	0	0	10,847
675 Services	10	904	0	0	0	0	904	0	0	0	0
676 Meters	9	562	0	0	0	562	0	0	0	0	0
677 Hydrants	13	0	0	0	0	0	0	0	0	0	0
678 Miscellaneous Plant	14	1,855	0	133	1,097	29	46	0	0	0	550
Total Maintenance		38,434	0	2,760	22,736	591	950	0	0	0	11,397
Total Transmission and Distribution Expenses		66,859	0	4,065	41,096	3,277	950	0	0	0	17,471

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NEW MEXICO AMERICAN WATER COMPANY
EDGEWOOD DISTRICT

COST OF SERVICE BY FUNCTION FOR THE TEST PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2006, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES, CUSTOMER ACCOUNTING AND FIRE CLASSIFICATIONS

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting		Fire Service	
				Max Day	Max Hour	Meters	Services	Billing & Collecting	Meter Reading	Private Fire	Public Fire
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
CUSTOMER ACCOUNTS											
901 Supervision	11	0	0	0	0	0	0	0	0	0	0
902 Meter Reading Expenses	12	4,119	0	0	0	0	0	0	4,119	0	0
903 Recording and Collecting Expenses	11	16,947	0	0	0	0	0	16,947	0	0	0
904 Uncollectible Accounts	11	26,170	0	0	0	0	0	26,170	0	0	0
905 Misc Customer Accounting Expenses	11	120	0	0	0	0	0	120	0	0	0
907 Customer Service Expenses	11	10,355	0	0	0	0	0	10,355	0	0	0
Total Customers' Accounting & Collecting		57,711	0	0	0	0	0	53,592	4,119	0	0
ADMINISTRATIVE AND GENERAL EXPENSES											
-OPERATION-											
920 Administrative & General Salaries	15	82,396	0	25,123	19,520	1,557	453	25,452	1,953	0	8,338
921 Miscellaneous Office Expenses	15	57,018	0	17,385	13,508	1,078	314	17,613	1,351	0	5,770
923 Outside Services	15	123,889	0	37,774	29,349	2,342	681	38,269	2,936	0	12,538
924 Property Insurance	15	13,355	0	4,072	3,164	252	73	4,125	317	0	1,352
925 Workers Compensation	16	(4,210)	0	(950)	(1,281)	(80)	(37)	(1,124)	(161)	0	(577)
926 Employee Pensions and Benefits	16	92,381	0	20,841	28,112	1,764	813	24,666	3,529	0	12,656
928 Regulatory Expenses	15	20,920	0	6,379	4,956	395	115	6,462	496	0	2,117
930 Miscellaneous General Expense	15	53,388	0	16,278	12,648	1,009	294	16,492	1,265	0	5,403
931 Administrative and General Rents	15	24,035	0	7,328	5,694	454	132	7,424	570	0	2,432
Total Operation		463,172	0	134,229	115,668	8,772	2,838	139,379	12,256	0	50,030
-MAINTENANCE-											
932 Maintenance of General Plant	15	3,722	0	1,135	882	70	20	1,150	88	0	377
Total Maintenance											
Total Administrative and General Expenses		466,894	0	135,364	116,550	8,842	2,859	140,529	12,344	0	50,406
Total Operation and Maintenance Expenses		706,932	66,555	188,261	157,646	12,119	3,809	194,121	16,463	0	67,959

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NEW MEXICO AMERICAN WATER COMPANY
EDGEWOOD DISTRICT

COST OF SERVICE BY FUNCTION FOR THE TEST PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2006, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES, CUSTOMER ACCOUNTING AND FIRE CLASSIFICATIONS

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting		Fire Service	
				Max Day	Max Hour	Meters	Services	Billing & Collecting	Meter Reading	Private Fire	Public Fire
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
503 DEPRECIATION EXPENSE											
310 Land and Land Rights	2	0	0	0	0	0	0	0	0	0	0
311 Source of Supply Struct & Improv	2	3,677	0	3,677	0	0	0	0	0	0	0
314 Wells and Springs	2	5,756	0	5,756	0	0	0	0	0	0	0
316 Supply Mains	2	0	0	0	0	0	0	0	0	0	0
321 Pumping Structures & Improvements	3	7	0	6	0	0	0	0	0	0	1
325 Electric Pumping Equipment	3	17,532	0	16,056	0	0	0	0	0	0	1,476
332 Water Treat and Equipment	2	1,525	0	1,525	0	0	0	0	0	0	0
342 Distrib. Reservoirs & Standpipes	5	10,110	0	0	9,275	0	0	0	0	0	835
343 Transmission & Distribution Mains		0									
Distribution	4	53,875	0	0	36,156	0	0	0	0	0	17,719
Transmission (net)	3	4,324	0	3,960	0	0	0	0	0	0	364
345 Services	10	7,480	0	0	0	0	7,480	0	0	0	0
346 Meters	9	16,095	0	0	0	16,095	0	0	0	0	0
347 Meter Installations	9	87	0	0	0	87	0	0	0	0	0
348 Fire Hydrants	13	323	0	0	0	0	0	0	0	0	323
390 General Structures & Improvements	15	0	0	0	0	0	0	0	0	0	0
391 Office Furniture and Equipment	15	1,298	0	396	307	25	7	401	31	0	131
391.20 Computers & Peripheral Equipment	15	0	0	0	0	0	0	0	0	0	0
391.26 Personal Computer Software	15	0	0	0	0	0	0	0	0	0	0
391.30 Other Office Equipment	15	0	0	0	0	0	0	0	0	0	0
392.11 Transportation Equip-Light Trucks	15	3,642	0	1,110	863	69	20	1,125	86	0	369
392.12 Transportation Equip-Heavy Trucks	15	0	0	0	0	0	0	0	0	0	0
392.2 Transportation Equip-Cars	15	0	0	0	0	0	0	0	0	0	0
394 Tools, Shop & Garage Equipment	15	175	0	53	41	3	1	54	4	0	18
395 Laboratory Equipment	2	58	0	58	0	0	0	0	0	0	0
396 Power Operated Equipment	15	25	0	8	6	0	0	8	1	0	3
397 Communication Equipment	15	985	0	300	233	19	5	304	23	0	100
398 Miscellaneous Equipment	15	978	0	298	232	18	5	302	23	0	99
399 Other Tangible Property	15	0	0	0	0	0	0	0	0	0	0
Total Depreciation Expense		127,952	0	33,204	47,113	16,316	7,519	2,194	168	0	21,437
404 AMORTIZATION EXPENSE											
AFUDC	18	0	0	0	0	0	0	0	0	0	0
Comprehensive Planning	18	784	0	427	166	87	30	4	1	0	70
Total Amortizations		784	0	427	166	87	30	4	1	0	70

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NEW MEXICO AMERICAN WATER COMPANY
EDGEWOOD DISTRICT

COST OF SERVICE BY FUNCTION FOR THE TEST PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2006, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES, CUSTOMER ACCOUNTING AND FIRE CLASSIFICATIONS

Account	Factor Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting		Fire Service	
				Max Day	Max Hour	Meters	Services	Billing & Collecting	Meter Reading	Private Fire	Public Fire
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
507.1 TAXES, OTHER THAN INCOME											
Federal and State Payroll Taxes	16	15,046	0	3,394	4,578	287	132	4,017	575	0	2,061
Ad Valorem	18	37,052	0	20,182	7,825	4,098	1,404	211	33	0	3,298
Water Conservation Tax	1	11,252	11,252	0	0	0	0	0	0	0	0
City Franchises	18	0	0	0	0	0	0	0	0	0	0
Total Taxes, Other Than Income		63,350	11,252	23,577	12,404	4,385	1,537	4,228	608	0	5,359
Total O & M, Depreciation and Other Taxes		899,018	77,807	245,468	217,329	32,907	12,894	200,548	17,240	0	94,825
507.2 INCOME TAXES	18	194,554	0	105,974	41,090	21,518	7,374	1,109	175	0	17,315
Utility Operating Income Available for Return	18	268,469	0	146,235	56,701	29,693	10,175	1,530	242	0	23,894
Total Cost of Service		1,362,041	77,807	497,677	315,119	84,117	30,443	203,187	17,657	0	136,034
Less: Other Water Revenues	19	38,780	1,912	14,287	9,047	2,416	873	5,833	508	0	3,905
Total Cost of Service Related to Sales of Water		$ 1,323,261	$ 75,895	$ 483,390	$ 306,072	$ 81,701	$ 29,570	$ 197,355	$ 17,149	$ -	$ 132,129

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Schedule J-8
Test Period

NEW MEXICO AMERICAN WATER COMPANY
EDGEWOOD DISTRICT
ALLOCATION OF TOTAL EXPENSES BY COST FUNCTION TO CUSTOMER CLASSIFICATIONS

Cost Function	Factor Ref.*	Cost of Service (Schedule J-7)	Residential	Commercial	Industrial	Public Authorities	Fire Service	
							Private Fire	Public Fire
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Commodity	A	$77,807	$72,633	$5,174	$0	$0	$0	$0
Demand - Maximum Day	B	245,468	232,262	13,206	0	0		
Demand - Maximum Hour	C	217,329	206,310	11,019	0	0		
Customer Facilities - Meters	D	32,907	30,018	2,889	0	0	0	
Customer Facilities - Services	E	12,894	12,380	514	0	0	0	
Billing and Collecting	F	200,548	194,271	6,277	0	0	0	0
Meter Reading	G	17,240	16,700	540	0	0		
Private Fire	H	0					0	
Public Fire	D	94,825	86,499	8,326				
Total		$899,018	$851,073	$47,945	$0	$0	$0	$0

* Schedule L-1.

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Schedule K
Test Period

NEW MEXICO AMERICAN WATER COMPANY
EDGEWOOD DISTRICT

ALLOCATED COST OF SERVICE PER BILLING UNIT OF COMMODITY, DEMAND, CUSTOMER AND FIRE SERVICE BY CLASSIFICATION

Account	Sched. Ref.	Test Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting		Fire Service	
				Max Day	Max Hour	Meters	Services	Billing & Collecting	Meter Reading	Private Fire	Public Fire
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Total Cost of Service Related to Sales of Water	J-7	$ 1,323,261	$ 75,895	$ 483,390	$ 306,072	$ 81,701	$ 29,570	$ 197,355	$ 17,149	$ -	$ 132,129
Annual Consumption, 100 Gals.			1,477,250	1,477,250	1,477,250						
Meter/Service Equivalents, Number of Bills						2,414	1,905	22,596	22,596		
Number of Fire Connections										0	111
Cost per 100 Gals.		$ 0.586	$ 0.051	$ 0.327	$ 0.207						
Cost per 5/8-inch meter per month		$ 13.607				$ 2.82	$ 1.29	$ 8.73	$ 0.76		
Cost per Fire Line/Hydrant per month											$ 99.20

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NEW MEXICO-AMERICAN WATER COMPANY
EDGEWOOD DISTRICT

FACTORS FOR ALLOCATING COSTS BY FUNCTION TO CUSTOMER CLASSIFICATIONS

FACTOR A. ALLOCATION OF COMMODITY COSTS.

Factors are based on the pro forma test year average daily consumption for each customer classification.

Classification (1)	Average Daily Consumption, 100 Gals. (2)	Allocation Factor (3)
Residential	3,778	0.9335
Commercial	269	0.0665
Industrial	0	0.0000
Other Public Authority	0	0.0000
Private Fire Protection	0	0.0000
Public Fire Protection	0	0.0000
Total	4,047	1.0000

FACTOR B. ALLOCATION OF MAXIMUM DAY DEMAND COSTS.

Factors are based on the maximum day demand for each customer classification.

Customer Classification (1)	Average Daily Consumption, 100 Gals. (2)	Peak Day Factor* (3)	Rate of Flow, 100 Gals. Per Day (4)=(2)x(3)	Allocation Factor (5)
Residential	3,778	2.00	7,556	0.9462
Commercial	269	1.60	430	0.0538
Industrial	0		0	0.0000
Other Public Authority	0		0	0.0000
Total	4,047		7,986	1.0000

* Ratio of Maximum Day To Average Day.

NEW MEXICO-AMERICAN WATER COMPANY
EDGEWOOD DISTRICT

FACTORS FOR ALLOCATING COSTS BY FUNCTION TO CUSTOMER CLASSIFICATIONS

FACTOR C. ALLOCATION OF MAXIMUM HOUR DEMAND COSTS.

Factors are based on the maximum hour demand for each customer classification.

Customer Classification	Average Hourly Consumption, 100 Gals.	Factor*	Rate of Flow, 100 Gals. Per Hour	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	157.4	4.00	629.6	0.9493
Commercial	11.2	3.00	33.6	0.0507
Industrial	0.0	1.80	0.0	-
Other Public Authority	0.0	3.00	0.0	-
Total	168.6		663.2	1.0000

* Ratio of Maximum Hour To Average Hour.

FACTOR D. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

Factors are based on the relative cost of meters by size and customer classification, as developed on the following page and summarized below.

Customer Classification	5/8" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	2,202	0.9122
Commercial	212	0.0878
Industrial	0	0.0000
Other Public Authority	0	0.0000
Private Fire Protection	0	0.0000
Total	2,414	1.0000

NEW MEXICO-AMERICAN WATER COMPANY

BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS

Meter Size	5/8" Dollar Equivalent	Residential		Commercial		Industrial		Other Public Authority		Private Fire Protection		Total	
		Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(13)	(14)=(2)X(11)	(15)	(16)
5/8	1.0	82	82	0	0	0	0	0	0	0	0	82	82
3/4	1.2	1,729	2,075	24	29	0	0	0	0	0	0	1,753	2,104
1	1.3	12	15	21	28	0	0	0	0	0	0	33	43
1-1/2	3.5	0	1	9	30	0	0	0	0	0	0	9	31
2	24.6	1	29	5	125	0	0	0	0	0	0	6	154
4	28.4	0	0	0	0	0	0	0	0	0	0	0	0
6	32.1	0	0	0	0	0	0	0	0	0	0	0	0
10	117.5	0	0	0	0	0	0	0	0	0	0	0	0
Total		1,824	2,202	59	212	0	0	0	0	0	0	1,883	2,414

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NEW MEXICO-AMERICAN WATER COMPANY
EDGEWOOD DISTRICT

FACTORS FOR ALLOCATING COSTS BY FUNCTION TO CUSTOMER CLASSIFICATIONS

FACTOR E. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

Factors are based on the relative cost of services by size and customer classification, as developed on the following page and summarized below.

Customer Classification (1)	3/4" Dollar Equivalents (2)	Allocation Factor (3)
Residential	1,829	0.9601
Commercial	76	0.0399
Industrial	0	0.0000
Other Public Authority	0	0.0000
Private Fire Protection	0	0.0000
Total	1,905	1.0000

FACTOR F. ALLOCATION OF BILLING AND COLLECTING COSTS.

Factors are based on the total number of customers.

Customer Classification (1)	Total Customers (2)	Allocation Factor (3)
Residential	1,824	0.9687
Commercial	59	0.0313
Industrial	0	0.0000
Other Public Authority	0	0.0000
Private Fire Protection	0	0.0000
Public Fire Protection	0	0.0000
Total	1,883	1.0000

NEW MEXICO-AMERICAN WATER COMPANY

BASIS FOR ALLOCATING SERVICE COSTS TO CUSTOMER CLASSIFICATIONS

Service Size	3/4" Dollar Equivalent	Residential		Commercial		Industrial		Other Public Authority		Private Fire Protection		Total	
		Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(13)	(14)=(2)X(11)	(15)	(16)
3/4	1.00	1,811	1,811	24	24	0	0	0	0	0	0	1,835	1,835
1	1.15	12	14	21	25	0	0	0	0	0	0	33	39
1-1/2	1.72	0	1	9	15	0	0	0	0	0	0	9	16
2	2.29	1	3	5	12	0	0	0	0	0	0	6	15
4	11.70	0	0	0	0	0	0	0	0	0	0	0	0
6	11.70	0	0	0	0	0	0	0	0	0	0	0	0
10	11.70	0	0	0	0	0	0	0	0	0	0	0	0
Total		1,824	1,829	59	76	0	0	0	0	0	0	1,883	1,905

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NEW MEXICO-AMERICAN WATER COMPANY
EDGEWOOD DISTRICT

FACTORS FOR ALLOCATING COSTS BY FUNCTION TO CUSTOMER CLASSIFICATIONS

FACTOR G. ALLOCATION OF METER READING COSTS.

Factors are based on the number of customers with meters.

Customer Classification	Total Customers	Allocation Factor
(1)	(2)	(2)
Residential	1,824	0.9687
Commercial	59	0.0313
Industrial	0	0.0000
Other Public Authority	0	0.0000
Total	1,883	1.0000

NEW MEXICO AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO COST FUNCTIONS

FACTOR 1. ALLOCATION OF COSTS WHICH VARY WITH THE AMOUNT OF WATER CONSUMED.

Costs are allocated directly to the Commodity Cost Function.

Cost Function (1)	Allocation Factor (2)
Commodity	1.0000

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING MAXIMUM DAY DEMAND.

Costs are allocated directly to the Demand - Maximum Day Cost Function.

Cost Function (1)	Allocation Factor (2)
Demand - Maximum Day	1.0000

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING MAXIMUM DAY AND FIRE DEMAND.

Factors are based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum day pumpage for the year ended December 31, 2005 and the system demand for fire protection of 500 gallons per minute for 3 hours, or 90,000 gallons per day. The Allocation of Fire Protection is based on the relative demand flows, as shown on the following page and summarized below.

Cost Function (1)		Maximum Day Rate of Flow, (GPD) (3)	Allocation Factor (4)	Allocation of Fire Protection (5)	Weighted Factor (6)
Demand - Maximum Day		979,400	0.9158		
Fire Protection		90,000	0.0842		
Private Fire				0.0000	0.0000
Public Fire				1.0000	0.0842
Total		1,069,400	0.0842	1.0000	0.0842

NEW MEXICO AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO COST FUNCTIONS

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING COMMODITY AND MAXIMUM HOUR EXTRA CAPACITY.

The bases for the potential demand of general service are the maximum hour rate of flow of 1.5 times the maximum day pumpage and the system demand for fire protection of 500 gallons per minute. The Allocation of Fire Protection is based on the relative demand flows, as shown on the following page and summarized below.

Cost Function		Maximum Hour Rate of Flow, (GPM)	Allocation Factor	Allocation of Fire Protection	Weighted Factor
(1)		(3)	(4)	(5)	(6)
Demand - Maximum Hour		1,020	0.6711		
Fire Protection		500	0.3289		
Private Fire				0.0000	0.0000
Public Fire				1.0000	0.3289
Total		1,520	0.3289	1.0000	0.3289

BASIS FOR ALLOCATING DEMAND RELATED COSTS OF FIRE SERVICE
TO PRIVATE AND PUBLIC FIRE PROTECTION CUSTOMER CLASSIFICATIONS

The demand for fire protection is assigned to private and public fire service based on the relative potential demands, as follows:

	Restrictive Diameter Squared	Quantity	Relative Demand*	Allocation Factor
	(1)	(2)	(3)	(4)
Private Fire Protection:				
4 -inch Fire Line	16	0	0	
6 -inch Fire Line	36	0	0	
8 -inch Fire Line	64	0	0	
Total Private Fire		0	0	0.0000
Public Fire Protection:				
5 -1/4 inch w/ 2-2 1/2, 1-4 1/2	27.6	111	3,059	
Total Public Fire		111	3,059	1.0000
Total Fire Protection		111	3,059	1.0000

NEW MEXICO AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO COST FUNCTIONS

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES.

Factors are based on the potential demand of general and fire protection service using the ratio of the capacity required for a 3-hour demand of fire flow as related to total storage capacity.

Fire Protection Weight = $\frac{\text{500 gpm for 3 hours}}{\text{1,089,750 Gallons Storage}}$ = 0.0826

General Service = 1.0000 - 0.0826 = 0.9174

The General Service weight is assigned to base and maximum hour extra capacity, based on the maximum hour ratio, as follows:

Cost Function (1)	Allocation Factor (4)	Allocation of Fire Protection (5)	Weighted Factor (6)
Demand - Maximum Hour	0.9174		
Fire Protection	0.0826		
Private Fire		0.0000	0.0000
Public Fire		1.0000	0.0826
Total	1.0000	1.0000	0.0826

FACTOR 6. ALLOCATION OF PUMPING COSTS. SAME AS FACTOR 3.

NEW MEXICO AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO COST FUNCTIONS

FACTOR 7. ALLOCATION OF LINES EXPENSES.

Cost Function	Transmission Mains Factor 3	Transmission Mains Weighted Factor	Distribution Mains Factor 4	Distribution Mains Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)x 0.0817	(4)	(5)=(4)x 0.9183	(6)=(3)+(5)
Demand - Maximum Day	0.9158	0.0748			0.0748
Demand - Maximum Hour			0.6711	0.6163	0.6163
Private Fire Service	0.0000	0.0000	0.0000	0.0000	0.0000
Public Fire Service	0.0842	0.0069	0.3289	0.3020	0.3089
Total	1.0000	0.0817	1.0000	0.9183	1.0000

The weighting of the factors is based on the total footage of mains, designated as either transmission mains or distribution mains, as follows:

	Total Footage of Mains	Weight
Transmission Mains	34,430	0.0817
Distribution Mains	386,971	0.9183
Total	421,401	1.0000

FACTOR 8. ALLOCATION OF TRANSMISSION AND DISTRIBUTION OPERATION SUPERVISION SALARIES AND WAGES.

The factors are based on the allocation of other transmission and distribution operating expenses, as follows:

Cost Function	Transmission & Distribution Operating Expenses	Allocation Factor
(1)	(2)	(3)
Commodity	$0	0.0000
Demand - Maximum Day	432	0.0507
Demand - Maximum Hour	6,070	0.7133
Private Fire Service	0	0.0000
Public Fire Service	2,008	0.2360
Total	$8,510	1.0000

NEW MEXICO AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO COST FUNCTIONS

FACTOR 9. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

These costs are assigned directly to the Customer Facilities - Meters Cost Function.

Cost Function (1)	Allocation Factor (2)
Meters	1.0000

FACTOR 10. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

These costs are assigned directly to the Customer Facilities - Services Cost Function.

Cost Function (1)	Allocation Factor (2)
Services	1.0000

FACTOR 11. ALLOCATION OF COSTS ASSOCIATED WITH BILLING AND COLLECTING.

These costs are assigned directly to the Customer Accounting Cost Function.

Cost Function (1)	Allocation Factor (2)
Billing and Collecting	1.0000

FACTOR 12. ALLOCATION OF COSTS ASSOCIATED WITH METER READING.

These costs are assigned directly to the Customer Accounting Cost Function.

Cost Function (1)	Allocation Factor (2)
Meter Reading	1.0000

NEW MEXICO AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO COST FUNCTIONS

FACTOR 13. ALLOCATION OF COSTS ASSOCIATED WITH FIRE HYDRANTS.

These costs are assigned directly to Public Fire Protection.

Cost Function (1)	Allocation Factor (2)
Public Fire Protection	1.0000

FACTOR 14. ALLOCATION OF TRANSMISSION AND DISTRIBUTION MISCELLANEOUS MAINTENANCE

The factors are based on the allocation of other transmission and distribution maintenance expenses.

Cost Function (1)	Transmission & Distribution Maintenance Expenses (2)	Allocation Factor (3)
Commodity	$0	0.0000
Demand - Maximum Day	2,627	0.0718
Demand - Maximum Hour	21,639	0.5916
Meters	562	0.0154
Services	904	0.0247
Private Fire Service	0	0.0000
Public Fire Service	10,847	0.2965
Total	$36,579	1.0000

NEW MEXICO AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO COST FUNCTIONS

FACTOR 15. ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES.

The factors are based on the allocation of all other operation and maintenance expenses excluding power, chemicals, and purchased water, as follows:

Cost Function (1)	Other Operating Expenses (2)	Allocation Factor (3)
Commodity	$0	0.0000
Demand - Maximum Day	52,897	0.3049
Demand - Maximum Hour	41,096	0.2369
Meters	3,277	0.0189
Services	950	0.0055
Billing and Collecting	53,592	0.3089
Meter Reading	4,119	0.0237
Private Fire Service	0	0.0000
Public Fire Service	17,553	0.1012
Total	$173,483	1.0000

FACTOR 16. ALLOCATION OF LABOR RELATED TAXES AND BENEFITS.

The factors are based on the allocation of operation and maintenance direct labor expense, as summarized below.

Cost Function (1)	Direct Labor Expense (2)	Allocation Factor (3)
Commodity	$0	0.0000
Demand - Maximum Day	35,808	0.2256
Demand - Maximum Hour	48,326	0.3043
Meters	3,036	0.0191
Services	1,403	0.0088
Billing and Collecting	42,399	0.2670
Meter Reading	6,072	0.0382
Private Fire Service	0	0.0000
Public Fire Service	21,757	0.1370
Total	$158,801	1.0000

NEW MEXICO AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO COST FUNCTIONS

FACTOR 17. ALLOCATION OF ORGANIZATION AND OTHER RATE BASE ELEMENTS.

The factors are based on the allocation of utility plant in service, as follows:

Cost Function (1)	Utility Plant in Service (2)	Allocation Factor (3)
Commodity	$0	0.0000
Demand - Maximum Day	2,967,407	0.4171
Demand - Maximum Hour	2,269,848	0.3191
Meters	574,405	0.0807
Services	196,858	0.0277
Billing and Collecting	51,447	0.0072
Meter Reading	3,947	0.0006
Private Fire Service	0	0.0000
Public Fire Service	1,050,231	0.1476
Total	$7,114,143	1.0000

FACTOR 18. ALLOCATION OF TAXES AND UTILITY OPERATING INCOME.

The factors are based on the allocation of original cost rate base, as shown on the following pages and summarized below.

Cost Function (1)	Original Cost Rate Commodity (2)	Allocation Factor (3)
Commodity	$0	0.0000
Demand - Maximum Day	1,734,836	0.5447
Demand - Maximum Hour	672,398	0.2112
Meters	352,133	0.1106
Services	120,545	0.0379
Billing and Collecting	18,247	0.0057
Meter Reading	2,733	0.0009
Private Fire Service	0	0.0000
Public Fire Service	283,246	0.0890
Total	$3,184,139	1.0000

NEW MEXICO AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO COST FUNCTIONS

FACTOR 19. ALLOCATION OF OTHER REVENUES.

The factors are based on the allocation of total cost of service, as follows:

Cost Function	Total Cost of Service	Allocation Factor
(1)	(2)	(3)
Commodity	$66,555	0.0493
Demand - Maximum Day	497,677	0.3684
Demand - Maximum Hour	315,119	0.2333
Meters	84,117	0.0623
Services	30,443	0.0225
Billing and Collecting	203,187	0.1504
Meter Reading	17,657	0.0131
Private Fire Service	0	0.0000
Public Fire Service	136,034	0.1007
Total	$1,350,789	1.0000

Schedule M-1
Test Period

NEW MEXICO AMERICAN WATER COMPANY
EDGEWOOD DISTRICT

DEVELOPMENT OF RATE OF RETURN BY RATE CLASSES UNDER PRESENT RATES

Description	Sched. Ref.	Cost of Service (Schedule J-3)	Residential	Commercial	Industrial	Public Authorities	Fire Service: Private Fire	Fire Service: Public Fire
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1. Revenues From Sales of Water - Present Rates		$761,479	$709,032	$52,447				0
2. Other Revenues		38,781	$36,705	$2,076	$0	$0	$0	$0
3. Total Operating Revenues		800,260	745,737	54,523	-	-	-	-
4. Less: Operating Expenses	J-8	880,929	833,248	47,681	-	-	-	-
5. Return and Income Taxes		(80,669)	(87,511)	6,842	-	-	-	-
6. Less: Interest Expense		94,080	88,500	5,579	-	-	-	-
7. Taxable Income		(174,749)	(176,011)	1,263	-	-	-	-
8. Less: Income Taxes		(11,694)	(11,778)	84	-	-	-	-
9. Net Return (Ln 5 - Ln 8)		(68,975)	(75,733)	6,758	-	-	-	-
10. Original Cost Measure of Value	J-2	$3,184,159	$2,995,344	$188,815	$0	$0	$0	$0
11. Rate of Return, Percent		-2.17%	-2.53%	3.58%				
12. Relative Rate of Return		1.00	1.17	-1.65	0.00	0.00	0.00	0.00

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Schedule M-1
Test Period

NEW MEXICO AMERICAN WATER COMPANY
EDGEWOOD DISTRICT

DEVELOPMENT OF RATE OF RETURN BY RATE CLASSES UNDER PROPOSED RATES

Description	Sched. Ref.	Cost of Service (Schedule J-3)	Residential	Commercial	Industrial	Public Authorities	Fire Service	
							Private Fire	Public Fire
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1. Revenues From Sales of Water - Proposed Rates		$1,135,380	$1,055,414	$79,966				0
2. Other Revenues		38,782	$36,638	$2,144	$0	$0	$0	$0
3. Total Operating Revenues		1,174,162	1,092,052	82,110	-	-	-	-
4. Less: Operating Expenses	J-8	899,018	851,073	47,945	-	-	-	-
5. Return and Income Taxes		275,144	240,979	34,165	-	-	-	-
6. Less: Interest Expense		94,080	88,500	5,579	-	-	-	-
7. Taxable Income		181,064	152,479	28,586	-	-	-	-
8. Less: Income Taxes		194,554	163,834	30,720	-	-	-	-
9. Net Return (Ln 5 - Ln 8)		80,590	77,145	3,445	-	-	-	-
10. Original Cost Measure of Value	J-2	$3,184,138	$2,995,460	$188,678	$0	$0	$0	$0
11. Rate of Return, Percent		2.53%	2.58%	1.83%				
12. Relative Rate of Return		1.00	1.02	0.72	0.00	0.00	0.00	0.00

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NEW MEXICO AMERICAN WATER COMPANY
EDGEWOOD DISTRICT

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2006

Customer Classification	Cost of Service Amount (Page 2 of 2)	Cost of Service Percent	Revenues, Present Rates Amount	Revenues, Present Rates Percent	Revenues, Proposed Rates Amount	Revenues, Proposed Rates Percent	Proposed Increase Amount	Proposed Increase Percent Increase
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Residential	$ 720,714	94.6%	$ 709,032	93.1%	$ 1,055,414	93.0%	$ 346,382	48.9%
Commercial	40,824	5.4%	52,447	6.9%	79,966	7.0%	27,519	52.5%
Public Fire Service	-	0.0%	-	0.0%	-	0.0%	-	
Total Sales	761,538	100.0%	761,479	100.0%	1,135,380	100.0%	373,901	49.1%
Other Revenues	38,780		38,780		38,780		-	0.0%
Total	$ 800,318		$ 800,259		$ 1,174,160		$ 373,901	46.7%

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NEW MEXICO AMERICAN WATER COMPANY
EDGEWOOD DISTRICT
ALLOCATION OF TOTAL COST OF SERVICE BY COST FUNCTION TO CUSTOMER CLASSIFICATIONS

Cost Function	Factor Ref.*	Total Cost of Service (Schedule J-7)	Residential	Commercial	Industrial	Public Authorities	Fire Service	
							Private Fire	Public Fire
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Commodity	A	$75,895	$70,848	$5,047	$0	$0	$0	$0
Demand - Maximum Day	B	483,390	457,384	26,006	0	0		
Demand - Maximum Hour	C	306,072	290,554	15,518	0	0		
Customer Facilities - Meters	D	81,701	74,528	7,173	0	0	0	
Customer Facilities - Services	E	29,570	28,390	1,180	0	0	0	
Billing and Collecting	F	197,355	191,178	6,177	0	0	0	0
Meter Reading	G	17,149	16,612	537	0	0		
Public Fire	D	132,129	120,528	11,601				
Total		$1,323,261	$1,250,022	$73,239	$0	$0	$0	$0

* Schedule L-1.

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NEW MEXICO AMERICAN WATER COMPANY

APPLICATION OF PRESENT AND PROPOSED RATES TO BILL ANALYSIS FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2005

Monthly Rate Block, 100 Gals. (1)	Number of Bills (2)	Total Consumption, 100 Gals. (3)	Present Rate (4)	Present Revenue (5)	Proposed Rate (4)	Proposed Revenue (5)
RESIDENTIAL - MONTHLY						
Service Charges						
5/8 & 3/4	21,733		$ 10.00	$ 217,330	$ 11.00	$ 239,063
1	141		15.00	2,115	16.50	2,327
1-1/2	4		25.00	100	27.50	110
2	14		35.00	490	38.50	539
4	-		90.00	-	99.00	-
Subtotal	21,892			220,035		242,039
All Usage		1,379,025	0.3480	479,901	0.5800	799,835
Subtotal		1,379,025		479,901		799,835
Total	21,892	1,379,025		$ 699,936		$ 1,041,874

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NEW MEXICO AMERICAN WATER COMPANY

APPLICATION OF PRESENT AND PROPOSED RATES TO BILL ANALYSIS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2005

Monthly Rate Block, 100 Gals. (1)	Number of Bills (2)	Total Consumption, 100 Gals. (3)	Present Rate (4)	Present Revenue (5)	Proposed Rate (4)	Proposed Revenue (5)
			COMMERCIAL - MONTHLY			
Service Charges						
5/8 & 3/4	288		$ 10.00	$ 2,880	$ 11.00	$ 3,168
1	256		15.00	3,840	16.50	4,224
1-1/2	103		25.00	2,575	27.50	2,833
2	61		35.00	2,135	38.50	2,349
4	-		90.00	-	99.00	-
6	-		125.00	-	137.50	-
Subtotal	708			11,430		12,574
All Usage		98,225	0.3480	34,182	0.5800	56,971
Subtotal		98,225		34,182		56,971
Total	708	98,225		$ 45,612		$ 69,545

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NEW MEXICO AMERICAN WATER COMPANY

SUMMARY OF APPLICATION OF PRESENT AND PROPOSED RATES TO BILL ANALYSIS FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2005

Classification (1)	Present Revenue, Base Year (2)	Present Rate Adjustments (3)	Present Revenue, Test Year (4)=(2)+(3)	Application of Present Rates to Bill Analysis (5)	Adjustment Factor (6)=(4)/(5)	Application of Proposed Rates to Bill Analysis (7)	Revenues at Proposed Rates (8)=(7)x(6)
Residential	671,987	37,045	709,032	$ 699,936	1.012995	$ 1,041,874	1,055,414
Commercial	45,091	7,356	52,447	45,612	1.149851	69,545	79,966
Total	717,078	44,401	761,479	745,548		1,111,419	1,135,380
Other Revenues	16,654	22,126	38,780	38,780	1.000000	38,780	38,780
Total	733,732	66,527	800,259	784,328		1,150,199	1,174,160

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BASE PERIOD

TWELVE MONTHS ENDED DECEMBER 31, 2005

Schedule J-2
Schedule J-3
Base Period

NEW MEXICO AMERICAN WATER COMPANY
EDGEWOOD DISTRICT
RATE BASE BY FUNCTION FOR THE BASE PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2005, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES, CUSTOMER ACCOUNTING AND FIRE CLASSIFICATIONS

Account	Factor Ref.	Base Period Rate Base By Function	Commodity	Demand		Customer Facilities		Customer Accounting		Fire Service	
				Max Day	Max Hour	Meters	Services	Billing & Collecting	Meter Reading	Private Fire	Public Fire
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
RATE BASE											
301 Organization	17	0	0	0	0	0	0	0	0	0	0
303 Other P/E Intangibles	17	88,047	0	37,006	27,946	7,255	2,421	370	35	0	13,013
310 Land and Land Rights	2	1,924,817	0	1,924,817	0	0	0	0	0	0	0
311 Source of Supply Struct & Improv	2	128,806	0	128,806	0	0	0	0	0	0	0
314 Wells and Springs	2	207,797	0	207,797	0	0	0	0	0	0	0
321 Pumping Structures & Improvements	3	304	0	278	0	0	0	0	0	0	26
325 Electric Pumping Equipment	3	266,849	0	244,380	0	0	0	0	0	0	22,469
332 Water Treat and Equipment	2	34,903	0	34,903	0	0	0	0	0	0	0
342 Distrib. Reservoirs & Standpipes	5	310,438	0	0	284,796	0	0	0	0	0	25,642
343 Transmission & Distribution Mains											
Distribution	4	2,826,904	0	0	1,897,135	0	0	0	0	0	929,769
Transmission	3	300,251	0	274,970	0	0	0	0	0	0	25,281
345 Services	10	190,642	0	0	0	0	190,642	0	0	0	0
346 Meters	9	568,722	0	0	0	568,722	0	0	0	0	0
347 Meter Installations	9	2,535	0	0	0	2,535	0	0	0	0	0
348 Fire Hydrants	13	14,496	0	0	0	0	0	0	0	0	14,496
391 Office Furniture and Equipment	15	85,592	0	51,124	12,847	1,147	308	13,472	1,335	0	5,358
392 Transportation Equipment	15	48,180	0	28,778	7,232	646	173	7,584	752	0	3,016
394 Tools, Shop & Garage Equipment	15	3,460	0	2,067	519	46	12	545	54	0	217
395 Laboratory Equipment	2	0	0	0	0	0	0	0	0	0	0
396 Power Operated Equipment	15	0	0	0	0	0	0	0	0	0	0
397 Communication Equipment	15	4,901	0	2,927	736	66	18	771	76	0	307
398 Miscellaneous Equipment	15	41,697	0	24,906	6,259	559	150	6,563	650	0	2,610
399 Other Tangible Property	15	0	0	0	0	0	0	0	0	0	0
Total Depreciable Plant		7,049,341	0	2,962,759	2,237,470	580,975	193,725	29,305	2,903	0	1,042,203
OTHER RATE BASE ELEMENTS											
Accumulated Depreciation Reserve	17	(2,652,461)	0	(1,114,829)	(841,891)	(218,563)	(72,943)	(11,140)	(1,061)	0	(392,034)
CWIP	17	7,835	0	3,293	2,487	646	215	33	3	0	1,158
Customer Advances	7	(111,500)	0	(8,343)	(68,714)	0	0	0	0	0	(34,443)
Contributions in Aid of Construction	7	(1,059,371)	0	(79,267)	(652,857)	0	0	0	0	0	(327,247)
Cash Working Capital Allowance	15	(12,099)	0	(7,227)	(1,816)	(162)	(44)	(1,904)	(189)	0	(757)
Materials and Supplies	15	28,095	0	16,781	4,217	376	101	4,422	438	0	1,759
Prepayments	15	1,108	0	662	166	15	4	174	17	0	69
Deferred Income Taxes	17	(331,464)	0	(139,314)	(105,207)	(27,313)	(9,115)	(1,392)	(133)	0	(48,990)
Deferred Charges	17	143,695	0	60,395	45,609	11,840	3,952	604	57	0	21,238
Customer Deposits	11	(19,088)	0	0	0	0	0	(19,088)	0	0	0
Total Other Rate Base Elements		(4,005,250)	0	(1,267,849)	(1,618,006)	(233,160)	(77,829)	(28,292)	(866)	0	(779,248)
Total Original Cost Measure of Value		3,044,091	0	1,694,911	619,464	347,815	115,896	1,013	2,037	0	262,956

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Schedule J-4
Base Period

NEW MEXICO AMERICAN WATER COMPANY
EDGEWOOD DISTRICT

ALLOCATION OF TOTAL RATE BASE BY COST FUNCTION TO CUSTOMER CLASSIFICATIONS

Cost Function	Factor Ref.*	Rate Base (Schedule J-3)	Residential	Commercial	Industrial	Public Authorities	Fire Service	
							Private Fire	Public Fire
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Commodity	A	$0	$0	$0	$0	$0	$0	$0
Demand - Maximum Day	B	1,694,911	1,603,725	91,186	0	0		
Demand - Maximum Hour	C	619,464	588,057	31,407	0	0		
Customer Facilities - Meters	D	347,815	317,277	30,538	0	0	0	
Customer Facilities - Services	E	115,896	111,272	4,624	0	0	0	
Billing and Collecting	F	1,013	981	32	0	0	0	0
Meter Reading	G	2,037	1,973	64	0	0		
Private Fire	H	0					0	
Public Fire	D	262,956	239,868	23,088				
Total		$3,044,092	$2,863,153	$180,939	$0	$0	$0	$0

* Schedule L-1.

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NEW MEXICO AMERICAN WATER COMPANY
EDGEWOOD DISTRICT

COST OF SERVICE BY FUNCTION FOR THE BASE PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2005, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES, CUSTOMER ACCOUNTING AND FIRE CLASSIFICATIONS

Account	Factor Ref.	Base Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting		Fire Service	
				Max Day	Max Hour	Meters	Services	Billing & Collecting	Meter Reading	Private Fire	Public Fire
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
OPERATION AND MAINTENANCE EXPENSES											
SOURCE OF SUPPLY EXPENSES											
-OPERATION-											
600 Supervision & Engineering	2	0	0	0	0	0	0	0	0	0	0
601 Operation Expense and Labor	2	6,547	0	6,547	0	0	0	0	0	0	0
602 Purchased Water	1	1,200	1,200	0	0	0	0	0	0	0	0
603 Miscellaneous Expenses	2	107,314	0	107,314	0	0	0	0	0	0	0
604 Rents	2	0	0	0	0	0	0	0	0	0	0
Total Operation		115,061	1,200	113,861	0	0	0	0	0	0	0
-MAINTENANCE-											
610 Supervision & Engineering	2	0	0	0	0	0	0	0	0	0	0
611 Maintenance Labor	2	0	0	0	0	0	0	0	0	0	0
614 Wells and Springs Maint	2	1,475	0	1,475	0	0	0	0	0	0	0
616 Maint Supply Mains Mat	2	0	0	0	0	0	0	0	0	0	0
617 Maint Struct. & Improvements	2	874	0	874	0	0	0	0	0	0	0
Total Maintenance		2,349	0	2,349	0	0	0	0	0	0	0
Total Source of Supply		117,410	1,200	116,210	0	0	0	0	0	0	0
POWER AND PUMPING EXPENSES											
620 Pumping Supervision & Eng Electric	3	0	0	0	0	0	0	0	0	0	0
623 Pump Fuel and Power Purchase	1	53,688	53,688	0	0	0	0	0	0	0	0
624 Pump Labor and Expenses	3	0	0	0	0	0	0	0	0	0	0
626 Misc Pumping Expenses Electic	3	63	0	58	0	0	0	0	0	0	5
Total Operation		53,751	53,688	58	0	0	0	0	0	0	5
-MAINTENANCE-											
630 Supervision & Engineering	3	0	0	0	0	0	0	0	0	0	0
632 Pump Maint Power Prod Equipment	3	167	0	153	0	0	0	0	0	0	14
633 Pump Maint Pumping Equipment	3	740	0	678	0	0	0	0	0	0	62
Total Maintenance		907	0	831	0	0	0	0	0	0	76
Total Power and Pumping		54,658	53,688	888	0	0	0	0	0	0	82

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NEW MEXICO AMERICAN WATER COMPANY
EDGEWOOD DISTRICT

COST OF SERVICE BY FUNCTION FOR THE BASE PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2005, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES, CUSTOMER ACCOUNTING AND FIRE CLASSIFICATIONS

Account	Factor Ref.	Base Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting		Fire Service	
				Max Day	Max Hour	Meters	Services	Billing & Collecting	Meter Reading	Private Fire	Public Fire
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
WATER TREATMENT											
-OPERATION-											
640 Supervision and Engineering	2	0	0	0	0	0	0	0	0	0	0
641 Chemicals	1	2,728	2,728	0	0	0	0	0	0	0	0
642 Labor and Expenses	2	250	0	250	0	0	0	0	0	0	0
643 Misc Water Treatment Exp-Current	2	31,953	0	31,953	0	0	0	0	0	0	0
644 Rents	2	3,987	0	3,987	0	0	0	0	0	0	0
Total Operation		38,918	2,728	36,190	0	0	0	0	0	0	0
-MAINTENANCE-											
650 Supervision and Engineering	2	0	0	0	0	0	0	0	0	0	0
652 General Water Equip	2	543	0	543	0	0	0	0	0	0	0
Total Maintenance		543	0	543	0	0	0	0	0	0	0
Total Water Treatment Expenses		39,461	2,728	36,733	0	0	0	0	0	0	0
TRANSMISSION AND DISTRIBUTION EXPENSES											
-OPERATION-											
660 Supervision and Engineering	8	0	0	0	0	0	0	0	0	0	0
661 Storage Facilities Expense	5	2,742	0	0	2,516	0	0	0	0	0	226
662 Lines Expense	7	5,768	0	432	3,555	0	0	0	0	0	1,782
663 Meter Expense	9	888	0	0	0	888	0	0	0	0	0
664 Customer Installation Expenses	9	0	0	0	0	0	0	0	0	0	0
665 Maps and Records	8	21,727	0	997	14,033	2,053	0	0	0	0	4,643
666 Rents	8	0	0	0	0	0	0	0	0	0	0
Total Operation		31,125	0	1,429	20,104	2,941	0	0	0	0	6,651
-MAINTENANCE-											
670 Supervision and Engineering	14	0	0	0	0	0	0	0	0	0	0
671 T & D Structures & Improve Maint	14	0	0	0	0	0	0	0	0	0	0
672 Reservoirs and Standpipes	5	0	0	0	0	0	0	0	0	0	0
673 T & D Mains	7	29,894	0	2,237	18,423	0	0	0	0	0	9,234
675 Services	10	904	0	0	0	0	904	0	0	0	0
676 Meters	9	562	0	0	0	562	0	0	0	0	0
677 Hydrants	13	0	0	0	0	0	0	0	0	0	0
678 Miscellaneous Plant	14	1,855	0	132	1,090	33	53	0	0	0	546
Total Maintenance		33,215	0	2,369	19,513	595	957	0	0	0	9,781
Total Transmission and Distribution Expenses		64,340	0	3,798	39,616	3,536	957	0	0	0	16,432

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NEW MEXICO AMERICAN WATER COMPANY
EDGEWOOD DISTRICT

COST OF SERVICE BY FUNCTION FOR THE BASE PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2005, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES, CUSTOMER ACCOUNTING AND FIRE CLASSIFICATIONS

Account	Factor Ref.	Base Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting		Fire Service	
				Max Day	Max Hour	Meters	Services	Billing & Collecting	Meter Reading	Private Fire	Public Fire
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
CUSTOMER ACCOUNTS											
901 Supervision	11	0	0	0	0	0	0	0	0	0	0
902 Meter Reading Expenses	12	4,119	0	0	0	0	0	0	4,119	0	0
903 Recording and Collecting Expenses	11	16,947	0	0	0	0	0	16,947	0	0	0
904 Uncollectible Accounts	11	14,112	0	0	0	0	0	14,112	0	0	0
905 Misc Customer Accounting Expenses	11	120	0	0	0	0	0	120	0	0	0
907 Customer Service Expenses	11	10,355	0	0	0	0	0	10,355	0	0	0
Total Customers' Accounting & Collecting		45,653	0	0	0	0	0	41,534	4,119	0	0
ADMINISTRATIVE AND GENERAL EXPENSES											
-OPERATION-											
920 Administrative & General Salaries	15	86,157	0	51,462	12,932	1,155	310	13,561	1,344	0	5,393
921 Miscellaneous Office Expenses	15	64,089	0	38,280	9,620	859	231	10,088	1,000	0	4,012
923 Outside Services	15	130,189	0	77,762	19,541	1,745	469	20,492	2,031	0	8,150
924 Property Insurance	15	8,208	0	4,903	1,232	110	30	1,292	128	0	514
925 Workers Compensation	16	0	0	0	0	0	0	0	0	0	0
926 Employee Pensions and Benefits	16	68,982	0	27,082	16,887	1,159	559	13,376	2,394	0	7,540
928 Regulatory Expenses	15	7,897	0	4,717	1,185	106	28	1,243	123	0	494
930 Miscellaneous General Expense	15	34,048	0	20,337	5,111	456	123	5,359	531	0	2,131
931 Administrative and General Rents	15	23,700	0	14,156	3,557	318	85	3,730	370	0	1,484
Total Operation		423,270	0	238,699	70,065	5,906	1,834	69,141	7,921	0	29,718
-MAINTENANCE-											
932 Maintenance of General Plant	15	3,722	0	2,223	559	50	13	586	58	0	233
Total Maintenance											
Total Administrative and General Expenses		426,992	0	240,922	70,624	5,956	1,848	69,726	7,979	0	29,951
Total Operation and Maintenance Expenses		748,514	57,616	398,551	110,240	9,493	2,805	111,260	12,098	0	46,465

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NEW MEXICO AMERICAN WATER COMPANY
EDGEWOOD DISTRICT

COST OF SERVICE BY FUNCTION FOR THE BASE PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2005, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES, CUSTOMER ACCOUNTING AND FIRE CLASSIFICATIONS

Account	Factor Ref.	Base Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting		Fire Service	
				Max Day	Max Hour	Meters	Services	Billing & Collecting	Meter Reading	Private Fire	Public Fire
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
503 DEPRECIATION EXPENSE											
310 Land and Land Rights	2	0	0	0	0	0	0	0	0	0	0
311 Source of Supply Struct & Improv	2	2,889	0	2,889	0	0	0	0	0	0	0
314 Wells and Springs	2	5,874	0	5,874	0	0	0	0	0	0	0
316 Supply Mains	2	0	0	0	0	0	0	0	0	0	0
321 Pumping Structures & Improvements	3	7	0	6	0	0	0	0	0	0	1
325 Electric Pumping Equipment	3	15,025	0	13,760	0	0	0	0	0	0	1,265
332 Water Treat and Equipment	2	1,514	0	1,514	0	0	0	0	0	0	0
342 Distrib. Reservoirs & Standpipes	5	9,522	0	0	8,735	0	0	0	0	0	787
343 Transmission & Distribution Mains		0									
Distribution	4	1,552	0	0	1,042	0	0	0	0	0	510
Transmission (net)	3	53,773	0	49,245	0	0	0	0	0	0	4,528
345 Services	10	6,937	0	0	0	0	6,937	0	0	0	0
346 Meters	9	15,703	0	0	0	15,703	0	0	0	0	0
347 Meter Installations	9	82	0	0	0	82	0	0	0	0	0
348 Fire Hydrants	13	197	0	0	0	0	0	0	0	0	197
390 General Structures & Improvements	15	0	0	0	0	0	0	0	0	0	0
391 Office Furniture and Equipment	15	1,299	0	776	195	17	5	204	20	0	81
391.20 Computers & Peripheral Equipment	15	0	0	0	0	0	0	0	0	0	0
391.26 Personal Computer Software	15	0	0	0	0	0	0	0	0	0	0
391.30 Other Office Equipment	15	5	0	3	1	0	0	1	0	0	0
392.11 Transportation Equip-Light Trucks	15	7,158	0	4,275	1,074	96	26	1,127	112	0	448
392.12 Transportation Equip-Heavy Trucks	15	0	0	0	0	0	0	0	0	0	0
392.2 Transportation Equip-Cars	15	0	0	0	0	0	0	0	0	0	0
394 Tools, Shop & Garage Equipment	15	196	0	117	29	3	1	31	3	0	12
395 Laboratory Equipment	2	0	0	0	0	0	0	0	0	0	0
396 Power Operated Equipment	15	0	0	0	0	0	0	0	0	0	0
397 Communication Equipment	15	425	0	254	64	6	2	67	7	0	27
398 Miscellaneous Equipment	15	546	0	326	82	7	2	86	9	0	34
399 Other Tangible Property	15	0	0	0	0	0	0	0	0	0	0
Total Depreciation Expense		122,704	0	79,040	11,222	15,914	6,972	1,516	150	0	7,890
404 AMORTIZATION EXPENSE											
AFUDC	18	0	0	0	0	0	0	0	0	0	0
Comprehensive Planning	18	10,268	0	5,716	2,090	1,174	391	3	7	0	887
Total Amortizations		10,268	0	5,716	2,090	1,174	391	3	7	0	887

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NEW MEXICO AMERICAN WATER COMPANY
EDGEWOOD DISTRICT

COST OF SERVICE BY FUNCTION FOR THE BASE PERIOD, TWELVE MONTHS ENDED DECEMBER 31, 2005, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES, CUSTOMER ACCOUNTING AND FIRE CLASSIFICATIONS

Account	Factor Ref.	Base Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting		Fire Service	
				Max Day	Max Hour	Meters	Services	Billing & Collecting	Meter Reading	Private Fire	Public Fire
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
507.1 TAXES, OTHER THAN INCOME											
Federal and State Payroll Taxes	16	16,428	0	6,450	4,022	276	133	3,185	570	0	1,796
Ad Valorem	18	34,269	0	19,078	6,974	3,917	1,306	10	24	0	2,961
Water Conservation Tax	1	3,934	3,934	0	0	0	0	0	0	0	0
City Franchises	18	0	0	0	0	0	0	0	0	0	0
Total Taxes, Other Than Income		54,631	3,934	25,527	10,995	4,193	1,439	3,196	594	0	4,756
Total O & M, Depreciation and Other Taxes		936,117	61,550	508,834	134,547	30,773	11,607	115,975	12,849	0	59,999
507.2 INCOME TAXES	18	(43,801)	0	(24,384)	(8,914)	(5,006)	(1,669)	(13)	(31)	0	(3,784)
Utility Operating Income Available for Return	18	(136,457)	0	(75,966)	(27,769)	(15,597)	(5,199)	(41)	(96)	0	(11,790)
Total Cost of Service		755,859	61,550	408,485	97,865	10,170	4,739	115,921	12,723	0	44,424
Less: Other Water Revenues	19	16,654	1,276	9,046	2,167	225	105	2,568	281	0	984
Total Cost of Service Related to Sales of Water		$ 739,205	$ 60,274	$ 399,438	$ 95,698	$ 9,945	$ 4,634	$ 113,353	$ 12,441	$ -	$ 43,440

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Schedule J-8
Base Period

NEW MEXICO AMERICAN WATER COMPANY
EDGEWOOD DISTRICT
ALLOCATION OF TOTAL EXPENSES BY COST FUNCTION TO CUSTOMER CLASSIFICATIONS

Cost Function	Factor Ref.*	Cost of Service (Schedule J-7)	Residential	Commercial	Industrial	Public Authorities	Fire Service	
							Private Fire	Public Fire
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Commodity	A	$61,550	$57,457	$4,093	$0	$0	$0	$0
Demand - Maximum Day	B	508,834	481,459	27,375	0	0		
Demand - Maximum Hour	C	134,547	127,725	6,822	0	0		
Customer Facilities - Meters	D	30,773	28,071	2,702	0	0	0	
Customer Facilities - Services	E	11,607	11,144	463	0	0	0	
Billing and Collecting	F	115,975	112,345	3,630	0	0	0	0
Meter Reading	G	12,849	12,447	402	0	0		
Private Fire	H	0					0	
Public Fire	D	59,999	54,731	5,268				
Total		$936,134	$885,379	$50,755	$0	$0	$0	$0

* Schedule L-1.

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Schedule K
Base Period

NEW MEXICO AMERICAN WATER COMPANY
EDGEWOOD DISTRICT

ALLOCATED COST OF SERVICE PER BILLING UNIT OF COMMODITY, DEMAND, CUSTOMER AND FIRE SERVICE BY CLASSIFICATION

Account	Sched. Ref.	Base Period Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting		Fire Service	
				Max Day	Max Hour	Meters	Services	Billing & Collecting	Meter Reading	Private Fire	Public Fire
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Total Cost of Service Related to Sales of Water	J-7	$ 739,205	$ 60,274	$ 399,438	$ 95,698	$ 9,945	$ 4,634	$ 113,353	$ 12,441	$ -	$ 43,440
Annual Consumption, 100 Gals.			1,477,250	1,477,250	1,477,250						
Meter/Service Equivalents, Number of Bills						2,414	1,905	22,596	22,596		
Number of Fire Connections										0	111
Cost per 100 Gals.		$ 0.376	$ 0.041	$ 0.270	$ 0.065						
Cost per 5/8-inch meter per month		$ 6.113				$ 0.34	$ 0.20	$ 5.02	$ 0.55		
Cost per Fire Line/Hydrant per month											$ 32.61

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Schedule M-1
Base Period

NEW MEXICO AMERICAN WATER COMPANY
EDGEWOOD DISTRICT

DEVELOPMENT OF RATE OF RETURN BY RATE CLASSES UNDER PRESENT RATES

Description	Sched. Ref.	Cost of Service (Schedule J-3)	Residential	Commercial	Industrial	Public Authorities	Fire Service: Private Fire	Fire Service: Public Fire
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1. Revenues From Sales of Water - Present Rates		$761,479	$709,032	$52,447				0
2. Other Revenues		16,653	$15,772	$881	$0	$0	$0	$0
3. Total Operating Revenues		778,132	724,804	53,328	-	-	-	-
4. Less: Operating Expenses	J-8	936,134	885,379	50,755	-	-	-	-
5. Return and Income Taxes		(158,002)	(160,575)	2,573	-	-	-	-
6. Less: Interest Expense		94,080	88,491	5,588	-	-	-	-
7. Taxable Income		(252,082)	(249,066)	(3,015)	-	-	-	-
8. Less: Income Taxes		(43,801)	(43,275)	(526)	-	-	-	-
9. Net Return (Ln 5 - Ln 8)		(114,201)	(117,300)	3,099	-	-	-	-
10. Original Cost Measure of Value	J-2	$3,044,092	$2,863,153	$180,939	$0	$0	$0	$0
11. Rate of Return, Percent		-3.75%	-4.10%	1.71%				
12. Relative Rate of Return		1.00	1.09	-0.46	0.00	0.00	0.00	0.00

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Schedule N-1
Page 1 of 2
Base Period

NEW MEXICO AMERICAN WATER COMPANY
EDGEWOOD DISTRICT

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2006

Customer Classification	Base Period Cost of Service		Test Period Revenues, Present Rates		Test Period Revenues, Proposed Rates		Proposed Increase	
	Amount (Page 2 of 2)	Percent	Amount	Percent	Amount	Percent	Amount	Percent Increase
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Residential	$ 700,064	94.7%	$ 709,032	93.1%	$ 1,055,414	93.0%	$ 346,382	48.9%
Commercial	39,159	5.3%	52,447	6.9%	79,966	7.0%	27,519	52.5%
Public Fire Service	-	0.0%	-	0.0%	-	0.0%	-	
Total Sales	739,223	100.0%	761,479	100.0%	1,135,380	100.0%	373,901	49.1%
Other Revenues	38,780		38,780		38,780		-	0.0%
Total	$ 778,003		$ 800,259		$ 1,174,160		$ 373,901	46.7%

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NEW MEXICO AMERICAN WATER COMPANY
EDGEWOOD DISTRICT
ALLOCATION OF TOTAL COST OF SERVICE BY COST FUNCTION TO CUSTOMER CLASSIFICATIONS

Cost Function	Factor Ref.*	Total Cost of Service (Schedule J-7)	Residential	Commercial	Industrial	Public Authorities	Fire Service	
							Private Fire	Public Fire
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Commodity	A	$60,274	$56,266	$4,008	$0	$0	$0	$0
Demand - Maximum Day	B	399,438	377,948	21,490	0	0		
Demand - Maximum Hour	C	95,698	90,846	4,852	0	0		
Customer Facilities - Meters	D	9,945	9,072	873	0	0	0	
Customer Facilities - Services	E	4,634	4,449	185	0	0	0	
Billing and Collecting	F	113,353	109,805	3,548	0	0	0	0
Meter Reading	G	12,441	12,052	389	0	0		
Public Fire	D	43,440	39,626	3,814				
Total		$739,223	$700,064	$39,159	$0	$0	$0	$0

* Schedule L-1.

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Ohio American Water Company

Rate Case No. 07-1112-WS-AIR

Standard Filing Information

Rates and Tariffs

Section E-3.2
Cost of Service Study

Water Division

OHIO AMERICAN WATER COMPANY
WATER OPERATIONS

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES
FOR THE TEST YEAR ENDED JUNE 30, 2007

Customer Classification	Cost of Service Amount (Schedule B)	Cost of Service Percent	Revenues, Present Rates Amount	Revenues, Present Rates Percent	Revenues, Proposed Rates Amount	Revenues, Proposed Rates Percent	Proposed Increase Amount	Proposed Increase Percent Increase
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Residential	$ 22,670,146	66.7%	$ 19,472,222	65.6%	$ 22,574,049	66.4%	$ 3,101,827	15.9%
Commercial	4,397,517	13.0%	4,369,741	14.9%	4,962,951	14.6%	593,210	13.6%
Industrial	2,981,562	8.8%	2,629,030	8.9%	2,911,359	8.6%	282,329	10.7%
Public Authority	1,892,689	5.6%	1,528,434	5.2%	1,714,454	5.1%	186,020	12.2%
Consumers/Aqua	1,395,455	4.1%	1,082,826	3.7%	1,219,008	3.6%	136,182	12.6%
Private Fire Service	608,468	1.8%	501,159	1.7%	564,001	1.7%	62,842	12.5%
Total Sales	33,945,837	100.0%	29,583,412	100.0%	33,945,822	100.0%	4,362,410	14.7%
Other Revenues	826,784		826,784		826,784		-	0.0%
Total	$ 34,772,621		$ 30,410,196		$ 34,772,606		$ 4,362,410	14.3%

OHIO AMERICAN WATER COMPANY
WATER OPERATIONS
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30,2007 ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Consumers/ Aqua	Private Fire Protection
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
OPERATION AND MAINTENANCE EXPENSES								
SOURCE OF SUPPLY EXPENSES								
Oper. Super. And Eng'ng -Labor	2	$ -	$ -	$ -	$ -	$ -	$ -	$ -
SS Operating Expense	2	3,865	2,076	547	504	295	441	2
SS Operating Labor	2	0	0	0	0	0	0	0
Purchased Water	1A	1,031,237	567,902	181,188	183,354	97,658	0	1,134
TOTAL SS EXPENSE - OPERATION		1,035,102	569,978	181,736	183,858	97,953	441	1,137
Purchased Power SS	2	715,058	383,986	101,252	93,244	54,559	81,588	429
Misc Exp Oper SS	2	37,333	20,048	5,286	4,868	2,849	4,260	22
Transport Maint SS	2	485	260	69	63	37	55	0
Maint Super & Eng SS - Labor	2	0	0	0	0	0	0	0
Struct & Improve Maint SS	2	7,854	4,218	1,112	1,024	599	896	5
Maint. Of Intakes - Mat'l	2	0	0	0	0	0	0	0
Maint of Wells	2	16,121	8,657	2,283	2,102	1,230	1,839	10
Infilt Gall & Tunnels Maint SS	2	0	0	0	0	0	0	0
Supply Mains Maint SS	2	138	74	20	18	11	16	0
Misc Plant Maint SS - Mat'l	2	129,460	69,520	18,332	16,882	9,878	14,771	78
Misc Plant Maint SS - Labor	2	0	0	0	0	0	0	0
Contract Svc - Other Maint SS	2	670	360	95	87	51	76	0
TOTAL SS EXPENSE - MAINTENANCE		907,119	487,123	128,448	118,288	69,213	103,502	544
TOTAL SS EXPENSE		1,942,221	1,057,101	310,184	302,146	167,166	103,943	1,681
POWER AND PUMPING EXPENSES								
Oper Super and Eng - Labor	6	0	0	0	0	0	0	0
Fuel for Power Prod	1	0	0	0	0	0	0	0
Labor & Exp Oper Pwr Prod	6	0	0	0	0	0	0	0
Purch Fuel/Power for Pump	1	275,719	130,139	41,551	42,020	22,388	39,373	248
Pumping Labor	6	377,840	217,523	56,600	49,308	29,849	21,575	2,985
Pumping Expense	6	0	0	0	0	0	0	0
Misc Pumping Exp - Oper	6	34,338	19,768	5,144	4,481	2,713	1,961	271
Rents Oper P	6	0	0	0	0	0	0	0
TOTAL PUMPING EXPENSE - OPERATION		687,898	367,431	103,295	95,809	54,950	62,908	3,504
Maint super and Eng - Labor	6	0	0	0	0	0	0	0
Maint of Structures - Mat'l	6	0	0	0	0	0	0	0
Maint of Structures - Labor	6	30,272	17,428	4,535	3,951	2,391	1,729	239
Maint of Power Prod Eq -Maint	6	0	0	0	0	0	0	0
Maint of Power Prod Eq - Labor	6	0	0	0	0	0	0	0
Maint of Pumping Eq - Mat'l	6	9,333	5,373	1,398	1,218	737	533	74
Maint of Pumping Eq - Labor	6	24,617	14,172	3,688	3,212	1,945	1,406	194
TOTAL PUMPING EXPENSES - MAINTENANCE		64,222	36,972	9,620	8,381	5,074	3,667	507
TOTAL PUMPING EXPENSES		752,119	404,403	112,916	104,190	60,024	66,575	4,012

OHIO AMERICAN WATER COMPANY
WATER OPERATIONS
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30,2007 ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Consumers/ Aqua	Private Fire Protection
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
WATER TREATMENT								
Oper Super and Eng - Labor	2	63,014	33,838	8,923	8,217	4,808	7,190	38
Chemicals - WT	1	1,299,235	613,239	195,795	198,003	105,498	185,531	1,169
Softening Chemicals								
Gen'l WT Labor	2	624,736	335,483	88,463	81,466	47,667	71,282	375
Softening Labor								
Gen'l WT Exp	2	72,355	38,855	10,245	9,435	5,521	8,256	43
Heat - Oil/Gas WT Exp	1	70,283	33,174	10,592	10,711	5,707	10,036	63
Lab Supplies	2	102,055	54,804	14,451	13,308	7,787	11,644	61
Softening Expenses								
Purchased Power WT	2	0	0	0	0	0	0	0
Waste Disposal Exp	1	183,060	86,404	27,587	27,898	14,864	26,141	165
Amort Waste Disposal Exp	2	18,461	9,914	2,614	2,407	1,409	2,106	11
M & S Oper WT	2	56,013	30,079	7,931	7,304	4,274	6,391	34
Trans Oper WT	2	679	365	96	89	52	77	0
Misc Oper WT	2	8,959	4,811	1,269	1,168	684	1,022	5
WT Rents	2	16,653	8,943	2,358	2,172	1,271	1,900	10
Contract Services WT	2	756	406	107	99	58	86	0
Contract Services Lab Testing	2	0	0	0	0	0	0	0
TOTAL WT EXPENSE - OPERATION		2,516,259	1,250,313	370,431	362,277	199,598	331,664	1,976
Maint Super & Eng - Labor	2	54,296	29,157	7,688	7,080	4,143	6,195	33
Maint of Structures - Mat'l	2	9,950	5,343	1,409	1,297	759	1,135	6
Maint of Structures - Labor	2	16,166	8,681	2,289	2,108	1,233	1,845	10
Maint. Of Treat Eq - Mat'l	2	207,634	111,499	29,401	27,075	15,842	23,691	125
Maint. Of Treat Eq - Labor	2	27,686	14,867	3,920	3,610	2,112	3,159	17
Maint of Softening Eq - Labor								
TOTAL WT EXPENSE - MAINTENANCE		315,732	169,548	44,708	41,171	24,090	36,025	189
TOTAL WATER TREATMENT EXPENSE		2,831,991	1,419,861	415,138	403,448	223,689	367,689	2,165
TRANSMISSION AND DISTRIBUTION EXPENSES								
Super & Eng Oper TD - Labor	11	114,444	89,530	12,761	3,079	3,033	137	5,905
Storage Facilty Exp - Mat'l	5	0	0	0	0	0	0	0
Storage Facilty Exp - Labor	5	0	0	0	0	0	0	0
TD Lines Exp - Mat'l	7	0	0	0	0	0	0	0
TD Lines Exp - Labor	7	70,790	43,840	11,149	8,778	5,677	0	1,345
Misc Meter Expense	9	800	638	110	23	28	3	0
Misc Meter Labor	9	191,052	152,250	26,174	5,426	6,572	630	0

OHIO AMERICAN WATER COMPANY
WATER OPERATIONS
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30,2007 ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Consumers/ Aqua	Private Fire Protection
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Customer Install Exp	10	0	0	0	0	0	0	0
Meter Installation - Labor	10	434,820	348,856	40,438	4,522	6,174	217	34,612
Purchased Power T&D	11	6,889	5,389	768	185	183	8	355
Misc T&D Oper Labor	11	283,714	221,950	31,634	7,632	7,518	340	14,640
Misc. T&D Exp	11	230,913	180,643	25,747	6,212	6,119	277	11,915
Rents Oper TD	11	81,336	63,629	9,069	2,188	2,155	98	4,197
TOTAL T & D EXPENSE OPERATION		1,414,759	1,106,725	157,850	38,044	37,460	1,711	72,969
Super & Eng Maint TD - Labor	12	52,524	38,616	6,387	2,831	2,132	16	2,542
Maint of Structures - Mat'l	12	273	201	33	15	11	0	13
Maint of Structures - Labor	12	8,485	6,238	1,032	457	345	3	411
Maint of Dist Res - Mat'l	5	0	0	0	0	0	0	0
Misc Maint of Mains - Mat's	7	49,546	30,684	7,803	6,144	3,974	0	941
Paving/Backfill T&D	7	194,987	120,755	30,710	24,178	15,638	0	3,705
Misc Maint of Mains - Labor	10	201,830	161,928	18,770	2,099	2,866	101	16,066
Fire Main Maint TD	8	0	0	0	0	0	0	0
Fire Main Maint TD	8	0	0	0	0	0	0	0
Maint of Services - Mat'l	10	33,024	26,495	3,071	343	469	17	2,629
Maint of Services - Labor	10	114,506	91,868	10,649	1,191	1,626	57	9,115
Maint of Meters - Mat'l	9	4,651	3,706	637	132	160	15	0
Maint of Meters - Labor	9	2,883	2,297	395	82	99	10	0
Maint of Hydrants - Mat'l	8	13,255	10,597	1,823	378	457	0	0
Maint of Hydrants - Labor	8	55,429	44,315	7,622	1,580	1,913	0	0
Maint Other T&D - Labor	12	148,936	109,498	18,111	8,028	6,047	45	7,209
Maint Other T&D - Mat'l	12	110,172	80,998	13,397	5,938	4,473	33	5,332
Misc Maint T&D	12	13,014	9,568	1,583	701	528	4	630
Amort Def Maint	12	375,645	276,174	45,678	20,247	15,251	113	18,181
Transport Maint T&D	7	1,200	743	189	149	96	0	23
Contract Svc - Other Maint T&D	7	0	0	0	0	0	0	0
TOTAL T & D EXPENSE - MAINTENANCE		1,380,360	1,014,683	167,890	74,493	56,086	412	66,796
TOTAL T & D EXPENSE		2,795,120	2,121,408	325,740	112,537	93,546	2,124	139,765
CUSTOMER ACCOUNTS								
Supervision Labor	13	21,883	19,966	1,475	74	118	2	247
Meter Reading Exp	14	0	0	0	0	0	0	0
Meter Reading Labor	14	215,207	198,593	14,677	753	1,162	22	0
Meter Reading Exp CA	14	0	0	0	0	0	0	0
Customer Records Labor	13	232,716	212,330	15,685	791	1,257	23	2,630
Cust Acct Supplies, Uniforms, Misc	13	53,913	49,190	3,634	183	291	5	609
Collection Agency Expense	13	22,380	20,420	1,508	76	121	2	253
Bank Service Charges	13	36,042	32,885	2,429	123	195	4	407
Postage	13	106,166	96,866	7,156	361	573	11	1,200
Uncollectible Accts	13	658,975	601,249	44,415	2,241	3,558	66	7,446

. OHIO AMERICAN WATER COMPANY
WATER OPERATIONS
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30,2007 ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Consumers/ Aqua	Private Fire Protection
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Customer Accounting Labor	13	27,248	24,861	1,837	93	147	3	308
Misc Expenses	13	34,338	31,330	2,314	117	185	3	388
Telephone	13	89,930	82,052	6,061	306	486	9	1,016
Misc Customer Service	13	0	0	0	0	0	0	0
Management & Contract Svc Cust Accting	13	0	0	0	0	0	0	0
Rents - Equip Cust Accting		0						
TOTAL CUSTOMER ACCOUNTING EXPENSE		1,498,798	1,369,742	101,191	5,117	8,094	150	14,505
ADMINISTRATIVE AND GENERAL EXPENSES								
Salaries AG	15	993,762	722,366	112,891	60,222	40,545	32,695	25,043
Pcard Undistributed	15	4,756	3,457	540	288	194	156	120
Purchased Power AG	15	11,877	8,633	1,349	720	485	391	299
Misc General Exp	15	705,099	512,536	80,099	42,729	28,768	23,198	17,768
Other Supplies & Exp AG	15	25,379	18,448	2,883	1,538	1,035	835	640
Contract Services - Management	15	0	0	0	0	0	0	0
Management Fees	13		0	0	0	0	0	0
Customer Related	13	796,541	726,764	53,687	2,708	4,301	80	9,001
Employee Related	16	158,343	113,722	18,289	9,738	6,587	5,510	4,497
Water Quality Related	1	61,560	29,056	9,277	9,382	4,999	8,791	55
Other	15	2,156,762	1,567,750	245,008	130,700	87,996	70,957	54,350
Accounting Services	15	30,285	22,014	3,440	1,835	1,236	996	763
Legal Services	15	110,280	80,163	12,528	6,683	4,499	3,628	2,779
Other Services	13	131,243	119,746	8,846	446	709	13	1,483
Property Insurance	15		0	0	0	0	0	0
Ins Gen Liab Oper AG	15	297,786	216,461	33,828	18,046	12,150	9,797	7,504
Ins Work Comp AG	16	112,506	80,802	12,994	6,919	4,680	3,915	3,195
Ins Other Oper AG	15	139,991	101,759	15,903	8,483	5,712	4,606	3,528
Vehicle and Other Insurance	15	0	0	0	0	0	0	0
Injuries & Damages	16	4,945	3,551	571	304	206	172	140
Employee Pension & Benefits	16	2,217,177	1,592,376	256,084	136,356	92,235	77,158	62,968
Reg Commision Exp	15	374,917	272,527	42,591	22,720	15,297	12,335	9,448
Rents AG	15	23,503	17,084	2,670	1,424	959	773	592
Goodwill Advertising Exp	15	17,750	12,902	2,016	1,076	724	584	447
Misc General Expenses	15	707,694	514,423	80,394	42,886	28,874	23,283	17,834
Research & Development	15	0	0	0	0	0	0	0
TOTAL A & G OPERATIONS		9,082,156	6,736,542	995,890	505,204	342,190	279,874	222,456
General Plant Maint AG	15	34,845	25,329	3,958	2,112	1,422	1,146	878
General Plant Maint AG	15		0	0	0	0	0	0
TOTAL A & G EXPENSE - MAINTENANCE		34,845	25,329	3,958	2,112	1,422	1,146	878
TOTAL A & G EXPENSE		9,117,001	6,761,871	999,848	507,316	343,611	281,020	223,334
Total Operation & Maintenance Expenses		18,937,250	13,134,385	2,265,017	1,434,755	896,130	821,501	385,461

OHIO AMERICAN WATER COMPANY
WATER OPERATIONS
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30,2007 ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Consumers/ Aqua	Private Fire Protection
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
DEPRECIATION EXPENSE								
Organization	17	0	0	0	0	0	0	0
Franchises	17	0	0	0	0	0	0	0
Comprehensive Planning Study	17	0	0	0	0	0	0	0
Land & Ld Rights SS	2	0	0	0	0	0	0	0
Land & Ld Rights P	6	0	0	0	0	0	0	0
Land & Ld Rights WT	7	0	0	0	0	0	0	0
Land & Ld Rights TD	15	0	0	0	0	0	0	0
Land & Land Rights AG	2	0	0	0	0	0	0	0
Struct & Imp SS	2	27,408	14,718	3,881	3,574	2,091	3,127	16
Struct & Imp P	6	57,875	33,319	8,670	7,553	4,572	3,305	457
Struct & Imp WT	2	106,106	56,979	15,025	13,836	8,096	12,107	64
Struct & Imp TD	7	1,187	735	187	147	95	0	23
Struct & Imp Offices	15		0	0	0	0	0	0
Struct & Imp Store,Shop,Gar	15	39,761	28,902	4,517	2,410	1,622	1,308	1,002
Struct & Imp General Plant	15		0	0	0	0	0	0
Collect & Impounding	1	24	11	4	4	2	3	0
Lake, River & Other Intakes	2	21,311	11,444	3,018	2,779	1,626	2,432	13
Infiltration Galleries & Tunnels	2	0	0	0	0	0	0	0
Wells & Springs	2	44,881	24,101	6,355	5,852	3,424	5,121	27
Supply Mains	2	5,167	2,775	732	674	394	590	3
Power Generation Equip Other	6	10,789	6,211	1,616	1,408	852	616	85
Pump Equip Electric	6	228,807	131,724	34,275	29,859	18,076	13,065	1,808
Pump Equip Diesel	6	3,980	2,291	596	519	314	227	31
Hydraulic Pumping Equipment	6	302	174	45	39	24	17	2
Pump Equip Other	6	674	388	101	88	53	38	5
WT Equip Non-Media	2	534,181	286,855	75,640	69,657	40,758	60,950	321
WT Equip Filter Media	2		0	0	0	0	0	0
Dist Reservoirs & Standpipe	5	115,607	71,306	18,613	14,728	9,757	0	1,202
TD Mains	7	616,611	381,867	97,116	76,460	49,452	0	11,716
Services	10	641,369	514,570	59,647	6,670	9,107	321	51,053
Meters	9	235,285	187,499	32,234	6,682	8,094	776	0
Meter Installations	9	54,363	43,322	7,448	1,544	1,870	179	0
Meter Installation Other	9		0	0	0	0	0	0
Hydrants	8	80,317	64,212	11,044	2,289	2,772	0	0
Other P/E Intangible	17		0	0	0	0	0	0
Other P/E WT Res Hand Equip	2		0	0	0	0	0	0
Other P/E TD	7	84	52	13	10	7	0	2
Other P/E CPS	15		0	0	0	0	0	0

OHIO AMERICAN WATER COMPANY
WATER OPERATIONS
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30,2007 ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Consumers/ Aqua	Private Fire Protection
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Office Furniture & Equip	15	12,704	9,235	1,443	770	518	418	320
Comp & Periph Equip	15	277,764	201,907	31,554	16,832	11,333	9,138	7,000
Other Office Equipment	15	4,448	3,233	505	270	181	146	112
Trans Equip	15	(909)	(661)	(103)	(55)	(37)	(30)	(23)
Stores Equipment	15	919	668	104	56	37	30	23
Tools,Shop,Garage Equip	15	40,474	29,421	4,598	2,453	1,651	1,332	1,020
Laboratory Equipment	2	15,043	8,078	2,130	1,962	1,148	1,716	9
Power Operated Equipment	15	33,374	24,260	3,791	2,022	1,362	1,098	841
Comm Equip Non-Telephone	15	36,190	26,307	4,111	2,193	1,477	1,191	912
Misc Equipment	15	18,322	13,318	2,081	1,110	748	603	462
Amortization of Deferred Depreciation	15	5,607	4,076	637	340	229	184	141
Other Tangible Property	15	24,741	17,984	2,811	1,499	1,009	814	623
Total Depreciation Expense		3,294,766	2,201,281	434,439	276,235	182,717	120,824	79,270
Amort-Intangible Fin	2	1,988	1,068	282	259	152	227	1
Amort-Ltd Term Plt	2	7,795	4,186	1,104	1,016	595	889	5
Amort-Expense	2	20,631	11,079	2,921	2,690	1,574	2,354	12
ITC	2	(20,440)	(10,976)	(2,894)	(2,665)	(1,560)	(2,332)	(12)
Taxes Other Than Income								
Utility Reg Assessment Fee	19	55,191	36,823	7,158	4,868	3,085	2,274	982
Property Taxes	18	4,320,184	2,674,626	636,795	483,861	309,757	166,759	48,386
FUTA	16	4,604	3,307	532	283	192	160	131
FICA	16	347,439	249,531	40,129	21,367	14,453	12,091	9,867
SUTA	16	6,100	4,381	705	375	254	212	173
Other Taxes & Licenses	15	86,621	62,965	9,840	5,249	3,534	2,850	2,183
Gross Receipts Tax	19	1,570,809	1,048,044	203,734	138,545	87,808	64,717	27,960
Total Taxes, Other Than Income		6,390,948	4,079,676	898,893	654,549	419,083	249,064	89,683
Income Taxes	18	1,613,703	999,044	237,860	180,735	115,703	62,289	18,073
Utility Income Available for Return	18	4,525,980	2,802,034	667,129	506,910	324,513	174,703	50,691
Total Cost of Service		34,772,621	23,221,777	4,504,751	3,054,484	1,938,906	1,429,518	623,185
Less: Other Water Revenues	19	826,784	551,631	107,234	72,922	46,217	34,064	14,717
Total Other Water Revenues		826,784	551,631	107,234	72,922	46,217	34,064	14,717
Total Cost of Service Related to Sales of Water		$ 33,945,837	$ 22,670,146	$ 4,397,517	$ 2,981,562	$ 1,892,689	$ 1,395,455	$ 608,468

OHIO AMERICAN WATER COMPANY
WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS

FACTOR 1 and 1A. ALLOCATION OF COSTS WHICH VARY WITH THE AMOUNT OF WATER CONSUMED.

Factors are based on the pro forma test year average daily consumption for each customer classification. Factor 1 includes Consumers/Aqua, and Factor 1A excludes Consumers/Aqua.

Customer Classification	Average Daily Consumption, CCF	Factor 1 Allocation Factor	Factor 1A Allocation Factor
(1)	(2)	(3)	(4)
Residential	8,619.4	0.4720	0.5507
Commercial	2,751.1	0.1507	0.1757
Industrial	2,783.7	0.1524	0.1778
Other Public Authority	1,482.7	0.0812	0.0947
Consumers/Aqua	2,607.4	0.1428	0.0000
Private Fire Protection	16.8	0.0009	0.0011
Total	18,261.0	1.0000	1.0000

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the factors for average daily consumption (Factor 1) and the factors derived from maximum day extra capacity demand for each customer classification, as follows:

	Average Daily Consumption		Maximum Day Extra Capacity		
Customer Classification	Allocation Factor 1	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)x 0.7143	(4)	(5)=(4)x 0.2857	(6)=(3)+(5)
Residential	0.4720	0.3372	0.6993	0.1998	0.5370
Commercial	0.1507	0.1076	0.1190	0.0340	0.1416
Industrial	0.1524	0.1089	0.0753	0.0215	0.1304
Other Public Authority	0.0812	0.0580	0.0641	0.0183	0.0763
Consumers/Aqua	0.1428	0.1020	0.0423	0.0121	0.1141
Private Fire Protection	0.0009	0.0006			0.0006
Total	1.0000	0.7143	1.0000	0.2857	1.0000

The derivation of the maximum day extra capacity factors in column 4 and the basis for the column 3 and 5 weightings are presented on the following page.

OHIO AMERICAN WATER COMPANY
WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS, cont.

		Maximum Day Extra Capacity		
Customer Classification	Average Daily Consumption, CCF	Factor*	Rate of Flow, CCF Per Day	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	8,619.4	1.5	12,929.0	0.6993
Commercial	2,751.1	0.8	2,200.9	0.1190
Industrial	2,783.7	0.5	1,391.9	0.0753
Other Public Authority	1,482.7	0.8	1,186.1	0.0641
Consumers/Aqua	2,607.4	0.3	782.2	0.0423
Total	18,244.2		18,490.1	1.0000

The weighting of the factors is based on the maximum day ratio of 1.40, based on a review of maximum day ratios experienced during the period 2002 through 2006.

	Maximum Day Ratio	Weight
Average Day	1.00	0.7143
Maximum Day Extra Capacity	0.40	0.2857
Total	1.40	1.0000

* Ratio of maximum day to average day minus 1.0.

OHIO AMERICAN WATER COMPANY
WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

	Average Daily Consumption		Maximum Day Extra Capacity		Fire Protection		
Customer Classification	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2) X 0.6822	(4)	(5)=(4) X 0.2728	(6)	(7)=(6) X 0.0450	(8)=(3)+(5)+(7)
Residential	0.5507	0.3756	0.7301	0.1992	0.6893	0.0311	0.6059
Commercial	0.1757	0.1199	0.1243	0.0339	0.1185	0.0053	0.1591
Industrial	0.1778	0.1213	0.0786	0.0214	0.0246	0.0011	0.1438
Other Public Authority	0.0947	0.0646	0.0670	0.0183	0.0297	0.0013	0.0842
Private Fire Protection	0.0011	0.0008			0.1379	0.0062	0.0070
Total	1.0000	0.6822	1.0000	0.2728	1.0000	0.0450	1.0000

OHIO AMERICAN WATER COMPANY
WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum day ratio of 1.40 and the average daily system sendout for 2006 of 18.172 MGD. The system demand for fire protection is 5000 Gallons per minute for 4 hours.

	Ratio	Rate of Flow, (GPD)	Weight
Average Day	1.00	18,172,233	0.6822
Maximum Day Extra Capacity	0.40	7,268,893	0.2728
Subtotal	1.40	25,441,126	0.9550
Fire Protection		1,200,000	0.0450
Total		26,641,126	1.0000

The public and private fire protection allocation factors in column 6 on the previous page are based on the relative potential demands (see Schedule E).

OHIO AMERICAN WATER COMPANY
WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		Allocation Factor
	CCF	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	
(1)	(2)	(3)	(4)=(3) X 0.4173	(5)	(6)=(5) X 0.4173	(7)	(8)=(7) X 0.1654	(9)=(4)+(6)+(8)
Residential	359.14	0.5507	0.2298	0.6715	0.2802	0.6893	0.1140	0.6239
Commercial	114.63	0.1757	0.0733	0.1531	0.0639	0.1185	0.0196	0.1569
Industrial	115.99	0.1778	0.0742	0.0929	0.0388	0.0246	0.0041	0.1171
Other Public Authority	61.78	0.0947	0.0395	0.0825	0.0344	0.0297	0.0049	0.0788
Private Fire Protection	0.70	0.0011	0.0005			0.1379	0.0228	0.0233
Total	652.24	1.0000	0.4173	1.0000	0.4173	1.0000	0.1654	1.0000

The maximum hour extra capacity factors in column 5 are determined on the next page.

OHIO AMERICAN WATER COMPANY
WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum hour ratio of 2.00 and the average daily system sendout for 2006 of 18.172 MGD. The system demand for fire protection is 5000 gallons per minute.

	Ratio	Rate of Flow, (GPM)	Weight
Average Hour	1.00	12,620	0.4173
Maximum Hour Extra Capacity	1.00	12,620	0.4173
Subtotal	2.00	25,240	0.8346
Fire Protection		5,000	0.1654
Total		30,240	1.0000

The maximum hour extra capacity factors in column 5 of the previous page are determined as follows:

Customer Classification	Average Hourly Consumption CCF	updated Maximum Hour Extra Capacity Factor*	CCF Per Hour	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	359.14	3.5	1,256.99	0.6715
Commercial	114.63	2.5	286.58	0.1531
Industrial	115.99	1.5	173.99	0.0929
Other Public Authority	61.78	2.5	154.45	0.0825
Total	651.54		1,872.01	1.0000

* Ratio of Maximum Hour To Average Hour Minus 1.0.

The public and private fire protection allocation factors in column 7 on the previous page are based on

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES.

Factors are based on the weighting of the average hourly consumption, the maximum hour extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		Allocation Factor
	CCF	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	
(1)	(2)	(3)	(4)=(3) X 0.4640	(5)	(6)=(5) X 0.4640	(7)	(8)=(7) X 0.0720	(9)=(4)+(6)+(8)
Residential	359.1	0.5505	0.2555	0.6715	0.3116	0.6893	0.0497	0.6168
Commercial	114.6	0.1757	0.0815	0.1531	0.0710	0.1185	0.0085	0.1610
Industrial	116.0	0.1779	0.0825	0.0929	0.0431	0.0246	0.0018	0.1274
Other Public Authority	61.8	0.0948	0.0440	0.0825	0.0383	0.0297	0.0021	0.0844
Private Fire Protection	0.7	0.0011	0.0005			0.1379	0.0099	0.0104
Total	652.2	1.0000	0.4640	1.0000	0.4640	1.0000	0.0720	1.0000

The weighting of the factors is based on the ratio of the capacity required for a 4 hour demand of fire flow, as related to total storage capacity. The calculation is shown on the following page.

OHIO AMERICAN WATER COMPANY
WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES, cont.

The weighting of the factors is based on the ratio of the capacity required for a 4 hour demand of fire flow, as related to total storage capacity.

Fire Protection Weight = $\frac{\text{5,000 GPM X 60 Min. X 4 Hrs.}}{\text{16,661,500 Gallons}}$ = 0.0720

General Service Weight = 1.0000 - 0.0720 = 0.9280

The weighting of the average hourly consumption and maximum hour extra demand for general service is based on the maximum hour ratio, as follows:

	Maximum Hour Ratio	Percent	Weight
Average Hour	1.00	50.00	0.4640
Extra Capacity Maximum Hour	1.00	50.00	0.4640
Total	2.00	100.00	0.9280

OHIO AMERICAN WATER COMPANY
WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH POWER AND PUMPING FACILITIES.

Factors are based on the weighting of the maximum daily consumption, Factor 2, the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

	Maximum Daily Consumption		Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 2	Weighted Factor	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.5000	(4)	(5)=(4)X 0.2500	(6)	(7)=(6)X 0.2500	(8)=(3)+ (5)+(7)
Residential	0.5370	0.2684	0.6059	0.1513	0.6239	0.1560	0.5757
Commercial	0.1416	0.0708	0.1591	0.0398	0.1569	0.0392	0.1498
Industrial	0.1304	0.0652	0.1438	0.0360	0.1171	0.0293	0.1305
Other Public Authority	0.0763	0.0382	0.0842	0.0211	0.0788	0.0197	0.0790
Consumers/Aqua	0.1141	0.0571	0.0000	0.0000			0.0571
Private Fire Protection	0.0006	0.0003	0.0070	0.0018	0.0233	0.0058	0.0079
Total	1.0000	0.5000	1.0000	0.2500	1.0000	0.2500	1.0000

The weighting of the factors is based on the estimated percentage of pumps associated with maximum day facilities, maximum day and fire facilities, and maximum hour facilities, as follows:

	Weight
Associated with Maximum Day	0.5000
Associated with Maximum Day and Fire	0.2500
Associated with Maximum Hour	0.2500
Total	1.0000

OHIO AMERICAN WATER COMPANY
WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 7. ALLOCATION OF COSTS ASSOCIATED WITH TRANSMISSION AND DISTRIBUTION MAINS.

Factors are based on the weighting of the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

	Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.2603	(4)	(5)=(4)X 0.7397	(6)=(3)+(5)
Residential	0.6059	0.1578	0.6239	0.4615	0.6193
Commercial	0.1591	0.0414	0.1569	0.1161	0.1575
Industrial	0.1438	0.0374	0.1171	0.0866	0.1240
Other Public Authority	0.0842	0.0219	0.0788	0.0583	0.0802
Consumers/Aqua	0.0000	0.0000			0.0000
Private Fire Protection	0.0070	0.0018	0.0233	0.0172	0.0190
Total	1.0000	0.2603	1.0000	0.7397	1.0000

The weighting of the factors is based on the total footage of mains, designated as either transmission mains or distribution mains, as follows:

	Total Footage of Mains	Weight
Transmission Mains	908,586	0.2603
Distribution Mains	2,581,931	0.7397
Total	3,490,517	1.0000

OHIO AMERICAN WATER COMPANY
WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 8. ALLOCATION OF COSTS ASSOCIATED WITH FIRE HYDRANTS.

Factors are based on the relative capacity of meters by size and customer classification, as developed on the following page and summarized below, with the exception of Consumers/Aqua

Customer Classification	5/8" Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	47,578	0.7995
Commercial	8,183	0.1375
Industrial	1,696	0.0285
Other Public Authority	2,054	0.0345
Total	59,511	1.0000

FACTOR 9. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

Factors are based on the relative capacity of meters by size and customer classification, as developed on the following page and summarized below.

Customer Classification	5/8" Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	47,578	0.7969
Commercial	8,183	0.1370
Industrial	1,696	0.0284
Other Public Authority	2,054	0.0344
Consumers/Aqua	200	0.0033
Private Fire	0	0.0000
Total	59,711	1.0000

OHIO AMERICAN WATER COMPANY
WATER OPERATIONS

BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS

Meter Size	5/8" Equivalent	Residential		Commercial		Industrial		Other Public Authority		Consumers/Aqua		Total	
		Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)
5/8	1.0	47,056	47,056	2,385	2,385	26	26	62	62	0	0	49,529	49,529
3/4	1.5	66	99	53	80	3	5	8	12	0	0	130	196
1	2.5	126	315	495	1,238	23	58	39	98	0	0	683	1,709
1-1/2	5.0	12	60	144	720	9	45	18	90	0	0	183	915
2	8.0	6	48	380	3,040	84	672	114	912	0	0	584	4,672
3	15.0	0	0	23	345	6	90	12	180	0	0	41	615
4	25.0	0	0	7	175	22	550	22	550	0	0	51	1,275
6	50.0	0	0	4	200	5	250	3	150	4	200	16	800
8	80.0	0	0	0	0	0	0	0	0	0	0	0	0
Total		47,266	47,578	3,491	8,183	178	1,696	278	2,054	4	200	51,217	59,711

OHIO AMERICAN WATER COMPANY
WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 10. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

Factors are based on the relative capacity of services by size and customer classification, as developed on the following page and summarized below.

