

Exhibit No.:
Issues: *Belleville Lab Allocation; Call Center;
AWR Water Line Protection Program;
Information Technology Services;
Capitalization of Shared Services;
Transition Costs; Cost Allocation
Manual; Affiliated Transactions*
Witness: *John P. Cassidy*
Sponsoring Party: *MoPSC Staff*
Type of Exhibit: *Direct Testimony*
Case Nos.: *WR-2003-0500
and WC-2004-0168*
Date Testimony Prepared: *October 3, 2003*

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

DIRECT TESTIMONY

OF

JOHN P. CASSIDY

MISSOURI-AMERICAN WATER COMPANY

**CASE NOS. WR-2003-0500
AND WC-2004-0168**

*Jefferson City, Missouri
October 2003*

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

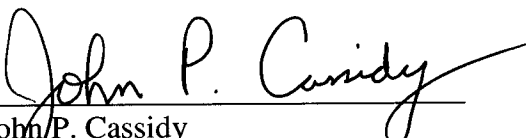
In the Matter of the General Rate Increase for)
Water and Sewer Service Provided by) Case No. WR-2003-0500
Missouri-American Water Company.)

Staff of the Missouri Public Service Commission,)
Complainant,) Case No. WC-2004-0168
v.)
Missouri-American Water Company,)
Respondent.)

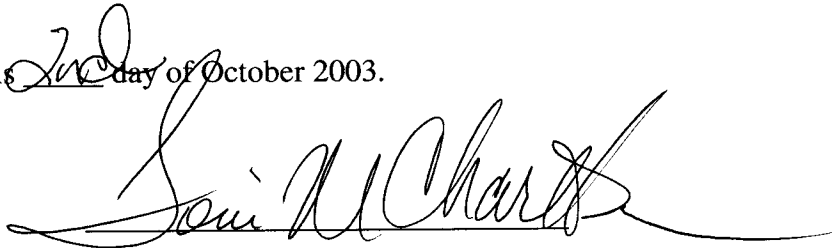
AFFIDAVIT OF JOHN P. CASSIDY

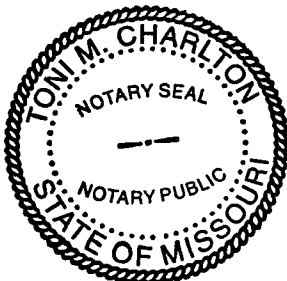
STATE OF MISSOURI)
COUNTY OF COLE) ss.

John P. Cassidy, being of lawful age, on his oath states: that he has participated in the preparation of the foregoing Direct Testimony in question and answer form, consisting of 33 pages to be presented in the above case; that the answers in the foregoing Direct Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of his knowledge and belief.


John P. Cassidy

Subscribed and sworn to before me this 2nd day of October 2003.





TONI M. CHARLTON
NOTARY PUBLIC STATE OF MISSOURI
COUNTY OF COLE
My Commission Expires December 28, 2004

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JOHN P. CASSIDY

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DIRECT TESTIMONY

OF

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MISSOURI-AMERICAN WATER COMPANY

CASE NOS. WR-2003-0500

AND WC-2004-0168

Q. Please state your name and business address.

A. John P. Cassidy, 1845 Borman Court, Suite 101, St. Louis, Missouri 63146.

Q. By whom are you employed and in what capacity?

A. I am employed by the Missouri Public Service Commission (Commission) as a
Regulatory Auditor.

Q. Please describe your educational background.

A. I graduated from Southeast Missouri State University, receiving a Bachelor of Science degree in Business Administration, with a double major in Marketing and Accounting in 1989 and 1990, respectively.

Q. What has been the nature of your duties while in the employ of this Commission?

A. Since joining the Commission Staff in 1990, I have assisted with and directed audits and examinations of the books and records of utility companies operating within the state of Missouri. I have also conducted numerous audits of small water and sewer companies in conjunction with the Commission's informal rate proceedings.

Q. Have you previously filed testimony before this Commission?

1 A. Yes, I have. Please refer to Schedule 1, which is attached to my direct
2 testimony, for a list of cases in which I have previously filed testimony. Please refer to
3 Schedule 2, which is attached to my direct testimony, for a list of all other Commission case
4 related activity in which I have been involved.

5 Q. Did you make an examination and analysis of the books and records of
6 Missouri-American Water Company (MAWC or Company) in regards to matters raised in
7 this case?

8 A. Yes, in conjunction with other members of the Commission's Staff (Staff). I
9 reviewed Company responses to Staff Data Requests, American Water Works Company Inc.'s
10 (AWW) most recent 10K filing with the Securities and Exchange Commission (SEC), outside
11 auditor workpapers, information posted on the AWW website, affiliated company mailings to
12 MAWC customers, MAWC Board of Directors meeting minutes and shareholder reports,
13 workpapers and testimony. I also reviewed workpapers, testimony, Stipulation and
14 Agreements and Commission Report and Orders from recent rate cases involving MAWC, St.
15 Louis County Water Company and United Water Missouri Inc.

16 Q. With reference to Case No. WR-2003-0500, what matters will this direct
17 testimony address?

18 A. This testimony provides a discussion of the Staff's methodology for
19 determining the proper allocation of testing and sampling expense to MAWC. This testimony
20 will show that customer count methodologies used to allocate costs from Belleville Labs to
21 MAWC has resulted in an inappropriate amount of testing and sampling expense being
22 charged to MAWC customers.

1 This direct testimony will outline the Staff's recommendation that this Commission
2 require that on a going forward basis the Company identify and record below the line all
3 ownership costs that relate to property held for future use.

4 My direct testimony will also address a water service line protection program that is
5 now offered by the Company's non-regulated affiliated company, American Water Resources
6 Inc. (AWR), to all MAWC customers except those in the St. Louis district. The Staff
7 contends that MAWC is entitled to miscellaneous revenue for providing information and
8 support to allow AWR to offer this service to MAWC customers.