Customer Classification	3/4" Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	47,430	0.8023
Commercial	5,498	0.0930
Industrial	616	0.0104
Other Public Authority	842	0.0142
Consumers/Aqua	32	0.0005
Private Fire Protection	4,707	0.0796
Total	59,125	1.0000

OHIO AMERICAN WATER COMPANY

BASIS FOR ALLOCATING SERVICE COSTS TO CUSTOMER CLASSIFICATIONS

Service Size	3/4" Equivalent	Residential		Commercial		Industrial		Other Public Authority		Consumers/Aqua		Private Fire Protection		Total	
		Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)=(2)X(11)	(15)	(16)
3/4	1.00	47,122	47,122	2,438	2,438	29	29	70	70	0	0	0	0	49,659	49,659
1	2.00	126	252	495	990	23	46	39	78	0	0	0	0	683	1,366
1-1/2	2.70	12	32	144	389	9	24	18	49	0	0	0	0	183	494
2	4.00	6	24	380	1,520	84	336	114	456	0	0	95	380	679	2,716
3	4.00	0	0	23	92	6	24	12	48	0	0	1	4	42	168
4	5.30	0	0	7	37	22	117	22	117	0	0	61	323	112	594
6	8.00	0	0	4	32	5	40	3	24	4	32	237	1,896	253	2,024
8	10.70	0	0	0	0	0	0	0	0	0	0	163	1,744	163	1,744
10	13.30	0	0	0	0	0	0	0	0	0	0	15	200	15	200
12	16.00	0	0	0	0	0	0	0	0	0	0	10	160	10	160
	Total	47,266	47,430	3,491	5,498	178	616	278	842	4	32	582	4,707	51,799	59,125

OHIO AMERICAN WATER COMPANY
WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 11. ALLOCATION OF TRANSMISSION AND DISTRIBUTION OPERATION SUPERVISION AND ENGINEERING AND MISCELLANEOUS EXPENSES.

Factors are based on transmission and distribution operation expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Operating Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$ 545,584	0.7823
Commercial	77,872	0.1115
Industrial	18,749	0.0269
Other Public Authority	18,452	0.0265
Consumers/Aqua	851	0.0012
Private Fire Protection	35,957	0.0516
Total	697,463	1.0000

FACTOR 12. ALLOCATION OF TRANSMISSION AND DISTRIBUTION MAINTENANCE SUPERVISION AND ENGINEERING, STRUCTURES AND IMPROVEMENTS, AND OTHER EXPENSES.

Factors are based on transmission and distribution maintenance expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$ 492,646	0.7352
Commercial	81,481	0.1216
Industrial	36,127	0.0539
Other Public Authority	27,202	0.0406
Consumers/Aqua	200	0.0003
Private Fire Protection	32,455	0.0484
Total	$670,111	1.0000

OHIO AMERICAN WATER COMPANY
WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 13. ALLOCATION OF BILLING AND COLLECTING COSTS.

Factors are based on the total number of customers.

Customer Classification	Total Customers	Allocation Factor
(1)	(2)	(3)
Residential	47,266	0.9124
Commercial	3,491	0.0674
Industrial	178	0.0034
Other Public Authority	278	0.0054
Consumers/Aqua	4	0.0001
Private Fire Protection	584	0.0113
Total	51,801	1.0000

FACTOR 14. ALLOCATION OF METER READING COSTS.

Factors are based on the number of metered customers.

Customer Classification	Total Metered Customers	Allocation Factor
(1)	(2)	(3)
Residential	47,266	0.9228
Commercial	3,491	0.0682
Industrial	178	0.0035
Other Public Authority	278	0.0054
Consumers/Aqua	4	0.0001
Total	51,217	1.0000

OHIO AMERICAN WATER COMPANY
WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 15. ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES AND CASH WORKING CAPITAL.

Factors are based on the allocation of all other operation and maintenance expenses excluding purchased water, power, chemicals and waste disposal.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$4,590,843	0.7269
Commercial	717,796	0.1136
Industrial	382,920	0.0606
Other Public Authority	257,550	0.0408
Consumers/Aqua	207,848	0.0329
Private Fire Protection	158,982	0.0252
Total	$6,315,940	1.0000

OHIO AMERICAN WATER COMPANY
WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 16. ALLOCATION OF LABOR RELATED TAXES AND BENEFITS.

Factors are based on the allocation of direct labor expense.

Customer Classification	Direct Labor Expense	Allocation Factor
(1)	(2)	(3)
Residential	$3,156,690	0.7182
Commercial	508,124	0.1155
Industrial	270,785	0.0615
Other Public Authority	183,037	0.0416
Consumers/Aqua	153,019	0.0348
Private Fire Protection	124,869	0.0284
Total	$4,396,525	1.0000

FACTOR 17. ALLOCATION OF ORGANIZATION, FRANCHISES AND CONSENTS, MISCELLANEOUS INTANGIBLE PLANT AND OTHER RATE BASE ELEMENTS.

Factors are based on the allocation of the original cost less depreciation other than those items being allocated, as follows:

Customer Classification	Original Cost Less Depreciation	Allocation Factor
(1)	(2)	(3)
Residential	$37,595,186	0.6187
Commercial	8,974,099	0.1476
Industrial	6,817,988	0.1122
Other Public Authority	4,363,358	0.0718
Consumers/Aqua	2,343,026	0.0386
Private Fire Protection	675,775	0.0111
Total	$60,769,432	1.0000

OHIO AMERICAN WATER COMPANY
WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 18. ALLOCATION OF INCOME TAXES AND INCOME AVAILABLE FOR RETURN.

Factors are based on the allocation of the original cost measure of value rate base as shown on the following pages and summarized below.

Customer Classification	Original Cost Measure of Value	Allocation Factor
(1)	(2)	(3)
Residential	$34,511,633	0.6191
Commercial	8,226,003	0.1474
Industrial	6,244,076	0.1120
Other Public Authority	3,996,053	0.0717
Consumers/Aqua	2,153,796	0.0386
Private Fire Protection	622,690	0.0112
Total	$55,754,251	1.0000

FACTOR 19. ALLOCATION OF REGULATORY COMMISSION EXPENSES, ASSESSMENTS AND OTHER WATER REVENUES.

The factors are based on the allocation of the total cost of service, excluding those items being allocated.

Customer Classification	Total Cost of Service	Allocation Factor
(1)	(2)	(3)
Residential	$21,875,359	0.6672
Commercial	4,254,163	0.1297
Industrial	2,891,017	0.0882
Other Public Authority	1,834,275	0.0559
Consumers/Aqua	1,352,524	0.0412
Private Fire Protection	584,806	0.0178
Total	$32,792,144	1.0000

OHIO AMERICAN WATER COMPANY
WATER OPERATIONS
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30,2007 ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Consumers/ Aqua	Private Fire Protection
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
RATE BASE								
Organization	17	$ 127,954	$ 79,165	$ 18,886	$ 14,356	$ 9,187	$ 4,939	$ 1,420
Franchises	17	11,180	6,917	1,650	1,254	803	432	124
Miscellaneous	17	48,476	29,992	7,155	5,439	3,481	1,871	538
Comprehensive Planning Study	17	(225,658)	(139,615)	(33,307)	(25,319)	(16,202)	(8,710)	(2,505)
Land & Ld Rights SS	2	584,040	313,629	82,700	76,159	44,562	66,639	350
Land & Ld Rights P	6	52,710	30,345	7,896	6,879	4,164	3,010	416
Land & Ld Rights WT	2	84,767	45,520	12,003	11,054	6,468	9,672	51
Land & Ld Rights TD	7	363,760	225,277	57,292	45,106	29,174	0	6,911
Land & Land Rights AG	15	44,411	32,282	5,045	2,691	1,812	1,461	1,119
Struct & Imp SS	2	949,240	509,742	134,412	123,781	72,427	108,308	570
Struct & Imp P	6	772,416	444,680	115,708	100,800	61,021	44,105	6,102
Struct & Imp WT	2	1,840,593	988,398	260,628	240,013	140,437	210,012	1,104
Struct & Imp TD	7	29,642	18,358	4,669	3,676	2,377	0	563
Struct & Imp Store,Shop,Gar	15	1,026,439	746,119	116,604	62,202	41,879	33,770	25,866
Limited Term Utility Plant	15	142,375	103,492	16,174	8,628	5,809	4,684	3,588
Collect & Impounding	1	269	127	41	41	22	38	0
Lake, River & Other Intakes	2	1,220,112	655,200	172,768	159,103	93,095	139,215	732
Infiltration Galleries & Tunnels	2	870	467	123	113	66	99	1
Wells & Springs	2	961,630	516,395	136,167	125,397	73,372	109,722	577
Supply Mains	2	262,570	141,000	37,180	34,239	20,034	29,959	158
Power Generation Equip Other	6	193,393	111,336	28,970	25,238	15,278	11,043	1,528
Boiler Plant Equipment P	6		0	0	0	0	0	0
Pump Equip Steam	6		0	0	0	0	0	0
Pump Equip Electric	6	4,613,040	2,655,727	691,033	602,002	364,430	263,405	36,443
Pump Equip Diesel	6	20,653	11,890	3,094	2,695	1,632	1,179	163
Pump Equip Hydraulic	6	9,191	5,291	1,377	1,199	726	525	73
Pump Equip Other	6	1,183	681	177	154	93	68	9
WT Equip Non-Media	2	10,528,608	5,653,863	1,490,851	1,372,931	803,333	1,201,314	6,317
Dist Reservoirs & Standpipe	5	2,715,592	1,674,977	437,210	345,966	229,196	0	28,242
TD Mains	7	25,208,799	15,611,809	3,970,386	3,125,891	2,021,746	0	478,967
Fire Mains	8		0	0	0	0	0	0
Services	10	254,102	203,866	23,631	2,643	3,608	127	20,227
Meters	9	3,225,036	2,570,032	441,830	91,591	110,941	10,643	0
Meter Installations	9	1,211,242	965,238	165,940	34,399	41,667	3,997	0
Hydrants	8	2,092,909	1,673,244	287,783	59,646	72,236	0	0
Other P/E TD	7	1,005	623	158	125	81	0	19
Office Furniture & Equip	15	141,356	102,751	16,058	8,566	5,767	4,651	3,562
Comp & Periph Equip	15	1,081,285	785,986	122,834	65,526	44,116	35,574	27,248
Office Machines and Equipment	15	44,641	32,450	5,071	2,705	1,821	1,469	1,125
Trans Equip	15	(574,136)	(417,339)	(65,222)	(34,793)	(23,425)	(18,889)	(14,468)
Stores Equipment	15	14,118	10,262	1,604	856	576	464	356
Tools,Shop,Garage Equip	15	760,764	552,999	86,423	46,102	31,039	25,029	19,171
Laboratory Equipment	2	153,026	82,175	21,668	19,955	11,676	17,460	92

OHIO AMERICAN WATER COMPANY
WATER OPERATIONS
COST OF SERVICE FOR THE TWELVE MONTHS ENDED JUNE 30,2007 ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Consumers/ Aqua	Private Fire Protection
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Power Operated Equipment	15	345,660	251,260	39,267	20,947	14,103	11,372	8,711
Comm Equip Non-Telephone	15	55,974	40,688	6,359	3,392	2,284	1,842	1,411
Misc Equipment	15	336,145	244,344	38,186	20,370	13,715	11,059	8,471
Other Tangible Property	17	(117,210)	(72,518)	(17,300)	(13,151)	(8,416)	(4,524)	(1,301)
Total Utility Plant in Service		60,614,174	37,499,127	8,951,183	6,800,568	4,352,211	2,337,033	674,052
Other Rate Base Items								
Add:								
Other Utility Plant Adjustments	17		0	0	0	0	0	0
Deferred Debits	15	176,301	128,153	20,028	10,684	7,193	5,800	4,443
Cash Working Capital	15	0	0	0	0	0	0	0
Materials and Supplies	15		0	0	0	0	0	0
Prepayments	15		0	0	0	0	0	0
OPEB's Contributed to External Fund	16		0	0	0	0	0	0
Premature Retirement	17		0	0	0	0	0	0
Regulatory Deferrals	17		0	0	0	0	0	0
Less:								
Accumulated Deferred ITC (3%)	17	(54,539)	(33,743)	(8,050)	(6,119)	(3,916)	(2,105)	(605)
Tank Painting Reserve	5	(138,905)	(85,676)	(22,364)	(17,696)	(11,724)	0	(1,445)
Deferred Income Taxes	17	(4,770,923)	(2,951,770)	(704,188)	(535,298)	(342,552)	(184,158)	(52,957)
Overheads and AFUDC	17	(71,857)	(44,458)	(10,606)	(8,062)	(5,159)	(2,774)	(798)
Pensions	16		0	0	0	0	0	0
Total Other Rate Base Elements		(4,859,922)	(2,987,494)	(725,180)	(556,492)	(356,158)	(183,236)	(51,362)
Total Original Cost Measure of Value		$ 55,754,251	$ 34,511,633	$ 8,226,003	$ 6,244,076	$ 3,996,053	$ 2,153,796	$ 622,690

OHIO AMERICAN WATER COMPANY
WATER OPERATIONS

BASIS FOR ALLOCATING DEMAND RELATED COSTS OF FIRE SERVICE TO PRIVATE AND PUBLIC FIRE PROTECTION CUSTOMER CLASSIFICATIONS

Description		Restrictive Diameters Squared	Quantity	Relative Demand*	Allocation Factor
(1)		(2)	(3)	(4)=(2)x(3)	(5)
PRIVATE FIRE PROTECTION					
Fire Lines					
2 -inch		4.00	95	380	
3 -inch		9.00	3	27	
4 -inch		16.00	61	976	
6 -inch		36.00	237	8,532	
8 -inch		64.00	163	10,432	
10 -inch		100.00	15	1,500	
12 -inch		144.00	10	1,440	
Private Hydrants		32.75	0	0	
Total Private Fire Protection			584	23,287	0.1379
PUBLIC FIRE PROTECTION					
Hydrant	Nozzle Sizes				
6" Valve	2- 2-1/2" & 1 - 4.5"	32.75	4,446	145,607	
Total Public Fire Protection			4,446	145,607	0.8621
Total Fire Protection			5,030	168,894	1.0000

REALLOCATE PUBLIC FIRE	Meter Equivalents	Factor 8, Allocation of Public Fire	Allocation of Public Fire Using Factor
Residential	47,578	0.7995	0.6893
Commercial	8,183	0.1375	0.1185
Industrial	1,696	0.0285	0.0246
Other Public Authority	2,054	0.0345	0.0297
	59,511	1.0000	0.8621

OHIO AMERICAN WATER COMPANY

Calculation of Customer Charge - Water Only
Using PUCO Staff Methodology

	Account Description	
	Variable Expenses per Meter Size	
	Plant Accounts	
345	Services	8,702,958
346	Meters	4,473,712
347	Meter installations	1,870,912
389	Land and land rights	44,411
390	Office Structures and Improvements	1,644,380
391	Office Furniture and Equipment	2,687,904
348	Hydrants	3,148,706
	Total Customer Plant	22,572,983
	Less Related Depreciation Reserve	
345	Services	8,389,534
346	Meters	1,332,649
347	Meter installations	659,670
389	Land and land rights	0
390	Office Structures and Improvements	475,566
391	Office Furniture and Equipment	1,420,622
348	Hydrants	1,016,840
	Total Customer Depreciation Reserve	13,294,881
	Total "Customer Rate Base"	9,278,102
	Rate of Return	8.27%
(1)	Return on "Customer Rate Base"	767,299
	Operation and Maintenance Expense Accounts:	
	Transmission & Distribution	
663	Meter Expense	191,852
664	Meter Installation Expense	434,820
675	Service Maintenance	147,530
676	Meter & Meter Installation Expense	7,534
677	Hydrant Expense	68,684
(2)	Total Operation & Maintenance Expense Accounts	850,420

OHIO AMERICAN WATER COMPANY

Calculation of Customer Charge - Water Only
Using PUCO Staff Methodology

	Account Description			
	Variable Taxes Per Meter Size			
	Property Taxes			4,320,184
	Gross Receipts Taxes			1,570,809
	PUCO & OCC Taxes			55,191
	Federal Income Taxes			1,613,703
	Total Variable Taxes			7,559,887
	Multiplied by Customer Conversion Factor			
	"Customer Rate Base"/Total Rate Base =	9,278,102 /	$ 55,754,251	16.64%
(3)	Total Customer Variable Taxes			1,257,965
	Depreciation Expense Accounts			
	Plant Accounts			
345	Services			641,369
346	Meters			235,285
347	Meter Installations			54,363
389	A&G Land			0
390	Office Structures and Improvements			39,761
391	Office Furniture & Equipment			294,916
348	Hydrants			80,317
(4)	Total Customer Plant Depreciation Expense			1,346,011
	Summary of Variable Expenses Per Meter Size			
(1)	Return on "Customer Rate Base"			767,299
(2)	Total Operation & Maintenance Expense Accounts			850,420
(3)	Total Customer Variable Taxes			1,257,965
(4)	Total Customer Plant Depreication Expense			1,346,011
	Total Variable Expenses			4,221,696
	Total Equivalent Monthly Meters	59,711 x	12	716,532
	Montly Customer Variable Charge			5.8918
	Fixed Expense Per Meter Size			
	Customer Accounting Expenses			
901	Supervision			21,883
902	Meter Reading Expenses			215,207
903	Customer Charges			451,217
905	Miscellaneous Customer Expense			151,516
	Management Fees - Customer Related			796,541
	Amort of Reg Asset			138,438
(5)	Total Customer Accounting Expenses			1,774,802

OHIO AMERICAN WATER COMPANY

Calculation of Customer Charge - Water Only
Using PUCO Staff Methodology

	Account Description			
	Customer Payroll Related Costs			
	Payroll Related Taxes			358,143
	Multiplied by Customer Conversion Factor			
	Customer Acct. Payroll/Total O&M Payroll =	469,806 /	4,089,910	11.49%
(6)	Total Customer Payroll Taxes			41,151
	Summary of Customer Fixed Expense			
(5)	Total Customer Accounting Expenses			1,774,802
(6)	Total Customer Payroll Taxes			41,151
	Total Fixed Expense			1,815,953
	Divide by Total Monthly Customer Billings			405,350
	Monthly Customer Fixed Charge			4.48

Summary:	Monthly Customer Variable Charge	5.8918
	Monthly Customer Fixed Charge	4.4800
	Monthly Customer Charge	10.3718
	Recommended Monthly Customer Charge	10.3718

Ohio American Water Company

Rate Case No. 09-391-WS-AIR

Standard Filing Information

Rates and Tariffs

Section E-3.2
Cost of Service Study

Water Division

OHIO AMERICAN WATER COMPANY
WATER OPERATIONS

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES
FOR THE TEST YEAR ENDED SEPTEMBER 30, 2009

Customer Classification	Cost of Service Amount (Schedule B)	Cost of Service Percent	Revenues, Present Rates Amount	Revenues, Present Rates Percent	Revenues, Proposed Rates Amount	Revenues, Proposed Rates Percent	Proposed Increase Amount	Proposed Increase Percent Increase
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Residential	$ 26,588,111	65.9%	$ 21,091,142	65.1%	$ 26,334,065	65.3%	$ 5,242,923	24.9%
Commercial	5,569,098	13.8%	4,963,898	15.5%	6,177,992	15.3%	1,214,094	24.5%
Industrial	2,770,586	6.9%	2,510,690	7.8%	3,125,841	7.7%	615,151	24.5%
Special Contracts - Industrial	956,532	2.3%	467,582	1.4%	467,582	1.2%	-	
Public Authority	2,124,200	5.3%	1,513,831	4.7%	1,891,258	4.7%	377,427	24.9%
Special Contracts - Sales for Resale	1,579,702	3.9%	1,147,407	3.6%	1,579,104	3.9%	431,697	37.6%
Private Fire Service	755,146	1.9%	614,245	1.9%	767,144	1.9%	152,899	24.9%
Total Sales	40,343,374	100.0%	32,308,796	100.0%	40,342,987	100.0%	8,034,191	24.9%
Other Revenues	1,166,880		1,166,880		1,166,880		-	0.0%
Total	$ 41,510,254		$ 33,475,676		$ 41,509,867		$ 8,034,191	24.0%

OHIO AMERICAN WATER COMPANY
WATER OPERATIONS
COST OF SERVICE FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2009 ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Special Contracts Industrial	Public Authorities	Special Contracts Resale	Private Fire Protection
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
OPERATION AND MAINTENANCE EXPENSES									
SOURCE OF SUPPLY EXPENSES									
Oper. Super. And Eng'ng -Labor	2		$ -	$ -	$ -	$ -	$ -	$ -	$ -
SS Operating Expense	2	2,531	1,340	374	246	120	172	277	2
SS Operating Labor	2		0	0	0	0	0	0	0
Purchased Water	1A	1,074,910	578,194	195,634	140,921	69,117	89,970	0	1,075
TOTAL SS EXPENSE - OPERATION		1,077,441	579,534	196,008	141,166	69,237	90,142	277	1,076
Purchased Power SS	2	632,682	334,942	93,574	61,370	30,052	43,022	69,342	380
Misc Exp Oper SS	2		0	0	0	0	0	0	0
Transport Maint SS	2		0	0	0	0	0	0	0
Maint Super & Eng SS - Labor	2		0	0	0	0	0	0	0
Struct & Improve Maint SS	2	2,491	1,319	368	242	118	169	273	1
Maint. Of Intakes - Mat'l	2		0	0	0	0	0	0	0
Maint of Wells	2	4,027	2,132	596	391	191	274	441	2
Infilt Gall & Tunnels Maint SS	2		0	0	0	0	0	0	0
Supply Mains Maint SS	2	458	242	68	44	22	31	50	0
Misc Plant Maint SS - Mat'l	2	143,116	75,766	21,167	13,882	6,798	9,732	15,686	86
Misc Plant Maint SS - Labor	2	19	10	3	2	1	1	2	0
Contract Svc - Other Maint SS	2		0	0	0	0	0	0	0
TOTAL SS EXPENSE - MAINTENANCE		782,793	414,410	115,775	75,931	37,183	53,230	85,794	470
TOTAL SS EXPENSE		1,860,234	993,945	311,783	217,097	106,420	143,372	86,071	1,546
POWER AND PUMPING EXPENSES									
Oper Super and Eng - Labor	6		0	0	0	0	0	0	0
Fuel for Power Prod	1	3,226	1,497	507	365	179	233	442	3
Labor & Exp Oper Pwr Prod	6	56	32	9	5	2	4	3	0
Purch Fuel/Power for Pump	1	438,160	203,350	68,835	49,600	24,318	31,679	60,028	351
Pumping Labor	6	420,469	241,181	66,350	41,080	15,473	29,895	23,042	3,448
Pumping Expense	6		0	0	0	0	0	0	0
Misc Pumping Exp - Oper	6	723	415	114	71	27	51	40	6
Rents Oper P	6		0	0	0	0	0	0	0
TOTAL PUMPING EXPENSE - OPERATION		862,634	446,475	135,815	91,121	39,999	61,863	83,554	3,807
Maint super and Eng - Labor	6		0	0	0	0	0	0	0
Maint of Structures - Mat'l	6		0	0	0	0	0	0	0
Maint of Structures - Labor	6	30,730	17,627	4,849	3,002	1,131	2,185	1,684	252
Maint of Power Prod Eq -Maint	6		0	0	0	0	0	0	0
Maint of Power Prod Eq - Labor	6		0	0	0	0	0	0	0
Maint of Pumping Eq - Mat'l	6	6,338	3,635	1,000	619	233	451	347	52
Maint of Pumping Eq - Labor	6	29,222	16,761	4,611	2,855	1,075	2,078	1,601	240
TOTAL PUMPING EXPENSES - MAINTENANCE		66,289	38,024	10,460	6,476	2,439	4,713	3,633	544
TOTAL PUMPING EXPENSES		928,924	484,499	146,275	97,597	42,438	66,576	87,187	4,351

OHIO AMERICAN WATER COMPANY
WATER OPERATIONS
COST OF SERVICE FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2009 ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Special Contracts Industrial	Public Authorities	Special Contracts Resale	Private Fire Protection
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
WATER TREATMENT									
Oper Super and Eng - Labor	2	68,217	36,114	10,089	6,617	3,240	4,639	7,477	41
Chemicals - WT	1	1,518,032	704,519	238,483	171,841	84,251	109,754	207,970	1,214
Softening Chemicals									
Gen'l WT Labor	2	728,832	385,844	107,794	70,697	34,620	49,561	79,880	437
Softening Labor									
Gen'l WT Exp	2	104,939	55,555	15,520	10,179	4,985	7,136	11,501	63
Heat - Oil/Gas WT Exp	1	99,362	46,114	15,610	11,248	5,515	7,184	13,613	79
Lab Supplies	2	103,775	54,938	15,348	10,066	4,929	7,057	11,374	62
Softening Expenses									
Purchased Power WT	2		0	0	0	0	0	0	0
Waste Disposal Exp	1	218,688	101,493	34,356	24,755	12,137	15,811	29,960	175
Amort Waste Disposal Exp	2	2,988	1,582	442	290	142	203	327	2
M & S Oper WT	2	49,075	25,980	7,258	4,760	2,331	3,337	5,379	29
Trans Oper WT	2	179	95	26	17	9	12	20	0
Misc Oper WT	2	32	17	5	3	2	2	4	0
WT Rents	2	6,883	3,644	1,018	668	327	468	754	4
Contract Services WT	2		0	0	0	0	0	0	0
Contract Services Lab Testing	2		0	0	0	0	0	0	0
TOTAL WT EXPENSE - OPERATION		2,901,002	1,415,894	445,950	311,142	152,486	205,163	368,258	2,108
Maint Super & Eng - Labor	2	48,715	25,790	7,205	4,725	2,314	3,313	5,339	29
Maint of Structures - Mat'l	2	10,821	5,729	1,600	1,050	514	736	1,186	6
Maint of Structures - Labor	2	21,787	11,534	3,222	2,113	1,035	1,482	2,388	13
Maint. Of Treat Eq - Mat'l	2	153,998	81,527	22,776	14,938	7,315	10,472	16,878	92
Maint Of Treat Eq - Labor	2	32,413	17,160	4,794	3,144	1,540	2,204	3,553	19
Maint of Softening Eq - Labor									
TOTAL WT EXPENSE - MAINTENANCE		267,735	141,739	39,598	25,970	12,717	18,206	29,344	161
TOTAL WATER TREATMENT EXPENSE		3,168,736	1,557,633	485,548	337,112	165,204	223,369	397,602	2,268
TRANSMISSION AND DISTRIBUTION EXPENSES									
Super & Eng Oper TD - Labor	11	140,586	109,038	16,434	3,430	323	3,908	169	7,282
Storage Facilty Exp - Mat'l	5		0	0	0	0	0	0	0
Storage Facilty Exp - Labor	5		0	0	0	0	0	0	0
TD Lines Exp - Mat'l	7	3,182	1,999	538	303	43	235	0	64
TD Lines Exp - Labor	7	92,601	58,172	15,659	8,806	1,259	6,852	0	1,852
Misc Meter Expense	9	(185)	(145)	(27)	(5)	(0)	(7)	(1)	0
Misc Meter Labor	9	197,886	155,578	28,654	5,402	356	7,223	673	0

OHIO AMERICAN WATER COMPANY
WATER OPERATIONS
COST OF SERVICE FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2009 ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Special Contracts Industrial	Public Authorities	Special Contracts Resale	Private Fire Protection
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Customer Install Exp	10		0	0	0	0	0	0	0
Meter Installation - Labor	10	506,499	404,845	48,675	5,014	203	7,901	304	39,558
Purchased Power T&D	11	44,104	34,207	5,156	1,076	101	1,226	53	2,285
Misc T&D Oper Labor	11	327,804	254,244	38,320	7,998	754	9,113	393	16,980
Misc T&D Exp	11	238,719	185,150	27,906	5,825	549	6,636	286	12,366
Rents Oper TD	11	81,980	63,584	9,583	2,000	189	2,279	98	4,247
TOTAL T & D EXPENSE OPERATION		1,633,175	1,266,672	190,899	39,850	3,777	45,368	1,976	84,633
Super & Eng Maint TD - Labor	12	42,174	30,466	5,601	2,075	270	1,826	13	1,923
Maint of Structures - Mat'l	12	449	324	60	22	3	19	0	20
Maint of Structures - Labor	12	14,673	10,600	1,949	722	94	635	4	669
Maint of Dist Res - Mat'l	5		0	0	0	0	0	0	0
Misc Maint of Mains - Mat's	7	69,481	43,648	11,749	6,608	945	5,142	0	1,390
Paving/Backfill T&D	7	290,514	182,501	49,126	27,628	3,951	21,498	0	5,810
Misc Maint of Mains - Labor	10	209,620	167,549	20,144	2,075	84	3,270	126	16,371
Fire Main Maint TD	8		0	0	0	0	0	0	0
Fire Main Maint TD	8		0	0	0	0	0	0	0
Maint of Services - Mat'l	10	47,640	38,079	4,578	472	19	743	29	3,721
Maint of Services - Labor	10	124,431	99,458	11,958	1,232	50	1,941	75	9,718
Maint of Meters - Mat'l	9	5,203	4,091	753	142	9	190	18	0
Maint of Meters - Labor	9	3,403	2,675	493	93	6	124	12	0
Maint of Hydrants - Mat'l	8	15,846	12,501	2,303	434	29	580	0	0
Maint of Hydrants - Labor	8	44,719	35,279	6,499	1,224	82	1,636	0	0
Maint Other T&D - Labor	12	179,900	129,960	23,891	8,851	1,151	7,790	54	8,203
Maint Other T&D - Mat'l	12	193,216	139,579	25,659	9,506	1,237	8,366	58	8,811
Misc Maint T&D	12	19,432	14,038	2,581	956	124	841	6	886
Amort Def Maint	12	308,844	223,109	41,014	15,195	1,977	13,373	93	14,083
Transport Maint T&D	7		0	0	0	0	0	0	0
Contract Svc - Other Maint T&D	7	10,140	6,370	1,715	964	138	750	0	203
TOTAL T & D EXPENSE - MAINTENANCE		1,579,686	1,140,227	210,072	78,199	10,168	68,725	486	71,809
TOTAL T & D EXPENSE		3,212,860	2,406,899	400,970	118,049	13,946	114,093	2,462	156,442
CUSTOMER ACCOUNTS									
Supervision Labor	13	22,685	20,410	1,581	113	5	184	2	390
Meter Reading Exp	14		0	0	0	0	0	0	0
Meter Reading Labor	14	261,104	215,228	34,596	4,648	52	6,528	52	0
Meter Reading Exp CA	14		0	0	0	0	0	0	0
Customer Records Labor	13	209,301	188,308	14,588	1,047	42	1,695	21	3,600
Cust Acct Supplies, Uniforms, Misc	13	273,651	246,204	19,074	1,368	55	2,217	27	4,707
Collection Agency Expense	13		0	0	0	0	0	0	0
Bank Service Charges	13		0	0	0	0	0	0	0
Postage	13		0	0	0	0	0	0	0
Uncollectible Accts	20	793,691	724,799	53,177	2,619	79	4,762	79	8,175

OHIO AMERICAN WATER COMPANY
WATER OPERATIONS
COST OF SERVICE FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2009 ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Special Contracts Industrial	Public Authorities	Special Contracts Resale	Private Fire Protection
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Customer Accounting Labor	13	101,401	91,231	7,068	507	20	821	10	1,744
Misc Expenses	13	169,233	152,259	11,796	846	34	1,371	17	2,911
Telephone	13		0	0	0	0	0	0	0
Misc Customer Service	13		0	0	0	0	0	0	0
Management & Contract Svc Cust Accting	13		0	0	0	0	0	0	0
Rents - Equip Cust Accting									
TOTAL CUSTOMER ACCOUNTING EXPENSE		1,831,067	1,638,439	141,880	11,148	287	17,578	209	21,527
ADMINISTRATIVE AND GENERAL EXPENSES									
Salaries AG	15	1,488,555	1,078,756	178,924	69,516	22,626	57,458	43,019	38,256
Pcard Undistributed	15		0	0	0	0	0	0	0
Purchased Power AG	15	33,777	24,478	4,060	1,577	513	1,304	976	868
Misc. General Exp	15	512,610	371,489	61,616	23,939	7,792	19,787	14,814	13,174
Other Supplies & Exp AG	15	13,285	9,627	1,597	620	202	513	384	341
Contract Services - Management	15		0	0	0	0	0	0	0
Management Fees									
Customer Related	20	981,206	896,037	65,741	3,238	98	5,887	98	10,106
Employee Related	16	203,765	144,775	25,267	9,842	3,383	8,171	6,541	5,787
Water Quality Related	1	75,944	35,246	11,931	8,597	4,215	5,491	10,404	61
Other	15	2,333,220	1,690,885	280,453	108,961	35,465	90,062	67,430	59,964
Accounting Services	15	42,411	30,736	5,098	1,981	645	1,637	1,226	1,090
Legal Services	15	106,719	77,339	12,828	4,984	1,622	4,119	3,084	2,743
Other Services	13	71,512	64,339	4,984	358	14	579	7	1,230
Property Insurance	15		0	0	0	0	0	0	0
Ins Gen Liab Oper AG	15	313,217	226,988	37,649	14,627	4,761	12,090	9,052	8,050
Ins Work Comp AG	16	129,022	91,670	15,999	6,232	2,142	5,174	4,142	3,664
Ins Other Oper AG	15	88,809	64,360	10,675	4,147	1,350	3,428	2,567	2,282
Vehicle and Other Insurance	15	23,202	16,814	2,789	1,084	353	896	671	596
Injuries & Damages	16	9,207	6,542	1,142	445	153	369	296	261
Employee Pension & Benefits	16	3,125,932	2,220,975	387,616	150,983	51,890	125,350	100,342	88,776
Reg Commision Exp	15	428,872	310,804	51,550	20,028	6,519	16,554	12,394	11,022
Rents AG	15	30,904	22,396	3,715	1,443	470	1,193	893	794
Goodwill Advertising Exp	15	20,112	14,575	2,417	939	306	776	581	517
Misc General Expenses	15	851,656	617,195	102,369	39,772	12,945	32,874	24,613	21,888
Research & Development	15	55	40	7	3	1	2	2	1
TOTAL A & G OPERATIONS		10,883,994	8,016,066	1,268,425	473,315	157,463	393,715	303,536	271,473
General Plant Maint AG	15	77,562	56,209	9,323	3,622	1,179	2,994	2,242	1,993
General Plant Maint AG	15		0	0	0	0	0	0	0
TOTAL A & G EXPENSE - MAINTENANCE		77,562	56,209	9,323	3,622	1,179	2,994	2,242	1,993
TOTAL A & G EXPENSE		10,961,556	8,072,276	1,277,748	476,937	158,642	396,709	305,778	273,466
Total Operation & Maintenance Expenses		21,963,377	15,153,689	2,764,204	1,257,941	486,937	961,697	879,309	459,600

OHIO AMERICAN WATER COMPANY
WATER OPERATIONS
COST OF SERVICE FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2009 ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Special Contracts Industrial	Public Authorities	Special Contracts Resale	Private Fire Protection
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
DEPRECIATION EXPENSE									
Struct & Imp SS	2	31,411	16,629	4,646	3,047	1,492	2,136	3,443	19
Struct & Imp P	6	56,571	32,449	8,927	5,527	2,082	4,022	3,100	464
Struct & Imp WT	2	108,826	57,612	16,095	10,556	5,169	7,400	11,927	65
Struct & Imp TD	7	1,438	903	243	137	20	106	0	29
Struct & Imp Offices	15	66,321	48,063	7,972	3,097	1,008	2,560	1,917	1,704
Struct & Imp Store,Shop,Gar	15		0	0	0	0	0	0	0
Struct & Imp General Plant	15		0	0	0	0	0	0	0
Collect & Impounding	1	24	11	4	3	1	2	3	0
Lake, River & Other Intakes	2	26,597	14,080	3,934	2,580	1,263	1,809	2,915	16
Infiltration Galleries & Tunnels	2		0	0	0	0	0	0	0
Wells & Springs	2	56,442	29,880	8,348	5,475	2,681	3,838	6,186	34
Supply Mains	2	4,853	2,569	718	471	231	330	532	3
Power Generation Equip Other	6	139,367	79,941	21,992	13,616	5,129	9,909	7,637	1,143
Pump Equip Electric	6	233,039	133,671	36,774	22,768	8,576	16,569	12,771	1,911
Pump Equip Diesel	6	1,919	1,101	303	187	71	136	105	16
Hydraulic Pumping Equipment	6	302	173	48	30	11	21	17	2
Pump Equip Other	6	71	41	11	7	3	5	4	1
WT Equip Non-Media	2	525,540	278,221	77,727	50,977	24,963	35,737	57,599	315
WT Equip Filter Media	2		0	0	0	0	0	0	0
Dist Reservoirs & Standpipe	5	155,150	94,238	25,957	14,538	6,997	11,590	0	1,831
TD Mains	7	656,258	412,261	110,973	62,410	8,925	48,563	0	13,125
Services	10	442,901	354,011	42,563	4,385	177	6,909	266	34,591
Meters	9	268,956	211,453	38,945	7,342	484	9,817	914	0
Meter Installations	9	49,574	38,975	7,178	1,353	89	1,809	169	0
Meter Installation Other	9		0	0	0	0	0	0	0
Hydrants	8	78,322	61,788	11,382	2,144	143	2,865	0	0
Other P/E Intangible	17		0	0	0	0	0	0	0
Other P/E WT Res Hand Equip	2		0	0	0	0	0	0	0
Other P/E TD	7	84	53	14	8	1	6	0	2
Other P/E CPS	15		0	0	0	0	0	0	0

OHIO AMERICAN WATER COMPANY
WATER OPERATIONS
COST OF SERVICE FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2009 ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Special Contracts Industrial	Public Authorities	Special Contracts Resale	Private Fire Protection
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Office Furniture & Equip	15	13,351	9,675	1,605	623	203	515	386	343
Comp & Periph Equip	15	350,414	253,945	42,120	16,364	5,326	13,526	10,127	9,006
Other Office Equipment	15	3,536	2,563	425	165	54	136	102	91
Trans Equip	15		0	0	0	0	0	0	0
Stores Equipment	15	749	543	90	35	11	29	22	19
Tools,Shop,Garage Equip	15	56,457	40,914	6,786	2,637	858	2,179	1,632	1,451
Laboratory Equipment	2	14,532	7,693	2,149	1,410	690	988	1,593	9
Power Operated Equipment	15	32,709	23,704	3,932	1,528	497	1,263	945	841
Comm Equip Non-Telephone	15	40,250	29,169	4,838	1,880	612	1,554	1,163	1,034
Misc Equipment	15	21,696	15,723	2,608	1,013	330	837	627	558
Amortization of Deferred Depreciation	15	5,607	4,063	674	262	85	216	162	144
Other Tangible Property	15	24,858	18,015	2,988	1,161	378	960	718	639
AFUDC	15	(32,554)	(23,592)	(3,913)	(1,520)	(495)	(1,257)	(941)	(837)
Total Depreciation Expense		3,435,571	2,250,541	489,054	236,215	78,066	187,087	126,040	68,568
Amort-Intangible Fin	2	2,333	1,235	345	226	111	159	256	1
Amort-Ltd Term Plt	2	10,500	5,559	1,553	1,019	499	714	1,151	6
Amort-Expense	2	27,618	14,621	4,085	2,679	1,312	1,878	3,027	17
Taxes Other Than Income									
Utility Reg Assessment Fee	19	49,882	33,097	6,854	3,362	1,157	2,589	1,905	918
Property Taxes	18	5,115,083	3,188,743	791,303	427,109	126,854	329,923	181,074	70,077
FUTA	16	7,145	5,076	886	345	119	287	229	203
FICA	16	386,734	274,774	47,955	18,679	6,420	15,508	12,414	10,983
SUTA	16	36,380	25,848	4,511	1,757	604	1,459	1,168	1,033
Other Taxes & Licenses	15	106,832	77,421	12,841	4,989	1,624	4,124	3,087	2,746
Gross Receipts Tax	19	1,878,489	1,246,377	258,104	126,610	43,581	97,494	71,758	34,564
Total Taxes, Other Than Income		7,580,544	4,851,336	1,122,455	582,852	180,358	451,382	271,636	120,524
Income Taxes	18	2,418,995	1,508,002	374,219	201,986	59,991	156,025	85,632	33,140
Utility Income Available for Return	18	6,071,316	3,784,858	939,233	506,955	150,569	391,600	214,925	83,177
Total Cost of Service		41,510,254	27,569,841	5,695,147	2,789,873	957,842	2,150,542	1,581,977	765,032
Less: Other Water Revenues									
Late Payment Fee	13	$ 549,305	494,210	38,287	2,747	110	4,449	55	9,448
NSF Fees	13	17,867	16,075	1,245	89	4	145	2	307
Activation Fee	9	235,920	185,480	34,161	6,441	425	8,611	802	0
Usage Data Readings	14	21,792	17,963	2,887	388	4	545	4	0
Reconnection Charges	9	329,766	259,262	47,750	9,003	594	12,036	1,121	0
Frozen Meters	9	5,100	4,010	738	139	9	186	17	0
Temporary Service	19	3,470	2,302	477	234	81	180	133	64
Other	19	3,660	2,428	503	247	85	190	140	67
Total Other Water Revenues		1,166,880	981,731	126,049	19,287	1,311	26,343	2,274	9,887
Total Cost of Service Related to Sales of Water		$ 40,343,374	$ 26,588,111	$ 5,569,098	$ 2,770,586	$ 956,532	$ 2,124,200	$ 1,579,702	$ 755,146

OHIO AMERICAN WATER COMPANY
WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS

FACTOR 1 and 1A. ALLOCATION OF COSTS WHICH VARY WITH THE AMOUNT OF WATER CONSUMED.

Factors are based on the pro forma test year average daily consumption for each customer classification. Factor 1 includes Special Contracts - Resale, and Factor 1A excludes Special Contracts - Resale.

Customer Classification	Average Daily Consumption, CCF	Factor 1 Allocation Factor	Factor 1A Allocation Factor
(1)	(2)	(3)	(4)
Residential*	8,205.6	0.4641	0.5379
Commercial *	2,777.3	0.1571	0.1820
Industrial	2,001.1	0.1132	0.1311
Special Contracts - Industrial	981.6	0.0555	0.0643
Other Public Authority	1,277.7	0.0723	0.0837
Special Contracts - Resale	2,422.9	0.1370	0.0000
Private Fire Protection	14.8	0.0008	0.0010
Total	17,681.0	1.0000	1.0000

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the factors for average daily consumption (Factor 1) and the factors derived from maximum day extra capacity demand for each customer classification, as follows:

Customer Classification	Average Daily Consumption		Maximum Day Extra Capacity		Allocation Factor
	Allocation Factor 1	Weighted Factor	Allocation Factor	Weighted Factor	
(1)	(2)	(3)=(2)x 0.7143	(4)	(5)=(4)x 0.2857	(6)=(3)+(5)
Residential	0.4641	0.3315	0.6927	0.1979	0.5294
Commercial	0.1571	0.1122	0.1250	0.0357	0.1479
Industrial	0.1132	0.0809	0.0563	0.0161	0.0970
Special Contracts - Industrial	0.0555	0.0396	0.0276	0.0079	0.0475
Other Public Authority	0.0723	0.0516	0.0575	0.0164	0.0680
Special Contracts - Resale	0.1370	0.0979	0.0409	0.0117	0.1096
Private Fire Protection	0.0008	0.0006			0.0006
Total	1.0000	0.7143	1.0000	0.2857	1.0000

The derivation of the maximum day extra capacity factors in column 4 and the basis for the column 3 and 5 weightings are presented on the following page.

* Includes estimated usage for unmetered customers.

OHIO AMERICAN WATER COMPANY
WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS, cont.

		Maximum Day Extra Capacity		
Customer Classification	Average Daily Consumption, CCF	Factor*	Rate of Flow, CCF Per Day	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	8,205.6	1.5	12,308.5	0.6927
Commercial	2,777.3	0.8	2,221.8	0.1250
Industrial	2,001.1	0.5	1,000.5	0.0563
Special Contracts - Industrial	981.6	0.5	490.8	0.0276
Other Public Authority	1,277.7	0.8	1,022.2	0.0575
Special Contracts - Sales for Resale	2,422.9	0.3	726.9	0.0409
Total	17,666.2		17,770.7	1.0000

The weighting of the factors is based on the maximum day ratio of 1.40, based on a review of maximum day ratios experienced during the period 2002 through 2008.

	Maximum Day Ratio	Weight
Average Day	1.00	0.7143
Maximum Day Extra Capacity	0.40	0.2857
Total	1.40	1.0000

* Ratio of maximum day to average day minus 1.0.

OHIO AMERICAN WATER COMPANY
WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Daily Consumption		Maximum Day Extra Capacity		Fire Protection		Allocation Factor
	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	
(1)	(2)	(3)=(2) X 0.6789	(4)	(5)=(4) X 0.2716	(6)	(7)=(6) X 0.0495	(8)=(3)+(5)+(7)
Residential	0.5379	0.3651	0.7221	0.1962	0.6831	0.0338	0.5951
Commercial	0.1820	0.1236	0.1304	0.0354	0.1258	0.0062	0.1652
Industrial	0.1311	0.0890	0.0587	0.0159	0.0237	0.0012	0.1061
Special Contracts - Industrial	0.0643	0.0437	0.0288	0.0078	0.0016	0.0001	0.0516
Other Public Authority	0.0837	0.0568	0.0600	0.0163	0.0317	0.0016	0.0747
Private Fire Protection	0.0010	0.0007			0.1341	0.0066	0.0073
Total	1.0000	0.6789	1.0000	0.2716	1.0000	0.0495	1.0000

OHIO AMERICAN WATER COMPANY
WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum day ratio of 1.40 and the average daily system sendout for 2008 of 16.457 MGD. The system demand for fire protection is 5000 Gallons per minute for 4 hours.

	Ratio	Rate of Flow, (GPD)	Weight
Average Day	1.00	16,457,644	0.6789
Maximum Day Extra Capacity	0.40	6,583,058	0.2716
Subtotal	1.40	23,040,702	0.9505
Fire Protection		1,200,000	0.0495
Total		24,240,702	1.0000

The public and private fire protection allocation factors in column 6 on the previous page are based on the relative potential demands (see Schedule E).

OHIO AMERICAN WATER COMPANY
WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		
	CCF	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3) X 0.4103	(5)	(6)=(5) X 0.4103	(7)	(8)=(7) X 0.1794	(9)=(4)+(6)+(8)
Residential	341.90	0.5748	0.2359	0.6861	0.2815	0.6831	0.1224	0.6398
Commercial	115.72	0.1945	0.0798	0.1659	0.0681	0.1258	0.0226	0.1705
Industrial	83.38	0.1402	0.0575	0.0717	0.0294	0.0237	0.0043	0.0912
Special Contracts - Industrial	0.00	0.0000	0.0000	0.0000	0.0000	0.0016	0.0003	0.0003
Other Public Authority	53.24	0.0895	0.0367	0.0763	0.0313	0.0317	0.0057	0.0737
Private Fire Protection	0.62	0.0010	0.0004			0.1341	0.0241	0.0245
Total	594.86	1.0000	0.4103	1.0000	0.4103	1.0000	0.1794	1.0000

The maximum hour extra capacity factors in column 5 are determined on the next page.

OHIO AMERICAN WATER COMPANY
WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum hour ratio of 2.00 and the average daily system sendout for 2008 of 16.457 MGD. The system demand for fire protection is 5000 gallons per minute.

	Ratio	Rate of Flow, (GPM)	Weight
Average Hour	1.00	11,429	0.4103
Maximum Hour Extra Capacity	1.00	11,429	0.4103
Subtotal	2.00	22,858	0.8206
Fire Protection		5,000	0.1794
Total		27,858	1.0000

The maximum hour extra capacity factors in column 5 of the previous page are determined as follows:

Customer Classification	Average Hourly Consumption CCF	Maximum Hour Extra Capacity		
		Factor*	CCF Per Hour	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	341.90	3.5	1,196.65	0.6861
Commercial	115.72	2.5	289.30	0.1659
Industrial	83.38	1.5	125.07	0.0717
Special Contracts - Industrial	0.00	1.5	0.00	0.0000
Other Public Authority	53.24	2.5	133.10	0.0763
Total	594.24		1,744.12	1.0000

* Ratio of Maximum Hour To Average Hour Minus 1.0.

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FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES.

Factors are based on the weighting of the average hourly consumption, the maximum hour extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		Allocation Factor
	CCF	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	
(1)	(2)	(3)	(4)=(3) X 0.4575	(5)	(6)=(5) X 0.4576	(7)	(8)=(7) X 0.0849	(9)=(4)+(6)+(8)
Residential	341.9	0.5379	0.2461	0.6628	0.3033	0.6831	0.0580	0.6074
Commercial	115.7	0.1820	0.0833	0.1602	0.0733	0.1258	0.0107	0.1673
Industrial	83.4	0.1312	0.0600	0.0693	0.0317	0.0237	0.0020	0.0937
Special Contracts - Industrial	40.9	0.0643	0.0294	0.0340	0.0156	0.0016	0.0001	0.0451
Other Public Authority	53.2	0.0837	0.0383	0.0737	0.0337	0.0317	0.0027	0.0747
Private Fire Protection	0.6	0.0009	0.0004			0.1341	0.0114	0.0118
Total	635.7	1.0000	0.4575	1.0000	0.4576	1.0000	0.0849	1.0000

The weighting of the factors is based on the ratio of the capacity required for a 4 hour demand of fire flow, as related to total storage capacity. The calculation is shown on the following page.

OHIO AMERICAN WATER COMPANY
WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES, cont.

The weighting of the factors is based on the ratio of the capacity required for a 4 hour demand of fire flow, as related to total storage capacity.

Fire Protection Weight = $\frac{5{,}000 \text{ GPM X } 60 \text{ Min. X } 4 \text{ Hrs.}}{14{,}128{,}500 \text{ Gallons}}$ = 0.0849

General Service Weight = 1.0000 - 0.0849 = 0.9151

The weighting of the average hourly consumption and maximum hour extra demand for general service is based on the maximum hour ratio, as follows:

	Maximum Hour Ratio	Percent	Weight
Average Hour	1.00	50.00	0.4575
Extra Capacity Maximum Hour	1.00	50.00	0.4576
Total	2.00	100.00	0.9151

Customer Classification	Average Hourly Consumption CCF	Maximum Hour Extra Capacity Factor*	Maximum Hour Extra Capacity CCF Per Hour	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	341.90	3.5	1,196.66	0.6628
Commercial	115.72	2.5	289.30	0.1602
Industrial	83.38	1.5	125.07	0.0693
Special Contracts - Industrial	40.90	1.5	61.35	0.0340
Other Public Authority	53.24	2.5	133.10	0.0737
Total	635.14		1,805.48	1.0000

* Ratio of Maximum Hour To Average Hour Minus 1.0.

OHIO AMERICAN WATER COMPANY
WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH POWER AND PUMPING FACILITIES.

Factors are based on the weighting of the maximum daily consumption, Factor 2, the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

	Maximum Daily Consumption		Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 2	Weighted Factor	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.5000	(4)	(5)=(4)X 0.2500	(6)	(7)=(6)X 0.2500	(8)=(3)+ (5)+(7)
Residential	0.5294	0.2648	0.5951	0.1488	0.6398	0.1600	0.5736
Commercial	0.1479	0.0739	0.1652	0.0413	0.1705	0.0426	0.1578
Industrial	0.0970	0.0484	0.1061	0.0265	0.0912	0.0228	0.0977
Special Contracts - Industrial	0.0475	0.0238	0.0516	0.0129	0.0003	0.0001	0.0368
Other Public Authority	0.0680	0.0340	0.0747	0.0187	0.0737	0.0184	0.0711
Special Contracts - Sales for Resale	0.1096	0.0548	0.0000	0.0000			0.0548
Private Fire Protection	0.0006	0.0003	0.0073	0.0018	0.0245	0.0061	0.0082
Total	1.0000	0.5000	1.0000	0.2500	1.0000	0.2500	1.0000

The weighting of the factors is based on the estimated percentage of pumps associated with maximum day facilities, maximum day and fire facilities, and maximum hour facilities, as follows:

	Weight
Associated with Maximum Day	0.5000
Associated with Maximum Day and Fire	0.2500
Associated with Maximum Hour	0.2500
Total	1.0000

OHIO AMERICAN WATER COMPANY
WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 7. ALLOCATION OF COSTS ASSOCIATED WITH TRANSMISSION AND DISTRIBUTION MAINS.

Factors are based on the weighting of the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

	Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.2593	(4)	(5)=(4)X 0.7407	(6)=(3)+(5)
Residential	0.5951	0.1543	0.6398	0.4739	0.6282
Commercial	0.1652	0.0428	0.1705	0.1263	0.1691
Industrial	0.1061	0.0275	0.0912	0.0676	0.0951
Special Contracts - Industrial	0.0516	0.0134	0.0003	0.0002	0.0136
Other Public Authority	0.0747	0.0194	0.0737	0.0546	0.0740
Private Fire Protection	0.0073	0.0019	0.0245	0.0181	0.0200
Total	1.0000	0.2593	1.0000	0.7407	1.0000

The weighting of the factors is based on the total footage of mains, designated as either transmission mains or distribution mains, as follows:

	Total Footage of Mains	Weight
Transmission Mains	918,682	0.2593
Distribution Mains	2,623,856	0.7407
Total	3,542,538	1.0000

OHIO AMERICAN WATER COMPANY
WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 8. ALLOCATION OF COSTS ASSOCIATED WITH FIRE HYDRANTS.

Factors are based on the relative capacity of meters by size and customer classification, as developed on the following page and summarized below, with the exception of Special Contracts - Resale.

Customer Classification	5/8" Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	46,546	0.7889
Commercial	8,574	0.1453
Industrial	1,615	0.0274
Special Contracts - Industrial	108	0.0018
Other Public Authority	2,158	0.0366
Total	59,001	1.0000

FACTOR 9. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

Factors are based on the relative capacity of meters by size and customer classification, as developed on the following page and summarized below.

Customer Classification	5/8" Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	46,546	0.7862
Commercial	8,574	0.1448
Industrial	1,615	0.0273
Special Contracts - Industrial	108	0.0018
Other Public Authority	2,158	0.0365
Special Contracts - Sales for Resale	200	0.0034
Private Fire	0	0.0000
Total	59,201	1.0000

OHIO AMERICAN WATER COMPANY
WATER OPERATIONS

BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS

		Residential		Commercial		Industrial		Special Contracts - Industrial		Other Public Authority		pecial Contracts - Sales for Resale		Total	
Meter Size	5/8" Equivalent	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)=(2)X(13)	(15)	(16)
5/8	1.0	45,983	45,983	2,310	2,310	28	28		0	84	84	0	0	48,405	48,405
3/4	1.5	79	119	53	80	3	5		0	10	15	0	0	145	219
1	2.5	126	315	499	1,248	23	58		0	41	103	0	0	689	1,724
1-1/2	5.0	13	65	171	855	9	45		0	18	90	0	0	211	1,055
2	8.0	8	64	387	3,096	73	584	1	8	122	976	0	0	591	4,728
3	15.0	0	0	24	360	8	120		0	11	165	0	0	43	645
4	25.0	0	0	9	225	21	525	2	50	23	575	0	0	55	1,375
6	50.0	0	0	8	400	5	250	1	50	3	150	4	200	21	1,050
8	80.0	0	0	0	0	0	0		0	0	0	0	0	0	0
Total		46,209	46,546	3,461	8,574	170	1,615	4	108	312	2,158	4	200	50,160	59,201

OHIO AMERICAN WATER COMPANY
WATER OPERATIONS

SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 10. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

Factors are based on the relative capacity of services by size and customer classification, as developed on the following page and summarized below.

Customer Classification (1)	3/4" Equivalents (2)	Allocation Factor (3)
Residential	46,381	0.7993
Commercial	5,579	0.0961
Industrial	576	0.0099
Special Contracts - Industrial	23	0.0004
Other Public Authority	903	0.0156
Special Contracts - Sales for Resale	32	0.0006
Private Fire Protection	4,532	0.0781
Total	58,026	1.0000

OHIO AMERICAN WATER COMPANY

BASIS FOR ALLOCATING SERVICE COSTS TO CUSTOMER CLASSIFICATIONS

Service Size	3/4" Equivalent	Residential		Commercial		Industrial		Special Contracts - Industrial		Other Public Authority		pecial Contracts - Sales for Resale		Private Fire Protection		Total	
		Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)=(2)X(13)	(15)	(16)=(2)X(15)	(17)	(18)
3/4	1.00	46,062	46,062	2,363	2,363	31	31	0	0	94	94	0	0	0	0	48,550	48,550
1	2.00	126	252	499	998	23	46	0	0	41	82	0	0	0	0	689	1,378
1-1/2	2.70	13	35	171	462	9	24	0	0	18	49	0	0	0	0	211	570
2	4.00	8	32	387	1,548	73	292	1	4	122	488	0	0	38	152	629	2,516
3	4.00	0	0	24	96	8	32	0	0	11	44	0	0	3	12	46	184
4	5.30	0	0	9	48	21	111	2	11	23	122	0	0	68	360	123	652
6	8.00	0	0	8	64	5	40	1	8	3	24	4	32	228	1,824	249	1,992
8	10.70	0	0	0	0	0	0	0	0	0	0	0	0	169	1,808	169	1,808
10	13.30	0	0	0	0	0	0	0	0	0	0	0	0	15	200	15	200
12	16.00	0	0	0	0	0	0	0	0	0	0	0	0	11	176	11	176
	Total	46,209	46,381	3,461	5,579	170	576	4	23	312	903	4	32	532	4,532	50,692	56,026

OHIO AMERICAN WATER COMPANY
WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 11. ALLOCATION OF TRANSMISSION AND DISTRIBUTION OPERATION SUPERVISION AND ENGINEERING AND MISCELLANEOUS EXPENSES.

Factors are based on transmission and distribution operation expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Operating Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$ 620,448	0.7756
Commercial	93,499	0.1169
Industrial	19,521	0.0244
Special Contracts - Industrial	1,861	0.0023
Other Public Authority	22,205	0.0278
Special Contracts - Sales for Resale	976	0.0012
Private Fire Protection	41,473	0.0518
Total	799,983	1.0000

FACTOR 12. ALLOCATION OF TRANSMISSION AND DISTRIBUTION MAINTENANCE SUPERVISION AND ENGINEERING, STRUCTURES AND IMPROVEMENTS, AND OTHER EXPENSES.

Factors are based on transmission and distribution maintenance expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$ 585,780	0.7224
Commercial	107,603	0.1328
Industrial	39,907	0.0492
Special Contracts - Industrial	5,175	0.0064
Other Public Authority	35,123	0.0433
Special Contracts - Sales for Resale	258	0.0003
Private Fire Protection	37,010	0.0456
Total	$810,857	1.0000

OHIO AMERICAN WATER COMPANY
WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 13. ALLOCATION OF BILLING AND COLLECTING COSTS.

Factors are based on the total number of bills

Customer Classification	Total Bills	Allocation Factor
(1)	(2)	(3)
Residential (includes unmetered customers)	334,847	0.8997
Commercial (included unmetered customers)	25,941	0.0697
Industrial	1,908	0.0050
Special Contracts Industrial	36	0.0002
Other Public Authority	3,018	0.0081
Special Contracts - Sales for Resale	48	0.0001
Private Fire Protection	6,387	0.0172
Total	372,183	1.0000

FACTOR 14. ALLOCATION OF METER READING COSTS.

Factors are based on the annual man-days required to read meters.

Customer Classification	Number of Annual Man-days	Allocation Factor
(1)	(2)	(3)
Residential	1,055.0	0.8243
Commercial	169.8	0.1325
Industrial	22.8	0.0178
Special Contracts - Industrial	0.3	0.0002
Other Public Authority	32.0	0.0250
Special Contracts - Resale	0.3	0.0002
Total	1,280	1.0000

OHIO AMERICAN WATER COMPANY
WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 15. ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES AND CASH WORKING CAPITAL.

Factors are based on the allocation of all other operation and maintenance expenses excluding purchased water, power, chemicals and waste disposal.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$5,157,419	0.7247
Commercial	855,069	0.1202
Industrial	332,151	0.0467
Special Contracts - Industrial	108,240	0.0152
Other Public Authority	274,519	0.0386
Special Contracts - Sales for Resale	205,789	0.0289
Private Fire Protection	182,937	0.0257
Total	$7,116,124	1.0000

OHIO AMERICAN WATER COMPANY
WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 16. ALLOCATION OF LABOR RELATED TAXES AND BENEFITS.

Factors are based on the allocation of direct labor expense.

Customer Classification	Direct Labor Expense	Allocation Factor
(1)	(2)	(3)
Residential	$3,830,137	0.7105
Commercial	668,250	0.1240
Industrial	260,337	0.0483
Special Contracts - Industrial	89,359	0.0166
Other Public Authority	216,291	0.0401
Special Contracts - Sales for Resale	173,179	0.0321
Private Fire Protection	153,047	0.0284
Total	$5,390,600	1.0000

FACTOR 17. ALLOCATION OF ORGANIZATION, FRANCHISES AND CONSENTS, MISCELLANEOUS INTANGIBLE PLANT AND OTHER RATE BASE ELEMENTS.

Factors are based on the allocation of the original cost less depreciation other than those items being allocated, as follows:

Customer Classification	Original Cost Less Depreciation	Allocation Factor
(1)	(2)	(3)
Residential	$43,678,958	0.6222
Commercial	10,887,105	0.1552
Industrial	5,895,028	0.0840
Special Contracts - Industrial	1,752,000	0.0250
Other Public Authority	4,550,797	0.0648
Special Contracts - Sales for Resale	2,474,083	0.0353
Private Fire Protection	947,086	0.0135
Total	$70,185,056	1.0000

OHIO AMERICAN WATER COMPANY
WATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 18. ALLOCATION OF INCOME TAXES AND INCOME AVAILABLE FOR RETURN.

Factors are based on the allocation of the original cost measure of value rate base as shown on the following pages and summarized below.

Customer Classification	Original Cost Measure of Value	Allocation Factor
(1)	(2)	(3)
Residential	$41,558,116	0.6234
Commercial	10,306,731	0.1547
Industrial	5,563,950	0.0835
Special Contracts - Industrial	1,649,963	0.0248
Other Public Authority	4,297,040	0.0645
Special Contracts - Sales for Resale	2,356,698	0.0354
Private Fire Protection	912,133	0.0137
Total	$66,644,631	1.0000

FACTOR 19. ALLOCATION OF REGULATORY COMMISSION EXPENSES, ASSESSMENTS AND OTHER WATER REVENUES.

The factors are based on the allocation of the total cost of service, excluding those items being allocated.

Customer Classification	Total Cost of Service	Allocation Factor
(1)	(2)	(3)
Residential	$25,979,564	0.6635
Commercial	5,378,638	0.1374
Industrial	2,639,872	0.0674
Special Contracts - Industrial	906,585	0.0232
Other Public Authority	2,033,905	0.0519
Special Contracts - Sales for Resale	1,495,918	0.0382
Private Fire Protection	718,528	0.0184
Total	$39,153,011	1.0000

OHIO AMERICAN WATER COMPANY
WATER OPERATIONS
COST OF SERVICE FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2009 ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Special Contracts Industrial	Public Authorities	Special Contracts Resale	Private Fire Protection
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
RATE BASE									
Organization	17	$ 127,954	$ 79,613	$ 19,858	$ 10,748	$ 3,199	$ 8,291	$ 4,517	$ 1,727
Franchises	17	11,180	6,956	1,735	939	280	724	395	151
Miscellaneous	17	48,476	30,162	7,523	4,072	1,212	3,141	1,711	654
Comprehensive Planning Study	17	(5,171)	(3,218)	(803)	(434)	(129)	(335)	(183)	(70)
Land & Ld Rights SS	2	584,040	309,191	86,380	56,652	27,742	39,715	64,011	350
Land & Ld Rights P	6	52,691	30,223	8,315	5,148	1,939	3,746	2,887	432
Land & Ld Rights WT	2	84,767	44,876	12,537	8,222	4,026	5,764	9,290	51
Land & Ld Rights TD	7	363,760	228,514	61,512	34,594	4,947	26,918	0	7,275
Land & Land Rights AG	15	44,411	32,185	5,338	2,074	675	1,714	1,283	1,141
Struct & Imp SS	2	1,007,136	533,178	148,955	97,692	47,839	68,485	110,382	604
Struct & Imp P	6	1,006,870	577,541	158,884	98,371	37,053	71,588	55,176	8,256
Struct & Imp WT	2	1,888,939	1,000,005	279,374	183,227	89,725	128,448	207,028	1,133
Struct & Imp TD	7	34,415	21,620	5,820	3,273	468	2,547	0	688
Struct & Imp Store,Shop,Gar	15	1,562,047	1,132,015	187,758	72,948	23,743	60,295	45,143	40,145
Limited Term Utility Plant	15	142,385	103,186	17,115	6,649	2,164	5,496	4,115	3,659
Collect & Impounding	1	224	104	35	25	12	16	31	0
Lake, River & Other Intakes	2	1,152,991	610,393	170,527	111,840	54,767	78,403	126,368	692
Infiltration Galleries & Tunnels	2	595	315	88	58	28	40	65	0
Wells & Springs	2	1,149,127	608,348	169,956	111,465	54,584	78,141	125,944	689
Supply Mains	2	297,759	157,634	44,039	28,883	14,144	20,248	32,634	179
Power Generation Equip Other	6	3,596,756	2,063,099	567,568	351,403	132,361	255,729	197,102	29,493
Pump Equip Electric	6	4,515,521	2,590,103	712,549	441,166	166,171	321,054	247,451	37,027
Pump Equip Diesel	6	14,084	8,078	2,222	1,376	518	1,001	772	115
Pump Equip Hydraulic	6	8,739	5,012	1,379	854	322	621	479	72
Pump Equip Other	6	5,536	3,175	874	541	204	394	303	45
WT Equip Non-Media	2	10,407,494	5,509,727	1,539,268	1,009,527	494,356	707,710	1,140,661	6,244
Dist Reservoirs & Standpipe	5	3,682,343	2,236,655	616,056	345,036	166,074	275,071	0	43,452
TD Mains	7	27,235,315	17,109,225	4,605,492	2,590,078	370,400	2,015,413	0	544,706
Services	10	1,974,846	1,578,495	189,783	19,551	790	30,808	1,185	154,235
Meters	9	2,849,026	2,239,904	412,539	77,778	5,128	103,989	9,687	0
Meter Installations	9	1,324,045	1,040,965	191,722	36,146	2,383	48,328	4,502	0
Hydrants	8	2,499,813	1,972,107	363,272	68,426	4,576	91,432	0	0

OHIO AMERICAN WATER COMPANY
WATER OPERATIONS
COST OF SERVICE FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2009 ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Special Contracts Industrial	Public Authorities	Special Contracts Resale	Private Fire Protection
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Other P/E TD	7	(29)	(18)	(5)	(3)	(0)	(2)	0	(1)
Office Furniture & Equip	15	149,643	108,446	17,987	6,988	2,275	5,776	4,325	3,846
Comp & Periph Equip	15	837,712	607,090	100,693	39,121	12,733	32,336	24,210	21,529
Office Machines and Equipment	15	22,975	16,650	2,762	1,073	349	887	664	590
Trans Equip	15	62,398	45,220	7,500	2,914	948	2,409	1,803	1,604
Stores Equipment	15	15,680	11,363	1,885	732	238	605	453	403
Tools,Shop,Garage Equip	15	821,731	595,508	98,772	38,375	12,490	31,719	23,748	21,118
Laboratory Equipment	2	118,582	62,777	17,538	11,502	5,633	8,064	12,997	71
Power Operated Equipment	15	224,072	162,385	26,933	10,464	3,406	8,649	6,476	5,759
Comm Equip Non-Telephone	15	94,785	68,691	11,393	4,426	1,441	3,659	2,739	2,436
Misc Equipment	15	351,832	254,972	42,290	16,431	5,348	13,581	10,168	9,042
Other Tangible Property	17	(5,619)	(3,496)	(872)	(472)	(140)	(364)	(198)	(76)
Total Utility Plant in Service		70,361,876	43,788,976	10,914,547	5,909,881	1,756,420	4,562,255	2,480,325	949,473
Other Rate Base Items									
Add:									
Other Utility Plant Adjustments	17		0	0	0	0	0	0	0
Deferred Depreciation	15	143,027	103,651	17,192	6,679	2,174	5,521	4,133	3,676
Deferred Debit	15	4,489	3,253	540	210	68	173	130	115
Cash Working Capital	15	0	0	0	0	0	0	0	0
Deferred Pension and OPEB	16	706,270	501,805	87,577	34,113	11,724	28,321	22,671	20,058
Less:									
Tank Painting Reserve	5	(305,839)	(185,767)	(51,167)	(28,657)	(13,793)	(22,846)	0	(3,609)
Deferred Income Taxes	17	(4,218,935)	(2,625,021)	(654,779)	(354,391)	(105,473)	(273,387)	(148,928)	(56,956)
Overheads and AFUDC	17	(46,257)	(28,781)	(7,179)	(3,886)	(1,156)	(2,997)	(1,633)	(624)
Pensions	16	0	0	0	0	0	0	0	0
Total Other Rate Base Elements		(3,717,246)	(2,230,860)	(607,816)	(345,931)	(106,457)	(265,215)	(123,627)	(37,340)
Total Original Cost Measure of Value		$ 66,644,631	$ 41,558,116	$ 10,306,731	$ 5,563,950	$ 1,649,963	$ 4,297,040	$ 2,356,698	$ 912,133

OHIO AMERICAN WATER COMPANY
WATER OPERATIONS

FACTOR 20. ALLOCATION OF UNCOLLECTIBLE ACCOUNTS AND CUSTOMER RELATED MANAGEMENT FEE

Factors are based on the total number of customers.

Customer Classification	Total Customers	Allocation Factor
(1)	(2)	(3)
Residential	47,219	0.9132
Commercial	3,465	0.0670
Industrial	170	0.0033
Special Contracts - Industrial	4	0.0001
Other Public Authority	312	0.0060
Special Contracts - Sales for Resale	4	0.0001
Private Fire Protection	532	0.0103
Public Fire Protection	0	0.0000
Total	51,707	1.0000

OHIO AMERICAN WATER COMPANY
WATER OPERATIONS

BASIS FOR ALLOCATING DEMAND RELATED COSTS OF FIRE SERVICE TO PRIVATE AND PUBLIC FIRE PROTECTION CUSTOMER CLASSIFICATIONS

Description		Restrictive Diameters Squared	Quantity	Relative Demand*	Allocation Factor
(1)		(2)	(3)	(4)=(2)x(3)	(5)
PRIVATE FIRE PROTECTION					
Fire Lines					
2 -inch		4.00	38	152	
3 -inch		9.00	3	27	
4 -inch		16.00	68	1,088	
6 -inch		36.00	228	8,208	
8 -inch		64.00	169	10,816	
10 -inch		100.00	15	1,500	
12 -inch		144.00	11	1,584	
Private Hydrants		32.75	0	0	
Total Private Fire Protection			532	23,375	0.1341
PUBLIC FIRE PROTECTION					
	Nozzle Sizes				
6" Valve	2- 2-1/2" & 1 - 4.5"	32.75	4,607	150,879	
Total Public Fire Protection			4,607	150,879	0.8659
Total Fire Protection			5,139	174,254	1.0000

REALLOCATE PUBLIC FIRE	Meter Equivalents	Factor 8, Allocation of Public Fire	Allocation of Public Fire Using Factor
Residential	46,546	0.7889	0.6831
Commercial	8,574	0.1453	0.1258
Industrial	1,615	0.0274	0.0237
Special Contracts - Industrial	108	0.0018	0.0016
Other Public Authority	2,158	0.0366	0.0317
	59,001	1.0000	0.8659

OHIO AMERICAN WATER COMPANY

Calculation of Customer Charge - Water Only
Using PUCO Staff Methodology

	Account Description	
	Variable Expenses per Meter Size	
	Plant Accounts	
345	Services	9,348,543
346	Meters	4,911,912
347	Meter installations	1,987,535
389	Land and land rights	44,411
390	Office Structures and Improvements	2,744,803
391	Office Furniture and Equipment	3,231,523
348	Hydrants	3,433,377
	Total Customer Plant	25,702,105
	Less Related Depreciation Reserve	
345	Services	7,369,575
346	Meters	2,062,887
347	Meter installations	663,489
389	Land and land rights	0
390	Office Structures and Improvements	1,040,371
391	Office Furniture and Equipment	2,221,193
348	Hydrants	914,556
	Total Customer Depreciation Reserve	14,272,072
	Total "Customer Rate Base"	11,430,033
	Rate of Return	9.11%
(1)	Return on "Customer Rate Base"	1,041,274
	Operation and Maintenance Expense Accounts:	
	Transmission & Distribution	
663	Meter Expense	197,701
664	Meter Installation Expense	506,499
675	Service Maintenance	172,071
676	Meter & Meter Installation Expense	8,606
677	Hydrant Expense	60,565
(2)	Total Operation & Maintenance Expense Accounts	945,442

OHIO AMERICAN WATER COMPANY

Calculation of Customer Charge - Water Only
Using PUCO Staff Methodology

	Account Description			
	Variable Taxes Per Meter Size			
	Property Taxes			5,115,083
	Gross Receipts Taxes			1,878,489
	PUCO & OCC Taxes			49,882
	Federal Income Taxes			2,418,995
	Total Variable Taxes			9,462,449
	Multiplied by Customer Conversion Factor			
	"Customer Rate Base"/Total Rate Base =	11,430,033 /	$ 66,644,631	17.15%
(3)	Total Customer Variable Taxes			1,622,810
	Depreciation Expense Accounts			
	Plant Accounts			
345	Services			442,901
346	Meters			268,956
347	Meter Installations			49,574
389	A&G Land			0
390	Office Structures and Improvements			66,321
391	Office Furniture & Equipment			367,301
348	Hydrants			78,322
(4)	Total Customer Plant Depreciation Expense			1,273,375
	Summary of Variable Expenses Per Meter Size			
(1)	Return on "Customer Rate Base"			1,041,274
(2)	Total Operation & Maintenance Expense Accounts			945,442
(3)	Total Customer Variable Taxes			1,622,810
(4)	Total Customer Plant Depreication Expense			1,273,375
	Total Variable Expenses			4,882,901
	Total Equivalent Monthly Meters	59,201 x	12	710,412
	Monthly Customer Variable Charge			6.8733
	Fixed Expense Per Meter Size			
	Customer Accounting Expenses			
901	Supervision			22,685
902	Meter Reading Expenses			261,104
903	Customer Charges			482,952
905	Miscellaneous Customer Expense			270,635
	Management Fees - Customer Related			981,206
	Amort of Reg Asset			138,438
(5)	Total Customer Accounting Expenses			2,157,020

OHIO AMERICAN WATER COMPANY

Calculation of Customer Charge - Water Only
Using PUCO Staff Methodology

	Account Description			
	Customer Payroll Related Costs			
	Payroll Related Taxes			430,258
	Multiplied by Customer Conversion Factor			
	Customer Acct. Payroll/Total O&M Payroll =	493,090 /	4,934,307	9.99%
(6)	Total Customer Payroll Taxes			42,983
	Summary of Customer Fixed Expense			
(5)	Total Customer Accounting Expenses			2,157,020
(6)	Total Customer Payroll Taxes			42,983
	Total Fixed Expense			2,200,002
	Divide by Total Annual Customer Bills			372,146
	Monthly Customer Fixed Charge			5.9117

Summary:	Monthly Customer Variable Charge	6.8733
	Monthly Customer Fixed Charge	5.9117
	Monthly Customer Charge	12.7850
	Recommended Monthly Customer Charge	11.39

EXHIBIT NO. 7-A
WITNESS: P. R. HERBERT

PENNSYLVANIA AMERICAN WATER COMPANY
COATESVILLE WASTEWATER OPERATIONS

HERSHEY, PENNSYLVANIA

COST OF SERVICE ALLOCATION STUDY

AS OF DECEMBER 31, 2008

AND

PROPOSED CUSTOMER RATES

PENNSYLVANIA AMERICAN WATER COMPANY
WASTEWATER OPERATIONS
COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008

Customer Classification	Cost of Service Amount (Schedule 2)	Cost of Service Percent	Revenues, Present Rates Amount	Revenues, Present Rates Percent	Revenues, Proposed Rates Amount	Revenues, Proposed Rates Percent	Proposed Increase Amount	Proposed Increase Percent Increase
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Residential	$ 2,435,385	48.9%	$ 1,029,897	44.2%	$ 2,359,836	47.3%	$ 1,329,939	129.1%
Commercial/Public*	450,966	9.0%	253,084	10.9%	531,617	10.7%	278,533	110.1%
Industrial**	300,178	6.0%	150,129	6.4%	299,598	6.0%	149,469	99.6%
Bulk Users/VA Hospital	1,800,799	36.1%	896,353	38.5%	1,795,940	36.0%	899,587	100.4%
Total Sales	4,987,328	100.0%	2,329,463	100.0%	4,986,991	100.0%	2,657,528	114.1%
Other Revenues	110,981		83,357		110,981		27,624	33.1%
Total	$ 5,098,309		$ 2,412,820		$ 5,097,972		$ 2,685,152	111.3%

* Commercial/Public includes all other Industrial other than Mittal Steel.
** Include Mittal Steel only.

PENNSYLVANIA AMERICAN WATER COMPANY
WASTEWATER OPERATIONS

ALLOCATION OF COST OF SERVICE BY FUNCTION TO CUSTOMER CLASSIFICATIONS

Description	Flow	Extra Capacity		Infiltration & Inflow	Customer Facilities	Customer Accounting	Total
		Max Day	Max Hour				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Total Cost of Service	$ 1,812,586	$ 766,547	$ 804,060	$ 1,162,704	$ 228,967	$ 212,465	$ 4,987,328
Factor Reference	A	B	C	F	D	E	
Residential							
Factor	0.3414	0.3539	0.3929	0.7382	0.7515	0.9366	
Cost of Service	$ 618,817	271,281	315,915	858,308	172,069	198,995	2,435,385
Commercial/Public							
Factor	0.0921	0.0954	0.1059	0.0706	0.1352	0.0598	
Cost of Service	$ 166,939	$ 73,129	85,150	82,087	$ 30,956	12,705	$ 450,966
Industrial							
Factor	0.088	0.0547	0.0608	0.031	0.0579	0.0026	
Cost of Service	$ 159,508	41,930	48,887	36,044	13,257	552	$ 300,178
Bulk Sales							
Factor	0.4785	0.496	0.4404	0.1602	0.0554	0.001	
Cost of Service	$ 867,322	380,207	354,108	186,265	12,685	212	$ 1,800,799
Total	1,812,586	766,547	804,060	1,162,704	228,967	212,464	$ 4,987,328

PENNSYLVANIA AMERICAN WATER COMPANY
COATESVILLE WASTEWATER OPERATIONS
FACTORS FOR ALLOCATING COSTS BY FUNCTION TO CUSTOMER CLASSIFICATIONS

FACTOR A. ALLOCATION OF FLOW COSTS.

Factors are based on the pro forma test year average daily consumption for each customer classification.

Classification	Average Daily Consumption, 100 gallons	Allocation Factor
(1)	(2)	(3)
Residential	8,227	0.3414
Commercial/Public	2,218	0.0921
Industrial	2,120	0.0880
Bulk Users	11,528	0.4785
Total	24,093	1.0000

FACTOR B. ALLOCATION OF MAXIMUM DAY EXTRA CAPACITY COSTS.

Factors are based on the maximum day extra capacity demand for each customer classification.

Customer Classification	Average Daily Consumption, 100 gallons	Factor*	Rate of Flow, Thousand Gal. Per Day	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	8,227	0.5	4,113	0.3539
Commercial/Public	2,218	0.5	1,109	0.0954
Industrial	2,120	0.3	636	0.0547
Bulk Users	11,528	0.5	5,764	0.4960
Total	24,093		11,622	1.0000

* Ratio of Maximum Day To Average Day Minus 1.0.

PENNSYLVANIA AMERICAN WATER COMPANY
COATESVILLE WASTEWATER OPERATIONS
FACTORS FOR ALLOCATING COSTS BY FUNCTION TO CUSTOMER CLASSIFICATIONS

FACTOR C. ALLOCATION OF MAXIMUM HOUR EXTRA CAPACITY COSTS.

Factors are based on the maximum hour extra capacity demand for each customer classification.

Customer Classification	Average Hourly Consumption, 100 gallons	Factor*	Rate of Flow, Thousand Gal. Per Hour	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	342.8	1.0	342.8	0.3929
Commercial/Public	92.4	1.0	92.4	0.1059
Industrial	88.3	0.6	53.0	0.0608
Bulk Users	480.3	0.8	384.2	0.4404
Total	1,003.8		872.4	1.0000

* Ratio of Maximum Hour To Average Hour Minus 1.0.

FACTOR D. ALLOCATION OF COSTS ASSOCIATED WITH CUSTOMER FACILITIES.

Factors are based on the estimated relative cost of customer facilities, as follows:

Customer Classification	Service Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	5,895	0.7515
Commercial/Public	1,061	0.1352
Industrial	454	0.0579
Bulk Users	435	0.0554
Total	7,845	1.0000

PENNSYLVANIA WATER COMPANY
COATESVILLE WASTEWATER OPERATIONS
BASIS FOR ALLOCATING CUSTOMER FACILITIES TO CUSTOMER CLASSIFICATIONS

Meter Size	5/8" Equivalent	Residential		Commercial/Public		Industrial		Bulk Users		Total	
		Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(15)	(16)=(2)X(15)	(17)	(18)
5/8	1.0	5,670	5,670	247	247	1	1		0	5,918	5,918
3/4	1.5	12	18	4	6		0		0	16	24
1	2.5	31	78	53	133		0		0	84	211
1-1/2	5.0	5	25	19	95	2	10		0	26	130
2	8.0	13	104	35	280	1	8		0	49	392
3	15.0		0	3	45	2	30		0	5	75
4	25.0		0	1	25	5	125		0	6	150
6	50.0		0	3	150	4	200		0	7	350
8	80.0		0	1	80	1	80	4	320	6	480
10	115.0		0		0		0	1	115	1	115
Total		5,731	5,895	366	1,061	16	454	5	435	6,118	7,845

PENNSYLVANIA AMERICAN WATER COMPANY
COATESVILLE WASTEWATER OPERATIONS
FACTORS FOR ALLOCATING COSTS BY FUNCTION TO CUSTOMER CLASSIFICATIONS

FACTOR E. ALLOCATION OF COSTS ASSOCIATED WITH BILLING AND COLLECTING.

Factors are based on the number of customers.

Customer Classification	Number of Customers	Allocation Factor
(1)	(2)	(3)
Residential	5,731	0.9366
Commercial/Public	366	0.0598
Industrial	16	0.0026
Bulk Customers	6	0.0010
Total	6,119	1.0000

PENNSYLVANIA AMERICAN WATER COMPANY
COATESVILLE WASTEWATER OPERATIONS
FACTORS FOR ALLOCATING COSTS BY FUNCTION TO CUSTOMER CLASSIFICATIONS
FACTOR F. ALLOCATION OF COSTS ASSOCIATED WITH INFILTRATION AND INFLOW.

Factors are based on a 1/3-2/3 weighting of flow and number of customers.

Customer Classification	Average Daily Flow		Number of Customers		Allocation Factor
	Factor A	Weight	Factor E	Weight	
(1)	(2)	(3)=(2) x 0.3333	(4)	(5)=(4) x 0.6667	(6)=(3)+(5)
Residential	0.3414	0.1138	0.9366	0.6244	0.7382
Commercial/Public	0.0921	0.0307	0.0598	0.0399	0.0706
Industrial	0.0880	0.0293	0.0026	0.0017	0.0310
Bulk Users	0.4785	0.1595	0.0010	0.0007	0.1602
Total	1.0000	0.3333	1.0000	0.6667	1.0000

PENNSYLVANIA AMERICAN WATER COMPANY
WASTEWATER OPERATIONS
COST OF SERVICE FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2008, ALLOCATED TO COST FUNCTIONS

Account	Factor Ref.	Cost of Service	Flow	Extra Capacity Max Day	Extra Capacity Max Hour	Infiltration & Inflow	Customer Facilities	Customer Accounting
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
OPERATION AND MAINTENANCE EXPENSES								
COLLECTION								
615.1 Purchased Power	1	24,159	16,911	0	0	7,248	0	0
616.1 Purchased Fuel	1	1,700	1,190	0	0	510	0	0
675.1 Miscellaneous Operating Expense	3	795	318	0	318	159	0	0
TOTAL COLLECTION EXPENSE - OPERATION		26,654	18,419	0	318	7,917	0	0
SEWAGE TREATMENT								
601.3 Salary and Wages	2	249,899	87,465	87,465	0	74,970	0	0
601.4 Salary and Wages	2	89,094	31,183	31,183	0	26,728	0	0
615.3 Purchased Water	1	224,901	157,431	0	0	67,470	0	0
618.3 Chemicals	1	97,180	68,026	0	0	29,154	0	0
620.3 Materials and Supplies - Operation	2	946	331	331	0	284	0	0
631.3 Contract Services - Engineering	2	0	0	0	0	0	0	0
633.3 Contract Services - Legal	2	0	0	0	0	0	0	0
634.3 Contract Services - Management	2	0	0	0	0	0	0	0
635.3 Contract Services Test	2	10,479	3,668	3,668	0	3,144	0	0
636.3 Contract Services - Operation	2	1,721	602	602	0	516	0	0
641.3 Rental of Building	2	0	0	0	0	0	0	0
642.3 Rental of Equipment	2	3,970	1,390	1,390	0	1,191	0	0
650.3 Transportation	2	0	0	0	0	0	0	0
620.4 Materials and Supplies - Maintenance	2	19,881	6,958	6,958	0	5,964	0	0
636.4 Contract Services - Maintenance	2	3,115	1,090	1,090	0	935	0	0
675.4 Misc. Maintenance Expense	2	2,806	982	982	0	842	0	0
675.3 Misc. Operating Expense	2	257,635	90,172	90,172	0	77,291	0	0
TOTAL SEWAGE TREATMENT EXPENSE		961,627	449,298	223,841	0	288,488	0	0

PENNSYLVANIA AMERICAN WATER COMPANY
WASTEWATER OPERATIONS
COST OF SERVICE FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2008, ALLOCATED TO COST FUNCTIONS

Account (1)		Factor Ref. (2)	Cost of Service (3)	Flow (4)	Extra Capacity Max Day (5)	Extra Capacity Max Hour (6)	Infiltration & Inflow (7)	Customer Facilities (8)	Customer Accounting (9)
	TRANSMISSION								
601.5	Salary and Wages	2	11,398	3,989	3,989	0	3,419	0	0
601.6	Salary and Wages	2	146,260	51,191	51,191	0	43,878	0	0
604.5	Employee Pension and Benefits	2	0	0	0	0	0	0	0
615.5	Purchased Power	1	0	0	0	0	0	0	0
620.5	Materials and Supplies	2	1,882	659	659	0	565	0	0
631.5	Contract Services - Engineering	2	0	0	0	0	0	0	0
636.5	Contract Services	2	5,149	1,802	1,802	0	1,545	0	0
641.5	Rental of Building	2	0	0	0	0	0	0	0
642.5	Rental of Equipment	2	0	0	0	0	0	0	0
650.5	Transportation	2	0	0	0	0	0	0	0
	Miscellanous Operating Expenes	2	44,707	15,647	15,647	0	13,412	0	0
	TOTAL T & D EXPENSE OPERATION		209,396	73,289	73,289	0	62,819	0	0
620.6	Materials and Supplies	2	9,840	3,444	3,444	0	2,952	0	0
636.6	Contract Services	3	423,687	169,475	0	169,475	84,737	0	0
675.6	Miscellaneous Maintenance Expense	2	45,705	15,997	15,997	0	13,712	0	0
675.5	Miscellaneous Operating Expense	2	0	0	0	0	0	0	0
	TOTAL T & D EXPENSE - MAINTENANCE		479,232	188,916	19,441	169,475	101,401	0	0
	TOTAL T & D EXPENSE		688,628	262,204	92,729	169,475	164,220	0	0

PENNSYLVANIA AMERICAN WATER COMPANY
WASTEWATER OPERATIONS
COST OF SERVICE FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2008, ALLOCATED TO COST FUNCTIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Flow (4)	Extra Capacity Max Day (5)	Extra Capacity Max Hour (6)	Infiltration & Inflow (7)	Customer Facilities (8)	Customer Accounting (9)
CUSTOMER ACCOUNTS								
601.7 Salary and Wages	5	0	0	0	0	0	0	0
620.7 Materials and Supplies	5	0	0	0	0	0	0	0
633.7 Contract Services - Legal	5	0	0	0	0	0	0	0
634.7 Contract Services- Management	5	0	0	0	0	0	0	0
636.7 Contract Services	5	1,187	0	0	0	0	0	1,187
642.7 Rental of Equipment	5	0	0	0	0	0	0	0
650.7 Transporation	5	0	0	0	0	0	0	0
657.7 Insurance	5	0	0	0	0	0	0	0
670.7 Bad Debts	5	154,688	0	0	0	0	0	154,688
675.7 Miscellaneous Expense	5	4,491	0	0	0	0	0	4,491
TOTAL CUSTOMER ACCOUNTING EXPENSE		160,366	0	0	0	0	0	160,366
ADMINISTRATIVE AND GENERAL EXPENSES								
601.8 Salaries and Wages	6	34,191	11,163	7,269	3,898	8,178	0	3,682
603.8 Salaries of Officiers	6	0	0	0	0	0	0	0
604.8 Employee Pension & Benefits	7	137,486	47,914	46,910	1,004	40,710	0	949
615.8 Purchased Power	6	0	0	0	0	0	0	0
620.8 Materials and Supplies	6	0	0	0	0	0	0	0
631.8 Contract Services	6	0	0	0	0	0	0	0
632.8 Contract Services - Accounting	6	0	0	0	0	0	0	0
633.8 Contract Services - Legal	6	0	0	0	0	0	0	0
634.8 Contract Services - Management	6	0	0	0	0	0	0	0
635.8 Contract Services - Test	6	0	0	0	0	0	0	0
636.8 Contract Services	6	0	0	0	0	0	0	0
641.8 Rental of Building	6	0	0	0	0	0	0	0
642.8 Rental of Equipment	6	100	33	21	11	24	0	11
650.8 TransporTation	6	98,116	32,035	20,859	11,185	23,469	0	10,567
656.8 Insurance - Vehicles	6	0	0	0	0	0	0	0

PENNSYLVANIA AMERICAN WATER COMPANY
WASTEWATER OPERATIONS
COST OF SERVICE FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2008, ALLOCATED TO COST FUNCTIONS

Account		Factor Ref.	Cost of Service	Flow	Extra Capacity Max Day	Extra Capacity Max Hour	Infiltration & Inflow	Customer Facilities	Customer Accounting
(1)		(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
657.8	Insurance - Vehicles	6	0	0	0	0	0	0	0
658.8	Workers Compensation	7	(31)	(11)	(11)	(0)	(9)	0	(0)
659.8	Insurance	6	0	0	0	0	0	0	0
660.8	Advertising	6	0	0	0	0	0	0	0
666.8	Amortization of Rate Case	6	260,000	84,890	55,276	29,640	62,192	0	28,002
667.8	Regulatory Commission	6	0	0	0	0	0	0	0
675.8	Miscellaneous Expense	6	4,405	1,438	937	502	1,054	0	474
	TOTAL A & G EXPENSE		534,267	177,462	131,262	46,240	135,618	0	43,685
	Total Operation & Maintenance Expenses		2,371,542	907,383	447,832	216,033	596,242	0	204,051
	DEPRECIATION EXPENSE								
354.20	Structures and Improvements - COLL	3	590	236	0	236	118	0	0
354.00	Structures and Improvements	2	447,505	156,627	156,627	0	134,252	0	0
354.70	Structures and Improvements - GEN	6	8,881	2,900	1,888	1,012	2,124	0	956
355.20	Power Generation Equipment - COLL	3	85	34	0	34	17	0	0
355.40	Power Generation Equipment - TDP	2	2,384	834	834	0	715	0	0
355.50	Power Generation Equipment - RWTP	2	46	16	16	0	14	0	0
360.20	Force Mains	3	48,479	19,392	0	19,392	9,696	0	0
361.10	Collection Sewer Mains	3	228,594	91,438	0	91,438	45,719	0	0
361.20	Manholes	3	18,948	7,579	0	7,579	3,790	0	0
363.20	Service Laterals	4	52,160	0	0	0	0	52,160	0
364.20	Flow Measuring Devices	1	3,060	2,142	0	0	918	0	0
370.30	Receiving Wells	2	190	67	67	0	57	0	0
371.30	Pumping Equipment	2	66,629	23,320	23,320	0	19,989	0	0
380.40	Treatment Equipment	2	115,732	40,506	40,506	0	34,720	0	0
389.10	Other Plant and Misc. Equip. - Intangible	6	28,580	9,331	6,076	3,258	6,836	0	3,078
390.00	Office Furniture and Equipment	6	1,215	397	258	139	291	0	131
392.00	Stores Equipment	6	307	100	65	35	73	0	33
393.00	Tools, Shop and Garge Equipment	6	1,521	497	323	173	364	0	164
394.00	Laboratory Equipment	2	2,940	1,029	1,029	0	882	0	0
395.00	Power Operated Equipment	6	6,589	2,151	1,401	751	1,576	0	710
396.00	Communication Equipment	6	545	178	116	62	130	0	59
397.00	Miscellaneous Equipment	6	20,417	6,666	4,341	2,328	4,884	0	2,199
	Total Depreciation Expense		1,055,397	365,439	236,868	126,437	267,164	52,160	7,330
	Amortization Expense	8	(506,981)	(176,075)	(26,870)	(148,292)	(97,543)	(56,173)	(2,028)

PENNSYLVANIA AMERICAN WATER COMPANY
WASTEWATER OPERATIONS
COST OF SERVICE FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2008, ALLOCATED TO COST FUNCTIONS

Account (1)		Factor Ref. (2)	Cost of Service (3)	Flow (4)	Extra Capacity Max Day (5)	Extra Capacity Max Hour (6)	Infiltration & Inflow (7)	Customer Facilities (8)	Customer Accounting (9)
	Taxes Other Than Income								
685100	Utility Reg Assessment Fee	10	30,746	11,527	6,915	2,103	8,052	0	2,149
685200	Property Taxes	9	36,362	12,629	1,927	10,636	6,996	4,029	145
685320	Payroll Taxes	7	44,894	15,646	15,318	328	13,293	0	310
	Total Taxes, Other Than Income		112,002	39,801	24,160	13,067	28,342	4,029	2,604
	Total Operating Expense		3,031,960	1,136,549	681,990	207,244	794,205	15	211,957
4091	**Income Taxes**	9	428,564	148,840	22,714	125,355	82,456	47,485	1,714
	Utility Income Available for Return	9	1,637,785	568,803	86,803	479,052	315,110	181,467	6,551
	Total Cost of Service		5,098,309	1,854,192	791,506	811,651	1,191,770	228,967	220,222
	Less: Other Water Revenues	10	(110,981)	(41,607)	(24,960)	(7,591)	(29,066)	0	(7,758)
	Total Cost of Service Related to Sales of Wastewater Services		4,987,328	1,812,586	766,547	804,060	1,162,704	228,967	212,465

PENNSYLVANIA AMERICAN WATER
WASTEWATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO COST FUNCTIONS

Reference	Flow	Extra Capacity		Infiltration & Inflow	Customer Facilities	Customer Accounting	Total
		Max Day	Max Hour				
Factor 1 - Flow and I&I	0.7000			0.3000			1.0000
Factor 2 - Flow, I&I and Max Day	0.3500	0.3500		0.3000			1.0000
Factor 3 - Flow, I&I and Max Hour	0.4000		0.4000	0.2000			1.0000
Factor 4 - Customer Facilities					1.0000		1.0000
Factor 5 - Customer Accounting						1.0000	1.0000
Factor 6 - O&M Exp less Power and Chemicals							
Cost	486,363	316,570	169,793	356,243	0	160,366	1,489,335
Factor	0.3265	0.2126	0.1140	0.2392	0.0000	0.1077	1.0000
Factor 7 - Labor Expense							
Cost	184,991	181,097	3,898	157,174	0	3,682	530,842
Factor	0.3485	0.3412	0.0073	0.2961	0.0000	0.0069	1.0000
Factor 8 - Rate Base less Allocated Costs							
Cost	6,576,747	1,003,013	5,539,652	3,644,168	2,098,940	75,563	18,938,083
Factor	0.3473	0.0530	0.2925	0.1924	0.1108	0.0040	1.0000
Factor 9 - Rate Base							
Cost	6,590,355	1,005,089	5,551,113	3,651,706	2,103,281	75,720	18,977,265
Factor	0.3473	0.0530	0.2925	0.1924	0.1108	0.0040	1.0000
Factor 10 - Total Cost of Service							
Cost	1,125,022	675,075	205,141	786,152	15	209,808	3,001,214
Factor	0.3749	0.2249	0.0684	0.2619	0.0000	0.0699	1.0000

PENNSYLVANIA AMERICAN WATER COMPANY
WASTEWATER OPERATIONS
COST OF SERVICE FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2008, ALLOCATED TO COST FUNCTIONS

Account	Factor Ref.	Cost of Service		Extra Capacity		Infiltration & Inflow	Customer Facilities	Customer Accounting
			Flow	Max Day	Max Hour			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
RATE BASE								
352.00 Franchises	2	150,569	52,699	52,699	0	45,171	0	0
353.40 Land and Land Rights - TDP	2	71,343	24,970	24,970	0	21,403	0	0
354.20 Structures and Improvements - COLL	3	19,831	7,932	0	7,932	3,966	0	0
354.00 Structures and Improvements	2	1,713,273	599,646	599,646	0	513,982	0	0
354.70 Structures and Improvements - GEN	6	109,035	35,600	23,181	12,430	26,081	0	11,743
355.20 Power Generation Equipment - COLL	3	1,729	692	0	692	346	0	0
355.40 Power Generation Equipment - TDP	2	27,688	9,691	9,691	0	8,306	0	0
355.50 Power Generation Equipment - RWTP	2	920	322	322	0	276	0	0
360.20 Force Mains	3	2,453,983	981,593	0	981,593	490,797	0	0
361.20 Manholes	3	839,185	335,674	0	335,674	167,837	0	0
361.10 Collection Sewer Mains	3	10,334,445	4,133,778	0	4,133,778	2,066,889	0	0
363.20 Service Laterals	4	2,098,940	0	0	0	0	2,098,940	0
364.20 Flow Measuring Devices	1	48,789	34,152	0	0	14,637	0	0
370.30 Receiving Wells	2	7,107	2,487	2,487	0	2,132	0	0
371.30 Pumping Equipment	2	185,905	65,067	65,067	0	55,772	0	0
380.40 Treatment Equipment	2	260,620	91,217	91,217	0	78,186	0	0
389.10 Other Plant and Misc. Equip. - Intangible	6	94,475	30,846	20,085	10,770	22,598	0	10,175
390.00 Office Furniture and Equipment	6	10,112	3,302	2,150	1,153	2,419	0	1,089
392.00 Stores Equipment	6	5,298	1,730	1,126	604	1,267	0	571
393.00 Tools, Shop and Garge Equipment	6	23,230	7,585	4,939	2,648	5,557	0	2,502
394.00 Laboratory Equipment	2	22,150	7,753	7,753	0	6,645	0	0
395.00 Power Operated Equipment	6	51,706	16,882	10,993	5,894	12,368	0	5,569
396.00 Communication Equipment	6	6731	2,198	1,431	767	1,610	0	725
397.00 Miscellaneous Equipment	6	285,251	93,134	60,644	32,519	68,232	0	30,722
TOTAL UTILITY PLANT IN SERVICE SEWER		18,822,315	6,538,949	978,400	5,526,455	3,616,476	2,098,940	63,095
Other Rate Base Items:								
Overheads and AFUCD	8	0	0	0	0	0	0	0
Cash and Working Capital	6	115,768	37,798	24,612	13,198	27,692	0	12,468
Materials and Supplies	8	6,053	2,102	321	1,771	1,165	671	24
Deferred, Accrued and Prepaid Taxes	8	33,129	11,506	1,756	9,690	6,374	3,671	133
Total Other Rate Base Elements		154,950	51,406	26,689	24,658	35,230	4,341	12,625
Total Original Cost Measure of Value		18,977,265	6,590,355	1,005,089	5,551,113	3,651,706	2,103,281	75,720

PENNSYLVANIA AMERICAN WATER
COATESVILLE WASTEWATER OPERATIONS

CALCULATION OF CUSTOMER COST PER MONTH

		Per Month
(1) Cost Related to Customer Facilities	$228,967	
(2) Meter Equivalents X 12	94,140	
(3) Cost per Bill - Meter related		$2.43
(4) Cost Related to Customer Accounting	212,465	
(5) Number of Bills	73,428	
(6) Cost per Bill		$2.89
(7) Total Customer Costs (3)+(6)		$5.33

PENNSYLVANIA AMERICAN WATER
COATESVILLE WASTEWATER OPERATIONS

SUMMARY OF PRESENT AND PROPOSED RATES
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008

Customer Class	Present Rates		Proposed Rates	
	Monthly Service Charge	Usage Charge Per 100 Gallons	Monthly Service Charge	Usage Charge Per 100 Gallons
Residential	1.86	0.302	5.00	0.675
Commercial/Public	1.86	0.302	15.00	0.574
Bulk Customers	1.86	0.213	400.00	0.420
Mittal Steel	1.86	0.194	400.00	0.381
Flat Rate Customers:				
Residential				
X1MF1	18.33		34.36	
X1MF2	19.28		34.36	
X1MF3	12.33		34.36	
Commericial - X2MF2	19.28		34.36	

PENNSYLVANIA AMERICAN WATER
COATESVILLE WASTEWATER OPERATIONS
SUMMARY OF REVENUE UNDER PRESENT AND PROPOSED RATES
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008

Customer Classification	Present Rates Revenue 12/31/2008	Bill Analysis Revenues at Base Rates in Effect During Test Year	Adjustment Factor	Bill Analysis Revenues Proposed Rates	Revenues Under Proposed Rates
(1)	(2)	(3)	(4)=(2)/(3)	(5)	(6)=(5)x(4)
METERED SALES					
Residential	$1,029,897	$1,035,310	0.99477125	$2,372,240	$2,359,836
Commercial	204,226	204,010	1.00105877	435,414	435,875
Public without VA Hospital	18,653	18,732	0.99575699	38,356	38,193
Industrial w/o Mittal Steel	30,205	29,989	1.00719123	57,138	57,549
Total Commercial/Public	253,084	252,731		530,907	531,617
Mittal Steel	150,129	150,129	1.00000075	299,598	299,598
Bulk Users	821,796	823,649	0.99775000	1,647,877	1,644,169
VA Hospital	74,557	74,557	1.00000550	151,771	151,771
Total Bulk Users	896,353	898,206		1,799,647	1,795,940
Total Metered Sales	$2,329,463	$2,336,377		$5,002,393	$4,986,991
Other Operating Revenues	83,357	83,357		110,981	110,981
Total	$ 2,412,820	$ 2,419,734		$ 5,113,373	$ 5,097,972

PENNSYLVANIA-AMERICAN WATER COMPANY
COATESVILLE WASTEWATER OPERATIONS

APPLICATION OF PRESENT RATES AND PROPOSED RATES TO CONSUMPTION ANALYSIS
YEAR ENDED DECEMBER 31, 2008

Rate Block 100 Gallons (1)	Number Of Bills (2)	Total Consumption (3)	Present Rate (4)	Revenue (5)	Proposed Rate (6)	Proposed Revenue (7)
			Residential - Monthly			
Service Charge	69,083	0	1.86	128,494	5.00	345,415
All Usage	0	3,002,704	0.3020	906,816	0.6750	2,026,825
Subtotal	0	3,002,704		906,816		2,026,825
Total	69,083	3,002,704		1,035,310		2,372,240
			Commercial - Monthly			
Service Charge	4,157	0	1.86	7,732	15.00	62,355
All Usage	0	649,928	0.3020	196,278	0.5740	373,059
Subtotal	0	649,928		196,278		373,059
Total	4,157	649,928		204,010		435,414
			Public - Monthly			
Service Charge	240	0	1.86	446	15.00	3,600
All Usage	0	60,550	0.3020	18,286	0.5740	34,756
Subtotal	0	60,550		18,286		34,756
Total	240	60,550		18,732		38,356
			Quebecor - Monthly			
Service Charge	12	0	1.86	22.32	15.00	180
All Usage	0	99,230	0.3020	29,967	0.5740	56,958
Subtotal	0	99,230		29,967		56,958
Total	12	99,230		29,989		57,138
Total Class	4,409	809,708		252,731		530,907

PENNSYLVANIA-AMERICAN WATER COMPANY
COATESVILLE WASTEWATER OPERATIONS

APPLICATION OF PRESENT RATES AND PROPOSED RATES TO CONSUMPTION ANALYSIS
YEAR ENDED DECEMBER 31, 2008

Rate Block 100 Gallons (1)	Number Of Bills (2)	Total Consumption (3)	Present Rate (4)	Revenue (5)	Proposed Rate (6)	Proposed Revenue (7)
			Mittal Steel - Monthly			
Service Charge	12	0	1.86	22.32	400.00	4,800
All Usage	0	773,748	0.1940	150,107	0.3810	294,798
Subtotal	0	773,748		150,107		294,798
Total	12	773,748		150,129		299,598
			Bulk Users			
Service Charge	60	0	1.86	112	400.00	24,000
All Usage	0	3,866,373	0.2130	823,537	0.4200	1,623,877
Subtotal	0	3,866,373		823,537		1,623,877
Total	60	3,866,373		823,649		1,647,877
			VA Hospital - Monthly			
Service Charge						
Service Charge	12	0	1.86	22	400.00	4,800
All Usage	0	349,930	0.2130	74,535	0.4200	146,971
Subtotal	0	349,930		74,535		146,971
Total	12	349,930		74,557		151,771
Total Class	72	4,216,303		898,206		1,799,647
Total System	73,576	8,802,463		2,336,377		5,002,393

PENNSYLVANIA-AMERICAN WATER COMPANY

HERSHEY, PENNSYLVANIA

COST OF SERVICE
ALLOCATION STUDY
AS OF DECEMBER 31, 2009
AND
PROPOSED CUSTOMER RATES

PENNSYLVANIA-AMERICAN WATER COMPANY

Hershey, Pennsylvania

COST OF SERVICE

ALLOCATION STUDY

i

AS OF DECEMBER 31, 2009

AND

PROPOSED CUSTOMER RATES

GANNETT FLEMING, INC. - VALUATION AND RATE DIVISION

Harrisburg, Pennsylvania Calgary, Alberta Valley Forge, Pennsylvania

Gannett Fleming

GANNETT FLEMING, INC.
P.O. Box 67100
Harrisburg, PA 17106-7100

Location:
207 Senate Avenue
Camp Hill, PA 17011

Office: (717) 763-7211
Fax: (717) 763-4590
www.gannettfleming.com

April 21, 2009

Pennsylvania-American Water Company
800 West Hersheypark Drive
Hershey, PA 17033

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Attention Ms. Kathy L. Pape, President and CEO

Ladies and Gentlemen:

Pursuant to your request, we have conducted a cost of service allocation study based on pro forma revenue requirements estimated for the test year ended December 31, 2009 and have prepared proposed rate schedules designed to produce pro forma revenues more commensurate with the allocated costs.

The attached report presents the results of the allocation study, as well as supporting schedules which set forth the detailed cost allocation calculations and the proposed schedule of rates. Schedule A, on page 7, presents a comparison of the cost of service by customer classification with the pro forma revenues produced by each classification under present and proposed rates. The proof of revenue calculations are set forth in Exhibit No. 8-B.

Respectfully submitted,

GANNETT FLEMING, INC.
Valuation and Rate Division

Paul R Herbert

PAUL R. HERBERT
President

CONSTANCE E. HEPPENSTALL
Rate Analyst

PRH:krm

Attachment
050620.200

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PART I. INTRODUCTION

PENNSYLVANIA-AMERICAN WATER COMPANY

COST OF SERVICE ALLOCATION STUDY
AS OF DECEMBER 31, 2009
AND
PROPOSED CUSTOMER RATES

PART I. INTRODUCTION

PLAN OF REPORT

The report sets forth the results of the cost of service allocation study based on pro forma costs as of December 31, 2009, for Pennsylvania-American Water Company. Part I, Introduction, contains statements with respect to the basis of the study, the procedures employed, and a summary of the results of the study. Part II, Cost of Service by Customer Classification, presents detailed schedules of the allocation of costs to customer classifications, as well as the bases for the allocations. Schedule A in Part II summarizes the cost allocation and the revenues produced under present and proposed rates. Part III, Comparisons of Present and Proposed Customer Rates, sets forth the proposed rate schedules for water service.

BASIS OF STUDY

The purpose of the cost allocation study was to determine the relative cost of service responsibilities of the several customer classifications based on considerations of quantity of water consumed, variability of rate of consumption, and costs associated with customer metering, billing and accounting. The allocation study incorporated generally-accepted principles and procedures for allocating the several categories of cost to customer classifications in proportion to each classification's use of facilities, commodities and services required in providing water service.

ALLOCATION PROCEDURES

The allocation study was based on the Base-Extra Capacity Method for allocating costs to customer classifications. The method is described in the 2000 and prior editions of the Water Rates Manual published by the American Water Works Association. The four basic categories of cost responsibility are base, extra capacity, customer, and fire protection costs. The following discussion presents a brief description of these costs and the manner in which they were allocated.

Base Costs are costs that tend to vary with the quantity of water used, plus costs associated with supplying, treating, pumping, and distributing water to customers under average load conditions, without the elements necessary to meet peak demands. Base costs were allocated to customer classifications on the basis of average daily usage.

Extra Capacity Costs are costs associated with meeting usage requirements in excess of the average. They include operating and capital costs for additional plant and system capacity beyond that required for average use. The extra capacity costs in this study are subdivided into costs necessary to meet maximum day extra demand and costs to meet maximum hour extra demand. The extra capacity costs were allocated to customer classifications on the bases of each classification's maximum day and hour usage in excess of average usage.

Customer Costs are costs associated with serving customers regardless of their usage or demand characteristics. Customer costs include the operating and capital costs related to meters and services, meter reading costs, and billing and collecting costs. The customer costs were allocated on the bases of the capital cost of meters and services, the man-hours required to read meters and the number of customers.

Fire Protection Costs are costs associated with providing the facilities to meet the potential peak demand of fire protection service. Fire Protection costs are subdivided into costs to meet Public Fire Protection and Private Fire Protection demands. The extra capacity costs assigned to fire protection service were allocated to Public and Private Fire Protection and Commercial General Service on the basis of the total relative demands of the hydrants, fire service lines, and commercial service lines sized to provide fire protection, as well as general service.

RESULTS OF STUDY

The results of the cost of service allocation study are set forth in Part II. The data summarized in Schedule A, Comparison of Pro Forma Cost of Service with Revenues Under Present and Proposed Rates for the Twelve Months Ended December 31, 2009, constitute the principal results of the cost allocation study and subsequent rate design.

The cost of service by customer classification shown in column 2 of Schedule A is developed in Schedule D, Cost of Service as of December 31, 2009, at Proposed Rates Filed under Supplement No. 226 Tariff Water-Pa. P.U.C. No. 4, Allocated to Residential, Commercial, Industrial, Public, Sales to Other Water Utilities and Fire Protection Customer Classifications. The allocation of the total cost of service to the several customer classifications was performed by applying the allocation factors referenced in column 2 of Schedule D to the cost of service set forth in column 3. The bases for the allocation factors are presented in Schedule E.

Schedule F presents the calculation of the firm standby service and interruptible standby service commodity-demand rates based on the unit costs of service by function.

Schedule G sets forth the average day, maximum day system sendout, and maximum day ratios.

Comparisons of present and proposed rates for each of the customer classifications are set forth in Part III in Schedule H. Schedule H is a comparison of present and proposed service charges by meter size and consumption rates by rate block, as well as a comparison of present and proposed rates for private and public fire protection service. Revenues from application of present and proposed rates to the customer bill analysis are presented in Exhibit No. 8-B.

6 PART II. COST OF SERVICE BY CUSTOMER CLASSIFICATION

PENNSYLVANIA-AMERICAN WATER COMPANY

COMPARISON OF PRO FORMA COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009

Customer Classification	Pro Forma Cost of Service, as of December 31, 2009		Pro Forma Revenues Under Present Rates		Pro Forma Revenues Under Proposed Rates		Proposed Increase	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent Increase
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Residential	$349,392,648	68.5%	$306,513,964	67.6%	$348,911,543	68.4%	$42,397,579	13.8%
Commercial	106,792,223	20.9%	97,176,722	21.6%	106,793,706	20.9%	9,616,984	9.9%
Industrial	22,069,029	4.3%	19,360,962	4.3%	21,942,022	4.3%	2,581,060	13.3%
Other Public Authority	20,869,931	4.1%	17,733,959	3.9%	20,867,498	4.1%	3,133,539	17.7%
Other Water Utilities - Group A	549,065	0.1%	524,961	0.1%	550,640	0.1%	25,679	4.9%
Other Water Utilities - Group B	38,261	0.0%	40,688	0.0%	42,599	0.0%	1,910	4.7%
Private Fire Protection	3,040,057	0.6%	3,633,990	0.8%	3,643,509	0.7%	9,520	0.3%
Public Fire Protection	7,771,233	1.5%	7,718,394	1.7%	7,771,233	1.5%	52,839	0.7%
Total Sales of Water	510,522,447	100.0%	452,703,641	100.0%	510,522,750	100.0%	57,819,109	12.8%
Other Water Revenues	7,860,801		7,658,751		7,860,801		202,050	2.6%
Revenue from Contract Sales - Industrial	2,013,661		2,001,061		2,013,661		12,600	0.6%
Revenue from Contract Sales - Resale	1,203,751		1,174,278		1,203,751		29,472	2.5%
Total	$521,600,660		$463,537,731		$521,600,963		$58,063,232	12.5%

PENNSYLVANIA-AMERICAN WATER COMPANY

DEVELOPMENT OF RATE OF RETURN BY CUSTOMER CLASSIFICATION
UNDER PRESENT RATES

ITEM	COST OF SERVICE	RESIDENTIAL	COMMERCIAL	INDUSTRIAL	PUBLIC	OTHER WATER UTILITIES		FIRE PROTECTION	
						GROUP A	GROUP B	PRIVATE	PUBLIC
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1. REVENUES FROM SALES	452,703,641	306,513,964	97,176,722	19,360,962	17,733,959	524,961	40,688	3,633,990	7,718,394
2 OTHER REVENUES	7,860,801	6,538,790	922,399	128,023	133,272	2,958	181	36,350	98,828
3. TOTAL OPERATING REVENUES	460,564,442	313,052,754	98,099,121	19,488,985	17,867,231	527,919	40,869	3,670,340	7,817,222
4. LESS: OPERATING EXPENSES (INCLUDES REALLOCATION OF FIRE)	285,857,510	201,709,234	59,458,264	12,180,689	11,416,826	296,776	15,264	1,422,350	(641,899)
5. RETURN AND INCOME TAXES	174,706,932	111,343,520	38,640,857	7,308,296	6,450,405	231,143	25,605	2,247,990	8,459,121
6. LESS: TAXABLE EXCLUSIONS (FACTOR 19)	59,978,686	39,136,093	12,373,603	2,591,079	2,471,122	65,977	5,998	425,849	2,908,966
7. TAXABLE INCOME	114,728,246	72,207,427	26,267,254	4,717,217	3,979,283	165,167	19,608	1,822,141	5,550,155
8. LESS: INCOME TAXES (TAX. INC.)	40,828,867	26,640,836	8,422,995	1,763,807	1,682,149	44,912	4,083	289,885	1,980,200
9. NET RETURN (Line 5 - Line 8)	133,878,065	84,702,684	30,217,862	5,544,489	4,768,256	186,231	21,522	1,958,105	6,478,921
10. ORIGINAL COSTS MEASURE OF VALUE	1,861,300,541	1,214,072,553	384,250,673	80,457,859	76,750,987	2,029,693	96,350	13,280,311	90,362,110
11. RATE OF RETURN, PERCENT	7.19	6.98	7.86	6.89	6.21	9.18	22.34	14.74	7.17
12. RELATIVE RATE OF RETURN	1.00	0.97	1.09	0.96	0.86	1.28	3.11	2.05	1.00

PENNSYLVANIA-AMERICAN WATER COMPANY

DEVELOPMENT OF RATE OF RETURN BY CUSTOMER CLASSIFICATION
UNDER PROPOSED RATES

ITEM	COST OF SERVICE	RESIDENTIAL	COMMERCIAL	INDUSTRIAL	PUBLIC	OTHER WATER UTILITIES		FIRE PROTECTION	
						GROUP A	GROUP B	PRIVATE	PUBLIC
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1. REVENUES FROM SALES	510,522,750	348,911,543	106,793,706	21,942,022	20,867,498	550,640	42,599	3,643,509	7,771,233
2. OTHER REVENUES	7,860,801	6,539,861	920,480	127,382	132,929	2,958	181	36,712	100,295
3. TOTAL OPERATING REVENUES	518,383,551	355,451,404	107,714,186	22,069,404	21,000,427	553,598	42,780	3,680,221	7,871,528
4. LESS: OPERATING EXPENSES (INCLUDES REALLOCATION OF FIRE)	286,989,621	205,021,524	59,964,294	12,197,311	11,463,973	297,168	15,303	1,428,404	(3,398,359)
5. RETURN AND INCOME TAXES	231,393,930	150,429,880	47,749,892	9,872,093	9,536,454	256,430	27,477	2,251,817	11,269,887
6. LESS: TAXABLE EXCLUSIONS (FACTOR 19)	59,979,915	39,136,895	12,373,856	2,591,132	2,471,172	65,978	5,998	425,857	2,909,026
7. TAXABLE INCOME	171,414,015	111,292,985	35,376,036	7,280,961	7,065,281	190,452	21,479	1,825,960	8,360,861
8. LESS: INCOME TAXES (TAX. INC.)	64,450,945	42,054,242	13,296,230	2,784,281	2,655,379	70,896	6,445	457,602	3,125,871
9. NET RETURN (Line 5 - Line 8)	166,942,985	108,375,638	34,453,662	7,087,812	6,881,075	185,534	21,032	1,794,215	8,144,016
10. ORIGINAL COSTS MEASURE OF VALUE	1,861,300,541	1,214,212,676	384,175,745	80,432,195	76,730,188	2,029,693	96,350	13,280,311	90,343,379
11 RATE OF RETURN, PERCENT	8.97	8.93	8.97	8.81	8.97	9.14	21.83	13.51	9.01
12. RELATIVE RATE OF RETURN	1.00	1.00	1.00	0.98	1.00	1.02	2.43	1.51	1.01

PENNSYLVANIA-AMERICAN WATER COMPANY

ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009

Account Number	Account Description	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Other Public Authority	Other Water Utilities Group A	Other Water Utilities Group B	Private Fire Protection	Public Fire Protection
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
OPERATION AND MAINTENANCE EXPENSES											
	Source of Supply Expenses										
	----Operation----										
601.1	Salaries and Wages	2	311,654	194,036	79,378	19,323	16,705	436	31	312	1,434
610.1	Purchased Water	1	2,683,343	1,647,304	673,787	195,079	141,681	4,025	268	3,757	17,442
615.1	Purchased Power	1	3,056,802	1,876,571	767,563	222,230	161,399	4,585	306	4,280	19,869
616.1	Purchased Fuel	1	4,560	2,799	1,145	332	241	7	0	6	30
618.1	Chemicals	1	0	0	0	0	0	0	0	0	0
620.1	Materials and Supplies	2	20,062	12,491	5,110	1,244	1,075	28	2	20	92
631.1	Contract Services -Engineering	2	0	0	0	0	0	0	0	0	0
633.1	Contract Services -Legal	2	0	0	0	0	0	0	0	0	0
636.1	Contract Services -Other	2	5,772	3,594	1,470	358	309	8	1	6	27
642.1	Rental of Equipment	2	0	0	0	0	0	0	0	0	0
675.1	Miscellaneous Expenses	2	730,450	454,778	186,046	45,288	39,152	1,023	73	730	3,360
	Total Operation		6,812,643	4,191,573	1,714,499	483,854	360,562	10,112	681	9,111	42,254
	----Maintenance----										
601.2	Salaries and Wages	2	73,759	45,922	18,786	4,573	3,953	103	7	74	339
620.2	Materials and Supplies	2	62,292	38,783	15,866	3,862	3,339	87	6	62	287
636.2	Contract Services	2	482,071	300,137	122,783	29,888	25,839	675	48	482	2,218
675.2	Misc. Maintenance Expense	2	65,567	40,822	16,700	4,065	3,514	92	7	66	302
	Total Maintenance		683,689	425,664	174,135	42,388	36,645	957	68	684	3,146
	Total Source of Supply Expenses		7,496,332	4,617,237	1,888,634	526,242	397,207	11,069	749	9,795	45,400
	Water Treatment Expenses										
	----Operation----										
601.3	Salaries and Wages										
	Power and Pumping	5	1,104,352	684,146	278,186	67,034	58,420	1,546	110	2,540	12,369
	Purification and Laboratory	2	10,611,083	6,606,461	2,702,643	657,887	568,754	14,856	1,061	10,611	48,811
615.3	Purchased Power	1	11,663,368	7,160,142	2,928,672	847,927	615,826	17,495	1,166	16,329	75,812
616.3	Fuel and Power Production	1	0	0	0	0	0	0	0	0	0
618.3	Chemicals	1	11,146,199	6,842,652	2,798,811	810,329	588,519	16,719	1,115	15,605	72,450
620.3	Materials and Supplies	6	279,274	173,792	71,075	17,287	14,941	391	28	307	1,452
631.3	Contract Services -Engineering	6	5,084	3,164	1,294	315	272	7	1	6	26
633.3	Contract Services -Legal	6	0	0	0	0	0	0	0	0	0
634.3	Contract Services -Management	6	0	0	0	0	0	0	0	0	0
635.3	Contract Services -Testing	6	97,049	60,394	24,699	6,007	5,192	136	10	107	505

PENNSYLVANIA-AMERICAN WATER COMPANY

ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009

Account Number	Account Description	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Other Public Authority	Other Water Utilities Group A	Other Water Utilities Group B	Private Fire Protection	Public Fire Protection
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
636.3	Contract Services -Other	6	203,999	126,949	51,918	12,628	10,914	286	20	224	1,061
641.3	Rental of Building	6	5,135	3,196	1,307	318	275	7	1	6	27
642.3	Rental of Equipment	6	18,423	11,465	4,689	1,140	986	26	2	20	96
650.3	Transportation	6	0	0	0	0	0	0	0	0	0
675.3	Miscellaneous Expenses										
	Waste Disposal	1	2,178,027	1,337,091	546,903	158,343	115,000	3,267	218	3,049	14,157
	Other	6	3,503,648	2,180,318	891,678	216,876	187,445	4,905	350	3,854	18,219
	Total Operation		40,815,641	25,189,770	10,301,875	2,796,091	2,166,544	59,641	4,082	52,658	244,985
	----Maintenance----										
601.4	Salaries and Wages										
	Power and Pumping	5	574,350	355,809	144,679	34,863	30,383	804	57	1,321	6,433
	Purification and Laboratory	2	2,647,980	1,648,632	674,440	164,175	141,932	3,707	265	2,648	12,181
620.4	Materials and Supplies	7	715,051	444,761	181,766	44,190	38,255	1,001	72	858	4,147
636.4	Contract Services	7	890,090	553,635	226,261	55,008	47,620	1,246	89	1,068	5,163
650.4	Transportation	7	0	0	0	0	0	0	0	0	0
675.4	Miscellaneous Expenses	7	422,039	262,508	107,282	26,082	22,579	591	42	506	2,448
	Total Maintenance		5,249,510	3,265,345	1,334,428	324,318	280,769	7,349	525	6,401	30,372
	Total Water Treatment Expenses		46,065,151	28,455,115	11,636,303	3,120,409	2,447,313	66,990	4,607	59,059	275,357
	Transmission & Distribution Expenses										
	----Operation----										
601.5	Salaries and Wages										
	Supervision & Other Dept. Exps.	12	3,651,275	2,396,696	775,166	147,877	152,258	4,016	0	33,227	142,035
	Mains	8	3,412,986	2,091,477	788,400	165,871	165,189	4,437	0	32,765	164,847
	Storage Facilities	4	144,801	89,501	32,696	6,444	6,835	188	0	1,506	7,631
	Miscellaneous Meter Expense	10	592,099	471,133	99,295	6,335	11,250	296	118	3,671	0
	Services on Customer Premises	11	280,467	255,814	20,306	561	1,402	28	0	2,356	0
615.5	Purchased Power	1	0	0	0	0	0	0	0	0	0
620.5	Materials and Supplies	12	328,732	215,780	69,790	13,314	13,708	362	0	2,991	12,788
631.5	Contract Services -Engineering	12	260,106	170,734	55,221	10,534	10,846	286	0	2,367	10,118
636.5	Contract Services -Other	12	213,142	139,906	45,250	8,632	8,888	234	0	1,940	8,291
641.5	Rental of Building	12	331,582	217,650	70,395	13,429	13,827	365	0	3,017	12,899
642.5	Rental of Equipment	12	102,990	67,601	21,865	4,171	4,295	113	0	937	4,006
650.5	Transportation	12	1,942	1,275	412	79	81	2	0	18	76
675.5	Miscellaneous Expenses	12	1,902,702	1,248,934	403,944	77,059	79,343	2,093	0	17,315	74,015
	Total Operation		11,222,823	7,366,501	2,382,740	454,306	467,922	12,420	118	102,110	436,706

PENNSYLVANIA-AMERICAN WATER COMPANY

ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009

Account Number (1)	Account Description (2)	Factor Ref. (3)	Cost of Service (4)	Residential (5)	Commercial (6)	Industrial (7)	Other Public Authority (8)	Other Water Utilities Group A (9)	Other Water Utilities Group B (10)	Private Fire Protection (11)	Public Fire Protection (12)
	----Maintenance----										
601.6	Salaries and Wages										
	Supervision and Engineering	13	1,663,798	989,294	358,881	73,706	74,538	1,997	0	15,473	149,908
	Structures and Improvements	4	2,173,927	1,343,704	490,873	96,740	102,609	2,826	0	22,609	114,566
	Mains	8	8,719,251	5,343,156	2,014,147	423,756	422,012	11,335	0	83,705	421,140
	Services	11	258,988	236,222	18,751	518	1,295	26	0	2,176	0
	Meters	10	109,873	87,425	18,426	1,176	2,088	55	22	681	0
	Fire Hydrants	9	525,823	0	0	0	0	0	0	0	525,823
620.6	Materials and Supplies	13	1,507,467	896,339	325,161	66,781	67,535	1,809	0	14,019	135,823
636.6	Contract Services	13	1,054,745	627,151	227,508	46,725	47,253	1,266	0	9,809	95,033
650.6	Transportation	13	0	0	0	0	0	0	0	0	0
675.6	Miscellaneous Expenses	13	5,467,367	3,250,896	1,179,311	242,204	244,938	6,561	0	50,847	492,610
	Total Maintenance		21,481,239	12,774,187	4,633,058	951,606	962,268	25,875	22	199,319	1,934,903
	Total Transmission and Distribution Expenses		32,704,062	20,140,688	7,015,798	1,405,912	1,430,190	38,295	140	301,429	2,371,609
	Customer Accounting Expenses										
601.7	Salaries and Wages										
	Meter Reading	15	5,764,043	4,823,351	791,403	32,279	111,246	1,153	576	4,035	0
	Meter Services	10	3,242,274	2,579,878	543,729	34,692	61,603	1,621	648	20,102	0
615.7	Purchased Power	14	0	0	0	0	0	0	0	0	0
620.7	Materials and Supplies	14	9,008	8,315	604	12	33	0	0	39	5
633.7	Contract Services -Legal	14	0	0	0	0	0	0	0	0	0
634.7	Contract Services -Management	14	0	0	0	0	0	0	0	0	0
636.7	Contract Services -Other	14	431,184	398,026	28,889	561	1,595	0	0	1,854	259
642.7	Rental of Equipment	14	8,498	7,845	569	11	31	0	0	37	5
650.7	Insurance	14	0	0	0	0	0	0	0	0	0
660.7	Advertising	14	0	0	0	0	0	0	0	0	0
670.7	Bad Debt	14	6,619,010	6,110,008	443,474	8,605	24,490	0	0	28,462	3,971
675.7	Miscellaneous Expenses	14	5,651,322	5,216,735	378,639	7,347	20,910	0	0	24,301	3,391
	Total Customer Accounting Expenses		21,725,339	19,144,158	2,187,307	83,507	219,908	2,774	1,224	78,830	7,631
	Administrative and General Expenses										
601.8	Salaries and Wages	16	10,641,678	7,340,629	2,087,897	411,833	401,191	10,642	0	54,273	335,213
603.8	Salaries of Officers	16	90,811	62,641	17,817	3,514	3,424	91	0	463	2,861
604.8	Employees Pension and Benefits	17	31,642,019	21,045,107	6,682,794	1,316,308	1,306,815	34,806	3,164	164,538	1,088,485
615.8	Purchased Power	16	0	0	0	0	0	0	0	0	0

PENNSYLVANIA-AMERICAN WATER COMPANY

ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009

Account Number	Account Description	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Other Public Authority	Other Water Utilities Group A	Other Water Utilities Group B	Private Fire Protection	Public Fire Protection
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
621	Materials and Supplies	16	38,008	26,218	7,457	1,471	1,433	38	0	194	1,197
631.8	Contract Services -Engineering	16	69,975	48,269	13,729	2,708	2,638	70	0	357	2,204
632.8	Contract Services -Accounting	16	432,073	298,044	84,773	16,721	16,289	432	0	2,204	13,610
633.8	Contract Services -Legal	16	930,648	641,961	182,593	36,016	35,085	931	0	4,746	29,315
634.8	Contract Services -Management										
	Customer Related	14	8,116,349	7,492,202	543,795	10,551	30,030	0	0	34,900	4,870
	Employee Related	17	1,316,352	875,506	278,014	54,760	54,365	1,448	132	6,845	45,283
	Water Quality Related	1	1,437,595	882,540	360,980	104,513	75,905	2,156	144	2,013	9,344
	Other	16	23,770,545	16,396,922	4,663,781	919,920	896,150	23,771	0	121,230	748,772
635	Contract Services -Test	16	0	0	0	0	0	0	0	0	0
636.8	Contract Services -Other	16	391,217	269,861	76,757	15,140	14,749	391	0	1,995	12,323
641.8	Rental of Buildings	16	392,500	270,747	77,009	15,190	14,797	393	0	2,002	12,364
642.8	Rental of Equipment	16	444,498	306,615	87,211	17,202	16,758	444	0	2,267	14,002
650.8	Transportation	16	7,115,132	4,908,018	1,395,989	275,356	268,240	7,115	0	36,287	224,127
656.8	Insurance -Vehicles	16	318,754	219,877	62,540	12,336	12,017	319	0	1,626	10,041
657.8	Insurance -General Liability	16	6,704,792	4,624,966	1,315,480	259,475	252,771	6,705	0	34,194	211,201
658.8	Insurance -Workers Comp	17	1,034,771	688,226	218,544	43,046	42,736	1,138	103	5,381	35,596
659.8	Insurance -Other	16	1,344,256	927,268	263,743	52,023	50,678	1,344	0	6,856	42,344
660.8	Advertising	14	117,957	108,886	7,903	153	436	0	0	507	71
666.8	Amortization of Rate Case Exp.	20	544,693	367,831	110,355	23,041	21,515	545	54	2,941	18,411
667.8	Regulatory Commission	20	146,498	98,930	29,680	6,197	5,787	146	15	791	4,952
675.8	Miscellaneous Expenses	16	8,738,046	6,027,504	1,714,405	338,162	329,424	8,738	0	44,564	275,248
	Total Administrative and General Expenses		105,779,167	73,928,768	20,283,246	3,935,636	3,853,233	101,663	3,612	531,174	3,141,834
	Total Operation & Maintenance Expenses		213,770,051	146,285,966	43,011,288	9,071,706	8,347,851	220,791	10,332	980,287	5,841,831

PENNSYLVANIA-AMERICAN WATER COMPANY

ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009

Account Number	Account Description	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Other Public Authority	Other Water Utilities Group A	Other Water Utilities Group B	Private Fire Protection	Public Fire Protection
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
DEPRECIATION EXPENSE											
303.14	Water Rights - Hybernia Dam	1	118,206	72,567	29,682	8,594	6,241	177	12	165	768
303.35	Waste Handling & Treatment Land	1	5,696	3,496	1,430	414	301	9	1	8	37
303.99	Comprehensive Planning Studies	18	205,071	133,686	42,347	8,859	8,469	226	0	1,477	10,007
304.15	Other Water Source Structures	2	297,381	185,149	75,743	18,438	15,940	416	30	297	1,368
304.20	Power and Pumping Structures	5	1,470,062	910,703	370,309	89,233	77,766	2,058	147	3,381	16,465
304.30	Purification Buildings	2	4,001,362	2,491,248	1,019,147	248,084	214,473	5,602	400	4,001	18,406
304.36	Waste Handling & Treatment Structures	1	305,438	187,508	76,695	22,205	16,127	458	31	428	1,985
304.39	Purification Buildings	2	6,066	3,777	1,545	376	325	8	1	6	28
304.61	Office Buildings	16	478,779	330,262	93,936	18,529	18,050	479	0	2,442	15,082
304.62	Stores, Shop and Garage Bldgs.	16	646,770	446,142	126,896	25,030	24,383	647	0	3,299	20,373
304.63	Misc. Structures and Improvements	16	60,785	41,929	11,926	2,352	2,292	61	0	310	1,915
305.00	Collecting & Impounding Reservoirs	1	1,098,438	674,330	275,818	79,856	57,998	1,648	110	1,538	7,140
306.00	Lake, River and Other Intakes	2	383,401	238,705	97,652	23,771	20,550	537	38	383	1,764
307.00	Wells and Springs	2	233,120	145,141	59,376	14,453	12,495	326	23	233	1,072
310.40	Other Power Prod. Equipment	5	118,033	73,121	29,733	7,165	6,244	165	12	271	1,322
310.70	Oil Engine Pumping Equipment	5	8,333	5,162	2,099	506	441	12	1	19	93
310.90	Gas Engine Pumping Equipment	5	748	463	188	45	40	1	0	2	8
311.00	Electric Pumping Equipment	5	2,171,500	1,345,244	547,001	131,810	114,872	3,040	217	4,994	24,321
320.00	Purification System	2	6,914,789	4,305,148	1,761,197	428,717	370,633	9,681	691	6,915	31,808
330.00	Distr. Reservoirs and Standpipes	4	3,710,923	2,293,722	837,926	165,136	175,156	4,824	0	38,594	195,566
331.00	Mains and Accessories										
	10-inch and Over	3	6,036,342	3,612,750	1,480,715	359,766	310,872	7,847	604	44,065	219,723
	Under 10-inch	4	12,779,892	7,899,251	2,885,700	568,705	603,211	16,614	0	132,911	673,500
333.00	Services	11	7,953,842	7,254,699	575,858	15,908	39,769	795	0	66,812	0
334.00	Meters	10	6,841,060	5,443,431	1,147,246	73,199	129,980	3,421	1,368	42,415	0
335.00	Fire Hydrants	9	1,052,729	0	0	0	0	0	0	0	1,052,729
340.00	Office Furniture and Equipment	16	1,688,904	1,165,006	331,363	65,361	63,672	1,689	0	8,613	53,200
341.00	Transportation Equipment	16	(4,729)	-3,262	(928)	(183)	(178)	(5)	0	(24)	(149)
342.00	Stores Equipment	16	14,581	10,058	2,861	564	550	15	0	74	459
343.00	Tools and work Equipment	16	552,545	381,146	108,409	21,383	20,831	553	0	2,818	17,405
344.00	Laboratory Equipment	2	221,939	138,179	56,528	13,760	11,896	311	22	222	1,021
346.00	Communication Equipment	16	639,505	441,131	125,471	24,749	24,109	640	0	3,261	20,144
347.00	Miscellaneous Equipment	16	554,217	382,299	108,737	21,448	20,894	554	0	2,827	17,458
348.00	Other Tangible Equipment	16	29,779	20,541	5,843	1,152	1,123	30	0	152	938
	Total Depreciation Expense		60,595,507	40,632,732	12,288,449	2,459,385	2,369,525	62,839	3,708	372,909	2,405,956

PENNSYLVANIA-AMERICAN WATER COMPANY

ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009

Account Number	Account Description	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Other Public Authority	Other Water Utilities Group A	Other Water Utilities Group B	Private Fire Protection	Public Fire Protection
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	Amortizations										
	Acquisition Adjustment	19	496,991	324,287	102,529	21,470	20,476	547	50	3,529	24,104
	Regulatory Assets AFUDC	19	274,068	178,829	56,540	11,840	11,292	301	27	1,946	13,292
	Total Amortizations		771,059	503,116	159,069	33,310	31,768	848	77	5,475	37,396
	Taxes, Other Than Income										
	Federal and State Payroll Taxes	17	4,478,311	2,978,525	945,819	186,298	184,954	4,926	448	23,287	154,054
	State Capital Stock Tax	19	638,432	416,577	131,709	27,580	26,303	702	64	4,533	30,964
	PUC and OCA Assessments	20	3,479,283	2,349,559	704,903	147,174	137,432	3,479	348	18,788	117,600
	Public Utility Realty Taxes	19	3,256,978	2,125,178	671,915	140,701	134,187	3,583	326	23,125	157,963
	Total Taxes Other Than Income Taxes		11,853,004	7,869,839	2,454,346	501,753	482,876	12,690	1,186	69,733	460,581
	Total O&M, Depreciation, Amort,and Taxes Other than Inc.		286,989,621	195,291,653	57,913,152	12,066,154	11,232,020	297,168	15,303	1,428,404	8,745,764
	Federal and State Income Taxes	19	64,450,945	42,054,242	13,296,230	2,784,281	2,655,379	70,896	6,445	457,602	3,125,871
	Utility Operating Income Available for Return	19	170,160,094	111,029,461	35,104,027	7,350,916	7,010,596	187,176	17,016	1,208,137	8,252,765
	Total Cost of Service		521,600,660	348,375,356	106,313,409	22,201,351	20,897,995	555,240	38,764	3,094,143	20,124,400
	Less:										
469	Other Water Revenues - Billing and Collecting	14	(509,944)	(470,729)	(34,166)	(663)	(1,887)	0	0	(2,193)	(306)
470	Other Water Revenues -Penalties	20	(1,793,979)	(1,211,474)	(363,460)	(75,885)	(70,862)	(1,794)	(179)	(9,687)	(60,636)
471	Other Water Revenues - Misc. Service Revenues	14	(4,392,589)	(4,054,799)	(294,303)	(5,710)	(16,253)	0	0	(18,888)	(2,636)
472	Other Water Revenues - Rents from Other Properties	16	(1,145,823)	(790,389)	(224,810)	(44,343)	(43,198)	(1,146)	0	(5,844)	(36,093)
474	Other Water Revenues	20	(18,466)	(12,470)	(3,741)	(781)	(729)	(18)	(2)	(100)	(624)
	Revenue from Contract Sales	20	(3,217,412)	(2,172,718)	(651,848)	(136,097)	(127,088)	(3,217)	(322)	(17,374)	(108,749)
	Unrecovered Public Fire	9	(12,144,123)	0	0	0	0	0	0	0	(12,144,123)
	Reallocate Unrecovered Public Fire	21	12,144,123	9,729,871	2,051,142	131,157	231,953	0	0	0	0
	Total Cost of Service Related to Sales		510,522,447	349,392,648	106,792,223	22,069,029	20,869,931	549,065	38,261	3,040,057	7,771,233

PENNSYLVANIA-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS

FACTOR 1. ALLOCATION OF COSTS WHICH VARY WITH THE AMOUNT OF WATER CONSUMED.

Factors are based on the pro forma future test year average daily consumption for each customer classification.

Customer Classification	Average Daily Consumption, 100 Gallons	Allocation Factor
(1)	(2)	(3)
Residential	819,911	0.6139
Commercial	335,445	0.2511
Industrial	97,057	0.0727
Public	70,540	0.0528
Other Water Utilities A	1,980	0.0015
Other Water Utilities B	8	0.0001
Private Fire Protection	1,894	0.0014
Public Fire Protection	8,697	0.0065
Total	1,335,531	1.0000

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the factors for average daily consumption (Factor 1) and the factors derived from maximum day extra capacity demand for each customer classification, as follows:

	Average Daily Consumption		Maximum Day Extra Capacity		
Customer Classification	Allocation Factor 1	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)x 0.7143	(4)	(5)=(4)x 0.2857	(6)=(3)+(5)
Residential	0.6139	0.4385	0.6446	0.1841	0.6226
Commercial	0.2511	0.1794	0.2637	0.0753	0.2547
Industrial	0.0727	0.0519	0.0352	0.0101	0.0620
Public	0.0528	0.0377	0.0555	0.0159	0.0536
Other Water Utilities A	0.0015	0.0011	0.0010	0.0003	0.0014
Other Water Utilities B	0.0001	0.0001	0.0000	0.0000	0.0001
Private Fire Protection	0.0014	0.0010			0.0010
Public Fire Protection	0.0065	0.0046			0.0046
Total	1.0000	0.7143	1.0000	0.2857	1.0000

The derivation of the maximum day extra capacity factors in column 4 and the basis for the column 3 and column 5 weightings are presented on the following page.

PENNSYLVANIA-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS, cont.

Customer Classification	Average Daily Consumption, 100 Gallons	Maximum Day Extra Capacity		
		Factor*	Rate of Flow, 100 Gallons Per Day	Allocation Factor
(1)	(2)	(3)	(4)	(5)
Residential	819,911	1.5	1,229,867	0.6446
Commercial	335,445	1.5	503,168	0.2637
Industrial	83,968	0.8	67,174	0.0352
Public	70,540	1.5	105,810	0.0555
Other Water Utilities A	1,980	1.0	1,980	0.0010
Other Water Utilities B	8	9.0	72	0.0000
Total	1,311,852		1,908,071	1.0000

The weighting of the factors is based on the maximum day ratio of 1.4, based on a review of maximum day ratios experienced by the company. (See Schedule G)

	Maximum Day Ratio	Weight
Average Day	1.0	0.7143
Maximum Day Extra Capacity	0.4	0.2857
Total	1.4	1.0000

* Ratio of maximum day to average day minus 1.0.

PENNSYLVANIA-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

	Average Daily Consumption		Maximum Day Extra Capacity		Fire Protection		
Customer Classification	Allocation Factor 1	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2) X 0.6866	(4)	(5)=(4) X 0.2746	(6)	(7)=(6) X 0.0388	(8)=(3)+ (5)+(7)
Residential	0.6139	0.4214	0.6446	0.1771			0.5985
Commercial	0.2511	0.1724	0.2637	0.0723	0.0177	0.0006	0.2453
Industrial	0.0727	0.0499	0.0352	0.0097			0.0596
Public	0.0528	0.0363	0.0555	0.0152			0.0515
Other Water Utilities A	0.0015	0.0010	0.0010	0.0003			0.0013
Other Water Utilities B	0.0001	0.0001	0.0000	0.0000			0.0001
Private Fire Protection	0.0014	0.0010			0.1611	0.0063	0.0073
Public Fire Protection	0.0065	0.0045			0.8212	0.0319	0.0364
Total	1.0000	0.6866	1.0000	0.2746	1.0000	0.0388	1.0000

The basis for the column 3, column 5 and column 7 weightings are presented on the following page.

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PENNSYLVANIA-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum day ratio of 1.4 and the average pumpage for the test year ended 12/31/08. The system demand for fire protection is 20,000 gpm, for 10 hours.

	Ratio	Rate of Flow, (GPD)	Weight
Average Day	1.0	212,384,271	0.6866
Maximum Day Extra Capacity	0.4	84,953,708	0.2746
Subtotal	1.4	297,337,979	0.9612
Fire Protection		12,000,000	0.0388
Total		309,337,979	1.0000

The allocation factors in column 6 on the preceding page are based on the relative potential fire demands of General Service and Public and Private Fire Protection Service.
(See the following page.)

PENNSYLVANIA-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the average hourly consumption, the maximum hour extra capacity demand, and the fire protection demand for each customer classification.

	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		
Customer Classification	100 Gals.	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3) X 0.4473	(5)	(6)=(5) X 0.4920	(7)	(8)=(7) X 0.0607	(9)=(4)+(6)+(8)
Residential	34,163.0	0.6139	0.2747	0.6980	0.3434			0.6181
Commercial	13,976.9	0.2511	0.1123	0.2284	0.1124	0.0177	0.0011	0.2258
Industrial	4,044.0	0.0727	0.0325	0.0243	0.0120			0.0445
Public	2,939.2	0.0528	0.0236	0.0480	0.0236			0.0472
Other Water Utilities A	82.5	0.0015	0.0007	0.0013	0.0006			0.0013
Other Water Utilities B	0.3	0.0001	0.0000	0.0000	0.0000			0.0000
Private Fire Protection	79.1	0.0014	0.0006			0.1611	0.0098	0.0104
Public Fire Protection	363.4	0.0065	0.0029			0.8212	0.0498	0.0527
Total	55,648.3	1.0000	0.4473	1.0000	0.4920	1.0000	0.0607	1.0000

The maximum hour extra capacity factors in column 5 are determined on the following page:

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PENNSYLVANIA-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum hour ratio of 2.1, and the average pumpage for the test year ended 12/31/2008. The system demand for fire protection is 20,000 gpm.

	Ratio	Rate of Flow, (GPM)	Weight
Average Hour	1.0	147,489	0.4473
Maximum Hour Extra Capacity	1.1	162,238	0.4920
Subtotal	2.1	309,727	0.9393
Fire Protection		20,000	0.0607
Total		329,727	1.0000

The allocation factors in column 7 of Factor 4 are based on the relative potential fire demands of General Service and Public and Private Fire Protection Service. (See following page.)

PENNSYLVANIA-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS, cont.

The maximum hour extra capacity factors in column 5 are determined as follows:

Customer Classification	Average Hourly Consumption 100 Gals.	Maximum Hour Extra Capacity Factor*	Maximum Hour Extra Capacity Rate, 100 Gals. Per Hour	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	34,163.0	5.0	170,814.8	0.6980
Commercial	13,976.9	4.0	55,907.5	0.2284
Industrial	3,498.7	1.7	5,947.8	0.0243
Public	2,939.2	4.0	11,756.7	0.0480
Other Water Utilities A	82.5	4.0	330.0	0.0013
Other Water Utilities B	0.3	19.0	6.3	0.0000
Total	54,660.5		244,763.1	1.0000

* Ratio Of Maximum Hour To Average Hour Minus 1.0.

PENNSYLVANIA-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM HOUR EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS, cont.

BASIS FOR ALLOCATING DEMAND RELATED COSTS OF FIRE SERVICE TO COMMERCIAL, PRIVATE FIRE PROTECTION AND PUBLIC FIRE PROTECTION CUSTOMER CLASSIFICATIONS

Description	Restrictive Diameters Squared	Quantity	Relative Demand	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
General Service - Commercial				
4 -inch meter	16.00	193	3,088	
6 -inch meter	36.00	254	9,144	
8 -inch meter	64.00	55	3,520	
		502	15,752	0.0177
Private Fire Protection				
Fire Lines				
1 -inch fire line	1.00	0	0	
1.25 -inch fire line	1.56	2	3	
1.5 -inch fire line	2.25	2	5	
2 -inch fire line	4.00	56	224	
3 -inch fire line	9.00	22	198	
4 -inch fire line	16.00	315	5,040	
6 -inch fire line	36.00	1,312	47,232	
8 -inch fire line	64.00	660	42,240	
10 -inch fire line	100.00	99	9,900	
12 -inch fire line	144.00	25	3,600	
Hydrants	25.00	1,387	34,675	
Total Private Fire Protection		3,880	143,117	0.1611
Public Fire Protection				
Total Fire Hydrants	20.75 Avg.	35,165	729,674	
Total Public Fire Protection		35,165	729,674	0.8212
Total Fire Protection		39,547	888,543	1.0000

PENNSYLVANIA-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH POWER AND PUMPING FACILITIES.

Factors are based on the weighting of the maximum daily consumption, Factor 2, the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows.

	Maximum Daily Consumption		Maximum Daily Consumption		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 2	Weighted Factor	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)x 0.8199	(4)	(5)=(4)x 0.1263	(6)	(7)=(6)x 0.0538	(8)=(3)+ (5)+(7)
Residential	0.6226	0.5106	0.5985	0.0756	0.6181	0.0333	0.6195
Commercial	0.2547	0.2088	0.2453	0.0310	0.2258	0.0121	0.2519
Industrial	0.0620	0.0508	0.0596	0.0075	0.0445	0.0024	0.0607
Public	0.0536	0.0439	0.0515	0.0065	0.0472	0.0025	0.0529
Other Water Utilities A	0.0014	0.0011	0.0013	0.0002	0.0013	0.0001	0.0014
Other Water Utilities B	0.0001	0.0001	0.0001	0.0000	0.0000	0.0000	0.0001
Private Fire Protection	0.0010	0.0008	0.0073	0.0009	0.0104	0.0006	0.0023
Public Fire Protection	0.0046	0.0038	0.0364	0.0046	0.0527	0.0028	0.0112
Total	1.0000	0.8199	1.0000	0.1263	1.0000	0.0538	1.0000

The weighting of the factors is based on the horsepower of pumps associated with maximum day facilities, maximum day with fire facilities, and maximum hour facilities, as follows:

	Horsepower of Pumps	Weight
Associated with Maximum Day	51,710	0.8199
Associated with Both Maximum Day & Fire	7,965	0.1263
Associated with Maximum Hour	3,393	0.0538
Total	63,068	1.0000

PENNSYLVANIA-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS

FACTOR 6. ALLOCATION OF WATER TREATMENT OPERATION EXPENSES.

Factors are based on the allocation of water treatment operation salaries and wages, as follows:

Customer Classification	Water Treatment Operation Salaries and Wages	Allocation Factor
(1)	(2)	(3)
Residential	$7,290,607	0.6223
Commercial	2,980,829	0.2545
Industrial	724,921	0.0619
Public	627,174	0.0535
Other Water Utilities A	16,402	0.0014
Other Water Utilities B	1,171	0.0001
Private Fire Protection	13,151	0.0011
Public Fire Protection	61,180	0.0052
Total	$11,715,435	1.0000

FACTOR 7. ALLOCATION OF WATER TREATMENT MAINTENANCE EXPENSES.

Factors are based on the allocation of water treatment maintenance salaries and wages, as follows:

Customer Classification	Water Treatment Maintenance Salaries and Wages	Allocation Factor
(1)	(2)	(3)
Residential	$2,004,441	0.6220
Commercial	819,119	0.2542
Industrial	199,038	0.0618
Public	172,315	0.0535
Other Water Utilities A	4,511	0.0014
Other Water Utilities B	322	0.0001
Private Fire Protection	3,969	0.0012
Public Fire Protection	18,614	0.0058
Total	$3,222,329	1.0000

PENNSYLVANIA-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 8. ALLOCATION OF COSTS ASSOCIATED WITH MAINS.

Factors are based on the weighting of the maximum daily consumption, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

	10-inch and Larger		Under 10-inch		
Customer Classification	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)x 0.2712	(4)	(5)=(4)x 0.7288	(6)=(3)+(5)
Residential	0.5985	0.1623	0.6181	0.4505	0.6128
Commercial	0.2453	0.0664	0.2258	0.1646	0.2310
Industrial	0.0596	0.0162	0.0445	0.0324	0.0486
Public	0.0515	0.0140	0.0472	0.0344	0.0484
Other Water Utilities A	0.0013	0.0004	0.0013	0.0009	0.0013
Other Water Utilities B	0.0001	0.0000	0.0000	0.0000	0.0000
Private Fire Protection	0.0073	0.0020	0.0104	0.0076	0.0096
Public Fire Protection	0.0364	0.0099	0.0527	0.0384	0.0483
Total	1.0000	0.2712	1.0000	0.7288	1.0000

The weighting of the factors is based on the length of transmission mains and distribution mains, as follows:

	Length of Mains (Feet)	Weight
10-inch and Larger	13,738,560	0.2712
Under 10-inch	36,912,480	0.7288
Total	50,651,040	1.0000

PENNSYLVANIA-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 9. ALLOCATION OF COSTS ASSOCIATED WITH FIRE HYDRANTS.

These costs are assigned directly to Public Fire Protection.

Customer Classification	Allocation Factor
(1)	(2)
Public Fire Protection	1.0000

FACTOR 10. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

Factors are based on the relative cost of meters by size and customer classification, as developed on the following page and summarized below.

Customer Classification	5/8" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	598,519	0.7957
Commercial	126,204	0.1677
Industrial	8,038	0.0107
Public	14,257	0.0190
Other Water Utilities A	372	0.0005
Other Water Utilities B	122	0.0002
Private Fire Protection	4,630	0.0062
Total	752,142	1.0000

FACTOR 11. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

Factors are based on the relative cost of services by size and customer classification, as developed on the second of the following pages, and summarized below.

Customer Classification	3/4" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	595,268	0.9121
Commercial	47,223	0.0724
Industrial	1,300	0.0020
Public	3,232	0.0050
Other Water Utilities A	33	0.0001
Other Water Utilities B	15	0.0000
Private Fire Protection	5,506	0.0084
Total	652,577	1.0000

PENNSYLVANIA-AMERICAN WATER COMPANY

BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS

Meter Size	5/8" Dollar Equivalent	Residential		Commercial		Industrial		Public		Other Water Utilities A		Other Water Utilities B		Private Fire Protection		Total	
		Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)=(2)X(13)	(15)	(16)=(2)X(15)	(17)	(18)
5/8	1 0	592,629	592,629	28,957	28,957	164	164	888	888	0	0	0	0	0	0	622,638	622,638
3/4	0 9	842	758	1,922	1,730	22	20	75	68	0	0	0	0	0	0	2,861	2,576
1	1 9	2,379	4,520	6,228	11,833	178	338	505	960	0	0	0	0	0	0	9,290	17,651
1-1/2	3 3	68	224	1,267	4,181	65	215	108	356	2	7	0	0	0	0	1,510	4,983
2	3 0	114	342	3,266	9,798	252	756	683	2,049	1	3	3	9	13	39	4,332	12,996
3	11 0	0	0	100	1,100	16	176	26	286	0	0	1	11	7	77	150	1,650
4	23 1	2	46	965	22,292	84	1,940	120	2,772	0	0	3	69	5	116	1,179	27,235
6	33 0	0	0	941	31,053	74	2,442	155	5,115	4	132	1	33	30	990	1,205	39,765
8	44 4	0	0	299	13,276	33	1,465	35	1,554	4	178	0	0	25	1,110	396	17,583
10	52 2	0	0	38	1,984	10	522	4	209	1	52	0	0	44	2,298	97	5,065
Total		596,034	598,519	43,983	126,204	898	8,038	2,599	14,257	12	372	8	122	124	4,630	643,658	752,142

PENNSYLVANIA-AMERICAN WATER COMPANY

BASIS FOR ALLOCATING SERVICE COSTS TO CUSTOMER CLASSIFICATIONS

Service Size	3/4" Dollar Equivalent	Residential		Commercial		Industrial		Public		Other Water Utilities A		Other Water Utilities B		Private Fire Protection		Total	
		Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)=(2)X(13)	(15)	(16)=(2)X(15)	(17)	(18)
3/4	1.00	593,471	593,471	30,879	30,879	186	186	963	963	0	0	0	0	0	0	625,499	625,499
1	0.64	2,379	1,523	6,228	3,986	178	114	505	323	0	0	0	0	0	0	9,290	5,946
1-1/2	1.67	68	114	1,267	2,116	65	109	108	180	2	3	0	0	4	7	1,514	2,529
2	1.37	114	156	3,266	4,474	252	345	683	936	1	1	3	4	56	77	4,375	5,993
4	1.99	0	0	100	199	16	32	26	52	0	0	1	2	337	671	480	956
6	2.00	2	4	965	1,930	84	168	120	240	0	0	3	6	1,312	2,624	2,486	4,972
8	2.52	0	0	941	2,371	74	186	155	391	4	10	1	3	660	1,663	1,835	4,624
10	3.79	0	0	299	1,133	33	125	35	133	4	15	0	0	99	375	470	1,781
12	3.54	0	0	38	135	10	35	4	14	1	4	0	0	25	89	78	277
Total		596,034	595,268	43,983	47,223	898	1,300	2,599	3,232	12	33	8	15	2,493	5,506	646,027	652,577

PENNSYLVANIA-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 12. ALLOCATION OF TRANSMISSION AND DISTRIBUTION OPERATION SUPERVISION AND ENGINEERING AND OTHER OPERATION DEPARTMENT EXPENSES.

The factors are based on the allocation of Transmission and Distribution Operation Salaries and Wages, as follows:

Customer Classification	Transmission & Distribution Operation Salaries & Wages	Allocation Factor
(1)	(2)	(3)
Residential	$2,907,925	0.6564
Commercial	940,697	0.2123
Industrial	179,211	0.0405
Public	184,676	0.0417
Other Water Utilities A	4,949	0.0011
Other Water Utilities B	118	0.0000
Private Fire Protection	40,298	0.0091
Public Fire Protection	172,478	0.0389
Total	$4,430,352	1.0000

FACTOR 13. ALLOCATION OF TRANSMISSION AND DISTRIBUTION MAINTENANCE SUPERVISION AND ENGINEERING AND OTHER MAINTENANCE DEPARTMENT EXPENSES.

The factors are based on the allocation of Transmission and Distribution Maintenance Salaries and Wages, as follows:

Customer Classification	Transmission & Distribution Maintenance Salaries & Wages	Allocation Factor
(1)	(2)	(3)
Residential	$7,010,507	0.5946
Commercial	2,542,197	0.2157
Industrial	522,190	0.0443
Public	528,004	0.0448
Other Water Utilities A	14,242	0.0012
Other Water Utilities B	22	0.0000
Private Fire Protection	109,171	0.0093
Public Fire Protection	1,061,529	0.0901
Total	$11,787,862	1.0000

PENNSYLVANIA-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 14. ALLOCATION OF CUSTOMER ACCOUNTING, BILLING AND COLLECTING COSTS.

Factors are based on the pro forma number of customers, as follows:

Customer Classification	Proforma Number of Customers	Allocation Factor
(1)	(2)	(3)
Residential	587,003	0.9231
Commercial	42,601	0.0670
Industrial	804	0.0013
Public	2,322	0.0037
Other Water Utilities A	13	0.0000
Other Water Utilities B	8	0.0000
Private Fire Protection	2,723	0.0043
Public Fire Protection	389	0.0006
Total	635,863	1.0000

FACTOR 15. ALLOCATION OF METER READING COSTS.

Factors are based on the pro forma number of man-days for reading meters as developed by an analysis of the number of meters by class in each meter route.

Customer Classification	Pro Forma Number of Man Days	Allocation Factor
(1)	(2)	(3)
Residential	23,676.7	0.8368
Commercial	3,886.2	0.1373
Industrial	158.1	0.0056
Public	546.4	0.0193
Other Water Utilities A	5.3	0.0002
Other Water Utilities B	2.9	0.0001
Private Fire Protection	20.3	0.0007
Total	28,295.9	1.0000

PENNSYLVANIA-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 16. ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES.

The factors are based on the allocation of all other operation and maintenance expenses excluding purchased water, power, fuel, chemicals and waste disposal expenses.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$55,137,943	0.6898
Commercial	15,684,948	0.1962
Industrial	3,096,909	0.0387
Public	3,013,633	0.0377
Other Water Utilities A	77,055	0.0010
Other Water Utilities B	3,915	0.0000
Private Fire Protection	409,844	0.0051
Public Fire Protection	2,517,679	0.0315
Total	$79,941,926	1.0000

FACTOR 16A. ALLOCATION OF CASH WORKING CAPITAL - EXPENSES

The functions are based on the allocation of all other operation and maintenance expenses excluding regulatory commision expense.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$145,819,205	0.6844
Commercial	42,871,253	0.2013
Industrial	9,042,468	0.0424
Public	8,320,549	0.0390
Other Water Utilities A	220,100	0.0010
Other Water Utilities B	10,263	0.0000
Private Fire Protection	976,555	0.0046
Public Fire Protection	5,818,468	0.0273
Total	$213,078,861	1.0000

PENNSYLVANIA-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 17. ALLOCATION OF LABOR RELATED TAXES AND BENEFITS.

The factors are based on the allocation of direct salaries and wages as follows:

Customer Classification	Salaries and Wages	Allocation Factor
(1)	(2)	(3)
Residential	$37,645,927	0.6651
Commercial	11,955,899	0.2112
Industrial	2,353,157	0.0416
Public	2,337,087	0.0413
Other Water Utilities A	60,163	0.0011
Other Water Utilities B	2,895	0.0001
Private Fire Protection	294,548	0.0052
Public Fire Protection	1,945,591	0.0344
Total	$56,595,267	1.0000

FACTOR 18. ALLOCATION OF ORGANIZATION, FRANCHISES AND CONSENTS, OTHER INTANGIBLE PLANT AND OTHER RATE BASE ELEMENTS.

The factors are based on the allocation of the original cost less depreciation other than those items being allocated, as follows:

Customer Classification	Original Cost Less Depreciation	Allocation Factor
(1)	(2)	(3)
Residential	$1,336,856,207	0.6519
Commercial	423,342,099	0.2065
Industrial	88,620,175	0.0432
Public	84,589,278	0.0413
Other Water Utilities A	2,239,809	0.0011
Other Water Utilities B	96,350	0.0000
Private Fire Protection	14,695,630	0.0072
Public Fire Protection	100,018,088	0.0488
Total	$2,050,457,636	1.0000

PENNSYLVANIA-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 19. ALLOCATION OF INCOME TAXES AND INCOME AVAILABLE FOR RETURN.

The factors are based on the allocation of the original cost measure of value rate base as shown on the following pages and summarized below:

Customer Classification	Original Cost Measure of Value	Allocation Factor
(1)	(2)	(3)
Residential	$1,214,212,676	0.6525
Commercial	384,175,745	0.2063
Industrial	80,432,195	0.0432
Public	76,730,188	0.0412
Other Water Utilities A	2,029,693	0.0011
Other Water Utilities B	96,350	0.0001
Private Fire Protection	13,280,311	0.0071
Public Fire Protection	90,343,379	0.0485
Total	$1,861,300,537	1.0000

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FACTOR 20. ALLOCATION OF REGULATORY COMMISSION EXPENSES, ASSESSMENTS AND OTHER WATER REVENUES.

The factors are based on the allocation of the total cost of service, excluding those items being allocated.

Customer Classification	Total Cost of Service	Allocation Factor
(1)	(2)	(3)
Residential	$234,350,746	0.6753
Commercial	70,307,904	0.2026
Industrial	14,662,183	0.0423
Public	13,711,373	0.0395
Other Water Utilities A	363,593	0.0010
Other Water Utilities B	21,304	0.0001
Private Fire Protection	1,861,540	0.0054
Public Fire Protection	11,717,380	0.0338
Total	$346,996,023	1.0000

PENNSYLVANIA-AMERICAN WATER COMPANY

FACTOR 19. ORIGINAL COSTS MEASURE OF VALUE RATE BASE ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account Number (1)	Account Description (2)	Factor Ref. (3)	Cost of Service (4)	Residential (5)	Commercial (6)	Industrial (7)	Other Public Authority (8)	Other Water Utilities Group A (9)	Other Water Utilities Group B (10)	Private Fire Protection (11)	Public Fire Protection (12)
	Nondepreciable Plant										
301.00	Organization	18	773,314	504,123	159,689	33,407	31,938	851	0	5,568	37,738
302.00	Franchises and Consents	18	2,404,599	1,567,558	496,550	103,879	99,310	2,645	0	17,313	117,344
303.00	Other Intangible Plant	18	13,376	8,720	2,762	578	552	15	0	96	653
303.11	Water Rights	1	446,781	274,279	112,187	32,481	23,590	670	45	625	2,904
303.12	Reservoir Land	1	844,246	518,283	211,990	61,377	44,576	1,266	84	1,182	5,488
303.13	Other Sources of Supply Land	2	466,361	290,356	118,782	28,914	24,997	653	47	466	2,145
303.20	Power and Pumping Land	5	1,930,632	1,196,026	486,326	117,189	102,130	2,703	193	4,440	21,623
303.30	Purification Land	2	1,224,547	762,403	311,892	75,922	65,636	1,714	122	1,225	5,633
303.40	Land and Rights of Way	8	5,676,797	3,478,741	1,311,340	275,892	274,757	7,380	0	54,497	274,189
303.50	Distr. Reservoir & Standpipe Land	4	3,113,191	1,924,263	702,958	138,537	146,943	4,047	0	32,377	164,065
303.61	Office Land	16	2,450,414	1,690,295	480,771	94,831	92,381	2,450	0	12,497	77,188
303.62	Stores, Shop and Garage Land	16	778,466	536,986	152,735	30,127	29,348	778	0	3,970	24,522
	Total Nondepreciable Plant		20,122,723	12,752,033	4,547,982	993,134	936,158	25,172	491	134,256	733,492
	Depreciable Plant										
303.14	Water Rights - Hibernia Dam	1	1,241,159	761,948	311,655	90,232	65,533	1,862	124	1,738	8,068
303.35	Waste Handling & Treatment Land	1	36,623	22,483	9,196	2,662	1,934	55	4	51	238
304	Comprehensive Planning Studies	18	922,821	601,587	190,563	39,866	38,113	1,015	0	6,644	45,034
304.15	Other Water Source Structures	2	11,973,502	7,454,702	3,049,651	742,357	641,780	16,763	1,197	11,974	55,078
304.20	Power and Pumping Structures	5	44,531,276	27,587,125	11,217,428	2,703,048	2,355,705	62,344	4,453	102,422	498,750
304.30	Purification Buildings	2	115,062,978	71,638,210	29,306,540	7,133,905	6,167,376	161,088	11,506	115,063	529,290
304.36	Waste Handling & Treatment Structures	1	7,994,296	4,907,698	2,007,368	581,185	422,099	11,991	799	11,192	51,963
304.38	Waste Handling & Treatment Structure P	1	0	0	0	0	0	0	0	0	0
304.39	Purification Buildings	2	12,146	7,562	3,094	753	651	17	1	12	56
304.61	Office Buildings	16	7,222,056	4,981,774	1,416,967	279,494	272,272	7,222	0	36,832	227,495
304.62	Stores, Shop and Garage Bldgs.	16	4,561,646	3,146,623	894,995	176,536	171,974	4,562	0	23,264	143,692
304.63	Misc. Structures and Improvements	16	1,382,828	953,875	271,311	53,515	52,133	1,383	0	7,052	43,559
305.00	Collecting & Impounding Reservoirs	1	33,296,341	20,440,624	8,360,711	2,420,644	1,758,047	49,945	3,330	46,615	216,426
306.00	Lake, River and Other Intakes	2	14,222,856	8,855,150	3,622,561	881,817	762,345	19,912	1,422	14,223	65,425
307.00	Wells and Springs	2	6,764,571	4,211,622	1,722,936	419,403	362,581	9,470	676	6,765	31,117
310.40	Other Power Prod. Equipment	5	2,790,497	1,728,713	702,926	169,383	147,617	3,907	279	6,418	31,254
310.70	Oil Engine Pumping Equipment	5	117,294	72,664	29,546	7,120	6,205	164	12	270	1,314
310.80	Hydraulic Pumping Equipment	5	0	0	0	0	0	0	0	0	0
310.90	Gas Engine Pumping Equipment	5	7,028	4,354	1,770	427	372	10	1	16	79
311.00	Electric Pumping Equipment	5	39,601,698	24,533,252	9,975,668	2,403,823	2,094,930	55,442	3,960	91,084	443,539
320.00	Purification System	2	131,016,392	81,570,806	33,369,875	8,123,016	7,022,479	183,423	13,102	131,016	602,675
330.00	Distr. Reservoirs and Standpipes	4	66,045,394	40,822,658	14,913,050	2,939,020	3,117,343	85,859	0	686,872	3,480,592
331.00	Mains and Accessories										
	10-inch and Over	3	427,846,490	256,066,124	104,950,744	25,499,651	22,034,094	556,200	42,785	3,123,279	15,573,612
	Under 10-inch	4	685,757,800	423,866,896	154,844,111	30,516,222	32,367,768	891,485	0	7,131,881	36,139,436
333.00	Services	11	297,367,662	271,229,045	21,529,419	594,735	1,486,838	29,737	0	2,497,888	0

PENNSYLVANIA-AMERICAN WATER COMPANY

FACTOR 19. ORIGINAL COSTS MEASURE OF VALUE RATE BASE ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account Number	Account Description	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Other Public Authority	Other Water Utilities Group A	Other Water Utilities Group B	Private Fire Protection	Public Fire Protection
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
334.00	Meters	10	59,945,104	47,698,319	10,052,794	641,413	1,138,957	29,973	11,989	371,660	0
335.00	Fire Hydrants	9	40,270,114	0	0	0	0	0	0	0	40,270,114
340.00	Office Furniture and Equipment	16	11,681,919	8,058,188	2,291,993	452,090	440,408	11,682	0	59,578	367,980
341.00	Transportation Equipment	16	(150,663)	(103,927)	(29,560)	(5,831)	(5,680)	(151)	0	(768)	(4,746)
342.00	Stores Equipment	16	154,389	106,498	30,291	5,975	5,820	154	0	787	4,863
343.00	Tools and work Equipment	16	6,151,240	4,243,125	1,206,873	238,053	231,902	6,151	0	31,371	193,764
344.00	Laboratory Equipment	2	2,188,931	1,362,828	557,521	135,714	117,327	3,065	219	2,189	10,069
346.00	Communication Equipment	16	5,254,685	3,624,682	1,030,969	203,356	198,102	5,255	0	26,799	165,523
347.00	Miscellaneous Equipment	16	8,511,870	5,871,488	1,670,029	329,409	320,897	8,512	0	43,411	268,124
348.00	Other Tangible Equipment	16	666,086	459,466	130,686	25,778	25,111	666	0	3,397	20,982
	Total Depreciable Plant		2,034,449,029	1,326,786,162	419,643,681	87,804,771	83,823,033	2,219,163	95,859	14,590,995	99,485,365
	Total Utility Plant in Service (Net)		2,054,571,752	1,339,538,195	424,191,663	88,797,905	84,759,191	2,244,335	96,350	14,725,251	100,218,857
	Other Rate Base Elements										
	Materials and Supplies	18	4,609,856	3,005,165	951,935	199,146	190,387	5,071		33,191	224,961
	Cash Working Capital - Expenses	16A	20,662,970	14,141,737	4,159,456	876,110	805,856	20,663		95,050	564,099
	Cash Working Capital - Interest	18	(6,957,723)	(4,535,740)	(1,436,770)	(300,574)	(287,354)	(7,653)		(50,096)	(339,537)
	Accrued and Prepaid Taxes	18	1,980,945	1,291,378	409,065	85,577	81,813	2,179		14,263	96,670
	Extension Deposits in Suspense	4	105,425	65,163	23,805	4,691	4,976	137		1,096	5,556
	Unamortized Investment Tax Credit	18	(458,147)	(298,666)	(94,607)	(19,792)	(18,921)	(504)		(3,299)	(22,358)
	Deferred Taxes	18	(226,418,629)	(147,602,304)	(46,755,447)	(9,781,285)	(9,351,089)	(249,060)		(1,630,214)	(11,049,229)
	Acquisition Adjustments	18	13,204,092	8,607,748	2,726,645	570,417	545,329	14,525		95,069	644,360
	Total Other Rate Base Elements		(193,271,211)	(125,325,519)	(40,015,918)	(8,365,710)	(8,029,003)	(214,642)		(1,444,940)	(9,875,478)
	Total Original Cost Rate Base		1,861,300,541	1,214,212,676	384,175,745	80,432,195	76,730,188	2,029,693	96,350	13,280,311	90,343,379

PENNSYLVANIA-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 21. ALLOCATION OF UNRECOVERED PUBLIC FIRE PROTECTION.

Factors are based on the relative cost of meters by size for the Residential, Commercial, Industrial, and Public classifications, as follows:

Customer Classification	5/8" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	598,519	0.8012
Commercial	126,204	0.1689
Industrial	8,038	0.0108
Public	14,257	0.0191
Total	747,016	1.0000

PENNSYLVANIA-AMERICAN WATER COMPANY

CALCULATION OF COMMODITY/DEMAND RATES FOR STANDBY SERVICE
UNDER PROPOSED LEVEL OF REVENUE

Firm Standby Service:

Description	Cost of Service Annual	Cost of Service Per Month	Units Hundred Gals.	Cost Per Unit	
Total Base Costs	240,759,350				
Less: Variable Costs	30,489,514		483,603,411	0.0630	Per Hundred Gallons
Fixed Base Costs	210,269,836	17,522,486	1,324,941 Avg Day	13.2251	Per Hundred of Avg. Day
Max Day Extra Capacity	51,794,432	4,316,203	3,233,012 Peak Day	1.3350	Per Hundred of Peak Day
Max Hour Extra Capacity	79,479,658	6,623,305	379,472 Peak Hour	17.4540	Per Hundred of Peak Hour

Interruptible Standby Service:

Description	Cost of Service Annual	Cost of Service Per Month	Units Hundred Gals.	Cost Per Unit	
Fixed Base Costs	210,269,836				
Less: Depreciation Return and Taxes	137,558,611				
Total	72,711,225	6,059,269	1,324,941 Avg Day	4.5732	Per Hundred of Avg. Day
Max Day Extra Capacity	51,794,432				
Less: Depreciation Return and Taxes	33,101,250				
Total	18,693,182	1,557,765	3,233,012 Peak Day	0.4818	Per Hundred of Peak Day
Max Hour Extra Capacity	79,479,658				
Less: Depreciation Return and Taxes	53,428,458				
Total	26,051,200	2,170,933	379,472 Peak Hour	5.7209	Per Hundred of Peak Hour
Depreciation, Return & Taxes for Base, Max Day and Max Hour	224,088,319				
Plus: Variable Costs	30,489,514				
Total	254,577,833		483,603,411	0.5264	Per Hundred Gallons

PENNSYLVANIA-AMERICAN WATER COMPANY

SUMMARY OF AVERAGE AND MAXIMUM DAY SYSTEM SENDOUT AND MAXIMUM DAY RATIOS

Year	Average Daily Sendout (MGD)	Maximum Day Sendout (MGD)	Ratio, Maximum to Average
1987	153.4	207.7	1.35
1988	152.7	209.1	1.37
1989	144.8	188.6	1.30
1990	144.9	192.5	1.33
1991	145.1	192.3	1.32
1992	141.5	181.4	1.28
1993	138.7	184.3	1.33
1994	149.4	202.1	1.35
1995	144.1	198.5	1.38
1996	211.4	290.9	1.38
1997	220.3	297.7	1.35
1998	212.2	279.6	1.32
1999	199.1	275.0	1.38
2000	207.5	263.6	1.27
2001	200.5	249.5	1.24
2002	210.4	259.6	1.23
2003	199.8	273.7	1.37
2004	218.1	279.7	1.28
2005	215.3	268.2	1.25
2006	210.1	259.8	1.24
2007	220.9	266.6	1.21
2008	211.8	254.3	1.20

PART III. COMPARISONS OF PRESENT AND PROPOSED CUSTOMER RATES

PENNSYLVANIA-AMERICAN WATER COMPANY

COMPARATIVE SCHEDULE OF PRESENT AND PROPOSED RATES
RESIDENTIAL, COMMERCIAL AND MUNICIPAL

	Present Rates Per Month										Proposed Rates Per Month	
Customer Charges	Zone 1 PAWC	Zone 14 Acquisitions	Zone 30 Rustic Acres	Zone 32 Palmer Twp/Lehman Pike	Zone 33 Winona	Zone 34 Blue Mtn Lakes	Zone 35 Pine Ridge	Zone 36 Pocono Farms	Zone 37 Redstone	Zone 38 Mountain Top	Zone 1 PAWC	Zone 36 Pocono Farms
5/8	$12.00	$11.50	$12.00	$12.00	$12.00	$12.00	$10.75	$16.66	$12.00	$50.00	$13.75	$13.75
3/4	18.10	17.30	18.10	18.10	18.10	18.10	10.75	16.66	18.10	50.00	20.70	20.70
1	30.10	28.80	30.10	30.10	30.10	30.10	30.05	16.66	30.10	50.00	34.50	34.50
1 1/2	49.30	47.20	49.30	49.30	49.30	49.30		16.66	49.30	50.00	56.50	56.50
2	78.80	75.50	78.80	78.80	78.80	78.80		16.66	78.80	50.00	90.30	90.30
3	147.10	141.00	147.10	147.10	147.10	147.10		16.66	147.10	50.00	168.60	168.60
4	184.70	177.00	184.70	184.70	184.70	184.70		16.66	184.70	50.00	211.60	211.60
6	276.50	265.00	276.50	276.50	276.50	276.50		16.66	276.50	50.00	316.80	316.80
8	535.30	513.00	535.30	535.30	535.30	535.30		16.66	535.30	50.00	613.40	613.40
10	775.30	743.00	775.30	775.30	775.30	775.30		16.66	775.30	50.00	888.40	888.40
12	1,212.50	1,162.00	1,212.50	1,212.50	1,212.50	1,212.50		16.66	1,212.50	50.00	1,389.38	1,389.38
Consumption Charges, per 100 Gallons:												
Residential												
First Block	0.6809	0.5735	0.4770	0.4700	0.4700	0.5735	0.5212	0.1500	0.6130	0.0000	0.8368	0.5315
Second Block						0.5735						
Commercial												
First Block	0.6809	0.5735	0.3500	0.4700	0.4700	0.5735	0.5212	0.3848	0.6130	0.0000	0.8368	0.5315
Second Block	0.5219	0.4611	0.3500	0.4700	0.4700	0.5735	0.4338	0.3094	0.6130	0.0000	0.5957	0.4730
Municipal												
First Block	0.6809	0.5735	0.3500	0.4700	0.4700	0.5735			0.6130	0.0000	0.8368	
Second Block	0.5571	0.4770	0.3500	0.4700	0.4700	0.5735			0.6130	0.0000	0.7052	

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PENNSYLVANIA-AMERICAN WATER COMPANY

COMPARATIVE SCHEDULE OF PRESENT AND PROPOSED RATES
INDUSTRIAL

	Present Rates Per Month			
Customer Charges	Zone 1 PAWC	Zone 14 Acquisitions	Zone 32 Palmer Twp/Lehman Pike	Proposed Rates Per Month
5/8	18.70	17.90	18.70	21.40
3/4	28.10	26.90	28.10	32.20
1	46.70	44.80	46.70	53.50
1 1/2	93.40	89.50	93.40	107.00
2	149.40	143.20	149.40	171.20
3	280.70	269.00	280.70	321.60
4	467.50	448.00	467.50	535.70
6	933.90	895.00	933.90	1,070.10
8	1,494.30	1,432.00	1,494.30	1,712.20
10	2,148.50	2,059.00	2,148.50	2,461.80
12	3,362.10	3,222.00	3,362.10	3,852.37
Consumption Charges, per 100 Gallons:				
Industrial				
First Block	0.6809	0.5735	0.4700	0.8368
Second Block	0.5079	0.4430		0.6146
Third Block	0.4027	0.3540		0.4873
Fourth Block	0.2720			0.3284

PENNSYLVANIA-AMERICAN WATER COMPANY

COMPARATIVE SCHEDULE OF PRESENT AND PROPOSED RATES
ZONE 1 - OTHER WATER UTILITIES

Customer Charges	Present Rates Per Month		Proposed Rates Per Month	
	Group A	Group B	Group A	Group B
5/8	15.10	15.10	17.30	17.30
3/4	23.00	23.00	26.40	26.40
1	37.60	37.60	43.10	43.10
1 1/2	76.20	76.20	87.30	87.30
2	121.00	121.00	138.60	138.60
3	227.50	227.50	260.80	260.80
4	378.80	378.80	434.00	434.00
6	756.50	756.50	866.80	866.80
8	1,210.40	1,210.40	1,386.90	1,386.90
10	1,740.50	1,740.50	1,994.30	1,994.30
12	2,723.50	2,723.50	3,121.90	3,121.90
Other Water Utilities				
For all Consumptions Per 100 Gallons:	0.5027	1.5142	0.5530	1.6051

PENNSYLVANIA-AMERICAN WATER COMPANY

COMPARATIVE SCHEDULE OF PRESENT AND PROPOSED RATES
PRIVATE FIRE PROTECTION

	Present Rates per Month				
Size of Connection	Zone 1 PAWC	Zone 16 Glen Alsace	Zone 17-20	Zone 21 Blue Mtn.	Zone 23 Palmer
Unmetered					
1		13.52	13.52	13.52	21.27
1 1/4	3.42				21.27
1 1/2	4.93	21.05	21.05	29.00	21.27
2	8.76	30.13	30.13	50.56	21.27
2 1/2	13.55				
3	19.92	38.95	38.95	108.48	21.27
4	35.06	75.85	48.76	181.45	21.27
6	79.67	154.16	76.04	298.42	39.92
8	141.81	214.42	101.64	440.34	60.00
10	221.47	323.85	135.43		175.37
12	318.67		574.12		229.67
Fire Hydrants	24.90	24.90	24.90	24.90	

	Proposed Rates per Month				
Size of Connection	Zone 1 PAWC	Zone 16 Glen Alsace	Zone 17-20	Zone 21 Blue Mtn.	Zone 23 Palmer
Unmetered					
1		10.22	10.22	10.15	26.57
1 1/4	3.63				26.57
1 1/2	5.23	15.78	15.78	21.08	26.57
2	9.29	23.18	23.18	36.80	26.57
2 1/2	14.36				
3	21.12			79.36	26.57
4	37.16	62.95	44.89	133.36	26.57
6	84.45	130.93	78.84	227.10	54.76
8	150.32	193.06	117.87	343.68	90.10
10	234.76	294.16	168.54		195.16
12	337.79		495.35		265.71
Fire Hydrants	26.39	26.39	26.39	26.39	

PENNSYLVANIA-AMERICAN WATER COMPANY

COMPARATIVE SCHEDULE OF PRESENT AND PROPOSED RATES
PRIVATE FIRE PROTECTION

	Present Rates per Month				
Size of Connection	Zone 1 PAWC	Zone 16 Glen Alsace	Zone 17-20	Zone 21 Blue Mtn.	Zone 23 Palmer
Metered					
1	28.00		19.67	19.67	
1 1/4	28.00				
1 1/2	40.00			37.77	
2	64.00	43.94	43.94	64.37	
2 1/2	80.00				
3	120.00		63.97		
4	150.00	104.59	77.50	210.19	
6	225.00	190.49	112.37	334.76	
8	345.00	265.22	132.38	491.14	60
10	485.00	389.74	201.31		
12	540.00				

	Proposed Rates per Month				
Size of Connection	Zone 1 PAWC	Zone 16 Glen Alsace	Zone 17-20	Zone 21 Blue Mtn.	Zone 23 Palmer
Metered					
1	29.68		23.01	23.01	
1 1/4	29.68				
1 1/2	42.40			38.51	
2	67.84	51.91	51.91	65.53	
2 1/2	84.80				
3	127.20		85.04		
4	159.00	122.72	104.66	193.13	
6	238.50	206.49	154.41	302.68	
8	365.70	298.71	210.15	449.33	161.89
10	514.10	431.19	305.56		
12	572.40				

PENNSYLVANIA-AMERICAN WATER COMPANY

COMPARATIVE SCHEDULE OF PRESENT AND PROPOSED RATES
PUBLIC FIRE PROTECTION

Area	Public Fire Hydrant Rate Per Month	
	Present	Proposed
Rate Zone 1	$20.00	$20.00
Hydrants at 1/4 the Cost of Service	11.10	11.85
Bradford Township	6.25	6.25
Brownsville Area	17.55	17.55
California Area	18.05	18.05
Lower Providence	12.00	12.00
Perkiomen	12.00	12.00
Stillwater	7.58	7.58
Reading Area	18.19	18.19
Redstone Water Company	5.42	5.42
Claysville Donegal	4.05	4.05

APPENDIX

RESPONSES TO RATE STRUCTURE AND COST OF SERVICE FILING REQUIREMENTS

PENNSYLVANIA-AMERICAN WATER COMPANY

RESPONSES TO RATE STRUCTURE
AND COST OF SERVICE FILING REQUIREMENTS

RS1. Provide a complete (fully allocated) cost of service study if an interval of approximately three years has passed between a previous cost of service study and the historic test year date of the current filing. The cost of service study shall provide the necessary data to determine if the water rate structure is fair and equitable to all classifications of water users (including public and private fire protection customers) and reflects, as nearly as possible, the cost of providing the service. The study shall correspond to the test year proposed revenue requirements (future test year only, if used). Summaries of conclusions and all back-up calculations shall be made part of the submission of the cost of service study, and shall include the following:

a. A description of the allocation methods used. A comparison of the allocated cost of service by class with the present and proposed revenues. A cost of service schedule showing the Rate of Return produced by present and proposed rates by class of service.

RESPONSE

A description of the methods used for the cost of service study is provided on pages 2 through 5 of Exhibit No. 8-A and in PAWC Statement No. 8. A comparison of the allocated cost of service by class with the present and proposed revenues is provided on Schedule A of Exhibit No. 8-A. Schedules B and C showing the rate of return produced by present and proposed rates by customer classification are provided in Exhibit No. 8-A.

PENNSYLVANIA-AMERICAN WATER COMPANY

RESPONSES TO RATE STRUCTURE
AND COST OF SERVICE FILING REQUIREMENTS

RS1. Provide a complete (fully allocated) cost of service study if an interval of approximately three years has passed between a previous cost of service study and the historic test year date of the current filing. The cost of service study shall provide the necessary data to determine if the water rate structure is fair and equitable to all classifications of water users (including public and private fire protection customers) and reflects, as nearly as possible, the cost of providing the service. The study shall correspond to the test year proposed revenue requirements (future test year only, if used). Summaries of conclusions and all back-up calculations shall be made part of the submission of the cost of service study, and shall include the following:

b. Indicate if the method used for establishing the allocation factors in the Cost of Service Study deviates from the previous study submitted in the last rate case. If yes, indicate which allocation factors were changed and discuss the reason for the changes.

RESPONSE

The methods used for establishing the allocation factors in the cost of service study have not deviated from the previous study submitted in the last case.

One additional factor (Factor 16A) was used to allocate cash working capital associated with operating expenses. This factor is similar to Factor 16 except that all operating and maintenance expenses are included for the basis of the factor.

PENNSYLVANIA-AMERICAN WATER COMPANY

RESPONSES TO RATE STRUCTURE
AND COST OF SERVICE FILING REQUIREMENTS

RS1. Provide a complete (fully allocated) cost of service study if an interval of approximately three years has passed between a previous cost of service study and the historic test year date of the current filing. The cost of service study shall provide the necessary data to determine if the water rate structure is fair and equitable to all classifications of water users (including public and private fire protection customers) and reflects, as nearly as possible, the cost of providing the service. The study shall correspond to the test year proposed revenue requirements (future test year only, if used). Summaries of conclusions and all back-up calculations shall be made part of the submission of the cost of service study, and shall include the following:

c. Supply the average day, the maximum day and the maximum hour deliveries to the system adjusted for storage for the test year and two prior years. Also provide workpapers, analyses, comparative data or other documentation supporting the estimated maximum day and peak hour demands by customer class reflected in the Company's cost of service study.

RESPONSE

Refer to Schedule G of Exhibit No. 8-A for the average day and maximum day system deliveries for the years 1987 through 2008. Support for the system maximum hour ratio is provided below and on the attached schedules. Support for the customer class demand factors is provided on the following pages, beginning on page 11 of 31, which were taken from the discussion of the customer class demand study.

The peak hour consumption analysis in support of the 2.1 system peak hour ratio is attached and summarized below.

Analyses were made to determine hourly water consumption during 1988 peak periods of sendout for PAWC's three largest operating districts, as follows:

Pittsburgh	July 5, 6 and 7, 1988
Riverton	July 6 and 7, 1988
Norristown	July 6, 7 and 8, 1988

These dates had the greatest sendouts experienced in recent years.

PENNSYLVANIA-AMERICAN WATER COMPANY

RESPONSES TO RATE STRUCTURE
AND COST OF SERVICE FILING REQUIREMENTS

RS1c., cont.

Recording charts or other hourly logs of total production were read to derive total hourly delivery to each of the districts. Recording charts for storage reservoirs were read to derive hourly draw or fill from each reservoir. The total hourly delivery plus hourly draw less hourly fill equals hourly consumption.