9 This direct testimony will address the Staff's reduction in the costs related to the
10 decision of AWW to transfer the Company's customer service function to the unregulated
11 National Customer Call Center (Call Center). The Company believes this decision results in
12 an increase in the quality of customer service. However, this decision has resulted in
13 approximately a \$1.6 million dollar increase in annual ongoing expense and caused the
14 Company to incur substantial one-time transition costs.

15 This direct testimony will also address the one-time, nonrecurring transition costs that
16 MAWC incurred as a result of AWW's decision to move many of MAWC's accounting
17 functions to an unregulated affiliate, National Shared Services. The Staff will demonstrate
18 that it is inappropriate to capitalize these one-time transition costs on the books of MAWC.

19 This direct testimony will also address the need for a more comprehensive Cost
20 Allocation Manual (CAM) and the promulgation of an affiliate transactions rule that would
21 apply to MAWC, similar to rules currently in effect for certain Missouri-regulated electric and
22 gas utilities, to address the increase in the transactions between MAWC and other unregulated
23 affiliated companies.

1 Q. What knowledge, skill, experience, training or education do you have in these
2 matters?

3 A. I have analyzed affiliated transactions and relationships at other utility
4 companies in other rate proceedings. I have reviewed testimony previously filed before this
5 Commission and its Report and Orders regarding affiliated transactions and other topics
6 discussed in this testimony. In addition to my work experience at the Commission, I have
7 attended numerous regulatory conferences and in house training sessions, reviewed various
8 journals and trade articles and had many interactions with members of other regulatory bodies
9 and entities.

10 Q. With reference to Case No. WR-2003-0500, what is the purpose of this direct
11 testimony?

12 A. The purpose of this direct testimony is to explain and sponsor the following
13 adjustments that appear on Accounting Schedule 10, Adjustments to the Income Statement:

14	Belleville Lab Testing and Sampling Cost Allocation	S-14.14
15		
16	Call Center	S-13.4 and S-14.18
17		
18	AWR-Water Line Protection Program	S-8.1
19		
20	Information Technology	S-14.19
21		
22	Capitalization of National Shared Services	S-14.24
23		
24	Call Center and National Shared Services-Severance Costs	S-14.27
25		

26 I am also sponsoring the following adjustments, which appear on the Accounting Schedule 4,
27 Adjustments to Plant in Service:

28	Call Center Transition Costs	P-87.1
29	National Shared Services Transition Costs	P-87.2

1 Q. What test year has the Staff utilized in this case?

2 A. The Staff has used a test year ending December 31, 2002, updated through
3 June 30, 2003.

4 Q. Is the Staff proposing a true-up audit in this case?

5 A. Yes. The Staff is proposing a true-up audit through November 30, 2003. The
6 true-up audit should include all significant items related to revenue, expense, capital structure
7 (including embedded costs) and rate base occurring on or prior to this date. "Occurring"
8 refers to the following types of situations: construction that has been closed to the plant in
9 service account, new employees recognized in the cost of service who are currently working
10 for the Company, and contracted payroll increases that will take effect by November 30,
11 2003. The use of this approach will maintain the appropriate relationship between revenues,
12 expenses and rate base. The following items should be considered in the true-up process:

13 **Rate Base:** Plant in service, depreciation reserve, contributions in aid
14 of construction (CIAC), advances for construction (advances), accrued
15 pension liability and deferred income taxes. Cash working capital and
16 the tax and interest offsets will also change to the extent these amounts
17 are affected by other true-up items.

18 **Income Statement:** Depreciation expense as affected by plant
19 additions, retirements, and CIAC; revenues, electricity and chemicals
20 as affected by cost changes and additional customers; equipment lease
21 expenses and software licenses recognized in the cost of service;
22 payroll and related costs as affected by changes in employees and
23 changes in wage rates; rate case expense; and income taxes as affected
24 by other true-up items.

25 **Capital Structure and Associated Embedded Costs:** Changes in the
26 Company's capital structure and associated embedded costs of the
27 related capital items (excluding return on common equity) will also be
28 considered in the Staff's true-up.

29 To be considered in the true-up audit, all applicable items must be evidenced by
30 standard monthly documentation (i.e., monthly operating reports and Company ledgers),

1 which assures that the item has occurred or is in fact in service and booked at the date of true-
2 up. In addition, a true-up item is subject to audit and examination to determine if it is
3 appropriate for inclusion in the cost of service.

4 Q. Will significant items become known and measurable after June 30, 2003?

5 A. Yes. Increases in plant facilities and payroll will occur after June 30, 2003.
6 The Staff expects these items to materially affect the revenue requirement of the Staff's case.
7 In an attempt to maintain an appropriate revenue, expense and rate base relationship, the Staff
8 is proposing a true-up for all the items previously discussed.

9 Q. How will the Staff verify the items to be included in true-up?

10 A. The Staff will review documentation related to the potential true-up items as it
11 becomes available. The Staff's decision to perform a true-up in this case should not be
12 viewed as a blanket acceptance of true-up audits in general for this Company or other utilities
13 in future cases. The Staff's true-up recommendation is prompted by its belief that the
14 Company will experience significant increases in the cost of service, which will not be
15 completely offset by increases in revenue or reductions in expenses.

16 Q. Has the Staff included an estimate of the revenue requirement associated with
17 the true-up?

18 A. Yes. This additional revenue requirement appears on Accounting Schedule 1
19 as "Allowance for True-Up." This amount is based on estimates of anticipated future events
20 and basic calculations designed to identify the potential related effect on revenue requirement.
21 At the time of the true-up, actual results will be examined to determine if changes in the cost
22 of service are appropriate and detailed calculations will be performed to determine the related

1 effect on revenue requirement. Following its true-up audit, the Staff will file True-Up
2 Accounting Schedules.