District	Average M.G.D.	Max Hour M.G.D.	Max Hour Ratio
Pittsburgh	69.28	140.88	2.03
Riverton	10.16	26.17	2.58
Norristown	12.68	22.53	1.78
Total	92.12	189.58	2.06

The attachments set forth the hourly deliveries, storage draws and fills and hourly consumption for the several days and districts which support the above amounts.

PENNSYLVANIA-AMERICAN WATER COMPANY

ANALYSIS OF MAXIMUM HOUR RATE OF FLOW ON SELECTED MAXIMUM DAYS FOR PITTSBURGH DISTRICT

	Source of Supply (M.G.D.)				Distribution Storage Draw-(Fill)															
					Rock Ridge		Castle Shannon		Greentree		West Mifflin		Mt. Lebanon		Shire Oaks					
Date/Time	Hays Mine	E.M. Aldrich	Mt. Wash.	Total Delivered	Ft.	M.G.D.	Ft.	M.G.D.	Ft.	M.G.D.	Ft.	M.G.D.	Ft.	M.G.D.	Ft.	M.G.D.	Total M.G.D.			
05-Jul-88																				
7 A.M	35.5	44.2	4.8	84.5	23.4		24.0		29.4		89.0		14.6		23.5		84.5			
8	36.9	43.0	5.6	85.5	22.8	6.00	22.0	3.53	29.4	0.00	88.3	1.38	18.3	(7.33)	23.8	(1.80)	87.2			
9	37.3	43.0	5.6	85.9	21.6	10.50	20.3	3.01	28.2	2.21	86.4	3.38	21.3	(6.00)	24.0	(1.20)	97.8			
10	36.9	36.0	9.7	82.6	20.5	9.75	19.1	2.30	27.1	1.90	84.0	4.46	21.3	0.00	22.9	6.60	107.6			
11	37.2	36.0	9.7	82.9	19.2	12.00	17.3	3.18	26.2	1.57	81.8	4.15	21.3	0.00	21.8	6.60	110.4			
12 P.M	37.3	36.0	9.8	83.1	17.6	14.25	16.7	1.06	25.2	1.75	79.8	3.69	21.3	0.00	20.4	8.40	112.2			
1	37.4	36.0	9.6	83.0	16.3	12.00	16.0	1.06	24.4	1.25	78.0	3.23	21.3	0.00	19.0	8.40	108.9			
2	37.2	36.0	9.5	82.7	15.2	9.75	15.5	0.88	24.3	0.18	77.0	1.84	20.4	1.67	18.5	3.00	100.0			
3	37.2	44.1	9.4	90.7	14.2	9.00	15.5	0.00	24.4	(0.18)	76.2	1.54	18.1	4.67	18.0	3.00	108.7			
4	37.0	44.1	9.3	90.4	13.5	6.00	15.5	0.00	24.6	(0.18)	76.0	0.31	17.4	1.33	18.0	0.00	97.86			
5	40.0	44.1	9.1	93.2	13.0	4.50	15.4	0.18	24.8	(0.36)	76.0	0.00	15.8	3.33	18.0	0.00	100.85			
6	40.7	44.1	9.2	94.0	11.7	12.00	14.5	1.59	24.3	0.71	75.8	0.46	14.3	2.83	18.0	0.00	111.59			
7	45.6	44.1	9.2	98.9	10.0	15.00	13.1	2.65	23.3	1.77	74.8	1.84	12.1	4.50	18.0	0.00	124.66			
8	40.8	44.1	9.1	94.0	7.4	23.25	10.1	5.31	21.4	3.36	72.3	4.46	11.3	1.50	18.0	0.00	131.88			
9	37.6	44.1	9.9	91.6	4.2	29.25	7.0	5.31	19.2	4.07	69.0	6.15	9.1	4.50	18.0	0.00	140.88			
10	37.0	44.1	9.6	90.7	2.0	19.50	5.6	2.65	18.2	1.77	67.6	2.61	8.2	1.83	18.0	0.00	119.06			
11	37.8	44.8	9.7	92.3	1.4	5.25	6.4	(1.59)	18.4	(0.53)	67.4	0.31	6.6	3.17	17.9	0.60	99.51			
12 A.M	37.2	44.8	9.2	91.2	1.6	(1.50)	8.8	(4.07)	20.4	(3.54)	69.2	(3.23)	5.3	2.50	17.9	0.00	81.36			
1	35.7	44.8	9.0	89.5	3.3	(15.75)	11.4	(4.78)	23.0	(4.60)	72.0	(5.23)	4.0	2.67	17.9	0.00	61.81			
2	35.9	45.0	8.8	89.7	5.6	(20.25)	13.8	(4.07)	25.0	(3.55)	75.2	(5.84)	4.0	0.00	18.0	(0.60)	55.39			
3	35.4	45.0	8.7	89.1	8.8	(28.50)	16.0	(4.07)	27.0	(3.49)	79.4	(7.84)	4.0	0.00	18.0	0.00	45.20			
4	35.0	45.0	8.6	88.6	11.4	(24.00)	18.4	(4.24)	30.0	(5.12)	83.0	(6.61)	4.0	0.00	18.5	(3.00)	45.63			
5	34.3	45.0	8.6	87.9	14.4	(27.00)	20.5	(3.71)	30.0	0.00	86.0	(5.53)	4.0	0.00	19.0	(3.00)	48.66			
6	34.1	45.0	9.0	88.1	17.0	(23.25)	22.3	(3.18)	30.0	0.00	88.0	(3.69)	4.0	0.00	19.9	(5.40)	52.58			
7	35.1	45.0	9.5	89.6	17.8	(7.50)	21.6	1.41	30.0	0.00	87.5	0.92	4.0	0.00	20.8	(5.40)	79.03			

Max Hour (MGD)	140.88
Avg Hour (MGD)	69.277
Max Hour Ratio	2.03

PENNSYLVANIA-AMERICAN WATER COMPANY

ANALYSIS OF MAXIMUM HOUR RATE OF FLOW ON SELECTED MAXIMUM DAYS FOR PITTSBURGH DISTRICT

	Source of Supply (M.G.D.)				Distribution Storage Draw-(Fill)															
					Rock Ridge		Castle Shannon		Greentree		West Mifflin		Mt. Lebanon		Shire Oaks					
Date/Time	Hays Mine	E.H. Aldrich	Mt. Wash.	Total Delivered	Ft.	M.G.D.	Ft.	M.G.D.	Ft.	M.G.D.	Ft.	M.G.D.	Ft.	M.G.D.	Ft.	M.G.D.	Total M.G.D.			
06-Jul-88																				
7 A.M	35.1	45.0	9.0	89.1	17.8	(7.5)	21.6	1.4	30.0	0.0	87.5	0.9	4.0	0.0	20.8	(5.40)	78.5			
8	40.0	44.8	9.5	94.3	17.8	0.00	20.5	1.77	30.0	0.00	88.0	(0.92)	4.0	0.00	21.0	(1.20)	93.9			
9	40.6	44.5	9.5	94.6	17.0	7.50	19.0	2.65	30.0	0.00	87.0	1.84	4.0	0.00	21.1	(0.60)	105.9			
10	44.1	44.5	4.8	93.4	16.0	9.00	17.6	2.65	28.5	2.54	85.0	3.69	4.0	0.00	21.1	0.00	111.2			
11	46.4	44.5	4.8	95.7	15.0	9.00	16.8	1.24	27.3	2.06	83.2	3.38	4.0	0.00	21.1	0.00	111.3			
12 P.M	50.1	44.0	4.8	98.9	14.0	9.00	16.5	0.53	26.5	1.39	81.5	3.07	4.0	0.00	21.1	0.00	112.8			
1	50.1	43.9	4.7	98.7	13.4	5.25	16.5	0.00	26.3	0.52	81.0	0.92	4.0	0.00	21.0	0.60	105.9			
2	50.0	43.9	4.7	98.6	13.0	3.75	16.5	0.00	26.3	0.00	80.5	0.92	4.0	0.00	20.9	0.60	103.8			
3	50.0	43.9	4.7	98.6	12.5	4.50	16.6	0.00	26.3	0.00	80.1	0.77	4.0	0.00	20.8	0.60	104.4			
4	49.8	44.0	4.7	98.5	12.4	0.75	16.7	(0.18)	26.4	(0.35)	80.0	0.15	4.0	0.00	20.6	1.20	100.0			
5	50.2	44.0	4.7	98.9	12.1	3.00	16.4	0.35	26.3	0.35	79.8	0.46	4.0	0.00	20.3	1.80	104.86			
6	50.6	44.0	4.7	99.3	11.3	7.50	15.5	1.59	25.5	1.22	79.0	1.38	4.0	0.00	20.3	0.00	110.99			
7	51.8	44.0	4.9	100.7	9.3	18.00	13.8	3.18	24.3	2.30	77.3	3.23	4.0	0.00	20.3	0.00	127.41			
8	52.9	44.0	5.0	101.9	7.0	20.25	11.4	4.07	22.4	3.18	74.8	4.61	4.0	0.00	20.2	0.60	134.61			
9	53.1	43.5	5.0	101.6	4.3	24.75	9.3	3.89	21.0	2.48	72.8	3.69	4.0	0.00	20.0	1.20	137.61			
10	50.7	43.5	5.0	99.2	2.7	14.25	8.1	2.12	20.2	1.59	71.7	2.00	4.0	0.00	20.0	0.00	119.16			
11	50.5	44.0	4.9	99.4	2.3	3.00	9.0	(1.77)	20.8	(1.06)	72.0	(0.61)	4.0	0.00	19.9	0.60	99.56			
12 A.M	49.3	44.0	4.7	98.0	3.0	(6.00)	10.6	(2.65)	22.5	(3.18)	73.4	(2.61)	4.0	0.00	19.9	0.00	83.56			
1	47.3	44.0	4.4	95.7	5.4	(21.75)	13.4	(5.13)	25.0	(4.43)	76.0	(4.76)	4.0	0.00	19.8	0.60	60.23			
2	48.4	44.0	4.1	96.5	8.0	(23.25)	16.0	(4.60)	27.0	(3.49)	79.8	(6.92)	4.0	0.00	19.9	(0.60)	57.64			
3	47.3	44.0	4.0	95.3	11.1	(27.75)	18.7	(4.60)	29.2	(3.60)	83.8	(7.38)	4.0	0.00	20.0	(0.60)	51.37			
4	46.1	44.0	4.0	94.1	14.6	(31.50)	21.3	(4.78)	29.7	(0.84)	88.0	(7.84)	4.8	(1.60)	20.5	(3.00)	44.54			
5	46.6	44.0	3.9	94.5	17.6	(27.00)	23.2	(3.18)	29.7	0.00	90.4	(4.46)	8.6	(7.60)	21.0	(3.00)	49.26			
6	46.6	44.0	4.0	94.6	19.5	(17.25)	24.2	(1.77)	29.7	0.00	94.0	(6.61)	11.9	(6.60)	21.5	(3.00)	59.37			
7	46.1	44.0	4.2	94.3	20.0	(4.50)	23.5	1.06	29.7	0.00	95.0	(1.84)	16.7	(9.60)	22.0	(3.00)	76.42			

Max Hour (MGD)	137.61
Avg Hour (MGD)	69.277
Max Hour Ratio	1.99

PENNSYLVANIA-AMERICAN WATER COMPANY

ANALYSIS OF MAXIMUM HOUR RATE OF FLOW ON SELECTED MAXIMUM DAYS FOR PITTSBURGH DISTRICT

	Source of Supply (M.G.D.)				Distribution Storage Draw-(Fill)														
					Rock Ridge		Castle Shannon		Greentree		West Mifflin		Mt. Lebanon		Shire Oaks		Total
Date/Time	Hays Mine	E.H. Aldrich	Mt. Wash.	Total Delivered	Ft.	M.G.D.	Ft.	M.G.D.	Ft.	M.G.D.	Ft.	M.G.D.	Ft.	M.G.D.	Ft.	M.G.D.	M.G.D
07-Jul-88																	
7 A.M	46.1	44.0	4.2	94.3	20.0	(4.5)	23.5	1.1	29.7	0.0	95.0	(1.8)	16.6		22.0	(3.00)	86.0
8	49.3	43.7	4.4	97.4	19.1	8.25	22.0	2.65	29.6	0.17	93.5	2.77	19.8	(6.33)	22.3	(1.80)	103.1
9	49.0	43.5	4.4	96.9	19.0	0.75	21.0	1.77	29.6	0.00	82.0	21.21	21.2	(2.83)	22.5	(1.20)	116.6
10	49.3	43.2	4.4	96.9	18.5	4.50	20.6	0.88	29.6	0.00	90.0	(14.75)	21.7	(1.00)	22.4	0.60	87.1
11	49.3	43.0	4.5	96.8	18.5	0.00	20.5	0.00	29.6	0.00	89.0	1.84	21.7	0.00	22.3	0.60	99.24
12 P.M	49.3	43.0	4.5	96.8	18.1	3.75	20.5	0.00	29.6	0.00	88.0	1.84	21.7	0.00	22.2	0.60	102.9
1	49.3	43.0	4.6	96.9	18.4	(3.00)	21.0	(0.88)	29.6	0.00	87.0	1.84	21.7	0.00	22.0	1.20	96.06
2	49.4	43.0	4.6	97.0	18.8	(3.75)	21.6	(0.88)	29.6	0.00	87.0	0.00	21.7	0.00	21.9	0.60	92.97
3	46.0	43.0	4.6	93.6	19.3	(4.50)	22.3	(1.24)	29.6	0.00	87.0	0.00	21.3	0.67	21.8	0.60	89.13
4	45.7	43.5	4.5	93.7	20.0	(6.00)	22.7	(0.71)	29.6	0.00	87.0	0.00	21.3	0.00	21.4	2.40	89.39
5	46.0	44.0	4.6	94.6	20.3	(2.25)	22.7	0.00	29.6	0.00	86.0	1.84	21.3	0.00	21.0	2.40	96.59
6	46.8	44.0	4.8	95.6	20.3	(0.75)	22.4	0.35	29.6	0.00	84.7	2.46	21.3	0.00	21.0	0.00	97.66
7	38.3	44.0	5.2	87.5	19.7	6.00	20.7	3.18	29.6	0.00	82.7	3.69	21.3	0.00	21.0	0.00	100.37
8	39.1	44.0	5.4	88.5	18.3	12.75	18.3	4.24	29.6	0.00	79.7	5.53	21.3	0.00	21.0	0.00	111.02
9	39.3	43.8	5.4	88.5	15.8	22.50	16.1	3.89	29.6	0.00	77.0	4.92	21.3	0.00	21.0	0.00	119.81
10	38.8	43.8	5.3	87.9	15.3	3.75	15.2	1.59	29.6	0.00	75.1	3.53	21.3	0.00	20.9	0.60	97.37
11	38.4	44.0	5.2	87.6	15.0	3.00	15.8	(1.06)	29.6	0.00	75.0	0.15	21.3	0.00	20.8	0.60	90.29
12 A.M	38.2	44.0	4.9	87.1	15.4	(3.75)	17.4	(3.01)	29.6	0.00	76.0	(1.84)	21.3	0.00	20.9	(0.60)	77.90
1	38.2	44.0	4.6	86.8	17.2	(15.75)	20.0	(4.60)	29.6	0.00	77.4	(2.61)	21.3	0.00	21.0	(0.60)	63.24
2	35.8	44.0	4.4	84.2	19.3	(19.50)	22.4	(4.24)	29.6	0.00	80.1	(4.92)	21.3	0.00	21.2	(1.20)	54.34
3	35.2	44.0	4.4	83.6	21.8	(21.75)	25.1	(4.61)	29.6	0.00	83.0	(5.38)	21.3	0.00	21.3	(0.60)	51.26
4	31.0	44.0	4.4	79.4	24.6	(25.50)	27.3	(4.01)	29.6	0.00	86.0	(5.53)	21.3	0.00	21.6	(1.80)	42.56
5	31.8	44.0	0.0	75.8	26.4	(16.50)	28.6	(2.06)	29.6	0.00	87.4	(2.61)	21.3	0.00	21.9	(1.80)	52.83
6	32.0	44.0	0.0	76.0	28.0	(14.25)	28.7	(0.17)	29.6	0.00	88.2	(1.38)	21.3	0.00	22.0	(0.60)	59.60
7	32.7	44.0	0.0	76.7	28.4	(3.75)	26.8	3.27	29.6	0.00	87.0	2.15	21.3	0.00	22.0	0.00	78.37

Max Hour (MGD)	119.81
Avg Hour (MGD)	69.277
Max Hour Ratio	1.73

PENNSYLVANIA-AMERICAN WATER COMPANY

ANALYSIS OF MAXIMUM HOUR RATE OF FLOW ON SELECTED MAXIMUM DAYS FOR RIVERTON DISTRICT

	Source of Supply (M.G.D.)					Distribution Storage Draw-(Fill)								
		Yellow Breaches		Red		Lemoyne		Enola		Camp Hill		Slate Hill		
Date/Time	Silver Spring	No. 1	No. 2	Land/ S. Mid	Total Delivery	Ft.	M.G.D.	Ft.	M.G.D.	Ft.	M.G.D.	Ft.	M.G.D.	Total M.G.D.
06-Jul-88														
12 A.M	4.35	4.15	6.40		14.90	41		85		41		44		14.90
1	3.40	3.45	6.20		13.05	45	(0.65)	88	(0.46)	45	(2.76)	46	(1.99)	7.19
2	3.35	3.40	6.20		12.95	48	(0.49)	92	(0.61)	48	(2.07)	50	(3.98)	5.80
3	3.35	3.10	7.20		13.65	49	(0.16)	96	(0.61)	49	(0.69)	51	(0.99)	11.20
4	3.35	4.05	6.10		13.50	52	(0.49)	100	(0.61)	52	(2.07)	52	(0.99)	9.34
5	3.90	3.80	7.60		15.30	55	(0.49)	103	(0.46)	55	(2.07)	55	(2.98)	9.30
6	3.90	3.80	7.80	0.13	15.63	58	(0.49)	105	(0.31)	58	(2.07)	57	(1.99)	10.77
7	4.20	3.85	8.20	0.13	16.38	56	0.33	104	0.15	56	1.38	58	(0.99)	17.25
8	4.30	3.85	8.20	0.13	16.48	55	0.16	103	0.15	55	0.69	58	0.00	17.48
9	4.30	3.90	8.20	0.13	16.53	54	0.16	103	0.00	54	0.69	57	0.99	18.37
10	4.30	3.85	8.20	0.31	16.66	54	0.00	102	0.15	54	0.00	57	0.00	16.81
11	4.30	3.85	8.20	0.31	16.66	53	0.16	101	0.15	53	0.69	56	0.99	18.65
12 P.M	4.30	3.85	8.20	0.31	16.66	52	0.16	100	0.15	52	0.69	55	0.99	18.65
1	4.30	3.90	8.20	0.31	16.71	52	0.00	100	0.00	52	0.00	54	0.99	17.70
2	4.30	4.00	8.40	0.31	17.01	50	0.33	100	0.00	50	1.38	53	0.99	19.71
3	4.30	4.00	7.90	0.31	16.51	50	0.00	100	0.00	50	0.00	52	0.99	17.50
4	4.30	4.00	8.00	0.31	16.61	50	0.00	100	0.00	50	0.00	52	0.00	16.61
5	4.30	4.00	8.20	0.31	16.81	50	0.00	100	0.00	50	0.00	52	0.00	16.81
6	4.30	4.10	8.20	0.31	16.91	48	0.33	98	0.31	48	1.38	51	0.99	19.92
7	4.50	4.20	8.40	0.31	17.41	45	0.49	96	0.31	45	2.07	50	0.99	21.27
8	4.70	4.25	8.60	0.31	17.86	41	0.65	92	0.61	41	2.76	46	3.98	25.86
9	4.85	4.30	8.70	0.31	18.16	36	0.81	87	0.77	36	3.45	43	2.98	26.17
10	4.80	4.50	8.40	0.13	17.83	36	0.00	84	0.46	36	0.00	41	1.99	20.28
11	4.60	4.25	7.80	0.13	16.78	38	(0.33)	84	0.00	38	(1.38)	41	0.00	15.07
12 A.M	4.60	4.00	7.70		16.30	41	(0.49)	85	(0.15)	41	(2.07)	42	(0.99)	12.60

Max Hour (MGD)	26.17
Avg Hour (MGD)	10.163
Max Hour Ratio	2.58

PENNSYLVANIA-AMERICAN WATER COMPANY

ANALYSIS OF MAXIMUM HOUR RATE OF FLOW ON SELECTED MAXIMUM DAYS FOR RIVERTON DISTRICT

	Source of Supply (M.G.D.)					Distribution Storage Draw-(Fill)								
		Yellow Breaches		Red		Lenoyne		Enola		Camp Hill		Slate Hill		
Date/Time	Silver Spring	No. 1	No. 2	Land/ S. Mid	Total Delivery	Ft.	M.G.D.	Ft.	M.G.D.	Ft.	M.G.D.	Ft.	M.G.D.	Total M.G.D.
07-Jul-88														
12 A.M	4.60	4.00	7.70		16.30	41	(0.49)	85	(0.15)	41	(2.07)	42	(0.99)	
1	4.10	3.90	7.10		15.10	45	(0.65)	88	(0.46)	45	(2.76)	43	(0.99)	10.24
2	4.15	3.70	7.30		15.15	50	(0.81)	92	(0.61)	50	(3.45)	46	(2.98)	7.30
3	4.15	3.70	8.60		16.45	52	(0.33)	95	(0.46)	52	(1.38)	50	(3.98)	10.30
4	4.15	3.80	7.30	0.13	15.38	53	(0.16)	99	(0.61)	53	(0.69)	52	(1.99)	11.93
5	4.15	3.75	7.40	0.13	15.43	57	(0.65)	103	(0.61)	57	(2.76)	55	(2.98)	8.43
6	4.15	3.70	8.00	0.13	15.98	61	(0.65)	105	(0.31)	61	(2.76)	57	(1.99)	10.27
7	4.60	3.80	8.20	0.13	16.73	58	0.49	104	0.15	58	2.07	58	(0.99)	18.45
8	4.50	3.70	7.80	0.13	16.13	56	0.33	103	0.15	56	1.38	58	0.00	17.99
9	4.50	3.80	8.30	0.13	16.73	55	0.16	103	0.00	55	0.69	57	0.99	18.57
10	4.40	3.70	8.00	0.31	16.41	54	0.16	102	0.15	54	0.69	56	0.99	18.40
11	4.40	3.65	7.90	0.31	16.26	54	0.00	101	0.15	54	0.00	55	0.99	17.40
12 P.M	4.40	3.65	8.00	0.31	16.36	54	0.00	101	0.00	54	0.00	54	0.99	17.35
1	4.40	3.65	7.90	0.31	16.26	53	0.16	100	0.15	53	0.69	53	0.99	18.25
2	4.40	3.55	8.30	0.31	16.56	52	0.16	100	0.00	52	0.69	52	0.99	18.40
3	4.40	3.80	7.80	0.31	16.31	52	0.00	100	0.00	52	0.00	53	(0.99)	15.32
4	4.50	3.80	7.80	0.31	16.41	53	(0.16)	90	1.54	53	(0.69)	54	(0.99)	16.11
5	4.50	3.85	7.90	0.31	16.56	53	0.00	88	0.31	53	0.00	54	0.00	16.87
6	4.55	4.10	7.20	0.31	16.16	52	0.16	87	0.15	52	0.69	54	0.00	17.16
7	4.65	4.10	7.40	0.31	16.46	50	0.33	83	0.61	50	1.38	53	0.99	19.77
8	4.80	4.20	7.40	0.31	16.71	47	0.49	80	0.46	47	2.07	52	0.99	20.72
9	4.80	4.20	7.40	0.31	16.71	45	0.33	77	0.46	45	1.38	50	1.99	20.87
10	4.70	3.95	7.40	0.13	16.18	45	0.00	74	0.46	45	0.00	49	0.99	17.63
11	4.60	3.80	7.20	0.13	15.73	47	(0.33)	74	0.00	47	(1.38)	49	0.00	14.02
12 A.M	4.55	3.65	7.00		15.20	50	(0.49)	75	(0.15)	50	(2.07)	50	(0.99)	11.50

Max Hour (MGD)	20.87
Avg Hour (MGD)	10.163
Max Hour Ratio	2.05

PENNSYLVANIA-AMERICAN WATER COMPANY

ANALYSIS OF MAXIMUM HOUR RATE OF FLOW ON SELECTED MAXIMUM DAYS FOR NORRISTOWN DISTRICT

Date/Time	Total Flow From Plant	Distribution Storage Draw-(Fill)												Total M.G.D.
		W. Norriton		E. Norriton		Church Rd.		Dekalb (2)		Curren Terr.		Bridgeport		
		Ft.	M.G.D.	Ft.	M.G.D.	Ft.	M.G.D.	Ft.	M.G.D.	Ft.	M.G.D.	Ft.	M.G.D.	
06-Jul-88														
12 A.M	15.2	6.8		22.0		14.0		34.5		19.7		26.2		15.20
1	15.0	8.0	(0.98)	22.0	0.00	14.8	(0.83)	35.5	(2.82)	19.8	(0.02)	26.2	0.00	10.35
2	14.8	9.8	(1.47)	22.0	0.00	16.2	(1.45)	36.0	(1.41)	20.0	(0.05)	26.2	0.00	10.42
3	14.7	11.2	(1.14)	22.0	0.00	17.5	(1.34)	37.0	(2.82)	20.2	(0.05)	26.1	0.10	9.45
4	14.6	12.8	(1.30)	22.0	0.00	18.5	(1.02)	38.0	(2.82)	20.5	(0.07)	26.1	0.00	9.39
5	14.3	12.8	0.00	22.0	0.00	19.5	(1.00)	38.5	(1.41)	20.8	(0.07)	26.1	0.00	11.82
6	14.5	12.8	0.00	23.3	(1.62)	20.0	(0.50)	38.0	1.41	21.0	(0.05)	26.0	0.10	13.84
7	15.0	12.6	0.16	23.5	(0.25)	20.0	0.00	38.0	0.00	21.2	(0.05)	26.0	0.00	14.86
8	15.6	11.4	0.98	23.5	0.00	20.0	0.00	37.5	1.41	21.2	0.00	26.0	0.00	17.99
9	15.7	10.8	0.49	23.2	0.37	19.8	0.20	37.0	1.41	21.0	0.05	26.0	0.00	18.22
10	15.7	10.0	0.65	23.0	0.25	19.7	0.20	36.5	1.41	21.0	0.00	26.0	0.00	18.21
11	15.7	9.6	0.33	22.8	0.25	19.7	0.00	36.0	1.41	20.8	0.05	25.9	0.10	17.84
12 P.M	15.8	9.4	0.16	22.5	0.37	19.8	(0.20)	36.0	0.00	20.7	0.02	25.8	0.10	16.25
1	15.8	9.4	0.00	22.5	0.00	20.0	(0.20)	36.0	0.00	20.6	0.02	25.7	0.10	15.72
2	15.7	9.6	(0.16)	22.5	0.00	20.0	0.00	35.5	1.41	20.6	0.00	25.7	0.00	16.95
3	15.5	9.8	(0.16)	22.5	0.00	20.2	(0.10)	35.0	1.41	20.6	0.00	25.6	0.10	16.75
4	15.5	10.2	(0.33)	22.5	0.00	20.4	(0.20)	35.0	0.00	20.6	0.00	25.5	0.10	15.07
5	15.5	10.4	(0.16)	22.7	(0.25)	20.5	(0.20)	35.5	(1.41)	20.6	0.00	25.5	0.00	13.48
6	15.5	9.8	0.49	22.7	0.00	20.2	0.39	34.0	4.23	20.6	0.00	25.5	0.00	20.61
7	15.5	8.4	1.14	21.2	1.87	19.7	0.50	33.5	1.41	20.6	0.00	25.5	0.00	20.42
8	15.0	6.6	1.47	19.1	2.62	19.2	0.50	32.5	2.82	20.5	0.02	25.4	0.10	22.53
9	15.9	4.9	1.38	17.8	1.62	18.0	1.11	32.0	1.41	20.3	0.05	25.3	0.10	21.57
10	15.5	4.8	0.08	17.5	0.37	16.7	1.34	31.5	1.41	19.8	0.11	25.2	0.10	18.91
11	15.2	5.4	(0.49)	17.3	0.25	16.1	0.62	31.5	0.00	19.5	0.07	25.2	0.00	15.65
12 A.M	14.9	6.0	(0.49)	17.5	(0.25)	16.3	(0.21)	32.0	(1.41)	19.5	0.00	25.2	0.00	12.54

Max Hour (MGD)	22.53
Avg Hour (MGD)	12.681
Max Hour Ratio	1.78

PENNSYLVANIA-AMERICAN WATER COMPANY

ANALYSIS OF MAXIMUM HOUR RATE OF FLOW ON SELECTED MAXIMUM DAYS FOR NORRISTOWN DISTRICT

Date/Time	Total Flow From Plant	Distribution Storage Draw-(Fill)												Total M.G.D.
		W. Norriton		E. Norriton		Church Rd.		Dekalb (2)		Curren Terr.		Bridgeport		
		Ft.	M.G.D.	Ft.	M.G.D.	Ft.	M.G.D.	Ft.	M.G.D.	Ft.	M.G.D.	Ft.	M.G.D.	
07-Jul-88														
12 A.M	14.9	6.0	(0.49)	17.5	(0.25)	16.3	(0.21)	32.0	(1.41)	19.5	0.00	25.2	0.00	12.54
1	14.9	7.4	(1.14)	19.0	(1.87)	17.1	(0.83)	32.0	0.00	19.8	(0.07)	25.2	0.00	10.99
2	14.8	9.2	(1.47)	20.5	(1.87)	18.1	(1.03)	32.0	0.00	19.5	0.07	25.2	0.00	10.50
3	14.7	11.0	(1.47)	22.3	(2.24)	19.1	(1.01)	32.5	(1.41)	20.0	(0.11)	25.2	0.00	8.46
4	14.7	12.8	(1.47)	23.8	(1.87)	20.2	(0.99)	33.0	(1.41)	20.4	(0.09)	25.3	(0.10)	8.77
5	15.1	13.9	(0.90)	25.2	(1.74)	21.2	(0.98)	33.0	0.00	20.5	(0.02)	25.7	(0.40)	11.06
6	15.2	13.9	0.00	26.0	(1.00)	21.9	(0.67)	33.0	0.00	20.8	(0.07)	26.0	(0.30)	13.16
7	15.9	13.0	0.73	26.2	(0.25)	22.0	(0.19)	33.0	0.00	21.0	(0.05)	26.2	(0.20)	15.94
8	16.0	11.8	0.98	25.5	0.87	21.6	0.38	32.5	1.41	21.2	(0.05)	26.3	(0.10)	19.49
9	15.8	11.0	0.65	24.8	0.87	21.3	0.29	32.0	1.41	21.0	0.05	26.4	(0.10)	18.97
10	15.4	10.4	0.49	24.2	0.75	20.7	0.68	32.0	0.00	20.8	0.05	26.3	0.10	17.47
11	15.5	10.0	0.33	23.8	0.50	20.6	0.00	31.5	1.41	20.7	0.02	26.3	0.00	17.76
12 P.M	15.6	9.8	0.16	23.5	0.37	20.4	0.29	31.5	0.00	20.5	0.05	26.2	0.10	16.57
1	15.6	9.6	0.16	23.2	0.37	20.3	0.00	31.0	1.41	20.5	0.00	26.2	0.00	17.54
2	15.4	9.8	(0.16)	23.2	0.00	20.2	0.20	31.0	0.00	20.5	0.00	26.2	0.00	15.44
3	15.2	10.0	(0.16)	23.2	0.00	20.0	0.10	31.0	0.00	20.5	0.00	26.1	0.10	15.24
4	15.1	10.4	(0.33)	23.2	0.00	19.9	0.20	31.0	0.00	20.5	0.00	26.0	0.10	15.07
5	15.1	10.4	0.00	23.2	0.00	19.7	0.20	31.0	0.00	20.5	0.00	26.0	0.00	15.30
6	15.1	10.2	0.16	22.8	0.50	19.5	0.10	31.0	0.00	20.5	0.00	26.0	0.00	15.86
7	15.2	9.4	0.65	21.8	1.25	19.0	0.50	30.5	1.41	20.5	0.00	26.0	0.00	19.01
8	15.5	8.0	1.14	20.0	2.24	18.4	0.71	30.0	1.41	20.5	0.00	25.9	0.10	21.10
9	15.5	6.9	0.90	19.2	1.00	17.7	0.61	30.0	0.00	20.3	0.05	25.8	0.10	18.16
10	15.5	7.0	(0.08)	19.0	0.25	16.5	1.24	30.0	0.00	20.1	0.05	25.7	0.10	17.06
11	15.2	7.6	(0.49)	18.8	0.25	16.0	0.52	30.0	0.00	20.0	0.02	25.7	0.00	15.50
12 A.M	14.8	8.3	(0.57)	19.0	(0.25)	16.2	(0.21)	31.0	(2.82)	20.0	0.00	25.7	0.00	10.95

Max Hour (MGD)	21.10
Avg Hour (MGD)	12.681
Max Hour Ratio	1.66

PENNSYLVANIA-AMERICAN WATER COMPANY

ANALYSIS OF MAXIMUM HOUR RATE OF FLOW ON SELECTED MAXIMUM DAYS FOR NORRISTOWN DISTRICT

Date/Time	Total Flow From Plant	Distribution Storage Draw-(Fill)												Total M.G.D.
		W. Norriton		E. Norriton		Church Rd.		Dekalb (2)		Curren Terr.		Bridgeport		
		Ft.	M.G.D.	Ft.	M.G.D.	Ft.	M.G.D.	Ft.	M.G.D.	Ft.	M.G.D.	Ft.	M.G.D.	
08-Jul-88														
12 A.M	14.8	8.3	(0.57)	19.0	(0.25)	16.2	(0.21)	31.0	(2.82)	20.0	0.00	25.7	0.00	10.95
1	14.3	9.6	(1.06)	19.0	0.00	17.0	(0.83)	31.5	(1.41)	20.0	0.00	25.7	0.00	11.00
2	14.0	11.2	(1.30)	19.0	0.00	17.5	(0.51)	32.5	(2.82)	20.0	0.00	25.7	0.00	9.37
3	13.8	12.9	(1.38)	19.0	0.00	17.7	(0.21)	34.0	(4.23)	20.0	0.00	25.7	0.00	7.98
4	13.7	13.6	(0.57)	19.0	0.00	18.1	(0.41)	35.0	(2.82)	20.4	(0.09)	25.6	0.10	9.91
5	12.8	13.6	0.00	19.2	(0.25)	18.3	(0.20)	35.0	0.00	20.7	(0.07)	25.5	0.10	12.38
6	13.0	13.4	0.16	20.2	(1.25)	18.2	0.10	35.0	0.00	20.9	(0.05)	25.5	0.00	11.96
7	13.9	13.2	0.16	20.5	(0.37)	18.1	0.10	35.0	0.00	21.2	(0.07)	25.5	0.00	13.72
8	14.0	12.1	0.90	20.5	0.00	17.9	0.31	34.5	1.41	21.2	0.00	25.5	0.00	16.62
9	14.0	11.2	0.73	20.2	0.37	18.0	(0.21)	34.0	1.41	21.0	0.05	25.5	0.00	16.35
10	10.2	10.7	0.41	20.0	0.25	18.2	(0.20)	34.0	0.00	20.8	0.05	25.5	0.00	10.71
11	15.3	10.1	0.49	19.8	0.25	18.5	(0.30)	33.5	1.41	20.6	0.05	25.4	0.10	17.30
12 P.M	15.4	9.6	0.41	19.5	0.37	18.7	(0.20)	33.5	0.00	20.5	0.02	25.3	0.10	16.10
1	15.5	9.6	0.00	19.8	(0.37)	19.2	(0.40)	33.0	1.41	20.4	0.02	25.2	0.10	16.26
2	15.1	9.6	0.00	19.8	0.00	19.5	(0.40)	33.0	0.00	20.3	0.02	25.1	0.10	14.82
3	15.0	9.8	(0.16)	20.0	(0.25)	20.0	(0.50)	33.0	0.00	20.3	0.00	25.2	(0.10)	13.99
4	15.0	10.0	(0.16)	20.2	(0.25)	20.5	(0.49)	32.5	1.41	20.3	0.00	25.5	(0.30)	15.21
5	15.4	10.1	(0.08)	20.5	(0.37)	20.1	0.39	32.5	0.00	20.3	0.00	25.8	(0.30)	15.04
6	15.0	9.3	0.65	20.5	0.00	19.2	0.99	32.5	0.00	20.3	0.00	26.0	(0.20)	16.44
7	15.0	8.0	1.06	20.2	0.37	18.4	0.81	32.0	1.41	20.4	(0.02)	26.2	(0.20)	18.43
8	15.0	6.8	0.98	20.5	(0.37)	17.6	0.71	32.0	0.00	20.5	(0.02)	26.2	0.00	16.30
9	14.2	7.0	(0.16)	20.5	0.00	16.8	0.82	32.0	0.00	20.5	0.00	26.2	0.00	14.86
10	14.1	7.8	(0.65)	20.2	0.37	16.0	0.83	32.0	0.00	20.5	0.00	26.2	0.00	14.65
11	14.0	7.8	0.00	20.2	0.00	15.7	0.41	32.0	0.00	20.4	0.02	26.2	0.00	14.43
12 A.M	13.6	7.0	0.65	20.5	(0.37)	16.3	(0.73)	33.0	(2.82)	20.3	0.02	26.2	0.00	10.35

Max Hour (MGD)	18.43
Avg Hour (MGD)	12.681
Max Hour Ratio	1.45

PENNSYLVANIA-AMERICAN WATER COMPANY

RESPONSES TO RATE STRUCTURE
AND COST OF SERVICE FILING REQUIREMENTS

RS1c., cont.

CUSTOMER CLASS DEMAND STUDY

The purpose of the customer class demand study is to develop empirical bases for the maximum day and hour extra capacity factors used in the cost allocation study. The current study of customer demands is being conducted pursuant to the Plan for Conducting Further Customer Class Demand Studies submitted to the Pennsylvania Public Utility Commission on April 29, 1992. In accordance with the plan, this report sets forth the data obtained thus far in the study and the current conclusions of maximum day and hour ratios.

Recording devices were installed at Sales for Resale customers in the Spring of 1992; at Commercial, Public and Industrial customers in the Spring of 1993; and at Residential customers in the Summer and Fall of 1993.

The usage data have been reviewed to determine the maximum day and hour usage for each customer being monitored. The maximum usage was divided by the customer's average usage during the year in which the maximum was recorded to determine ratios of maximum day and hour demand to average demand. These data are presented in the schedule which begins on page 14 of 31.

Residential. The residential maximum day and hour ratios used in the most recent cost allocation study were 2.5 and 6.0, respectively. Maximum day and hour ratios used in studies of other water utilities which were based on empirical demands range from 2.1 to 2.5 and 4.4 to 4.5, respectively. The observed maximum day ratios of selected clusters

PENNSYLVANIA-AMERICAN WATER COMPANY

RESPONSES TO RATE STRUCTURE
AND COST OF SERVICE FILING REQUIREMENTS

RS1c., cont.

of Pennsylvania-American residential customers range from 1.81 to 6.80 and average 3.12. The observed maximum hour ratios range from 4.88 to 19.64 and average 8.95.

Based on the previous estimates and the current indications, a maximum day ratio of 2.5 is used in the allocation study. The observed maximum hour ratios continue to be higher than those experienced in other utilities and confirm the continued use of a maximum hour ratio of 6.0 for the purposes of the allocation study.

Commercial and Public. The commercial and public maximum day and hour ratios used in the most recent study were 2.5 and 5.0, respectively. Maximum day ratios used in studies of other water utilities which were based on empirical demands range from 1.6 to 2.0. The maximum hour ratios range from 3.3 to 3.8. The observed maximum day ratios of selected commercial and public customers range from 1.06 to 46.38 and average 2.69 for commercial and 3.31 for public customers. The observed maximum hour ratios range from 1.18 to 128.43 and average 6.24 for commercial and 8.10 for public customers.

Based on the previous estimates and the current indications, maximum day and hour ratios of 2.5 and 5.0, respectively, are used in the allocation study for both commercial and public customers.

Industrial. The industrial maximum day and hour ratios used in the most recent study were 1.8 and 2.7, respectively. Maximum day and hour ratios used in studies of other water utilities which were based on empirical demands range from 1.5 to 1.7 and 2.5 to 2.7,

PENNSYLVANIA-AMERICAN WATER COMPANY

RESPONSES TO RATE STRUCTURE
AND COST OF SERVICE FILING REQUIREMENTS

RS1c., cont.

respectively. The observed maximum day ratios of selected industrial customers range from 1.09 to 6.94 and average 1.78. The observed maximum hour ratios range from 1.43 to 19.61 and average 2.82.

The observed maximum day and hour ratios appear to confirm the continued use of a 1.8 maximum day to average day ratio and 2.7 maximum hour to average hour ratio for the industrial class.

Sales for Resale (Other Water Utilities). The maximum day and hour ratios of Sales for Resale customers vary widely depending on the customer's use of water, i.e., base load, peak load, or total load and, therefore, the class has been segregated into lower peaking, Group A customers and higher peaking, Group B customers. The observed maximum day ratios of selected Group A customers range from 1.04 to 7.17 and average 2.76 and the maximum day ratios of selected Group B customers range from 5.68 to 67.19 and average 11.41. The observed maximum hour ratios of selected Group A customers range from 1.99 to 25.55 and average 7.10 and the maximum hour ratios of selected Group B customers range from 6.34 to 1,612.50 and average 21.54. Based on the observed maximum day and hour ratios of the selected Group A and Group B customers, maximum day and hour ratios of 2.0 and 5.0, respectively, are retained for Group A customers and maximum day and hour ratios of 10.0 and 20.0, respectively, are retained for Group B customers in the allocation study.

PENNSYLVANIA-AMERICAN WATER COMPANY

SUMMARY OF OBSERVED MAXIMUM DAY DEMAND RATIOS

	Number of Customers	Average Day Consumption	Maximum Day		
			Consumption	Date	Ratio
Residential:					
Mon Valley	10	1,322	6,907	05/24/1997	5.22
Norristown	24	4,429	11,846	03/17/1995	2.67
Clarion 52	13	1,977	5,028	10/28/1998	2.54
Clarion 53	14	1,579	5,345	10/13/1997	3.39
Lawrence	42	3,669	7,633	09/25/1995	2.08
Riverton 41	12	1,068	4,873	11/26/1997	4.56
Riverton 43	11	2,469	7,037	06/29/1997	2.85
Yardley	19	3,940	8,447	09/05/1995	2.14
Washington 7	13	2,524	7,046	07/14/1999	2.79
Washington 51	10	1,692	8,249	06/23/1997	4.88
Berwick	15	2,230	8,162	07/25/1993	3.66
Indiana	14	3,309	12,887	02/02/1997	3.89
Butler	11	2,159	6,805	04/24/1994	3.15
Pittsburgh 1	12	1,781	4,717	09/24/1998	2.65
Pittsburgh 2	12	1,633	5,422	08/19/1996	3.32
Pittsburgh 3	12	2,117	8,812	05/24/1996	4.16
Pittsburgh 4	7	1,503	2,929	04/20/2000	1.95
Pittsburgh 5	12	1,749	8,540	06/09/1998	4.88
Pittsburgh 6	12	2,356	7,422	07/15/1995	3.15
Pittsburgh 7	11	3,708	12,378	07/06/1997	3.34
Pittsburgh 8	15	1,822	5,115	03/30/1999	2.81
Pittsburgh 9	10	1,854	11,169	09/26/1998	6.02
Pittsburgh 10	17	1,764	3,865	07/14/1997	2.19
Pittsburgh 11	14	2,380	5,644	08/08/1998	2.37
Pittsburgh 12	11	1,302	8,851	01/16/1998	6.80
Pittsburgh 13	10	1,251	2,794	07/23/1996	2.23
Northeast (Blakely)	19	2,397	4,347	06/05/1999	1.81
Northeast (Plymoth)	20	3,105	6,583	05/27/1999	2.12
Northeast (Scranton)	17	2,619	6,395	12/01/1999	2.44

PENNSYLVANIA-AMERICAN WATER COMPANY

SUMMARY OF OBSERVED MAXIMUM HOUR DEMAND RATIOS

	Number of Customers	Average Hour Consumption	Maximum Hour			
			Consumption	Date	Hour	Ratio
Residential:						
Mon Valley	10	55	536	05/24/1997	7-8 PM	9.75
Norristown	21	172	852	07/18/1995	9-10 AM	4.95
Clarion 52	10	51	354	08/21/1995	8-9 AM	6.94
Clarion 53	13	68	532	10/10/1998	6-7 PM	7.82
Lawrence	42	153	746	09/25/1995	9-10 AM	4.88
Riverton 41	13	76	601	08/26/1995	4-5 PM	7.91
Riverton 43	14	129	1,026	06/17/1994	9-10 PM	7.95
Yardley	12	78	1,532	07/05/1993	3-4 PM	19.64
Washington 7	13	106	1,001	07/06/1997	6-7 PM	9.44
Washington 51	13	48	380	06/19/1994	9-10 AM	7.92
Berwick	14	102	1,331	08/07/1999	1-2 PM	13.05
Indiana	14	86	706	06/04/1994	12-1 PM	8.21
Butler	11	90	766	04/24/1994	4-5 PM	8.51
Pittsburgh 1	12	74	754	09/24/1998	6-7 PM	10.19
Pittsburgh 2	12	68	708	08/19/1996	4-5 PM	10.41
Pittsburgh 3	14	102	830	04/29/2000	2-3 PM	8.14
Pittsburgh 4	12	90	873	06/24/1999	8-9 AM	9.70
Pittsburgh 5	12	73	645	06/21/1998	11-12 AM	8.84
Pittsburgh 6	12	99	962	06/17/1994	9-10 PM	9.72
Pittsburgh 7	11	112	933	09/02/2000	4-5 AM	8.33
Pittsburgh 8	14	77	1,236	04/15/1999	7-8 AM	16.05
Pittsburgh 9	8	49	777	06/03/2000	1-2 PM	15.86
Pittsburgh 10	17	71	521	07/27/1998	9-10 PM	7.34
Pittsburgh 11	14	99	932	07/27/1998	6-7 PM	9.41
Pittsburgh 12	10	49	541	04/24/1999	1-2 AM	11.04
Pittsburgh 13	10	58	528	05/14/1999	5-6 PM	9.10
Northeast (Blakely)	19	102	743	06/06/1999	6-7 PM	7.28
Northeast (Plymoth)	20	125	1,077	02/04/1999	4-5 PM	8.62
Northeast (Scranton)	17	109	599	12/01/1999	10-11 PM	5.50

PENNSYLVANIA-AMERICAN WATER COMPANY

Summary of Observed Maximum Day and Hour Demand Ratios
Commercial Customers

Customer Name	District	Test Period		Annual Consumption		Maximum Day During Test Period			Maximum Hour During Test Period			
		From	To	Average Day	Average Hour	Gallons	Ratio	Date	Gallons	Ratio	Hour	Date
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Berwick Hospital	Berwick	04/14/1993	12/13/1994	39,033.0	1,626.4	58,651.4	1.50	08/19/1993	5,208.0	3.20	8-9 AM	03/24/1994
		12/01/1994	12/22/1995	39,022.2	1,625.9	58,226.0	1.49	08/16/1995	5,909.0	3.63	10-11 AM	09/05/1995
		12/13/1995	12/27/1996	60,143.0	2,506.0	98,815.0	1.64	05/31/1996	7,058.0	2.82	1-2 PM	08/27/1996
		12/13/1996	12/12/1997	33,061.0	1,377.5	74,091.0	2.24	12/19/1996	6,632.0	4.81	11-12 AM	12/19/1996
		12/12/1997	12/22/1998	24,465.0	1,019.4	80,837.0	3.30	03/27/1998	5,269.0	5.17	5-6 PM	02/18/1998
		12/11/1998	12/21/1999	30,368.0	1,265.3	55,815.0	1.84	07/06/1999	6,252.0	4.94	12-1PM	01/06/1999
		12/10/1999	12/21/2000	26,201.0	1,091.7	51,162.0	1.95	12/15/1999	4,007.0	3.67	2-3PM	12/15/1999
Slate Belt Nursing	Bangor	04/19/1993	12/16/1994	18,642.0	776.8	29,273.0	1.57	11/24/1993	3,198.0	4.12	10-11 AM	11/24/1993
		12/08/1994	12/26/1995	17,076.2	711.5	29,577.0	1.73	12/18/1995	1,823.0	2.56	2-3 PM	12/18/1995
		01/12/1996	12/20/1996	23,053.4	960.6	35,430.0	1.54	07/01/1996	2,033.0	2.12	9-10 AM	07/16/1996
		12/10/1996	12/18/1997	17,771.0	740.5	28,446.0	1.60	01/13/1997	2,009.0	2.71	10-11 AM	11/17/1997
		12/18/1997	12/17/1998	13,331.0	555.5	21,925.0	1.64	01/14/1998	2,585.0	4.65	8-9 AM	11/01/1998
		12/03/1999	12/14/2000	17,107.0	713.0	24,222.0	1.42	09/14/2000	2,480.0	3.48	5-6AM	06/10/2000
Alpine Retirement Center	Hershey	04/07/1993	12/17/1994	15,030.0	626.3	19,830.0	1.32	11/30/1994	3,648.0	5.82	3-4 PM	05/06/1994
		12/12/1994	12/29/1995	14,620.5	609.2	25,200.0	1.72	06/08/1995	3,079.0	5.05	2-3 PM	09/15/1995
		12/20/1995	10/31/1996	17,927.9	747.0	44,833.0	2.50	06/19/1996	4,124.0	5.52	7-8 PM	06/18/1996
		12/19/1996	12/31/1997	17,928.0	747.0	32,124.0	1.79	08/31/1997	3,423.0	4.58	7-8 PM	08/31/1997
		12/31/1997	12/29/1998	12,951.0	539.6	28,745.0	2.22	06/05/1998	3,635.0	6.74	2-3 PM	12/20/1998
		12/17/1998	12/29/1999	18,047.0	752.0	36,079.0	2.00	06/29/1999	4,236.0	5.63	8-9 AM	07/25/1999
		12/17/1999	12/28/2000	14,796.0	616.5	54,575.0	3.69	06/25/2000	4,040.0	6.55	9-10 AM	02/22/2000
Hershey Ent. & Res. Co.	Hershey	07/13/1993	12/17/1994	36,379.0	1,515.8	157,559.1	4.33	08/07/1993	12,929.8	8.53	1-2 PM	08/07/1993
		01/04/1995	11/02/1995	36,379.5	1,515.8	141,657.0	3.89	08/19/1995	11,677.0	7.70	2-3 PM	08/18/1995
		09/19/1997	11/28/1997	38,870.3	1,619.6	48,450.0	1.25	09/20/1997	3,620.0	2.24		
		12/19/1997	12/29/1998	41,361.0	1,723.4	178,308.0	4.31	07/05/1998	17,770.0	10.31	1-2 PM	07/05/1998
		12/17/1998	12/29/1999	50,148.0	2,089.5	67,984.0	1.36	08/19/1999	3,703.0	1.77	8-9 AM	06/22/1999
		12/17/1999	12/28/2000	45,177.0	1,882.4	212,077.0	4.69	08/19/2000	14,115.0	7.50	1-2 PM	08/19/2000
Hershey Ent. & Res. Co.	Hershey	04/06/1993	12/17/1994	20,175.0	840.6	63,843.0	3.16	08/06/1994	11,373.0	13.53	4-5 AM	09/28/1994
		12/12/1994	11/02/1995	20,183.6	841.0	61,583.0	3.05	08/11/1995	3,938.0	4.68	11-12 AM	08/26/1995
		07/17/1997	12/31/1997	27,338.0	1,139.1	136,275.0	4.98	07/19/1997	13,855.0	12.16	3-4 PM	07/19/1997
		12/31/1997	12/29/1998	15,051.0	627.1	65,580.0	4.36	07/25/1998	7,656.0	12.21	2-3 PM	05/23/1998
		04/15/1999	12/29/1999	19,921.0	830.0	89,278.0	4.48	09/25/1999	10,751.0	12.95	2-3 PM	09/25/1999

PENNSYLVANIA-AMERICAN WATER COMPANY

Summary of Observed Maximum Day and Hour Demand Ratios
Commercial Customers

Customer Name	District	Test Period		Annual Consumption		Maximum Day During Test Period			Maximum Hour During Test Period			
		From	To	Average Day	Average Hour	Gallons	Ratio	Date	Gallons	Ratio	Hour	Date
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Stough's Mobile Park	Riverton	04/05/1993	12/19/1994	41,051.0	1,710.5	134,492.0	3.28	02/05/1994	6,966.0	4.07	8-9 AM	02/05/1994
		12/08/1994	10/30/1995	35,692.1	1,487.2	55,218.0	1.55	02/12/1995	3,899.0	2.62	8-9 AM	01/05/1995
		12/17/1996	12/30/1997	41,429.0	1,726.2	66,950.0	1.62	01/20/1997	5,170.0	3.00	10-11 AM	06/25/1997
		12/30/1997	12/29/1998	29,971.0	1,248.8	51,092.0	1.70	01/01/1998	2,882.0	2.31	11-12 AM	01/01/1998
		12/16/1998	12/29/1999	27,080.0	1,128.3	55,687.0	2.06	01/16/1999	3,024.0	2.68	1-2 PM	01/16/1999
		12/17/1999	12/29/2000	26,031.0	1,084.6	50,905.0	1.96	01/25/2000	2,584.0	2.38	6-7 PM	01/25/2000
Pennsylvania Blue Shield	Riverton	04/05/1993	12/16/1994	68,015.0	2,834.0	133,197.1	1.96	07/06/1993	10,414.0	3.67	11-12 AM	09/02/1993
		04/17/1997	12/30/1997	66,040.0	2,751.7	124,238.0	1.88	07/15/1997	24,486.0	8.90	7-8 AM	08/23/1997
		12/30/1997	12/29/1998	56,314.0	2,346.4	111,684.0	1.98	06/26/1998	10,049.0	4.28	10-11 AM	06/26/1998
		12/16/1998	12/29/1999	49,301.0	2,054.2	107,184.0	2.17	07/06/1999	8,302.0	4.04	7-8 AM	06/28/1999
		12/17/1999	12/29/2000	45,672.0	1,903.0	146,070.0	3.20	06/26/2000	17,735.0	9.32	8-9 AM	05/26/2000
Raddisson	Riverton	04/05/1993	12/16/1994	21,511.0	896.3	77,147.0	3.59	06/28/1994	7,410.0	8.27	7-8 AM	06/28/1994
		12/08/1994	12/28/1995	30,730.1	1,280.4	145,190.0	4.72	11/24/1995	12,965.0	10.13	4-5 PM	11/24/1995
		02/15/1996	11/26/1996	29,821.9	1,242.6	56,456.0	1.89	09/10/1996	10,827.0	8.71	3-4 PM	09/10/1996
		12/17/1996	12/30/1997	28,159.0	1,173.3	58,884.0	2.09	05/17/1997	6,971.0	5.94	9-10 AM	05/22/1997
		12/30/1997	12/29/1998	25,464.0	1,061.0	80,978.0	3.18	04/14/1998	7,475.0	7.05	1-2 PM	04/14/1998
		12/16/1998	12/29/1999	52,824.0	2,201.0	86,479.0	1.64	08/02/1999	13,103.0	5.95	1-2 PM	08/23/1999
		12/17/1999	12/29/2000	52,824.0	2,201.0	71,230.0	1.35	08/12/2000	7,392.0	3.36	8-9 AM	08/24/2000
South Hills Health	Pittsburgh	04/11/1993	12/09/1994	139,936.0	5,830.7	289,312.0	2.07	08/19/1993	39,773.0	6.82	2-3 AM	08/19/1993
		11/30/1994	12/12/1995	36,543.6	1,522.7	189,476.0	5.18	04/29/1995	20,014.0	13.14	9-10 PM	04/29/1995
		12/22/1995	12/10/1996	27,604.1	1,150.2	45,332.0	1.64	10/02/1996	3,804.0	3.31	12-1 PM	10/04/1996
		12/10/1996	12/09/1997	21,921.0	913.4	40,938.0	1.87	07/16/1997	6,518.0	7.14	10-11 AM	12/04/1997
		11/30/1998	12/10/1999	34,059.0	1,419.1	57,293.0	1.68	09/07/1999	4,063.0	2.86	11-12 PM	10/11/1999
		11/30/1999	12/08/2000	37,519.0	1,563.3	69,653.0	1.86	07/31/2000	6,737.0	4.31	7-8 AM	08/08/2000
Marriott Inn	Pittsburgh	04/11/1993	12/12/1994	69,354.0	2,889.8	145,848.5	2.10	07/27/1993	13,991.0	4.84	9-10 AM	08/25/1993
		12/01/1994	12/13/1995	66,371.2	2,765.5	123,490.0	1.86	07/15/1995	11,960.0	4.32	9-10 AM	06/18/1995
		12/01/1995	12/11/1996	63,521.9	2,646.7	535,505.0	8.43	11/30/1996	52,479.0	19.83	9-10 AM	11/30/1996
		12/11/1996	12/10/1997	61,810.0	2,575.4	682,219.0	11.04	06/27/1997	83,268.0	32.33	6-7 AM	06/27/1997
		12/02/1998	12/14/1999	57,891.0	2,412.1	682,988.0	11.80	07/18/1999	70,355.0	29.17	7-8 AM	07/18/1999
		12/02/1999	12/12/2000	47,160.0	1,965.0	656,112.0	13.91	07/29/2000	71,100.0	36.18	5-6 AM	06/25/2000
South Park Mobile Est.	Pittsburgh	04/15/1993	12/07/1994	81,774.0	3,407.3	205,983.0	2.52	01/09/1994	9,801.0	2.88	7-8 PM	06/15/1994
		11/28/1994	07/21/1995	87,574.2	3,648.9	139,656.0	1.59	02/06/1995	10,175.0	2.79	4-5 PM	01/14/1995
Mon View Heights	Pittsburgh	04/11/1993	12/05/1994	121,787.0	5,074.5	442,564.0	3.63	01/24/1994	19,269.0	3.80	8-9 AM	01/24/1994
		11/23/1994	12/05/1995	113,043.0	4,710.1	324,356.0	2.87	02/14/1995	24,126.0	5.12	11-12 AM	02/14/1995

PENNSYLVANIA-AMERICAN WATER COMPANY

Summary of Observed Maximum Day and Hour Demand Ratios
Commercial Customers

Customer Name	District	Test Period		Annual Consumption		Maximum Day During Test Period			Maximum Hour During Test Period			
		From	To	Average Day	Average Hour	Gallons	Ratio	Date	Gallons	Ratio	Hour	Date
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Standard Enterprises	Pittsburgh	04/11/1993	12/08/1994	26,783.0	1,116.0	32,523.4	1.21	04/24/1993	2,908.9	2.61	7-8 AM	04/25/1993
		11/29/1994	12/11/1995	24,426.0	1,017.8	32,645.0	1.34	12/24/1995	2,579.0	2.53	10-11 AM	01/07/1995
		12/28/1995	12/09/1996	28,098.9	1,170.8	29,693.0	1.06	12/08/1996	2,170.0	1.85	10-11 AM	12/29/1995
		12/09/1996	12/08/1997	28,342.0	1,180.9	33,086.0	1.17	01/18/1997	2,477.0	2.10	10-11 AM	01/17/1997
		11/26/1998	12/08/1999	25,617.0	1,067.4	35,519.0	1.39	08/31/1999	2,463.0	2.31	7-8 AM	06/25/1999
Pennsburg Village Borough	Pittsburgh	04/11/1993	12/12/1994	60,889.0	2,537.0	147,540.0	2.42	05/16/1994	10,918.0	4.30	7-8 AM	05/17/1994
		11/29/1996	12/10/1997	55,829.0	2,326.2	84,360.0	1.51	11/23/1997	29,549.0	12.70	10-11 AM	09/07/1997
		12/10/1997	12/14/1998	70,227.0	2,926.1	131,080.0	1.87	03/12/1998	18,253.0	6.24	2-3 PM	03/12/1998
		12/02/1998	12/14/1999	85,331.0	3,555.5	114,960.0	1.35	04/22/1999	10,407.0	2.93	7-8 AM	04/20/1999
		12/02/1999	12/12/2000	45,279.0	1,886.6	90,187.0	1.99	02/20/2000	6,713.0	3.56	6-7 AM	05/02/2000
Kossman Development Co.	Pittsburgh	04/11/1993	12/16/1994	18,436.0	768.2	33,036.0	1.79	01/24/1994	4,297.0	5.59	6-7 AM	06/07/1994
		12/07/1994	11/15/1995	18,684.9	778.5	43,914.0	2.35	03/03/1995	7,418.0	9.53	2-3 PM	03/03/1995
		12/07/1995	12/16/1996	16,345.2	681.1	41,180.0	2.52	11/18/1996	2,352.0	3.45	6-7 PM	11/18/1996
		12/16/1996	08/14/1997	15,193.0	633.0	24,244.0	1.60	05/03/1997	1,893.0	2.99	1-2 PM	
Sacred Heart Hospital	Norristown	05/28/1993	11/07/1994	79,075.0	3,294.8	618,628.9	7.82	07/12/1993	44,666.7	13.56	12-1 PM	08/04/1993
Sacred Heart Hospital	Norristown	04/27/1993	12/07/1994	53.0	2.2	129.0	2.43	03/22/1994	94.0	42.73	5-6 PM	09/12/1993
		11/28/1994	12/12/1995	30.1	1.3	96.0	3.19	11/17/1995	42.0	32.31	2-3 PM	11/17/1995
		01/01/1996	06/11/1996	31.2	1.3	109.0	3.49	01/02/1996	48.0	36.92	1-2 PM	01/02/1996
		10/31/1997	12/12/1997	43.0	1.8	129.0	3.00	11/13/1997	39.0	21.67	10-11 AM	11/07/1997
Marshal Woods Apartments	Norristown	04/29/1993	10/12/1994	33,675.0	1,403.1	72,696.0	2.16	05/14/1994	3,632.9	2.59	6-7 PM	05/04/1993
		08/02/1995	12/14/1995	38,097.3	1,587.4	50,340.0	1.32	08/04/1995	4,604.0	2.90	10-11 AM	08/22/1995
		02/01/1996	12/16/1996	38,538.4	1,605.8	91,507.0	2.37	05/19/1996	5,634.0	3.51	11-12 AM	05/19/1996
		12/16/1996	12/16/1997	34,523.0	1,438.5	84,911.0	2.46	05/14/1997	5,564.0	3.87	7-8 AM	05/14/1997
		12/31/1998	12/13/1999	35,874.0	1,494.8	83,555.0	2.33	04/15/1999	5,803.0	3.88	6-7 AM	04/15/1999
		12/02/1999	12/13/2000	27,857.0	1,160.7	94,077.0	3.38	05/16/2000	5,723.0	4.93	6-7 AM	05/17/2000
Marshal Woods Apartments	Norristown	04/29/1993	12/09/1994	16,647.0	693.6	27,158.0	1.63	08/24/1993	2,175.8	3.14	7-8 AM	06/28/1993
		11/30/1994	12/14/1995	19,490.4	812.1	33,312.0	1.71	07/03/1995	2,646.0	3.26	9-10 AM	07/03/1995
		02/01/1996	12/16/1996	20,890.4	870.4	31,786.0	1.52	10/15/1996	2,630.0	3.02	6-7 AM	10/15/1996
		12/16/1996	12/16/1997	17,792.0	741.3	26,505.0	1.49	12/13/1997	2,238.0	3.02	7-8 AM	12/05/1997
		12/31/1998	05/13/1999	19,401.0	808.4	27,018.0	1.39	05/02/1999	1,769.0	2.19	7-8 AM	03/27/1999
		12/02/1999	12/13/2000	19,389.0	807.9	28,546.0	1.47	10/24/2000	2,201.0	2.72	11-12 PM	10/26/2000

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Summary of Observed Maximum Day and Hour Demand Ratios
Commercial Customers

Customer Name	District	Test Period		Annual Consumption		Maximum Day During Test Period			Maximum Hour During Test Period			
		From	To	Average Day	Average Hour	Gallons	Ratio	Date	Gallons	Ratio	Hour	Date
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Montgomery Hospital	Norristown	07/28/1994	12/08/1994	87,550.0	3,647.9	97,286.0	1.11	08/15/1994	6,268.0	1.72	10-11 AM	08/05/1994
		12/02/1996	12/12/1997	78,376.0	3,265.7	92,447.0	1.18	09/20/1997	4,828.0	1.48	2-3 PM	02/18/1997
		12/28/1999	10/12/1999	63,390.0	2,641.3	256,124.0	4.04	07/16/1999	15,876.0	6.01	9-10 AM	07/16/1999
		11/30/1999	08/11/2000	62,998.0	2,624.9	137,009.0	2.17	12/01/1999	6,768.0	2.58	10-11 AM	11/30/1999
Fox Water Haul	Butler	12/19/1994	05/30/1995	17,161.0	715.0	31,386.0	1.83	03/16/1995	11,363.0	15.89	12-1 PM	04/25/1995
		06/19/1997	12/02/1997	18,571.0	773.8	33,797.0	1.82	07/24/1997	6,937.0	8.96	3-4 PM	07/22/1997
		06/16/1999	12/29/1999	31,725.0	1,322.0	35,107.0	1.11	06/26/1999	4,540.0	3.43	3-4PM	07/12/1999
Days Inn	Butler	04/09/1993	12/20/1994	30,051.0	1,252.1	43,744.0	1.46	06/18/1994	6,478.0	5.17	9-10 AM	10/13/1994
		12/09/1994	05/18/1995	26,312.9	1,096.4	61,539.0	2.34	03/18/1995	4,633.0	4.23	10-11 AM	02/18/1995
		07/10/1996	09/23/1996	24,324.1	1,013.5	43,145.0	1.77	08/03/1995	3,658.0	3.61	8-9 AM	07/28/1996
		06/10/1997	12/23/1997	23,244.0	968.5	37,060.0	1.59	08/09/1997	3,150.0	3.25	9-10 AM	11/22/1997
		12/23/1997	12/21/1998	23,268.0	969.5	39,790.0	1.71	06/24/1998	4,168.0	4.30	9-10 AM	08/16/1998
Overnite Transportation	Riverton	12/08/1994	12/28/1995	14,598.6	608.3	25,550.0	1.75	06/01/1995	2,659.0	4.37	7-8 PM	12/15/1995
		12/12/1995	11/26/1995	14,861.6	619.2	26,084.0	1.76	08/22/1996	2,220.0	3.59	12-1 PM	08/22/1996
		12/17/1996	12/30/1997	12,163.0	506.8	27,871.0	2.29	12/16/1997	2,390.0	4.72	7-8 PM	12/04/1997
		12/30/1997	12/29/1998	11,253.0	468.9	29,595.0	2.63	05/21/1998	2,669.0	5.69	9-10 PM	10/19/1998
		01/13/1999	12/29/1999	16,514.0	688.1	39,538.0	2.39	11/24/1999	3,383.0	4.92	7-8 PM	11/24/1999
Evangelical Community Hospital	White Deer	06/09/1995	10/24/1995	54,198.6	2,258.3	76,668.0	1.41	10/18/1995	2,659.0	1.18	1-2 PM	09/15/1995
		04/11/1996	12/27/1996	43,867.7	1,827.8	76,034.0	1.73	05/20/1996	14,742.0	8.07	3-4 PM	05/17/1996
		12/27/1996	01/06/1998	36,411.0	1,517.1	76,121.0	2.09	08/27/1997	18,455.0	12.16	8-9 AM	08/27/1997
		01/06/1998	01/06/1998	50,984.0	2,124.3	92,042.0	1.81	07/29/1998	15,637.0	7.36	8-9 AM	07/29/1998
		12/14/1998	12/23/1999	46,714.0	1,946.4	108,683.0	2.33	10/19/1999	31,248.0	16.05	9-10 AM	10/19/1999
		12/15/1999	11/22/2000	44,734.0	1,863.9	123,807.0	2.77	10/27/2000	38,427.0	20.62	12-1 PM	10/27/2000
Trinity United Methodist Church	White Deer	12/09/1998	12/18/1999	152.0	6.3	414.0	2.72	06/26/1999	151.0	23.97	7-8 AM	05/22/1999
		12/10/1999	10/24/2000	146.0	6.1	665.0	4.55	06/09/2000	274.0	44.92	3-4 PM	06/09/2000
Union Garden Apartments	Fayette	04/07/1993	12/21/1994	14,788.0	616.2	18,631.0	1.26	11/16/1993	1,709.9	2.77	9-10 AM	07/14/1993
		12/12/1994	12/22/1995	15,538.4	647.4	38,757.0	2.49	11/28/1995	2,070.0	3.20	12-1 PM	11/23/1995
		12/12/1995	12/23/1996	14,765.8	615.2	19,161.0	1.30	09/08/1996	1,675.0	2.72	12-1 PM	03/23/1996
		12/23/1996	12/26/1997	15,293.0	637.2	22,155.0	1.45	11/29/1997	1,600.0	2.51	11-12 AM	05/26/1997
		12/26/1997	12/23/1998	11,940.0	497.5	22,600.0	1.89	08/03/1998	1,841.0	3.70	12-1 PM	08/03/1998
		12/11/1998	12/23/1999	13,300.0	554.2	23,986.0	1.80	06/12/1999	1,869.0	3.37	10-11AM	06/25/1999
		12/12/1999	12/22/2000	17,678.0	736.6	45,484.0	2.57	12/21/2000	2,375.0	3.22	5-6PM	12/11/2000

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Summary of Observed Maximum Day and Hour Demand Ratios
Commercial Customers

Customer Name	District	Test Period		Annual Consumption		Maximum Day During Test Period			Maximum Hour During Test Period			
		From	To	Average Day	Average Hour	Gallons	Ratio	Date	Gallons	Ratio	Hour	Date
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Jameson Hospital	Lawrence	04/07/1994	09/21/1994	65,960.0	2,748.3	139,126.0	2.11	03/11/1994	9,860.0	3.59	7-8 PM	03/11/1994
		12/09/1994	12/28/1995	63,838.4	2,659.9	153,941.0	2.41	05/11/1995	10,374.0	3.90	5-6 AM	05/11/1995
		01/15/1996	04/24/1996	60,144.7	2,506.0	88,595.0	1.47	08/07/1996	8,464.0	3.38	2-3 PM	02/06/1996
		05/19/1997	12/31/1997	60,145.0	2,506.0	112,270.0	1.87	10/09/1997	13,445.0	5.37	10-11 AM	08/07/1997
		12/31/1997	12/22/1998	80,241.0	3,343.4	135,268.0	1.69	06/25/1998	23,386.0	6.99	9-10 AM	07/09/1998
		12/11/1998	12/22/1999	80,287.0	3,345.3	131,487.0	1.64	09/24/1999	13,637.0	4.08	3-4 PM	06/18/1999
Jameson Hospital	Lawrence	04/11/1994	09/21/1994	26,845.0	1,118.5	97,108.4	3.62	07/10/1993	6,804.0	6.08	12-1 AM	04/26/1994
		12/09/1994	12/28/1995	27,418.1	1,142.4	119,219.0	4.35	05/11/1995	8,995.0	7.87	5-6 AM	05/11/1995
		12/14/1995	11/21/1996	27,874.0	1,161.4	57,876.0	2.08	08/07/1996	9,318.0	8.02	2-3 PM	02/06/1996
		05/09/1997	12/23/1997	26,704.0	1,112.7	141,277.0	5.29	07/16/1997	10,602.0	9.53	1-2 PM	08/17/1997
Stony Creek Management Off	Norristown	04/21/1993	10/03/1994	5,618.0	234.1	28,067.3	5.00	05/26/1993	3,396.0	14.51	11-12 AM	09/02/1993
		02/24/1999	07/07/1999	3,295.0	137.3	11,039.0	3.35	05/29/1999	3,598.0	26.21	11-12 PM	06/04/1999
		09/27/2000	11/03/2000	4,870.0	202.9	7,867.0	1.62	10/16/2000	882.0	4.35	9-10 AM	10/08/2000
Connellsville Towers	Fayette	04/07/1993	12/21/1994	7,914.0	329.8	17,751.0	2.24	08/22/1993	1,645.8	4.99	9-10 AM	06/21/1993
		12/12/1994	12/22/1995	8,989.0	374.5	18,519.0	2.06	08/15/1995	1,459.0	3.90	1-2 AM	08/11/1995
		12/12/1995	12/23/1996	8,390.1	349.6	18,339.0	2.19	05/09/1996	1,369.0	3.92	8-9 AM	09/05/1996
		12/23/1996	12/26/1997	9,892.0	412.2	18,774.0	1.90	06/25/1998	1,390.0	3.37	2-3 AM	06/28/1998
		12/26/1997	12/23/1998	6,125.0	255.2	13,521.0	2.21	08/10/1998	1,519.0	5.95	7-8 AM	05/16/1998
		12/11/1998	12/23/1999	7,146.0	297.8	10,251.0	1.43	02/15/1999	776.0	2.61	4-5 PM	02/15/1999
		12/13/1999	12/22/2000	6,748.0	281.2	9,971.0	1.48	05/22/2000	979.0	3.48	11-12 AM	07/09/2000
IUP Campus Towers	Indiana	04/13/1993	12/15/1994	5,080.0	211.7	12,610.0	2.48	11/16/1993	1,044.0	4.93	12-1 PM	10/10/1993
		11/30/1994	12/13/1995	5,926.6	246.9	14,337.0	2.42	08/30/1995	4,260.0	17.25	4-5 AM	08/30/1995
		11/30/1995	01/07/1997	4,116.2	171.5	11,298.0	2.74	09/22/1996	729.0	4.25	11-12 AM	10/10/1996
		01/07/1997	12/10/1997	4,644.0	193.5	12,914.0	2.78	09/11/1997	1,122.0	5.80	9-10 AM	09/03/1997
		12/10/1997	12/09/1998	6,068.0	252.8	14,158.0	2.33	04/29/1998	931.0	3.68	7-8 AM	04/22/1998
		11/27/1998	12/09/1999	4,649.0	193.7	9,975.0	2.15	11/21/1999	822.0	4.24	8-9PM	03/17/1999
		11/29/1999	12/08/2000	4,210.0	175.4	11,275.0	2.68	01/22/2000	859.0	4.90	9-10AM	09/01/2000
Hershey Medical Center	Hershey	12/17/1998	12/29/1999	413,568.0	17,232.0	831,963.0	2.01	07/06/1999	49,767.0	2.89	11-12 PM	07/28/1999
		12/17/1999	12/28/2000	426,149.0	17,756.2	574,468.0	1.35	05/08/2000	50,178.0	2.83	12-1 PM	05/08/2000

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Summary of Observed Maximum Day and Hour Demand Ratios
Commercial Customers

Customer Name	District	Test Period		Annual Consumption		Maximum Day During Test Period			Maximum Hour During Test Period			
		From	To	Average Day	Average Hour	Gallons	Ratio	Date	Gallons	Ratio	Hour	Date
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Becks	Indiana	04/13/1993	12/13/1994	6,245.0	260.2	12,198.8	1.95	08/26/1993	1,195.1	4.59	12-1 AM	04/25/1993
		12/02/1994	12/28/1995	7,250.7	302.1	12,984.0	1.79	12/20/1995	1,263.0	4.18	10-11 AM	01/13/1995
		12/29/1995	11/14/1996	5,445.5	226.9	12,903.0	2.37	01/04/1996	950.0	4.19	5-6 AM	02/18/1996
		01/15/1997	12/15/1997	1,522.0	63.4	6,577.0	4.32	08/13/1997	795.0	12.54	11-12 AM	08/08/1997
		12/15/1997	12/14/1998	1,154.0	48.1	3,773.0	3.27	04/10/1998	349.0	7.26	10-11 PM	04/09/1998
		12/14/1998	12/14/1999	1,866.0	77.8	3,638.0	1.95	11/23/1999	389.0	5.00	10-11PM	07/26/1999
Quasitronics	Washington	04/27/1993	12/22/1994	408.0	17.0	6,292.0	15.42	10/17/1993	428.0	25.18	1-2 PM	12/13/1993
		12/12/1994	07/14/1995	413.7	17.2	1,311.0	3.17	06/08/1995	296.0	17.21	11-12 AM	05/16/1995
		01/17/1997	01/08/1998	483.0	20.1	2,172.0	4.50	01/22/1997	274.0	13.63	11-12 AM	03/17/1997
		01/08/1998	12/09/1998	573.0	23.9	5,012.0	8.75	09/07/1998	266.0	11.13	7-8 AM	09/10/1998
		01/14/1999	12/21/1999	418.0	17.4	1,409.0	3.37	09/01/1999	245.0	14.08	5-6 AM	08/12/1999
		12/20/1999	09/01/2000	1,342.0	55.9	5,519.0	4.11	07/21/2000	251.0	4.49	6-7 AM	07/21/2000
Rolling Hills Country Club	Washington	07/12/1993	12/21/1994	37,766.0	1,573.6	305,053.0	8.08	09/13/1993	25,983.0	16.51	5-6 AM	08/08/1993
		12/12/1994	07/14/1995	37,361.6	1,556.7	225,666.0	6.04	07/10/1995	23,885.0	15.34	9-10 PM	07/11/1995
		01/08/1997	08/26/1997	34,919.0	1,455.0	175,748.0	5.03	07/17/1997	20,341.0	13.98	2-3 AM	05/07/1997
		04/30/1998	12/09/1998	33,425.0	1,392.7	206,188.0	6.17	07/13/1998	21,136.0	15.18	3-4 AM	07/15/1998
		02/12/1999	12/21/1999	48,577.0	2,024.0	261,274.0	5.38	05/03/1999	24,213.0	11.96	2-3 AM	05/08/1999
		12/20/1999	09/01/2000	24,958.0	1,039.9	187,724.0	7.52	07/27/2000	24,461.0	23.52	12-1 AM	07/28/2000
Canonsburg General Hospital	Washington	04/27/1993	12/22/1994	16,419.0	684.1	37,947.0	2.31	06/16/1994	4,179.0	6.11	12-1 PM	07/28/1993
		12/22/1994	07/14/1995	17,591.0	733.0	27,391.0	1.56	05/17/1995	2,253.0	3.07	2-3 PM	05/17/1995
		12/26/1997	12/31/1998	14,735.0	614.0	45,003.0	3.05	08/21/1998	2,660.0	4.33	4-5 PM	08/21/1998
		01/05/1999	12/21/1999	29,648.0	1,235.3	59,308.0	2.00	07/30/1999	3,684.0	2.98	10-11 AM	08/03/1999
		02/23/2000	09/01/2000	23,274.0	969.8	28,417.0	1.22	04/03/2000	2,335.0	2.41	12-1 PM	03/15/2000
McDonalds Corporation 7061	Mon-Valley	04/07/1993	12/21/1994	10,531.0	438.8	23,552.2	2.24	09/04/1993	1,800.5	4.10	5-6 PM	07/06/1993
		01/10/1995	12/22/1995	7,279.5	303.3	14,808.0	2.03	03/04/1995	955.0	3.15	8-9 PM	04/05/1995
		12/12/1995	12/23/1996	1,995.9	83.2	4,711.0	2.36	07/17/1996	678.0	8.15	9-10 PM	07/04/1996
		12/23/1996	12/26/1997	3,073.0	128.0	9,255.0	3.01	07/16/1997	1,417.0	11.07	11-12 AM	08/30/1997
		12/26/1997	12/22/1998	3,512.0	146.3	12,383.0	3.53	01/09/1998	1,196.0	8.17	6-7 PM	01/09/1998
Taylor's Beauty Salon	Northeast	04/16/1997	12/22/1997	381.0	15.9	884.0	2.32	05/15/1997	167.0	10.50	4-5 PM	08/28/1997
		12/22/1997	12/22/1998	250.0	10.4	839.0	3.36	12/17/1998	161.0	15.48	8-9 PM	12/17/1998
		12/13/1999	12/21/2000	204.0	8.5	795.0	3.90	06/01/2000	155.0	18.24	5-6 PM	04/27/2000

PENNSYLVANIA-AMERICAN WATER COMPANY

Summary of Observed Maximum Day and Hour Demand Ratios
Commercial Customers

Customer Name	District	Test Period		Annual Consumption		Maximum Day During Test Period			Maximum Hour During Test Period			
		From	To	Average Day	Average Hour	Gallons	Ratio	Date	Gallons	Ratio	Hour	Date
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
ABC Supply Company	Northeast	04/16/1997	12/22/1997	177.0	7.4	8,210.0	46.38	09/28/1997	378.0	51.08	3-4 AM	09/28/1997
		12/22/1997	12/22/1998	122.0	5.1	311.0	2.55	06/11/1998	118.0	23.14	1-2 PM	06/11/1998
		12/14/1998	12/23/1999	123.0	5.1	583.0	4.74	12/14/1999	383.0	75.10	3-4 PM	12/14/1999
		12/23/1999	12/21/2000	457.0	19.0	9,335.0	20.43	05/13/2000	799.0	42.05	8-9 PM	05/13/2000
Sacred Heart Church Ctr.	Northeast	04/16/1997	12/22/1997	51.0	2.1	172.0	3.37	06/16/1997	172.0	81.90	2-3 PM	06/16/1997
		12/22/1997	12/22/1998	28.0	1.2	656.0	23.43	03/08/1998	313.0	260.83	12-1 PM	03/08/1998
		01/11/1999	11/23/1999	30.0	1.3	301.0	10.03	05/14/1999	136.0	104.62	9-10 AM	04/29/1999
		12/13/1999	12/21/2000	15.0	0.6	306.0	20.40	02/07/2000	149.0	248.33	9-10 AM	07/28/2000
Atlantic Veal & Lamb	Northeast	04/16/1997	12/22/1997	5,675.0	236.5	38,185.0	6.73	12/17/1997	2,348.0	9.93	4-5 PM	12/18/1997
		12/22/1997	12/22/1998	8,104.0	337.7	34,027.0	4.20	01/13/1998	2,603.0	7.71	4-5 PM	02/18/1998
		12/14/1998	12/23/1999	941.0	39.2	6,761.0	7.18	10/05/1999	1,120.0	28.57	7-8 AM	02/19/1999
		12/13/1999	12/21/2000	790.0	32.9	5,134.0	6.50	02/04/2000	1,209.0	36.75	8-9 AM	09/29/2000
Atlantic Veal & Lamb	Northeast	04/16/1997	12/22/1997	3,735.0	155.6	17,814.0	4.77	05/12/1997	1,206.0	7.75	2-3 PM	08/08/1997
		12/22/1997	12/22/1998	5,495.0	229.0	30,352.0	5.52	01/18/1998	1,462.0	6.38	3-4 AM	01/15/1998
		01/11/1999	12/23/1999	3,806.0	158.6	21,442.0	5.63	12/16/1999	1,556.0	9.81	11-12 PM	04/15/1999
		12/13/1999	12/21/2000	2,421.0	100.9	27,337.0	11.29	01/27/2000	1,624.0	16.10	11-12 PM	01/27/2000
Atlantic Veal & Lamb	Northeast	04/16/1997	12/22/1997	350.0	14.6	8,877.0	25.36	06/29/1997	964.0	66.03	12-1 PM	06/26/1997
		12/22/1997	12/22/1998	468.0	19.5	6,577.0	14.05	01/25/1998	501.0	25.69	9-10 AM	05/13/1998
		12/14/1998	12/23/1999	132.0	5.5	607.0	4.60	09/03/1999	423.0	76.91	10-11 AM	09/03/1999
		12/13/1999	12/21/2000	190.0	7.9	2,657.0	13.98	04/03/2000	305.0	38.61	12-1 PM	04/03/2000

PENNSYLVANIA-AMERICAN WATER COMPANY

Summary of Observed Maximum Day and Hour Demand Ratios
Industrial Customers

Customer Name	District	Test Period		Annual Consumption		Maximum Day During Test Period			Maximum Hour During Test Period			
		From	To	Average Day	Average Hour	Gallons	Ratio	Date	Gallons	Ratio	Hour	Date
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Sunshine Quality Products	Frackville	04/16/1993	12/07/1994	16,399.0	683.3	46,775.0	2.85	12/16/1993	6,458.0	9.45	8-9 AM	12/09/1993
		11/28/1994	12/14/1995	20,754.8	864.8	42,529.0	2.05	06/16/1995	5,369.0	6.21	9-10 AM	10/13/1995
		12/06/1995	12/13/1996	24,789.0	1,032.9	51,305.0	2.07	08/12/1996	5,596.0	5.42	7-8 AM	08/12/1996
		12/13/1996	04/10/1997	7,396.0	308.2	49,942.0	6.75	12/23/1996	5,337.0	17.32	10-11 AM	12/23/1996
Hershey Foods	Hershey	12/12/1994	11/02/1995	506,142.5	21,089.3	788,846.0	1.56	06/14/1995	39,246.0	1.86	12-1 PM	06/14/1995
		08/19/1997	01/07/1998	527,753.0	21,989.7	575,319.0	1.09	09/16/1997	31,455.0	1.43	12-1 PM	09/05/1997
		01/07/1998	01/07/1999	319,899.0	13,329.1	554,841.0	1.73	09/03/1998	28,003.0	2.10	12-1 PM	09/03/1998
		12/24/1998	01/06/2000	367,490.0	15,312.1	678,823.0	1.85	06/11/1999	49,049.0	3.20	5-6 AM	05/03/1999
		12/24/1999	01/05/2001	595,257.0	24,802.4	689,392.0	1.16	04/25/2000	44,503.0	1.79	10-11 AM	03/28/2000
American Car & Foundary Co	White Deer	04/15/1993	12/20/1994	199,592.0	8,316.3	268,221.0	1.34	02/02/1994	11,611.0	1.40	7-8 AM	01/24/1994
		01/09/1997	01/06/1998	122,937.0	5,122.4	141,916.0	1.15	08/26/1997	8,045.0	1.57	6-7 AM	08/04/1997
		01/06/1998	12/23/1998	93,545.0	3,897.7	120,635.0	1.29	09/22/1998	6,780.0	1.74	5-6 AM	04/06/1998
		12/14/1998	12/23/1999	87,570.0	3,648.8	150,912.0	1.72	06/28/1999	8,426.0	2.31	3-4 AM	06/28/1999
		12/15/1999	11/22/2000	52,149.0	2,172.9	128,451.0	2.46	08/07/2000	7,535.0	3.47	6-7 AM	08/14/2000
H. Warshow & Sons	White Deer	04/15/1993	12/20/1994	296,953.0	12,373.0	512,993.7	1.73	07/23/1993	34,006.3	2.75	9-10 PM	07/23/1993
		12/09/1994	10/24/1995	316,738.4	13,197.4	503,504.0	1.59	03/14/1995	28,354.0	2.15	5-6 PM	03/14/1995
		04/11/1996	12/27/1996	266,653.4	11,110.6	447,067.0	1.68	05/22/1996	28,503.0	2.57	5-6 AM	04/17/1996
		12/27/1996	12/26/1997	266,653.0	11,110.5	477,177.0	1.79	12/16/1997	39,258.0	3.53	6-7 AM	12/16/1997
		12/26/1997	12/23/1998	239,760.0	9,990.0	314,316.0	1.31	02/05/1998	36,566.0	3.66	3-4 AM	07/07/1998
		12/14/1998	12/22/1999	158,637.0	6,609.9	328,733.0	2.07	10/26/1999	26,943.0	4.08	10-11 AM	12/17/1998
		12/15/1999	11/22/2000	135,040.0	5,626.7	293,361.0	2.17	05/03/2000	22,443.0	3.99	4-5 AM	08/23/2000
GTE Products Corporation	Warren	04/23/1993	12/01/1994	386,313.0	16,096.4	501,847.0	1.30	11/09/1994	29,842.0	1.85	6-7 AM	08/22/1994
		11/22/1994	11/09/1995	358,465.8	14,936.1	557,840.0	1.56	10/18/1995	28,386.0	1.90	10-11 AM	03/30/1995
		11/21/1995	12/27/1996	284,808.2	11,867.0	535,122.0	1.88	12/06/1995	25,505.0	2.15	7-8 PM	12/06/1995
		11/21/1997	12/31/1998	279,323.0	11,638.5	504,952.0	1.81	11/04/1998	27,876.0	2.40	9-10 AM	11/12/1998
		12/21/1998	01/03/2000	356,247.0	14,843.6	505,932.0	1.42	12/02/1999	46,620.0	3.14	3-4 PM	12/02/1999
		12/21/1999	12/01/2000	333,031.4	13,876.3	700,470.0	2.10	09/20/2000	55,372.0	3.99	10-11 AM	09/20/2000
Loranger Plastics	Warren	04/23/1993	12/01/1994	69,688.0	2,903.7	107,081.0	1.54	08/31/1993	4,843.0	1.67	9-10 AM	08/31/1993
		11/22/1994	12/01/1995	51,063.8	2,127.7	71,277.0	1.40	06/08/1995	3,501.0	1.65	12-1 AM	06/22/1995
		11/21/1995	12/27/1996	41,480.3	1,728.3	63,245.0	1.52	08/20/1996	2,826.0	1.64	4-5 PM	08/19/1996
		12/27/1996	01/02/1998	34,655.0	1,444.0	71,186.0	2.05	03/06/1997	3,777.0	2.62	6-7 PM	03/05/1997
		01/02/1998	12/31/1998	25,824.0	1,076.0	43,994.0	1.70	08/26/1998	2,808.0	2.61	10-11 AM	09/29/1998
		12/21/1998	01/03/2000	8,263.0	344.3	24,050.0	2.91	05/02/1999	2,005.0	5.82	10-11 AM	04/22/1999
		12/21/1999	12/01/2000	9,044.0	376.8	24,036.0	2.66	09/16/2000	1,479.0	3.93	8-9 PM	09/20/2000

PENNSYLVANIA-AMERICAN WATER COMPANY

Summary of Observed Maximum Day and Hour Demand Ratios
Industrial Customers

Customer Name	District	Test Period		Annual Consumption		Maximum Day During Test Period			Maximum Hour During Test Period			
		From	To	Average Day	Average Hour	Gallons	Ratio	Date	Gallons	Ratio	Hour	Date
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Lukens Steel Company	Norristown	04/26/1993	11/04/1994	71,786.0	2,991.1	155,896.0	2.17	10/28/1994	11,303.0	3.78	4-5 AM	10/28/1994
		07/28/1995	11/10/1995	92,086.3	3,836.9	125,964.0	1.37	08/22/1995	6,293.0	1.64	1-2 PM	08/25/1995
		01/29/1996	08/08/1996	114,495.6	4,770.7	199,628.0	1.74	07/12/1996	9,176.0	1.92	2-3 PM	07/18/1996
Anchor Glass	Fayette	04/07/1993	12/21/1994	100,641.0	4,193.4	321,912.0	3.20	01/29/1994	14,263.0	3.40	10-11 PM	01/22/1994
		02/06/1995	05/18/1995	98,945.5	4,122.7	118,512.0	1.20	03/10/1995	9,436.0	2.29	1-2 PM	03/10/1995
		02/09/1996	11/21/1996	70,769.3	2,948.7	107,516.0	1.52	03/17/1996	6,897.0	2.34	7-8 AM	03/19/1996
		03/12/1997	10/23/1997	67,777.0	2,824.0	133,934.0	1.98	07/27/1997	18,100.0	6.41	9-10 PM	07/27/1997
		12/11/1998	12/23/1999	124,955.0	5,206.5	412,773.0	3.30	07/06/1999	19,164.0	3.68	2-3AM	01/07/1999
		12/13/1999	12/22/2000	90,133.0	3,755.5	515,552.0	5.72	08/21/2000	33,305.0	8.87	11-12 PM	08/21/2000
Dennis Lumber	Fayette	04/07/1993	12/21/1994	11,121.0	463.4	36,207.0	3.26	11/13/1993	6,304.0	13.60	1-2 PM	09/27/1993
		12/12/1994	12/22/1995	8,935.6	372.3	34,664.0	3.88	01/12/1995	3,892.0	10.45	8-9 AM	01/30/1995
		12/12/1995	01/07/1997	6,766.0	281.9	36,083.0	5.33	10/07/1996	3,111.0	11.04	11-12 AM	12/16/1995
		01/07/1997	12/26/1997	8,415.0	350.6	31,945.0	3.80	12/09/1997	6,160.0	17.57	4-5 PM	12/09/1997
		12/26/1997	12/23/1998	12,890.0	537.1	51,137.0	3.97	11/09/1998	4,522.0	8.42	2-3 AM	09/01/1998
		01/12/1999	11/23/1999	11,132.0	463.8	27,627.0	2.48	06/21/1999	3,384.0	7.30	11-12 PM	10/16/1999
International Paper	White Deer	04/15/1993	11/18/1994	915,216.0	38,134.0	1,665,174.0	1.82	05/17/1994	91,557.1	2.40	8-9 AM	06/28/1993
		02/08/1995	10/24/1995	719,201.4	29,966.7	884,877.0	1.23	07/10/1995	68,354.0	2.28	9-10 PM	06/21/1995
		04/11/1996	12/27/1996	747,833.7	31,159.7	1,455,181.0	1.95	12/16/1996	91,905.0	2.95	3-4 PM	12/06/1996
		12/27/1996	12/27/1997	688,916.0	28,704.8	1,060,844.0	1.54	08/22/1997	97,035.0	3.38	6-7 AM	03/22/1997
		12/27/1997	12/24/1998	584,033.0	24,334.7	1,113,325.0	1.91	10/07/1998	96,341.0	3.96	8-9 AM	12/30/1997
		12/14/1998	12/23/1999	673,108.0	28,046.2	1,310,309.0	1.95	10/13/1999	100,669.0	3.59	4-5 PM	05/25/1999
		12/15/1999	11/22/2000	683,160.0	28,465.0	2,655,602.0	3.89	04/04/2000	162,949.0	5.72	3-4 AM	03/21/2000
Hercules, Inc.	Mon-Valley	04/08/1993	12/20/1994	197,860.0	8,244.2	281,030.0	1.42	07/13/1994	32,814.0	3.98	7-8 AM	09/22/1993
		12/09/1995	12/22/1995	174,794.0	7,283.1	301,307.0	1.72	08/20/1995	123,325.0	16.93	9-10 PM	08/20/1995
		12/11/1995	12/20/1996	163,447.0	6,810.3	251,162.0	1.54	10/17/1996	32,711.0	4.80	12-1 PM	02/23/1996
		12/20/1996	12/30/1997	212,030.0	8,834.6	415,181.0	1.96	10/01/1997	77,023.0	8.72	12-1 AM	09/16/1997
		12/30/1997	12/21/1998	174,892.0	7,287.2	301,929.0	1.73	11/24/1998	39,468.0	5.42	7-8 PM	08/26/1998
		12/11/1998	12/22/1999	257,256.0	10,719.0	755,458.0	2.94	09/23/1999	76,569.0	7.14	1-2 AM	09/24/1999
		12/09/1999	12/20/2000	239,605.0	9,983.5	354,078.0	1.48	08/16/2000	73,306.0	7.34	12-1 PM	09/19/2000

PENNSYLVANIA-AMERICAN WATER COMPANY

Summary of Observed Maximum Day and Hour Demand Ratios
Industrial Customers

Customer Name	District	Test Period		Annual Consumption		Maximum Day During Test Period			Maximum Hour During Test Period			
		From	To	Average Day	Average Hour	Gallons	Ratio	Date	Gallons	Ratio	Hour	Date
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
ARMCO	Butler	07/07/1993	12/19/1994	2,332,703.0	97,196.0	2,901,206.0	1.24	04/19/1994	186,452.0	1.92	6-7 AM	09/08/1993
		11/28/1994	05/18/1995	2,582,468.0	107,602.8	2,902,356.0	1.12	01/12/1995	156,437.0	1.45	11-12 PM	03/17/1995
		07/17/1996	09/23/1996	2,631,377.0	109,640.7	3,250,217.0	1.24	07/19/1996	176,226.0	1.61	2-3 AM	07/23/1996
		06/09/1997	12/22/1997	2,099,505.0	87,479.4	3,429,507.0	1.63	09/16/1997	214,557.0	2.45	5-6 PM	09/16/1997
		12/22/1997	12/21/1998	1,854,373.0	77,265.5	3,261,700.0	1.76	10/16/1998	155,158.0	2.01	4-5 AM	10/16/1998
		11/26/1998	11/19/1999	1,995,830.0	83,159.6	3,294,341.0	1.65	07/05/1999	226,831.0	2.73	3-4AM	08/19/1999
U. S. Steel	Mon-Valley	09/08/1994	12/19/1994	825,014.0	34,375.6	1,526,857.0	1.85	06/16/1994	75,078.0	2.18	2-3 PM	07/11/1994
		12/09/1994	12/21/1995	593,483.0	24,728.5	1,250,641.0	2.11	08/22/1995	65,317.0	2.64	12-1 PM	08/23/1995
		12/11/1996	12/22/1997	674,017.0	28,084.0	1,297,352.0	1.92	03/11/1997	64,533.0	2.30	3-4 PM	03/11/1997
		12/22/1997	12/21/1998	606,338.0	25,264.1	870,755.0	1.44	09/21/1998	53,415.0	2.11	12-1 PM	09/17/1998
		12/11/1998	12/22/1999	655,990.0	27,332.9	1,180,366.0	1.80	11/10/1999	68,747.0	2.52	2-3 PM	11/17/1999
		12/09/1999	12/20/2000	402,838.0	16,784.9	964,692.0	2.39	06/01/2000	51,317.0	3.06	1-2 PM	06/01/2000
American Home Foods	White Deer	04/15/1993	12/19/1994	442,258.5	18,427.4	2,314,219.0	5.23	08/17/1993	138,200.0	7.50	11-12 PM	08/20/1993
		12/09/1994	10/24/1995	423,364.4	17,640.2	799,215.0	1.89	09/06/1995	47,767.0	2.71	11-12 PM	09/06/1995
		12/13/1996	01/06/1998	1,054,919.0	43,955.0	1,789,537.0	1.70	10/09/1997	110,860.0	2.52	11-12 PM	10/14/1997
		01/06/1998	01/20/1999	1,210,485.0	50,436.9	2,558,869.0	2.11	09/16/1998	143,683.0	2.85	12-1 AM	09/17/1998
		12/14/1998	10/26/1999	1,326,734.0	55,280.6	2,604,540.0	1.96	09/29/1999	162,134.0	2.93	10-11 AM	10/12/1999
		12/15/1999	11/22/2000	1,505,140.0	62,714.2	2,683,144.0	1.78	02/09/2000	156,878.0	2.50	12-1 PM	08/11/2000
United Refining	Warren	04/23/1993	12/19/1994	651,304.0	27,138.0	1,655,902.0	2.54	08/27/1993	72,042.0	2.65	12-1 PM	08/24/1993
		11/22/1994	12/01/1995	157,300.0	6,554.2	510,282.0	3.24	11/03/1995	52,306.0	7.98	1-2 PM	08/14/1995
		11/21/1995	12/27/1996	130,179.0	5,424.1	456,226.0	3.50	12/14/1995	27,632.0	5.09	10-11 AM	12/02/1995
		12/27/1996	01/02/1998	273,663.0	11,402.6	650,502.0	2.38	05/15/1997	39,483.0	3.46	6-7 PM	04/26/1997
		01/02/1998	12/31/1998	369,419.0	15,392.5	1,764,224.0	4.78	08/29/1998	81,955.0	5.32	11-12 PM	08/29/1998
		12/21/1998	01/03/2000	208,434.0	8,684.8	911,595.0	4.37	07/24/1999	62,272.0	7.17	12-1 PM	04/14/1999
		12/21/1999	12/01/2000	172,017.0	7,167.4	1,193,052.0	6.94	07/31/2000	87,816.0	12.25	11-12 PM	06/29/2000
Titanium Industrial	Frackville	11/27/1998	12/10/1999	20,190.0	841.3	48,831.0	2.42	07/22/1999	2,389.0	2.84	5-6AM	06/26/1999
		12/07/1999	12/13/2000	15,362.0	640.1	38,655.0	2.52	10/10/2000	1,934.0	3.02	12-1PM	05/10/2000
INMETCO	Lawrence	12/16/1998	12/22/1999	102,137.0	4,255.7	166,983.0	1.63	05/23/1999	19,997.0	4.70	5-6 PM	03/16/1999
		12/09/1999	01/23/2001	151,471.0	6,311.3	525,646.0	3.47	08/15/2000	77,213.0	12.23	2-3 AM	06/19/2000
Koppel Steel	Mon Valley	01/11/1999	10/24/2000	605,710.0	25,237.9	912,470.0	1.51	06/07/1999	52,270.0	2.07	6-7 AM	06/07/1999

PENNSYLVANIA-AMERICAN WATER COMPANY

Summary of Observed Maximum Day and Hour Demand Ratios
Industrial Customers

Customer Name	District	Test Period		Annual Consumption		Maximum Day During Test Period			Maximum Hour During Test Period			
		From	To	Average Day	Average Hour	Gallons	Ratio	Date	Gallons	Ratio	Hour	Date
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Harris Semiconductor	Northeast	04/30/1997	12/22/1997	898,532.0	37,438.8	1,359,754.0	1.51	07/25/1997	69,610.0	1.86	11-12 PM	07/25/1997
		12/22/1997	12/22/1998	822,506.0	34,271.1	1,358,871.0	1.65	08/10/1998	65,311.0	1.91	12-1 PM	08/21/1998
		12/14/1998	12/23/1999	826,298.0	34,429.1	1,046,735.0	1.27	09/11/1999	54,504.0	1.58	9-10 AM	07/17/1999
		12/13/1999	12/21/2000	728,883.0	30,370.1	1,099,464.0	1.51	09/12/2000	55,019.0	1.81	6-7 PM	09/15/2000
Thompson Cons. Electr.	Northeast	04/16/1997	12/22/1997	647,135.0	26,964.0	829,031.0	1.28	08/10/1997	50,904.0	1.89	1-2 AM	10/26/1997
		12/22/1997	12/22/1998	705,859.0	29,410.8	900,891.0	1.28	04/03/1998	55,507.0	1.89	2-3 PM	06/25/1998
		12/14/1998	12/23/1999	654,135.0	27,255.6	831,238.0	1.27	09/03/1999	49,743.0	1.83	11-12 AM	10/10/1999
		12/13/1999	12/21/2000	622,342.0	25,930.9	867,531.0	1.39	06/02/2000	51,508.0	1.99	10-11 AM	10/09/2000
Lion Inc.	Northeast	04/16/1997	12/22/1997	369,494.0	15,395.6	657,355.0	1.78	12/09/1997	40,700.0	2.64	12-1 PM	11/24/1997
		12/22/1997	12/22/1998	284,939.0	11,872.5	676,840.0	2.38	01/14/1998	41,937.0	3.53	11-12 AM	01/05/1998
		12/14/1998	12/23/1999	322,421.0	13,434.2	767,610.0	2.38	06/09/1999	41,736.0	3.11	7-8 AM	06/10/1999
Quaker Oats	Northeast	09/10/1997	12/22/1998	284,039.0	11,835.0	492,819.0	1.74	07/23/1998	32,586.0	2.75	8-9 PM	06/29/1998
		12/14/1998	12/23/1999	270,428.0	11,267.8	617,494.0	2.28	07/22/1999	48,794.0	4.33	5-6 PM	09/23/1999
		12/13/1999	11/21/2000	545,397.0	22,724.9	732,115.0	1.34	08/16/2000	41,691.0	1.83	5-6 AM	07/10/2000
Inter Metro Industries	Northeast	04/16/1997	12/22/1997	180,711.0	7,529.6	296,494.0	1.64	09/09/1997	14,448.0	1.92	1-2 PM	09/19/1997
		12/22/1997	12/22/1998	151,658.0	6,319.1	286,579.0	1.89	11/12/1998	14,393.0	2.28	7-8 PM	02/10/1998
		12/14/1998	11/23/1999	185,755.0	7,739.8	287,127.0	1.55	12/22/1998	13,574.0	1.75	10-11 AM	03/18/1999
		12/13/1999	12/21/2000	130,133.0	5,422.2	304,429.0	2.34	09/26/2000	16,606.0	3.06	5-6 PM	10/02/2000
Angelica Corporation	Northeast	04/16/1997	12/22/1997	157,234.0	6,551.4	266,160.0	1.69	07/28/1997	14,140.0	2.16	9-10 AM	12/09/1997
		01/14/2000	12/21/2000	118,925.0	4,955.2	211,339.0	1.78	08/15/2000	21,985.0	4.44	2-3 PM	08/15/2000
Jaunty Textile	Northeast	07/21/1997	12/22/1997	299,944.0	12,497.7	555,840.0	1.85	12/02/1997	42,360.0	3.39	11-12 AM	09/22/1997
		12/22/1997	12/22/1998	262,170.0	10,923.8	642,422.0	2.45	07/29/1998	48,219.0	4.41	9-10 AM	09/30/1998
		12/14/1998	12/23/1999	98,629.0	4,109.5	396,067.0	4.02	01/27/1999	47,255.0	11.50	1-2 PM	02/01/1999
		12/13/1999	12/21/2000	34,204.0	1,425.2	157,278.0	4.60	12/14/1999	27,953.0	19.61	6-7 AM	05/23/2000
Westlake United Corp.	Northeast	04/16/1997	12/22/1997	60,562.0	2,523.4	281,046.0	4.64	07/20/1997	42,951.0	17.02	8-9 AM	08/10/1997
		12/22/1997	12/22/1998	60,562.0	2,523.4	228,557.0	3.77	08/21/1998	41,619.0	16.49	5-6 PM	08/23/1998
		12/14/1998	12/23/1999	80,726.0	3,363.6	319,420.0	3.96	07/12/1999	39,055.0	11.61	12-1 AM	07/12/1999
		12/13/1999	12/21/2000	97,064.0	4,044.3	253,623.0	2.61	12/14/2000	42,240.0	10.44	6-7 AM	12/17/2000
Techneglass	Northeast	07/16/1997	12/22/1997	771,611.0	32,150.5	723,490.0	0.94	08/04/1997	41,290.0	1.28	12-1 AM	08/04/1997
		12/22/1997	12/22/1998	553,540.0	23,064.2	574,683.0	1.04	01/19/1998	33,546.0	1.45	4-5 PM	01/20/1998
		12/14/1998	12/23/1999	545,569.0	22,732.0	793,093.0	1.45	05/22/1999	36,605.0	1.61	12-1 PM	04/26/1999
		12/13/1999	12/21/2000	355,891.0	14,828.8	847,397.0	2.38	05/09/2000	55,597.0	3.75	12-1 AM	10/04/2000

PENNSYLVANIA-AMERICAN WATER COMPANY

Summary of Observed Maximum Day and Hour Demand Ratios
Public Customers

Customer Name	District	Test Period		Annual Consumption		Maximum Day During Test Period			Maximum Hour During Test Period			
		From	To	Average Day	Average Hour	Gallons	Ratio	Date	Gallons	Ratio	Hour	Date
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Nesco Sewage Disp. Pl.	Berwick	04/14/1993	12/13/1994	3,086.0	128.6	13,703.0	4.44	02/24/1994	896.4	6.97	4-5 PM	06/03/1993
		12/01/1994	12/22/1995	164.4	6.9	5,142.0	31.28	05/31/1994	717.0	103.91	7-8 AM	08/03/1995
		12/13/1995	12/27/1996	123.3	5.1	1,776.0	14.40	05/03/1996	655.0	128.43	9-10 AM	05/03/1996
		12/27/1996	12/26/1997	285.0	11.9	2,902.0	10.18	04/21/1997	1,071.0	90.00	1-2 PM	04/21/1997
		12/26/1997	12/22/1998	495.0	20.6	2,951.0	5.96	04/14/1998	1,227.0	59.56	1-2 PM	04/14/1998
		12/11/1998	12/21/1999	264.0	11.0	1,318.0	4.99	06/09/1999	804.0	73.09	9-10AM	06/09/1999
		12/10/1999	12/21/2000	323.0	13.5	3,737.0	11.57	05/17/2000	1,136.0	84.15	6-7AM	06/21/2000
DDRE Post 1	Riverton	04/05/1993	12/16/1994	183,391.0	7,641.3	675,575.9	3.68	05/18/1993	35,738.5	4.68	9-10 AM	05/18/1993
		01/11/1995	12/28/1995	200,539.7	8,355.8	377,668.0	1.88	05/10/1995	38,423.0	4.60	7-8 AM	05/15/1995
		12/20/1995	08/29/1996	200,276.7	8,344.9	644,748.0	3.22	08/26/1996	30,699.0	3.68	8-9 AM	08/26/1996
		01/17/1997	12/30/1997	200,408.2	8,350.3	636,324.0	3.18	09/22/1997	39,578.0	4.74	3-4 AM	11/25/1997
		12/30/1997	12/29/1998	100,605.0	4,191.9	718,955.0	7.15	05/12/1998	45,838.0	10.93	10-11 AM	11/14/1998
		01/14/1999	12/29/1999	162,705.0	6,779.4	1,272,150.0	7.82	11/18/1999	102,695.0	15.15	11-12 AM	11/30/1999
		12/17/1999	12/29/2000	174,654.3	7,277.3	641,722.0	3.67	07/07/2000	64,204.0	8.82	9-10 AM	01/07/2000
U.S. Navy Depot	Riverton	07/13/1993	12/19/1994	289,890.0	12,078.8	855,554.0	2.95	02/15/1994	68,165.0	5.64	9-10 AM	12/07/1993
		12/08/1994	12/28/1995	65,533.7	2,730.6	799,816.0	12.20	01/31/1995	57,290.0	20.98	9-10 AM	01/12/1995
		01/17/1996	11/26/1996	71,049.3	2,960.4	413,331.0	5.82	06/20/1996	58,159.0	19.65	4-5 PM	11/15/1996
		08/18/1997	12/30/1997	44,447.0	1,852.0	170,901.0	3.85	09/22/1997	83,251.0	44.95	2-3 PM	09/22/1997
		12/16/1998	12/29/1999	102,516.0	4,271.5	662,426.0	6.46	12/01/1999	104,209.0	24.40	7-8 AM	07/22/1999
		12/17/1999	12/29/2000	181,930.0	7,580.4	1,125,813.0	6.19	08/16/2000	357,200.0	47.12	2-3 AM	08/26/2000
Clarion University	Clarion	04/21/1993	12/13/1994	162,589.0	6,774.5	391,876.7	2.41	05/02/1993	23,649.9	3.49	2-3 PM	04/29/1993
		12/02/1994	12/13/1995	142,691.2	5,945.5	360,644.0	2.53	09/03/1995	26,079.0	4.39	2-3 AM	05/30/1995
		12/01/1995	12/11/1996	146,907.9	6,121.2	384,193.0	2.62	10/23/1996	22,671.0	3.70	3-4 AM	10/23/1996
		11/28/1996	12/10/1997	150,657.0	6,277.4	406,999.0	2.70	10/06/1997	22,700.0	3.62	12-1 AM	09/09/1997
		12/10/1997	12/09/1998	112,866.0	4,702.8	318,557.0	2.82	11/13/1998	22,906.0	4.87	3-4 AM	03/19/1998
		11/27/1998	12/09/1999	99,882.0	4,161.8	283,177.0	2.84	05/09/1999	22,422.0	5.39	1-2AM	05/09/1999
		11/29/1999	12/08/2000	113,258.0	4,719.1	251,301.0	2.22	03/07/2000	22,812.0	4.83	3-4AM	04/14/2000
University of California	California	05/11/1993	12/20/1994	40,527.0	1,688.6	112,839.0	2.78	10/12/1994	10,375.0	6.14	8-9 PM	11/17/1994
		12/09/1994	06/29/1995	35,500.0	1,479.2	72,698.0	2.05	02/27/1995	13,657.0	9.23	6-7 PM	02/27/1995
		03/11/1997	11/21/1997	36,860.0	1,535.8	53,579.0	1.45	11/10/1997	3,649.0	2.38	9-10 AM	10/17/1997
		12/15/1997	12/22/1998	23,532.0	980.5	55,944.0	2.38	02/18/1998	3,982.0	4.06	10-11 AM	10/30/1998
		12/10/1998	12/22/1999	33,537.0	1,397.4	72,845.0	2.17	01/29/1999	31,210.0	22.33	7-8PM	02/22/1999

PENNSYLVANIA-AMERICAN WATER COMPANY

Summary of Observed Maximum Day and Hour Demand Ratios
Public Customers

Customer Name	District	Test Period		Annual Consumption		Maximum Day During Test Period			Maximum Hour During Test Period			
		From	To	Average Day	Average Hour	Gallons	Ratio	Date	Gallons	Ratio	Hour	Date
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
University of California	California	05/11/1993	12/20/1994	78,419.0	3,267.5	148,681.0	1.90	11/17/1994	21,585.0	6.61	8-9 PM	11/17/1994
		12/09/1994	08/21/1995	76,584.9	3,191.0	191,301.0	2.50	02/27/1995	27,543.0	8.63	6-7 PM	02/27/1995
		03/11/1997	05/21/1997	58,001.0	2,416.7	101,614.0	1.75	03/31/1997	10,404.0	4.31	1-2 PM	04/16/1997
		12/15/1997	12/22/1998	48,018.0	2,000.8	117,270.0	2.44	09/17/1998	8,780.0	4.39	11-12 AM	11/19/1998
		02/10/1999	12/22/1999	67,951.0	2,831.3	154,278.0	2.27	09/14/1999	28,765.0	10.16	7-8PM	02/22/1999
		12/10/1999	12/21/2000	65,904.0	2,746.0	127,971.0	1.94	09/11/2000	11,469.0	4.18	6-6AM	08/30/2000
California State College	California	12/09/1999	12/21/2000	5,959.0	248.3	12,742.0	2.14	08/16/2000	2,415.0	9.73	12-1PM	03/08/2000
Warren County Schools	Warren	04/23/1993	12/01/1994	3,513.0	146.4	22,968.6	6.54	07/26/1993	2,968.0	20.27	10-11 AM	09/22/1993
		11/22/1994	12/01/1994	4,542.2	189.3	12,400.0	2.73	01/26/1995	1,850.0	9.77	12-1 PM	05/25/1995
		11/21/1995	12/27/1996	6,060.8	252.5	20,362.0	3.36	01/21/1996	1,679.0	6.65	11-12 AM	09/17/1996
		12/27/1996	01/02/1998	5,198.0	216.6	20,217.0	3.89	04/14/1997	5,001.0	23.09	9-10 PM	04/14/1997
		01/02/1998	12/31/1998	6,058.0	252.4	13,807.0	2.28	03/17/1998	1,586.0	6.28	12-1 PM	02/18/1998
		12/21/1998	01/03/2000	5,074.4	211.4	15,003.0	2.96	06/02/1999	2,233.0	10.56	2-3 PM	12/18/1999
		12/21/1999	12/01/2000	5,074.4	211.4	20,258.0	3.99	10/03/2000	2,931.0	13.86	12-1 PM	05/04/2000
Housing Authority	Lawrence	04/08/1993	05/24/1994	37,135.0	1,547.3	48,394.3	1.30	08/29/1993	3,519.4	2.27	3-4 PM	07/07/1993
		12/08/1994	12/28/1995	36,424.7	1,517.7	67,015.0	1.84	07/15/1995	5,340.0	3.52	5-6 PM	07/14/1995
		02/12/1996	11/22/1996	77,810.1	3,242.1	190,711.0	2.45	11/17/1996	8,180.0	2.52	8-9 AM	11/18/1996
		05/09/1997	12/23/1997	32,719.0	1,363.3	39,917.0	1.22	07/17/1997	2,384.0	1.75	1-2 PM	06/22/1997
		12/23/1997	12/22/1998	31,055.0	1,294.0	49,290.0	1.59	12/17/1998	2,365.0	1.83	2-3 PM	12/19/1998
AHI Dodge Association	Mon-Valley	04/08/1993	11/21/1994	67,909.0	2,829.5	122,350.9	1.80	07/12/1993	17,342.5	6.13	3-4 PM	07/12/1993
		12/09/1994	12/21/1995	22,340.8	930.9	49,382.0	2.21	12/12/1994	3,463.0	3.72	6-7 PM	12/19/1994
		12/11/1996	12/30/1997	17,415.0	725.6	23,659.0	1.36	01/20/1997	2,131.0	2.94	11-12 AM	09/01/1997
		12/30/1997	12/21/1998	11,655.0	485.6	22,239.0	1.91	01/20/1998	3,738.0	7.70	2-3 PM	03/26/1998
Allegheny County Housin	Mon-Valley	04/15/1993	11/21/1994	3,601.0	150.0	16,253.0	4.51	08/13/1994	1,360.0	9.07	12-1 PM	01/11/1994
		02/03/1995	12/21/1995	5,785.2	241.1	12,926.0	2.23	09/03/1995	936.0	3.88	8-9 PM	07/06/1995
		02/09/1996	11/22/1996	4,593.2	191.4	9,597.0	2.09	02/16/1996	607.0	3.17	7-8 PM	11/21/1996
		12/12/1996	11/21/1997	2,298.0	95.8	8,732.0	3.80	12/15/1996	585.0	6.11	10-11 PM	08/19/1997
		12/11/1997	10/22/1998	3,088.0	128.7	9,562.0	3.10	01/24/1998	557.0	4.33	10-11 PM	02/03/1998
		12/11/1998	12/22/1999	3,732.0	155.5	17,037.0	4.57	12/16/1999	907.0	5.83	5-6 PM	10/02/1999

PENNSYLVANIA-AMERICAN WATER COMPANY

Summary of Observed Maximum Day and Hour Demand Ratios
Public Customers

Customer Name	District	Test Period		Annual Consumption		Maximum Day During Test Period			Maximum Hour During Test Period			
		From	To	Average Day	Average Hour	Gallons	Ratio	Date	Gallons	Ratio	Hour	Date
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Allegheny County Housin	Mon-Valley	04/08/1993	12/19/1994	11,567.0	482.0	31,684.0	2.74	08/04/1994	5,723.0	11.87	10-11 PM	08/04/1994
		12/09/1994	12/21/1995	8,579.2	357.5	10,746.0	1.25	08/13/1995	1,259.0	3.52	1-2 PM	11/23/1995
		12/12/1995	11/22/1996	8,324.7	346.9	16,920.0	2.03	10/22/1996	1,325.0	3.82	9-10 PM	10/22/1996
		01/10/1997	08/22/1997	8,461.0	352.5	10,048.0	1.19	02/09/1997	1,162.0	3.30	1-2 PM	06/28/1997
Allegheny County Parks	Mon-Valley	05/27/1993	12/19/1994	39,494.0	1,645.6	241,042.0	6.10	01/08/1994	15,741.0	9.57	4-5 AM	01/08/1994
		12/09/1994	12/21/1995	49,442.5	2,060.1	126,478.0	2.56	09/08/1995	28,617.0	13.89	3-4 PM	09/08/1995
		12/11/1995	12/20/1996	34,145.5	1,422.7	86,223.0	2.53	02/21/1996	4,431.0	3.11	3-4 PM	02/16/1996
		12/11/1997	12/21/1998	11,846.0	493.6	36,027.0	3.04	06/14/1998	3,621.0	7.34	10-11 AM	06/05/1998
		01/07/2000	11/21/2000	8,110.0	337.9	30,759.0	3.79	02/09/2000	1,295.0	3.83	12-1 AM	01/25/2000
U.S. Penitentiary	White Deer	12/15/1998	12/24/1999	324,053.0	13,502.2	594,866.0	1.84	05/20/1999	32,812.0	2.43	3-4 AM	05/21/1999
		12/15/1999	10/25/2000	133,270.0	5,552.9	459,661.0	3.45	10/19/2000	31,815.0	5.73	12-1 AM	09/17/2000
Chase Prison	Northeast	08/11/1997	12/22/1997	145,128.0	6,047.0	371,074.0	2.56	10/24/1997	28,955.0	4.79	11-12 PM	10/23/1997
		12/22/1997	12/22/1998	133,863.0	5,577.6	596,321.0	4.45	01/15/1998	64,195.0	11.51	2-3 PM	02/04/1998
		12/14/1998	12/23/1999	125,093.0	5,212.2	534,610.0	4.27	01/21/1999	50,867.0	9.76	11-12 AM	01/21/1999
		12/13/1999	10/23/2000	96,288.0	4,012.0	539,977.0	5.61	04/20/2000	41,444.0	10.33	12-1 AM	04/20/2000
Retreat State Correctiona	Northeast	04/16/1997	12/22/1997	119,843.0	4,993.5	462,250.0	3.86	12/19/1997	29,263.0	5.86	4-5 PM	12/17/1997
		12/22/1997	12/22/1998	185,336.0	7,722.3	330,585.0	1.78	12/23/1997	24,927.0	3.23	4-5 PM	12/30/1997
		12/14/1998	12/23/1999	182,494.0	7,603.9	305,916.0	1.68	01/13/1999	19,162.0	2.52	5-6 PM	03/26/1999
		12/13/1999	12/21/2000	123,626.0	5,151.1	360,210.0	2.91	08/12/2000	10,265.0	1.99	12-1 PM	08/21/2000

PENNSYLVANIA-AMERICAN WATER COMPANY

Summary of Observed Maximum Day and Hour Demand Ratios
Sales for Resale

Customer Name	District	Test Period		Annual Consumption		Maximum Day During Test Period			Maximum Hour During Test Period			
		From	To	Average Day	Average Hour	Gallons	Ratio	Date	Gallons	Ratio	Hour	Date
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Group A:												
Oakdale Borough	Pittsburgh	05/06/1992	12/15/1994	129,123.0	5,380.1	216,432.4	1.68	12/20/1992	45,866.0	8.53	10-11 AM	08/21/1994
		12/06/1994	12/15/1995	140,213.7	5,842.2	553,135.0	3.94	11/05/1995	55,412.0	9.48	7-8 AM	11/05/1995
		12/07/1995	12/10/1996	113,016.7	4,709.0	263,751.0	2.33	12/17/1995	14,079.0	2.99	11-12 AM	12/17/1995
		12/10/1996	12/12/1997	115,022.0	4,792.6	732,875.0	6.37	12/01/1997	46,716.0	9.75	10-11 AM	11/05/1997
		12/04/1998	12/15/1999	144,588.5	6,024.5	896,780.0	6.20	11/10/1999	43,146.0	7.16	10-11 AM	11/13/1999
		03/25/1999	12/13/2000	117,131.5	4,880.5	840,382.0	7.17	12/03/2000	116,934.0	23.96	11-12 AM	05/15/2000
Connoquenessing	Butler	04/23/1992	12/19/1994	96,340.0	4,014.2	176,493.8	1.83	08/10/1992	19,868.7	4.95	12-1 AM	08/09/1992
		12/08/1994	05/19/1995	98,543.8	4,106.0	124,211.0	1.26	05/08/1995	8,415.0	2.05	10-11 AM	05/19/1995
		07/10/1996	09/20/1996	95,856.4	3,994.0	167,160.0	1.74	08/04/1996	20,464.0	5.12	7-8 PM	08/04/1996
		08/08/1997	12/23/1997	100,547.0	4,189.5	105,023.0	1.04	12/22/1997	12,702.0	3.03	9-10 AM	09/24/1997
		12/23/1997	12/18/1998	87,276.0	3,636.5	194,024.0	2.22	09/27/1998	10,097.0	2.78	6-7 PM	08/21/1998
		12/09/1998	11/22/1999	144,129.0	6,005.4	201,051.0	1.39	07/20/1999	11,967.0	1.99	1-2PM	07/27/1999
Franklin Township	Lawrence	05/14/1992	09/20/1994	32,904.0	1,371.0	83,686.0	2.54	12/28/1992	6,335.5	4.62	2-3 PM	12/18/1992
		12/08/1994	12/29/1995	41,981.6	1,749.2	77,043.0	1.84	06/20/1995	5,767.0	3.30	7-8 PM	08/02/1995
		06/12/1996	07/24/1996	35,631.0	1,484.6	67,630.0	1.90	07/06/1996	5,789.0	3.90	2-3 PM	07/03/1996
		12/10/1996	12/30/1997	41,319.0	1,721.6	90,550.0	2.19	06/09/1997	5,812.0	3.38	8-9 AM	01/04/1997
		12/30/1997	12/22/1998	39,622.0	1,650.9	88,616.0	2.24	05/13/1998	5,636.0	3.41	7-8 AM	03/27/1998
		12/11/1998	12/22/1999	49,002.0	2,041.8	86,446.0	1.76	11/25/1999	4,477.0	2.19	12-1 AM	10/14/1999
		12/09/1999	08/21/2000	35,392.0	1,474.7	91,942.0	2.60	07/02/2000	4,368.0	2.96	2-3 PM	05/03/2000
North Fayette Munic. Auth	Fayette	05/15/1992	12/21/1994	33,206.0	1,383.6	78,431.7	2.36	10/10/1992	35,356.0	25.55	9-10 AM	10/10/1992
		12/12/1994	12/22/1995	30,968.5	1,290.4	83,007.0	2.68	09/12/1995	10,724.0	8.31	4-5 AM	09/12/1995
		12/12/1995	11/21/1996	30,827.4	1,284.5	35,074.0	1.14	05/25/1996	3,802.0	2.96	6-7 PM	06/24/1996
		03/12/1997	12/26/1997	32,264.0	1,344.3	60,079.0	1.86	04/22/1997	12,775.0	9.50	2-3 AM	04/22/1997
		12/26/1997	12/23/1998	56,944.0	2,372.7	67,474.0	1.18	10/22/1998	15,794.0	6.66	7-8 PM	10/22/1998
		12/13/1999	12/22/2000	41,202.0	1,716.8	46,582.0	1.13	07/13/2000	8,977.0	5.23	10-11AM	01/12/2000
Indiana Munic.	Indiana	08/24/1992	10/05/1994	79,645.0	3,318.5	205,646.0	2.58	12/14/1994	34,054.0	10.26	11-12 AM	12/14/1994
		11/24/1994	12/28/1995	64,098.1	2,670.8	141,219.0	2.20	12/05/1995	32,292.0	12.09	3-4 AM	12/05/1995
		12/07/1995	11/14/1996	81,867.9	3,411.2	255,983.0	3.13	02/04/1996	28,370.0	8.32	2-3 PM	10/23/1996
		01/03/1997	12/15/1997	95,915.0	3,996.5	150,552.0	1.57	05/07/1997	18,942.0	4.74	2-3 PM	05/06/1997
		12/15/1997	12/14/1998	98,035.0	4,084.8	213,008.0	2.17	02/04/1998	31,326.0	7.67	12-1 PM	12/19/1997
		12/14/1998	12/14/1999	77,239.0	3,218.3	345,135.0	4.47	07/19/1999	33,514.0	10.41	6-7 PM	07/22/1999
		12/02/1999	02/11/2000	96,388.0	4,016.2	153,662.0	1.59	01/17/2000	23,233.0	5.78	2-3 PM	01/08/2000

PENNSYLVANIA-AMERICAN WATER COMPANY

Summary of Observed Maximum Day and Hour Demand Ratios
Sales for Resale

Customer Name	District	Test Period		Annual Consumption		Maximum Day During Test Period			Maximum Hour During Test Period			
		From	To	Average Day	Average Hour	Gallons	Ratio	Date	Gallons	Ratio	Hour	Date
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Group A (cont.):												
West Allegheny Munic.	Washington	05/12/1992	12/21/1994	49,587.0	2,066.1	116,924.0	2.36	08/16/1992	27,176.7	13.15	5-6 AM	08/16/1992
		12/12/1994	07/14/1995	65,566.3	2,731.9	195,101.0	2.98	12/28/1994	9,279.0	3.40	11-12 AM	12/29/1994
		01/13/1999	02/27/2000	20,837.0	868.2	24,530.0	1.18	12/28/1999	3,113.0	3.59	5-6 AM	03/08/1999
Group B:												
Kittanning Suburban	Kittanning	11/21/1995	10/31/1996	38.4	1.6	2,580.0	67.19	02/28/1996	2,580.0	1,612.50	1-2 PM	02/28/1996
Robinson Township	Pittsburgh	05/06/1992	11/14/1994	71,883.0	2,995.1	809,754.0	11.26	05/27/1994	35,748.0	11.94	4-5 AM	05/27/1994
		12/05/1994	12/15/1995	54,335.6	2,264.0	775,521.0	14.27	08/01/1995	34,670.0	15.31	4-5 AM	08/01/1995
		01/03/1996	08/14/1996	148,120.5	6,171.7	841,519.0	5.68	01/21/1996	39,108.0	6.34	4-5 AM	01/21/1996
		12/03/1998	12/15/1999	27,675.0	1,153.1	747,037.0	26.99	06/11/1999	45,074.0	39.09	6-7 PM	07/20/1999
Westmoreland Munic.	Mon Valley	07/27/1992	12/19/1994	11,900.0	495.8	448,000.0	37.65	08/26/1994	71,400.0	144.01	10-11 AM	08/26/1994
		01/10/1995	03/17/1995	12,015.1	500.6	94,430.0	7.86	02/09/1995	64,010.0	127.87	11-12 AM	02/09/1995

PENNSYLVANIA-AMERICAN WATER COMPANY

RESPONSES TO RATE STRUCTURE
AND COST OF SERVICE FILING REQUIREMENTS

RS1. Provide a complete (fully allocated) cost of service study if an interval of approximately three years has passed between a previous cost of service study and the historic test year date of the current filing. The cost of service study shall provide the necessary data to determine if the water rate structure is fair and equitable to all classifications of water users (including public and private fire protection customers) and reflects, as nearly as possible, the cost of providing the service. The study shall correspond to the test year proposed revenue requirements (future test year only, if used). Summaries of conclusions and all back-up calculations shall be made part of the submission of the cost of service study, and shall include the following:

d. Explain thoroughly the methodology employed if the Company distinguishes between transmission and distribution mains in its allocation of costs.

RESPONSE

For cost allocation purposes, mains that are 10-inch and larger are considered to be transmission mains and are allocated using Factor 3, which is based on average and maximum day extra capacity demands plus the daily requirement for fire demand. Mains sized under 10-inch are considered distribution mains and are allocated using Factor 4, which is based on average and maximum hour extra capacity demands plus the hourly requirement for fire demands.

PENNSYLVANIA-AMERICAN WATER COMPANY

RESPONSES TO RATE STRUCTURE
AND COST OF SERVICE FILING REQUIREMENTS

RS1. Provide a complete (fully allocated) cost of service study if an interval of approximately three years has passed between a previous cost of service study and the historic test year date of the current filing. The cost of service study shall provide the necessary data to determine if the water rate structure is fair and equitable to all classifications of water users (including public and private fire protection customers) and reflects, as nearly as possible, the cost of providing the service. The study shall correspond to the test year proposed revenue requirements (future test year only, if used). Summaries of conclusions and all back-up calculations shall be made part of the submission of the cost of service study, and shall include the following:

e. Provide a detailed explanation of how storage is utilized to meet base, maximum day and maximum hour demands.

RESPONSE

Storage facilities have been considered to be adequate if the effective volume of the facility, or groups of facilities acting together, provided sufficient volume during peak hour demands and to meet equalization needs on the maximum day and provide a fire protection reserve. The effective volume of storage is that quantity, which can be used from the tank while maintaining adequate system pressures under the domestic, and fire flow conditions for distribution mains. The equalization volume is that quantity of water needed to allow production plant or booster station output rates to be constant and equal to the daily demand on the maximum day of the year. The use of equalization storage enables a reasonably constant rate of treatment plant operation and thereby promotes overall system efficiently and economy. Existing storage capacity has also been analyzed on a case-by-case basis to determine its contribution to overall system reliability. Where appropriate recommendations are made if additional storage will significantly improve a system's reliability (e.g., its ability too maintain service to its customers during an emergency, such as a spill or power outage.)

PENNSYLVANIA-AMERICAN WATER COMPANY

RESPONSES TO RATE STRUCTURE
AND COST OF SERVICE FILING REQUIREMENTS

RS1. Provide a complete (fully allocated) cost of service study if an interval of approximately three years has passed between a previous cost of service study and the historic test year date of the current filing. The cost of service study shall provide the necessary data to determine if the water rate structure is fair and equitable to all classifications of water users (including public and private fire protection customers) and reflects, as nearly as possible, the cost of providing the service. The study shall correspond to the test year proposed revenue requirements (future test year only, if used). Summaries of conclusions and all back-up calculations shall be made part of the submission of the cost of service study, and shall include the following:

f. Provide workpapers, calculations and supporting documentation which develop the equivalent meters and equivalent service weights reflected in the Company's cost of service study.

RESPONSE

The 5/8-inch dollar equivalent was developed using actual installation costs by meter size, provided by the Company for the years 2003-2008, as follows:

Meter Size	Actual Installation Cost 2003-2008	5/8-Inch Dollar Equivalent
5/8"	$ 165.28	1.0
3/4"	147.75	.9
1"	320.11	1.9
1-1/2"	537.68	3.3
2"	502.14	3.0
3"	1,822.96	11.0
4"	3,817.26	23.1
6"	5,461.80	33.0
8"	7,331.03	44.4
10"	8,630.45	52.2

PENNSYLVANIA-AMERICAN WATER COMPANY

RESPONSES TO RATE STRUCTURE
AND COST OF SERVICE FILING REQUIREMENTS

RS1f., cont.

The 3/4-inch dollar equivalent was developed using the actual installation costs by size, for the years 2003-2008, provided by the Company, as follows:

Service Size	Actual Installation Cost 2003-2008	3/4-Inch Equivalent
3/4	$1,803.46	1.00
1"	1,161.82	.64
1-1/2"	3,009.40	1.67
2"	2,471.46	1.37
4"	3,594.13	1.99
6"	3,609.62	2.00
8"	4,538.86	2.52
10"	6,828.34	3.79
12"	6,378.81	3.54

PENNSYLVANIA-AMERICAN WATER COMPANY

RESPONSES TO RATE STRUCTURE
AND COST OF SERVICE FILING REQUIREMENTS

RS1. Provide a complete (fully allocated) cost of service study if an interval of approximately three years has passed between a previous cost of service study and the historic test year date of the current filing. The cost of service study shall provide the necessary data to determine if the water rate structure is fair and equitable to all classifications of water users (including public and private fire protection customers) and reflects, as nearly as possible, the cost of providing the service. The study shall correspond to the test year proposed revenue requirements (future test year only, if used). Summaries of conclusions and all back-up calculations shall be made part of the submission of the cost of service study, and shall include the following:

g. Provide all workpapers and supporting documentation for the fire flow requirement and duration utilized in the cost of service study.

RESPONSE

The source for the estimated fire protection demand of 20,000 gpm is published fire flow criteria for the population served. The 20,000 gpm estimate is the maximum fire flow requirement generally accepted by published authorities, regardless of population size. This maximum has been established by the National Board of Fire Underwriters (now the American Insurance Association).

General fire-fighting requirements, based on population established by the National Board of Fire Underwriters, are as follows:

a) For populations of 200,000 or less, $Q = 1020\sqrt{P}\,(1 - 0.01\sqrt{P})$, where Q is the fire draft in gpm and P is the population in thousands.

b) For populations in excess of 200,000, Q = 12,000 gpm plus 2,000 to 8,000 gpm for a potential second fire.

Inasmuch as PAWC serves a population in excess of 1.5 million, the maximum fire flow of 12,000 gpm would apply. Also, in consideration of the population being well over 200,000, the maximum of the additional allowance to provide for a second fire was selected for a maximum fire flow of 20,000 gpm.

The foregoing requirements were published in Volume I, "Water and Wastewater Engineering," by Fair, Geyer & Okon, published in 1966 by John Wiley & Sons, Inc.

The required fire flow duration is ten hours.

PENNSYLVANIA-AMERICAN WATER COMPANY

RESPONSES TO RATE STRUCTURE
AND COST OF SERVICE FILING REQUIREMENTS

RS1. Provide a complete (fully allocated) cost of service study if an interval of approximately three years has passed between a previous cost of service study and the historic test year date of the current filing. The cost of service study shall provide the necessary data to determine if the water rate structure is fair and equitable to all classifications of water users (including public and private fire protection customers) and reflects, as nearly as possible, the cost of providing the service. The study shall correspond to the test year proposed revenue requirements (future test year only, if used). Summaries of conclusions and all back-up calculations shall be made part of the submission of the cost of service study, and shall include the following:

h. Provide a breakdown of the number and size of private fire services according to the general water service class of customer.

RESPONSE

Please refer to Exhibit No. 3-B, Question OR-10a.

PENNSYLVANIA-AMERICAN WATER COMPANY

RESPONSES TO RATE STRUCTURE
AND COST OF SERVICE FILING REQUIREMENTS

RS1. Provide a complete (fully allocated) cost of service study if an interval of approximately three years has passed between a previous cost of service study and the historic test year date of the current filing. The cost of service study shall provide the necessary data to determine if the water rate structure is fair and equitable to all classifications of water users (including public and private fire protection customers) and reflects, as nearly as possible, the cost of providing the service. The study shall correspond to the test year proposed revenue requirements (future test year only, if used). Summaries of conclusions and all back-up calculations shall be made part of the submission of the cost of service study, and shall include the following:

i. Provide a calculation of the Company's base cost of water per unit of consumption.

RESPONSE

The calculation of the base cost of water per hundred gallons is as follows:

Base Cost of Water (See attached Functional Allocation)	$240,735,423
Pro Forma Water Consumption (Hundred Gallons)	483,603,411
Base Cost per Hundred Gallons	$0.4978

PENNSYLVANIA-AMERICAN WATER COMPANY

ALLOCATION OF COST OF SERVICE TO COST FUNCTIONS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007

Account Number	Account Description	Factor Ref.	Total Company Test Year	Base	Extra Capacity		Customer Facilities		Customer Accounting		Fire Service		
					Maximum Day	Maximum Hour	Meters	Services	Billing	Meter Reading	Private	Public	General
OPERATION AND MAINTENANCE EXPENSES													
	Source of Supply Expenses												
	----Operation----												
601.1	Salaries and Wages	2	311,654	220,869	89,040	0	0	0	0	0	312	1,434	0
610.1	Purchased Water	1	2,683,343	2,662,145	0	0	0	0	0	0	3,757	17,442	0
615.1	Purchased Power	1	3,056,802	3,032,653	0	0	0	0	0	0	4,280	19,869	0
616.1	Purchased Fuel	1	4,560	4,524	0	0	0	0	0	0	6	30	0
618.1	Chemicals	1	0	0	0	0	0	0	0	0	0	0	0
620.1	Materials and Supplies	2	20,062	14,218	5,732	0	0	0	0	0	20	92	0
631.1	Contract Services -Engineering	2	0	0	0	0	0	0	0	0	0	0	0
633.1	Contract Services -Legal	2	0	0	0	0	0	0	0	0	0	0	0
636.1	Contract Services -Other	2	5,772	4,091	1,649	0	0	0	0	0	6	27	0
642.1	Rental of Equipment	2	0	0	0	0	0	0	0	0	0	0	0
675.1	Miscellaneous Expenses	2	730,450	517,670	208,690	0	0	0	0	0	730	3,360	0
	Total Operation		6,812,643	6,456,170	305,111	0	0	0	0	0	9,111	42,254	0
	----Maintenance----												
601.2	Salaries and Wages	2	73,759	52,273	21,073	0	0	0	0	0	74	339	0
620.2	Materials and Supplies	2	62,292	44,146	17,797	0	0	0	0	0	62	287	0
636.2	Contract Services	2	482,071	341,644	137,728	0	0	0	0	0	482	2,218	0
675.2	Misc. Maintenance Expense	2	65,567	46,467	18,732	0	0	0	0	0	66	302	0
	Total Maintenance		683,689	484,530	195,330	0	0	0	0	0	684	3,146	0
	Total Source of Supply Expenses		7,496,332	6,940,700	500,441	0	0	0	0	0	9,795	45,400	0
	Water Treatment Expenses												
	----Operation----												
601.3	Salaries and Wages												
	Power and Pumping	5	1,104,352	762,996	296,960	29,265	0	0	0	0	2,540	12,369	221
	Purification and Laboratory	2	10,611,083	7,520,075	3,031,587	0	0	0	0	0	10,611	48,811	0
615.3	Purchased Power	1	11,663,368	11,571,227	0	0	0	0	0	0	16,329	75,812	0
616.3	Fuel and Power Production	1	0	0	0	0	0	0	0	0	0	0	0
618.3	Chemicals	1	11,146,199	11,058,144	0	0	0	0	0	0	15,605	72,450	0
620.3	Materials and Supplies	6	279,274	197,475	79,342	698	0	0	0	0	307	1,452	0
631.3	Contract Services -Engineering	6	5,084	3,595	1,444	13	0	0	0	0	6	26	0
633.3	Contract Services -Legal	6	0	0	0	0	0	0	0	0	0	0	0
634.3	Contract Services -Management	6	0	0	0	0	0	0	0	0	0	0	0
635.3	Contract Services -Testing	6	97,049	68,623	27,572	243	0	0	0	0	107	505	0
636.3	Contract Services -Other	6	203,999	144,248	57,956	510	0	0	0	0	224	1,061	0
641.3	Rental of Building	6	5,135	3,631	1,459	13	0	0	0	0	6	27	0

PENNSYLVANIA-AMERICAN WATER COMPANY

ALLOCATION OF COST OF SERVICE TO COST FUNCTIONS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007

Account Number	Account Description	Factor Ref.	Total Company Test Year	Base	Extra Capacity		Customer Facilities		Customer Accounting		Fire Service		
					Maximum Day	Maximum Hour	Meters	Services	Billing	Meter Reading	Private	Public	General
642.3	Rental of Equipment	6	18,423	13,027	5,234	46	0	0	0	0	20	96	0
650.3	Transportation	6	0	0	0	0	0	0	0	0	0	0	0
675.3	Miscellaneous Expenses												
	Waste Disposal	1	2,178,027	2,160,821	0	0	0	0	0	0	3,049	14,157	0
	Other	6	3,503,648	2,477,430	995,386	8,759	0	0	0	0	3,854	18,219	0
	Total Operation		40,815,641	35,981,292	4,496,940	39,547	0	0	0	0	52,658	244,985	221
	----Maintenance----												
601.4	Salaries and Wages												
	Power and Pumping	5	574,350	396,819	154,443	15,220	0	0	0	0	1,321	6,433	115
	Purification and Laboratory	2	2,647,980	1,876,623	756,528	0	0	0	0	0	2,648	12,181	0
620.4	Materials and Supplies	7	715,051	394,780	158,169	158,169	0	0	0	0	715	3,218	0
636.4	Contract Services	7	890,090	491,419	196,888	196,888	0	0	0	0	890	4,005	0
650.4	Transportation	7	0	0	0	0	0	0	0	0	0	0	0
675.4	Miscellaneous Expenses	7	422,039	233,008	93,355	93,355	0	0	0	0	422	1,899	0
	Total Maintenance		5,249,510	3,392,649	1,359,383	463,632	0	0	0	0	5,996	27,736	115
	Total Water Treatment Expenses		46,065,151	39,373,941	5,856,323	503,179	0	0	0	0	58,654	272,721	336
	Transmission & Distribution Expenses												
	----Operation----												
601.5	Salaries and Wages												
	Supervision & Other Dept Exps.	12	3,651,275	1,477,671	204,106	1,076,761	484,889	229,300	0	0	33,227	142,400	2,921
	Mains	8	3,412,986	1,728,677	247,783	1,235,160	0	0	0	0	32,765	165,189	3,413
	Storage Facilities	4	144,801	64,248	0	71,242	0	0	0	0	1,520	7,631	159
	Miscellaneous Meter Expense	10	592,099	0	0	0	588,427	0	0	0	3,671	0	0
	Services on Customer Premises	11	280,467	0	0	0	0	278,111	0	0	2,356	0	0
615.5	Purchased Power	1	0	0	0	0	0	0	0	0	0	0	0
620.5	Materials and Supplies	12	328,732	133,038	18,376	96,943	43,656	20,644	0	0	2,991	12,821	263
631.5	Contract Services -Engineering	12	260,106	105,265	14,540	76,705	34,542	16,335	0	0	2,367	10,144	208
636.5	Contract Services -Other	12	213,142	86,259	11,915	62,856	28,305	13,385	0	0	1,940	8,313	171
641.5	Rental of Building	12	331,582	134,191	18,535	97,784	44,034	20,823	0	0	3,017	12,932	265
642.5	Rental of Equipment	12	102,990	41,680	5,757	30,372	13,677	6,468	0	0	937	4,017	82
650.5	Transportation	12	1,942	786	109	573	258	122	0	0	18	76	2
675.5	Miscellaneous Expenses	12	1,902,702	770,023	106,361	561,107	252,679	119,490	0	0	17,315	74,205	1,522
	Total Operation		11,222,823	4,541,838	627,482	3,309,503	1,490,467	704,678	0	0	102,124	437,728	9,006

PENNSYLVANIA-AMERICAN WATER COMPANY

ALLOCATION OF COST OF SERVICE TO COST FUNCTIONS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007

Account Number	Account Description	Factor Ref.	Total Company Test Year	Base	Extra Capacity		Customer Facilities		Customer Accounting		Fire Service		
					Maximum Day	Maximum Hour	Meters	Services	Billing	Meter Reading	Private	Public	General
	----Maintenance----												
601.6	Salaries and Wages												
	Supervision and Engineering	13	1,663,798	759,524	89,346	596,305	15,473	36,271	0	0	15,473	149,908	1,497
	Structures and Improvements	4	2,173,927	964,571	0	1,069,572	0	0	0	0	22,826	114,566	2,391
	Mains	8	8,719,251	4,416,301	633,018	3,155,497	0	0	0	0	83,705	422,012	8,719
	Services	11	258,988	0	0	0	0	256,813	0	0	2,176	0	0
	Meters	10	109,873	0	0	0	109,192	0	0	0	681	0	0
	Fire Hydrants	9	525,823	0	0	0	0	0	0	0	0	525,823	0
620.6	Materials and Supplies	13	1,507,467	688,159	80,951	540,276	14,019	32,863	0	0	14,019	135,823	1,357
636.6	Contract Services	13	1,054,745	481,491	56,640	378,021	9,809	22,993	0	0	9,809	95,033	949
650.6	Transportation	13	0	0	0	0	0	0	0	0	0	0	0
675.6	Miscellaneous Expenses	13	5,467,367	2,495,853	293,598	1,959,504	50,847	119,189	0	0	50,847	492,610	4,921
	Total Maintenance		21,481,239	9,805,899	1,153,553	7,699,175	199,340	468,129	0	0	199,536	1,935,775	19,834
	Total Transmission and Distribution Expenses		32,704,062	14,347,737	1,781,035	11,008,678	1,689,807	1,172,807	0	0	301,660	2,373,503	28,840

PENNSYLVANIA-AMERICAN WATER COMPANY

ALLOCATION OF COST OF SERVICE TO COST FUNCTIONS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007

Account Number	Account Description	Factor Ref.	Total Company Test Year	Base	Extra Capacity		Customer Facilities		Customer Accounting		Fire Service		
					Maximum Day	Maximum Hour	Meters	Services	Billing	Meter Reading	Private	Public	General
	Customer Accounting Expenses												
601.7	Salaries and Wages												
	Meter Reading	15	5,764,043	0	0	0	0	0	0	5,760,008	4,035	0	0
	Meter Services	10	3,242,274	0	0	0	3,222,172	0	0	0	20,102	0	0
615.7	Purchased Power	14	0	0	0	0	0	0	0	0	0	0	0
620.7	Materials and Supplies	14	9,008	0	0	0	0	0	8,964	0	39	5	0
633.7	Contract Services -Legal	14	0	0	0	0	0	0	0	0	0	0	0
634.7	Contract Services -Management	14	0	0	0	0	0	0	0	0	0	0	0
636.7	Contract Services -Other	14	431,184	0	0	0	0	0	429,071	0	1,854	259	0
642.7	Rental of Equipment	14	8,498	0	0	0	0	0	8,456	0	37	5	0
650.7	Insurance	14	0	0	0	0	0	0	0	0	0	0	0
660.7	Advertising	14	0	0	0	0	0	0	0	0	0	0	0
670.7	Bad Debt	14	6,619,010	0	0	0	0	0	6,586,577	0	28,462	3,971	0
675.7	Miscellaneous Expenses	14	5,651,322	0	0	0	0	0	5,623,631	0	24,301	3,391	0
	Total Customer Accounting Expenses		21,725,339	0	0	0	3,222,172	0	12,656,699	5,760,008	78,830	7,631	0
	Administrative and General Expenses												
601.8	Salaries and Wages	16	10,641,678	4,370,537	1,083,323	1,532,402	653,399	156,433	1,684,578	767,265	54,273	335,213	4,257
603.8	Salaries of Officers	16	90,811	37,296	9,245	13,077	5,576	1,335	14,375	6,547	463	2,861	36
604.8	Employees Pension and Benefits	17	31,642,019	13,783,263	3,702,116	4,917,170	2,838,289	534,750	949,261	3,651,489	164,538	1,088,485	12,657
615.8	Purchased Power	16	0	0	0	0	0	0	0	0	0	0	0
621	Materials and Supplies	16	38,008	15,610	3,869	5,473	2,334	559	6,017	2,740	194	1,197	15
631.8	Contract Services -Engineering	16	69,975	28,739	7,123	10,076	4,296	1,029	11,077	5,045	357	2,204	28
632.8	Contract Services -Accounting	16	432,073	177,452	43,985	62,219	26,529	6,351	68,397	31,152	2,204	13,610	173
633.8	Contract Services -Legal	16	930,648	382,217	94,740	134,013	57,142	13,681	147,322	67,100	4,746	29,315	372
634.8	Contract Services -Management												
	Customer Related	14	8,116,349	0	0	0	0	0	8,076,579	0	34,900	4,870	0
	Employee Related	17	1,316,352	573,403	154,013	204,561	118,077	22,246	39,491	151,907	6,845	45,283	527
	Water Quality Related	1	1,437,595	1,426,238	0	0	0	0	0	0	2,013	9,344	0
	Other	16	23,770,545	9,762,563	2,419,841	3,422,958	1,459,511	349,427	3,762,877	1,713,856	121,230	748,772	9,508
635	Contract Services -Test	16	0	0	0	0	0	0	0	0	0	0	0
636.8	Contract Services -Other	16	391,217	160,673	39,826	56,335	24,021	5,751	61,930	28,207	1,995	12,323	156
641.8	Rental of Buildings	16	392,500	161,200	39,957	56,520	24,100	5,770	62,133	28,299	2,002	12,364	157
642.8	Rental of Equipment	16	444,498	182,555	45,250	64,008	27,292	6,534	70,364	32,048	2,267	14,002	178
650.8	Transportation	16	7,115,132	2,922,185	724,320	1,024,579	436,869	104,592	1,126,325	513,001	36,287	224,127	2,846
656.8	Insurance -Vehicles	16	318,754	130,912	32,449	45,901	19,571	4,686	50,459	22,982	1,626	10,041	128
657.8	Insurance -General Liability	16	6,704,792	2,753,658	682,548	965,490	411,674	98,560	1,061,369	483,416	34,194	211,201	2,682
658.8	Insurance -Workers Comp	17	1,034,771	450,746	121,068	160,803	92,819	17,488	31,043	119,413	5,381	35,596	414
659.8	Insurance -Other	16	1,344,256	552,086	136,845	193,573	82,537	19,761	212,796	96,921	6,856	42,344	538
660.8	Advertising	14	117,957	0	0	0	0	0	117,379	0	507	71	0
666.8	Amortization of Rate Case Exp.	20	544,693	254,698	51,964	75,440	33,499	32,246	51,528	23,749	2,941	18,411	218
667.8	Regulatory Commission	20	146,498	68,502	13,976	20,290	9,010	8,673	13,859	6,387	791	4,952	59
675.8	Miscellaneous Expenses	16	8,738,046	3,588,715	889,533	1,258,279	536,516	128,449	1,383,233	630,013	44,564	275,248	3,495
	Total Administrative and General Expenses		105,779,167	41,783,248	10,295,991	14,223,167	6,863,061	1,518,321	19,002,392	8,381,537	531,174	3,141,834	38,444
	Total Operation & Maintenance Expenses		213,770,051	102,445,626	18,433,790	25,735,024	11,775,040	2,691,128	31,659,091	14,141,545	980,113	5,841,089	67,620

PENNSYLVANIA-AMERICAN WATER COMPANY

ALLOCATION OF COST OF SERVICE TO COST FUNCTIONS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007

Account Number	Account Description	Factor Ref.	Total Company Test Year	Base	Extra Capacity		Customer Facilities		Customer Accounting		Fire Service		
					Maximum Day	Maximum Hour	Meters	Services	Billing	Meter Reading	Private	Public	General
DEPRECIATION EXPENSE													
303.14	Water Rights - Hybernia Dam	1	118,206	117,272	0	0	0	0	0	0	165	768	0
303.35	Waste Handling & Treatment Land	1	5,696	5,651	0	0	0	0	0	0	8	37	0
303.99	Comprehensive Planning Studies	18	205,071	95,461	22,763	38,287	6,255	29,571	779	349	1,477	10,007	123
304.15	Other Water Source Structures	2	297,381	210,754	84,962	0	0	0	0	0	297	1,368	0
304.20	Power and Pumping Structures	5	1,470,062	1,015,666	395,300	38,957	0	0	0	0	3,381	16,465	294
304.30	Purification Buildings	2	4,001,362	2,835,765	1,143,189	0	0	0	0	0	4,001	18,406	0
304.36	Waste Handling & Treatment Struct.	1	305,438	303,025	0	0	0	0	0	0	428	1,985	0
304.39	Purification Buildings	2	6,066	4,299	1,733	0	0	0	0	0	6	28	0
304.61	Office Buildings	16	478,779	196,635	48,740	68,944	29,397	7,038	75,791	34,520	2,442	15,082	192
304.62	Stores, Shop and Garage Bldgs.	16	646,770	265,628	65,841	93,135	39,712	9,508	102,384	46,632	3,299	20,373	259
304.63	Misc. Structures and Improvements	16	60,785	24,964	6,188	8,753	3,732	894	9,622	4,383	310	1,915	24
305.00	Collecting & Impounding Reservoirs	1	1,098,438	1,089,760	0	0	0	0	0	0	1,538	7,140	0
306.00	Lake, River and Other Intakes	2	383,401	271,716	109,538	0	0	0	0	0	383	1,764	0
307.00	Wells and Springs	2	233,120	165,212	66,602	0	0	0	0	0	233	1,072	0
310.40	Other Power Prod. Equipment	5	118,033	81,549	31,739	3,128	0	0	0	0	271	1,322	24
310.70	Oil Engine Pumping Equipment	5	8,333	5,757	2,241	221	0	0	0	0	19	93	2
310.90	Gas Engine Pumping Equipment	5	748	517	201	20	0	0	0	0	2	8	0
311.00	Electric Pumping Equipment	5	2,171,500	1,500,289	583,916	57,545	0	0	0	0	4,994	24,321	434
320.00	Purification System	2	6,914,789	4,900,511	1,975,555	0	0	0	0	0	6,915	31,808	0
330.00	Distr. Reservoirs and Standpipes	4	3,710,923	1,646,537	0	1,825,774	0	0	0	0	38,965	195,566	4,082
331.00	Mains and Accessories												
	10-inch and Over	3	6,036,342	4,111,353	1,657,580	0	0	0	0	0	44,065	219,119	4,225
	Under 10-inch	4	12,779,892	5,670,438	0	6,287,707	0	0	0	0	134,189	673,500	14,058
333.00	Services	11	7,953,842	0	0	0	0	7,887,030	0	0	66,812	0	0
334.00	Meters	10	6,841,060	0	0	0	6,798,645	0	0	0	42,415	0	0
334.00	Fire Hydrants	9	1,052,729	0	0	0	0	0	0	0	0	1,052,729	0
340.00	Office Furniture and Equipment	16	1,688,904	693,633	171,930	243,202	103,699	24,827	267,354	121,770	8,613	53,200	676
341	Transportation Equipment	16	(4,729)	(1,942)	(481)	(681)	(290)	(70)	(749)	(341)	(24)	(149)	(2)
342.00	Stores Equipment	16	14,581	5,988	1,484	2,100	895	214	2,308	1,051	74	459	6
343.00	Tools and work Equipment	16	552,545	226,930	56,249	79,566	33,926	8,122	87,468	39,838	2,818	17,405	221
344.00	Laboratory Equipment	2	221,939	157,288	63,408	0	0	0	0	0	222	1,021	0
346.00	Communication Equipment	16	639,505	262,645	65,102	92,089	39,266	9,401	101,234	46,108	3,261	20,144	256
347.00	Miscellaneous Equipment	16	554,217	227,617	56,419	79,807	34,029	8,147	87,733	39,959	2,827	17,458	222
348.00	Other Tangible Equipment	16	29,779	12,230	3,032	4,288	1,828	438	4,714	2,147	152	938	12
	Total Depreciation Expense		60,595,507	26,103,148	6,613,231	8,922,842	7,091,094	7,985,120	738,638	336,416	374,558	2,405,352	25,108

PENNSYLVANIA-AMERICAN WATER COMPANY

ALLOCATION OF COST OF SERVICE TO COST FUNCTIONS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007

Account Number	Account Description	Factor Ref.	Total Company Test Year	Base	Extra Capacity		Customer Facilities		Customer Accounting		Fire Service		
					Maximum Day	Maximum Hour	Meters	Services	Billing	Meter Reading	Private	Public	General
	Amortizations												
	Acquisition Adjustment	19	496,991	231,449	55,017	92,440	15,307	70,921	2,684	1,193	3,578	24,104	298
	Deferred Revenue Recovery	19	274,068	127,633	30,339	50,977	8,441	39,110	1,480	658	1,973	13,292	164
	Total Amortizations		771,059	359,082	85,356	143,417	23,748	110,031	4,164	1,851	5,551	37,396	462
	Taxes, Other Than Income												
	Federal and state Payroll Taxes	17	4,478,311	1,950,752	523,962	695,930	401,704	75,683	134,349	516,797	23,287	154,054	1,791
	State Capital Stock Tax	19	638,432	297,318	70,674	118,748	19,664	91,104	3,448	1,532	4,597	30,964	383
	PUC and OCA Assessments	20	3,479,283	1,626,913	331,924	481,881	213,976	205,974	329,140	151,697	18,788	117,600	1,392
	Public Utility Realty Taxes	19	3,256,978	1,516,775	360,547	605,798	100,315	464,771	17,588	7,817	23,450	157,963	1,954
	Total Taxes Other Than Income Taxes		11,853,004	5,391,758	1,287,107	1,902,357	735,659	837,532	484,525	677,843	70,122	460,581	5,520
	Total O&M, Deprec. Amort, Other Taxes		286,989,621	134,299,614	26,419,484	36,703,640	19,625,541	11,623,811	32,886,418	15,157,655	1,430,344	8,744,418	98,710
	Federal and State Income Taxes	19	64,450,945	30,014,805	7,134,720	11,987,876	1,985,089	9,197,150	348,035	154,682	464,047	3,125,871	38,671
	Utility Operating Income Available for Return	19	170,160,094	79,243,556	18,836,722	31,649,777	5,240,931	24,281,845	918,865	408,384	1,225,153	8,252,765	102,096
	Total Cost of Service		521,600,660	243,557,975	52,390,926	80,341,293	26,851,561	45,102,806	34,153,318	15,720,721	3,119,544	20,123,054	239,477
	Less:												
	Other Water Revenues - Billing and Collecting	14	(509,944)	0	0	0	0	0	(507,445)	0	(2,193)	(306)	0
	Other Water Revenues -Penalties	20	(1,793,979)	(838,865)	(171,146)	(248,466)	(110,330)	(106,204)	(169,710)	(78,217)	(9,687)	(60,636)	(718)
	Other Water Revenues - Misc. Service Revenue	14	(4,392,589)	0	0	0	0	0	(4,371,065)	0	(18,888)	(2,636)	0
	Other Water Revenues -Rents from Other Prope	16	(1,145,823)	(470,590)	(116,645)	(164,999)	(70,354)	(16,844)	(181,384)	(82,614)	(5,844)	(36,093)	(458)
	Other Water Revenues	20	(18,466)	(8,635)	(1,762)	(2,558)	(1,136)	(1,093)	(1,747)	(805)	(100)	(624)	(7)
	Revenue from Contract Sales	20	(3,217,412)	(1,504,462)	(306,941)	(445,612)	(197,871)	(190,471)	(304,367)	(140,279)	(17,374)	(108,749)	(1,287)
	Unrecovered Public Fire	9	(12,144,123)	0	0	0	0	0	0	0	0	(12,144,123)	0
	Reallocate Unrecovered Public Fire	21	12,144,123	0	0	0	12,144,123	0	0	0	0	0	0
	Total Cost of Service Related to Sales		510,522,447	240,735,423	51,794,432	79,479,658	38,615,993	44,788,194	28,617,600	15,418,806	3,065,458	7,769,887	237,007

PENNSYLVANIA-AMERICAN WATER COMPANY

FUNCTION 19. ORIGINAL COSTS MEASURE OF VALUE RATE BASE ALLOCATED TO COST FUNCTIONS

Account Number	Account Description	Factor Ref.	Total Company Test Year	Base	Extra Capacity		Customer Facilities		Customer Accounting		Fire Service		
					Maximum Day	Maximum Hour	Meters	Services	Billing	Meter Reading	Private	Public	General
	Nondepreciable Plant												
301.00	Organization	18	773,314	359,977	85,838	144,378	23,586	111,512	2,939	1,315	5,568	37,738	464
302.00	Franchises and Consents	18	2,404,599	1,119,341	266,911	448,939	73,340	346,743	9,137	4,088	17,313	117,344	1,443
303.00	Other Intangible Plant	18	13,376	6,227	1,485	2,497	408	1,929	51	23	96	653	8
303.11	Water Rights	1	446,781	443,252	0	0	0	0	0	0	625	2,904	0
303.12	Reservoir Land	1	844,246	837,576	0	0	0	0	0	0	1,182	5,488	0
303.13	Other Sources of Supply Land	2	466,361	330,510	133,239	0	0	0	0	0	466	2,145	0
303.20	Power and Pumping Land	5	1,930,632	1,333,873	519,147	51,162	0	0	0	0	4,440	21,623	386
303.30	Purification Land	2	1,224,547	867,836	349,853	0	0	0	0	0	1,225	5,633	0
303.40	Land and Rights of Way	8	5,676,797	2,875,298	412,135	2,054,433	0	0	0	0	54,497	274,757	5,677
303.50	Distr. Reservoir & Standpipe Land	4	3,113,191	1,381,323	0	1,531,690	0	0	0	0	32,689	164,065	3,425
303.61	Office Land	16	2,450,414	1,006,385	249,452	352,860	150,455	36,021	387,900	176,675	12,497	77,188	980
303.62	Stores, Shop and Garage Land	16	778,466	319,716	79,248	112,099	47,798	11,443	123,231	56,127	3,970	24,522	311
	Total Nondepreciable Plant		20,122,723	10,881,314	2,097,308	4,698,058	295,587	507,648	523,258	238,228	134,568	734,060	12,694
	Depreciable Plant												
303.14	Water Rights - Hybernia Dam	1	1,241,159	1,231,354	0	0	0	0	0	0	1,738	8,068	0
303.35	Waste Handling & Treatment Land	1	36,623	36,334	0	0	0	0	0	0	51	238	0
304	Comprehensive Planning Studies	18	922,821	429,573	102,433	172,291	28,146	133,071	3,507	1,569	6,644	45,034	554
304.15	Other Water Source Structures	2	11,973,502	8,485,621	3,420,830	0	0	0	0	0	11,974	55,078	0
304.20	Power and Pumping Structures	5	44,531,276	30,766,659	11,974,460	1,180,079	0	0	0	0	102,422	498,750	8,906
304.20	Purification Buildings	2	115,062,978	81,545,133	32,873,493	0	0	0	0	0	115,063	529,290	0
304.36	Waste Handling & Treatment Structures	1	7,994,296	7,931,141	0	0	0	0	0	0	11,192	51,963	0
304.38	Waste Handling & Treatment Structure Paintin	1	0	0	0	0	0	0	0	0	0	0	0
304.39	Purification Buildings	2	12,146	8,608	3,470	0	0	0	0	0	12	56	0
304.61	Office Buildings	16	7,222,056	2,966,098	735,205	1,039,976	443,434	106,164	1,143,251	520,710	36,832	227,495	2,889
304.62	Stores, Shop and Garage Bldgs.	16	4,561,646	1,873,468	464,376	656,877	280,085	67,056	722,109	328,895	23,264	143,692	1,825
304.63	Misc. Structures and Improvements	16	1,382,828	567,927	140,772	199,127	84,906	20,328	218,902	99,702	7,052	43,559	553
305.00	Collecting & Impounding Reservoirs	1	33,296,341	33,033,300	0	0	0	0	0	0	46,615	216,426	0
306.00	Lake, River and Other Intakes	2	14,222,856	10,079,738	4,063,470	0	0	0	0	0	14,223	65,425	0
307.00	Wells and Springs	2	6,764,571	4,794,051	1,932,638	0	0	0	0	0	6,765	31,117	0
310.40	Other Power Prod. Equipment	5	2,790,497	1,927,954	750,365	73,948	0	0	0	0	6,418	31,254	558
310.70	Oil Engine Pumping Equipment	5	117,294	81,038	31,540	3,108	0	0	0	0	270	1,314	23
310.80	Hydraulic Pumping Equipment	5	0	0	0	0	0	0	0	0	0	0	0
310.90	Gas Engine Pumping Equipment	5	7,028	4,856	1,890	186	0	0	0	0	16	79	1
311.00	Electric Pumping Equipment	5	39,601,698	27,360,813	10,648,897	1,049,445	0	0	0	0	91,084	443,539	7,920
320.00	Purification System	2	131,016,392	92,851,317	37,431,383	0	0	0	0	0	131,016	602,675	0

PENNSYLVANIA-AMERICAN WATER COMPANY

FUNCTION 19. ORIGINAL COSTS MEASURE OF VALUE RATE BASE ALLOCATED TO COST FUNCTIONS

Account Number	Account Description	Factor Ref.	Total Company Test Year	Base	Extra Capacity		Customer Facilities		Customer Accounting		Fire Service		
					Maximum Day	Maximum Hour	Meters	Services	Billing	Meter Reading	Private	Public	General
330.00	Distr. Reservoirs and Standpipes	4	66,045,394	29,304,341	0	32,494,334	0	0	0	0	693,477	3,480,592	72,650
331.00	Mains and Accessories												
	10-inch and Over	3	427,846,490	291,406,244	117,486,646	0	0	0	0	0	3,123,279	15,530,828	299,493
	Under 10-inch	4	685,757,800	304,270,736	0	337,392,838	0	0	0	0	7,200,457	36,139,436	754,334
333.00	Services	11	297,367,662	0	0	0	0	294,869,774	0	0	2,497,888	0	0
334.00	Meters	10	59,945,104	0	0	0	59,573,444	0	0	0	371,660	0	0
335.00	Fire Hydrants	9	40,270,114	0	0	0	0	0	0	0	0	40,270,114	0
340.00	Office Furniture and Equipment	16	11,681,919	4,797,764	1,189,219	1,682,196	717,270	171,724	1,849,248	842,266	59,578	367,980	4,673
341	Transportation Equipment	16	(150,663)	(61,877)	(15,337)	(21,695)	(9,251)	(2,215)	(23,850)	(10,863)	(768)	(4,746)	(60)
342.00	Stores Equipment	16	154,389	63,408	15,717	22,232	9,479	2,270	24,440	11,131	787	4,863	62
343.00	Tools and work Equipment	16	6,151,240	2,526,314	626,196	885,779	377,686	90,423	973,741	443,504	31,371	193,764	2,460
344.00	Laboratory Equipment	2	2,188,931	1,551,295	625,378	0	0	0	0	0	2,189	10,069	0
346.00	Communication Equipment	16	5,254,685	2,158,099	534,927	756,675	322,638	77,244	831,817	378,863	26,799	165,523	2,102
347.00	Miscellaneous Equipment	16	8,511,870	3,495,825	866,508	1,225,709	522,629	125,124	1,347,429	613,706	43,411	268,124	3,405
348.00	Other Tangible Equipment	16	666,086	273,562	67,808	95,916	40,898	9,791	105,441	48,025	3,397	20,982	266
	Total Depreciable Plant		2,034,449,029	945,760,694	225,972,284	378,909,021	62,391,364	295,670,754	7,196,035	3,277,508	14,666,176	99,442,581	1,162,614
	Total Utility Plant in Service (Net)		2,054,571,752	956,642,008	228,069,592	383,607,079	62,686,951	296,178,402	7,719,293	3,515,736	14,800,744	100,176,641	1,175,308
	Other Rate Base Elements												
	Materials and Supplies	18	4,609,856	2,145,888	511,694	860,660	140,601	664,741	17,517	7,837	33,191	224,961	2,766
	Cash Working Capital - Expenses	16A	20,662,970	9,903,762	1,781,148	2,485,755	1,138,530	256,221	3,064,318	1,367,889	95,050	564,099	6,199
	Cash Working Capital - Interest	18	(6,957,723)	(3,238,820)	(772,307)	(1,299,007)	(212,211)	(1,003,304)	(26,439)	(11,828)	(50,096)	(339,537)	(4,175)
	Accrued and Prepaid Taxes	18	1,980,945	922,130	219,885	369,842	60,419	285,652	7,528	3,368	14,263	96,670	1,189
	Extension Deposits in Suspense	4	105,425	46,777	-	51,869	-	-	-	-	1,107	5,556	116
	Unamortized Investment Tax Credit	18	(458,147)	(213,267)	(50,854)	(85,536)	(13,973)	(66,065)	(1,741)	(779)	(3,299)	(22,358)	(275)
	Deferred Taxes	18	(226,418,629)	(105,397,872)	(25,132,468)	(42,272,358)	(6,905,768)	(32,649,566)	(860,391)	(384,912)	(1,630,214)	(11,049,229)	(135,851)
	Acquisition Adjustments	18	13,204,092	6,146,505	1,465,654	2,465,204	402,725	1,904,030	50,176	22,447	95,069	644,360	7,922
	Total Other Rate Base Elements		(193,271,211)	-89,684,897	-21,977,248	-37,423,571	-5,389,677	-30,608,291	2,250,968	1,004,022	-1,444,929	-9,875,478	-122,109
	Total Original Cost Rate Base		1,861,300,541	866,957,111	206,092,344	346,183,508	57,297,274	265,570,111	9,970,261	4,519,758	13,355,815	90,301,163	1,053,199

PENNSYLVANIA AMERICAN WATER COMPANY
SUMMARY OF COST OF SERVICE ALLOCATION FACTORS

Functional Allocation Factors	Function Ref.	Base	Extra Capacity		Customer Facilities		Customer Account		Fire Service			
			Maximim Day	Maximim Hour	Meters	Services	Billing	Meter Reading	Private	Public	General	
Average Day	1	0.9921	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0014	0.0065	0.0000	1.0000
Maximum Day	2	0.7087	0.2857	0.0000	0.0000	0.0000	0.0000	0.0000	0.0010	0.0046	0.0000	1.0000
Maximum Day and Fire	3	0.6811	0.2746	0.0000	0.0000	0.0000	0.0000	0.0000	0.0073	0.0363	0.0007	1.0000
Maximum Hour	4	0.4437	0.0000	0.4920	0.0000	0.0000	0.0000	0.0000	0.0105	0.0527	0.0011	1.0000
Costs Power and Pumping	5	0.6909	0.2689	0.0265	0.0000	0.0000	0.0000	0.0000	0.0023	0.0112	0.0002	1.0000
Water Treatment Oper. Exp	6	0.7071	0.2841	0.0025	0.0000	0.0000	0.0000	0.0000	0.0011	0.0052	0.0000	1.0000
Water Treatment Maint. Exp	7	0.5521	0.2212	0.2212	0.0000	0.0000	0.0000	0.0000	0.0010	0.0045	0.0000	1.0000
Mains	8	0.5065	0.0726	0.3619	0.0000	0.0000	0.0000	0.0000	0.0096	0.0484	0.0010	1.0000
Fire Hydrants	9	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	1.0000	0.0000	1.0000
Meters	10	0.0000	0.0000	0.0000	0.9938	0.0000	0.0000	0.0000	0.0062	0.0000	0.0000	1.0000
Services	11	0.0000	0.0000	0.0000	0.0000	0.9916	0.0000	0.0000	0.0084	0.0000	0.0000	1.0000
T&D Oper and Super	12	0.4047	0.0559	0.2949	0.1328	0.0628	0.0000	0.0000	0.0091	0.0390	0.0008	1.0000
T&D Maint	13	0.4565	0.0537	0.3584	0.0093	0.0218	0.0000	0.0000	0.0093	0.0901	0.0009	1.0000
Customer Accounting, Billing	14	0.0000	0.0000	0.0000	0.0000	0.0000	0.9951	0.0000	0.0043	0.0006	0.0000	1.0000
Meter Reading Costs	15	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.9993	0.0007	0.0000	0.0000	1.0000
Admin and General Exp	16	0.4107	0.1018	0.1440	0.0614	0.0147	0.1583	0.0721	0.0051	0.0315	0.0004	1.0000
Cash Working Capital - Expenses	16A	0.4793	0.0862	0.1203	0.0551	0.0124	0.1483	0.0662	0.0046	0.0273	0.0003	1.0000
Labor Related Taxes and Benefits	17	0.4356	0.1170	0.1554	0.0897	0.0169	0.0300	0.1154	0.0052	0.0344	0.0004	1.0000
Intangible	18	0.4655	0.1110	0.1867	0.0305	0.1442	0.0038	0.0017	0.0072	0.0488	0.0006	1.0000
Income Taxes	19	0.4657	0.1107	0.1860	0.0308	0.1427	0.0054	0.0024	0.0072	0.0485	0.0006	1.0000
Regulatory Commission and Other Water Rev	20	0.4676	0.0954	0.1385	0.0615	0.0592	0.0946	0.0436	0.0054	0.0338	0.0004	1.0000
Unrecovered Public Fire	21	0.0000	0.0000	0.0000	1.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	1.0000

PENNSYLVANIA-AMERICAN WATER COMPANY

RESPONSES TO RATE STRUCTURE
AND COST OF SERVICE FILING REQUIREMENTS

RS1. Provide a complete (fully allocated) cost of service study if an interval of approximately three years has passed between a previous cost of service study and the historic test year date of the current filing. The cost of service study shall provide the necessary data to determine if the water rate structure is fair and equitable to all classifications of water users (including public and private fire protection customers) and reflects, as nearly as possible, the cost of providing the service. The study shall correspond to the test year proposed revenue requirements (future test year only, if used). Summaries of conclusions and all back-up calculations shall be made part of the submission of the cost of service study, and shall include the following:

j. Provide a detailed cost analysis that supports the Company's customer charges, by meter size, showing all direct and indirect costs included.

RESPONSE

Please refer to the attached schedule.

PENNSYLVANIA-AMERICAN WATER COMPANY

CALCULATION OF THE 5/8-INCH CUSTOMER COSTS PER MONTH
INCLUDING THE UNRECOVERED PUBLIC FIRE COSTS

Cost Function	Cost of Service	Residential		Commercial		Industrial		Other Public Authorities		Other Water Utilities - Group A and B	
		Cost	Per Unit	Cost	Per Unit	Cost	Per Unit	Cost	Per Unit	Cost	Per Unit
Meters	26,471,870	21,196,026		4,465,804		285,896		505,613		18,530	
Units (Meter Equivalents)		7,182,228		1,514,448		96,456		171,084		5,928	
Cost per Unit			2.95		2.95		2.96		2.96		3.13
Services	44,788,194	41,200,660		3,269,538		89,576		223,941		4,479	
Units (ServiceEquivalents)		7,143,216		566,676		15,600		38,784		576	
Cost per Unit			5.77		5.77		5.74		5.77		7.78
Billing/Collecting	28,617,600	26,548,548		1,925,964		37,203		105,885		-	
Units (Bills)		7,044,036		511,212		9,648		27,864		252	
Cost per Unit			3.77		3.77		3.86		3.80		-
Meter Reading	15,418,806	12,911,708		2,118,544		86,345		297,583		4,626	
Units (Bills)		7,044,036		511,212		9,648		27,864		252	
			1.83		4.14		8.95		10.68		18.36
Subtotal	115,296,470	101,856,942		11,779,851		499,021		1,133,022		27,635	
Unrecovered Public Fire	12,144,123	9,729,871		2,051,142		131,157		231,953		-	
Units (Meter Equivalents)		7,182,228		1,514,448		96,456		171,084		5,928	
			1.35		1.35		1.36		1.36		-
Total	127,440,593	111,586,813		13,830,993		630,177		1,364,975		27,635	
Total per Bill			15.67		17.98		22.87		24.57		29.27

PENNSYLVANIA-AMERICAN WATER COMPANY

RESPONSES TO RATE STRUCTURE
AND COST OF SERVICE FILING REQUIREMENTS

RS2. Provide a listing of negotiated special rate contracts which includes a comparison of revenues under special rate contracts and under tariff rates. Provide the cost of service treatment of any deficiency in revenues resulting from the negotiated special rate contracts.

RESPONSE

Please refer to the attached schedules for the comparison of the present and proposed tariff revenues with contract revenues for the following customers:

Industrial
Conagra
Hershey Foods

Other Water Utilities
Oakdale Borough
West Allegheny Municipal Authority

PENNSYLVANIA-AMERICAN WATER COMPANY

APPLICATION OF PRESENT RATES AND PROPOSED RATES TO CONSUMPTION ANALYSIS

Rate Block 100 Gallons (1)	Number Of Bills (2)	Total Consumption (3)	Present Rate (4)	Revenue (5)	Proposed Rate (6)	Proposed Revenue (7)
			CONAGRA			
TARIFF RATES						
Customer Charge						
8	12	0	1,494.30	17,932	1,712.20	20,546
First Block		1,920	0.6809	1,307	0.8368	1,607
Second Block		70,080	0.5079	35,594	0.6146	43,071
Third Block		5,014,096	0.4027	2,019,176	0.4873	2,443,369
Total	12	5,086,096		2,074,009		2,508,593
CONTRACT RATES						
Monthly Demand Charge	12	0	106,248	1,274,976	107,469 (a)	1,289,628
All Usage		5,086,096	0.0430	218,702	0.0435 (a)	221,245
Total Contract Rates				1,493,678		1,510,873
Tariff Less Contract Revenues				580,331		997,720
			HERSHEY			
TARIFF RATES						
Customer Charge						
2	96	0	149.40	14,342	171.20	16,435
4	12	0	467.50	5,610	535.70	6,428
8	24	0	1,494.30	35,863	1,712.20	41,093
10	12	0	2,148.50	25,782	2,461.80	29,542
First Block		23,040	0.6809	15,688	0.8368	19,280
Second Block		840,960	0.5079	427,124	0.6146	516,854
Third Block		1,563,029	0.4027	629,432	0.4873	761,664
Total	144	2,427,029		1,153,840		1,391,296
CONTRACT RATES						
Monthly Demand Charge	0	0	0	0	0	0
Commodity 1		2,274,031	0.1940	441,162	0.2072 (b)	471,093
Commodity 2		152,998	0.2031	31,074	0.2072 (b)	31,695
Total		2,427,029		472,236		502,788
Tariff Less Contract Revenues				681,604		888,508

(a) Rates effective 12/9/2008.
(b) Based on an estimated 2% inflation factor.

PENNSYLVANIA-AMERICAN WATER COMPANY

APPLICATION OF PRESENT RATES AND PROPOSED RATES TO CONSUMPTION ANALYSIS

OAKDALE BOROUGH

TARIFF RATES						
Customer Charge						
2	12	0	121.00	1,452	138.60	1,663
6	12	0	756.50	9,078	866.80	10,402
First Block		423,445	0.5027	212,866	0.5530	234,165
Total	24	423,445		223,396		246,230
CONTRACT RATES						
Monthly Demand Charge -1	10		6,500.55	65,006	6,923.49 (a)	69,235
Monthly Demand Charge -2	2		6,787.74	13,575	6,923.49 (a)	13,847
Commodity 1		364,130	0.060	21,848	0.064 (a)	23,304
Commodity 2		59,315	0.063	3,737	0.064 (a)	3,796
Total		423,445		104,166		110,182
Tariff Less Contract Revenues				119,230		136,048

WEST ALLEGHENY MUNICIPAL AUTHORITY

TARIFF RATES						
Customer Charge						
2	12	0	121.00	1,452	138.60	1,663
4	12	0	378.80	4,546	434.00	5,208
First Block		5,007,181	0.5027	2,517,110	0.5530	2,768,971
Total	24	5,007,181		2,523,108		2,775,842
CONTRACT RATES						
Monthly Demand Charge	0	0	0	0	0	0
Commodity 1		756,245	0.2060	155,786	0.2184 (a)	165,164
Commodity 2		4,250,936	0.2141	910,125	0.2184 (a)	928,404
Total		5,007,181		1,065,912		1,093,568
Tariff Less Contract Revenues				1,457,196		1,682,274

(a) Based on an estimated 2% inflation factor.

Exhibit PRH-1

VIRGINIA-AMERICAN WATER COMPANY

Alexandria, Virginia

HOPEWELL DISTRICT

COST OF SERVICE

ALLOCATION STUDY

AS OF SEPTEMBER 30, 2007

GANNETT FLEMING, INC. - VALUATION AND RATE DIVISION

Harrisburg, Pennsylvania

February 6, 2008

Virginia-American Water Company
2223 Duke Street
Alexandria, VA 22314

Attention Mr. William R. Walsh
President

Gentlemen:

ii Pursuant to your request, we have conducted a cost of service allocation study based on operating results for the test year ended September 30, 2007 for the Hopewell District.

The attached report presents the results of the study, as well as supporting schedules which set forth the detailed cost allocation calculations. Schedule A on page 6 presents a comparison of the cost of service by customer classification with the revenues produced by each classification under present and proposed rates.

Respectfully submitted,

GANNETT FLEMING, INC.

Paul R Herbert

PAUL R. HERBERT
President
Valuation and Rate Division

PRH:krm

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PART I. INTRODUCTION

VIRGINIA-AMERICAN WATER COMPANY

HOPEWELL DISTRICT
COST OF SERVICE ALLOCATION STUDY
AS OF SEPTEMBER 30, 2007

PART I. INTRODUCTION

PLAN OF REPORT

The report sets forth the results of the cost of service allocation study as of September 30, 2007, prepared for Virginia-American Water Company. Part I, Introduction, contains statements with respect to the basis of the study, the procedures employed, and a summary of the results of the study. Part II, Cost of Service Allocation, presents detailed schedules of the allocation of costs to jurisdictional and non-jurisdictional classifications for the Hopewell District, as well as the bases for the allocations.

BASIS OF THE STUDY

The purpose of the study was to allocate costs to jurisdictional and non-jurisdictional classifications and further allocate the jurisdictional costs to customer classes, based on considerations of quantity of water consumed, variability of rate of flow, and costs associated with metering, billing and accounting. The allocation study was based on recognized procedures for allocating the several categories of costs to classifications in proportion to each classification's use of the facilities, commodities and services which entail the total cost of providing water service.

ALLOCATION PROCEDURES

The allocation study was based on the Base-Extra Capacity Method for allocating costs to customer classifications. The method is described in the 2000 and prior editions of AWWA Manual M1, Principles of Water Rates, Fees, and Charges, published by the

American Water Works Association. The four basic categories of cost responsibility are base, extra capacity, customer and fire protection costs. The following discussions present a brief description of these costs and the manner in which they were allocated.

Base Costs are costs that tend to vary with the quantity of water used, plus costs associated with supplying, treating, pumping and distributing water to customers under average load conditions, without the elements necessary to meet peak demands. Base costs were allocated to customer classifications on the basis of average daily usage.

Extra Capacity Costs are costs associated with meeting usage requirements in excess of the average. They include operating and capital costs for additional plant and system capacity beyond that required for average use. The extra capacity costs in this study are subdivided into costs necessary to meet maximum day extra demand and costs to meet maximum hour extra demand. The extra capacity costs were allocated to customer classifications on the bases of each classification's maximum day and hour usage in excess of average usage.

Customer Costs are costs associated with serving customers regardless of their usage or demand characteristics. Customer costs include the operating and capital costs related to meters and services, meter reading costs, and billing and collecting costs. The customer costs were allocated on the bases of the relative capacity of meters and the number of customers.

Fire Protection Costs are costs associated with providing the facilities to meet the potential peak demand of fire protection service and operating and capital costs for hydrants. Fire Protection costs were allocated to customer classifications based on consumption and the number of customers.

RESULTS OF STUDY

The data summarized in Schedules A, "Comparison of Cost of Service with Revenues Under Present and Proposed Rates for the Twelve Months Ended September 30, 2007", constitute the principal results of the allocation study.

The cost of service by customer classification, shown in column 2 of Schedule A, is developed in Schedule B, "Allocation of Cost of Service to Nonjurisdictional and Jurisdictional Classifications for the Twelve Months Ended September 30, 2007". The allocation of the cost of service to the several customer classifications was performed by applying the allocation factors referenced in column 3 of Schedule B to the cost of service in column 4. The bases of the allocation factors are presented in Schedule C.