3 Q. When will the Staff file the True-Up Accounting Schedules?

4 A. The Staff estimates that the True-Up Accounting Schedules could be filed on
5 or about January 23, 2004. True-up direct testimony is scheduled to be filed on January 30,
6 2004 and a hearing is scheduled for February 5 and 6, 2004 to address any disputes between
7 the parties that may occur due to the true-up results.

8 It is extremely important that the Company provide the data necessary to perform the
9 true-up audit as soon as it is available. The Staff will have only limited opportunities to
10 review this data prior to the conclusion of the evidentiary hearing on January 9, 2004.
11 Supplying the data as soon as possible will facilitate the Staff's ability to include information
12 through November 30, 2003 in its true-up audit.

13 **OWNERSHIP COSTS OF PROPERTY HELD FOR FUTURE USE**

14 Q. What property held for future use did the Company sell during the test year?

15 A. During the test year, the Company sold two pieces of property that were
16 accounted for in their plant held for future use account. The first piece of property was
17 approximately 86.5 acres of land located in Chesterfield, Missouri that the Company had
18 originally purchased for \$209,620 with the idea of possibly building a treatment plant. The
19 Company determined that this land was no longer required for a future treatment plant and
20 during the test year the Company sold this land in three separate pieces for a total of
21 \$619,481. These transactions, net of \$332 of miscellaneous sale expenses, resulted in a gain
22 on sale of \$409,529 related to this land.

1 The second piece of property held for future use that was sold related to a small
2 property owned by the Company that was located in St. Charles. This property was sold to
3 St. Charles County for road improvements and had a zero original cost to the Company,
4 therefore the entire sale price of \$3,167 represented a gain on sale for MAWC.

5 Q. What recommendation does the Staff have regarding the sale of these two
6 pieces of property?

7 A. During the test year, the Company incurred some level of ownership costs
8 associated with these two pieces of property. These ownership costs would include real estate
9 taxes, a portion of franchise taxes, a portion of property insurance expense, as well as
10 maintenance and upkeep costs related to the property. Through discussions with the Company
11 the Staff learned that during the test year, the Company charged \$6,192 of real estate taxes
12 below the line related to the land held for future use located in Chesterfield. The Company
13 could not identify the portion of insurance, franchise taxes or any other maintenance or
14 upkeep costs related to this property. Regarding the sale of the land located in St. Charles, the
15 Company charged no expenses below the line.

16 Plant held for future use is not included in Rate Base because ratepayers are not
17 benefiting from the Company's ownership of the property. Similarly, the Staff contends that
18 ownership costs related to property held for future use should also be excluded from the cost
19 of service calculation because ratepayers do not benefit from Company ownership of the
20 property. Also, in this situation where the Company no longer owns the property, all of these
21 ownership costs are nonrecurring. The Staff is proposing no adjustment for the Company's
22 ownership costs in this proceeding. However, in the future, the Staff recommends that the

1 Company be required by this Commission to identify and to record below the line all
2 ownership costs for all its property held for future use.

3 Q. What property held for future use does the Company currently own?

4 A. In the response to Staff Data Request No. 392, the Company indicated that it
5 owns no property in its plant held for future use account. The Staff believes that this fact does
6 not relieve the Company from its responsibility to identify and record below the line all
7 ownership costs related to any plant held for future use that it may subsequently acquire.

8 **MAWC OPERATIONS**

9 Q. Please describe the operations of MAWC.

10 A. MAWC is comprised of nine water operating districts and one sewer operating
11 district. The nine water operating districts are referred to by location and include the
12 Brunswick, Jefferson City, Joplin, Mexico, Parkville, Warrensburg, St. Charles, St. Joseph
13 and St. Louis districts. The sewer district is referred to as the Parkville sewer district.

14 The operating water districts in Brunswick, Mexico, Parkville, Warrensburg and
15 St. Charles, as well as the Parkville sewer district, formerly known collectively as Missouri
16 Cities Water Company (MCWC), were purchased during 1993 from MCWC's parent, Avatar
17 Properties, Incorporated. The former MCWC's operation was merged into MAWC operations
18 effective December 31, 1994. The Jefferson City water district was purchased from United
19 Water Company and this district was merged into MAWC operations effective December 31,
20 2001. Lastly, AWW purchased from National Enterprises Inc. (NEI) the former St. Louis
21 County Water Company operations along with NEI's water operations in other states during
22 June 1999. AWW effectively merged the St. Louis County Water Company as a new district
23 into MAWC operations on December 31, 2001.

**AMERICAN WATER WORKS COMPANY, INC. AND THE AMERICAN WATER
WORKS SERVICE COMPANY, INC. (SERVICE COMPANY)**

Q. Provide a general overview of MAWC's ownership and its relationship with the American Water Works Service Company.

A. RWE is a global multi-utility company that does business through its subsidiaries and affiliates in over 120 countries. RWE is headquartered in Germany and its core businesses include electricity, gas, water and waste and recycling. RWE's, water division, Thames Water, is headquartered in Reading, England. Thames Water completed its acquisition of American Water Works Company, Inc. (AWW) during January 2003. AWW oversees RWE's water businesses in North, Central and South America as a wholly owned subsidiary of Thames Water. AWW is headquartered in Voorhees, New Jersey and serves approximately 20 million customers in 27 states, four Canadian provinces, Puerto Rico and South America.