PART II. COST OF SERVICE ALLOCATION

VIRGINIA-AMERICAN WATER COMPANY
HOPEWELL DISTRICT

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007

Classification	Cost of Service 12 Mos. Ended, 9/30/2007		Revenues Under Present		Revenues Under Proposed		Proposed Increase	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Jurisdictional								
Residential & Commercial	$3,428,061	30.6%	$3,259,790	29.9%	$3,428,710	30.6%	$168,920	5.2%
Industrial Potable	3,051,749	27.3%	2,967,082	27.2%	3,080,908	27.5%	113,826	3.8%
Industrial Non-Potable < 3	1,744,052	15.6%	1,991,607	18.2%	1,991,607	17.8%	0	0.0%
Industrial Non-Potable > 3	2,967,632	26.5%	2,694,963	24.7%	2,694,963	24.1%	0	0.0%
Subtotal Industrial	7,763,433	69.4%	7,653,652	70.1%	7,767,478	69.4%	113,826	1.5%
Subtotal Jurisdictional	11,191,494	100.0%	10,913,442	100.0%	11,196,188	100.0%	282,746	2.6%
Other Revenues Jurisdictional	128,232		128,232		128,232		0	0.0%
Total Jurisdictional	$11,319,726		$11,041,674		$11,324,420		$282,746	2.6%

VIRGINIA-AMERICAN WATER COMPANY
HOPEWELL DISTRICT

ALLOCATION OF COST OF SERVICE TO NON-JURISDICTIONAL AND JURISDICTIONAL CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007

Account Number	Account Description	Factor Ref.	Total District Cost of Service	Non-Jurisdictional	Jurisdictional	Residential	Commercial	Industrial System		
								Potable	N-P <3	N-P >3
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
OPERATION AND MAINTENANCE EXPENSES										
	Source of Supply									
	----Operation----									
675.10	Telephone SS	2	$707	$45	$662	$55	$19	$187	$156	$246
675.30	Electricity SS	2	1,758	112	1,646	136	46	465	387	612
635.10	Contrct Svc-Other Oper SS	2	8,039	512	7,527	620	211	2,127	1,770	2,798
620.20	Mat & Sup Opert SS Int	2	0	0	0	0	0	0	0	0
601.10	Labor Oper SS	2	27	2	25	1	1	7	6	9
	----Maintenance----									
601.20	Labor Maint SS	2	104	7	97	8	3	28	23	36
620.20	M&S-EquipRepair Parts SS	2	0	0	0	0	0	0	0	0
635.30	Mtn SS Contrt Other Serv	2	0	0	0	0	0	0	0	0
620.20	Mat & Sup Maint SS Mis	2	0	0	0	0	0	0	0	0
	Subtotal Source of Supply		3,927	250	3,677	303	103	1,039	865	1,367
			14,562	928	13,634	1,123	383	3,853	3,207	5,068
	Power and Pumping Expenses									
	----Operation----									
615.10	Purch Power PU	6	477,458	38,913	438,545	37,575	14,515	159,184	78,255	149,015
	Misc Oper PU	2	0	0	0	0	0	0	0	0
601.10	Labor Oper PU	2	612,387	39,009	573,378	47,216	16,106	162,038	134,848	213,172
675.20	Electricity PU	6	0	0	0	0	0	0	0	0
675.30	Overtime Meal Expense WT	2	0	0	0	0	0	0	0	0
	----Maintenance----									
620.20	Mat & Sup Maint P Stru	2	0	0	0	0	0	0	0	0
675.30	Amort Def Exp WT Struc	2	0	0	0	0	0	0	0	0
620.20	Mat & Sup Maint P Pump	2	0	0	0	0	0	0	0	0
620.20	M&S-Equip Repair Parts	2	0	0	0	0	0	0	0	0
635.30	Mtn PU Contrt Other Se	2	0	0	0	0	0	0	0	0
	Subtotal Power and Pumping		1,089,845	77,922	1,011,923	84,791	30,621	321,222	213,103	362,187

VIRGINIA-AMERICAN WATER COMPANY
HOPEWELL DISTRICT

ALLOCATION OF COST OF SERVICE TO NON-JURISDICTIONAL AND JURISDICTIONAL CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007

Account Number	Account Description	Factor Ref.	Total District Cost of Service	Non-Jurisdictional	Jurisdictional	Residential	Commercial	Industrial System		
								Potable	N-P <3	N-P >3
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	Water Treatment Expenses									
	----Operation----									
601.30	Gen Sup & Eng Lab Oper	2		0	0	0	0	0	0	0
618.30	Chemicals WT - Common	1	719,667	46,490	673,177	44,979	17,344	190,208	144,869	275,776
618.30	Chemicals - Potable only	20	427,063	66,451	360,612	64,102	24,770	271,740	0	0
618.30	Caustic Soda, Non-Potable	5	80,916	0	80,916	0	0	0	27,867	53,049
618.30	Chemicals WT - Carbon	19	102,266	13,550	88,716	13,080	5,052	55,408	5,226	9,950
620.30	Mat & Sup Oper WT	2	6,144	391	5,753	474	162	1,626	1,353	2,139
675.30	Office & Admin Supplie	2	340	22	318	26	9	90	75	118
675.30	Security Service	2	53,270	3,393	49,877	4,107	1,401	14,095	11,730	18,543
620.60	Safety Supplies AG	2		0	0	0	0	0	0	0
675.30	Janitorial WT	2	12,940	824	12,116	998	340	3,424	2,849	4,504
675.30	Lab Tests	2		0	0	0	0	0	0	0
675.30	Telephone WT	2	6,855	437	6,418	529	180	1,814	1,509	2,386
	Misc Oper Exp WT	2		0	0	0	0	0	0	0
675.30	Laboratory Supplies WT	2	23,845	1,519	22,326	1,838	627	6,309	5,251	8,300
675.30	Misc Maint WT	2	35,277	2,247	33,030	2,720	928	9,334	7,768	12,280
675.30	WT Waste Disposal Exp.	1	854,749	55,217	799,532	53,422	20,599	225,910	172,061	327,540
675.30	Electricity WT	1	186,905	12,074	174,831	11,682	4,504	49,399	37,624	71,622
675.30	Postage WT	2	1,821	116	1,705	140	48	482	401	634
675.30	Trans OPer and Maint	2		0	0	0	0	0	0	0
675.30	Uniforms WT	2	3,763	240	3,523	290	99	996	829	1,310
635.30	Contrct Svc-Other Oper WT	2	6,467	412	6,055	499	170	1,711	1,424	2,251
675.30	Heat - Oil/Gas WT	2	1,147	73	1,074	88	30	303	253	399
601.30	Labor Oper WT	2	257,033	16,373	240,660	19,817	6,760	68,011	56,599	89,473
	----Maintenance----									
601.40	Gen Sup & Eng Lab Main	2	0	0	0	0	0	0	0	0
601.40	Labor Maint WT	2	0	0	0	0	0	0	0	0
601.40	Labor Maint WT Structu	2	331,755	21,133	310,622	25,578	8,725	87,782	73,052	115,484
620.40	Mat & Sup Maint WT Equ	2	104,086	6,630	97,456	8,025	2,737	27,541	22,920	36,232
620.40	M&S-Equip Repair Parts	2	0	0	0	0	0	0	0	0
635.40	Contrct Svc-Other Maint WT	2	15,862	1,010	14,852	1,223	417	4,197	3,493	5,522
675.40	Misc Maint WT Equip	2	16,605	1,058	15,547	1,280	437	4,394	3,656	5,780
	Subtotal Water Treatment		3,248,776	249,660	2,999,116	254,897	95,339	1,024,774	580,809	1,043,292

VIRGINIA-AMERICAN WATER COMPANY
HOPEWELL DISTRICT

ALLOCATION OF COST OF SERVICE TO NON-JURISDICTIONAL AND JURISDICTIONAL CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007

Account Number	Account Description	Factor Ref.	Total District Cost of Service	Non-Jurisdictional	Jurisdictional	Residential	Commercial	Industrial System		
								Potable	N-P <3	N-P >3
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	Transmission & Distribution Expenses									
	----Operation----									
601.50	Gen Sup & Eng Lab Oper	13	61,970	13,671	48,299	33,997	10,547	1,760	719	1,277
601.50	Oper Lab TD Mains	7	425	96	329	232	73	12	5	8
675.50	Misc Oper TD Mains	7	3,380	762	2,618	1,845	580	92	36	65
675.50	Uniforms	7	2,744	619	2,125	1,498	471	75	29	52
601.50	Labor Oper TD Meter Inst.	10	245	13	232	158	29	17	10	17
675.50	Heat - Oil/Gas TD	7	5,105	1,151	3,954	2,786	877	139	55	98
601.50	Labor Oper TD Meter	10	2,409	131	2,278	1,558	286	166	98	170
601.50	Labor Oper TD	7	46,587	10,505	36,082	25,427	7,999	1,267	498	890
620.50	Mat & Sup Oper TD	7		0	0	0	0	0	0	0
675.50	Office & Admin Supplie	7	380	86	294	207	65	10	4	7
675.50	Telephone TD	7	5,008	1,129	3,879	2,733	860	136	54	96
675.50	Misc Oper Exp TD	7	8,910	2,009	6,901	4,863	1,530	242	95	170
	Misc Oper Exp TD Meters	10		0	0	0	0	0	0	0
635.50	Contrct Svc-Other OperTD	7	10,062	2,269	7,793	5,492	1,728	274	108	192
675.50	Electricity TD	7	7,349	1,657	5,692	4,011	1,262	200	79	140
	----Maintenance----									
642.50	Rents-Real Prop and Equip	7	15,320	3,455	11,865	8,362	2,630	417	164	293
675.60	Amort Def Exp Res & St - Basins	2	66,965	4,266	62,699	5,164	1,761	17,719	14,746	23,311
675.60	Amort Def Exp Res & St - NJ Tank	22	45,057	4,902	40,155	13,968	4,132	22,055	0	0
675.60	Amort Def Exp Res & St - Ind. Tank	5	28,298	0	28,298	0	0	0	9,746	18,552
620.60	M&S-Stock E TD Mains	7	0	0	0	0	0	0	0	0
620.60	M&S-Stock E TD Mains	7	0	0	0	0	0	0	0	0
620.60	Mat & Sup Maint TD Mai	7	0	0	0	0	0	0	0	0
601.60	Labor Maint TD Super/Eng	7	7	2	5	4	1	0	0	0
601.60	Labor Maint TD Mains	7	82,358	18,572	63,786	44,951	14,141	2,240	881	1,573
620.60	Mat & Sup Maint TD Ser	10		0	0	0	0	0	0	0
620.60	M&S-Equip Rpr Prts TD	10		0	0	0	0	0	0	0
620.60	M&S-Paving TD Services	10		0	0	0	0	0	0	0
620.60	M&S-Stone Fill TD Serv	10		0	0	0	0	0	0	0
620.60	M&S-Stock E TD Service	10		0	0	0	0	0	0	0
635.60	Contrct Svc-Other Maint TD	7	41,982	9,467	32,515	22,914	7,208	1,142	449	802
601.60	Labor Maint TD Service	10	45,884	2,487	43,397	29,682	5,451	3,161	1,858	3,244
620.60	Mat & Sup Maint TD	7	118,447	26,710	91,737	64,648	20,337	3,222	1,267	2,262
620.60	Mat & Sup Maint TD Met	10		0	0	0	0	0	0	0
620.60	M&S-Equip Rpr Prts TD	10		0	0	0	0	0	0	0

VIRGINIA-AMERICAN WATER COMPANY
HOPEWELL DISTRICT

ALLOCATION OF COST OF SERVICE TO NON-JURISDICTIONAL AND JURISDICTIONAL CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007

Account Number	Account Description	Factor Ref.	Total District Cost of Service	Non-Jurisdictional	Jurisdictional	Residential	Commercial	Industrial System		
								Potable	N-P <3	N-P >3
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
620.60	M&S-Stock E TD Meters	10		0	0	0	0	0	0	0
601.60	Labor Maint TD Meters	10	26,089	1,414	24,675	16,877	3,099	1,798	1,057	1,844
601.60	Labor Maint TD Mtr Ins	10		0	0	0	0	0	0	0
620.60	M&S-Eq Repair Parts Hy	11		0	0	0	0	0	0	0
620.60	M&S-Paving TD Hydrants	11		0	0	0	0	0	0	0
601.60	Labor Maint TD Hydrant	11	9,270	1,116	8,154	6,703	1,232	219	0	0
675.60	Misc Maint TD	7	692	156	536	378	119	19	7	13
	Subtotal Transmission & Distribution		634,943	106,645	528,298	298,458	86,418	56,382	31,965	55,076
	Customer Accounting Expenses									
675.70	Misc Oper Exp CA	12	77	37	40	36	4	0	0	0
620.70	Mat & Sup Oper CA Mete	12		0	0	0	0	0	0	0
620.70	Safety Supplies CA	12		0	0	0	0	0	0	0
675.70	Uniforms CA Meter Read	12	769	365	404	364	36	2	0	0
601.70	Labor Oper CA Meter Re	12	32,060	15,232	16,828	15,190	1,513	96	19	10
620.70	Billing Forms & Supplies	12		0	0	0	0	0	0	0
620.70	Electricity	12		0	0	0	0	0	0	0
635.70	Oper CA Contrct Temp A	12		0	0	0	0	0	0	0
601.70	Labor Oper CA	12	32,636	15,505	17,131	15,463	1,540	98	20	10
620.70	Mat & Sup Oper CA Cust	12	257	122	135	122	12	1	0	0
620.70	Office & Adm Supplies	12		0	0	0	0	0	0	0
675.70	Collection Agencies	12	4,392	2,087	2,305	2,081	207	13	3	1
601.70	Labor Oper CA Cust Rec	12	51,507	24,471	27,036	24,404	2,431	155	31	15
675.70	Misc Oper Exp CA Cust	12		0	0	0	0	0	0	0
675.70	Forms	12	12,876	6,117	6,759	6,101	608	39	8	4
675.70	Overnight Shipping CA	12	217	103	114	103	10	1	0	0
675.70	Postage CA	12	15,694	7,456	8,238	7,436	741	47	9	5
675.70	Telephone and Wireless CA	12	9,417	4,474	4,943	4,462	444	28	6	3
601.70	Gen Sup & Eng Lab Oper	12		0	0	0	0	0	0	0
670.70	Uncollectible Accounts	12a	93,889	0	93,889	84,735	8,450	535	113	56
670.70	Uncollectible Accounts - MI's	12a	1,135	0	1,135	1,024	102	6	1	1
620.70	Mat & Sup Oper CA Misc	12		0	0	0	0	0	0	0
635.70	Contrct Svc-Other Oper CA	12		0	0	0	0	0	0	0
675.70	Bank Service Charges	12	6,217	2,954	3,263	2,945	293	19	4	2
	Subtotal Customer Accounting		261,143	78,923	182,220	164,466	16,391	1,041	214	107

VIRGINIA-AMERICAN WATER COMPANY
HOPEWELL DISTRICT

ALLOCATION OF COST OF SERVICE TO NON-JURISDICTIONAL AND JURISDICTIONAL CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007

Account Number	Account Description	Factor Ref.	Total District Cost of Service	Non-Jurisdictional	Jurisdictional	Residential	Commercial	Industrial System		
								Potable	N-P <3	N-P >3
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	Administrative and General Expenses									
601.80	Gen Sup & Eng Lab Oper	14		0	0	0	0	0	0	0
601.80	Labor Oper AG	14	112,603	13,197	99,406	27,171	6,677	21,361	17,048	27,149
601.80	Incentive Plan Expense	14	82,086	9,620	72,466	19,807	4,868	15,572	12,428	19,791
675.80	Employee Expenses	15	5,666	642	5,024	1,124	290	1,159	948	1,503
675.80	Employee Newsletter	15		0	0	0	0	0	0	0
675.80	Relocation Expense	15		0	0	0	0	0	0	0
675.80	Other	15		0	0	0	0	0	0	0
620.80	Mat & Sup Oper AG	14	231	27	204	56	14	44	35	56
675.80	Office & Admin Supplie	14	12,672	1,485	11,187	3,058	751	2,404	1,919	3,055
620.80	Oper AG Safety Supplie	14		0	0	0	0	0	0	0
675.80	Oper AG Misc Exp	14	27,263	3,195	24,068	6,579	1,617	5,172	4,128	6,573
675.80	Credit Line Fees	14	5,181	607	4,574	1,250	307	983	784	1,249
675.80	Discount Available	14	-706	-83	-623	-170	-42	-134	-107	-170
675.80	Discount Loss	14	11	1	10	3	1	2	2	3
675.80	Janitorial AG	14	25,912	3,037	22,875	6,253	1,537	4,916	3,923	6,247
675.80	Postage AG	14	6,370	747	5,623	1,537	378	1,208	964	1,536
675.80	Subscriptions	14		0	0	0	0	0	0	0
675.80	Business Services Proj Exp	14	0	0	0	0	0	0	0	0
634.80	Service Co Chg Oper AG	14		0	0	0	0	0	0	0
635.80	Auditing Services Oper	14	11,052	1,295	9,757	2,667	655	2,097	1,673	2,665
633.80	Contrct Svc-Legal Oper	14	18,654	2,186	16,468	4,501	1,106	3,539	2,824	4,497
633.80	Contrct Svc-Legal Oper	14a		0	0	0	0	0	0	0
636.80	Contract Svc-Temp Emp Oper AG	14	0	0	0	0	0	0	0	0
635.80	Contrct Svc-Other Oper AG	14	2,057	241	1,816	496	122	390	311	496
635.80	Contrt Svc Other Maint	14		0	0	0	0	0	0	0
632.80	Contr Svc-Acct'g Oper AG	14	8,907	1,044	7,863	2,149	528	1,690	1,349	2,147
634.80	Management Fee - Admin	14	404,022	47,351	356,671	97,491	23,959	76,643	61,169	97,410
634.80	Management Fee - Water Quality	1	30,599	1,977	28,622	1,912	737	8,087	6,160	11,726
634.80	Management Fee - Customer Billing	12	164,404	78,108	86,296	77,895	7,760	493	99	49
634.80	Management Fee - Employee Services	15	26,997	3,059	23,938	5,351	1,382	5,524	4,519	7,162
658.80	Ins Worker's Comp AG	15	35,379	4,008	31,371	7,012	1,811	7,239	5,922	9,386
675.80	Injuries & Damages	14		0	0	0	0	0	0	0
657.80	Ins Gen Liab Oper AG	14	35,912	4,209	31,703	8,666	2,130	6,813	5,437	8,658
656.80	Insurance Vehicle Oper AG	14	10,220	1,198	9,022	2,466	606	1,939	1,547	2,464
659.80	Insurance Other Oper AG	14	55,429	6,496	48,933	13,375	3,287	10,515	8,392	13,364

VIRGINIA-AMERICAN WATER COMPANY
HOPEWELL DISTRICT

ALLOCATION OF COST OF SERVICE TO NON-JURISDICTIONAL AND JURISDICTIONAL CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007

Account Number	Account Description	Factor Ref.	Total District Cost of Service	Non-Jurisdictional	Jurisdictional	Residential	Commercial	Industrial System		
								Potable	N-P <3	N-P >3
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
604.80	PBOP Oper AG	15	153,122	17,349	135,773	30,350	7,840	31,329	25,633	40,623
604.80	Group Ins Premium	15	320,771	36,343	284,428	63,577	16,423	65,630	53,697	85,101
604.80	DCP Oper AG	15	13,108	1,485	11,623	2,599	671	2,682	2,194	3,478
604.80	Retire Med Reimb Opeb AG	15	1,400	159	1,241	277	72	286	234	371
604.80	Other Welf Oper AG	15	13,289	1,506	11,783	2,634	680	2,719	2,225	3,526
604.80	Employee Awards	15	7,748	878	6,870	1,536	397	1,585	1,297	2,056
604.80	Employee Physical Exam	15	270	31	239	54	14	55	45	72
604.80	Tuition Aid	15		0	0	0	0	0	0	0
604.80	Training	15	16,140	1,829	14,311	3,199	826	3,302	2,702	4,282
604.80	ESOP Oper AG	15		0	0	0	0	0	0	0
604.80	401K Oper AG	15	31,148	3,529	27,619	6,173	1,595	6,373	5,214	8,264
604.80	Pension Oper AG	15	161,287	18,274	143,013	31,967	8,258	32,999	26,999	42,789
666.80	Reg Comm-Rate Case Amo	17	34,340	3,702	30,638	7,393	1,992	8,355	4,773	8,125
667.80	Reg Comm-Deprec Study	17	7,132	769	6,363	1,536	414	1,735	991	1,687
667.80	Reg Comm-Mgmt Study Am	14	5,802	680	5,122	1,400	344	1,101	878	1,399
667.80	Reg Exp-Other Oper AG	14	9,331	1,094	8,237	2,252	553	1,770	1,413	2,250
675.80	Telephone AG	14	15,918	1,866	14,052	3,841	944	3,020	2,410	3,838
660.80	Advertising	14	12,964	1,519	11,445	3,128	769	2,459	1,963	3,126
675.80	Community Relations	14	5,230	613	4,617	1,262	310	992	792	1,261
675.80	Bank Service Charges	14	172	20	152	42	10	33	26	41
675.80	Bill Inserts AG	14	3,414	400	3,014	824	202	648	517	823
675.80	Overnight Shipping	14		0	0	0	0	0	0	0
675.80	Meals & Travel-Nondedu	15	2,826	320	2,506	560	145	578	473	750
675.80	Meals & Travel-Deduct	15	3,209	364	2,845	636	164	657	537	851
675.80	Research & Development	14		0	0	0	0	0	0	0
675.80	Lobbying Expenses	14	3,408	399	3,009	822	202	646	516	822
650.80	Trans Exp Oper AG	14	143,885	16,863	127,022	34,719	8,532	27,295	21,784	34,691
675.80	Co. Dues/Membship-Dedu	14	8,578	1,005	7,573	2,070	509	1,627	1,299	2,068
675.80	Penalties- Non-Deductible	14	0	0	0	0	0	0	0	0
675.80	Charitable Contributions (one-half)	14	2,956	346	2,610	713	175	561	448	713
642.80	Rents-Equip Oper AG	14		0	0	0	0	0	0	0
675.80	Misc Maint AG	14	19,434	2,278	17,156	4,689	1,152	3,687	2,942	4,686
620.80	Mat & Sup Maint AG Gen	14	0	0	0	0	0	0	0	0
675.80	Software Licenses/Computer Equip	14	980	115	865	236	58	186	148	236
	Subtotal Administrative and General		2,078,783	297,383	1,781,400	499,138	113,732	379,966	303,624	484,945
	Total Operation & Maintenance Expenses		7,328,052	811,461	6,516,591	1,302,871	342,884	1,787,238	1,132,922	1,950,675

VIRGINIA-AMERICAN WATER COMPANY
HOPEWELL DISTRICT

ALLOCATION OF COST OF SERVICE TO NON-JURISDICTIONAL AND JURISDICTIONAL CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007

Account Number	Account Description	Factor Ref.	Total District Cost of Service	Non-Jurisdictional	Jurisdictional	Residential	Commercial	Industrial System		
								Potable	N-P <3	N-P >3
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
DEPRECIATION EXPENSE										
	Source of Supply									
311	Source of Supply Structures & Imp.	2	989	63	926	76	26	262	218	344
313	Lake, River & Other Intakes	2	3,151	201	2,950	242	83	834	694	1,097
	Pumping Equipment									
321.1	Low Service Station	2	18,950	1,207	17,743	1,461	498	5,014	4,173	6,596
321.2	High Service Station - Domestic	4	384	42	342	119	35	188	0	0
321.2	High Service Station - Industrial	5	2,177	0	2,177	0	0	0	750	1,427
321.3	Industrial Fire Service Station	5	18	0	18	0	0	0	6	12
323	Other Power Production Equipment	2	14,782	942	13,840	1,140	389	3,911	3,255	5,146
325.1	Low Service Pumping Equipment	2	43,226	2,753	40,473	3,332	1,137	11,438	9,518	15,047
325.2	High Service Pump Equip. Domestic	4	17,071	1,857	15,214	5,292	1,565	8,356	0	0
325.3	High Service Pump Equip. Industrial	5	19,467	0	19,467	0	0	0	6,704	12,763
325.4	Piping & Valves - HS Station	8	6,726	342	6,384	975	288	1,538	1,234	2,349
325.5	Electric Substation	8	2,429	123	2,306	352	104	556	446	848
325.6	Miscellaneous Electrical	8	2,931	149	2,782	424	125	670	538	1,024
325.7	Fire Service Pumps	5	52	0	52	0	0	0	18	34
326.1	Diesel Low Service	2	8,257	526	7,731	637	217	2,185	1,818	2,874
326.2	Diesel High Service	5	1,611	0	1,611	0	0	0	555	1,056
	Pumping Equipment - Other	8	7,400	376	7,024	1,072	317	1,692	1,358	2,585
	Water Treatment									
331	WT Struct Common Service	2	143,943	9,169	134,774	11,098	3,786	38,087	31,696	50,107
332.1	WT Eq. Common Service	2	91,759	5,845	85,914	7,075	2,413	24,279	20,205	31,941
	New Filters	3	108,792	14,219	94,573	17,178	5,886	59,085	4,286	8,138
	Carbon Contactors	3	58,434	7,637	50,797	9,227	3,161	31,736	2,302	4,371
	2.5 MG Clearwell	3	19,283	2,520	16,763	3,045	1,043	10,473	760	1,442
	Non-Potable Clearwell	5	5,012	0	5,012	0	0	0	1,726	3,286
332.6	WT Eq. Post Chemical System	18	17,729	2,360	15,369	2,275	879	9,645	885	1,686
395	Laboratory Equipment	2	15,897	1,013	14,884	1,226	418	4,206	3,501	5,534
	Filter Media	2	402	26	376	31	11	106	89	140

VIRGINIA-AMERICAN WATER COMPANY
HOPEWELL DISTRICT

ALLOCATION OF COST OF SERVICE TO NON-JURISDICTIONAL AND JURISDICTIONAL CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007

Account Number	Account Description	Factor Ref.	Total District Cost of Service	Non-Jurisdictional	Jurisdictional	Residential	Commercial	Industrial System		
								Potable	N-P <3	N-P >3
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	Transmission & Distribution									
341	TD Structures & Improvements	7	415	94	321	227	71	11	4	8
342.1	Reservoirs & Standpipes - NJ	22	2,559	278	2,281	793	235	1,253	0	0
342.2	Reservoirs & Standpipes - Dinwiddie	4	19,844	2,159	17,685	6,151	1,820	9,714	0	0
342.2	Reservoirs & Standpipes - Industrial	5	8,408	0	8,408	0	0	0	2,896	5,512
342.3	Tank Painting - Domestic	4	1,231	134	1,097	381	113	603	0	0
342.4	Tank Painting - Industrial	5	737	0	737	0	0	0	254	483
343.1	Mains 36" Raw Water	2	6,655	424	6,231	513	175	1,761	1,465	2,317
343.2	Mains - Domestic Service	9	119,332	28,485	90,847	69,105	21,742	0	0	0
343.3	Mains - Industrial Service - Potable	21	13,193	61	13,132	0	0	13,132	0	0
	Mains - Industrial - Non-potable	5	22,010	0	22,010	0	0	0	7,580	14,430
345	Services	10	25,553	1,385	24,168	16,529	3,036	1,761	1,035	1,807
346	Meters	10	54,011	2,927	51,084	34,940	6,417	3,721	2,187	3,819
347	Meter Installations	10	95,814	5,193	90,621	61,982	11,383	6,602	3,880	6,774
348	Hydrants	11	23,002	2,769	20,233	16,633	3,057	543	0	0
349	Elevated Tanks and Standpipes - NJ	22	1,483	161	1,322	460	136	726	0	0
349	El. Tanks & Standpipes - Dinwiddie	4		0	0	0	0	0	0	0
	Other P/E TD	7	4	1	3	2	1	0	0	0
	General Plant									
390	Structures & Improvements	14	45,323	5,312	40,011	10,936	2,688	8,598	6,862	10,927
391	Office Furniture & Equipment	14	7,828	917	6,911	1,889	464	1,485	1,185	1,887
391.21	Computers & Peripheral Equipment	14	138,282	16,207	122,075	33,367	8,200	26,232	20,936	33,340
392	Transportation Equipment	14	9,134	1,071	8,063	2,204	542	1,733	1,383	2,202
393	Stores Equipment	14	246	29	217	59	15	47	37	59
394	Tools, Shop & Garage Equipment	14	17,340	2,032	15,308	4,184	1,028	3,289	2,625	4,181
396	Power Operated Equipment	14	9,291	1,089	8,202	2,242	551	1,763	1,407	2,240
397	Communication Equipment	14	5,069	594	4,475	1,223	301	962	767	1,222
398	Miscellaneous Equipment	14	21,760	2,550	19,210	5,251	1,290	4,128	3,294	5,246
	Adust to Control	14		0	0	0	0	0	0	0
	Total Depreciation Expense		1,259,396	125,242	1,134,154	335,348	85,646	302,325	154,532	256,301
404.10	Amort of Ltd Term Plt	16	22,017	2,528	19,489	5,988	1,682	5,434	2,391	3,994
404.20	Amort of Reg-Asset-AFUDC	16	0	0	0	0	0	0	0	0
	Total Depreciation & Amortization		1,281,413	127,770	1,153,643	341,336	87,328	307,759	156,923	260,295

VIRGINIA-AMERICAN WATER COMPANY
HOPEWELL DISTRICT

ALLOCATION OF COST OF SERVICE TO NON-JURISDICTIONAL AND JURISDICTIONAL CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007

Account Number	Account Description	Factor Ref.	Total District Cost of Service	Non-Jurisdictional	Jurisdictional	Residential	Commercial	Industrial System		
								Potable	N-P <3	N-P >3
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
TAXES OTHER THAN INCOME TAXES										
408.10	Property Taxes	16	226,978	26,057	200,921	61,738	17,341	56,018	24,650	41,174
408.14	FUTA Expense	15	2,072	235	1,837	411	106	424	347	550
408.16	FICA Expense	15	130,460	14,781	115,679	25,857	6,680	26,692	21,839	34,611
408.18	SUTA Expense	15	2,664	302	2,362	528	136	545	446	707
408.12	Capital Stock Tax	16	624	72	552	169	48	154	68	113
408.11	Gross Receipts Tax	17	327,498	35,415	292,083	70,480	18,985	79,651	45,507	77,460
	Total Taxes Other Than Income Taxes		690,296	76,862	613,434	159,183	43,296	163,484	92,857	154,615
INCOME TAXES										
409.15	FIT-Current	16b	813,223	82,068	731,155	223,441	63,245	199,459	91,833	153,177
409.16	FIT-Prior Year Adj	16	0	0	0	0	0	0	0	0
	Total Income Taxes		813,223	82,068	731,155	223,441	63,245	199,459	91,833	153,177
UTILITY OPERATING INCOME		16b	2,574,611	269,708	2,304,903	704,378	199,374	628,778	289,496	482,877
	Total Cost of Service		12,687,595	1,367,869	11,319,726	2,731,211	736,127	3,086,718	1,764,031	3,001,639
Less: Other Revenues										
	Billing and Collecting		-152,703	-152,703						
	Other	-	-128,232	0	-128,232	-30,942	-8,335	-34,969	-19,979	-34,007
	Total Cost of Service Related to Sales		$12,406,660	$1,215,166	$11,191,494	$2,700,269	$727,792	$3,051,749	$1,744,052	$2,967,632
	Reallocate Jurisdictional Fire Protection		0	0	0					
	Total		$12,406,660	$1,215,166	$11,191,494	$2,700,269	$727,792	$3,051,749	$1,744,052	$2,967,632

VIRGINIA-AMERICAN WATER COMPANY
HOPEWELL DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CLASSIFICATIONS

FACTOR 1. ALLOCATION OF COSTS WHICH VARY WITH THE AMOUNT OF WATER CONSUMED.

Factors are based on the average daily consumption for each customer classification.

Customer Classification	Average Daily Consumption, 100 Cu. Ft.	Jurisdictional Allocation Factor	Class Allocation Factor
(1)	(2)	(3)	(4)
Jurisdictional			
Residential	1,728	0.0625	0.0666
Commercial	668	0.0241	0.0258
Industrial Potable	7,323	0.2643	0.2826
Industrial Non-Potable <3	5,578	0.2013	0.2153
Industrial Non-Potable >3	10,617	0.3832	0.4097
Subtotal	25,914	0.9354	1.0000
Non-Jurisdictional			
Other Public Authority	531	0.0192	
Ft. Lee	659	0.0238	
Federal Correctional	566	0.0204	
Prince George County	0	0.0000	
HRWTF	34	0.0012	
Subtotal	1,790	0.0646	
Total	27,704	1.0000	

VIRGINIA-AMERICAN WATER COMPANY
HOPEWELL DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CLASSIFICATIONS, cont.

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the factors for average daily consumption (Factor 1) and the factors derived from maximum day extra capacity demand for each customer classification, as follows:

Customer Classification	Average Daily Consumption Allocation Factor 1	Average Daily Consumption Weighted Factor	Maximum Day Extra Capacity Allocation Factor	Maximum Day Extra Capacity Weighted Factor	Jurisdictional Allocation Factor
(1)	(2)	(3)=(2)x 0.7692	(4)	(5)=(4)x 0.2308	(6)=(3)+(5)
Jurisdictional					
Residential	0.0625	0.0481	0.1254	0.0290	0.0771
Commercial	0.0241	0.0185	0.0339	0.0078	0.0263
Industrial Potable	0.2643	0.2033	0.2656	0.0613	0.2646
Industrial Non-Potable <3	0.2013	0.1548	0.2832	0.0654	0.2202
Industrial Non-Potable >3	0.3832	0.2948	0.2311	0.0533	0.3481
Subtotal	0.9354	0.7195	0.9392	0.2168	0.9363
Non-Jurisdictional					
Other Public Authority	0.0192	0.0148	0.0270	0.0062	0.0210
Ft. Lee	0.0238	0.0183	0.0239	0.0055	0.0238
Federal Correctional	0.0204	0.0157	0.0082	0.0019	0.0176
Prince George County	0.0000	0.0000	0.0000	0.0000	0.0000
HRWTF	0.0012	0.0009	0.0017	0.0004	0.0013
Subtotal	0.0646	0.0497	0.0608	0.0140	0.0637
Total	1.0000	0.7692	1.0000	0.2308	1.0000

Customer Classification	Average Daily Consumption Allocation Factor 1	Average Daily Consumption Weighted Factor	Maximum Day Extra Capacity Allocation Factor	Maximum Day Extra Capacity Weighted Factor	Class Allocation Factor
(1)	(2)	(3)=(2)x 0.7692	(4)	(5)=(4)x 0.2308	(6)=(3)+(5)
Jurisdictional					
Residential	0.0666	0.0513	0.1335	0.0308	0.0821
Commercial	0.0258	0.0198	0.0361	0.0083	0.0281
Industrial Potable	0.2826	0.2174	0.2828	0.0653	0.2827
Industrial Non-Potable <3	0.2153	0.1656	0.3016	0.0696	0.2352
Industrial Non-Potable >3	0.4097	0.3151	0.2460	0.0568	0.3719
Total	1.0000	0.7692	1.0000	0.2308	1.0000

VIRGINIA-AMERICAN WATER COMPANY
HOPEWELL DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CLASSIFICATIONS, cont.

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS, cont.

The derivation of the maximum day extra capacity factors in column 4 and the basis for the column 3 and column 5 weightings are presented below.

Customer Classification	Average Daily Consumption, 100 Cu. Ft.	Maximum Day Extra Capacity Factor*	Maximum Day Extra Capacity Rate of Flow, 100 Cu. Ft. Per Day	Jurisdictional Allocation Factor	Class Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)	(6)
Jurisdictional					
Residential	1,728	1.0	1,728.0	0.1254	0.1335
Commercial	668	0.7	467.6	0.0339	0.0361
Industrial Potable	7,323	0.5	3,661.5	0.2656	0.2828
Industrial Non-Potable <3	5,578	0.7	3,904.6	0.2832	0.3016
Industrial Non-Potable >3	10,617	0.3	3,185.1	0.2311	0.2460
Subtotal	25,914		12,946.8	0.9392	1.0000
Non-Jurisdictional					
Other Public Authority	531	0.7	371.7	0.0270	
Ft. Lee	659	0.5	329.5	0.0239	
Federal Correctional	566	0.2	113.2	0.0082	
Prince George County	0	0.7	0.0	0.0000	
HRWTF	34	0.7	23.8	0.0017	
Subtotal	1,790		838.2	0.0608	
Total	27,704		13,785.0	1.0000	

The weighting of the factors is based on the maximum day ratio of 1.30, based on a review of maximum day ratios experienced during the period 1998 through 2007.

	Maximum Day Ratio	Weight
Average Day	1.00	0.7692
Maximum Day Extra Capacity	0.30	0.2308
Total	1.30	1.0000

* Ratio of maximum day to average day minus 1.0.

VIRGINIA-AMERICAN WATER COMPANY
HOPEWELL DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH NEW FILTERS, CARBON CONTACTOR AND THE 2.5MG CLEARWELL.

Factors are based on the weighting of the factors for average daily consumption for potable classifications and the estimated average day usage of potable water delivered to the non-potable system.

Customer Classification	Average Daily Consumption			Maximum Day Extra-Capacity Demand		Jurisdictional Allocation Factor
	Average Day CCF	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	
(1)	(2)	(3)	(4)=(3)x 0.7692	(5)	(6)=(5)x 0.2308	(7)=(4)+(6)
Jurisdictional						
Residential	1,728	0.1279	0.0983	0.2581	0.0596	0.1579
Commercial	668	0.0494	0.0380	0.0698	0.0161	0.0541
Industrial Potable	7,323	0.5418	0.4169	0.5469	0.1262	0.5431
Industrial Non-Potable <3	691 *	0.0511	0.0394	0.0000	0.0000	0.0394
Industrial Non-Potable >3	1,315 *	0.0973	0.0748	0.0000	0.0000	0.0748
Subtotal	11,725	0.8675	0.6674	0.8748	0.2019	0.8693
Non-Jurisdictional						
Other Public Authority	531	0.0393	0.0302	0.0555	0.0128	0.0430
Ft. Lee	659	0.0488	0.0375	0.0492	0.0114	0.0489
Federal Correctional	566	0.0419	0.0322	0.0169	0.0039	0.0361
Prince George County	0	0.0000	0.0000	0.0000	0.0000	0.0000
HRWTF	34	0.0025	0.0019	0.0036	0.0008	0.0027
Subtotal	1,790	0.1325	0.1018	0.1252	0.0289	0.1307
Total	13,515	1.0000	0.7692	1.0000	0.2308	1.0000

* Based on an average of 1.5 mgd of potable water transferred back to non-potable system (converted to ccf).

VIRGINIA-AMERICAN WATER COMPANY
HOPEWELL DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS, cont.

The derivation of the maximum day extra capacity factors in column 4 and the basis for the column 3 and column 5 weightings are presented below.

Customer Classification	Average Daily Consumption, 100 Cu. Ft.	Maximum Day Extra Capacity Factor*	Maximum Day Extra Capacity Rate of Flow, 100 Cu. Ft. Per Day	Jurisdictional Allocation Factor	Class Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)	(6)
Jurisdictional					
Residential	1,728	1.0	1,728.0	0.2581	0.2951
Commercial	668	0.7	467.6	0.0698	0.0798
Industrial Potable	7,323	0.5	3,661.5	0.5469	0.6251
Subtotal	9,719		5,857.1	0.8748	1.0000
Non-Jurisdictional					
Other Public Authority	531	0.7	371.7	0.0555	
Ft. Lee	659	0.5	329.5	0.0492	
Federal Correctional	566	0.2	113.2	0.0169	
Prince George County	0	0.7	0.0	0.0000	
HRWTF	34	0.7	23.8	0.0036	
Subtotal	1,790		838.2	0.1252	
Total	11,509		6,695.3	1.0000	

VIRGINIA-AMERICAN WATER COMPANY
HOPEWELL DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH POTABLE SYSTEM DISTRIBUTION PLANT.

Factors are based on the weighting of the factors for average daily consumption (Factor 1) and the factors derived from maximum hour extra capacity demand for each customer classification, as follows:

Customer Classification	Average Hour Consumption		Maximum Hour Extra Capacity		Fire Protection		Jurisdictional Allocation Factor
	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	
(1)	(2)	(3)=(2)x 0.4798	(4)	(5)=(4)x 0.3839	(6)	(7)=(6)x 0.1363	(8)=(3)+(5)+(7)
Jurisdictional							
Residential	0.1593	0.0764	0.3636	0.1396	0.6896	0.0940	0.3100
Commercial	0.0616	0.0296	0.0956	0.0367	0.1866	0.0254	0.0917
Industrial Potable	0.6749	0.3238	0.4315	0.1657			0.4895
Subtotal	0.8958	0.4298	0.8907	0.3420	0.8762	0.1194	0.8912
Non-Jurisdictional							
Other Public Authority	0.0490	0.0235	0.0760	0.0292			0.0527
Ft. Lee	0.0000	0.0000	0.0000	0.0000			0.0000
Federal Correctional	0.0522	0.0250	0.0285	0.0109			0.0359
Prince George County	0.0000	0.0000	0.0000	0.0000			0.0000
HRWTF	0.0031	0.0015	0.0048	0.0018			0.0033
Fire Protection					0.1238	0.0169	0.0169
Subtotal	0.1043	0.0500	0.1093	0.0419	0.1238	0.0169	0.1088
Total	1.0001	0.4798	1.0000	0.3839	1.0000	0.1363	1.0000

VIRGINIA-AMERICAN WATER COMPANY
HOPEWELL DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH POTABLE SYSTEM DISTRIBUTION PLANT.

The derivation of the maximum hour extra capacity factors in column 4 and the basis for the column 3 and column 5 weightings are presented below.

Customer Classification	Average Hour Consumption, 100 Cu. Ft.	Maximum Hour Extra Capacity Factor*	Maximum Hour Extra Capacity Rate of Flow, 100 Cu. Ft. Per Hour	Jurisdictional Allocation Factor	Class Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)	(6)
Jurisdictional					
Residential	72.00	2.5	180.0	0.3636	0.4082
Commercial	27.83	1.7	47.3	0.0956	0.1073
Industrial Potable	305.13	0.7	213.6	0.4315	0.4845
Subtotal	404.96		440.9	0.8907	1.0000
Non-Jurisdictional					
Other Public Authority	22.13	1.7	37.6	0.0760	
Ft. Lee	0.00	0.8	0.0	0.0000	
Federal Correctional	23.58	0.6	14.1	0.0285	
Prince George County	0.00	1.2	0.0	0.0000	
HRWTF	1.42	1.7	2.4	0.0048	
Subtotal	47.13		54.1	0.1093	
Total	452.09		495.0	1.0000	

The weighting of the factors is based on the maximum hour ratio of 1.8, as follows:

	Maximum Hour Ratio	Rate of Flow GPM	Weight
Average Day	1.00	7,044	0.4798
Maximum Day Extra Capacity	0.80	5,635	0.3839
Subtotal	1.80	12,679	0.8637
Fire Protection		2,000	0.1363
		14,679	1.0000

* Ratio of maximum day to average day minus 1.0.

VIRGINIA-AMERICAN WATER COMPANY
HOPEWELL DISTRICT

ALLOCATION OF FIRE PROTECTION BETWEEN JURISDICTIONAL AND NON-JURISDICTIONAL CLASSIFICATIONS

Classification	Consumption 100 Cu. Ft.	Allocation Factor	Weighted Factor	Number of Meter Equivalents	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3)x 50.00%	(5)	(6)	(7)=(6)x 50.00%	(8)
Jurisdictional							
Residential	630,791	0.5905	0.2952	8,586	0.7890	0.3944	0.6896
Commercial	243,723	0.2281	0.1141	1,577	0.1449	0.0725	0.1866
Non-Jurisdictional - OPA	193,744	0.1814	0.0907	719	0.0661	0.0331	0.1238
Total	1,068,258	1.0000	0.5000	10,882	1.0000	0.5000	1.0000

VIRGINIA-AMERICAN WATER COMPANY
HOPEWELL DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH INDUSTRIAL NON-POTABLE SYSTEM PLANT.

These costs are assigned directly to the Industrial Non-Potable classification.

Customer Classification	Average Daily Consumption, 100 Cu. Ft.	Jurisdictional Allocation Factor
(1)	(2)	-3
Jurisdictional		
Industrial Non-Potable <3	5,578	0.3444
Industrial Non-Potable >3	10,617	0.6556
Total	16,195	1.0000

VIRGINIA-AMERICAN WATER COMPANY
HOPEWELL DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH PURCHASED POWER

Factors are based on the weighting of the average daily consumption by the head required for pumping to domestic and industrial service, as follows.

Customer Classification (1)	Average Hour Consumption, 100 Cu. Ft. (2)	Pumping Head at Plant (3)	Weight (4)=(2)x(3)	Jurisdictional Allocation Factor (5)
Jurisdictional				
Residential	72.00	79	5,688	0.0787
Commercial	27.83	79	2,199	0.0304
Industrial Potable	305.13	79	24,105	0.3334
Industrial Non-Potable <3	232.42	51	11,853	0.1639
Industrial Non-Potable >3	442.38	51	22,561	0.3121
Subtotal	1,079.76		66,406.00	0.9185
Non-Jurisdictional				
Other Public Authority	22.13	79	1,748	0.0242
Ft. Lee	27.46	79	2,169	0.0300
Federal Correctional	23.58	79	1,863	0.0258
Prince George County	0.00	79	0	0.0000
HRWTF	1.42	79	112	0.0015
Subtotal	74.59		5,892.00	0.0815
Total	1,154.35		72,298.00	1.0000

VIRGINIA-AMERICAN WATER COMPANY
HOPEWELL DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CLASSIFICATIONS, cont.

FACTOR 7. ALLOCATION OF COSTS ASSOCIATED WITH MAINS.

Factors are based on the weighting of the factors for maximum daily consumption (Factor 2) and the factors derived for domestic and industrial mains, as follows:

Customer Classification	Supply Mains Allocation Factor 2	Supply Mains Weighted Factor	Domestic Mains Allocation Factor 9	Domestic Mains Weighted Factor	Industrial Mains Allocation Factor	Industrial Mains Weighted Factor	Jurisdictional Allocation Factor
(1)	(2)	(3)=(2)x 0.0159	(4)	(5)=(4)x 0.9402	(6)	(7)=(6)x 0.0439	(8)=(3)+(5)+ (7)
Jurisdictional							
Residential	0.0771	0.0013	0.5791	0.5445	0.0000	0.0000	0.5458
Commercial	0.0263	0.0004	0.1822	0.1713	0.0000	0.0000	0.1717
Industrial Potable	0.2646	0.0042	0.0000	0.0000	0.5243	0.0230	0.0272
Industrial Non-Potable <3	0.2202	0.0035	0.0000	0.0000	0.1630	0.0072	0.0107
Industrial Non-Potable >3	0.3481	0.0055	0.0000	0.0000	0.3103	0.0136	0.0191
Subtotal	0.9363	0.0149	0.7613	0.7158	0.9976	0.0438	0.7745
Non-Jurisdictional							
Other Public Authority	0.0210	0.0003	0.1247	0.1172	0.0000	0.0000	0.1175
Ft. Lee	0.0238	0.0004	0.0000	0.0000	0.0000	0.0000	0.0004
Federal Correctional	0.0176	0.0003	0.0971	0.0913	0.0000	0.0000	0.0916
Prince George County	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
HRWTF	0.0013	0.0000	0.0000	0.0000	0.0024	0.0001	0.0001
Fire Protection	0.0000	0.0000	0.0169	0.0159	0.0000	0.0000	0.0159
Subtotal	0.0637	0.0010	0.2387	0.2244	0.0024	0.0001	0.2255
Total	1.0000	0.0159	1.0000	0.9402	1.0000	0.0439	1.0000

	Miles of Mains	Weight
Supply Mains	2.667	0.0159
Domestic Mains	157.531	0.9402
Industrial Mains	7.357	0.0439
Total	168	1.0000

VIRGINIA-AMERICAN WATER COMPANY
HOPEWELL DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CLASSIFICATIONS, cont.

FACTOR 8. ALLOCATION OF OTHER HIGH SERVICE PUMPING PLANT.

Factors are based on the allocation of domestic and industrial pumping facilities.

Customer Classification	High Service Pumping Plant	Allocation Factor
(1)	(2)	(3)
Jurisdictional		
Residential	$109,564	0.1449
Commercial	32,410	0.0428
Industrial Potable	173,004	0.2287
Industrial Non-Potable <3	138,807	0.1835
Industrial Non-Potable >3	264,232	0.3493
Subtotal	718,017	0.9492
Non-Jurisdictional	38,453	0.0508
Total	$756,470	1.0000

VIRGINIA-AMERICAN WATER COMPANY
HOPEWELL DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CLASSIFICATIONS, cont.

FACTOR 9. ALLOCATION OF COSTS ASSOCIATED WITH DOMESTIC SYSTEM POTABLE MAINS.

Factors are based on the weighting of the factors for average daily consumption (Factor 1) and the factors derived from maximum hour extra capacity demand for each customer classification excluding Fort Lee, Industrial Potable, and HRWTF, as follows:

Customer Classification	Average Hour Consumption		Maximum Hour Extra Capacity		Fire Protection		Jurisdictional Allocation Factor
	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	
(1)	(2)	(3)=(2)x 0.4798	(4)	(5)=(4)x 0.3839	(6)	(7)=(6)x 0.1363	(6)=(3)+(5)
Jurisdictional							
Residential	0.4947	0.2374	0.6452	0.2477	0.6896	0.0940	0.5791
Commercial	0.1912	0.0917	0.1695	0.0651	0.1866	0.0254	0.1822
Industrial Potable	0.0000	0.0000	0.0000	0.0000			0.0000
Subtotal	0.6859	0.3291	0.8147	0.3128	0.8762	0.1194	0.7613
Non-Jurisdictional							
Other Public Authority	0.1521	0.0730	0.1348	0.0517			0.1247
Ft. Lee	0.0000	0.0000	0.0000	0.0000			0.0000
Federal Correctional	0.1620	0.0777	0.0505	0.0194			0.0971
Prince George County	0.0000	0.0000	0.0000	0.0000			0.0000
HRWTF	0.0000	0.0000	0.0000	0.0000			0.0000
Fire Protection					0.1238	0.0169	0.0169
Subtotal	0.3141	0.1507	0.1853	0.0711	0.1238	0.0169	0.2387
Total	1.0000	0.4798	1.0000	0.3839	1.0000	0.1363	1.0000

VIRGINIA-AMERICAN WATER COMPANY
HOPEWELL DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CLASSIFICATIONS, cont.

FACTOR 10. ALLOCATION OF COSTS ASSOCIATED WITH METERS AND SERVICES

Customer Classification	Meter Equivalents	Allocation Factor
(1)	(2)	(3)
Jurisdictional		
Residential	8,586	0.6469
Commercial	1,577	0.1188
Industrial Potable	915	0.0689
Industrial Non-Potable <3	538	0.0405
Industrial Non-Potable >3	939	0.0707
Subtotal	12,555	0.9458
Non-Jurisdictional	719	0.0542
Total	13,274	1.0000

VIRGINIA-AMERICAN WATER COMPANY
HOPEWELL DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CLASSIFICATIONS, cont.
BASIS FOR ALLOCATING METER COSTS TO CLASSIFICATIONS

Meter Size	5/8" Capacity Equivalent	Residential		Commercial		Industrial - Potable		Industrial - Non-Potable				Non-Jurisdictional	
		Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters <3	Weighting	Number of Meters >3	Weighting	Number of Meters	Weighting
(1)	(2)	(3)	(4)=(2)x(3)	(5)	(6)=(2)x(5)	(7)	(8)=(2)x(7)	(9)	(10)=(2)x(9)	(11)	(12)=(2)x(10)	(13)	(14)=(2)x(13)
5/8" x 3/4"	1.0	8,482	8,482	496	496	1	1	0	0			35	35
3/4"	1.5	49	74	46	69	0	0	0	0			3	5
1"	2.5	12	30	91	228	1	3	0	0	1	3	7	18
1-1/2"	5.0	0	0	38	190	0	0	0	0		0	6	30
2"	8.0	0	0	68	544	7	56	1	8	2	16	27	216
3"	15.0	0	0	0	0	0	0	0	0		0	0	0
4"	25.0	0	0	2	50	2	50	0	0	2	50	5	125
6"	50.0	0	0	0	0	4	200	1	50	3	150	1	50
8"	80.0	0	0	0	0	6	480	6	480	9	720	3	240
10"	100.0	0	0	0	0	0	0	0	0		0	0	0
12"	125.0					1	125	0				0	
Total		8,543	8,586	741	1,577	22	915	8	538	17	939	87	719

VIRGINIA-AMERICAN WATER COMPANY
HOPEWELL DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CLASSIFICATIONS, cont.

FACTOR 11. ALLOCATION OF COSTS ASSOCIATED WITH FIRE HYDRANTS

Customer Classification	Allocation Factor	Number of Hydrants	Allocation Factor
(1)		(2)	(3)
Jurisdictional			
Industrial Potable		21	0.0236
Fire Protection	0.8762	761	0.8560
Subtotal		782	0.8796
Non-Jurisdictional	0.1238	107	0.1204
Total	1.0000	889	1.0000

FACTOR 12. ALLOCATION OF CUSTOMER ACCOUNTING COSTS.

Customer Classification	Number of Bills	Allocation Factor	Class Allocation Factor
(1)	(2)	(3)	(4)
Jurisdictional			
Residential	35,968	0.4738	0.9025
Commercial	3,588	0.0472	0.0900
Industrial Potable	228	0.0030	0.0057
Industrial Non-Potable <3	48	0.0006	0.0012
Industrial Non-Potable >3	24	0.0003	0.0006
Subtotal	39,856	0.5249	1.0000
Non-Jurisdictional	36,081	0.4751	
Total	75,937	1.0000	

VIRGINIA-AMERICAN WATER COMPANY
HOPEWELL DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CLASSIFICATIONS, cont.

FACTOR 13. ALLOCATION OF TRANSMISSION AND DISTRIBUTION OPERATION SUPERVISION AND ENGINEERING EXPENSES.

Factors are based on the allocation of transmission and distribution operation, as follows:

Customer Classification	Transmission & Distribution Operation Exps.	Allocation Factor
(1)	(2)	(3)
Jurisdictional		
Residential	$50,810	0.5486
Commercial	15,760	0.1702
Industrial Potable	2,630	0.0284
Industrial Non-Potable <3	1,071	0.0116
Industrial Non-Potable >3	1,905	0.0206
Subtotal	72,176	0.7794
Non-Jurisdictional	20,427	0.2206
Total	$92,603	1.0000

FACTOR 14. ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES.

Factors are based on the allocation of all other operation and maintenance expenses, excluding purchased power and chemicals, as follows:

Customer Classification	Operation & Maintenance Expenses	Allocation Factor	Class Allocation Factor
(1)	(2)	(3)	(4)
Jurisdictional			
Residential	$578,893	0.2413	0.2732
Commercial	142,368	0.0593	0.0672
Industrial Potable	455,423	0.1897	0.2149
Industrial Non-Potable <3	363,396	0.1514	0.1715
Industrial Non-Potable >3	578,778	0.2411	0.2732
Subtotal	2,118,858	0.8828	1.0000
Non-Jurisdictional	281,383	0.1172	
Total	$2,400,241	1.0000	

VIRGINIA-AMERICAN WATER COMPANY
HOPEWELL DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CLASSIFICATIONS, cont.

FACTOR 15. ALLOCATION OF LABOR RELATED TAXES AND BENEFITS.

Factors are based on the allocation of operation and maintenance direct labor expense.

Customer Classification	Direct Labor Expense	Allocation Factor
(1)	(2)	(3)
Jurisdictional		
Residential	$354,231	0.1982
Commercial	91,477	0.0512
Industrial Potable	365,753	0.2046
Industrial Non-Potable <3	299,171	0.1674
Industrial Non-Potable >3	474,127	0.2653
Subtotal	1,584,759	0.8867
Non-Jurisdictional	202,545	0.1133
Total	$1,787,304	1.0000

FACTOR 16. ALLOCATION OF OTHER RATE BASE ELEMENTS.

Factors are based on the allocation of plant in service, as shown on the following pages and summarized below.

Customer Classification	Plant in Service	Allocation Factor	Class Allocation Factor
(1)	(2)	(3)	(4)
Jurisdictional			
Residential	$13,678,993	0.2720	0.3073
Commercial	3,842,971	0.0764	0.0863
Industrial Potable	12,414,140	0.2468	0.2788
Industrial Non-Potable <3	5,463,570	0.1086	0.1227
Industrial Non-Potable >3	9,122,921	0.1814	0.2049
Subtotal	44,522,595	0.8852	1.0000
Non-Jurisdictional	5,775,468	0.1148	
Total	$50,298,063	1.0000	

VIRGINIA-AMERICAN WATER COMPANY
HOPEWELL DISTRICT

ALLOCATION OF COST OF SERVICE TO NON-JURISDICTIONAL AND JURISDICTIONAL CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007

Account Number	Account Description	Factor Ref.	Total District Cost of Service	Non-Jurisdictional	Jurisdictional	Residential	Commercial	Industrial System		
								Potable	N-P <3	N-P >3
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
UTILITY PLANT IN SERVICE										
	Source of Supply									
303200	Source of Supply Land	2	37,894	2,414	35,480	2,922	997	10,027	8,344	13,191
304100	Source of Supply Structures & Imp.	2	41,371	2,635	38,736	3,190	1,088	10,947	9,110	14,401
306000	Lake, River & Other Intakes	2	176,026	11,213	164,813	13,572	4,629	46,576	38,761	61,275
	Pumping Equipment									
303301	Low Service Station Land	2	1,837	117	1,720	142	48	486	405	639
303302	High Service Station Land	8	5,720	291	5,429	829	245	1,308	1,050	1,998
303303	Industrial Fire Service Station Land	5	80	0	80	0	0	0	28	52
304201	Low Service Station	2	773,486	49,271	724,215	59,636	20,343	204,664	170,322	269,250
304202	High Service Station - Domestic	4	15,681	1,706	13,975	4,861	1,438	7,676	0	0
304203	High Service Station - Industrial	5	88,861	0	88,861	0	0	0	30,604	58,257
304204	Industrial Fire Service Station	5	734	0	734	0	0	0	253	481
310100	Other Power Production Equipment	2	584,279	37,219	547,060	45,048	15,367	154,600	128,658	203,388
311201	Low Service Pumping Equipment	2	894,941	57,008	837,933	69,000	23,537	236,801	197,066	311,529
311202	High Service Pumping Equip. - Domestic	4	353,431	38,453	314,978	109,564	32,410	173,004	0	0
311203	High Service Pumping Equip. - Industrial	5	403,039	0	403,039	0	0	0	138,807	264,232
311204	Piping & Valves - HS Station	8	139,250	7,074	132,176	20,177	5,960	31,846	25,552	48,640
311205	Electric Substation	8	50,283	2,554	47,729	7,286	2,152	11,500	9,227	17,564
311206	Miscellaneous Electrical	8	60,690	3,083	57,607	8,794	2,598	13,880	11,137	21,199
311207	Fire Service Pumps	5	1,071	0	1,071	0	0	0	369	702
311301	Diesel Low Service	2	213,903	13,626	200,277	16,492	5,626	56,599	47,101	74,460
311302	Diesel High Service - Industrial	5	41,733	0	41,733	0	0	0	14,373	27,360
311400	Pumping Equipment - Other	8	191,726	9,740	181,986	27,781	8,206	43,848	35,182	66,970
	Water Treatment									
303400	Water Treatment Land	2	2,786	177	2,609	215	73	737	613	970
304300	WT Struct Common Service	2	6,602,910	420,605	6,182,305	509,084	173,657	1,747,130	1,453,961	2,298,473
320101	WT Eq. Common Service	2	4,779,089	304,428	4,474,661	368,468	125,690	1,264,547	1,052,355	1,663,601
320102	New Filters	3	5,666,272	740,582	4,925,690	894,704	306,545	3,077,352	223,251	423,837
320103	Carbon Contactors	3	3,043,428	397,776	2,645,652	480,557	164,649	1,652,886	119,911	227,648
320104	2.5 MG Clearwell	3	1,004,308	131,263	873,045	158,580	54,333	545,440	39,570	75,122
320105	Non-Potable Clearwell	5	261,062	0	261,062	0	0	0	89,910	171,152
320106	WT Eq. Post Chemical System	18	923,367	122,900	800,467	118,468	45,799	502,312	46,076	87,812
344000	Laboratory Equipment	2	207,538	13,220	194,318	16,000	5,458	54,915	45,700	72,244
320200	Filter Media	2	20,928	1,333	19,595	1,613	550	5,538	4,608	7,285

VIRGINIA-AMERICAN WATER COMPANY
HOPEWELL DISTRICT

ALLOCATION OF COST OF SERVICE TO NON-JURISDICTIONAL AND JURISDICTIONAL CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007

Account Number	Account Description	Factor Ref.	Total District Cost of Service	Non-Jurisdictional	Jurisdictional	Residential	Commercial	Industrial System		
								Potable	N-P <3	N-P >3
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	Transmission & Distribution									
303500	Land & Land Rights	7	98,436	22,197	76,239	53,726	16,901	2,677	1,053	1,880
304400	T & D Structures	7	16,337	3,684	12,653	8,917	2,805	444	175	312
330001	Reservoirs & Standpipes - NJ	22	96,915	10,544	86,371	30,044	8,887	47,440	0	0
330002	Reservoirs & Standpipes - Dinwiddie	4	751,683	81,783	669,900	233,022	68,929	367,949	0	0
330003	Reservoirs & Standpipes - Industrial	5	318,500	0	318,500	0	0	0	109,691	208,809
330004	Tank Painting - Domestic	4	46,636	5,074	41,562	14,457	4,277	22,828	0	0
330005	Tank Painting - Industrial	5	27,934	0	27,934	0	0	0	9,620	18,314
331001	Mains 36" Raw Water	2	434,961	27,707	407,254	33,535	11,439	115,091	95,778	151,410
331002	Mains - Domestic Service	9	10,006,227	2,388,486	7,617,741	5,794,606	1,823,135	0	0	0
331003	Mains - Industrial Service - Potable	21	862,279	3,966	858,313	0	0	858,313	0	0
331004	Mains - Industrial Service - Non-Potable	5	1,438,587	0	1,438,587	0	0	0	495,449	943,138
333000	Services	10	1,816,337	98,445	1,717,892	1,174,988	215,781	125,146	73,562	128,415
334130	Meters	10	1,250,194	67,761	1,182,433	808,750	148,523	86,138	50,633	88,389
334200	Meter Installations	10	1,159,981	62,871	1,097,110	750,392	137,806	79,923	46,979	82,011
335000	Hydrants	11	1,112,930	133,997	978,933	804,760	147,908	26,265	0	0
339500	Other P/E TD	7	84	19	65	46	14	2	1	2
330100	Elevated Tanks & Standpipes	22	56,191	6,114	50,077	17,419	5,153	27,505	0	0
	Subtotal Utility Plant Excluding General		46,081,936	5,281,336	40,800,600	12,661,641	3,592,956	11,614,340	4,825,245	8,106,412
	General Plant									
301000	Organization	14	5,084	596	4,488	1,227	301	964	770	1,226
339600	Preliminary Planning Studies	14	54,299	6,364	47,935	13,102	3,220	10,301	8,221	13,091
303600	Land & Land Rights	14	2,000	234	1,766	483	119	379	303	482
304500	Structures & Improvements	14	1,880,548	220,400	1,660,148	453,776	111,516	356,740	284,715	453,400
340100	Office Furniture & Equipment	14	183,531	21,510	162,021	44,286	10,883	34,816	27,787	44,249
340200	Computers & Software	14	1,259,793	147,648	1,112,145	303,988	74,706	238,983	190,733	303,736
341100	Transportation Equipment	14	82,500	9,669	72,831	19,907	4,892	15,650	12,491	19,891
342000	Stores Equipment	14	5,841	685	5,156	1,409	346	1,108	884	1,408
343000	Tools, Shop & Garage Equipment	14	280,137	32,832	247,305	67,597	16,612	53,142	42,413	67,541
345000	Power Operated Equipment	14	177,704	20,827	156,877	42,880	10,538	33,710	26,904	42,844
346100	Communication Equipment	14	60,698	7,114	53,584	14,646	3,599	11,514	9,190	14,634
347000	Miscellaneous Equipment	14	224,001	26,253	197,748	54,051	13,283	42,493	33,914	54,007
	Subtotal General Plant		4,216,136	494,132	3,722,004	1,017,352	250,015	799,800	638,325	1,016,509
	Total Utility Plant in Service		$50,298,072	$5,775,468	$44,522,604	$13,678,993	$3,842,971	$12,414,140	$5,463,570	$9,122,921

VIRGINIA-AMERICAN WATER COMPANY
HOPEWELL DISTRICT

ALLOCATION OF COST OF SERVICE TO NON-JURISDICTIONAL AND JURISDICTIONAL CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007

Account Number	Account Description	Factor Ref.	Total District Cost of Service	Non-Jurisdictional	Jurisdictional	Residential	Commercial	Industrial System		
								Potable	N-P <3	N-P >3
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	Other Rate Base Elements									
	Less: Depreciation Reserve	16	-16,576,948	-1,903,034	-14,673,914	-4,508,929	-1,266,479	-4,091,191	-1,800,257	-3,007,058
	Plus: Retirement Work in Progress	16	17,766	2,040	15,726	4,832	1,357	4,385	1,929	3,223
	Plus: Wastewater Treatment Facility	1	52,078	3,364	48,714	3,255	1,255	13,764	10,483	19,956
	Net Utility PLant		33,790,968	3,877,838	29,913,130	9,178,151	2,579,104	8,341,098	3,675,725	6,139,042
	Plus: Materials and Supplies	16	325,648	37,384	288,264	88,576	24,880	80,370	35,365	59,073
	Cash Working Capital	14a	121,911	11,843	110,068	30,071	7,397	23,654	18,877	30,071
	Customer Advances	16	-607,931	-93,500	-514,431	-158,085	-44,395	-143,423	-63,121	-105,407
	CWIP	16a	2,022,698	262,951	1,759,747	583,145	179,413	327,677	254,051	415,462
	Less: Rate Base Deductions									
	OTher Cost Free Capital	16	1,840,634	441,618	1,399,016	429,918	120,735	390,046	171,659	286,658
	Accumulated Deferred Inc. Taxes	16	4,935,098	566,549	4,368,549	1,342,347	377,041	1,217,982	535,952	895,227
	Deferred Tank Painting	23	-456,040	-29,779	-426,261	-62,204	-19,154	-129,287	-79,579	-136,037
	Subtotal Rate Base Deductions		6,319,692	978,388	5,341,304	1,710,061	478,622	1,478,741	628,032	1,045,848
	Total Rate Base		$29,333,602	$3,118,128	$26,215,474	$8,011,797	$2,267,777	$7,150,635	$3,292,865	$5,492,393

VIRGINIA-AMERICAN WATER COMPANY
HOPEWELL DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CLASSIFICATIONS, cont.

FACTOR 16a. ALLOCATION OF CWIP.

Factors are based on the allocation of construction work in progress shown on the following page and summarized below.

Customer Classification	CWIP	Allocation Factor
(1)	(2)	(3)
Jurisdictional		
Residential	$582,894	0.2883
Commercial	179,474	0.0887
Industrial Potable	327,775	0.1620
Industrial Non-Potable <3	254,017	0.1256
Industrial Non-Potable >3	415,498	0.2054
Subtotal	1,759,658	0.8700
Non-Jurisdictional	263,041	0.1300
Total	$2,022,699	1.0000

FACTOR 16b. ALLOCATION OF INCOME AVAILABLE OR RETURN.

Factors are based on the allocation of rate base, as shown on the previous pages and summarized below.

Customer Classification	Rate Base	Allocation Factor	Class Allocation Factor
(1)	(2)	(3)	(4)
Jurisdictional			
Residential	$8,011,797	0.2731	0.3056
Commercial	2,267,777	0.0773	0.0865
Industrial Potable	7,150,635	0.2438	0.2728
Industrial Non-Potable <3	3,292,865	0.1123	0.1256
Industrial Non-Potable >3	5,492,393	0.1872	0.2095
Subtotal	26,215,467	0.8937	1.0000
Non-Jurisdictional	3,118,128	0.1063	
Total	$29,333,595	1.0000	

VIRGINIA-AMERICAN WATER COMPANY
HOPEWELL DISTRICT

ALLOCATION OF COST OF SERVICE TO NON-JURISDICTIONAL AND JURISDICTIONAL CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2007

Account Number	Account Description	Factor Ref.	Total District Cost of Service	Non-Jurisdictional	Jurisdictional	Residential	Commercial	Industrial System		
								Potable	N-P <3	N-P >3
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	CWIP									
304,100	Source of Supply Structures & Imp.	2	0	0	0	0	0	0	0	0
304,300	WT Struct Common Service	2	850,987	54,208	796,779	65,611	22,381	225,171	187,387	296,229
311,200	Transfer Pump #3	3	0	0	0	0	0	0	0	0
325.2	High Service Pumping Equip. - Domestic	4	29,554	3,215	26,339	9,162	2,710	14,467	0	0
325.4	Piping & Valves - HS Station	8	214,881	10,916	203,965	31,136	9,197	49,143	39,431	75,058
320,100	WT Eq. Post Chemical System	18	0	0	0	0	0	0	0	0
331,200	Mains - Common	2	0	0	0	0	0	0	0	0
343.2	Mains - Domestic Service	9	727,774	173,720	554,054	421,454	132,600	0	0	0
331,300	Mains - Industrial Service - Potable	21	7,780	36	7,744	0	0	7,744	0	0
331,400	Mains - Industrial Service - Non-Potable	5	7,781	0	7,781	0	0	0	2,680	5,101
333,000	Services	10	8,843	479	8,364	5,721	1,051	609	358	625
334,200	Meter Installations	10	1,604	87	1,517	1,038	191	111	65	113
335,000	Hydrants	11	14,339	1,726	12,613	10,369	1,906	338	0	0
	Other P/E CPS	14	47,610	5,580	42,030	11,488	2,823	9,032	7,208	11,479
390	Structures & Improvements	14	15,107	1,771	13,336	3,645	896	2,866	2,287	3,642
391	Structures & Improvements - Misc	14	60,238	7,060	53,178	14,535	3,572	11,427	9,120	14,523
340,200	Computers & Software	14	36,200	4,243	31,957	8,735	2,147	6,867	5,481	8,728
	Total CWIP		$2,022,698	$263,041	$1,759,657	$582,894	$179,474	$327,775	$254,017	$415,498

VIRGINIA-AMERICAN WATER COMPANY
HOPEWELL DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CLASSIFICATIONS, cont.

FACTOR 17. ALLOCATION OF REGULATORY EXPENSE AND OTHER REVENUES.

Factors are based on the allocation of total cost of service.

Customer Classification	Total Cost of Service	Allocation Factor	Class Allocation Factor 17a
(1)	(2)	(3)	(3)
Jurisdictional			
Residential	$2,651,800	0.2153	0.2413
Commercial	714,736	0.0580	0.0650
Industrial Potable	2,996,977	0.2433	0.2727
Industrial Non-Potable <3	1,712,760	0.1390	0.1558
Industrial Non-Potable >3	2,914,367	0.2366	0.2652
Subtotal	10,990,640	0.8922	1.0000
Non-Jurisdictional	1,327,983	0.1078	
Total	$12,318,623	1.0000	

VIRGINIA-AMERICAN WATER COMPANY
HOPEWELL DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CLASSIFICATIONS, cont.

FACTOR 18. ALLOCATION OF COSTS ASSOCIATED WITH THE POST CHEMICAL BUILDING.

Customer Classification (1)	Potable Service: Average Daily Consumption, 100 Cu. Ft. (2)	Potable Service: Allocation Factor (3)	Potable Service: Weighted Factor (4)=(3) x 0.8550	Non-Potable Service: Average Daily Consumption, 100 Cu. Ft. (5)	Non-Potable Service: Allocation Factor (6)	Non-Potable Service: Weighted Factor (7)=(6) x 0.1450	Allocation Factor (8)=(4)+(7)
Jurisdictional							
Residential	1,728	0.1501	0.1283				0.1283
Commercial	668	0.0580	0.0496				0.0496
Industrial Potable	7,323	0.6363	0.5440				0.5440
Industrial Non-Potable <3				5,578	0.3444	0.0499	0.0499
Industrial Non-Potable >3				10,617	0.6556	0.0951	0.0951
Subtotal	9,719	0.8444	0.7219	16,195	1.0000	0.1450	0.8669
Non-Jurisdictional							
Other Public Authority	531	0.0461	0.0394				0.0394
Ft. Lee	659	0.0573	0.0490				0.0490
Federal Correctional	566	0.0492	0.0421				0.0421
Prince George County	0	0.0000	0.0000				0.0000
HRWTF	34	0.0030	0.0026	0	0.0000	0.0000	0.0026
Subtotal	1,790	0.1556	0.1331	0	0.0000	0.0000	0.1331
Total	11,509	1.0000	0.8550	16,195	1.0000	0.1450	1.0000

The weighting of the factors is based on 75% of the square footage dedicated to potable chemicals only and the remaining 25% for caustic soda which is used for both systems. The 25% for caustic soda is allocated 42% for potable and 58% for non-potable based on the pounds of caustic soda required for each system.

VIRGINIA-AMERICAN WATER COMPANY
HOPEWELL DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CLASSIFICATIONS, cont.

FACTOR 19. ALLOCATION OF COSTS ASSOCIATED WITH CARBON LEASES.

Factors are based on the average daily usage applicable to the new filters.

Customer Classification	Average Day Usage, CCF	Jurisdictional Allocation Factor
(1)	(2)	(3)
Jurisdictional		
Residential	1,728	0.1279
Commercial	668	0.0494
Industrial Potable	7,323	0.5418
Industrial Non-Potable <3	691	0.0511
Industrial Non-Potable >3	1,315	0.0973
Subtotal	11,725	0.8675
Non-Jurisdictional		
Other Public Authority	531	0.0393
Ft. Lee	659	0.0488
Federal Correctional	566	0.0419
Prince George County	0	0.0000
HRWTF	34	0.0025
Subtotal	1,790	0.1325
Total	13,515	1.0000

VIRGINIA-AMERICAN WATER COMPANY
HOPEWELL DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CLASSIFICATIONS, cont.

FACTOR 20. ALLOCATION OF COSTS ASSOCIATED WITH POTABLE SYSTEM CHEMICALS.

Factors are based on the average daily usage for potable system customers.

Customer Classification	Average Day Usage, CCF	Jurisdictional Allocation Factor
(1)	(2)	(3)
Jurisdictional		
Residential	1,728	0.1501
Commercial	668	0.0580
Industrial Potable	7,323	0.6363
Subtotal	9,719	0.8444
Non-Jurisdictional		
Other Public Authority	531	0.0461
Ft. Lee	659	0.0573
Federal Correctional	566	0.0492
Prince George County	0	0.0000
HRWTF	34	0.0030
Subtotal	1,790	0.1556
Total	11,509	1.0000

FACTOR 21. ALLOCATION OF COSTS ASSOCIATED WITH INDUSTRIAL POTABLE MAINS.

These costs are assigned directly to the Industrial Potable classification.

Customer Classification	Average Hour Consumption, 100 Cu. Ft.	Jurisdictional Allocation Factor
(1)	(2)	(2)
Jurisdictional		
Industrial Potable	305.13	0.9954
Non-Jurisdictional		
HRWTF	1.42	0.0046
Total	306.55	1.0000

VIRGINIA-AMERICAN WATER COMPANY
HOPEWELL DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CLASSIFICATIONS, cont.

FACTOR 22. ALLOCATION OF COSTS ASSOCIATED WITH THE NEW JERSEY TANK.

Factors are based on the weighting of the factors for average daily consumption (Factor 1) and the factors derived from maximum hour extra capacity demand for each customer classification excluding Fort Lee, as follows:

Customer Classification	Average Hour Consumption		Maximum Hour Extra Capacity		Fire Protection		Jurisdictional Allocation Factor
	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	
(1)	(2)	(3)=(2)x	(4)	(5)=(4)x	(6)	(7)=(6)x	(6)=(3)+(5)
		0.4798		0.3839		0.1363	
Jurisdictional							
Residential	0.1593	0.0764	0.3636	0.1396	0.6896	0.0940	0.3100
Commercial	0.0616	0.0296	0.0956	0.0367	0.1866	0.0254	0.0917
Industrial Potable	0.6749	0.3238	0.4315	0.1657			0.4895
Subtotal	0.8958	0.4298	0.8907	0.3420	0.8762	0.1194	0.8912
Non-Jurisdictional							
Other Public Authority	0.0490	0.0235	0.0760	0.0292			0.0527
Ft. Lee	0.0000	0.0000	0.0000	0.0000			0.0000
Federal Correctional	0.0522	0.0250	0.0285	0.0109			0.0359
Prince George County	0.0000	0.0000	0.0000	0.0000			0.0000
HRWTF	0.0031	0.0015	0.0048	0.0018			0.0033
Fire Protection					0.1238	0.0169	0.0169
Subtotal	0.1043	0.0500	0.1093	0.0419	0.1238	0.0169	0.1088
Total	1.0001	0.4798	1.0000	0.3839	1.0000	0.1363	1.0000

VIRGINIA-AMERICAN WATER COMPANY
HOPEWELL DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CLASSIFICATIONS, cont.

FACTOR 23. ALLOCATION OF DEFERRED TANK PAINTING COSTS.

Factors are based on the allocation of tank painting costs.

Customer Classification	Tank Painting Costs	Allocation Factor
(1)	(2)	(3)
Jurisdictional		
Residential	$19,130	0.1364
Commercial	5,893	0.0420
Industrial Potable	39,774	0.2835
Industrial Non-Potable <3	24,492	0.1745
Industrial Non-Potable >3	41,863	0.2983
Subtotal	131,152	0.9347
Non-Jurisdictional	9,168	0.0653
Total	$140,320	1.0000

Exhibit PRH-1

VIRGINIA-AMERICAN WATER COMPANY

Alexandria, Virginia

HOPEWELL DISTRICT

COST OF SERVICE

ALLOCATION STUDY

AS OF SEPTEMBER 30, 2009

GANNETT FLEMING, INC. - VALUATION AND RATE DIVISION

Harrisburg, Pennsylvania

Gannett Fleming
Your Trusted Advisor Since 1915

GANNETT FLEMING, INC.
P.O. Box 67100
Harrisburg, PA 17106-7100
Location:
207 Senate Avenue
Camp Hill, PA 17011
Office: (717) 763-7211
Fax: (717) 763-4590
www.gannettfleming.com

March 4, 2010

Virginia-American Water Company
2223 Duke Street
Alexandria, VA 22314

Attention Mr. William R. Walsh
President

Gentlemen:

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Pursuant to your request, we have conducted a cost of service allocation study based on operating results for the test year ended September 30, 2009 for the Hopewell District.

The attached report presents the results of the study, as well as supporting schedules which set forth the detailed cost allocation calculations. Schedule A on page 6 presents a comparison of the cost of service by customer classification with the revenues produced by each classification under present and proposed rates.

Respectfully submitted,

GANNETT FLEMING, INC.

Paul R Herbert

PAUL R. HERBERT
President
Valuation and Rate Division

PRH:krm

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PART I. INTRODUCTION

VIRGINIA-AMERICAN WATER COMPANY

HOPEWELL DISTRICT
COST OF SERVICE ALLOCATION STUDY
AS OF SEPTEMBER 30, 2009

PART I. INTRODUCTION

PLAN OF REPORT

The report sets forth the results of the cost of service allocation study as of September 30, 2009, prepared for Virginia-American Water Company. Part I, Introduction, contains statements with respect to the basis of the study, the procedures employed, and a summary of the results of the study. Part II, Cost of Service Allocation, presents detailed schedules of the allocation of costs to jurisdictional and non-jurisdictional classifications for the Hopewell District, as well as the bases for the allocations.

BASIS OF THE STUDY

The purpose of the study was to allocate costs to jurisdictional and non-jurisdictional classifications and further allocate the jurisdictional costs to customer classes, based on considerations of quantity of water consumed, variability of rate of flow, and costs associated with metering, billing and accounting. The allocation study was based on recognized procedures for allocating the several categories of costs to classifications in proportion to each classification's use of the facilities, commodities and services which entail the total cost of providing water service.

ALLOCATION PROCEDURES

The allocation study was based on the Base-Extra Capacity Method for allocating costs to customer classifications. The method is described in the 2000 and prior editions of AWWA Manual M1, Principles of Water Rates, Fees, and Charges, published by the

American Water Works Association. The four basic categories of cost responsibility are base, extra capacity, customer and fire protection costs. The following discussions present a brief description of these costs and the manner in which they were allocated.

Base Costs are costs that tend to vary with the quantity of water used, plus costs associated with supplying, treating, pumping and distributing water to customers under average load conditions, without the elements necessary to meet peak demands. Base costs were allocated to customer classifications on the basis of average daily usage.

Extra Capacity Costs are costs associated with meeting usage requirements in excess of the average. They include operating and capital costs for additional plant and system capacity beyond that required for average use. The extra capacity costs in this study are subdivided into costs necessary to meet maximum day extra demand and costs to meet maximum hour extra demand. The extra capacity costs were allocated to customer classifications on the bases of each classification's maximum day and hour usage in excess of average usage.

Customer Costs are costs associated with serving customers regardless of their usage or demand characteristics. Customer costs include the operating and capital costs related to meters and services, meter reading costs, and billing and collecting costs. The customer costs were allocated on the bases of the relative capacity of meters and the number of customers.

Fire Protection Costs are costs associated with providing the facilities to meet the potential peak demand of fire protection service and operating and capital costs for hydrants. Fire Protection costs were allocated to customer classifications based on consumption and the number of customers.

RESULTS OF STUDY

The data summarized in Schedules A, "Comparison of Cost of Service with Revenues Under Present and Proposed Rates for the Twelve Months Ended September 30, 2009", constitute the principal results of the allocation study.

The cost of service by customer classification, shown in column 2 of Schedule A, is developed in Schedule B, "Allocation of Cost of Service to Nonjurisdictional and Jurisdictional Classifications for the Twelve Months Ended September 30, 2009". The allocation of the cost of service to the several customer classifications was performed by applying the allocation factors referenced in column 3 of Schedule B to the cost of service in column 4. The bases of the allocation factors are presented in Schedule C.

5 PART II. COST OF SERVICE ALLOCATION

VIRGINIA-AMERICAN WATER COMPANY
HOPEWELL DISTRICT

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2009

Classification	Cost of Service 12 Mos. Ended, 9/30/2009		Revenues Under Present		Revenues Under Proposed		Proposed Increase	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Jurisdictional								
Residential & Commercial	$4,347,409	31.1%	$3,264,113	29.8%	$4,347,413	31.1%	$1,083,300	33.2%
Industrial Potable	3,881,999	27.7%	3,043,727	27.8%	3,881,933	27.7%	838,206	27.5%
Industrial Non-Potable < 3	2,294,248	16.4%	2,107,344	19.2%	2,620,347	18.7%	513,004	24.3%
Industrial Non-Potable > 3	3,475,874	24.8%	2,533,051	23.1%	3,149,871	22.5%	616,820	24.4%
Subtotal Industrial	9,652,121	68.9%	7,684,122	70.2%	9,652,151	68.9%	1,968,030	25.6%
Subtotal Jurisdictional	13,999,530	100.0%	10,948,235	100.0%	13,999,564	100.0%	3,051,329	27.9%
Other Revenues Jurisdictional	149,838		149,838		149,838		0	0.0%
Total Jurisdictional	$14,149,367		$11,098,072		$14,149,402		$3,051,329	27.5%

VIRGINIA-AMERICAN WATER COMPANY
HOPEWELL DISTRICT

ALLOCATION OF COST OF SERVICE TO NON-JURISDICTIONAL AND JURISDICTIONAL CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2009

Account Number	Account Description	Factor Ref.	Total District Cost of Service	Non-Jurisdictional	Jurisdictional	Residential	Commercial	Industrial System		
								Potable	N-P <3	N-P >3
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
OPERATION AND MAINTENANCE EXPENSES										
	Source of Supply									
	----Operation----									
675.10	Telephone SS	2	$ 289	$ 19	$ 270	$ 22	$ 7	$ 78	$ 65	$ 97
675.30	Electricity SS	2	1,011	68	943	77	26	271	229	339
635.10	Contrct Svc-Other Oper SS	2	8,533	574	7,959	651	221	2,291	1,933	2,863
620.20	Mat & Sup Opert SS Int	2	719	48	671	55	19	193	163	241
601.10	Labor Oper SS	2	-	-	-	-	-	-	-	-
	----Maintenance----									
601.20	Labor Maint SS	2	1,164	78	1,086	89	30	313	264	391
620.20	M&S-EquipRepair Parts SS	2	-	-	-	-	-	-	-	-
635.30	Mtn SS Contrt Other Serv	2	-	-	-	-	-	-	-	-
620.20	Mat & Sup Maint SS Mis	2	282	19	263	22	7	76	64	95
	Subtotal Source of Supply		11,998	806	11,192	916	310	3,222	2,718	4,026
	Power and Pumping Expenses									
	----Operation----									
615.10	Purch Power PU	6	590,307	51,829	538,478	46,044	17,532	198,934	99,113	176,856
	Misc Oper PU	2	(1,573)	(106)	(1,467)	(120)	(41)	(422)	(356)	(528)
601.10	Labor Oper PU	2	583,485	39,269	544,216	44,520	15,112	156,666	132,159	195,759
675.20	Electricity PU	6	-	-	-	-	-	-	-	-
675.30	Overtime Meal Expense WT	2	-	-	-	-	-	-	-	-
	----Maintenance----									
620.20	Mat & Sup Maint P Stru	2	-	-	-	-	-	-	-	-
675.30	Amort Def Exp WT Struc	2	-	-	-	-	-	-	-	-
620.20	Mat & Sup Maint P Pump	2	-	-	-	-	-	-	-	-
620.20	M&S-Equip Repair Parts	2	-	-	-	-	-	-	-	-
635.30	Mtn PU Contrt Other Se	2	-	-	-	-	-	-	-	-
	Subtotal Power and Pumping		1,172,219	90,992	1,081,227	90,444	32,603	355,178	230,916	372,087

VIRGINIA-AMERICAN WATER COMPANY
HOPEWELL DISTRICT

ALLOCATION OF COST OF SERVICE TO NON-JURISDICTIONAL AND JURISDICTIONAL CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2009

Account Number	Account Description	Factor Ref.	Total District Cost of Service	Non-Jurisdictional	Jurisdictional	Residential	Commercial	Industrial System		
								Potable	N-P <3	N-P >3
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	Water Treatment Expenses									
	----Operation----									
601.30	Gen Sup & Eng Lab Oper	2	273,250	18,390	254,860	20,849	7,077	73,368	61,891	91,675
618.30	Chemicals WT - Common	1	643,033	44,948	598,085	39,868	15,176	172,461	133,108	237,472
618.30	Chemicals - Potable only	20	393,430	64,877	328,553	57,637	21,914	249,002	-	-
618.30	Caustic Soda, Non-Potable	5	165,753	-	165,753	-	-	-	71,009	94,744
618.30	Chemicals WT - Carbon	19	37,404	6,168	31,236	5,480	2,083	23,673	-	-
620.30	Mat & Sup Oper WT	2	3,758	253	3,505	287	97	1,009	851	1,261
675.30	Office & Admin Supplie	2	6,109	411	5,698	466	158	1,640	1,384	2,050
675.30	Security Service	2	39,924	2,687	37,237	3,046	1,034	10,720	9,043	13,395
620.60	Safety Supplies AG	2		-	-	-	-	-	-	-
675.30	Janitorial WT	2	10,704	720	9,984	817	277	2,874	2,424	3,591
675.30	Lab Tests	2		-	-	-	-	-	-	-
675.30	Telephone WT	2	7,344	494	6,850	560	190	1,972	1,663	2,464
	Misc Oper Exp WT	2	43,640	2,937	40,703	3,330	1,130	11,717	9,884	14,641
675.30	Laboratory Supplies WT	2	36,271	2,441	33,830	2,767	939	9,739	8,215	12,169
675.30	Misc Maint WT	2		-	-	-	-	-	-	-
675.30	WT Waste Disposal Exp.	1	911,825	63,737	848,088	56,533	21,519	244,551	188,748	336,737
675.30	Electricity WT	1	236,244	16,513	219,731	14,647	5,575	63,361	48,903	87,245
675.30	Postage WT	2		-	-	-	-	-	-	-
675.30	Trans OPer and Maint	2		-	-	-	-	-	-	-
675.30	Uniforms WT	2	5,448	367	5,081	416	141	1,463	1,234	1,828
635.30	Contrct Svc-Other Oper WT	2	7,814	526	7,288	596	202	2,098	1,770	2,622
675.30	Heat - Oil/Gas WT	2		-	-	-	-	-	-	-
601.30	Labor Oper WT	2		-	-	-	-	-	-	-
	----Maintenance----									
601.40	Gen Sup & Eng Lab Main	2	-	-	-	-	-	-	-	-
601.40	Labor Maint WT	2	-	-	-	-	-	-	-	-
601.40	Labor Maint WT Structu	2	323,622	21,780	301,842	24,692	8,382	86,893	73,300	108,575
620.40	Mat & Sup Maint WT Equ	2	83,590	5,626	77,964	6,378	2,165	22,444	18,933	28,044
620.40	M&S-Equip Repair Parts	2	-	-	-	-	-	-	-	-
635.40	Contrct Svc-Other Maint WT	2	16,839	1,133	15,706	1,285	436	4,521	3,814	5,649
675.40	Misc Maint WT Equip	2		-	-	-	-	-	-	-
	Subtotal Water Treatment		3,246,002	254,008	2,991,994	239,654	88,495	983,506	636,174	1,044,162

VIRGINIA-AMERICAN WATER COMPANY
HOPEWELL DISTRICT

ALLOCATION OF COST OF SERVICE TO NON-JURISDICTIONAL AND JURISDICTIONAL CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2009

Account Number	Account Description	Factor Ref.	Total District Cost of Service	Non-Jurisdictional	Jurisdictional	Residential	Commercial	Industrial System		
								Potable	N-P <3	N-P >3
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	Transmission & Distribution Expenses									
	----Operation----									
601.50	Gen Sup & Eng Lab Oper	13	63,673	13,276	50,397	35,701	10,805	1,821	853	1,216
601.50	Oper Lab TD Mains	7	53,737	11,516	42,221	29,937	9,221	1,467	672	924
675.50	Misc Oper TD Mains	7	3,550	761	2,789	1,978	609	97	44	61
675.50	Uniforms	7	3,115	668	2,447	1,735	535	85	39	54
601.50	Labor Oper TD Meter Inst.	10	583	26	557	388	67	38	22	43
675.50	Heat - Oil/Gas TD	7	4,060	870	3,190	2,262	697	111	51	70
601.50	Labor Oper TD Meter	10	2,644	116	2,528	1,761	303	172	99	193
601.50	Labor Oper TD	7	-	-	-	-	-	-	-	-
620.50	Mat & Sup Oper TD	7	26	6	20	14	4	1	-	-
675.50	Office & Admin Supplie	7	282	60	222	157	48	8	4	5
675.50	Telephone TD	7	6,239	1,337	4,902	3,476	1,071	170	78	107
675.50	Misc Oper Exp TD	7	3,575	766	2,809	1,992	613	98	45	61
	Misc Oper Exp TD Meters	10	578	25	553	385	66	38	22	42
635.50	Contrct Svc-Other OperTD	7	25,034	5,365	19,669	13,946	4,296	683	313	431
675.50	Electricity TD	7	8,379	1,796	6,583	4,668	1,438	229	105	144
	----Maintenance----									
642.50	Rents-Real Prop and Equip	7	4,739	1,016	3,723	2,640	813	129	59	82
675.60	Amort Def Exp Res & St - Basins	2	60,761	4,089	56,672	4,636	1,574	16,314	13,762	20,385
675.60	Amort Def Exp Res & St - NJ Tank	22	40,883	4,035	36,848	12,919	3,733	20,196	-	-
675.60	Amort Def Exp Res & St - Ind. Tank	5	25,676	-	25,676	-	-	-	11,000	14,677
620.60	M&S-Stock E TD Mains	7	-	-	-	-	-	-	-	-
620.60	M&S-Stock E TD Mains	7	-	-	-	-	-	-	-	-
620.60	Mat & Sup Maint TD Mai	7	-	-	-	-	-	-	-	-
601.60	Labor Maint TD Super/Eng	7		-	-	-	-	-	-	-
601.60	Labor Maint TD Mains	7	98,100	21,023	77,077	54,652	16,834	2,678	1,226	1,687
620.60	Mat & Sup Maint TD Ser	10		-	-	-	-	-	-	-
620.60	M&S-Equip Rpr Prts TD	10		-	-	-	-	-	-	-
620.60	M&S-Paving TD Services	10		-	-	-	-	-	-	-
620.60	M&S-Stone Fill TD Serv	10		-	-	-	-	-	-	-
620.60	M&S-Stock E TD Service	10		-	-	-	-	-	-	-
635.60	Contrct Svc-Other Maint TD	7	797	171	626	444	137	22	10	14
601.60	Labor Maint TD Service	10	54,270	2,388	51,882	36,155	6,219	3,522	2,024	3,962
620.60	Mat & Sup Maint TD	7	119,501	25,609	93,892	66,574	20,506	3,262	1,494	2,055
620.60	Mat & Sup Maint TD Met	10		-	-	-	-	-	-	-
620.60	M&S-Equip Rpr Prts TD	10		-	-	-	-	-	-	-

VIRGINIA-AMERICAN WATER COMPANY
HOPEWELL DISTRICT

ALLOCATION OF COST OF SERVICE TO NON-JURISDICTIONAL AND JURISDICTIONAL CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2009

Account Number	Account Description	Factor Ref.	Total District Cost of Service	Non-Jurisdictional	Jurisdictional	Residential	Commercial	Industrial System		
								Potable	N-P <3	N-P >3
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
620.60	M&S-Stock E TD Meters	10		-	-	-	-	-	-	-
601.60	Labor Maint TD Meters	10	194	9	185	129	22	13	7	14
601.60	Labor Maint TD Mtr Ins	10		-	-	-	-	-	-	-
620.60	M&S-Eq Repair Parts Hy	11		-	-	-	-	-	-	-
620.60	M&S-Paving TD Hydrants	11		-	-	-	-	-	-	-
601.60	Labor Maint TD Hydrant	11	33,004	2,786	30,218	25,119	4,320	779	-	-
675.60	Misc Maint TD	7		-	-	-	-	-	-	-
	Subtotal Transmission & Distribution		613,401	97,714	515,686	301,668	83,931	51,933	31,929	46,227
	Customer Accounting Expenses									
675.70	Misc Oper Exp CA	12	27	13	14	12	1	-	-	-
620.70	Mat & Sup Oper CA Mete	12		-	-	-	-	-	-	-
620.70	Safety Supplies CA	12		-	-	-	-	-	-	-
675.70	Uniforms CA Meter Read	12	979	478	501	452	46	3	1	-
601.70	Labor Oper CA Meter Re	12	37,951	18,516	19,435	17,507	1,765	129	23	11
620.70	Billing Forms & Supplies	12		-	-	-	-	-	-	-
620.70	Electricity	12		-	-	-	-	-	-	-
635.70	Oper CA Contrct Temp A	12		-	-	-	-	-	-	-
601.70	Labor Oper CA	12	33,439	16,315	17,124	15,425	1,555	114	20	10
620.70	Mat & Sup Oper CA Cust	12	410	200	210	189	19	1	-	-
620.70	Office & Adm Supplies	12		-	-	-	-	-	-	-
675.70	Collection Agencies	12	1,382	674	708	638	64	5	1	-
601.70	Labor Oper CA Cust Rec/Supervision	12	100,003	48,791	51,212	46,131	4,650	340	60	30
675.70	Misc Oper Exp CA Cust	12		-	-	-	-	-	-	-
675.70	Forms	12	7,721	3,767	3,954	3,562	359	26	5	2
675.70	Overnight Shipping CA	12	277	135	142	128	13	1	-	-
675.70	Postage CA	12	20,121	9,817	10,304	9,282	936	68	12	6
675.70	Telephone and Wireless CA	12	16,593	8,096	8,497	7,654	772	56	10	5
601.70	Gen Sup & Eng Lab Oper	12		-	-	-	-	-	-	-
670.70	Uncollectible Accounts	12a	153,505	-	153,505	138,246	13,938	1,028	200	92
670.70	Uncollectible Accounts - MI's	12a	(5,232)	-	(5,232)	(4,712)	(475)	(35)	(7)	(3)
620.70	Mat & Sup Oper CA Misc	12		-	-	-	-	-	-	-
635.70	Contrct Svc-Other Oper CA	12		-	-	-	-	-	-	-
675.70	Bank Service Charges	12	62,595	30,540	32,055	28,875	2,911	213	38	19
	Subtotal Customer Accounting		429,771	137,342	292,429	263,390	26,554	1,949	363	172

VIRGINIA-AMERICAN WATER COMPANY
HOPEWELL DISTRICT

ALLOCATION OF COST OF SERVICE TO NON-JURISDICTIONAL AND JURISDICTIONAL CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2009