AWW performs many functions and activities on a consolidated or centralized basis for the benefit of many of its regulated and unregulated subsidiaries. These consolidated or centralized functions are carried out for the AWW-owned subsidiaries by the AWW wholly owned Service Company. Through a process of direct assignment and allocation, Service Company employees' time and all other related costs are ultimately charged to the benefiting AWW-owned utility subsidiaries. However, it is an important point to note that AWW functions as the parent company and exerts control over not only the Service Company but also over all of the regulated and non-regulated affiliated entities that take services from the Service Company. This fact raises important questions about affiliated transactions that occur as a result of AWW's influence and control. The Staff will address this issue later in this direct testimony. The response to Staff Data Request No. 191 provided a listing of AWW

1 controlled companies and has been attached as Schedule 3 to this direct testimony. In the
2 response to Staff Data Request No. 253, the Company provided an organizational chart for
3 AWW. Please refer to Schedule 4 attached to this direct testimony, for a copy of the AWW
4 organizational chart. The Staff has highlighted portions of the organizational chart that relate
5 to American Water Services, Inc. (AWS), AWR and AWW. These portions of the
6 organizational chart have been highlighted to inform the Commission of the scope of
7 operations about which MAWC has objected to answering Staff Data Requests.

8 Q. What regulated subsidiaries and non-regulated affiliated entities receive direct
9 assignment or allocation of Service Company costs?

10 A. The following subsidiaries or affiliated entities currently receive direct or
11 allocated charges from the Service Company:

12 **Regulated Entities**

13 Arizona American Water
14 California American Water
15 Elizabethtown Water Company Inc.
16 Hawaii American Water
17 Illinois American Water
18 Indiana American Water
19 Iowa American Water
20 Kentucky American Water
21 Long Island Water Corporation
22 Maryland American Water
23 Michigan American Water
24 MAWC Water
25 Mount Holly Water
26 New Jersey American Water
27 New Mexico American Water
28 Ohio American Water
29 Pennsylvania American Water
30 Tennessee American Water
31 Virginia American Water
32 West Virginia American Water
33 Texas American Water
34 United Water Virginia

Unregulated Entities

American Water Works (AWW)
American Water Services, Inc. (AWS)
American Water Resources, Inc. (AWR)
American Water Capital Corporation (AWCC)
Integration Management Office (IMO)

AWW has additional unregulated subsidiaries, however, apparently none of these other unregulated subsidiaries are currently taking service from the Service Company.

Q. How does the Service Company classify its costs?

A. Services performed by the Service Company can be grouped into the following general cost tracking categories:

Accounting	Human Resources
Administration	Information Systems-Billing
Audit	Information Systems-Finance
Communications	Operations
Corporate Secretarial	Rates and Revenues
Engineering	Risk Management
Financial	Water Quality

These cost tracking categories represent a summation of the work that is performed at various Service Company office locations.

Q. Please describe each of the Service Company offices and the services that they provide to AWW subsidiaries.

A. The Service Company maintains several offices that can be grouped into the following six functions or areas:

1 **1. Corporate Office - Vorhees, New Jersey**

2 The Corporate office provides corporate oversight over operating companies by
3 providing executive management, finance, human resources, engineering, water quality and
4 operations support.

5 **2. Shared Services Center - Mt. Laurel, New Jersey**

6 Shared Services provides accounting, payroll, cash management, fixed asset/job
7 costing, benefit claims processing, purchasing/accounts payable, rates and planning support
8 and tax accounting activities. The Shared Services center was implemented in three phases
9 that were completed between September 2001 and January 2002. MAWC was transitioned to
10 the Shared Services Center during November 2001.

11 **3. National Customer Call Center (Call Center) - Alton, Illinois**

12 The Call Center was formed as a result of AWW's decision to create a consolidated
13 customer service function at one national site. The Call Center opened during April 2001 and
14 is still in the process of converting some its operating companies. Kentucky American and
15 Indiana American are scheduled to join the Call Center during the fourth quarter of 2003.
16 MAWC's St. Louis district joined the Call Center during December 2001 while the remainder
17 of its districts joined during May 2003.

18 **4. Belleville Lab - Belleville, Illinois**

19 Serves as AWW's national trace substance laboratory and handles sampling and
20 testing for the operating companies.

21 **5. Five Regional Offices:**

- 22 1. Northeast region located in Haddon Heights, New Jersey
23 2. Southeast region located in Charleston, West Virginia

3. Western region located in Chula Vista, California

4. Indiana region located in Greenwood, Indiana

5. Illinois region located in Belleville, Illinois

Each of these regional offices provide management, rates and revenues, engineering and construction management, water quality and operations support services for operating companies in regionally located states. MAWC is its own regional operating company and, therefore, does not receive any direct or indirect assignment of costs from any of these five regional offices.

6. Information Technology Service Centers (ITS)

Haddon Heights, New Jersey ITS

Hershey, Pennsylvania ITS

Richmond, Indiana ITS

Haddon Heights and Hershey, Pennsylvania ITS centers provide information technology support and customer billing for the operating companies. Richmond ITS center provides information technology support for the operating companies.

During 2002, MAWC began the process of phasing out its ITS office in St. Louis after it had transitioned to accounting and customer service software that was consistent with that used throughout the AWW system. The St. Louis ITS office was closed in January 2003 and the conversion of the St. Louis district to the Service Company ITS center was also completed at that time. MAWC receives direct and allocated costs from all of these ITS centers.

Q. Does each AWW subsidiary take all of the services listed?

A. Not all AWW subsidiaries require all of the services listed. Several of the subsidiaries are capable of performing many of these activities and functions, in part or in

1 total, at the local company level. For example, MAWC performs the Regional office function
2 at the operating company level and does not receive direct or allocated costs from any Service
3 Company regional offices.

4 Q. How does the Service Company distribute its costs to the AWW operating
5 companies?

6 A. Service Company costs are distributed to AWW water utility subsidiaries
7 through a combination of direct assignment and allocation. Whenever a Service Company
8 employee works on an activity that exclusively benefits only one subsidiary, then that
9 employee's time and related payroll costs are directly assigned to that benefiting subsidiary.
10 However, if an activity benefits more than one subsidiary, then the employee's time and
11 related costs are assigned to an appropriate cost center or cost pool that is ultimately allocated
12 to each benefiting subsidiary based upon the benefiting subsidiary's number of customers.
13 Currently there are 16 different cost pools established to consider 16 different subsets of
14 benefiting subsidiaries with 16 different sets of allocation factors. This occurs because each
15 cost pool has different numbers of benefiting subsidiaries. MAWC is assigned costs from
16 eight of these 16 cost pools.

17 In addition to direct assignment of cost and allocation from cost pools, the Service
18 Company may also establish special authorizations or special projects, which may have
19 unique distributions beyond that provided within the routinely maintained 16 cost pools.

20 Q. How does the Service Company assign costs to the AWW non-regulated
21 companies?

22 A. AWW non-regulated companies are never assigned costs by use of customer
23 numbers as an allocation method. Instead, the Service Company assigns costs directly to

1 AWW's non-regulated companies. If a non-regulated company is assigned a direct charge
2 during a given month, then that non-regulated company will also be assigned some portion of
3 the Service Company indirect or overhead cost. However, if an AWW non-regulated
4 company does not receive a direct charge from the Service Company during a given month,
5 then there is no cost charged to that non-regulated company and, more importantly, that non-
6 regulated company is not assigned any indirect or overhead cost from the Service Company
7 for that given month. In this situation, the AWW non-regulated company is charged no
8 Service Company costs for that month. This is in direct contrast to AWW-regulated operating
9 companies who are allocated some amount of Service Company costs each and every month,
10 whether there is a direct charge or not. This situation demonstrates that Service Company
11 costs are not being charged to AWW non-regulated companies on an equal and consistent
12 basis in comparison to AWW-regulated operating companies.

13 Q. How were Service Company costs distributed to AWW subsidiaries during the
14 test year?

15 A. Based on information supplied in the response to Staff Data Request No. 194,
16 the Service Company distributed \$106,910,026 during the test year ending December 31,
17 2002. This distribution is shown below and is broken down by distribution to regulated and
18 unregulated operations.

Regulated Operating Companies

Pennsylvania	\$20,145,479	18.8%
New Jersey	\$15,557,901	14.6%
Missouri	\$12,533,379	11.7%
California	\$9,941,009	9.3%
Illinois	\$8,896,886	8.3%
Indiana	\$7,581,690	7.1%
West Virginia	\$6,575,000	6.1%
Arizona	\$5,913,210	5.5%
Kentucky	\$3,186,305	3.0%
Long Island	\$2,970,070	2.8%
Tennessee	\$2,120,898	2.0%
Ohio	\$1,843,032	1.7%
Iowa	\$1,746,459	1.6%
Virginia	\$1,736,465	1.6%
Sold or merged operations	\$ 984,571	0.9%
New Mexico	\$ 863,563	0.8%
Hawaii	\$ 612,217	0.6%
Texas	\$ 311,143	0.3%
Maryland	\$ 145,864	0.1%
Michigan	\$ 82,000	0.1%
United Water Virginia	\$ 54,055	<0.1%
Total Regulated	\$103,801,195	97.1%

Unregulated Companies

American Water Works	\$1,486,988	1.4%
American Water Services, Inc.	\$ 796,366	0.7%
American Water Resources	\$ 659,851	0.6%
American Water Capital Corp.	\$ 165,626	.01%
Total Unregulated	\$3,108,831	2.9%

These charts demonstrate that of all the entities taking Service Company costs, MAWC was assigned the third highest amount.

Q. Does MAWC's parent company, AWW, assign any costs to MAWC?

A. No. AWW does not assign any costs to MAWC. The Service Company is the only AWW non-regulated entity that assigns costs to MAWC.

1 **ALLOCATION OF BELLEVILLE LAB SERVICE COMPANY COST TO MAWC**

2 Q. How are Belleville Lab Service Company costs allocated to MAWC?

3 A. Some of the Belleville Lab Service Company costs are allocated directly to
4 MAWC or are assigned through special authorizations. The remaining costs are indirect costs
5 and are allocated to MAWC based on a ratio of MAWC customers compared to the total
6 number of customers of all other operating companies taking service from Belleville Labs.
7 For the test year this ratio was approximately 15.5%.

8 Q. Please explain Staff Adjustment S-14.14.

9 A. Staff Adjustment S-14.4 reduces MAWC's expense to reallocate the indirect
10 portion of Belleville Labs Service Company costs based on the number of test analyses
11 performed on all samples that are submitted to the Lab. The Staff believes that this method is
12 a more appropriate allocator for cost distribution than simply using customer numbers.
13 MAWC's portion of test analyses, when compared to all other operating companies,
14 represented a ratio of approximately 8.13%.

15 **AMERICAN WATER RESOURCES (AWR)**

16 Q. What is AWR?

17 A. AWR is an unregulated subsidiary of AWW and an affiliate of MAWC. AWR
18 has employees located on-site at the Service Company's Call Center in Alton. The Staff has
19 only limited knowledge of AWR's total operations; however it does know that AWR is in the
20 business of offering water line protection to AWW customers throughout the country as well
21 as to all MAWC customers with the exception of the customers in the St. Louis district. The
22 Company has also indicated that AWR is also engaged in the business of carbon services
23 regeneration.

1 Q. Why did AWR exclude the St. Louis district customers from their water line
2 protection program offer?

3 A. The St. Louis County Public Works Department already has a program in place
4 to provide coverage for the customer-owned service lines located in the St. Louis district.