Account Number	Account Description	Factor Ref.	Total District Cost of Service	Non-Jurisdictional	Jurisdictional	Residential	Commercial	Industrial System		
								Potable	N-P <3	N-P >3
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	Administrative and General Expenses									
601.80	Gen Sup & Eng Lab Oper	14	-	-	-	-	-	-	-	-
601.80	Labor Oper AG	14	92,889	12,391	80,498	25,154	5,508	16,525	13,450	19,860
601.80	Incentive Plan Expense	14	72,942	9,730	63,212	19,753	4,325	12,976	10,562	15,595
675.80	Employee Expenses	15	13,288	1,722	11,566	2,899	700	2,604	2,159	3,202
675.80	Employee Newsletter	15	-	-	-	-	-	-	-	-
675.80	Relocation Expense	15	8,761	1,135	7,626	1,912	462	1,717	1,424	2,111
675.80	Other	15	-	-	-	-	-	-	-	-
620.80	Mat & Sup Oper AG	14	1,419	189	1,230	384	84	252	205	303
675.80	Office & Admin Supplie	14	12,462	1,662	10,800	3,375	739	2,217	1,804	2,664
620.80	Oper AG Safety Supplie	14	-	-	-	-	-	-	-	-
675.80	Misc Oper AG Exp	14	30,747	4,102	26,645	8,326	1,823	5,470	4,452	6,574
675.80	Credit Line Fees	14	4,059	541	3,518	1,099	241	722	588	868
675.80	Discount Available	14	(2,965)	(396)	(2,569)	(803)	(176)	(527)	(429)	(634)
675.80	Heat/Purchased Power	14	3,367	449	2,918	912	200	599	488	720
675.80	Janitorial AG	14	24,820	3,311	21,509	6,721	1,472	4,415	3,594	5,307
675.80	Postage AG	14	285	38	247	77	17	51	41	61
675.80	Subscriptions	14	-	-	-	-	-	-	-	-
675.80	Business Services Proj Exp	14	-	-	-	-	-	-	-	-
634.80	Service Co Chg Oper AG	14	-	-	-	-	-	-	-	-
635.80	Auditing Services Oper	14	2,198	293	1,905	595	130	391	318	470
633.80	Contrct Svc-Legal Oper	14	13,239	1,766	11,473	3,585	785	2,355	1,917	2,830
633.80	Contrct Svc-Legal Oper	14	-	-	-	-	-	-	-	-
636.80	Contract Svc-Temp Emp Oper AG	14	-	-	-	-	-	-	-	-
635.80	Contrct Svc-Other Oper AG	14	11,047	1,474	9,573	2,992	655	1,965	1,600	2,362
635.80	Contrt Svc Other Maint	14	14	2	12	4	1	2	2	3
632.80	Contr Svc-Acct'g Oper AG	14	5,594	746	4,848	1,515	332	995	810	1,196
634.80	Management Fee - Admin	14	537,388	71,688	465,700	145,525	31,867	95,601	77,814	114,894
634.80	Management Fee - Water Quality	1	17,529	1,225	16,304	1,087	414	4,701	3,629	6,473
634.80	Management Fee - Customer Billing	12	156,052	76,138	79,914	71,987	7,256	531	94	47
634.80	Management Fee - Employee Services	15	20,008	2,593	17,415	4,366	1,054	3,922	3,251	4,822
658.80	Ins Worker's Comp AG	15	33,615	4,357	29,258	7,335	1,772	6,589	5,462	8,101
675.80	Injuries & Damages	14	8,000	1,067	6,933	2,166	474	1,423	1,158	1,710
657.80	Ins Gen Liab Oper AG	14	89,430	11,930	77,500	24,218	5,303	15,910	12,949	19,120
656.80	Insurance Vehicle Oper AG	14	26,622	3,551	23,071	7,209	1,579	4,736	3,855	5,692
659.80	Insurance Other Oper AG	14	44,069	5,879	38,190	11,934	2,613	7,840	6,381	9,422

VIRGINIA-AMERICAN WATER COMPANY
HOPEWELL DISTRICT

ALLOCATION OF COST OF SERVICE TO NON-JURISDICTIONAL AND JURISDICTIONAL CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2009

Account Number	Account Description	Factor Ref.	Total District Cost of Service	Non-Jurisdictional	Jurisdictional	Residential	Commercial	Industrial System		
								Potable	N-P <3	N-P >3
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
604.80	PBOP Oper AG	15	252,224	32,688	219,536	55,035	13,292	49,436	40,986	60,786
604.80	Group Ins Premium	15	366,000	47,434	318,566	79,861	19,288	71,736	59,475	88,206
604.80	DCP Oper AG	15	26,378	3,419	22,959	5,757	1,390	5,170	4,286	6,357
604.80	Retire Med Reimb Opeb AG	15	2,695	349	2,346	588	142	528	438	650
604.80	Other Welf Oper AG	15	6,722	871	5,851	1,467	354	1,318	1,092	1,620
604.80	Employee Awards	15	4,319	560	3,759	942	228	847	702	1,041
604.80	Employee Physical Exam	15		-	-	-	-	-	-	-
604.80	Tuition Aid	15	658	85	573	144	35	129	107	159
604.80	Training	15	14,915	1,933	12,982	3,254	786	2,923	2,424	3,595
604.80	ESOP Oper AG	15	250	32	218	55	13	49	41	60
604.80	401K Oper AG	15	27,505	3,565	23,940	6,002	1,449	5,391	4,470	6,629
604.80	Pension Oper AG	15	352,988	45,747	307,241	77,022	18,602	69,186	57,361	85,070
666.80	Reg Comm-Rate Case Amo	17	35,764	3,820	31,944	7,900	2,017	8,859	5,236	7,932
667.80	Reg Comm-Deprec Study	17	2,522	269	2,253	557	142	625	369	559
667.80	Reg Comm-Mgmt Study Am	14		-	-	-	-	-	-	-
667.80	Reg Exp-Other Oper AG	14	4,874	650	4,224	1,320	289	867	706	1,042
675.80	Telephone AG	14	15,185	2,026	13,159	4,112	900	2,701	2,199	3,247
660.80	Advertising	14	4,750	634	4,116	1,286	282	845	688	1,016
675.80	Community Relations	14	-	-	-	-	-	-	-	-
675.80	Trustee Fees	14	552	74	478	149	33	98	80	118
675.80	Bill Inserts AG	14	6,072	810	5,262	1,644	360	1,080	879	1,298
675.80	Overnight Shipping	14	3,376	450	2,926	914	200	601	489	722
675.80	Meals & Travel-Nondedu	15	6,985	905	6,080	1,524	368	1,369	1,135	1,683
675.80	Meals & Travel-Deduct	15	6,869	890	5,979	1,499	362	1,346	1,116	1,655
675.80	Security Service	14	12,452	1,661	10,791	3,372	738	2,215	1,803	2,662
675.80	Lobbying Expenses	14	777	104	673	210	46	138	113	166
650.80	Trans Exp Oper AG	14	196,888	26,265	170,623	53,317	11,675	35,026	28,509	42,095
675.80	Co. Dues/Membship	14	8,828	1,178	7,650	2,391	524	1,571	1,278	1,887
675.80	Penalties- Non-Deductible	14	19	3	16	5	1	3	3	4
675.80	Software Licenses/Computer Equip	14	2,386	318	2,068	646	141	424	345	510
642.80	Rents-Equip Oper AG	14	19,884	2,653	17,231	5,385	1,179	3,537	2,879	4,251
675.80	Misc Maint AG	14	18,417	2,457	15,960	4,987	1,092	3,276	2,667	3,938
620.80	Computer Equip.	14	22	3	19	6	1	4	3	5
675.80	Adjust to Control	14a	(129)	(224)	95	30	7	19	16	23
	Subtotal Administrative and General		2,628,025	399,212	2,228,814	675,708	145,566	465,299	379,473	562,759
	Total Operation & Maintenance Expenses		$ 8,101,416	$ 980,074	$ 7,121,342	$ 1,571,780	$ 377,459	$ 1,861,087	$ 1,281,573	$ 2,029,433

VIRGINIA-AMERICAN WATER COMPANY
HOPEWELL DISTRICT

ALLOCATION OF COST OF SERVICE TO NON-JURISDICTIONAL AND JURISDICTIONAL CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2009

Account Number	Account Description	Factor Ref.	Total District Cost of Service	Non-Jurisdictional	Jurisdictional	Residential	Commercial	Industrial System		
								Potable	N-P <3	N-P >3
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
DEPRECIATION EXPENSE										
	Source of Supply									
311	Source of Supply Structures & Imp.	2	$ 1,326	$ 89	$ 1,237	$ 101	$ 34	$ 356	$ 300	$ 445
313	Lake, River & Other Intakes	2	428	29	399	33	11	115	97	144
	Pumping Plant									
321.1	Low Service Station	2	28,914	1,946	26,968	2,206	749	7,763	6,549	9,701
321.2	High Service Station - Domestic	4	587	58	529	185	54	290	-	-
321.2	High Service Station - Industrial	5	3,322	-	3,322	-	-	-	1,423	1,899
321.3	Industrial Fire Service Station	5	28	-	28	-	-	-	12	16
323	Other Power Production Equipment	2	15,806	1,064	14,742	1,206	409	4,244	3,580	5,303
325.1	Low Service Pumping Equipment	2	58,806	3,958	54,848	4,487	1,523	15,789	13,320	19,729
325.2	High Service Pump Equip. Domestic	4	29,263	2,888	26,375	9,247	2,672	14,456	-	-
325.3	High Service Pump Equip. Industrial	5	18,442	-	18,442	-	-	-	7,901	10,541
325.4	Piping & Valves - HS Station	8	5,890	482	5,408	1,543	446	2,411	432	576
325.5	Electric Substation	8	2,059	168	1,891	540	156	843	151	201
325.6	Miscellaneous Electrical	8	4,868	398	4,470	1,275	369	1,993	357	476
325.7	Fire Service Pumps	5	44	-	44	-	-	-	19	25
326.1	Diesel Low Service	2	1,289	87	1,202	99	33	346	292	432
326.2	Diesel High Service - Industrial	5	225	-	225	-	-	-	96	129
	Pumping Equipment - Other	8	1,000	82	918	262	76	409	73	98
	Water Treatment									
331	WT Struct Common Service	2	115,998	7,807	108,191	8,851	3,004	31,145	26,274	38,917
	WT Struct - Industrial	5	7,038	-	7,038	-	-	-	3,015	4,023
332.1	WT Eq. Common Service	2	84,728	5,702	79,026	6,466	2,194	22,749	19,191	28,426
	WT Eq. Chl Scrubbers - Industrial	5	8,812	-	8,812	-	-	-	3,775	5,037
	Filters - Domestic	3	100,011	15,442	84,569	17,212	5,861	61,497	-	-
	New Filters - Industrial	5	10,403	-	10,403	-	-	-	4,457	5,946
	Carbon Contactors	3	59,303	9,156	50,147	10,207	3,475	36,465	-	-
	2.5 MG Clearwell	3	19,570	3,022	16,548	3,368	1,147	12,034	-	-
	Non-Potable Clearwell	5	5,129	-	5,129	-	-	-	2,197	2,932
332.6	WT Eq. Post Chemical System	18	18,451	2,602	15,849	2,312	878	9,984	961	1,714
395	Laboratory Equipment	2	22,373	1,506	20,867	1,708	579	6,007	5,067	7,506
	Filter Media	2	681	46	635	52	18	183	154	228

VIRGINIA-AMERICAN WATER COMPANY
HOPEWELL DISTRICT

ALLOCATION OF COST OF SERVICE TO NON-JURISDICTIONAL AND JURISDICTIONAL CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2009

Account Number	Account Description	Factor Ref.	Total District Cost of Service	Non-Jurisdictional	Jurisdictional	Residential	Commercial	Industrial System		
								Potable	N-P <3	N-P >3
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	Transmission & Distribution									
341	TD Structures & Improvements	7	3	1	2	2	1	-	-	-
342.1	Reservoirs & Standpipes - NJ	22	3,381	334	3,047	1,068	309	1,670	-	-
342.2	Reservoirs & Standpipes - Dinwiddie	4	26,223	2,588	23,635	8,287	2,394	12,954	-	-
342.2	Reservoirs & Standpipes - Industrial	5	11,111	-	11,111	-	-	-	4,760	6,351
342.3	Tank Painting - Domestic	4	1,627	161	1,466	514	149	804	-	-
342.4	Tank Painting - Industrial	5	975	-	975	-	-	-	418	557
343.1	Mains 36" Raw Water	2	11,866	799	11,067	905	307	3,186	2,688	3,981
343.2	Mains - Domestic Service	9	311,111	70,560	240,551	183,898	56,653	-	-	-
343.3	Mains - Industrial Service - Potable	21	20,742	112	20,630	-	-	20,630	-	-
	Mains - Industrial - Non-potable	5	34,604	-	34,604	-	-	-	14,824	19,780
345	Services	10	93,092	4,096	88,996	62,018	10,668	6,042	3,472	6,796
346	Meters	10	89,424	3,935	85,489	59,574	10,248	5,804	3,336	6,528
347	Meter Installations	10	102,055	4,490	97,565	67,989	11,696	6,623	3,807	7,450
348	Hydrants	11	35,768	3,019	32,749	27,223	4,682	844	-	-
349	Elevated Tanks and Standpipes - NJ	22	1,956	193	1,763	618	179	966	-	-
349	El. Tanks & Standpipes - Dinwiddie	4		-	-	-	-	-	-	-
	Other P/E TD	7	2	-	2	1	1	-	-	-
	General Plant									
390	Structures & Improvements	14	44,287	5,908	38,379	11,993	2,626	7,879	6,413	9,469
391	Office Furniture & Equipment	14	14,525	1,938	12,587	3,934	861	2,584	2,103	3,105
391.21	Computers & Peripheral Equipment	14	88,217	11,768	76,449	23,889	5,231	15,694	12,774	18,861
392	Transportation Equipment	14	17,184	2,292	14,892	4,654	1,019	3,057	2,488	3,674
393	Stores Equipment	14	2	-	2	2	-	-	-	-
394	Tools, Shop & Garage Equipment	14	31,497	4,202	27,295	8,529	1,868	5,603	4,561	6,734
396	Power Operated Equipment	14	9,321	1,243	8,078	2,524	553	1,658	1,350	1,993
397	Communication Equipment	14	1,460	195	1,265	395	87	260	211	312
398	Miscellaneous Equipment	14	22,062	2,943	19,119	5,974	1,308	3,925	3,195	4,717
	Other P/E CPS	14	4,627	617	4,010	1,254	274	823	670	989
	Adjust to Control		(90)	10,449	(10,539)	(3,294)	(722)	(2,163)	(1,760)	(2,600)
	Total Depreciation Expense		1,601,826	188,375	1,413,451	543,311	134,080	327,922	165,003	243,141
404.10	Amort of Ltd Term Plt	16	21,376	2,422	18,954	5,648	1,560	5,596	2,527	3,623
404.10	Amort of UPAA	-	(51,007)	(51,007)	-	-	-	-	-	-
404.20	Amort of CIAC	16a	(91,034)	(10,454)	(80,580)	(19,629)	(5,463)	(25,359)	(12,482)	(17,647)
404.20	Amort of Reg-Asset-AFUDC	16	2,322	263	2,059	613	170	608	274	394
	Total Depreciation & Amortization		1,483,483	129,599	1,353,884	529,943	130,347	308,767	155,322	229,511

VIRGINIA-AMERICAN WATER COMPANY
HOPEWELL DISTRICT

ALLOCATION OF COST OF SERVICE TO NON-JURISDICTIONAL AND JURISDICTIONAL CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2009

Account Number	Account Description	Factor Ref.	Total District Cost of Service	Non-Jurisdictional	Jurisdictional	Residential	Commercial	Industrial System		
								Potable	N-P <3	N-P >3
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
TAXES OTHER THAN INCOME TAXES										
408.10	Property Taxes	16	218,335	24,737	193,598	57,685	15,938	57,160	25,807	37,008
408.14	FUTA Expense	15	1,660	215	1,445	363	87	325	270	400
408.16	FICA Expense	15	140,218	18,172	122,046	30,597	7,389	27,483	22,785	33,792
408.18	SUTA Expense	15	2,135	277	1,858	466	113	418	347	515
408.12	Capital Stock Tax	16	605	69	536	160	44	158	72	103
	Other Taxes	14	72,423	9,661	62,762	19,613	4,295	12,884	10,487	15,484
408.11	Gross Receipts Tax	17a	301,848	31,981	269,867	66,765	17,029	74,834	44,231	67,008
	Total Taxes Other Than Income Taxes		737,224	85,112	652,112	175,649	44,895	173,262	103,999	154,310
INCOME TAXES										
409.15	FIT-Current	16a	887,121	86,751	800,370	194,971	54,265	251,876	123,977	175,281
409.16	FIT-Deferred/ITC	16a	477,205	56,402	420,803	102,508	28,530	132,427	65,182	92,156
	Total Income Taxes		1,364,326	143,153	1,221,173	297,479	82,795	384,303	189,159	267,437
UTILITY OPERATING INCOME		16a	4,155,165	354,308	3,800,857	925,889	257,698	1,196,130	588,753	832,388
	Total Cost of Service		15,841,614	1,692,246	14,149,368	3,500,740	893,194	3,923,549	2,318,806	3,513,079
Less: Other Revenues										
	Billing and Collecting, Public Fire		(261,040)	(261,040)						
	Other	17a	(149,838)	-	(149,838)	(37,070)	(9,455)	(41,550)	(24,558)	(37,205)
	Total Cost of Service Related to Sales		$15,430,737	$1,431,206	$13,999,530	$ 3,463,670	$ 883,739	$ 3,881,999	$2,294,248	$ 3,475,874

VIRGINIA-AMERICAN WATER COMPANY
HOPEWELL DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CLASSIFICATIONS

FACTOR 1. ALLOCATION OF COSTS WHICH VARY WITH THE AMOUNT OF WATER CONSUMED.

Factors are based on the average daily consumption for each customer classification.

Customer Classification	Average Daily Consumption, 100 Cu. Ft.	Jurisdictional Allocation Factor	Class Allocation Factor
(1)	(2)	(3)	(4)
Jurisdictional			
Residential	1,674	0.0620	0.0668
Commercial	637	0.0236	0.0254
Industrial Potable	7,235	0.2682	0.2883
Industrial Non-Potable <3	5,584	0.2070	0.2225
Industrial Non-Potable >3	9,962	0.3693	0.3970
Subtotal	25,092	0.9301	1.0000
Non-Jurisdictional			
Other Public Authority	313	0.0116	
Ft. Lee	752	0.0279	
Federal Correctional	781	0.0290	
HRWTF	39	0.0014	
Subtotal	1,885	0.0699	
Total	26,977	1.0000	

VIRGINIA-AMERICAN WATER COMPANY
HOPEWELL DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CLASSIFICATIONS, cont.

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the factors for average daily consumption (Factor 1) and the factors derived from maximum day extra capacity demand for each customer classification, as follows:

Customer Classification	Average Daily Consumption		Maximum Day Extra Capacity		Jurisdictional Allocation Factor
	Allocation Factor 1	Weighted Factor	Allocation Factor	Weighted Factor	
(1)	(2)	(3)=(2)x 0.7692	(4)	(5)=(4)x 0.2308	(6)=(3)+(5)
Jurisdictional					
Residential	0.0620	0.0476	0.1249	0.0287	0.0763
Commercial	0.0236	0.0182	0.0332	0.0077	0.0259
Industrial Potable	0.2682	0.2063	0.2697	0.0622	0.2685
Industrial Non-Potable <3	0.2070	0.1592	0.2915	0.0673	0.2265
Industrial Non-Potable >3	0.3693	0.2841	0.2228	0.0514	0.3355
Subtotal	0.9301	0.7154	0.9421	0.2173	0.9327
Non-Jurisdictional					
Other Public Authority	0.0116	0.0089	0.0163	0.0038	0.0127
Ft. Lee	0.0279	0.0215	0.0280	0.0065	0.0280
Federal Correctional	0.0290	0.0223	0.0116	0.0027	0.0250
Prince George County	0.0000	0.0000	0.0000	0.0000	0.0000
HRWTF	0.0014	0.0011	0.0020	0.0005	0.0016
Subtotal	0.0699	0.0538	0.0579	0.0135	0.0673
Total	1.0000	0.7692	1.0000	0.2308	1.0000

Customer Classification	Average Daily Consumption		Maximum Day Extra Capacity		Class Allocation Factor
	Allocation Factor 1	Weighted Factor	Allocation Factor	Weighted Factor	
(1)	(2)	(3)=(2)x 0.7692	(4)	(5)=(4)x 0.2308	(6)=(3)+(5)
Jurisdictional					
Residential	0.0668	0.0515	0.1325	0.0306	0.0821
Commercial	0.0254	0.0195	0.0353	0.0081	0.0276
Industrial Potable	0.2883	0.2218	0.2863	0.0661	0.2879
Industrial Non-Potable <3	0.2225	0.1711	0.3094	0.0714	0.2425
Industrial Non-Potable >3	0.3970	0.3054	0.2365	0.0546	0.3600
Total	1.0000	0.7693	1.0000	0.2308	1.0001

VIRGINIA-AMERICAN WATER COMPANY
HOPEWELL DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CLASSIFICATIONS, cont.

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS, cont.

The derivation of the maximum day extra capacity factors in column 4 and the basis for the column 3 and column 5 weightings are presented below.

Customer Classification	Average Daily Consumption, 100 Cu. Ft.	Maximum Day Extra Capacity Factor*	Maximum Day Extra Capacity Rate of Flow, 100 Cu. Ft. Per Day	Jurisdictional Allocation Factor	Class Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)	(6)
Jurisdictional					
Residential	1,674	1.0	1,674.0	0.1249	0.1325
Commercial	637	0.7	445.9	0.0332	0.0353
Industrial Potable	7,235	0.5	3,617.5	0.2697	0.2863
Industrial Non-Potable <3	5,584	0.7	3,908.8	0.2915	0.3094
Industrial Non-Potable >3	9,962	0.3	2,988.6	0.2228	0.2365
Subtotal	25,092		12,634.8	0.9421	1.0000
Non-Jurisdictional					
Other Public Authority	313	0.7	219.1	0.0163	
Ft. Lee	752	0.5	376.0	0.0280	
Federal Correctional	781	0.2	156.2	0.0116	
HRWTF	39	0.7	27.3	0.0020	
Subtotal	1,885		778.6	0.0579	
Total	26,977		13,413.4	1.0000	

The weighting of the factors is based on the maximum day ratio of 1.30, based on a review of maximum day ratios experienced during the period 1998 through 2009.

	Maximum Day Ratio	Weight
Average Day	1.00	0.7692
Maximum Day Extra Capacity	0.30	0.2308
Total	1.30	1.0000

* Ratio of maximum day to average day minus 1.0.

VIRGINIA-AMERICAN WATER COMPANY
HOPEWELL DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH DOMESTIC FILTERS, CARBON CONTACTOR AND THE 2.5MG CLEARWELL.

Factors are based on the weighting of the factors for average daily consumption for potable classifications.

Customer Classification	Average Daily Consumption			Maximum Day Extra-Capacity Demand		Jurisdictional Allocation Factor
	Average Day CCF	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	
(1)	(2)	(3)	(4)=(3)x 0.7692	(5)	(6)=(5)x 0.2308	(7)=(4)+(6)
Jurisdictional						
Residential	1,674	0.1465	0.1128	0.2569	0.0593	0.1721
Commercial	637	0.0557	0.0428	0.0684	0.0158	0.0586
Industrial Potable	7,235	0.6329	0.4868	0.5552	0.1281	0.6149
Industrial Non-Potable <3	0	0.0000	0.0000	0.0000	0.0000	0.0000
Industrial Non-Potable >3	0	0.0000	0.0000	0.0000	0.0000	0.0000
Subtotal	9,546	0.8351	0.6424	0.8805	0.2032	0.8456
Non-Jurisdictional						
Other Public Authority	313	0.0274	0.0211	0.0336	0.0078	0.0289
Ft. Lee	752	0.0658	0.0506	0.0577	0.0133	0.0639
Federal Correctional	781	0.0683	0.0525	0.0240	0.0055	0.0580
HRWTF	39	0.0034	0.0026	0.0042	0.0010	0.0036
Subtotal	1,885	0.1649	0.1268	0.1195	0.0276	0.1544
Total	11,431	1.0000	0.7692	1.0000	0.2308	1.0000

VIRGINIA-AMERICAN WATER COMPANY
HOPEWELL DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS, cont.

The derivation of the maximum day extra capacity factors in column 4 and the basis for the column 3 and column 5 weightings are presented below.

Customer Classification	Average Daily Consumption, 100 Cu. Ft.	Maximum Day Extra Capacity Factor*	Maximum Day Extra Capacity Rate of Flow, 100 Cu. Ft. Per Day	Jurisdictional Allocation Factor	Class Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)	(6)
Jurisdictional					
Residential	1,674	1.0	1,674.0	0.2569	0.2918
Commercial	637	0.7	445.9	0.0684	0.0777
Industrial Potable	7,235	0.5	3,617.5	0.5552	0.6305
Subtotal	9,546		5,737.4	0.8805	1.0000
Non-Jurisdictional					
Other Public Authority	313	0.7	219.1	0.0336	
Ft. Lee	752	0.5	376.0	0.0577	
Federal Correctional	781	0.2	156.2	0.0240	
HRWTF	39	0.7	27.3	0.0042	
Subtotal	1,885		778.6	0.1195	
Total	11,431		6,516.0	1.0000	

VIRGINIA-AMERICAN WATER COMPANY
HOPEWELL DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH POTABLE SYSTEM DISTRIBUTION PLANT.

Factors are based on the weighting of the factors for average daily consumption (Factor 1) and the factors derived from maximum hour extra capacity demand for each customer classification, as follows:

Customer Classification	Average Hour Consumption		Maximum Hour Extra Capacity		Fire Protection		Jurisdictional Allocation Factor
	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	
(1)	(2)	(3)=(2)x 0.4783	(4)	(5)=(4)x 0.3827	(6)	(7)=(6)x 0.1390	(8)=(3)+(5)+(7)
Jurisdictional							
Residential	0.1568	0.0750	0.3672	0.1405	0.7227	0.1005	0.3160
Commercial	0.0596	0.0285	0.0949	0.0363	0.1909	0.0265	0.0913
Industrial Potable	0.6775	0.3240	0.4442	0.1700			0.4940
Subtotal	0.8939	0.4275	0.9063	0.3468	0.9136	0.1270	0.9013
Non-Jurisdictional							
Other Public Authority	0.0293	0.0140	0.0467	0.0179			0.0319
Ft. Lee	0.0000	0.0000	0.0000	0.0000			0.0000
Federal Correctional	0.0731	0.0350	0.0411	0.0157			0.0507
HRWTF	0.0037	0.0018	0.0059	0.0023			0.0041
Fire Protection					0.0864	0.0120	0.0120
Subtotal	0.1061	0.0508	0.0937	0.0359	0.0864	0.0120	0.0987
Total	1.0000	0.4783	1.0000	0.3827	1.0000	0.1390	1.0000

VIRGINIA-AMERICAN WATER COMPANY
HOPEWELL DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH POTABLE SYSTEM DISTRIBUTION PLANT.

The derivation of the maximum hour extra capacity factors in column 4 and the basis for the column 3 and column 5 weightings are presented below.

Customer Classification	Average Hour Consumption, 100 Cu. Ft.	Maximum Hour Extra Capacity Factor*	Maximum Hour Extra Capacity Rate of Flow, 100 Cu. Ft. Per Hour	Jurisdictional Allocation Factor	Class Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)	(6)
Jurisdictional					
Residential	69.75	2.5	174.4	0.3672	0.4051
Commercial	26.54	1.7	45.1	0.0949	0.1048
Industrial Potable	301.46	0.7	211.0	0.4442	0.4901
Subtotal	397.75		430.5	0.9063	1.0000
Non-Jurisdictional					
Other Public Authority	13.04	1.7	22.2	0.0467	
Ft. Lee	0.00	0.8	0.0	0.0000	
Federal Correctional	32.54	0.6	19.5	0.0411	
HRWTF	1.63	1.7	2.8	0.0059	
Subtotal	47.21		44.5	0.0937	
Total	444.96		475.0	1.0000	

The weighting of the factors is based on the maximum hour ratio of 1.8, as follows:

	Maximum Hour Ratio	Rate of Flow GPM	Weight
Average Day	1.00	6,885	0.4783
Maximum Day Extra Capacity	0.80	5,508	0.3827
Subtotal	1.80	12,393	0.861
Fire Protection		2,000	0.1390
		14,393	1.0000

* Ratio of maximum day to average day minus 1.0.

VIRGINIA-AMERICAN WATER COMPANY
HOPEWELL DISTRICT

BASIS FOR ALLOCATION OF FIRE PROTECTION TO JURISDICTIONAL AND NON-JURISDICTIONAL CLASSIFICATIONS

Classification (1)	Consumption 100 Cu. Ft. (2)	Allocation Factor (3)	Weighted Factor (4)=(3)x 50.00%	Number of Meter Equivalents (5)	Allocation Factor (6)	Weighted Factor (7)=(6)x 50.00%	Allocation Factor (8)
Jurisdictional							
Residential	610,839	0.6379	0.3189	8,566	0.8077	0.4038	0.7227
Commercial	232,515	0.2428	0.1214	1,474	0.1390	0.0695	0.1909
Non-Jurisdictional - OPA	114,242	0.1193	0.0597	566	0.0534	0.0267	0.0864
Total	957,597	1.0000	0.5000	10,606	1.0001	0.5000	1.0000

VIRGINIA-AMERICAN WATER COMPANY
HOPEWELL DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH NON-POTABLE SYSTEM PLANT.

These costs are assigned directly to the Industrial Non-Potable classification based on average and maximum day extra capacity demand of the non-potable system.

	Average Daily Consumption			Maximum Day Extra Capacity				
Customer Classification	Average Daily Consumption, 100 Cu. Ft.	Allocation Factor	Weighted Factor	Factor	Rate of Flow, 100 Cu. Ft. Per Day	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3) x 0.6667	(5)	(6)=(2)x(5)	(6)	(7)=(6) x 0.3333	(8)=(4)+(7)
Jurisdictional								
Industrial Non-Potable <3	5,584	0.3592	0.2395	0.7	3,908.8	0.5667	0.1889	0.4284
Industrial Non-Potable >3	9,962	0.6408	0.4272	0.3	2,988.6	0.4333	0.1444	0.5716
Total	15,546	1.0000	0.6667		6,897.4	1.0000	0.3333	1.0000

	Non-Potable Maximum Day Ratio	Weight
Average Day	1.00	0.6667
Maximum Day Extra Capacity	0.50	0.3333
Total	1.50	1.0000

VIRGINIA-AMERICAN WATER COMPANY
HOPEWELL DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH PURCHASED POWER

Factors are based on the weighting of the average daily consumption by the head required for pumping to domestic and industrial service, as follows.

Customer Classification (1)	Average Hour Consumption, 100 Cu. Ft. (2)	Pumping Head at Plant (3)	Weight (4)=(2)x(3)	Jurisdictional Allocation Factor (5)
Jurisdictional				
Residential	69.75	79	5,510	0.0780
Commercial	26.54	79	2,097	0.0297
Industrial Potable	301.46	79	23,815	0.3370
Industrial Non-Potable <3	232.67	51	11,866	0.1679
Industrial Non-Potable >3	415.08	51	21,169	0.2996
Subtotal	1,045.50		64,457.00	0.9122
Non-Jurisdictional				
Other Public Authority	13.04	79	1,030	0.0146
Ft. Lee	31.33	79	2,475	0.0350
Federal Correctional	32.54	79	2,571	0.0364
HRWTF	1.63	79	129	0.0018
Subtotal	78.54		6,205.00	0.0878
Total	1,124.04		70,662.00	1.0000

VIRGINIA-AMERICAN WATER COMPANY
HOPEWELL DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CLASSIFICATIONS, cont.

FACTOR 7. ALLOCATION OF COSTS ASSOCIATED WITH MAINS.

Factors are based on the weighting of the factors for maximum daily consumption (Factor 2) and the factors derived for domestic and industrial mains, as follows:

Customer Classification	Supply Mains Allocation Factor 2	Supply Mains Weighted Factor	Domestic Mains Allocation Factor 9	Domestic Mains Weighted Factor	Industrial Mains Allocation Factor	Industrial Mains Weighted Factor	Jurisdictional Allocation Factor
(1)	(2)	(3)=(2)x 0.0159	(4)	(5)=(4)x 0.9402	(6)	(7)=(6)x 0.0439	(8)=(3)+(5)+ (7)
Jurisdictional							
Residential	0.0763	0.0013	0.5911	0.5558	0.0000	0.0000	0.5571
Commercial	0.0259	0.0004	0.1821	0.1712	0.0000	0.0000	0.1716
Industrial Potable	0.2685	0.0043	0.0000	0.0000	0.5239	0.0230	0.0273
Industrial Non-Potable <3	0.2265	0.0036	0.0000	0.0000	0.2027	0.0089	0.0125
Industrial Non-Potable >3	0.3355	0.0053	0.0000	0.0000	0.2705	0.0119	0.0172
Subtotal	0.9327	0.0149	0.7732	0.7270	0.9971	0.0438	0.7857
Non-Jurisdictional							
Other Public Authority	0.0127	0.0002	0.0765	0.0719	0.0000	0.0000	0.0721
Ft. Lee	0.0280	0.0004	0.0000	0.0000	0.0000	0.0000	0.0004
Federal Correctional	0.0250	0.0004	0.1383	0.1300	0.0000	0.0000	0.1304
HRWTF	0.0016	0.0000	0.0000	0.0000	0.0028	0.0001	0.0001
Fire Protection	0.0000	0.0000	0.0120	0.0113	0.0000	0.0000	0.0113
Subtotal	0.0673	0.0010	0.2268	0.2132	0.0028	0.0001	0.2143
Total	1.0000	0.0159	1.0000	0.9402	0.9999	0.0439	1.0000

	Miles of Mains	Weight
Supply Mains	2.667	0.0159
Domestic Mains	157.531	0.9402
Industrial Mains	7.357	0.0439
Total	168	1.0000

VIRGINIA-AMERICAN WATER COMPANY
HOPEWELL DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CLASSIFICATIONS, cont.

FACTOR 8. ALLOCATION OF OTHER HIGH SERVICE PUMPING PLANT.

Factors are based on the allocation of domestic and industrial pumping facilities.

Customer Classification	High Service Pumping Plant	Allocation Factor
(1)	(2)	(3)
Jurisdictional		
Residential	$599,320	0.2620
Commercial	173,158	0.0757
Industrial Potable	936,911	0.4094
Industrial Non-Potable <3	167,797	0.0733
Industrial Non-Potable >3	223,885	0.0978
Subtotal	2,101,071	0.9182
Non-Jurisdictional	187,193	0.0818
Total	$2,288,264	1.0000

VIRGINIA-AMERICAN WATER COMPANY
HOPEWELL DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CLASSIFICATIONS, cont.

FACTOR 9. ALLOCATION OF COSTS ASSOCIATED WITH DOMESTIC SYSTEM POTABLE MAINS.

Factors are based on the weighting of the factors for average daily consumption (Factor 1) and the factors derived from maximum hour extra capacity demand for each customer classification excluding Fort Lee, Industrial Potable, and HRWTF, as follows:

Customer Classification	Average Hour Consumption		Maximum Hour Extra Capacity		Fire Protection		Jurisdictional
	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)x 0.4783	(4)	(5)=(4)x 0.3827	(6)	(7)=(6)x 0.1390	(6)=(3)+(5)
Jurisdictional							
Residential	0.4916	0.2351	0.6676	0.2555	0.7227	0.1005	0.5911
Commercial	0.1871	0.0895	0.1727	0.0661	0.1909	0.0265	0.1821
Industrial Potable	0.0000	0.0000	0.0000	0.0000			0.0000
Subtotal	0.6787	0.3246	0.8403	0.3216	0.9136	0.1270	0.7732
Non-Jurisdictional							
Other Public Authority	0.0919	0.0440	0.0850	0.0325			0.0765
Ft. Lee	0.0000	0.0000	0.0000	0.0000			0.0000
Federal Correctional	0.2294	0.1097	0.0747	0.0286			0.1383
HRWTF	0.0000	0.0000	0.0000	0.0000			0.0000
Fire Protection					0.0864	0.0120	0.0120
Subtotal	0.3213	0.1537	0.1597	0.0611	0.0864	0.0120	0.2268
Total	1.0000	0.4783	1.0000	0.3827	1.0000	0.1390	1.0000

VIRGINIA-AMERICAN WATER COMPANY
HOPEWELL DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CLASSIFICATIONS, cont.

FACTOR 10. ALLOCATION OF COSTS ASSOCIATED WITH METERS AND SERVICES

Customer Classification	Meter Equivalents	Allocation Factor
(1)	(2)	(3)
Jurisdictional		
Residential	8,566	0.6662
Commercial	1,474	0.1146
Industrial Potable	835	0.0649
Industrial Non-Potable <3	480	0.0373
Industrial Non-Potable >3	939	0.0730
Subtotal	12,294	0.9560
Non-Jurisdictional	566	0.0440
Total	12,860	1.0000

FACTOR 11. ALLOCATION OF COSTS ASSOCIATED WITH FIRE HYDRANTS

Customer Classification	Allocation Factor	Number of Hydrants	Allocation Factor
(1)		(2)	(3)
Jurisdictional			
Industrial Potable		21	0.0236
Fire Protection	0.9136	793	0.8920
Subtotal		814	0.9156
Non-Jurisdictional	0.0864	75	0.0844
Total	1.0000	889	1.0000

VIRGINIA-AMERICAN WATER COMPANY
HOPEWELL DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CLASSIFICATIONS, cont.
BASIS FOR ALLOCATING METER COSTS TO CLASSIFICATIONS

Meter Size	5/8" Capacity Equivalent	Residential		Commercial		Industrial - Potable		Industrial - Non-Potable				Non-Jurisdictional	
		Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters <3	Weighting	Number of Meters >3	Weighting	Number of Meters	Weighting
(1)	(2)	(3)	(4)=(2)x(3)	(5)	(6)=(2)x(5)	(7)	(8)=(2)x(7)	(9)	(10)=(2)x(9)	(11)	(12)=(2)x(10)	(13)	(14)=(2)x(13)
5/8" x 3/4"	1.0	8,469	8,469	488	488	2	2	0	0			36	36
3/4"	1.5	48	72	43	65	0	0	0	0			3	5
1"	2.5	10	25	93	233	2	5	0	0	1	3	7	18
1-1/2"	5.0	0	0	27	135	0	0	0	0		0	6	30
2"	8.0	0	0	61	488	6	48	0	0	2	16	29	232
3"	15.0	0	0	1	15	0	0	0	0		0	1	15
4"	25.0	0	0	2	50	1	25	0	0	2	50	4	100
6"	50.0	0	0	0	0	3	150	0	0	3	150	1	50
8"	80.0	0	0	0	0	6	480	6	480	9	720	1	80
10"	100.0	0	0	0	0	0	0	0	0		0	0	0
12"	125.0					1	125	0				0	
Total		8,527	8,566	715	1,474	21	835	6	480	17	939	88	566

VIRGINIA-AMERICAN WATER COMPANY
HOPEWELL DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CLASSIFICATIONS, cont.

FACTOR 12. ALLOCATION OF CUSTOMER ACCOUNTING COSTS.

Customer Classification	Number of Bills	Allocation Factor	Class Allocation Factor
(1)	(2)	(3)	(4)
Jurisdictional			
Residential	34,110	0.4613	0.9006
Commercial	3,441	0.0465	0.0908
Industrial Potable	254	0.0034	0.0067
Industrial Non-Potable <3	48	0.0006	0.0013
Industrial Non-Potable >3	24	0.0003	0.0006
Subtotal	37,877	0.5121	1.0000
Non-Jurisdictional	36,081	0.4879	
Total	73,958	1.0000	

FACTOR 13. ALLOCATION OF TRANSMISSION AND DISTRIBUTION OPERATION SUPERVISION AND ENGINEERING EXPENSES.

Factors are based on the allocation of transmission and distribution operation, as follows:

Customer Classification	Transmission & Distribution Operation Exps.	Allocation Factor
(1)	(2)	(3)
Jurisdictional		
Residential	$62,699	0.5607
Commercial	18,968	0.1697
Industrial Potable	3,197	0.0286
Industrial Non-Potable <3	1,494	0.0134
Industrial Non-Potable >3	2,135	0.0191
Subtotal	88,493	0.7915
Non-Jurisdictional	23,312	0.2085
Total	$111,805	1.0000

VIRGINIA-AMERICAN WATER COMPANY
HOPEWELL DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CLASSIFICATIONS, cont.

FACTOR 14. ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES.

Factors are based on the allocation of all other operation and maintenance expenses, excluding purchased power and chemicals, as follows:

Customer Classification	Operation & Maintenance Expenses	Allocation Factor	Class Allocation Factor
(1)	(2)	(3)	(4)
Jurisdictional			
Residential	$675,863	0.2708	0.3126
Commercial	148,094	0.0593	0.0685
Industrial Potable	443,806	0.1779	0.2052
Industrial Non-Potable <3	361,219	0.1448	0.167
Industrial Non-Potable >3	533,620	0.2138	0.2467
Subtotal	2,162,602	0.8666	1.0000
Non-Jurisdictional	332,790	0.1334	
Total	$2,495,392	1.0000	

FACTOR 15. ALLOCATION OF LABOR RELATED TAXES AND BENEFITS.

Factors are based on the allocation of operation and maintenance direct labor expense.

Customer Classification	Direct Labor Expense	Allocation Factor
(1)	(2)	(3)
Jurisdictional		
Residential	$397,873	0.2182
Commercial	96,165	0.0527
Industrial Potable	357,501	0.1960
Industrial Non-Potable <3	296,368	0.1625
Industrial Non-Potable >3	439,554	0.2410
Subtotal	1,587,461	0.8704
Non-Jurisdictional	236,322	0.1296
Total	$1,823,783	1.0000

VIRGINIA-AMERICAN WATER COMPANY
HOPEWELL DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CLASSIFICATIONS, cont.

FACTOR 16. ALLOCATION OF OTHER RATE BASE ELEMENTS.

Factors are based on the allocation of plant in service, as shown on the folowing pages and summarized below.

Customer Classification	Plant in Service	Allocation Factor	Class Allocation Factor
(1)	(2)	(3)	(4)
Jurisdictional			
Residential	$18,976,835	0.2642	0.2979
Commercial	5,242,940	0.0730	0.0823
Industrial Potable	18,808,006	0.2618	0.2953
Industrial Non-Potable <3	8,487,611	0.1182	0.1333
Industrial Non-Potable >3	12,176,298	0.1695	0.1912
Subtotal	63,691,690	0.8867	1.0000
Non-Jurisdictional	8,141,669	0.1133	
Total	$71,833,359	1.0000	

FACTOR 16a. ALLOCATION OF INCOME AVAILABLE OR RETURN.

Factors are based on the allocation of rate base, as follows:

Customer Classification	Rate Base	Allocation Factor	Class Allocation Factor
(1)	(2)	(3)	(4)
Jurisdictional			
Residential	$10,676,100	0.2182	0.2436
Commercial	2,974,247	0.0608	0.0678
Industrial Potable	13,798,175	0.2819	0.3147
Industrial Non-Potable <3	6,789,229	0.1387	0.1549
Industrial Non-Potable >3	9,603,321	0.1962	0.2190
Subtotal	43,841,072	0.8958	1.0000
Non-Jurisdictional	5,098,353	0.1042	
Total	$48,939,425	1.0000	

VIRGINIA-AMERICAN WATER COMPANY
HOPEWELL DISTRICT

ALLOCATION OF COST OF SERVICE TO NON-JURISDICTIONAL AND JURISDICTIONAL CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2009

Account Number	Account Description	Factor Ref.	Total District Cost of Service	Non-Jurisdictional	Jurisdictional	Residential	Commercial	Industrial System		
								Potable	N-P <3	N-P >3
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
UTILITY PLANT IN SERVICE										
	Source of Supply									
303200	Source of Supply Land	2	$ 37,894	$ 2,550	$ 35,344	$ 2,891	$ 981	$ 10,175	$ 8,583	$ 12,713
304100	Source of Supply Structures & Imp.	2	41,371	2,784	38,587	3,157	1,072	11,108	9,371	13,880
306000	Lake, River & Other Intakes	2	176,026	11,847	164,179	13,431	4,559	47,263	39,870	59,057
	Pumping Equipment									
303301	Low Service Station Land	2	1,837	124	1,713	140	48	493	416	616
303302	High Service Station Land	8	5,720	468	5,252	1,499	433	2,342	419	559
303303	Industrial Fire Service Station Land	5	80	-	80	-	-	-	34	46
304201	Low Service Station	2	1,139,077	76,660	1,062,417	86,912	29,502	305,842	258,001	382,160
304202	High Service Station - Domestic	4	15,562	1,536	14,026	4,918	1,421	7,688	-	-
304203	High Service Station - Industrial	5	88,189	-	88,189	-	-	-	37,780	50,409
304204	Industrial Fire Service Station	5	728	-	728	-	-	-	312	416
310100	Other Power Production Equipment	2	579,042	38,970	540,072	44,181	14,997	155,473	131,153	194,269
311201	Low Service Pumping Equipment	2	726,782	48,912	677,870	55,453	18,824	195,141	164,616	243,835
311202	High Service Pumping Equip. - Domestic	4	1,896,582	187,193	1,709,389	599,320	173,158	936,911	-	-
311203	High Service Pumping Equip. - Industrial	5	391,682	-	391,682	-	-	-	167,797	223,885
311204	Piping & Valves - HS Station	8	125,091	10,232	114,859	32,775	9,469	51,212	9,169	12,234
311205	Electric Substation	8	43,788	3,582	40,206	11,472	3,315	17,927	3,210	4,282
311206	Miscellaneous Electrical	8	103,396	8,458	94,938	27,091	7,827	42,330	7,579	10,112
311207	Fire Service Pumps	5	932	-	932	-	-	-	399	533
311301	Diesel Low Service	2	213,902	14,396	199,506	16,321	5,540	57,433	48,449	71,764
311302	Diesel High Service - Industrial	5	37,287	-	37,287	-	-	-	15,974	21,313
311400	Pumping Equipment - Other	8	166,371	13,609	152,762	43,590	12,594	68,112	12,195	16,271
	Water Treatment									
303400	Water Treatment Land	2	2,786	187	2,599	213	72	748	631	935
304300	WT Struct Common Service	2	8,622,650	580,304	8,042,346	657,908	223,327	2,315,182	1,953,030	2,892,899
	WT Struct - Industrial	5	361,585	-	361,585	-	-	-	154,903	206,682
320101	WT Eq. Common Service	2	5,945,373	400,124	5,545,250	453,632	153,985	1,596,333	1,346,627	1,994,673
	WT Eq. Chl Scrubbers - Industrial	5	545,190	-	545,190	-	-	-	233,559	311,631
320102	Filters - Domestic	3	6,668,350	1,029,593	5,638,757	1,147,624	390,765	4,100,368	-	-
	New Filters - Industrial	5	4,373,259	-	4,373,259	-	-	-	1,873,504	2,499,755
320103	Carbon Contactors	3	5,194,594	802,045	4,392,549	893,990	304,403	3,194,156	-	-
320104	2.5 MG Clearwell	3	3,897,127	601,716	3,295,411	670,696	228,372	2,396,344	-	-
320105	Non-Potable Clearwell	5	263,298	-	263,298	-	-	-	112,797	150,501
320106	WT Eq. Post Chemical System	18	947,028	133,531	813,497	118,663	45,079	512,437	49,340	87,979
344000	Laboratory Equipment	2	207,287	13,950	193,337	15,816	5,369	55,657	46,951	69,545
320200	Filter Media	2	35,944	2,419	33,525	2,743	931	9,651	8,141	12,059

VIRGINIA-AMERICAN WATER COMPANY
HOPEWELL DISTRICT

ALLOCATION OF COST OF SERVICE TO NON-JURISDICTIONAL AND JURISDICTIONAL CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2009

Account Number	Account Description	Factor Ref.	Total District Cost of Service	Non-Jurisdictional	Jurisdictional	Residential	Commercial	Industrial System		
								Potable	N-P <3	N-P >3
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	Transmission & Distribution									
303500	Land & Land Rights	7	98,437	21,095	77,342	54,839	16,892	2,687	1,230	1,693
304400	T & D Structures	7	32,768	7,022	25,746	18,255	5,623	895	410	564
330001	Reservoirs & Standpipes - NJ	22	96,915	9,566	87,349	30,626	8,848	47,876	-	-
330002	Reservoirs & Standpipes - Dinwiddie	4	751,683	74,191	677,492	237,533	68,629	371,331	-	-
330003	Reservoirs & Standpipes - Industrial	5	318,500	-	318,500	-	-	-	136,445	182,055
330004	Tank Painting - Domestic	4	46,636	4,603	42,033	14,737	4,258	23,038	-	-
330005	Tank Painting - Industrial	5	27,934	-	27,934	-	-	-	11,967	15,967
331001	Mains 36" Raw Water	2	496,678	33,426	463,252	37,897	12,864	133,358	112,498	166,635
331002	Mains - Domestic Service	9	13,328,783	3,022,968	10,305,815	7,878,644	2,427,171	-	-	-
331003	Mains - Industrial Service - Potable	21	868,180	4,688	863,492	-	-	863,492	-	-
331004	Mains - Industrial Service - Non-Potable	5	1,448,432	-	1,448,432	-	-	-	620,508	827,924
333000	Services	10	2,335,989	102,784	2,233,205	1,556,236	267,704	151,606	87,132	170,527
334130	Meters	10	1,598,651	70,341	1,528,310	1,065,021	183,205	103,752	59,630	116,702
334200	Meter Installations	10	1,264,105	55,621	1,208,484	842,147	144,866	82,040	47,151	92,280
335000	Hydrants	11	1,287,533	108,668	1,178,865	979,941	168,538	30,386	-	-
339500	Other P/E TD	7	84	18	66	48	14	2	1	1
330100	Elevated Tanks & Standpipes	22	56,191	5,546	50,645	17,756	5,130	27,758	-	-
	Subtotal Utility Plant Excluding General		66,913,312	7,505,727	59,407,583	17,638,112	4,949,785	17,928,547	7,771,782	11,119,361
	General Plant									
301000	Organization	14	5,084	678	4,406	1,377	301	904	736	1,087
339600	Preliminary Planning Studies	14	143,901	19,196	124,705	38,968	8,533	25,600	20,837	30,766
303600	Land & Land Rights	14	2,000	267	1,733	542	119	356	290	428
304500	Structures & Improvements	14	2,022,350	269,781	1,752,569	547,652	119,925	359,776	292,836	432,378
340100	Office Furniture & Equipment	14	186,143	24,831	161,312	50,408	11,038	33,115	26,954	39,797
340200	Computers & Software	14	1,486,939	198,358	1,288,581	402,663	88,175	264,526	215,309	317,908
341100	Transportation Equipment	14	283,807	37,860	245,947	76,855	16,830	50,489	41,095	60,678
342000	Stores Equipment	14	5,841	779	5,062	1,582	346	1,039	846	1,249
343000	Tools, Shop & Garage Equipment	14	320,149	42,708	277,441	86,696	18,985	56,955	46,358	68,448
345000	Power Operated Equipment	14	165,475	22,074	143,401	44,811	9,813	29,438	23,961	35,379
346100	Communication Equipment	14	74,212	9,900	64,312	20,097	4,401	13,202	10,746	15,867
347000	Miscellaneous Equipment	14	224,143	29,901	194,242	60,698	13,292	39,875	32,456	47,922
	Adjust to control	14a	-	(20,391)	20,391	6,374	1,397	4,184	3,405	5,030
	Subtotal General Plant		4,920,044	635,942	4,284,102	1,338,723	293,155	879,459	715,829	1,056,937
	Total Utility Plant in Service		71,833,356	8,141,669	63,691,685	18,976,835	5,242,940	18,808,006	8,487,611	12,176,298

VIRGINIA-AMERICAN WATER COMPANY
HOPEWELL DISTRICT

ALLOCATION OF COST OF SERVICE TO NON-JURISDICTIONAL AND JURISDICTIONAL CLASSIFICATIONS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2009

Account Number	Account Description	Factor Ref.	Total District Cost of Service	Non-Jurisdictional	Jurisdictional	Residential	Commercial	Industrial System		
								Potable	N-P <3	N-P >3
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	Other Rate Base Elements									
	Less: Depreciation Reserve	16	(20,524,707)	(2,325,449)	(18,199,257)	(5,422,628)	(1,498,304)	(5,373,368)	(2,426,020)	(3,478,938)
	Retirement Work in Progress	16	(36,317)	(4,115)	(32,202)	(9,595)	(2,651)	(9,508)	(4,293)	(6,156)
	Plus: Wastewater Treatment Facility	1	41,749	2,918	38,831	2,588	985	11,197	8,642	15,418
	Net Utility PLant		51,314,081	5,815,023	45,499,057	13,547,200	3,742,970	13,436,327	6,065,940	8,706,622
	Plus: Materials and Supplies	16	338,683	38,373	300,310	89,480	24,724	88,667	40,032	57,407
	Cash Working Capital	14	1,124,092	149,954	974,138	304,404	66,659	199,976	162,769	240,331
	CWIP - Potable	3	3,155,380	487,191	2,668,189	543,041	184,905	1,940,243	-	-
	CWIP - Industrial	5	3,144,259	-	3,144,259	-	-	-	1,347,001	1,797,259
	Adjustment to Control	14a	2,023	14,504	(12,481)	(3,902)	(855)	(2,561)	(2,084)	(3,079)
	Less: Rate Base Deductions									
	Customer Advances	9	897,261	203,499	693,762	530,371	163,391	-	-	-
	CIAC - Mains	9	1,516,973	344,050	1,172,923	896,683	276,241	-	-	-
	CIAC - Services	10	613,959	27,014	586,945	409,020	70,360	39,846	22,901	44,819
	CIAC - Hydrants	11	109,796	9,267	100,529	83,565	14,372	2,591	-	-
	Accumulated Deferred Inc. Taxes	16	7,309,427	828,158	6,481,269	1,931,151	533,588	1,913,608	863,974	1,238,948
	Deferred Tank Painting	23	(310,345)	(19,800)	(290,545)	(42,765)	(12,941)	(89,007)	(60,362)	(85,469)
	Subtotal Rate Base Deductions		10,137,071	1,392,188	8,744,883	3,808,025	1,045,011	1,867,038	826,513	1,198,298
	Total Rate Base		$48,939,423	$ 5,098,353	$43,841,070	$10,676,100	$2,974,247	$ 13,798,175	$ 6,789,229	$ 9,603,321

VIRGINIA-AMERICAN WATER COMPANY
HOPEWELL DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CLASSIFICATIONS, cont.

FACTOR 17. ALLOCATION OF REGULATORY EXPENSE AND OTHER REVENUES.

Factors are based on the allocation of total cost of service.

Customer Classification	Total Cost of Service	Allocation Factor	Class Allocation Factor 17a
(1)	(2)	(3)	(3)
Jurisdictional			
Residential	$3,425,518	0.2209	0.2474
Commercial	874,006	0.0564	0.0631
Industrial Potable	3,839,231	0.2477	0.2773
Industrial Non-Potable <3	2,268,970	0.1464	0.1639
Industrial Non-Potable >3	3,437,580	0.2218	0.2483
Subtotal	13,845,305	0.8932	1.0000
Non-Jurisdictional	1,656,176	0.1068	
Total	$15,501,481	1.0000	

VIRGINIA-AMERICAN WATER COMPANY
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FACTORS FOR ALLOCATING COST OF SERVICE TO CLASSIFICATIONS, cont.

FACTOR 18. ALLOCATION OF COSTS ASSOCIATED WITH THE POST CHEMICAL BUILDING.

	Potable Service			Non-Potable Service			
Customer Classification	Average Daily Consumption, 100 Cu. Ft.	Allocation Factor	Weighted Factor	Average Daily Consumption, 100 Cu. Ft.	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3) x 0.8550	(5)	(6)	(7)=(6) x 0.1450	(8)=(4)+(7)
Jurisdictional							
Residential	1,674	0.1465	0.1253				0.1253
Commercial	637	0.0557	0.0476				0.0476
Industrial Potable	7,235	0.6329	0.5411				0.5411
Industrial Non-Potable <3				5,584	0.3592	0.0521	0.0521
Industrial Non-Potable >3				9,962	0.6408	0.0929	0.0929
Subtotal	9,546	0.8351	0.7140	15,546	1.0000	0.1450	0.8590
Non-Jurisdictional							
Other Public Authority	313	0.0274	0.0234				0.0234
Ft. Lee	752	0.0658	0.0563				0.0563
Federal Correctional	781	0.0683	0.0584				0.0584
HRWTF	39	0.0034	0.0029	0	0.0000	0.0000	0.0029
Subtotal	1,885	0.1649	0.1410	0	0.0000	0.0000	0.1410
Total	11,431	1.0000	0.8550	15,546	1.0000	0.1450	1.0000

The weighting of the factors is based on 75% of the square footage dedicated to potable chemicals only and the remaining 25% for caustic soda which is used for both systems. The 25% for caustic soda is allocated 42% for potable and 58% for non-potable based on the pounds of caustic soda required for each system.

VIRGINIA-AMERICAN WATER COMPANY
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FACTORS FOR ALLOCATING COST OF SERVICE TO CLASSIFICATIONS, cont.

FACTOR 19. ALLOCATION OF COSTS ASSOCIATED WITH CARBON LEASES.

Factors are based on the average daily usage applicable to the potable filters.

Customer Classification	Average Day Usage, CCF	Jurisdictional Allocation Factor
(1)	(2)	(3)
Jurisdictional		
Residential	1,674	0.1465
Commercial	637	0.0557
Industrial Potable	7,235	0.6329
Industrial Non-Potable <3	0	0.0000
Industrial Non-Potable >3	0	0.0000
Subtotal	9,546	0.8351
Non-Jurisdictional		
Other Public Authority	313	0.0274
Ft. Lee	752	0.0658
Federal Correctional	781	0.0683
HRWTF	39	0.0034
Subtotal	1,885	0.1649
Total	11,431	1.0000

VIRGINIA-AMERICAN WATER COMPANY
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FACTORS FOR ALLOCATING COST OF SERVICE TO CLASSIFICATIONS, cont.

FACTOR 20. ALLOCATION OF COSTS ASSOCIATED WITH POTABLE SYSTEM CHEMICALS.

Factors are based on the average daily usage for potable system customers.

Customer Classification	Average Day Usage, CCF	Jurisdictional Allocation Factor
(1)	(2)	(3)
Jurisdictional		
Residential	1,674	0.1465
Commercial	637	0.0557
Industrial Potable	7,235	0.6329
Subtotal	9,546	0.8351
Non-Jurisdictional		
Other Public Authority	313	0.0274
Ft. Lee	752	0.0658
Federal Correctional	781	0.0683
HRWTF	39	0.0034
Subtotal	1,885	0.1649
Total	11,431	1.0000

FACTOR 21. ALLOCATION OF COSTS ASSOCIATED WITH INDUSTRIAL POTABLE MAINS.

These costs are assigned directly to the Industrial Potable classification.

Customer Classification	Average Hour Consumption, 100 Cu. Ft.	Jurisdictional Allocation Factor
(1)	(2)	(2)
Jurisdictional		
Industrial Potable	301.46	0.9946
Non-Jurisdictional		
HRWTF	1.63	0.0054
Total	303.09	1.0000

VIRGINIA-AMERICAN WATER COMPANY
HOPEWELL DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CLASSIFICATIONS, cont.

FACTOR 22. ALLOCATION OF COSTS ASSOCIATED WITH THE NEW JERSEY TANK.

Factors are based on the weighting of the factors for average hourly consumption (Factor 1) and the factors derived from maximum hour extra capacity demand for each customer classification excluding Fort Lee, as follows:

Customer Classification	Average Hour Consumption		Maximum Hour Extra Capacity		Fire Protection		Jurisdictional
	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)x	(4)	(5)=(4)x	(6)	(7)=(6)x	(6)=(3)+(5)
		0.4783		0.3827		0.1390	
Jurisdictional							
Residential	0.1568	0.0750	0.3672	0.1405	0.7227	0.1005	0.3160
Commercial	0.0596	0.0285	0.0949	0.0363	0.1909	0.0265	0.0913
Industrial Potable	0.6775	0.3240	0.4442	0.1700			0.4940
Subtotal	0.8939	0.4275	0.9063	0.3468	0.9136	0.1270	0.9013
Non-Jurisdictional							
Other Public Authority	0.0293	0.0140	0.0467	0.0179			0.0319
Ft. Lee	0.0000	0.0000	0.0000	0.0000			0.0000
Federal Correctional	0.0731	0.0350	0.0411	0.0157			0.0507
HRWTF	0.0037	0.0018	0.0059	0.0023			0.0041
Fire Protection					0.0864	0.0120	0.0120
Subtotal	0.1061	0.0508	0.0937	0.0359	0.0864	0.0120	0.0987
Total	1.0000	0.4783	1.0000	0.3827	1.0000	0.1390	1.0000

VIRGINIA-AMERICAN WATER COMPANY
HOPEWELL DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CLASSIFICATIONS, cont.

FACTOR 23. ALLOCATION OF DEFERRED TANK PAINTING COSTS.

Factors are based on the allocation of tank painting costs.

Customer Classification	Tank Painting Costs	Allocation Factor
(1)	(2)	(3)
Jurisdictional		
Residential	$17,555	0.1378
Commercial	5,307	0.0417
Industrial Potable	36,510	0.2868
Industrial Non-Potable <3	24,762	0.1945
Industrial Non-Potable >3	35,062	0.2754
Subtotal	119,196	0.9362
Non-Jurisdictional	8,124	0.0638
Total	$127,320	1.0000

Exhibit No. PRH-1

WEST VIRGINIA-AMERICAN WATER COMPANY

Charleston, West Virginia

COST OF SERVICE

ALLOCATION STUDY

AS OF DECEMBER 31, 2007

AND

PROPOSED CUSTOMER RATES

GANNETT FLEMING, INC. - VALUATION AND RATE DIVISION

Harrisburg, Pennsylvania

Gannett Fleming

GANNETT FLEMING, INC.
P.O. Box 67100
Harrisburg, PA 17106-7100
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Camp Hill, PA 17011
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May 27, 2008

West Virginia-American Water Company
1600 Pennsylvania Avenue
Charleston, WV 25302

Attention Mr. Michael A. Miller

Gentlemen:

ii Pursuant to your request, we have conducted a cost of service allocation study based on pro forma revenue requirements for the test year ended December 31, 2007, and have prepared proposed rate schedules designed to produce the pro forma revenue requirements.

The attached report presents the results of the study, as well as supporting schedules which set forth the detailed cost allocation calculations. Schedule A on page 6 presents a comparison of the cost of service by customer classification with the pro forma revenues produced by each classification under present and proposed rates.

Respectfully submitted,

GANNETT FLEMING, INC.

Paul R Herbert

PAUL R. HERBERT
President
Valuation and Rate Division

PRH:krm

Project No. 049262.200

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PART I. INTRODUCTION

WEST VIRGINIA-AMERICAN WATER COMPANY

COST OF SERVICE ALLOCATION STUDY
AS OF DECEMBER 31, 2007
AND PROPOSED CUSTOMER RATES

PART I. INTRODUCTION

PLAN OF REPORT

The report sets forth the results of the cost of service allocation study as of December 31, 2007, prepared for West Virginia-American Water Company. Part I, Introduction, contains statements with respect to the basis of the study, the procedures employed, and a summary of the results of the study. Part II, Cost of Service by Customer Classification, presents detailed schedules of the allocation of costs to customer classifications, as well as the bases for the allocations. Part III, Proposed Customer Rates, sets forth a comparison of the present and proposed rate structures.

BASIS OF THE STUDY

The purpose of the study was to allocate costs to several customer classifications based on considerations of quantity of water consumed, variability of rate of flow, and costs associated with metering, billing and accounting. The allocation study was based on recognized procedures for allocating the several categories of costs to customer classifications in proportion to each classification's use of the facilities, commodities and services which entail the total cost of providing water service.

ALLOCATION PROCEDURES

The allocation study was based on the Base-Extra Capacity Method for allocating costs to customer classifications. The method is described in the 2000 and prior editions of AWWA Manual M1, Principles of Water Rates, Fees, and Charges, published by the American Water Works Association. The four basic categories of cost responsibility are base, extra capacity, customer and fire protection costs. The following discussions present a brief description of these costs and the manner in which they were allocated.

Base Costs are costs that tend to vary with the quantity of water used, plus costs associated with supplying, treating, pumping and distributing water to customers under average load conditions, without the elements necessary to meet peak demands. Base costs were allocated to customer classifications on the basis of average daily usage.

Extra Capacity Costs are costs associated with meeting usage requirements in excess of the average. They include operating and capital costs for additional plant and system capacity beyond that required for average use. The extra capacity costs in this study are subdivided into costs necessary to meet maximum day extra demand and costs to meet maximum hour extra demand. The extra capacity costs were allocated to customer classifications on the bases of each classification's maximum day and hour usage in excess of average usage. (Extra capacity costs related to fire protection are allocated directly to the fire protection classifications.)

Customer Costs are costs associated with serving customers regardless of their usage or demand characteristics. Customer costs include the operating and capital costs related to meters and services, meter reading costs, and billing and collecting costs. The customer costs were allocated on the bases of the relative cost of meters and services and the number of customers.

Fire Protection Costs are costs associated with providing the facilities to meet the potential peak demand of fire protection service. Fire protection costs are subdivided into costs to meet Public Fire Protection and Private Fire Protection demands. Operating and capital costs for hydrants were allocated directly to the Public Fire Protection classification. The extra capacity costs assigned to fire protection service were allocated to Public and Private Fire Protection on the basis of the total relative demands of the hydrants and fire service lines.

The data summarized in Schedule A, "Comparison of Cost of Service with Revenues Under Present and Proposed Rates for the Twelve Months Ended December 31, 2007", constitute the principal results of the allocation study.

The cost of service by customer classification, shown in column 2 of Schedule A, is developed in Schedule B, "Cost of Service for the Twelve Months Ended December 31, 2007, Allocated to Customer Classifications". The allocation of the cost of service to the several customer classifications was performed by applying the allocation factors referenced in column 2 of Schedule B to the cost of service in column 3. The bases of the allocation factors are presented in Schedule C. The summary of peak day system delivery and the basis for allocating demand related costs of fire service are presented in Schedules D and E, respectively.

DESIGN OF PROPOSED RATES

A comparison of the present and proposed rate structures is presented in Schedule F of Part III of the report. The proposed rates maintain the existing structure consisting of minimum charges by meter size and declining block rate consumption charges applicable

to all metered classifications, including sales for resale. The water allowance included in the minimum charges remains at 1,500 gallons per month.

The existing rates were increased approximately 12.9% across-the-board so that the revenues under proposed rates will recover the same proportion of total revenues as existing rates. Private fire service rates were increased approximately the same as the overall percentage increase. No increase to public fire service rates is proposed at this time.

The going level and pro forma revenues under present and proposed rates in columns 4 and 6 of Schedule A, are developed in Company Exhibit Statement D. The present and proposed rates are applied to the number of bills by meter size and consumption by rate block for each classification. A comparison of customer bills at various consumption levels also is provided.

WEST VIRGINIA-AMERICAN WATER COMPANY

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007

Customer Classification	Cost of Service Amount (Schedule B)	Cost of Service Percent	Revenues, Present Rates Amount	Revenues, Present Rates Percent	Revenues, Proposed Rates Amount	Revenues, Proposed Rates Percent	Proposed Increase Amount	Proposed Increase Percent Increase
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Residential	$ 90,160,524	70.7%	$75,406,718	66.9%	$85,135,817	66.7%	$9,729,099	12.9%
Commercial	22,003,616	17.3%	23,419,360	20.6%	26,440,140	20.8%	$3,020,780	12.9%
Industrial	5,969,274	4.7%	5,649,817	5.0%	6,378,390	5.0%	$728,573	12.9%
Public Authorities	5,045,982	4.0%	5,394,007	4.8%	6,091,684	4.8%	$697,677	12.9%
Sales for Resale	2,408,647	1.9%	1,702,757	1.5%	1,885,775	1.5%	$183,018	10.7%
Private Fire Service	1,463,360	1.1%	991,714	0.9%	1,119,597	0.9%	$127,883	12.9%
Public Fire Service	357,239	0.3%	357,239	0.3%	357,239	0.3%	0	0.0%
Total	127,408,642	100.0%	112,921,612	100.0%	127,408,642	100.0%	14,487,030	12.8%
Other Revenues (a)	6,612,534		6,343,986		6,612,534		268,548	4.2%
Total	$134,021,176		$119,265,598		$134,021,176		$14,755,578	12.4%

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PART II. COST OF SERVICE BY CUSTOMER CLASSIFICATION

WEST VIRGINIA-AMERICAN WATER COMPANY

COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
OPERATION AND MAINTENANCE EXPENSES									
SOURCE OF SUPPLY EXPENSES									
-OPERATION-									
600 Supervision & Engineering	2	0	0	0	0	0	0	0	0
601 Operation Expense and Labor									
Expenses	2	74,092	43,774	16,234	7,031	3,994	2,941	30	89
Labor	2	0	0	0	0	0	0	0	0
602 Purchased Water	1	308,000	172,973	71,333	32,094	17,525	13,429	154	493
603 Miscellaneous Expenses	2	28	17	6	3	2	1	0	0
604 Rents	2	403	238	88	38	22	16	0	0
Total Operation		382,523	217,001	87,661	39,166	21,542	16,387	184	582
-MAINTENANCE-									
610 Supervision & Engineering	2	0	0	0	0	0	0	0	0
611 Structures & Improvements Expense	2	0	0	0	0	0	0	0	0
612 Maint Coll & Impound Res	1	0	0	0	0	0	0	0	0
613.1 Maint Lakes, River & Intakes									
Expenses	2	21,552	12,733	4,722	2,045	1,162	856	9	26
Labor	2	0	0	0	0	0	0	0	0
613.2 Amort Lakes, River & Intakes	2	0	0	0	0	0	0	0	0
614 Wells and Springs Maint	2	0	0	0	0	0	0	0	0
616 Maint Supply Mains Mat	2	0	0	0	0	0	0	0	0
617 Maint Misc Water Source									
Expenses	2	80,552	47,590	17,649	7,644	4,342	3,198	32	97
Labor	2	0	0	0	0	0	0	0	0
Total Maintenance		102,104	60,323	22,371	9,690	5,503	4,054	41	123
Total Source of Supply		484,627	277,324	110,032	48,856	27,045	20,441	225	705

WEST VIRGINIA-AMERICAN WATER COMPANY

COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
POWER AND PUMPING EXPENSES									
-OPERATION-									
620 Pumping Supervision & Eng Electric	7	0	0	0	0	0	0	0	0
622 Pump Power Prod Labor & Exp									
Expenses	7	0	0	0	0	0	0	0	0
Labor	7	0	0	0	0	0	0	0	0
623 Pump Fuel and Power Purchase	1	3,601,025	2,022,336	833,997	375,227	204,898	157,005	1,801	5,762
624 Pump Labor and Expenses									
Expenses	7	0	0	0	0	0	0	0	0
Labor	7	505,876	283,442	104,969	45,832	25,850	18,616	6,071	21,095
626 Misc Pumping Expenses Electic	7	78,782	44,142	16,347	7,138	4,026	2,899	945	3,285
627 Rents	7	2,000	1,121	415	181	102	74	24	83
Total Operation		4,187,683	2,351,040	955,729	428,378	234,877	178,594	8,840	30,225
-MAINTENANCE-									
630 Supervision & Engineering	7	85,011	47,632	17,640	7,702	4,344	3,128	1,020	3,545
631 Pump Struc & Imp Maint									
Expenses	7	16,765	9,393	3,479	1,519	857	617	201	699
Labor	7	0	0	0	0	0	0	0	0
632 Pump Maint Power Prod Equipment									
Expenses	7	0	0	0	0	0	0	0	0
Labor	7	0	0	0	0	0	0	0	0
633 Pump Maint Pumping Equipment									
Expenses	7	178,984	100,285	37,139	16,216	9,146	6,587	2,148	7,464
Labor	7	0	0	0	0	0	0	0	0
Total Maintenance		280,760	157,310	58,258	25,437	14,347	10,332	3,369	11,708
Total Power and Pumping		4,468,443	2,508,350	1,013,987	453,815	249,223	188,926	12,210	41,933

TN-CMA-01-Q29-SUPPLEMENTAL ATTACHMENT B
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Schedule 1
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WEST VIRGINIA-AMERICAN WATER COMPANY

COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
WATER TREATMENT									
-OPERATION-									
640 Supervision and Engineering	2	1,639,393	968,553	359,191	155,578	88,363	65,084	656	1,967
641 Chemicals	1	2,438,608	1,369,522	564,782	254,103	138,757	106,323	1,219	3,902
642.1 Labor and Expenses									
Expenses	2	346,986	204,999	76,025	32,929	18,703	13,775	139	416
Labor	2	1,607,409	949,657	352,183	152,543	86,639	63,814	643	1,929
643 Misc Water Treatment Exp-Current									
Expenses - Other	2	0	0	0	0	0	0	0	0
Expenses - Waste Disposal	1	634,305	356,226	146,905	66,095	36,092	27,656	317	1,015
Labor	1	0	0	0	0	0	0	0	0
644 Rents	2	9,570	5,654	2,097	908	516	380	4	11
Total Operation		6,676,271	3,854,612	1,501,182	662,156	369,070	277,032	2,978	9,241
-MAINTENANCE-									
650 Supervision and Engineering	2	221,527	130,878	48,537	21,023	11,940	8,795	89	266
651 Structures and Improvements									
Expenses	2	1,118	661	245	106	60	44	0	1
Labor	2	108,144	63,891	23,694	10,263	5,829	4,293	43	130
652 General Water Equip									
Expenses	2	434,321	256,597	95,160	41,217	23,410	17,243	174	521
Labor	2	19,867	11,737	4,353	1,885	1,071	789	8	24
Total Maintenance		784,977	463,764	171,988	74,494	42,310	31,164	314	942
Total Water Treatment Expenses		7,461,248	4,318,376	1,673,171	736,651	411,380	308,196	3,292	10,183

WEST VIRGINIA-AMERICAN WATER COMPANY

COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
TRANSMISSION AND DISTRIBUTION EXPENSES									
-OPERATION-									
660 Supervision and Engineering	12	407,115	326,099	51,622	4,845	10,666	1,547	2,891	9,445
661 Storage Facilities Expense									
Expenses	6	143,408	79,477	29,141	13,810	7,170	3,929	2,194	7,687
Labor	6	(71,533)	(39,644)	(14,536)	(6,889)	(3,577)	(1,960)	(1,094)	(3,834)
662 Lines Expense									
Expenses	8	22,657	12,955	4,776	643	1,174	270	630	2,209
Labor	8	552,800	316,091	116,530	15,700	28,635	6,578	15,368	53,898
663 Meter Expense									
Expenses	10	16,003	14,057	1,591	62	285	8	0	0
Labor	10	1,878,321	1,649,917	186,705	7,325	33,434	939	0	0
664 Customer Installation Expenses									
Expenses	11	0	0	0	0	0	0	0	0
Labor	11	38,097	33,663	2,812	57	377	8	1,181	0
665 Maps and Records									
Expenses	12	0	0	0	0	0	0	0	0
Labor	12	0	0	0	0	0	0	0	0
665 Miscellaneous Expenses									
Expenses - Other	12	1,082,950	867,443	137,318	12,887	28,373	4,115	7,689	25,124
Expenses	12	1,713,658	1,372,640	217,292	20,393	44,898	6,512	12,167	39,757
Labor	12	0	0	0	0	0	0	0	0
666 Rents	3	169,662	94,281	34,967	15,151	8,602	6,328	2,307	8,025
Total Operation		5,953,138	4,726,979	768,218	83,985	160,038	28,275	43,332	142,311
-MAINTENANCE-									
670 Supervision and Engineering	13	150,688	100,373	25,225	2,984	5,817	1,221	4,069	11,000
671 T & D Structures & Improve Maint									
Expenses	13	3,856	2,568	645	76	149	31	104	281
Labor	13	32,981	21,969	5,521	653	1,273	267	890	2,408
672 Reservoirs and Standpipes									
Expenses	6	124	69	25	12	6	3	2	7
Labor	6	0	0	0	0	0	0	0	0
673 T & D Mains									
Expenses	8	671,900	384,192	141,637	19,082	34,804	7,996	18,679	65,510
Labor	8	1,731,721	990,198	365,047	49,181	89,703	20,607	48,142	168,843

WEST VIRGINIA-AMERICAN WATER COMPANY

COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
675 Services									
Expenses	11	40,133	35,462	2,962	60	397	8	1,244	0
Labor	11	898,432	793,855	66,304	1,348	8,894	180	27,851	0
676 Meters									
Expenses	10	44,528	39,113	4,426	174	793	22	0	0
Labor	10	136,340	119,761	13,552	532	2,427	68	0	0
677 Hydrants									
Expenses	9	6,343	0	0	0	0	0	0	6,343
Labor	9	18,370	0	0	0	0	0	0	18,370
678 Miscellaneous Plant									
Expenses	13	911,293	607,012	152,550	18,044	35,176	7,381	24,605	66,524
Labor	13	2,825	1,882	473	56	109	23	76	206
Total Maintenance		4,649,534	3,096,454	778,368	92,201	179,548	37,808	125,662	339,493
Total Transmission and Distribution Expenses		10,602,672	7,823,434	1,546,586	176,185	339,586	66,083	168,995	481,804
CUSTOMER ACCOUNTS									
901 Supervision	14	168,881	155,083	11,231	135	1,199	17	1,199	17
902 Meter Reading Expenses									
Expenses	15	12,260	11,342	820	10	87	1	0	0
Labor	15	1,272,979	1,177,633	85,162	1,018	9,038	127	0	0
903 Recording and Collecting Expenses									
Expenses	14	1,815,573	1,667,241	120,736	1,452	12,891	182	12,891	182
Labor	14	0	0	0	0	0	0	0	0
904 Uncollectible Accounts	14	2,084,029	1,913,764	138,588	1,667	14,797	208	14,797	208
905 Misc Customer Accounting Expenses									
Expenses	14	351,351	322,646	23,365	281	2,495	35	2,495	35
Labor	14	436,465	400,806	29,025	349	3,099	44	3,099	44
907 Customer Service Expenses	14	0	0	0	0	0	0	0	0
910 Sales Promotion Expense	14	0	0	0	0	0	0	0	0
Total Customers' Accounting and Collecting Expenses		6,141,538	5,648,514	408,926	4,913	43,605	614	34,480	486

WEST VIRGINIA-AMERICAN WATER COMPANY

COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
ADMINISTRATIVE AND GENERAL EXPENSES									
-OPERATION-									
920 Administrative & General Salaries									
Expenses	16	0	0	0	0	0	0	0	0
Labor	16	1,445,820	1,085,955	204,439	45,110	43,953	18,217	14,024	34,121
921 Miscellaneous Office Expenses	16	2,491,982	1,871,728	352,366	77,750	75,756	31,399	24,172	58,811
923 Outside Services									
Customer Related	14	1,997,088	1,833,926	132,806	1,598	14,179	200	14,179	200
Employee Related	17		0	0	0	0	0	0	0
Water Quality Related	1	228,014	128,053	52,808	23,759	12,974	9,941	114	365
Other	16	8,187,631	6,149,730	1,157,731	255,454	248,904	103,164	79,420	193,228
924 Property Insurance	16	2,145,939	1,611,815	303,436	66,953	65,237	27,039	20,816	50,644
925 Injuries & Damages									
Workmens' Comp.	17	153,954	111,170	23,847	5,973	5,311	2,448	1,463	3,741
926 Employee Pensions and Benefits	17	8,036,180	5,802,926	1,244,804	311,804	277,248	127,775	76,344	195,279
928 Regulatory Expenses	20	500,680	336,357	86,918	24,033	20,127	9,563	5,808	17,874
930.1 Miscellaneous General Expense	16	162,600	122,129	22,992	5,073	4,943	2,049	1,577	3,837
930.2 Miscellaneous General Expense									
Expenses	16	253,670	190,532	35,869	7,915	7,712	3,196	2,461	5,987
Labor	16	0	0	0	0	0	0	0	0
930.6 Transporation Expenses - Labor	16	147,832	111,037	20,903	4,612	4,494	1,863	1,434	3,489
931 Administrative and General Rents	16	3,416,883	2,566,421	483,147	106,607	103,873	43,053	33,144	80,638
Total Operation		29,168,273	21,921,777	4,122,068	936,640	884,712	379,907	274,955	648,215
-MAINTENANCE-									
932 Maintenance of General Plant	16	248,272	186,477	35,106	7,746	7,547	3,128	2,408	5,859
Total Maintenance									
Total Administrative and General Expenses		29,416,545	22,108,254	4,157,173	944,386	892,259	383,035	277,364	654,074
Total Operation and Maintenance Expenses		58,575,074	42,684,252	8,909,875	2,364,806	1,963,100	967,294	496,564	1,189,184
503 DEPRECIATION EXPENSE									
311 Source of Supply Struct & Improv	2	9,443	5,579	2,069	896	509	375	4	11
312 Collecting &Impounding Reservoirs	1	26,131	14,675	6,052	2,723	1,487	1,139	13	42
313 Lake, River and Other Intakes	2	130,228	76,939	28,533	12,359	7,019	5,170	52	156
314 Wells and Springs	2	925	546	203	88	50	37	0	1
316 Supply Mains	2	67,225	39,717	14,729	6,380	3,623	2,669	27	81

WEST VIRGINIA-AMERICAN WATER COMPANY

COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

	Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
									Private	Public
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
317	Other Water Source Plant	2	851	503	186	81	46	34	0	1
321	Pumping Structures & Improvements	7	318,852	178,653	66,162	28,888	16,293	11,734	3,826	13,296
322	Boiler Plant Equipment	7	0	0	0	0	0	0	0	0
323	Other Power Production Equipment	7	12,846	7,198	2,666	1,164	656	473	154	536
325	Electric Pumping Equipment	7	883,398	494,968	183,305	80,036	45,142	32,509	10,601	36,838
326	Diesel Pumping Equipment	7	1,900	1,065	394	172	97	70	23	79
328	Other Pumping Equipment	7	18,937	10,610	3,929	1,716	968	697	227	790
331	Water Treat Structures & Improv	2	1,430,142	844,928	313,344	135,720	77,085	56,777	572	1,716
332	Water Treat and Equipment	2	1,163,575	687,440	254,939	110,423	62,717	46,194	465	1,396
334	Granular Activated Carbon	2	627,532	370,746	137,492	59,553	33,824	24,913	251	753
341	T & D Structures & Improvements	13	129,891	86,520	21,744	2,572	5,014	1,052	3,507	9,482
342	Distrib. Reservoirs & Standpipes	6	434,011	240,529	88,191	41,795	21,701	11,892	6,640	23,263
343	Transmission & Distribution Mains									
	10 inch and Under	5	2,021,470	1,171,038	430,573	0	105,925	0	69,539	244,396
	12 inch and Over	3	942,552	523,776	194,260	84,170	47,787	35,157	12,819	44,583
345	Services	11	864,804	764,141	63,823	1,297	8,562	173	26,809	0
346	Meters	10	1,036,953	910,860	103,073	4,044	18,458	518	0	0
347	Meter Installations	10	735,973	646,479	73,156	2,870	13,100	368	0	0
348	Fire Hydrants	9	115,282	0	0	0	0	0	0	115,282
349	Other T & D	13	371	247	62	7	14	3	10	27
390	General Structures & Improvements	16	255,693	192,051	36,155	7,978	7,773	3,222	2,480	6,034
391	Office Furniture and Equipment	16	63,803	47,922	9,022	1,991	1,940	804	619	1,506
391.2	Computers & Peripheral Equipment	16	1,312,612	985,903	185,603	40,953	39,903	16,539	12,732	30,978
391.3	PC Computers and Software	16	397,151	298,300	56,157	12,391	12,073	5,004	3,852	9,373
391.4	Office Machines and Equipment	16	69,172	51,955	9,781	2,158	2,103	872	671	1,632
392	Transportation Equipment	16	826,117	620,496	116,813	25,775	25,114	10,409	8,013	19,496
393	Stores Equipment	16	4,295	3,226	607	134	131	54	42	101
394	Tools, Shop & Garage Equipment	16	112,118	84,212	15,853	3,498	3,408	1,413	1,088	2,646
395	Laboratory Equipment	2	76,798	45,372	16,826	7,288	4,139	3,049	31	92
396	Power Operated Equipment	16	149,242	112,096	21,103	4,656	4,537	1,880	1,448	3,522
397	Communication Equipment	16	145,710	109,443	20,603	4,546	4,430	1,836	1,413	3,439
398	Miscellaneous Equipment	16	198,719	149,258	28,099	6,200	6,041	2,504	1,928	4,690
399	Other Tangible Property	16	245	184	35	8	7	3	2	6
	Total Depreciation Expense		14,584,967	9,777,573	2,505,543	694,530	581,676	279,541	169,859	576,244
404	AMORTIZATION EXPENSE									
	Acquisition Adjustment	19	9,191	5,799	1,710	483	407	195	135	462
	Leased Standpipe	6	2,741	1,519	557	264	137	75	42	147
	Limited Term Utility Plant	16	0	0	0	0	0	0	0	0
	Other	19	0	0	0	0	0	0	0	0
	Total Amortizations		11,932	7,318	2,266	747	544	270	177	609

WEST VIRGINIA-AMERICAN WATER COMPANY

COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
507.1 TAXES, OTHER THAN INCOME									
Federal and State Unemployment	17	40,609	29,324	6,290	1,576	1,401	646	386	987
FICA	17	1,137,767	821,582	176,240	44,145	39,253	18,090	10,809	27,648
West Virginia Taxes									
Real and Property Taxes	19	5,120,312	3,230,405	952,378	269,328	226,830	108,551	75,269	257,552
State Business and Occupation	20	5,620,004	3,775,519	975,633	269,760	225,924	107,342	65,192	200,634
Fee for Support of PSC- Revenues	20	365,959	245,851	63,530	17,566	14,712	6,990	4,245	13,065
Fee for Support of PSC- Property	19	200,988	126,803	37,384	10,572	8,904	4,261	2,955	10,110
State Franchise & Misc. State Tax	20	0	0	0	0	0	0	0	0
Local Taxes	21	2,347,827	1,448,374	605,974	119,270	141,574	0	27,235	5,400
Total Taxes, Other Than Income		14,833,466	9,677,858	2,817,430	732,217	658,597	245,880	186,090	515,395
507.2 INCOME TAXES	19	9,884,772	6,236,302	1,838,568	519,939	437,895	209,557	145,306	497,204
Utility Operating Income Available for Return	19	36,130,965	22,795,026	6,720,360	1,900,489	1,600,602	765,976	531,125	1,817,388
Total Cost of Service		134,021,176	91,178,329	22,794,041	6,212,728	5,242,414	2,468,519	1,529,121	4,596,023
Less: Other Water Revenues									
Local B&O Tax Revenue	21	2,110,931	1,302,233	544,831	107,235	127,289	0	24,487	4,855
Miscellaneous Service Revenues									
Turn on/off services	10	617,669	542,560	61,396	2,409	10,995	309	0	0
Other	20	2,798,483	1,880,021	485,817	134,327	112,499	53,451	32,462	99,906
Rents - Office	16	415,709	312,239	58,781	12,970	12,638	5,238	4,032	9,811
Rents - Other	20	42,016	28,226	7,294	2,017	1,689	803	487	1,500
Miscellaneous Water Revenue	10	23,270	20,440	2,313	91	414	12	0	0
Billing and Collecting Services	14	604,456	555,072	40,196	484	4,292	60	4,292	60
Total Other Water Revenues		6,612,534	4,640,792	1,200,629	259,533	269,815	59,872	65,761	116,132
Total Cost of Service Related to Sales of Water		127,408,642	86,537,537	21,593,412	5,953,195	4,972,599	2,408,647	1,463,360	4,479,891
Reallocation of Public Fire	10a	0	3,622,986	410,204	16,078	73,383	0	0	(4,122,652)
Total		$ 127,408,642	$ 90,160,524	$ 22,003,616	$ 5,969,274	$ 5,045,982	$ 2,408,647	$ 1,463,360	$ 357,239

WEST VIRGINIA-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS

FACTOR 1. ALLOCATION OF COSTS WHICH VARY WITH THE AMOUNT OF WATER CONSUMED.

Factors are based on the pro forma test year average daily consumption for each customer classification.

Customer Classification	Average Daily Consumption, Thousand Gallons	Allocation Factor
(1)	(2)	(3)
Residential	18,862	0.5616
Commercial	7,781	0.2316
Industrial	3,500	0.1042
Other Public Authority	1,913	0.0569
Sales for Resale	1,466	0.0436
Private Fire Protection	16	0.0005
Public Fire Protection	55	0.0016
Total	33,593	1.0000

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the factors for average daily consumption (Factor 1) and the factors derived from maximum day extra capacity demand for each customer classification, as follows:

	Average Daily Consumption		Maximum Day Extra Capacity		
Customer Classification	Allocation Factor 1	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)x 0.7692	(4)	(5)=(4)x 0.2308	(6)=(3)+(5)
Residential	0.5616	0.4320	0.6883	0.1588	0.5908
Commercial	0.2316	0.1781	0.1775	0.0410	0.2191
Industrial	0.1042	0.0802	0.0639	0.0147	0.0949
Other Public Authority	0.0569	0.0438	0.0436	0.0101	0.0539
Sales for Resale	0.0436	0.0335	0.0267	0.0062	0.0397
Private Fire Protection	0.0005	0.0004			0.0004
Public Fire Protection	0.0016	0.0012			0.0012
Total	1.0000	0.7692	1.0000	0.2308	1.0000

The derivation of the maximum day extra capacity factors in column 4 and the basis for the column 3 and 5 weightings are presented on the following page.

WEST VIRGINIA-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS, cont.

		Maximum Day Extra Capacity		
Customer Classification	Average Daily Consumption, Thousand Gal.	Factor*	Rate of Flow, Thousand Gal. Per Day	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	18,862	0.8	15,090	0.6883
Commercial	7,781	0.5	3,891	0.1775
Industrial	3,500	0.4	1,400	0.0639
Other Public Authority	1,913	0.5	957	0.0436
Sales for Resale	1,466	0.4	586	0.0267
Total	33,522		21,923	1.0000

The weighting of the factors is based on the maximum day ratio of 1.30, based on a review of experienced maximum day ratios.

	Maximum Day Ratio	Weight
Average Day	1.00	0.7692
Maximum Day Extra Capacity	0.30	0.2308
Total	1.30	1.0000

* Ratio of maximum day to average day minus 1.0.

WEST VIRGINIA-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

	Average Daily Consumption		Maximum Day Extra Capacity		Fire Protection		
Customer Classification	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2) X 0.7236	(4)	(5)=(4) X 0.2171	(6)	(7)=(6) X 0.0593	(8)=(3)+(5)+(7)
Residential	0.5616	0.4063	0.6883	0.1494			0.5557
Commercial	0.2316	0.1676	0.1775	0.0385			0.2061
Industrial	0.1042	0.0754	0.0639	0.0139			0.0893
Other Public Authority	0.0569	0.0412	0.0436	0.0095			0.0507
Sales for Resale	0.0436	0.0315	0.0267	0.0058			0.0373
Private Fire Protection	0.0005	0.0004			0.2210	0.0132	0.0136
Public Fire Protection	0.0016	0.0012			0.7790	0.0461	0.0473
Total	1.0000	0.7236	1.0000	0.2171	1.0000	0.0593	1.0000

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WEST VIRGINIA-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum day ratio of 1.30 and the total system sendout for 2007 of 52.683 MGD. The system demand for fire protection is 12,000 Gallons per minute for 6 hours, or 4.32 MGD.

	Ratio	Rate of Flow, (GPD)	Weight
Average Day	1.00	52,683,000	0.7236
Maximum Day Extra Capacity	0.30	15,804,900	0.2171
Subtotal	1.30	68,487,900	0.9407
Fire Protection		4,320,000	0.0593
Total		72,807,900	1.0000

The public and private fire protection allocation factors in column 6 on the previous page are based on the relative potential demands (see Schedule E).

WEST VIRGINIA-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		
Customer Classification	Thousand Gallons	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3) X 0.4700	(5)	(6)=(5) X 0.3759	(7)	(8)=(7) X 0.1541	(9)=(4)+(6)+(8)
Residential	785.9	0.5616	0.2639	0.6358	0.2390			0.5029
Commercial	324.2	0.2316	0.1089	0.2011	0.0756			0.1845
Industrial	145.8	0.1042	0.0490	0.1022	0.0384			0.0874
Other Public Authority	79.7	0.0569	0.0267	0.0494	0.0186			0.0453
Sales for Resale	61.1	0.0437	0.0205	0.0115	0.0043			0.0248
Private Fire Protection	0.7	0.0005	0.0002			0.2210	0.0341	0.0343
Public Fire Protection	2.3	0.0016	0.0008			0.7790	0.1200	0.1208
Total	1,399.7	1.0001	0.4700	1.0000	0.3759	1.0000	0.1541	1.0000

The maximum hour extra capacity factors in column 5 are determined as follows:

WEST VIRGINIA-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum hour ratio of 1.8 and the total system sendout for 2007 of 52.683 MGD. The system demand for fire protection is 12,000 gallons per minute.

	Ratio	Rate of Flow, (GPM)	Weight
Average Hour	1.00	36,585	0.4700
Maximum Hour Extra Capacity	0.80	29,268	0.3759
Subtotal	1.80	65,853	0.8459
Fire Protection		12,000	0.1541
Total		77,853	1.0000

The maximum hour extra capacity factors in column 5 of the previous page are determined as follows:

Customer Classification	Average Hourly Consumption Thousand Gal.	Maximum Hour Extra Capacity		
		Factor*	Gallons Per Hour	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	785.9	3.0	2,358	0.6358
Commercial	324.2	2.3	746	0.2011
Industrial	145.8	2.6	379	0.1022
Other Public Authority	79.7	2.3	183	0.0494
Sales for Resale	61.1	0.7	43	0.0115
Total	1,396.7		3,709	1.0000

* Ratio of Maximum Hour To Average Hour Minus 1.0.