5 Q. How does the AWR water line protection program work?

6 A. MAWC customers are encouraged to sign up for the program for \$4 per month
7 or \$48 per year. In return, under the conditions of the plan, AWR promises to cover the cost
8 of a repair of a water leak of a customer owned service line that is caused by normal wear and
9 tear. The customer is provided protection of up to \$3,000 per water leak occurrence. If a
10 customer experiences an actual water leak on their service line, they must contact MAWC
11 who sends an employee to investigate the source of the problem. In the event MAWC
12 determines that the leak is on the customer-owned service line, then a customer covered by
13 the plan must contact AWR, who makes arrangements to have an approved independent
14 contractor perform the repair. MAWC employees are not used to complete repairs to the
15 service lines of customers who are covered by this plan.

16 Q. How was AWR able to offer MAWC customers its water line protection
17 program?

18 A. AWR has sent three separate mailings to MAWC customers offering their
19 water line protection program. The first mailing occurred on April 3, 2003, the second
20 mailing occurred during the week of June 16, 2003 and the most recent mailing occurred
21 August 11, 2003. These mailings occurred only because MAWC has, on two occasions,
22 provided AWR with its customer mailing lists. A representative sample copy of each of the
23 three AWR mailings to MAWC customers is attached as Schedule 5 to this direct testimony.

1 Q. In addition to the customer mailing list, what else has MAWC provided to
2 AWR in order to facilitate its offering of the water line protection program?

3 A. An examination of the mailings attached in Schedule 5 reveals that MAWC
4 has provided a letter signed by MAWC President, Eric Thornburg. In the letter, Mr.
5 Thornburg provides AWR with MAWC's full endorsement by stating the following: "In
6 cooperation with our affiliate, American Water Resources, Inc., Missouri-American Water
7 Company is pleased to introduce a special Water Line Protection Program to cover these
8 unexpected costs and provide you with peace of mind." The letter goes on to encourage
9 MAWC customers to sign up for this program. The letterhead features the good name of
10 MAWC Water Company as well as the logo used by the Company.

11 Q. What compensation has MAWC received from AWR in return for providing
12 its customer mailing list, Company name and logo as well as its Company President's time?

13 A. MAWC has received no compensation from AWR for any of these items. The
14 Staff believes this is totally unreasonable. Absent significant compensation, the Staff doubts
15 that MAWC would turn over its customer mailing list, lend its Company name, logo and
16 President's time to provide a full endorsement of the water line protection program, if some
17 external or outside third party offered the plan. MAWC is not being allowed to make
18 decisions that result in its own best interests. Rather, AWW is making decisions for MAWC
19 that benefit AWW's unregulated subsidiary profits at the expense of MAWC's customers.

20 Q. Did the Company perform any studies to determine the value of the customer
21 list that was provided to AWR?

22 A. The Staff asked this question in Data Request No. 276; however, the Company
23 filed an objection to the question. Similarly, the Company has objected to Staff Data Request

1 Nos. 144 and 277-279 all of which concerned questions about AWR. (Please refer to the
2 highlighted portion of Schedule 4 attached to this direct testimony.) A copy of these AWR
3 related data requests that were objected to by MAWC are attached to the Staff's Motion To
4 Compel Answers To Staff Data Requests, which is currently pending before this Commission.
5 In these data requests, the Staff seeks to determine the number of MAWC customers that
6 signed up for the plan and the resulting revenues, expenses and profits of AWR. The Staff
7 also seeks information about AWR operations in other states to gain some insight into what
8 can be expected for Missouri. With this information the Staff would be able to make some
9 determination of the profits that AWR should share with MAWC as compensation for all the
10 services associated with this program that were provided by MAWC.

11 Q. Please explain Staff Adjustment S-8.1.

12 A. Staff Adjustment S-8.1 includes \$100,000 in MAWC revenues on an annual,
13 ongoing basis. This amount represents the estimate of miscellaneous revenue that MAWC is
14 entitled to receive from AWR for providing AWR with the services previously discussed.
15 The Staff contends that AWR would make no profits from MAWC customers without these
16 critical MAWC services. The Staff believes it is reasonable for MAWC to provide these
17 services only in the event it is properly compensated by AWR. The Staff's adjustment
18 includes this compensation in its determination of revenue requirement. Also, this affiliate
19 transaction highlights the need for a more comprehensive CAM and an affiliate transactions
20 rule, which will be discussed later in this direct testimony.

21 **INFORMATION TECHNOLOGY SERVICES**

22 Q. Please explain Staff Adjustment S-14.19.

1 A. Staff Adjustment S-14.19 represents the Staff's annualization of Service
2 Company charges associated with MAWC's reorganization of its ITS function. Additionally,
3 this adjustment incorporates a capitalization ratio to address that portion of the ITS function
4 that appropriately pertains to capital projects. During 2002, MAWC began the process of
5 phasing out its ITS office in St. Louis, Missouri. The reorganization of the ITS function was
6 completed January 1, 2003. The Staff has excluded the payroll costs related to the St. Louis
7 ITS office as part of its payroll annualization. For a complete discussion of the Staff's
8 annualization of payroll, please refer to the direct testimony of Staff witness Jeremy K.
9 Hagemeyer. The Staff's adjustment reflects the additional allocated Service Company costs
10 associated with eliminating the St. Louis district ITS function.

11 Q. Why did the Staff apply a capitalization ratio to the annualized ITS Service
12 Company costs?

13 A. The Company indicated to the Staff that all Service Company costs being
14 allocated to MAWC for ITS are currently being recorded as expense. However, based on a
15 discussion with the Company, it was determined that some portion of these costs should
16 appropriately be capitalized. Based on the discussions with the Staff, the Company provided
17 an estimate of its ongoing capitalized ITS Service Company costs. The Staff has used this
18 estimate in its calculation of Adjustment S-14.19. In the future, the Company should be
19 required to track the capitalized portion of ITS costs for the Staff's review. A similar situation
20 exists for the Service Company's National Shared Services costs that are allocated to MAWC
21 and this is discussed next in this direct testimony.

22 **CAPITALIZATION OF ALLOCATED NATIONAL SHARED SERVICES CHARGES**

23 Q. Please explain Staff adjustment S-14.24.

1 A. Staff adjustment S-14.24 represents the capitalization of the costs that were
2 previously expensed associated with various accounting and financial services provided by
3 National Shared Services. Based on discussions with the Company, the Staff learned that all
4 of the Service Company National Shared Services costs are charged to expense on MAWC
5 books. However, the Staff determined that some portion of the accounting services being
6 provided to MAWC, pertain to fixed assets and would, therefore, appropriately be a
7 capitalized cost. The Company provided an estimate of these capitalized costs and the Staff
8 used this in the calculation of Adjustment S-14.24. In the future, the Company should be
9 required to track the capitalized portion of National Shared Services costs for the Staff to
10 review.

11 **NATIONAL CALL CENTER COSTS**

12 Q. What amount did MAWC incur during test year related to Call Center
13 expense?

14 A. The St. Louis district local customer service center was discontinued when it
15 joined the Call Center on December 31, 2001. The remaining MAWC district customer
16 service functions were discontinued when those districts joined the Call Center in May 2003.
17 During the test year, the Company incurred \$3,005,947 of Call Center costs related to its St.
18 Louis district receiving service from the Call Center for the entire 12 months of the test year.
19 The remaining MAWC districts incurred an additional \$349,471 related to customer service it
20 provided at the local district level. Therefore, during the test year, the Staff believes that
21 \$3,355,418 was incurred by MAWC for allocated Call Center expense and customer service
22 expense. The Company also incurred and capitalized an additional \$2,000,526 (\$1,761,454
23 during calendar year 2001, and \$239,072 during calendar year 2002) of one-time transition

costs to transfer its operations at the Call Center. The Staff will address these one-time transition costs later in this direct testimony.

Q. Please explain Staff Adjustments S-14.18 and S-13.4.

A. Staff Adjustment S-14.18 removes the \$3,005,947 test year level of allocated Call Center expense that related to the St. Louis district. In addition \$3,020 of test year Administrative and General (A&G) expense related to MAWC customer service activity is eliminated through adjustment S-14.18. The Staff removed the \$3,020 of A&G expense to avoid double inclusion in the cost of service calculation, because this amount is already accounted for in Staff Adjustment S-13.4. Staff Adjustment S-13.4 includes in expense the Staff's level of Call Center expense net of \$122,449 of actual test year Customer Accounts expense that related to MAWC customer service activity. This level was determined by including the Company's calculation of previous call center expense, factored up for wage increases that the Company would have incurred absent the formation of the Call Center. The following table illustrates the methodology the Staff used to adjust the test year expenses:

Allocated Expenses from Call Center Charged to MAWC for its St. Louis District		\$3,005,947
Plus: MAWC Expenses incurred during test year to provide customer service to all districts except St. Louis		<u>\$ 349,471</u>
Labor and Labor Related Expense	\$224,002	
A&G and Customer Account Expense	<u>\$125,469</u>	
Total MAWC customer service expense	\$349,471	
Total Test Year Expense		\$3,355,418
Less: Staff Adjustment S-14.18		<u>\$3,008,967</u>
Subtotal		\$ 346,451
Plus: Staff Adjustment S-13.4		<u>\$3,139,391</u>

Subtotal	\$3,485,842
Less: Result of Staff's Payroll Annualization	<u>\$ 224,002</u>
Staff's adjusted call center expense	\$3,261,840

NATIONAL CALL CENTER AND NATIONAL SHARED SERVICES-SEVERANCE COSTS

Q. Please explain Staff Adjustment S-14.27.

A. During the test year, the Company amortized severance costs related to MAWC's transfer to the Call Center and the National Shared Services Center. Staff Adjustment S-14.27 eliminates this expense because it is a nonrecurring item.

TRANSITION COSTS RELATED TO NATIONAL CALL CENTER AND NATIONAL SHARED SERVICES CENTER

Q. Please explain Staff Plant Adjustments P-87.1 and P-87.2.

A. Staff Plant Adjustment P-87.1 removes one-time, transition costs that the Company capitalized as plant in service, related to its decision to begin taking service from the Call Center. Staff Plant Adjustment P-87.2 removes similar one-time, nonrecurring transition costs from the Company's plant in service that were related to the Company's decision to begin taking service from the Service Company National Shared Services Center.

Q. How was the implementation of the Call Center and the Shared Services Center handled?

A. The implementation of the Call Center and the Shared Services Center was directed at the Service Company level. Most of the costs associated with the planning, development and implementation were incurred and recorded at the Service Company level and, therefore, allocated to each of the Companies who would be transitioning to the Call Center and to the Shared Services Center.

Q. What did these transition costs relate to?

A. The Company indicated to the Staff that it has capitalized \$2,000,526 of expenditures that were made to plan, design and implement the concept of the customer call center. Similarly, the Company indicated that it has capitalized \$4,488,826 of expenditures that were made to plan, design and implement the concept of the shared services center. A breakdown of National Call Center transition costs and Shared Services transition costs, by year, is shown below:

Year	<u>Call Center</u>	<u>National Shared Services Center</u>
2001	\$1,761,454	\$3,003,262
2002	\$ 239,072	\$1,182,285
2003	<u>\$ 0</u>	<u>\$ 303,279</u>
Total	\$2,000,526	\$4,488,826

These expenditures are for labor, travel expenses, consulting fees and other related expenses such as employee recruiting and training for the design and implementation of the Call Center and Shared Service Center.