The public and private fire protection allocation factors in column 7 on the previous page are based on the relative potential demands (see Schedule E).

WEST VIRGINIA-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH DISTRIBUTION MAINS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification, excluding Industrial and Sales for Resale classifications.

	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		
Customer Classification	Thousand Gallons	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3) X 0.4700	(5)	(6)=(5) X 0.3759	(7)	(8)=(7) X 0.1541	(9)=(4)+(6)+(8)
Residential	785.9	0.6589	0.3097	0.7173	0.2696			0.5793
Commercial	324.2	0.2718	0.1277	0.2269	0.0853			0.2130
Other Public Authority	79.7	0.0668	0.0314	0.0558	0.0210			0.0524
Private Fire Protection	0.7	0.0006	0.0003			0.2210	0.0341	0.0344
Public Fire Protection	2.3	0.0019	0.0009			0.7790	0.1200	0.1209
Total	1,192.8	1.0000	0.4700	1.0000	0.3759	1.0000	0.1541	1.0000

WEST VIRGINIA-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES.

Factors are based on the weighting of the average hourly consumption, the maximum hour extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		
	Thousand Gallons	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3) X 0.5179	(5)	(6)=(5) X 0.4143	(7)	(8)=(7) X 0.0678	(9)=(4)+(6)+(8)
Residential	785.9	0.5615	0.2908	0.6358	0.2634			0.5542
Commercial	324.2	0.2316	0.1199	0.2011	0.0833			0.2032
Industrial	145.8	0.1042	0.0540	0.1022	0.0423			0.0963
Other Public Authority	79.7	0.0569	0.0295	0.0494	0.0205			0.0500
Sales for Resale	61.1	0.0437	0.0226	0.0115	0.0048			0.0274
Private Fire Protection	0.7	0.0005	0.0003			0.2210	0.0150	0.0153
Public Fire Protection	2.3	0.0016	0.0008			0.7790	0.0528	0.0536
Total	1,399.7	1.0000	0.5179	1.0000	0.4143	1.0000	0.0678	1.0000

The weighting of the factors is based on the ratio of the capacity required for a 4 hour demand of fire flow, as related to total storage capacity. The calculation is shown on the following page.

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WEST VIRGINIA-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES, cont.

The weighting of the factors is based on the ratio of the capacity required for a 6 hour demand of fire flow, as related to total storage capacity.

Fire Protection Weight = $\frac{\text{12,000 GPM X 60 Min. X 6 Hours}}{\text{63,700,622 Gallons}}$ = 0.0678

General Service Weight = 1.0000 - 0.0678 = 0.9322

The weighting of the average hourly consumption and maximum hour extra demand for general service is based on the maximum hour ratio, as follows:

	Maximum Hour Ratio	Percent	Weight
Average Hour	1.00	55.56	0.5179
Extra Capacity Maximum Hour	0.80	44.44	0.4143
Total	1.80	100.00	0.9322

WEST VIRGINIA-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 7. ALLOCATION OF COSTS ASSOCIATED WITH POWER AND PUMPING FACILITIES.

Factors are based on the weighting of the maximum daily consumption, Factor 2, the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

	Maximum Daily Consumption		Maximum Daily Consumption		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 2	Weighted Factor	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.2603	(4)	(5)=(4)X 0.6519	(6)	(7)=(6)X 0.0878	(8)=(3)+ (5)+(7)
Residential	0.5908	0.1539	0.5557	0.3623	0.5029	0.0441	0.5603
Commercial	0.2191	0.0570	0.2061	0.1343	0.1845	0.0162	0.2075
Industrial	0.0949	0.0247	0.0893	0.0582	0.0874	0.0077	0.0906
Other Public Authority	0.0539	0.0140	0.0507	0.0331	0.0453	0.0040	0.0511
Sales for Resale	0.0397	0.0103	0.0373	0.0243	0.0248	0.0022	0.0368
Private Fire Protection	0.0004	0.0001	0.0136	0.0089	0.0343	0.0030	0.0120
Public Fire Protection	0.0012	0.0003	0.0473	0.0308	0.1208	0.0106	0.0417
Total	1.0000	0.2603	1.0000	0.6519	1.0000	0.0878	1.0000

The weighting of the factors is based on the horsepower of pumps associated with maximum day facilities, maximum day and fire facilities, and maximum hour facilities, as follows:

	Horsepower of Pumps	Weight
Associated with Maximum Day	7,208	0.2603
Associated with Maximum Day and Fire	18,053	0.6519
Associated with Maximum Hour	2,430	0.0878
Total	27,691	1.0000

WEST VIRGINIA-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 8. ALLOCATION OF COSTS ASSOCIATED WITH TRANSMISSION AND DISTRIBUTION MAINS.

Factors are based on the weighting of the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 5, for each customer classification, as follows:

	Maximum Daily Consumption		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 3	Weighted Factor	Allocation Factor 5	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.3180	(4)	(5)=(4)X 0.6820	(6)=(3)+(5)
Residential	0.5557	0.1768	0.5793	0.3950	0.5718
Commercial	0.2061	0.0655	0.2130	0.1453	0.2108
Industrial	0.0893	0.0284			0.0284
Other Public Authority	0.0507	0.0161	0.0524	0.0357	0.0518
Sales for Resale	0.0373	0.0119			0.0119
Private Fire Protection	0.0136	0.0043	0.0344	0.0235	0.0278
Public Fire Protection	0.0473	0.0150	0.1209	0.0825	0.0975
Total	1.0000	0.3180	1.0000	0.6820	1.0000

The weighting of the factors is based on the total inch-feet of mains, designated as either transmission mains or distribution mains, as follows:

	Total Inch-Feet of Mains	Weight
Transmission Mains	38,215,358	0.3180
Distribution Mains	81,959,612	0.6820
Total	120,174,970	1.0000

WEST VIRGINIA-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 9. ALLOCATION OF COSTS ASSOCIATED WITH FIRE HYDRANTS.

Costs are assigned directly to Public Fire Protection.

Customer Classification	Allocation Factor
(1)	(3)
Public Fire Protection	1.0000
Total	1.0000

FACTOR 10. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

Factors are based on the relative cost of meters by size and customer classification, as developed on the following page and summarized below.

Customer Classification	5/8" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	154,148	0.8784
Commercial	17,451	0.0994
Industrial	689	0.0039
Other Public Authority	3,128	0.0178
Sales for Resale	93	0.0005
Private Fire	0	0.0000
Total	175,509	1.0000

WEST VIRGINIA-AMERICAN WATER COMPANY

BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS

Meter Size	5/8" Dollar Equivalent	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Total	
		Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)
5/8	1.0	153,478	153,478	8,044	8,044	19	19	442	442	0	0	161,983	161,983
3/4	1.3	56	73	48	62	0	0	9	12	0	0	113	147
1	1.8	259	466	1,745	3,141	30	54	290	522	0	0	2,324	4,183
1-1/2	3.2	5	16	83	266	6	19	22	70	0	0	116	371
2	4.6	25	115	1,148	5,281	55	253	392	1,803	4	18	1,624	7,470
3	7.1	0	0	15	107	6	43	9	64	0	0	30	214
4	9.1	0	0	36	328	10	91	14	127	2	18	62	564
6	19.1	0	0	10	191	11	210	3	57	3	57	27	515
8	31.0	0	0	1	31	0	0	1	31	0	0	2	62
Total		153,823	154,148	11,130	17,451	137	689	1,182	3,128	9	93	166,281	175,509

WEST VIRGINIA-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 10A. ALLOCATION OF COSTS RELATED TO REALLOCATION OF PUBLIC FIRE

Factors are based on the relative cost of meters by size and customer classification.

Customer Classification	5/8" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	154,148	0.8788
Commercial	17,451	0.0995
Industrial	689	0.0039
Other Public Authority	3,128	0.0178
Total	175,416	1.0000

FACTOR 11. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

Factors are based on the relative cost of services by size and customer classification, as developed on the following page and summarized below.

Customer Classification	3/4" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	153,904	0.8836
Commercial	12,855	0.0738
Industrial	269	0.0015
Other Public Authority	1,719	0.0099
Sales for Resale	27	0.0002
Private Fire Protection	5,402	0.0310
Total	174,176	1.0000

WEST VIRGINIA-AMERICAN WATER COMPANY

BASIS FOR ALLOCATING SERVICE COSTS TO CUSTOMER CLASSIFICATIONS

Service Size	3/4" Dollar Equivalent	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Private Fire Protection		Total	
		Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)=(2)X(11)	(15)	(16)
3/4	1.00	153,534	153,534	8,092	8,092	19	19	451	451	0	0	0	0	162,096	162,096
1	1.20	259	311	1,745	2,094	30	36	290	348	0	0	0	0	2,324	2,789
1-1/2	1.60	5	8	83	133	6	10	22	35	0	0	0	0	116	186
2	2.04	25	51	1,148	2,342	55	112	392	800	4	8	76	155	1,700	3,468
3	2.73	0	0	15	41	6	16	9	25	0	0	4	11	34	93
4	2.88	0	0	36	104	10	29	14	40	2	6	135	389	197	568
6	4.24	0	0	10	42	11	47	3	13	3	13	771	3,269	798	3,384
8	6.98	0	0	1	7	0	0	1	7	0	0	185	1,291	187	1,305
10	9.50	0	0	0	0	0	0	0	0	0	0	25	238	25	238
12	12.16	0	0	0	0	0	0	0	0	0	0	4	49	4	49
Total		153,823	153,904	11,130	12,855	137	269	1,182	1,719	9	27	1,200	5,402	167,481	174,176

WEST VIRGINIA-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 12. ALLOCATION OF TRANSMISSION AND DISTRIBUTION OPERATION SUPERVISION AND ENGINEERING AND MISCELLANEOUS EXPENSES.

Factors are based on transmission and distribution operation expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Operating Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$2,066,516	0.8010
Commercial	327,019	0.1268
Industrial	30,710	0.0119
Other Public Authority	67,499	0.0262
Sales for Resale	9,772	0.0038
Private Fire Protection	18,278	0.0071
Public Fire Protection	59,960	0.0232
Total	$2,579,753	1.0000

FACTOR 13. ALLOCATION OF TRANSMISSION AND DISTRIBUTION MAINTENANCE SUPERVISION AND ENGINEERING, STRUCTURES AND IMPROVEMENTS, AND OTHER EXPENSES.

Factors are based on transmission and distribution maintenance expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$2,362,650	0.6661
Commercial	593,953	0.1674
Industrial	70,388	0.0198
Other Public Authority	137,025	0.0386
Sales for Resale	28,885	0.0081
Private Fire Protection	95,918	0.0270
Public Fire Protection	259,073	0.0730
Total	$3,547,891	1.0000

WEST VIRGINIA-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 14. ALLOCATION OF BILLING AND COLLECTING COSTS.

Factors are based on the total number of customers.

Customer Classification	Total Customers	Allocation Factor
(1)	(2)	(3)
Residential	153,823	0.9183
Commercial	11,130	0.0665
Industrial	137	0.0008
Other Public Authority	1,182	0.0071
Sales for Resale	9	0.0001
Private Fire Protection	1,182	0.0071
Public Fire Protection	22	0.0001
Total	167,485	1.0000

FACTOR 15. ALLOCATION OF METER READING COSTS.

Factors are based on the number of metered customers.

Customer Classification	Total Metered Customers	Allocation Factor
(1)	(2)	(3)
Residential	153,823	0.9251
Commercial	11,130	0.0669
Industrial	137	0.0008
Other Public Authority	1,182	0.0071
Sales for Resale	9	0.0001
Total	166,281	1.0000

WEST VIRGINIA-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 16. ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES AND CASH WORKING CAPITAL.

Factors are based on the allocation of all other operation and maintenance expenses excluding purchased water, power, and chemicals.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$16,654,942	0.7511
Commercial	3,135,685	0.1414
Industrial	692,901	0.0312
Other Public Authority	673,568	0.0304
Sales for Resale	279,847	0.0126
Private Fire Protection	215,709	0.0097
Public Fire Protection	523,938	0.0236
Total	$22,176,590	1.0000

FACTOR 17. ALLOCATION OF LABOR RELATED TAXES AND BENEFITS.

Factors are based on the allocation of direct labor expense.

Customer Classification	Direct Labor Expense	Allocation Factor
(1)	(2)	(3)
Residential	$9,700,469	0.7221
Commercial	2,080,583	0.1549
Industrial	521,843	0.0388
Other Public Authority	463,579	0.0345
Sales for Resale	214,265	0.0159
Private Fire Protection	127,659	0.0095
Public Fire Protection	326,962	0.0243
Total	$13,435,361	1.0000

WEST VIRGINIA-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 18. ALLOCATION OF ORGANIZATION, FRANCHISES AND CONSENTS, MISCELLANEOUS INTANGIBLE PLANT AND OTHER RATE BASE ELEMENTS.

Factors are based on the allocation of the original cost less depreciation other than those items being allocated, as follows:

Customer Classification	Original Cost Less Depreciation	Allocation Factor
(1)	(2)	(3)
Residential	$319,622,403	0.6222
Commercial	96,497,028	0.1878
Industrial	23,592,748	0.0459
Other Public Authority	23,064,613	0.0449
Sales for Resale	9,510,856	0.0185
Private Fire Protection	8,706,006	0.0169
Public Fire Protection	32,787,214	0.0638
Total	$513,780,868	1.0000

FACTOR 19. ALLOCATION OF INCOME TAXES AND INCOME AVAILABLE FOR RETURN.

Factors are based on the allocation of the original cost measure of value rate base as shown on the following pages and summarized below.

Customer Classification	Original Cost Measure of Value	Allocation Factor
(1)	(2)	(3)
Residential	$265,940,202	0.6309
Commercial	78,433,127	0.1860
Industrial	22,193,952	0.0526
Other Public Authority	18,673,403	0.0443
Sales for Resale	8,948,749	0.0212
Private Fire Protection	6,207,993	0.0147
Public Fire Protection	21,199,567	0.0503
Total	$421,596,994	1.0000

WEST VIRGINIA-AMERICAN WATER COMPANY

COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
RATE BASE									
301 Organization	18	75,905	$ 47,228	$ 14,255	$ 3,484	$ 3,408	$ 1,404	$ 1,283	$ 4,843
302 Franchise and Consents	18	6,963	4,332	1,308	320	313	129	118	444
303 Other P/E Intangibles	18	89,287	55,554	16,768	4,098	4,009	1,652	1,509	5,697
303.6 Other P/E Comprehensive Studies	18	0	0	0	0	0	0	0	0
310 Land and Land Rights	2	83,221	49,167	18,234	7,898	4,486	3,304	33	100
311 Source of Supply Struct & Improv	2	(331,815)	(196,036)	(72,701)	(31,489)	(17,885)	(13,173)	(133)	(398)
312 Collecting &Impounding Reservoirs	1	2,146,766	1,205,624	497,191	223,693	122,151	93,599	1,073	3,435
313 Lake, River and Other Intakes	2	7,293,811	4,309,184	1,598,074	692,183	393,136	289,564	2,918	8,753
314 Wells and Springs	2	869,360	513,618	190,477	82,502	46,859	34,514	348	1,043
316 Supply Mains	2	4,989,143	2,947,586	1,093,121	473,470	268,915	198,069	1,996	5,987
317 Other Water Source Plant	2	32,736	19,340	7,172	3,107	1,764	1,300	13	39
320 Pumping Land & Land Rights	7	418,584	234,533	86,856	37,924	21,390	15,404	5,023	17,455
321 Pumping Structures & Improvements	7	12,398,993	6,947,156	2,572,791	1,123,349	633,589	456,283	148,788	517,038
323 Other Power Production Equipment	7	(229,949)	(128,840)	(47,714)	(20,833)	(11,750)	(8,462)	(2,759)	(9,589)
325 Electric Pumping Equipment	7	21,549,970	12,074,448	4,471,619	1,952,427	1,101,203	793,039	258,600	898,634
326 Diesel Pumping Equipment	7	16,658	9,333	3,457	1,509	851	613	200	695
328 Other Pumping Equipment	7	583,275	326,809	121,030	52,845	29,805	21,465	6,999	24,323
330 Land and Land Rights	2	3,033,483	1,792,182	664,636	287,878	163,505	120,429	1,213	3,640
331 Water Treat Structures & Improv	2	45,808,011	27,063,373	10,036,535	4,347,180	2,469,052	1,818,578	18,323	54,970
332 Water Treat and Equipment	2	46,934,544	27,728,929	10,283,359	4,454,088	2,529,772	1,863,301	18,774	56,321
334 Granular Activated Carbon	2	2,765,670	1,633,958	605,958	262,462	149,070	109,797	1,106	3,319
340 Land and Land Rights	8	2,126,466	1,215,913	448,259	60,392	110,151	25,305	59,116	207,330
341 T & D Structures & Improvements	13	4,055,522	2,701,383	678,894	80,299	156,543	32,850	109,499	296,053
342 Distrib. Reservoirs & Standpipes	6	18,893,842	10,470,967	3,839,229	1,819,477	944,692	517,691	289,076	1,012,710
343 Transmission & Distribution Mains		0							
10 inch and under	5	158,600,020	91,876,992	33,781,804	0	8,310,641	0	5,455,841	19,174,742
12 inch and over	3	73,950,527	41,094,308	15,241,204	6,603,782	3,749,292	2,758,355	1,005,727	3,497,860
345 Services	11	34,638,846	30,606,884	2,556,347	51,958	342,925	6,928	1,073,804	0
346 Meters	10	14,489,383	12,727,474	1,440,245	56,509	257,911	7,245	0	0
347 Meter Installations	10	26,581,812	23,349,464	2,642,232	103,669	473,156	13,291	0	0
348 Fire Hydrants	9	6,398,155	0	0	0	0	0	0	6,398,155
349 Other T & D Plant	13	691,002	460,276	115,674	13,682	26,673	5,597	18,657	50,443
389 Land and Land Rights	16	1,122,299	842,959	158,693	35,016	34,118	14,141	10,886	26,486
390.1 Office Structures	16	0	0	0	0	0	0	0	0
390.2 General Structures - HVAC	16	0	0	0	0	0	0	0	0
390 Structures & Improvements	16	8,526,314	6,404,114	1,205,621	266,021	259,200	107,432	82,705	201,221
391.1 Office Furniture and Equipment	16	329,565	247,536	46,600	10,282	10,019	4,153	3,197	7,778
391.2 Mainframe & Computer Equipment	16	8,531,893	6,408,305	1,206,410	266,195	259,370	107,502	82,759	201,353
391.3 Personal Computer Software	16	1,791,221	1,345,386	253,279	55,886	54,453	22,569	17,375	42,273
391.4 Office Machines and Equipment	16	667,301	501,210	94,356	20,820	20,286	8,408	6,473	15,748
392 Transportation Equipment	16	(2,016,110)	(1,514,300)	(285,078)	(62,903)	(61,290)	(25,403)	(19,556)	(47,580)

WEST VIRGINIA-AMERICAN WATER COMPANY

COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
392.12 Transportation Equip-Heavy Trucks	16	0	0	0	0	0	0	0	0
392.2 Transportation Equip-Cars	16	0	0	0	0	0	0	0	0
392.3 Transportation Equip-Other	16	0	0	0	0	0	0	0	0
393 Stores Equipment	16	48,240	36,233	6,821	1,505	1,466	608	468	1,138
394 Tools, Shop & Garage Equipment	16	1,030,248	773,819	145,677	32,144	31,320	12,981	9,993	24,314
395 Laboratory Equipment	2	1,146,201	677,176	251,133	108,774	61,780	45,504	458	1,375
396 Power Operated Equipment	16	666,837	500,861	94,291	20,805	20,272	8,402	6,468	15,737
397 Communication Equipment	16	48,956	36,771	6,922	1,527	1,488	617	475	1,155
397.2 Communication Equip - Telephone	16	0	0	0	0	0	0	0	0
398 Miscellaneous Equipment	16	2,983,085	2,240,595	421,808	93,072	90,686	37,587	28,936	70,401
399 Other Tangible Property	16	116,782	87,715	16,513	3,644	3,550	1,471	1,133	2,756
Total Depreciable Plant		513,953,023	319,729,518	96,529,359	23,600,650	23,072,343	9,514,041	8,708,915	32,798,197
OTHER RATE BASE ELEMENTS									
Utility Plant Acquisition Adjustments	18	0	0	0	0	0	0	0	0
Unclassified Plant in Service	18	0	0	0	0	0	0	0	0
Contributions and Advances									
Mains	5	(57,239,733)	(33,158,977)	(12,192,063)	0	(2,999,362)	0	(1,969,047)	(6,920,284)
Services	11	(519,449)	(458,985)	(38,335)	(779)	(5,143)	(104)	(16,103)	0
Meters	10	(1,368,586)	(1,202,166)	(136,037)	(5,337)	(24,361)	(684)	0	0
Hydrants	9	(2,730,575)	0	0	0	0	0	0	(2,730,575)
Deferred Income Taxes	18	(35,734,924)	(22,234,270)	(6,711,019)	(1,640,233)	(1,604,498)	(661,096)	(603,920)	(2,279,888)
Deferred Investment Tax Credits	18	(731,305)	(455,018)	(137,339)	(33,567)	(32,836)	(13,529)	(12,359)	(46,657)
Customer Deposits	14	0	0	0	0	0	0	0	0
Retirement Work in Progress	18	1,021,889	635,819	191,911	46,905	45,883	18,905	17,270	65,197
Materials and Supplies	18	1,441,129	896,670	270,644	66,148	64,707	26,661	24,355	91,944
Prepayments	16	270,215	202,958	38,208	8,431	8,215	3,405	2,621	6,377
Working Cash	16	(220,000)	(165,242)	(31,108)	(6,864)	(6,688)	(2,772)	(2,134)	(5,192)
Regulatory Asset (Van/Coal River)- Net	18	832,529	518,000	156,349	38,213	37,381	15,402	14,070	53,115
Unamortized Security Costs	18	2,622,781	1,631,894	492,558	120,386	117,763	48,521	44,325	167,333
Total Other Rate Base Elements		(92,356,029)	(53,789,316)	(18,096,231)	(1,406,699)	(4,398,940)	(565,292)	(2,500,922)	(11,598,630)
Total Original Cost Measure of Value		$ 421,596,994	$ 265,940,202	$ 78,433,127	$ 22,193,952	$ 18,673,403	$ 8,948,749	$ 6,207,993	$ 21,199,567

WEST VIRGINIA-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 20. ALLOCATION OF REGULATORY COMMISSION EXPENSES, ASSESSMENTS AND OTHER WATER REVENUES.

The factors are based on the allocation of the total cost of service, excluding those items being allocated.

Customer Classification	Total Cost of Service	Allocation Factor
(1)	(2)	(3)
Residential	$78,407,326	0.6718
Commercial	20,267,842	0.1736
Industrial	5,608,032	0.0480
Other Public Authority	4,693,388	0.0402
Sales for Resale	2,226,260	0.0191
Private Fire Protection	1,356,268	0.0116
Public Fire Protection	4,161,182	0.0357
Total	$116,720,297	1.0000

FACTOR 21. ALLOCATION OF LOCAL B & O TAXES AND REVENUES.

The factors are based on actual revenues by class.

Customer Classification	Local B & O Revenues	Allocation Factor
(1)	(2)	(3)
Residential	$1,302,479	0.6169
Commercial	544,757	0.2581
Industrial	107,299	0.0508
Other Public Authority	127,194	0.0603
Sales for Resale	0	0.0000
Private Fire Protection	24,402	0.0116
Public Fire Protection	4,800	0.0023
Total	$2,110,931	1.0000

WEST VIRGINIA-AMERICAN WATER COMPANY

SUMMARY OF PEAK DAY SYSTEM DELIVERY FOR THE YEARS 2000, 2006 and 2007

District	2000 Peak Day System Delivery, Gallons	2006 Peak Day System Delivery, Gallons	2007 Peak Day System Delivery, Gallons
Ansted	496,000		
Bluefield	2,547,000	2,447,000	2,441,000
Bluestone	2,949,000	3,397,000	3,399,000
Gassaway	548,000	561,000	364,000
Hamlin	210,000		
Huntington	16,800,000	14,650,000	13,612,000
Charleston	36,346,000	34,586,000	39,315,000
Madison	587,000		
Montgomery	792,000	599,000	805,000
Oak Hill	1,778,000	3,211,000	3,358,000
Webster Springs	283,000	210,000	225,000
Weston	1,608,000	1,304,000	1,283,000
Total Peak Day	64,944,000	60,965,000	64,802,000
Average Day Delivery	50,706,901	50,626,282	52,683,000
System Peak Day Ratio	1.28	1.20	1.23
Use	1.30		

WEST VIRGINIA-AMERICAN WATER COMPANY

BASIS FOR ALLOCATING DEMAND RELATED COSTS OF FIRE SERVICE TO PRIVATE AND PUBLIC FIRE PROTECTION CUSTOMER CLASSIFICATIONS

Description		Restrictive Diameters Squared	Quantity	Relative Demand	Allocation Factor
(1)		(2)	(3)	(4)=(2)x(3)	(5)
PRIVATE FIRE PROTECTION					
Fire Lines					
2 -inch		4.0	76	304	
3 -inch		9.0	4	36	
4 -inch		16.0	135	2,160	
6 -inch		36.0	771	27,756	
8 -inch		64.0	185	11,840	
10 -inch		100.0	25	2,500	
12 -inch		144.0	4	576	
Total Private Fire Protection			1,200	45,172	0.2210
PUBLIC FIRE PROTECTION					
Hydrant	Nozzle Sizes				
3.5" Valve		12.25	0	0	
4" Valve		16.00	190	3,040	
4" Valve	2 - 2.5"	12.50	193	2,413	
4" Valve	2 - 2.5 & 1 - 4"	16.00	1,052	16,832	
4.25" Valve		18.06	35	632	
4.5" Valve		20.25	393	7,958	
4.5" Valve	2 - 2.5 & 1 - 3.5"	20.25	494	10,004	
4.75" Valve		22.56	44	993	
5" Valve	2 - 2.5 & 1 - 3.5"	24.75	41	1,015	
5" Valve	3 - 2.5 & 1 - 4"	25.00	730	18,250	
5.25" Valve		27.56	59	1,626	
5.25" Valve	2 - 2.5"	12.50	15	188	
5.25" Valve	2 - 2.5 & 1 - 4"	27.56	45	1,240	
6" Valve	2 - 2.5"	12.50	150	1,875	
6" Valve	2 - 1/2" & 1 - 4.5"	32.75	2,172	71,133	
6" Valve	2 - 1/2" & 1 - 4"	28.50	774	22,059	
Total Public Fire Prorection			6,387	159,258	0.7790
Total Fire Protection			7,587	204,430	1.0000

PART III. PROPOSED CUSTOMER RATES

WEST VIRGINIA-AMERICAN WATER COMPANY

COMPARISON OF PRESENT AND PROPOSED RATES

		Present Rates	Proposed Rates	Increase	Percent Increase
GENERAL DOMESTIC, COMMERCIAL AND INDUSTRIAL WATER SERVICE.					
Minimum Charges					
5/8 -inch meter		$ 19.86	$ 22.41	$ 2.55	12.8%
3/4-inch meter		19.86	22.41	2.55	12.8%
1 -inch meter		48.66	54.93	6.27	12.9%
1 1/2 -inch meter		96.66	109.12	12.46	12.9%
2 -inch meter		154.30	174.20	19.90	12.9%
3 -inch meter		288.75	325.98	37.23	12.9%
4 -inch meter		480.80	542.80	62.00	12.9%
6 -inch meter		960.97	1,084.89	123.92	12.9%
8 -inch meter		1,537.19	1,735.41	198.22	12.9%
First	1,500 gallons	Minimum	Minimum		
Next	28,500 gallons	8.8077	9.9435	1.14	12.9%
Next	870,000 gallons	5.8000	6.5479	0.75	12.9%
Next	8,100,000 gallons	4.2200	4.7642	0.54	12.9%
All over	9,000,000 gallons	2.7450	3.0990	0.35	12.9%
SALES FOR RESALE WATER SERVICE.					
Minimum Charges					
5/8 -inch meter		$ 19.86	$ 22.41	$ 2.55	12.8%
3/4-inch meter		19.86	22.41	2.55	12.8%
1 -inch meter		48.66	54.93	6.27	12.9%
1 1/2 -inch meter		96.66	109.12	12.46	12.9%
2 -inch meter		154.30	174.20	19.90	12.9%
3 -inch meter		288.75	325.98	37.23	12.9%
4 -inch meter		480.80	542.80	62.00	12.9%
6 -inch meter		960.97	1,084.89	123.92	12.9%
8 -inch meter		1,537.19	1,735.41	198.22	12.9%
First	1,500 gallons	Minimum	Minimum		
Next	28,500 gallons	8.8077	9.9435	1.14	12.9%
Next	870,000 gallons	5.7478	6.4890	0.74	12.9%
Next	8,100,000 gallons	4.4143	4.9835	0.57	12.9%
All over	9,000,000 gallons	3.1112	3.5124	0.40	12.9%
PRIVATE FIRE SERVICE					
2 - INCH SERVICE		$ 80.00	$ 90.32	$ 10.32	12.9%
3 - INCH SERVICE		181.90	205.36	23.46	12.9%
4 - INCH SERVICE		319.36	360.54	41.18	12.9%
6 - INCH SERVICE		809.50	913.89	104.39	12.9%
8 - INCH SERVICE		1,327.50	1,498.68	171.18	12.9%
10 - INCH SERVICE		2,355.13	2,658.83	303.70	12.9%
12 - INCH SERVICE		3,300.17	3,725.73	425.56	12.9%

Exhibit No. PRH-1

WEST VIRGINIA-AMERICAN WATER COMPANY

Charleston, West Virginia

COST OF SERVICE

ALLOCATION STUDY

AS OF DECEMBER 31, 2009

AND

PROPOSED CUSTOMER RATES

GANNETT FLEMING, INC. - VALUATION AND RATE DIVISION

Harrisburg, Pennsylvania

June 16, 2010

West Virginia-American Water Company
1600 Pennsylvania Avenue
Charleston, WV 25302

Attention Mr. Michael A. Miller

Gentlemen:

ii Pursuant to your request, we have conducted a cost of service allocation study based on pro forma revenue requirements for the test year ended December 31, 2009, and have prepared proposed rate schedules designed to produce the pro forma revenue requirements.

The attached report presents the results of the study, as well as supporting schedules which set forth the detailed cost allocation calculations. Schedule A on page 6 presents a comparison of the cost of service by customer classification with the pro forma revenues produced by each classification under present and proposed rates.

Respectfully submitted,

GANNETT FLEMING, INC.
Valuation and Rate Division

Paul R Herbert

PAUL R. HERBERT
President

C D Heppenstall

CONSTANCE E. HEPPENSTALL
Rate Analyst

PRH:krm

053021

PART I. INTRODUCTION

WEST VIRGINIA-AMERICAN WATER COMPANY

COST OF SERVICE ALLOCATION STUDY
AS OF DECEMBER 31, 2009
AND PROPOSED CUSTOMER RATES

PART I. INTRODUCTION

PLAN OF REPORT

The report sets forth the results of the cost of service allocation study as of December 31, 2009, prepared for West Virginia-American Water Company. Part I, Introduction, contains statements with respect to the basis of the study, the procedures employed, and a summary of the results of the study. Part II, Cost of Service by Customer Classification, presents detailed schedules of the allocation of costs to customer classifications, as well as the bases for the allocations. Part III, Proposed Customer Rates, sets forth a comparison of the present and proposed rate structures.

BASIS OF THE STUDY

The purpose of the study was to allocate costs to several customer classifications based on considerations of quantity of water consumed, variability of rate of flow, and costs associated with metering, billing and accounting. The allocation study was based on recognized procedures for allocating the several categories of costs to customer classifications in proportion to each classification's use of the facilities, commodities and services which entail the total cost of providing water service.

ALLOCATION PROCEDURES

The allocation study was based on the Base-Extra Capacity Method for allocating costs to customer classifications. The method is described in the 2000 and prior editions of AWWA Manual M1, Principles of Water Rates, Fees, and Charges, published by the American Water Works Association. The four basic categories of cost responsibility are base, extra capacity, customer and fire protection costs. The following discussions present a brief description of these costs and the manner in which they were allocated.

Base Costs are costs that tend to vary with the quantity of water used, plus costs associated with supplying, treating, pumping and distributing water to customers under average load conditions, without the elements necessary to meet peak demands. Base costs were allocated to customer classifications on the basis of average daily usage.

Extra Capacity Costs are costs associated with meeting usage requirements in excess of the average. They include operating and capital costs for additional plant and system capacity beyond that required for average use. The extra capacity costs in this study are subdivided into costs necessary to meet maximum day extra demand and costs to meet maximum hour extra demand. The extra capacity costs were allocated to customer classifications on the bases of each classification's maximum day and hour usage in excess of average usage. (Extra capacity costs related to fire protection are allocated directly to the fire protection classifications.)

Customer Costs are costs associated with serving customers regardless of their usage or demand characteristics. Customer costs include the operating and capital costs related to meters and services, meter reading costs, and billing and collecting costs. The customer costs were allocated on the bases of the relative cost of meters and services and the number of customers.

Fire Protection Costs are costs associated with providing the facilities to meet the potential peak demand of fire protection service. Fire protection costs are subdivided into costs to meet Public Fire Protection and Private Fire Protection demands. Operating and capital costs for hydrants were allocated directly to the Public Fire Protection classification. The extra capacity costs assigned to fire protection service were allocated to Public and Private Fire Protection on the basis of the total relative demands of the hydrants and fire service lines.

The data summarized in Schedule A, "Comparison of Cost of Service with Revenues Under Present and Proposed Rates for the Twelve Months Ended December 31, 2009", constitute the principal results of the allocation study.

The cost of service by customer classification, shown in column 2 of Schedule A, is developed in Schedule B, "Cost of Service for the Twelve Months Ended December 31, 2009, Allocated to Customer Classifications". The allocation of the cost of service to the several customer classifications was performed by applying the allocation factors referenced in column 2 of Schedule B to the cost of service in column 3. The bases of the allocation factors are presented in Schedule C. The summary of peak day system delivery and the basis for allocating demand related costs of fire service are presented in Schedules D and E, respectively.

DESIGN OF PROPOSED RATES

A comparison of the present and proposed rate structures is presented in Schedule F of Part III of the report. The proposed rates maintain the existing structure consisting of minimum charges by meter size and declining block rate consumption charges applicable

to all metered classifications, including sales for resale. The water allowance included in the minimum charges remains at 1,500 gallons per month.

The existing rates were increased approximately 15.8% across-the-board so that the revenues under proposed rates will recover the same proportion of total revenues as existing rates. Private fire service rates were increased approximately the same as the overall percentage increase. No increase to public fire service rates is proposed at this time.

The going level and pro forma revenues under present and proposed rates in columns 4 and 6 of Schedule A, are developed in Company Exhibit Statement D. The present and proposed rates are applied to the number of bills by meter size and consumption by rate block for each classification. A comparison of customer bills at various consumption levels also is provided.

WEST VIRGINIA-AMERICAN WATER COMPANY

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009

Customer Classification	Cost of Service Amount (Schedule B)	Cost of Service Percent	Revenues, Present Rates Amount	Revenues, Present Rates Percent	Revenues,Proposed Rates Amount	Revenues,Proposed Rates Percent	Proposed Increase Amount	Proposed Increase Percent Increase
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Residential	$ 93,773,053	70.7%	$78,000,710	68.3%	$90,315,234	68.1%	$12,314,524	15.8%
Commercial	24,785,368	18.7%	23,748,373	20.6%	27,503,295	20.8%	$3,754,922	15.8%
Industrial	5,425,009	4.1%	4,941,017	4.3%	5,731,102	4.3%	$790,085	16.0%
Public Authorities	5,277,176	4.0%	4,986,087	4.4%	5,783,412	4.4%	$797,325	16.0%
Sales for Resale (a)	1,708,772	1.3%	1,367,313	1.2%	1,586,046	1.2%	$218,733	16.0%
Private Fire Service	1,188,422	0.9%	1,068,139	0.9%	1,238,938	0.9%	$170,799	16.0%
Public Fire Service	352,284	0.3%	352,284	0.3%	352,284	0.3%	0	0.0%
Total	132,510,084	100.0%	114,463,923	100.0%	132,510,311	100.0%	18,046,388	15.8%
Other Revenues (b)	7,310,802		6,981,889		7,310,802		328,913	4.7%
Total	$139,820,886		$121,445,812		$139,821,113		$18,375,301	15.1%

(a) Excludes sales for one contract customer. Revenues included under Other Revenues.
(b) Includes Contract Sales for Resale revenue of $295,440.

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PART II. COST OF SERVICE BY CUSTOMER CLASSIFICATION

WEST VIRGINIA-AMERICAN WATER COMPANY

COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
OPERATION AND MAINTENANCE EXPENSES									
SOURCE OF SUPPLY EXPENSES									
-OPERATION-									
600 Supervision & Engineering	2	0	0	0	0	0	0	0	0
601 Operation Expense and Labor									
Expenses	2	80,355	47,289	19,824	6,436	4,492	2,129	32	153
Labor	2	0	0	0	0	0	0	0	0
602 Purchased Water	1	271,538	160,397	63,621	24,628	14,419	7,657	136	679
603 Miscellaneous Expenses	2	0	0	0	0	0	0	0	0
604 Rents	2	403	237	99	32	23	11	0	1
Total Operation		352,296	207,924	83,544	31,097	18,933	9,797	168	832
-MAINTENANCE-									
610 Supervision & Engineering	2	0	0	0	0	0	0	0	0
611 Structures & Improvements Expense	2	0	0	0	0	0	0	0	0
612 Maint Coll & Impound Res	1	0	0	0	0	0	0	0	0
613.1 Maint Lakes, River & Intakes									
Expenses	2	0	0	0	0	0	0	0	0
Labor	2	0	0	0	0	0	0	0	0
613.2 Amort Lakes, River & Intakes	2	0	0	0	0	0	0	0	0
614 Wells and Springs Maint	2	0	0	0	0	0	0	0	0
616 Maint Supply Mains Mat	2	0	0	0	0	0	0	0	0
617 Maint Misc Water Source									
Expenses	2	70,258	41,347	17,333	5,628	3,927	1,862	28	133
Labor	2	143	84	35	11	8	4	0	0
Total Maintenance		70,401	41,431	17,368	5,639	3,935	1,866	28	134
Total Source of Supply		422,697	249,355	100,912	36,736	22,868	11,663	196	966

WEST VIRGINIA-AMERICAN WATER COMPANY

COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
POWER AND PUMPING EXPENSES									
-OPERATION-									
620 Pumping Supervision & Eng Electric	7	0	0	0	0	0	0	0	0
622 Pump Power Prod Labor & Exp									
Expenses	7	0	0	0	0	0	0	0	0
Labor	7	0	0	0	0	0	0	0	0
623 Pump Fuel and Power Purchase	1	4,392,698	2,594,767	1,029,209	398,418	233,252	123,874	2,196	10,982
624 Pump Labor and Expenses									
Expenses	7	0	0	0	0	0	0	0	0
Labor	7	420,350	233,336	97,605	32,283	22,152	10,215	3,993	20,765
626 Misc Pumping Expenses Electic	7	2,295	1,274	533	176	121	56	22	113
627 Rents	7	2,500	1,388	581	192	132	61	24	124
Total Operation		4,817,843	2,830,765	1,127,928	431,069	255,657	134,205	6,235	31,984
-MAINTENANCE-									
630 Supervision & Engineering	7	8,480	4,707	1,969	651	447	206	81	419
631 Pump Struc & Imp Maint									
Expenses	7	0	0	0	0	0	0	0	0
Labor	7	15,006	8,330	3,484	1,152	791	365	143	741
632 Pump Maint Power Prod Equipment									
Expenses	7	0	0	0	0	0	0	0	0
Labor	7	0	0	0	0	0	0	0	0
633 Pump Maint Pumping Equipment									
Expenses	7	14,985	8,318	3,480	1,151	790	364	142	740
Labor	7	0	0	0	0	0	0	0	0
Total Maintenance		38,471	21,355	8,933	2,955	2,027	935	365	1,900
Total Power and Pumping		4,856,314	2,852,120	1,136,861	434,023	257,685	135,140	6,601	33,884

WEST VIRGINIA-AMERICAN WATER COMPANY

COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
WATER TREATMENT									
-OPERATION-									
640 Supervision and Engineering	2	1,433,803	843,793	353,719	114,848	80,150	37,996	574	2,724
641 Chemicals	1	2,241,798	1,324,230	525,253	203,331	119,039	63,219	1,121	5,604
642.1 Labor and Expenses									
Expenses	2	305,244	179,636	75,304	24,450	17,063	8,089	122	580
Labor	2	2,081,892	1,225,193	513,603	166,760	116,378	55,170	833	3,956
643 Misc Water Treatment Exp-Current									
Expenses - Other	2	0	0	0	0	0	0	0	0
Expenses - Waste Disposal	1	537,152	317,296	125,855	48,720	28,523	15,148	269	1,343
Labor	1	0	0	0	0	0	0	0	0
644 Rents	2	0	0	0	0	0	0	0	0
Total Operation		6,599,889	3,890,148	1,593,734	558,108	361,153	179,621	2,918	14,207
-MAINTENANCE-									
650 Supervision and Engineering	2	85,413	50,266	21,071	6,842	4,775	2,263	34	162
651 Structures and Improvements									
Expenses	2	0	0	0	0	0	0	0	0
Labor	2	66,404	39,079	16,382	5,319	3,712	1,760	27	126
652 General Water Equip									
Expenses	2	451,398	265,648	111,360	36,157	25,233	11,962	181	858
Labor	2	32,662	19,222	8,058	2,616	1,826	866	13	62
Total Maintenance		635,877	374,214	156,871	50,934	35,546	16,851	254	1,208
Total Water Treatment Expenses		7,235,766	4,264,362	1,750,604	609,042	396,698	196,472	3,172	15,415

WEST VIRGINIA-AMERICAN WATER COMPANY

COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
TRANSMISSION AND DISTRIBUTION EXPENSES									
-OPERATION-									
660 Supervision and Engineering	12	309,114	237,152	44,512	4,204	9,026	1,206	2,195	10,819
661 Storage Facilities Expense									
Expenses	6	0	0	0	0	0	0	0	0
Labor	6	6,767	3,711	1,526	591	346	118	76	399
662 Lines Expense									
Expenses	8	0	0	0	0	0	0	0	0
Labor	8	628,510	348,697	144,243	14,896	32,683	4,902	13,324	69,765
663 Meter Expense									
Expenses	10	0	0	0	0	0	0	0	0
Labor	10	1,403,717	1,233,867	139,670	5,194	24,425	561	0	0
664 Customer Installation Expenses									
Expenses	11	0	0	0	0	0	0	0	0
Labor	11	31,134	27,519	2,288	47	302	3	974	0
665 Maps and Records									
Expenses	12		0	0	0	0	0	0	0
Labor	12	0	0	0	0	0	0	0	0
665 Miscellaneous Expenses									
Expenses	12	582,339	446,770	83,857	7,920	17,004	2,271	4,135	20,382
Labor	12	1,546,043	1,186,124	222,630	21,026	45,144	6,030	10,977	54,112
666 Rents	3	119,531	65,945	27,648	8,965	6,263	2,964	1,255	6,491
Total Operation		4,627,155	3,549,787	666,374	62,842	135,193	18,056	32,937	161,966
-MAINTENANCE-									
670 Supervision and Engineering	13	142,666	94,117	25,181	2,311	5,379	742	3,324	11,613
671 T & D Structures & Improve Maint									
Expenses	13	0	0	0	0	0	0	0	0
Labor	13	12,231	8,069	2,159	198	461	64	285	996
672 Reservoirs and Standpipes									
Expenses	6	0	0	0	0	0	0	0	0
Labor	6	0	0	0	0	0	0	0	0
673 T & D Mains									
Expenses	8	295,620	164,010	67,845	7,006	15,372	2,306	6,267	32,814
Labor	8	843,574	468,015	193,600	19,993	43,866	6,580	17,884	93,637

WEST VIRGINIA-AMERICAN WATER COMPANY

COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
675 Services									
Expenses	11	0	0	0	0	0	0	0	0
Labor	11	517,303	457,244	38,022	776	5,018	52	16,192	0
676 Meters									
Expenses	10	0	0	0	0	0	0	0	0
Labor	10	58,935	51,804	5,864	218	1,025	24	0	0
677 Hydrants									
Expenses	9	0	0	0	0	0	0	0	0
Labor	9	14,394	0	0	0	0	0	0	14,394
678 Miscellaneous Plant									
Expenses	13	877,539	578,912	154,886	14,216	33,083	4,563	20,447	71,432
Labor	13	10,415	6,871	1,838	169	393	54	243	848
Total Maintenance		2,772,677	1,829,042	489,394	44,887	104,597	14,384	64,641	225,733
Total Transmission and Distribution Expenses		7,399,832	5,378,829	1,155,768	107,729	239,790	32,440	97,578	387,699
CUSTOMER ACCOUNTS									
901 Supervision	14	182,165	167,437	12,039	140	1,266	5	1,253	24
902 Meter Reading Expenses									
Expenses	15	0	0	0	0	0	0	0	0
Labor	15	1,491,673	1,380,722	99,286	1,164	10,442	60	0	0
903 Recording and Collecting Expenses									
Expenses	14	1,865,579	1,714,747	123,296	1,436	12,966	56	12,835	243
Labor	14	0	0	0	0	0	0	0	0
904 Uncollectible Accounts	22	1,595,357	1,496,764	94,605	0	0	0	3,988	0
905 Misc Customer Accounting Expenses									
Expenses	14	98,690	90,711	6,522	76	686	3	679	13
Labor	14	449,342	413,013	29,697	346	3,123	13	3,091	58
907 Customer Service Expenses	14	0	0	0	0	0	0	0	0
910 Sales Promotion Expense	14	0	0	0	0	0	0	0	0
Total Customers' Accounting and Collecting Expenses		5,682,806	5,263,394	365,445	3,162	28,482	138	21,847	337

WEST VIRGINIA-AMERICAN WATER COMPANY

COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
ADMINISTRATIVE AND GENERAL EXPENSES									
-OPERATION-									
920 Administrative & General Salaries									
Labor	16	2,279,706	1,709,552	347,199	64,744	69,075	20,745	15,730	52,661
921 Office Supplies and Expense	16	2,662,619	1,996,698	405,517	75,618	80,677	24,230	18,372	61,506
923 Outside Services									
Customer Related	14	2,828,334	2,599,663	186,925	2,178	19,657	85	19,459	368
Employee Related	17	599,769	435,432	99,142	19,912	20,572	6,418	3,898	14,394
Water Quality Related	1	314,789	185,946	73,755	28,551	16,715	8,877	157	787
Other	16	8,180,946	6,134,891	1,245,958	232,339	247,883	74,447	56,449	188,980
924 Property Insurance	16	2,617,240	1,962,668	398,606	74,330	79,302	23,817	18,059	60,458
925 Injuries & Damages									
Workmens' Comp.	17	319	232	53	11	11	3	2	8
926 Employee Pensions and Benefits	17	8,671,109	6,295,225	1,433,334	287,881	297,419	92,781	56,362	208,107
928 Regulatory Expenses	20	288,923	195,803	53,104	11,672	11,326	3,612	2,600	10,806
930.1 Miscellaneous General Expense	16	105,220	78,904	16,025	2,988	3,188	958	726	2,431
930.2 Miscellaneous General Expense	16	1,131,811	848,745	172,375	32,143	34,294	10,299	7,809	26,145
930.3 Research and Development	16	26,060	19,542	3,969	740	790	237	180	602
930.6 Transporation Expenses - Labor	16	0	0	0	0	0	0	0	0
931 Administrative and General Rents	16	3,513,913	2,635,083	535,169	99,795	106,472	31,977	24,246	81,171
Total Operation		33,220,758	25,098,386	4,971,130	932,903	987,381	298,485	224,050	708,424
-MAINTENANCE-									
932 Maintenance of General Plant	16	209,911	157,412	31,969	5,961	6,360	1,910	1,448	4,849
Total Maintenance									
Total Administrative and General Expenses		33,430,669	25,255,798	5,003,100	938,864	993,741	300,395	225,499	713,273
Total Operation and Maintenance Expenses		59,028,085	43,263,858	9,512,691	2,129,557	1,939,265	676,247	354,893	1,151,575
503 DEPRECIATION EXPENSE									
311 Source of Supply Struct & Improv	2	10,970	6,456	2,706	879	613	291	4	21
312 Collecting &Impounding Reservoirs	1	31,722	18,738	7,432	2,877	1,684	895	16	79
313 Lake, River and Other Intakes	2	130,164	76,602	32,111	10,426	7,276	3,449	52	247
314 Wells and Springs	2	4,574	2,692	1,128	366	256	121	2	9
316 Supply Mains	2	66,531	39,153	16,413	5,329	3,719	1,763	27	126

WEST VIRGINIA-AMERICAN WATER COMPANY

COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
317 Other Water Source Plant	2	851	501	210	68	48	23	0	2
321 Pumping Structures & Improvements	7	324,545	180,155	75,359	24,925	17,104	7,886	3,083	16,033
322 Boiler Plant Equipment	7	200	111	46	15	11	5	2	10
323 Other Power Production Equipment	7	17,060	9,470	3,961	1,310	899	415	162	843
325 Electric Pumping Equipment	7	961,136	533,527	223,176	73,815	50,652	23,356	9,131	47,480
326 Diesel Pumping Equipment	7	2,845	1,579	661	218	150	69	27	141
327 Hydraulic Pumping Equipment	7	3,064	1,701	711	235	161	74	29	151
328 Other Pumping Equipment	7	18,906	10,495	4,390	1,452	996	459	180	934
331 Water Treat Structures & Improv	2	1,471,486	865,970	363,016	117,866	82,256	38,994	589	2,796
332 Water Treat and Equipment	2	1,208,202	711,027	298,063	96,777	67,538	32,017	483	2,296
334 Granular Activated Carbon	2	731,821	430,677	180,540	58,619	40,909	19,393	293	1,390
341 T & D Structures & Improvements	13	132,269	87,258	23,345	2,143	4,987	688	3,082	10,767
342 Distrib. Reservoirs & Standpipes	6	480,548	263,533	108,364	41,952	24,556	8,410	5,430	28,304
343 Transmission & Distribution Mains									
10 inch and Under	5	2,169,963	1,206,934	496,271	0	112,621	0	56,636	297,502
12 inch and Over	3	999,421	551,380	231,166	74,957	52,370	24,786	10,494	54,269
344 Fire Mains	9	43	0	0	0	0	0	0	43
345 Services	11	948,612	838,478	69,723	1,423	9,202	95	29,692	0
346 Meters	10	757,580	665,913	75,379	2,803	13,182	303	0	0
347 Meter Installations	10	875,505	769,569	87,113	3,239	15,234	350	0	0
348 Fire Hydrants	9	126,711	0	0	0	0	0	0	126,711
349 Other T & D	13	371	245	65	6	14	2	9	30
390 General Structures & Improvements	16	258,917	194,162	39,433	7,353	7,845	2,356	1,787	5,981
391.1 Office Furniture and Equipment	16	69,647	52,228	10,607	1,978	2,110	634	481	1,609
391.2 Computers & Peripheral Equipment	16	1,324,458	993,211	201,715	37,615	40,131	12,053	9,139	30,595
391.3 PC Computers and Software	16	488,721	366,492	74,432	13,880	14,808	4,447	3,372	11,289
391.4 Office Machines and Equipment	16	63,875	47,900	9,728	1,814	1,935	581	441	1,476
392 Transportation Equipment	16	1,086,029	814,413	165,402	30,843	32,907	9,883	7,494	25,087
393 Stores Equipment	16	5,434	4,075	828	154	165	49	37	126
394 Tools, Shop & Garage Equipment	16	135,795	101,833	20,682	3,857	4,115	1,236	937	3,137
395 Laboratory Equipment	2	77,300	45,491	19,070	6,192	4,321	2,048	31	147
396 Power Operated Equipment	16	153,510	115,117	23,380	4,360	4,651	1,397	1,059	3,546
397 Communication Equipment	16	194,693	146,000	29,652	5,529	5,899	1,772	1,343	4,497
398 Miscellaneous Equipment	16	201,388	151,021	30,671	5,719	6,102	1,833	1,390	4,652
399 Other Tangible Property	16	91	68	14	3	3	1	1	2
Total Depreciation Expense		15,534,958	10,304,172	2,926,966	640,998	631,429	202,134	146,932	682,327
404 AMORTIZATION EXPENSE									
Acquisition Adjustment	19	174,217	108,677	35,505	7,840	7,840	2,474	2,073	9,808
Leased Standpipe	6	2,741	1,503	618	239	140	48	31	161
Limited Term Utility Plant	16	0	0	0	0	0	0	0	0
Other	19	0	0	0	0	0	0	0	0
Total Amortizations		176,958	110,180	36,124	8,079	7,980	2,522	2,104	9,970

WEST VIRGINIA-AMERICAN WATER COMPANY

COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
507.1 TAXES, OTHER THAN INCOME									
Federal and State Unemployment	17	11,584	8,410	1,915	385	397	124	75	278
FICA	17	1,057,310	767,607	174,773	35,103	36,266	11,313	6,873	25,375
West Virginia Taxes									
Real and Property Taxes	19	5,837,093	3,641,179	1,189,600	262,669	262,669	82,887	69,461	328,628
State Business and Occupation	20	5,891,883	3,992,929	1,082,928	238,032	230,962	73,649	53,027	220,356
State Unemployment	17	24,822	18,021	4,103	824	851	266	161	596
Fee for Support of PSC- Revenues	20	426,415	288,981	78,375	17,227	16,715	5,330	3,838	15,948
Fee for Support of PSC- Property	19	223,122	139,184	45,472	10,040	10,040	3,168	2,655	12,562
State Franchise & Misc. State Tax	20	0	0	0	0	0	0	0	0
Local Taxes	21	2,481,674	1,533,675	651,688	115,150	145,922	0	30,276	4,963
Total Taxes, Other Than Income		15,953,903	10,389,985	3,228,854	679,430	703,824	176,737	166,367	608,707
507.2 INCOME TAXES	19	10,433,170	6,508,212	2,126,280	469,493	469,493	148,151	124,155	587,387
Utility Operating Income Available for Return	19	38,693,811	24,137,200	7,885,799	1,741,222	1,741,222	549,452	460,456	2,178,462
Total Cost of Service		139,820,886	94,713,606	25,716,713	5,668,778	5,493,212	1,755,242	1,254,907	5,218,427
Less: Other Water Revenues									
Local B&O Tax Revenue	21	2,367,353	1,463,024	621,667	109,845	139,200	0	28,882	4,735
Miscellaneous Service Revenues									
Turn on/off services	10	490,456	431,111	48,800	1,815	8,534	196	0	0
Other	20	368,616	249,811	67,752	14,892	14,450	4,608	3,318	13,786
Forfeited Discounts	20	2,533,236	1,716,774	465,609	102,343	99,303	31,665	22,799	94,743
Rents - Office	16	440,591	330,399	67,102	12,513	13,350	4,009	3,040	10,178
Rents - Other	20	181,488	122,994	33,357	7,332	7,114	2,269	1,633	6,788
Miscellaneous Water Revenue	10	29,807	26,200	2,966	110	519	12	0	0
Billing and Collecting Services	14	603,815	554,997	39,906	465	4,197	18	4,154	78
Contract Revenue	20	295,440	200,220	54,302	11,936	11,581	3,693	2,659	11,049
Total Other Water Revenues		7,310,802	5,095,530	1,401,461	261,251	298,248	46,470	66,485	141,357
Total Cost of Service Related to Sales of Water		132,510,084	89,618,076	24,315,252	5,407,528	5,194,965	1,708,772	1,188,422	5,077,070
Reallocation of Public Fire	10A	0	4,154,977	470,116	17,482	82,211	0	0	(4,724,786)
Total		$ 132,510,084	$ 93,773,053	$ 24,785,368	$ 5,425,009	$ 5,277,176	$ 1,708,772	$ 1,188,422	$ 352,284

WEST VIRGINIA-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS

FACTOR 1. ALLOCATION OF COSTS WHICH VARY WITH THE AMOUNT OF WATER CONSUMED.

Factors are based on the pro forma test year average daily consumption for each customer classification.

Customer Classification	Average Daily Consumption, Thousand Gallons	Allocation Factor
(1)	(2)	(3)
Residential	18,022	0.5907
Commercial	7,150	0.2343
Industrial	2,768	0.0907
Other Public Authority	1,621	0.0531
Sales for Resale	859	0.0282
Private Fire Protection	14	0.0005
Public Fire Protection	76	0.0025
Total	30,510	1.0000

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the factors for average daily consumption (Factor 1) and the factors derived from maximum day extra capacity demand for each customer classification, as follows:

	Average Daily Consumption		Maximum Day Extra Capacity		
Customer Classification	Allocation Factor 1	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)x 0.7692	(4)	(5)=(4)x 0.2308	(6)=(3)+(5)
Residential	0.5907	0.4544	0.5811	0.1341	0.5885
Commercial	0.2343	0.1802	0.2882	0.0665	0.2467
Industrial	0.0907	0.0698	0.0446	0.0103	0.0801
Other Public Authority	0.0531	0.0408	0.0653	0.0151	0.0559
Sales for Resale	0.0282	0.0217	0.0208	0.0048	0.0265
Private Fire Protection	0.0005	0.0004			0.0004
Public Fire Protection	0.0025	0.0019			0.0019
Total	1.0000	0.7692	1.0000	0.2308	1.0000

The derivation of the maximum day extra capacity factors in column 4 and the basis for the column 3 and 5 weightings are presented on the following page.

WEST VIRGINIA-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS, cont.

		Maximum Day Extra Capacity		
Customer Classification	Average Daily Consumption, Thousand Gal.	Factor*	Rate of Flow, Thousand Gal. Per Day	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	18,022	0.4	7,209	0.5811
Commercial	7,150	0.5	3,575	0.2882
Industrial	2,768	0.2	554	0.0446
Other Public Authority	1,621	0.5	811	0.0653
Sales for Resale	859	0.3	258	0.0208
Total	30,420		12,406	1.0000

The weighting of the factors is based on the maximum day ratio of 1.30, based on a review of experienced maximum day ratios.

	Maximum Day Ratio	Weight
Average Day	1.00	0.7692
Maximum Day Extra Capacity	0.30	0.2308
Total	1.30	1.0000

* Ratio of maximum day to average day minus 1.0.

WEST VIRGINIA-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

	Average Daily Consumption		Maximum Day Extra Capacity		Fire Protection		
Customer Classification	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2) X 0.7211	(4)	(5)=(4) X 0.2163	(6)	(7)=(6) X 0.0626	(8)=(3)+(5)+(7)
Residential	0.5907	0.4261	0.5811	0.1256			0.5517
Commercial	0.2343	0.1690	0.2882	0.0623			0.2313
Industrial	0.0907	0.0654	0.0446	0.0096			0.0750
Other Public Authority	0.0531	0.0383	0.0653	0.0141			0.0524
Sales for Resale	0.0282	0.0203	0.0208	0.0045			0.0248
Private Fire Protection	0.0005	0.0004			0.1602	0.0101	0.0105
Public Fire Protection	0.0025	0.0018			0.8398	0.0525	0.0543
Total	1.0000	0.7213	1.0000	0.2161	1.0000	0.0626	1.0000

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WEST VIRGINIA-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum day ratio of 1.30 and the total system sendout for 2009 of 49.796 MGD. The system demand for fire protection is 12,000 Gallons per minute for 6 hours, or 4.32 MGD.

	Ratio	Rate of Flow, (GPD)	Weight
Average Day	1.00	49,796,096	0.7211
Maximum Day Extra Capacity	0.30	14,938,829	0.2163
Subtotal	1.30	64,734,925	0.9374
Fire Protection		4,320,000	0.0626
Total		69,054,925	1.0000

The public and private fire protection allocation factors in column 6 on the previous page are based on the relative potential demands (see Schedule E).

WEST VIRGINIA-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		
Customer Classification	Thousand Gallons	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3) X 0.4658	(5)	(6)=(5) X 0.3726	(7)	(8)=(7) X 0.1616	(9)=(4)+(6)+(8)
Residential	750.9	0.5907	0.2753	0.5864	0.2185			0.4938
Commercial	297.9	0.2343	0.1091	0.2520	0.0939			0.2030
Industrial	115.3	0.0907	0.0422	0.0975	0.0363			0.0785
Other Public Authority	67.5	0.0531	0.0247	0.0571	0.0213			0.0460
Sales for Resale	35.8	0.0282	0.0131	0.0070	0.0026			0.0157
Private Fire Protection	0.6	0.0005	0.0002			0.1602	0.0259	0.0261
Public Fire Protection	3.2	0.0025	0.0012			0.8398	0.1357	0.1369
Total	1,271.2	1.0000	0.4658	1.0000	0.3726	1.0000	0.1616	1.0000

The maximum hour extra capacity factors in column 5 are determined as follows:

WEST VIRGINIA-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum hour ratio of 1.8 and the total system sendout for 2009 of 49.796 MGD. The system demand for fire protection is 12,000 gallons per minute.

	Ratio	Rate of Flow, (GPM)	Weight
Average Hour	1.00	34,581	0.4658
Maximum Hour Extra Capacity	0.80	27,664	0.3726
Subtotal	1.80	62,245	0.8384
Fire Protection		12,000	0.1616
Total		74,245	1.0000

The maximum hour extra capacity factors in column 5 of the previous page are determined as follows:

Customer Classification	Average Hourly Consumption Thousand Gal.	Maximum Hour Extra Capacity		
		Factor*	Gallons Per Hour	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	750.9	2.4	1,802	0.5864
Commercial	297.9	2.6	775	0.2520
Industrial	115.3	2.6	300	0.0975
Other Public Authority	67.5	2.6	176	0.0571
Sales for Resale	35.8	0.6	21	0.0070
Total	1,267.4		3,073	1.0000

* Ratio of Maximum Hour To Average Hour Minus 1.0.

The public and private fire protection allocation factors in column 7 on the previous page are based on the relative potential demands (see Schedule E).

WEST VIRGINIA-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH DISTRIBUTION MAINS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification, excluding Industrial and Sales for Resale classifications.

	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		
Customer Classification	Thousand Gallons	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3) X 0.4658	(5)	(6)=(5) X 0.3726	(7)	(8)=(7) X 0.1616	(9)=(4)+(6)+(8)
Residential	750.9	0.6703	0.3122	0.6548	0.2440			0.5562
Commercial	297.9	0.2660	0.1239	0.2814	0.1048			0.2287
Other Public Authority	67.5	0.0603	0.0281	0.0638	0.0238			0.0519
Private Fire Protection	0.6	0.0005	0.0002			0.1602	0.0259	0.0261
Public Fire Protection	3.2	0.0029	0.0014			0.8398	0.1357	0.1371
Total	1,120.1	1.0000	0.4658	1.0000	0.3726	1.0000	0.1616	1.0000

WEST VIRGINIA-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES.

Factors are based on the weighting of the average hourly consumption, the maximum hour extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		
	Thousand Gallons	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3) X 0.5174	(5)	(6)=(5) X 0.4140	(7)	(8)=(7) X 0.0686	(9)=(4)+(6)+(8)
Residential	750.9	0.5907	0.3056	0.5864	0.2428			0.5484
Commercial	297.9	0.2343	0.1212	0.2520	0.1043			0.2255
Industrial	115.3	0.0907	0.0469	0.0975	0.0404			0.0873
Other Public Authority	67.5	0.0531	0.0275	0.0571	0.0236			0.0511
Sales for Resale	35.8	0.0282	0.0146	0.0070	0.0029			0.0175
Private Fire Protection	0.6	0.0005	0.0003			0.1602	0.0110	0.0113
Public Fire Protection	3.2	0.0025	0.0013			0.8398	0.0576	0.0589
Total	1,271.2	1.0000	0.5174	1.0000	0.4140	1.0000	0.0686	1.0000

The weighting of the factors is based on the ratio of the capacity required for a 6 hour demand of fire flow, as related to total storage capacity. The calculation is shown on the following page.

WEST VIRGINIA-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES, cont.

The weighting of the factors is based on the ratio of the capacity required for a 6 hour demand of fire flow, as related to total storage capacity.

Fire Protection Weight = $\frac{12{,}000 \text{ GPM X } 60 \text{ Min. X } 6 \text{ Hours}}{63{,}009{,}520 \text{ Gallons}}$ = 0.0686

General Service Weight = 1.0000 - 0.0686 = 0.9314

The weighting of the average hourly consumption and maximum hour extra demand for general service is based on the maximum hour ratio, as follows:

	Maximum Hour Ratio	Percent	Weight
Average Hour	1.00	55.56	0.5174
Extra Capacity Maximum Hour	0.80	44.44	0.4140
Total	1.80	100.00	0.9314

WEST VIRGINIA-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 7. ALLOCATION OF COSTS ASSOCIATED WITH POWER AND PUMPING FACILITIES.

Factors are based on the weighting of the maximum daily consumption, Factor 2, the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

	Maximum Daily Consumption		Maximum Daily Consumption		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 2	Weighted Factor	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.2716	(4)	(5)=(4)X 0.6161	(6)	(7)=(6)X 0.1123	(8)=(3)+ (5)+(7)
Residential	0.5885	0.1597	0.5517	0.3399	0.4938	0.0555	0.5551
Commercial	0.2467	0.0670	0.2313	0.1424	0.2030	0.0228	0.2322
Industrial	0.0801	0.0218	0.0750	0.0462	0.0785	0.0088	0.0768
Other Public Authority	0.0559	0.0152	0.0524	0.0323	0.0460	0.0052	0.0527
Sales for Resale	0.0265	0.0072	0.0248	0.0153	0.0157	0.0018	0.0243
Private Fire Protection	0.0004	0.0001	0.0105	0.0065	0.0261	0.0029	0.0095
Public Fire Protection	0.0019	0.0005	0.0543	0.0335	0.1369	0.0154	0.0494
Total	1.0000	0.2715	1.0000	0.6161	1.0000	0.1124	1.0000

The weighting of the factors is based on the horsepower of pumps associated with maximum day facilities, maximum day and fire facilities, and maximum hour facilities, as follows:

	Horsepower of Pumps	Weight
Associated with Maximum Day	7,473	0.2716
Associated with Maximum Day and Fire	16,949	0.6161
Associated with Maximum Hour	3,090	0.1123
Total	27,511	1.0000

WEST VIRGINIA-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 8. ALLOCATION OF COSTS ASSOCIATED WITH TRANSMISSION AND DISTRIBUTION MAINS.

Factors are based on the weighting of the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 5, for each customer classification, as follows:

	Maximum Daily Consumption		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 3	Weighted Factor	Allocation Factor 5	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.3153	(4)	(5)=(4)X 0.6847	(6)=(3)+(5)
Residential	0.5517	0.1740	0.5562	0.3808	0.5548
Commercial	0.2313	0.0729	0.2287	0.1566	0.2295
Industrial	0.0750	0.0237			0.0237
Other Public Authority	0.0524	0.0165	0.0519	0.0355	0.0520
Sales for Resale	0.0248	0.0078			0.0078
Private Fire Protection	0.0105	0.0033	0.0261	0.0179	0.0212
Public Fire Protection	0.0543	0.0171	0.1371	0.0939	0.1110
Total	1.0000	0.3153	1.0000	0.6847	1.0000

The weighting of the factors is based on the total inch-feet of mains, designated as either transmission mains or distribution mains, as follows:

	Total Inch-Feet of Mains	Weight
Transmission Mains	38,779,930	0.3153
Distribution Mains	84,199,816	0.6847
Total	122,979,746	1.0000

WEST VIRGINIA-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 9. ALLOCATION OF COSTS ASSOCIATED WITH FIRE HYDRANTS.

Costs are assigned directly to Public Fire Protection.

Customer Classification	Allocation Factor
(1)	(3)
Public Fire Protection	1.0000
Total	1.0000

FACTOR 10. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

Factors are based on the relative cost of meters by size and customer classification, as developed on the following page and summarized below.

Customer Classification	5/8" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	158,194	0.8790
Commercial	17,901	0.0995
Industrial	674	0.0037
Other Public Authority	3,139	0.0174
Sales for Resale	80	0.0004
Private Fire	0	0.0000
Total	179,988	1.0000

WEST VIRGINIA-AMERICAN WATER COMPANY

BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS

Meter Size	5/8" Dollar Equivalent	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Total	
		Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)
5/8	1.0	157,452	157,452	8,208	8,208	19	19	453	453	0	0	166,132	166,132
3/4	1.3	50	65	44	57	0	0	8	10	0	0	102	132
1	1.8	283	509	1,743	3,137	30	54	293	527	0	0	2,349	4,227
1-1/2	3.2	5	16	83	266	4	13	21	67	0	0	113	362
2	4.6	33	152	1,203	5,534	53	244	389	1,789	1	5	1,679	7,724
3	7.1	0	0	21	149	6	43	11	78	0	0	38	270
4	9.1	0	0	34	309	10	91	14	127	2	18	60	545
6	19.1	0	0	11	210	11	210	3	57	3	57	28	534
8	31.0	0	0	1	31	0	0	1	31	0	0	2	62
Total		157,823	158,194	11,348	17,901	133	674	1,193	3,139	6	80	170,503	179,988

WEST VIRGINIA-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 10A. ALLOCATION OF COSTS RELATED TO REALLOCATION OF PUBLIC FIRE

Factors are based on the relative cost of meters by size and customer classification.

Customer Classification	5/8" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	158,194	0.8794
Commercial	17,901	0.0995
Industrial	674	0.0037
Other Public Authority	3,139	0.0174
Total	179,908	1.0000

FACTOR 11. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

Factors are based on the relative cost of services by size and customer classification, as developed on the following page and summarized below.

Customer Classification	3/4" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	157,917	0.8839
Commercial	13,140	0.0735
Industrial	261	0.0015
Other Public Authority	1,731	0.0097
Sales for Resale	21	0.0001
Private Fire Protection	5,595	0.0313
Total	178,665	1.0000

WEST VIRGINIA-AMERICAN WATER COMPANY

BASIS FOR ALLOCATING SERVICE COSTS TO CUSTOMER CLASSIFICATIONS

Service Size	3/4" Dollar Equivalent	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Private Fire Protection		Total	
		Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)=(2)X(11)	(15)	(16)
3/4	1.00	157,502	157,502	8,252	8,252	19	19	461	461	0	0	0	0	166,234	166,234
1	1.20	283	340	1,743	2,092	30	36	293	352	0	0	0	0	2,349	2,820
1-1/2	1.60	5	8	83	133	4	6	21	34	0	0	0	0	113	181
2	2.04	33	67	1,203	2,454	53	108	389	794	1	2	91	186	1,770	3,611
3	2.73	0	0	21	57	6	16	11	30	0	0	6	16	44	119
4	2.88	0	0	34	98	10	29	14	40	2	6	141	406	201	579
6	4.24	0	0	11	47	11	47	3	13	3	13	792	3,358	820	3,478
8	6.98	0	0	1	7	0	0	1	7	0	0	193	1,347	195	1,361
10	9.50	0	0	0	0	0	0	0	0	0	0	22	209	22	209
12	12.16	0	0	0	0	0	0	0	0	0	0	6	73	6	73
Total		157,823	157,917	11,348	13,140	133	261	1,193	1,731	6	21	1,251	5,595	171,754	178,665

WEST VIRGINIA-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 12. ALLOCATION OF TRANSMISSION AND DISTRIBUTION OPERATION SUPERVISION AND ENGINEERING AND MISCELLANEOUS EXPENSES.

Factors are based on transmission and distribution operation expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Operating Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$1,679,740	0.7672
Commercial	315,375	0.1440
Industrial	29,692	0.0136
Other Public Authority	64,018	0.0292
Sales for Resale	8,550	0.0039
Private Fire Protection	15,630	0.0071
Public Fire Protection	76,654	0.0350
Total	$2,189,659	1.0000

FACTOR 13. ALLOCATION OF TRANSMISSION AND DISTRIBUTION MAINTENANCE SUPERVISION AND ENGINEERING, STRUCTURES AND IMPROVEMENTS, AND OTHER EXPENSES.

Factors are based on transmission and distribution maintenance expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$1,141,073	0.6597
Commercial	305,331	0.1765
Industrial	27,993	0.0162
Other Public Authority	65,281	0.0377
Sales for Resale	8,961	0.0052
Private Fire Protection	40,342	0.0233
Public Fire Protection	140,845	0.0814
Total	$1,729,826	1.0000

WEST VIRGINIA-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 14. ALLOCATION OF BILLING AND COLLECTING COSTS.

Factors are based on the total number of customers.

Customer Classification	Total Customers	Allocation Factor
(1)	(2)	(3)
Residential	157,823	0.91915
Commercial	11,348	0.06609
Industrial	133	0.00077
Other Public Authority	1,193	0.00695
Sales for Resale	6	0.00003
Private Fire Protection	1,182	0.00688
Public Fire Protection	22	0.00013
Total	171,707	1.00000

FACTOR 15. ALLOCATION OF METER READING COSTS.

Factors are based on the number of metered customers.

Customer Classification	Total Metered Customers	Allocation Factor
(1)	(2)	(3)
Residential	157,823	0.92562
Commercial	11,348	0.06656
Industrial	133	0.00078
Other Public Authority	1,193	0.00700
Sales for Resale	6	0.00004
Total	170,503	1.00000

WEST VIRGINIA-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 16. ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES.

Factors are based on the allocation of all other operation and maintenance expenses excluding purchased water, power, and chemicals.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$13,611,369	0.7499
Commercial	2,765,653	0.1523
Industrial	515,596	0.0284
Other Public Authority	550,291	0.0303
Sales for Resale	165,955	0.0091
Private Fire Protection	125,672	0.0069
Public Fire Protection	419,694	0.0231
Total	$18,154,229	1.0000

FACTOR 17. ALLOCATION OF LABOR RELATED TAXES AND BENEFITS.

Factors are based on the allocation of direct labor expense.

Customer Classification	Direct Labor Expense	Allocation Factor
(1)	(2)	(3)
Residential	$10,217,924	0.7260
Commercial	2,325,682	0.1653
Industrial	466,497	0.0332
Other Public Authority	482,211	0.0343
Sales for Resale	150,003	0.0107
Private Fire Protection	91,245	0.0065
Public Fire Protection	338,280	0.0240
Total	$14,071,842	1.0000

WEST VIRGINIA-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 18. ALLOCATION OF ORGANIZATION, FRANCHISES AND CONSENTS, MISCELLANEOUS INTANGIBLE PLANT AND OTHER RATE BASE ELEMENTS.

Factors are based on the allocation of the original cost less depreciation other than those items being allocated, as follows:

Customer Classification	Original Cost Less Depreciation	Allocation Factor
(1)	(2)	(3)
Residential	$336,753,466	0.6124
Commercial	112,875,532	0.2053
Industrial	21,241,929	0.0386
Other Public Authority	24,989,935	0.0454
Sales for Resale	6,683,284	0.0122
Private Fire Protection	7,525,336	0.0137
Public Fire Protection	39,805,937	0.0724
Total	$549,875,420	1.0000

FACTOR 19. ALLOCATION OF INCOME TAXES AND INCOME AVAILABLE FOR RETURN.

Factors are based on the allocation of the original cost measure of value rate base as shown on the following pages and summarized below.

Customer Classification	Original Cost Measure of Value	Allocation Factor
(1)	(2)	(3)
Residential	$273,012,387	0.6238
Commercial	89,198,462	0.2038
Industrial	19,683,561	0.0450
Other Public Authority	19,677,331	0.0450
Sales for Resale	6,193,045	0.0142
Private Fire Protection	5,217,004	0.0119
Public Fire Protection	24,631,603	0.0563
Total	$437,613,394	1.0000

WEST VIRGINIA-AMERICAN WATER COMPANY

COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
RATE BASE									
301 Organization	18	75,905	$ 46,484	$ 15,583	$ 2,930	$ 3,446	$ 926	$ 1,040	$ 5,496
302 Franchise and Consents	18	6,963	4,264	1,430	269	316	85	95	504
303 Other P/E Intangibles	18	577,035	353,376	118,465	22,274	26,197	7,040	7,905	41,777
310 Land and Land Rights	2	84,071	49,476	20,740	6,734	4,700	2,228	34	160
311 Source of Supply Struct & Improv	2	(330,915)	(194,743)	(81,637)	(26,506)	(18,498)	(8,769)	(132)	(629)
312 Collecting &Impounding Reservoirs	1	2,644,755	1,562,257	619,666	239,879	140,436	74,582	1,322	6,612
313 Lake, River and Other Intakes	2	7,105,011	4,181,299	1,752,806	569,111	397,170	188,283	2,842	13,500
314 Wells and Springs	2	1,091,169	642,153	269,191	87,403	60,996	28,916	436	2,073
316 Supply Mains	2	4,822,001	2,837,748	1,189,588	386,242	269,550	127,783	1,929	9,162
317 Other Water Source Plant	2	31,988	18,825	7,891	2,562	1,788	848	13	61
320 Pumping Land & Land Rights	7	434,025	240,927	100,781	33,333	22,873	10,547	4,123	21,441
321 Pumping Structures & Improvements	7	12,447,744	6,909,743	2,890,366	955,987	655,996	302,480	118,254	614,919
322 Boiler Plant Equipment	7	(1,793)	(995)	(416)	(138)	(95)	(44)	(17)	(89)
323 Other Power Production Equipment	7	(152,798)	(84,818)	(35,480)	(11,735)	(8,052)	(3,713)	(1,452)	(7,548)
325 Electric Pumping Equipment	7	23,471,265	13,028,899	5,450,028	1,802,593	1,236,936	570,352	222,977	1,159,480
326 Diesel Pumping Equipment	7	39,980	22,193	9,283	3,070	2,107	972	380	1,975
327 Hydraulic Pumping Equipment	7	94,618	52,522	21,970	7,267	4,986	2,299	899	4,674
328 Other Pumping Equipment	7	583,750	324,040	135,547	44,832	30,764	14,185	5,546	28,837
330 Land and Land Rights	2	3,038,259	1,788,015	749,538	243,365	169,839	80,514	1,215	5,773
331 Water Treat Structures & Improv	2	46,950,981	27,630,652	11,582,807	3,760,774	2,624,560	1,244,201	18,780	89,207
332 Water Treat and Equipment	2	48,700,859	28,660,456	12,014,502	3,900,939	2,722,378	1,290,573	19,480	92,532
334 Granular Activated Carbon	2	3,167,609	1,864,138	781,449	253,725	177,069	83,942	1,267	6,018
340 Land and Land Rights	8	2,149,760	1,192,687	493,370	50,949	111,788	16,768	45,575	238,623
341 T & D Structures & Improvements	13	4,044,605	2,668,226	713,873	65,523	152,482	21,032	94,239	329,231
342 Distrib. Reservoirs & Standpipes	6	21,012,504	11,523,257	4,738,320	1,834,392	1,073,739	367,719	237,441	1,237,636
343 Transmission & Distribution Mains									
10 inch and under	5	173,345,407	96,414,715	39,644,094	0	8,996,627	0	4,524,315	23,765,655
12 inch and over	3	79,690,750	43,965,387	18,432,471	5,976,806	4,175,795	1,976,331	836,753	4,327,208
344 Fire Mains	9	3,066	0	0	0	0	0	0	3,066
345 Services	11	38,074,392	33,653,955	2,798,468	57,112	369,322	3,807	1,191,728	0
346 Meters	10	10,452,964	9,188,155	1,040,070	38,676	181,882	4,181	0	0
347 Meter Installations	10	31,793,342	27,946,348	3,163,438	117,635	553,204	12,717	0	0
348 Fire Hydrants	9	7,192,369	0	0	0	0	0	0	7,192,369
349 Other T & D Plant	13	747,309	493,000	131,900	12,106	28,174	3,886	17,412	60,831
389 Land and Land Rights	16	1,135,013	851,146	172,862	32,234	34,391	10,329	7,832	26,219
390 Structures & Improvements	16	8,551,983	6,413,132	1,302,467	242,876	259,125	77,823	59,009	197,551
391.1 Office Furniture and Equipment	16	369,649	277,200	56,298	10,498	11,200	3,364	2,551	8,539
391.2 Mainframe & Computer Equipment	16	8,508,561	6,380,570	1,295,854	241,643	257,809	77,428	58,709	196,548
391.3 Personal Computer Software	16	2,176,063	1,631,830	331,414	61,800	65,935	19,802	15,015	50,267
391.4 Office Machines and Equipment	16	566,265	424,642	86,242	16,082	17,158	5,153	3,907	13,081
392 Transportation Equipment	16	(767,896)	(575,845)	(116,951)	(21,808)	(23,267)	(6,988)	(5,298)	(17,738)
393 Stores Equipment	16	66,704	50,021	10,159	1,894	2,021	607	460	1,541

WEST VIRGINIA-AMERICAN WATER COMPANY

COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
394 Tools, Shop & Garage Equipment	16	1,378,739	1,033,916	209,982	39,156	41,776	12,547	9,513	31,849
395 Laboratory Equipment	2	1,128,340	664,028	278,361	90,380	63,074	29,901	451	2,144
396 Power Operated Equipment	16	562,470	421,796	85,664	15,974	17,043	5,118	3,881	12,993
397 Communication Equipment	16	379,766	284,787	57,838	10,785	11,507	3,456	2,620	8,773
398 Miscellaneous Equipment	16	2,967,686	2,225,468	451,979	84,282	89,921	27,006	20,477	68,554
399 Other Tangible Property	16	123,030	92,260	18,737	3,494	3,728	1,120	849	2,842
Total Depreciable Plant		550,535,323	337,157,591	113,011,011	21,267,401	25,019,894	6,691,335	7,534,377	39,853,714
OTHER RATE BASE ELEMENTS									
Utility Plant Acquisition Adjustments	18	0	0	0	0	0	0	0	0
Unclassified Plant in Service	18	0	0	0	0	0	0	0	0
Contributions and Advances									
Mains	5	(66,065,478)	(36,745,619)	(15,109,175)	0	(3,428,798)	0	(1,724,309)	(9,057,577)
Services	11	(775,587)	(685,541)	(57,006)	(1,163)	(7,523)	(78)	(24,276)	0
Meters	10	(2,385,955)	(2,097,254)	(237,403)	(8,828)	(41,516)	(954)	0	0
Hydrants	9	(3,136,544)	0	0	0	0	0	0	(3,136,544)
Deferred Income Taxes	18	(48,557,488)	(29,736,606)	(9,968,852)	(1,874,319)	(2,204,510)	(592,401)	(665,238)	(3,515,562)
Deferred Investment Tax Credits	18	(687,541)	(421,050)	(141,152)	(26,539)	(31,214)	(8,388)	(9,419)	(49,778)
Customer Deposits	14	0	0	0	0	0	0	0	0
Retirement Work in Progress	18	3,035,317	1,858,828	623,151	117,163	137,803	37,031	41,584	219,757
Materials and Supplies	18	1,340,262	820,776	275,156	51,734	60,848	16,351	18,362	97,035
Prepayments	16	504,211	378,108	76,791	14,320	15,278	4,588	3,479	11,647
Working Cash	23	1,261,000	924,061	203,273	45,522	41,487	14,502	7,566	24,590
Regulatory Asset (Van/Coal River)- Net	18	797,355	488,300	163,697	30,778	36,200	9,728	10,924	57,729
Unamortized Security Costs	18	1,748,519	1,070,793	358,971	67,493	79,383	21,332	23,955	126,593
Total Other Rate Base Elements		(112,921,929)	(64,145,204)	(23,812,549)	(1,583,840)	(5,342,563)	(498,290)	(2,317,373)	(15,222,111)
Total Original Cost Measure of Value		$ 437,613,394	$ 273,012,387	$ 89,198,462	$ 19,683,561	$ 19,677,331	$ 6,193,045	$ 5,217,004	$ 24,631,603

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WEST VIRGINIA-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 20. ALLOCATION OF REGULATORY COMMISSION EXPENSES, ASSESSMENTS AND OTHER WATER REVENUES.

The factors are based on the allocation of the total cost of service, excluding those items being allocated.

Customer Classification	Total Cost of Service	Allocation Factor
(1)	(2)	(3)
Residential	$89,986,538	0.6777
Commercial	24,401,393	0.1838
Industrial	5,365,110	0.0404
Other Public Authority	5,211,341	0.0392
Sales for Resale	1,660,989	0.0125
Private Fire Protection	1,195,246	0.0090
Public Fire Protection	4,970,351	0.0374
Total	$132,790,968	1.0000

FACTOR 21. ALLOCATION OF LOCAL B & O TAXES AND REVENUES.

The factors are based on actual revenues by class.

Customer Classification	Local B & O Revenues	Allocation Factor
(1)	(2)	(3)
Residential	$1,462,943	0.6180
Commercial	621,712	0.2626
Industrial	109,747	0.0464
Other Public Authority	139,156	0.0588
Sales for Resale	0	0.0000
Private Fire Protection	28,974	0.0122
Public Fire Protection	4,821	0.0020
Total	$2,367,353	1.0000

WEST VIRGINIA-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 22. ALLOCATION OF UNCOLLECTIBLE ACCOUNTS

The factors are based on actual net write-offs by class for the test year.

Customer Classification	Net Write-Offs By Class	Allocation Factor
(1)	(2)	(3)
Residential	$1,261,271	0.9382
Commercial	79,694	0.0593
Industrial	0	0.0000
Other Public Authority	15	0.0000
Sales for Resale	0	0.0000
Private Fire Protection	3,301	0.0025
Public Fire Protection	0	0.0000
Total	$1,344,281	1.0000

FACTOR 23. ALLOCATION OF CASH WORKING CAPITAL

Factors are based on the allocation of all other operation and maintenance expenses.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$43,263,858	0.7328
Commercial	9,512,691	0.1612
Industrial	2,129,557	0.0361
Other Public Authority	1,939,265	0.0329
Sales for Resale	676,247	0.0115
Private Fire Protection	354,893	0.0060
Public Fire Protection	1,151,575	0.0195
Total	$59,028,085	1.0000

WEST VIRGINIA-AMERICAN WATER COMPANY

SUMMARY OF PEAK DAY SYSTEM DELIVERY FOR THE YEARS 2000, 2006, 2007, 2008 AND 2009

District	2000 Peak Day System Delivery, Gallons	2006 Peak Day System Delivery, Gallons	2007 Peak Day System Delivery, Gallons	2008 Peak Day System Delivery, Gallons	2009 Peak Day System Delivery, Gallons
Ansted	496,000				
Bluefield	2,547,000	2,447,000	2,441,000	2,441,000	2,410,000
Bluestone	2,949,000	3,397,000	3,399,000	3,811,000	3,601,000
Gassaway	548,000	561,000	364,000	333,000	333,000
Hamlin	210,000				
Huntington	16,800,000	14,650,000	13,612,000	13,489,000	14,709,000
Charleston	36,346,000	34,586,000	39,315,000	38,096,000	34,767,000
Madison	587,000				
Montgomery	792,000	599,000	805,000	692,000	852,000
Oak Hill	1,778,000	3,211,000	3,358,000	3,992,000	4,068,000
Webster Springs	283,000	210,000	225,000	209,000	215,000
Weston	1,608,000	1,304,000	1,283,000	1,231,000	1,384,000
Total Peak Day	64,944,000	60,965,000	64,802,000	64,294,000	62,339,000
Average Day Delivery	50,706,901	50,626,282	52,683,000	51,111,375	49,796,096
System Peak Day Ratio	1.28	1.20	1.23	1.26	1.25

WEST VIRGINIA-AMERICAN WATER COMPANY

BASIS FOR ALLOCATING DEMAND RELATED COSTS OF FIRE SERVICE TO PRIVATE AND PUBLIC FIRE PROTECTION CUSTOMER CLASSIFICATIONS

Description		Restrictive Diameters Squared	Quantity	Relative Demand	Allocation Factor
(1)		(2)	(3)	(4)=(2)x(3)	(5)
PRIVATE FIRE PROTECTION					
Fire Lines					
2 -inch		4.0	91	364	
3 -inch		9.0	6	54	
4 -inch		16.0	141	2,256	
6 -inch		36.0	792	28,512	
8 -inch		64.0	193	12,352	
10 -inch		100.0	22	2,200	
12 -inch		144.0	6	864	
Total Private Fire Protection			1,251	46,602	0.1602
PUBLIC FIRE PROTECTION					
Hydrant	Nozzle Sizes				
3.5" Valve		12.25	0	0	
4" Valve		16.00	190	3,040	
4" Valve	2 - 2.5"	12.50	193	2,413	
4" Valve	2 - 2.5 & 1 - 4"	16.00	1,052	16,832	
4.25" Valve		18.06	35	632	
4.5" Valve		20.25	393	7,958	
4.5" Valve	2 - 2.5 & 1 - 3.5"	20.25	494	10,004	
4.75" Valve		22.56	44	993	
5" Valve	2 - 2.5 & 1 - 3.5"	24.75	41	1,015	
5" Valve	3 - 2.5 & 1 - 4"	25.00	730	18,250	
5.25" Valve		27.56	59	1,626	
5.25" Valve	2 - 2.5"	12.50	15	188	
5.25" Valve	2 - 2.5 & 1 - 4"	27.56	45	1,240	
6" Valve	2 - 2.5"	12.50	150	1,875	
6" Valve	2 - 1/2" & 1 - 4.5"	32.75	4,766	156,087	
6" Valve	2 - 1/2" & 1 - 4"	28.50	774	22,059	
Total Public Fire Protection			8,981	244,212	0.8398
Total Fire Protection			10,232	290,814	1.0000

PART III. PROPOSED CUSTOMER RATES

WEST VIRGINIA-AMERICAN WATER COMPANY

COMPARISON OF PRESENT AND PROPOSED RATES

		Present Rates	Proposed Rates	Increase	Percent Increase
GENERAL DOMESTIC, COMMERCIAL AND INDUSTRIAL WATER SERVICE. - MONTHLY					
Minimum Charges					
5/8 -inch meter		$ 20.75	$ 24.07	$ 3.32	16.0%
3/4-inch meter		20.75	24.07	3.32	16.0%
1 -inch meter		50.84	58.97	8.13	16.0%
1 1/2 -inch meter		100.99	117.14	16.15	16.0%
2 -inch meter		161.21	186.99	25.78	16.0%
3 -inch meter		301.68	349.92	48.24	16.0%
4 -inch meter		502.34	582.67	80.33	16.0%
6 -inch meter		1,004.01	1,164.55	160.54	16.0%
8 -inch meter		1,606.04	1,862.85	256.81	16.0%
First	1,500 gallons	Minimum	Minimum		
Next	28,500 gallons	9.2022	10.6737	1.47	16.0%
Next	870,000 gallons	6.0598	7.0288	0.97	16.0%
Next	8,100,000 gallons	4.4090	5.1140	0.71	16.0%
All over	9,000,000 gallons	2.8680	3.3266	0.46	16.0%
SALES FOR RESALE WATER SERVICE. - MONTHLY					
Minimum Charges					
5/8 -inch meter		$ 20.75	$ 24.07	$ 3.32	16.0%
3/4-inch meter		20.75	24.07	3.32	16.0%
1 -inch meter		50.84	58.97	8.13	16.0%
1 1/2 -inch meter		100.99	117.14	16.15	16.0%
2 -inch meter		161.21	186.99	25.78	16.0%
3 -inch meter		301.68	349.92	48.24	16.0%
4 -inch meter		502.34	582.67	80.33	16.0%
6 -inch meter		1,004.01	1,164.55	160.54	16.0%
8 -inch meter		1,606.04	1,862.85	256.81	16.0%
First	1,500 gallons	Minimum	Minimum		
Next	28,500 gallons	9.2022	10.6737	1.47	16.0%
Next	870,000 gallons	6.0053	6.9656	0.96	16.0%
Next	8,100,000 gallons	4.6120	5.3495	0.74	16.0%
All over	9,000,000 gallons	3.2506	3.7704	0.52	16.0%
PRIVATE FIRE SERVICE - ANNUAL					
2 - INCH SERVICE		$ 83.58	$ 96.94	$ 13.36	16.0%
3 - INCH SERVICE		190.05	220.44	30.39	16.0%
4 - INCH SERVICE		333.66	387.01	53.35	16.0%
6 - INCH SERVICE		845.76	981.00	135.24	16.0%
8 - INCH SERVICE		1,386.96	1,608.74	221.78	16.0%
10 - INCH SERVICE		2,460.62	2,854.08	393.46	16.0%
12 - INCH SERVICE		3,447.99	3,999.33	551.34	16.0%

BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE

PETITION OF TENNESSEE AMERICAN WATER COMPANY TO CHANGE AND INCREASE CERTAIN RATES AND CHARGES SO AS TO PERMIT IT TO EARN A FAIR AND ADEQUATE RATE OF RETURN ON ITS PROPERTY USED AND USEFUL IN FURNISHING WATER SERVICE TO ITS CUSTOMERS	)	**DOCKET NO. 10-00189**

AFFIDAVIT

STATE OF WEST VIRGINIA

COUNTY OF KANAWHA

I, MICHAEL A. MILLER, Treasurer/Comptroller for Tennessee American Water Company, do hereby certify that the foregoing responses to the First Supplemental Responses to the Chattanooga Regional Manufacturers Association's Data Requests #27 and 29 and Second Supplemental Response to #6 were prepared by me or under my supervision and are true and accurate to the best of my knowledge and information.

DATED this 8TH day of December, 2010.

Michael A. Miller
(signature)

MICHAEL A MILLER
(printed name)

Sworn to and subscribed before me this 8TH day of December, 2010.

Lisa R. Brooks
NOTARY PUBLIC

My Commission Expires:

September 7, 2019

OFFICIAL SEAL
STATE OF WEST VIRGINIA
NOTARY PUBLIC
Lisa R. Brooks
18 Mill Creek Crossing
Hurricane, WV 25526
My Commission Expires September 7, 2019

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served by way of the method(s) indicated, on this the 8th day of December, 2010, upon the following:

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