Q. Were the transition costs addressed in AWW's annual 10K filing with the SEC?

A. Yes. In its 10K filing before the SEC, AWW makes the following statement:

During 2001 the Company continued the consolidation of its various customer service centers and financial services operations.

The new national call service center in Alton, Illinois that began operation in the second quarter of 2001 will increase the Company's current focus on high quality customer service. This center can be more cost-effectively staffed and equipped to provide a higher level of service than can currently be provided with the numerous existing centers. The process of transitioning the customer service operations of the utility subsidiaries to the new center will be completed in 2003.

1 In the third quarter of 2001 a new shared services center in Mt. Laurel,
2 New Jersey began to assume responsibility for various accounting,
3 treasury and human resources activities. The process of transitioning
4 the utility subsidiaries to the new center was completed in January
5 2002. The shared services center will improve the Company's financial
6 processes, reduce costs, and allow the operating subsidiaries to focus
7 on providing utility service.

8 The utility subsidiaries are implementing strategies to secure recovery
9 of the \$36.3 million of one-time business process reengineering costs
10 associated with the consolidation initiative that were deferred as a
11 regulatory asset at December 31, 2001. Such costs were included and
12 allowed in recent rate cases for Pennsylvania-American and West
13 Virginia-American. Indiana-American included the one-time costs in
14 its pending rate proceeding which has not yet concluded. Special
15 filings seeking authority to defer these costs for later recovery have
16 been made by utility subsidiaries in Kentucky, New York and Hawaii
17 and these proceedings are pending. The New Mexico Commission has
18 approved deferral. For other regulated utility subsidiaries no special
19 authority is required to defer the one-time costs and the companies are
20 doing so for anticipated recovery in a later rate proceeding.

21 In addition to the one-time costs associated with reengineering business
22 processes, \$10.8 million has been invested to equip these two new
23 centers. The cost of consolidating and enhancing these services is
24 expected to be fully offset by reduced operating expenses, resulting in
25 no impact on customers' rates.

26 Q. Has the Company's decision to join the Call Center resulted in "no impact on
27 customers' rates" for MAWC customers as AWW suggested in its 10K filing?

28 A. No. The Company's decision to join the Call Center has resulted in an overall
29 increase in expense of nearly \$1.6 million on an annual, ongoing basis. On top of this cost,
30 the Company has capitalized an additional \$2 million in transition costs related to
31 implementing this move.

32 Q. Does MAWC own any of the plant at the National Call Center or at the Shared
33 Services Center?

1 A. No. These assets and the related business processes are owned and controlled
2 by the AWW Service Company.

3 Q. What is the basis of the Staff's proposed disallowance of these transition costs?

4 A. The Staff contends that all of these costs are one-time, non-recurring expenses
5 and as a result, these costs should not be reflected in MAWC's ongoing cost of service. The
6 key point is that MAWC owns none of the assets at either the National Call Center or at the
7 Shared Services Center. The Service Company owns all of these assets and controls all of the
8 business processes related to these assets. Therefore, the Company's attempt to recover these
9 costs through rate base has no basis. No tangible asset was created for MAWC. The Staff
10 contends it is inappropriate for MAWC to capitalize these one-time transition expenses
11 related to assets that it does not own and business processes that are not under its control.

12 Q. Has the Commission disallowed transition costs in any other rate proceedings?

13 A. Yes. In its Report And Order from Case No. WR-2000-844, involving
14 St. Louis County Water Company, the Commission disallowed transition costs related to the
15 Company's use of the name "MAWC Water Company." In this case, the Commission's ruling
16 stated the following:

17 The Commission finds that these costs are a direct result of Company's
18 management's decision to operate under a new name. Furthermore,
19 there is no evidence that these costs will be incurred in the future when
20 the rates set in this case are in effect, and the Commission finds them to
21 be non-recurring.

22 **COST ALLOCATION MANUAL (CAM)**

23 Q. Has the company developed a CAM?

24 A. Yes. In the Report And Order for Case No. WR-2000-844 involving St. Louis
25 County Water Company, the Commission ruled that the Company must maintain a CAM in

1 order for interested entities and the Commission to evaluate the costs the Company has
2 allocated from the Service Company.

3 Q. Does the CAM developed by the Company allow the Staff to review costs and
4 make a reasonable and informed analysis of the costs distributed from the Service Company
5 to MAWC?

6 A. No. The CAM contains only a single month of Service Company costs for
7 MAWC. While the single month provides an example of how the cost allocation process
8 works, it does not provide a complete picture for the Staff to make a determination of the
9 overall reasonableness of the cost allocation process. The Company's CAM should clearly
10 identify total Service Company costs by month, the allocation basis used to distribute those
11 costs each month to all entities and costs borne by each and all entities taking service from the
12 Service Company. Furthermore, the CAM does not provide costs taken from each cost pool.
13 The Staff questions why the Company bothers to identify cost pools in the CAM if the costs
14 are not tracked by cost pool.

15 Another problem in connection with the CAM relates to the fact that AWW exerts
16 control over the Service Company, all of the regulated entities (which includes MAWC) and
17 all of its non-regulated entities. The CAM does not provide a breakdown of total Service
18 Company costs being allocated to each of the operating companies and non-regulated entities
19 taking costs. The CAM only identifies the allocation of costs from the Service Company to
20 MAWC. Considering the fact that the decision was made by AWW to co-mingle its non-
21 regulated operations with its regulated operations in the sharing of the costs taken from the
22 Service Company, a CAM which documents these allocations, is especially important. The
23 Staff was able to obtain the allocation of total Service Company costs through a series of data

1 requests and follow-up meetings with the Company. However, the Staff has concerns about
2 whether the AWW non-regulated entities are taking their fair share of Service Company costs.
3 If they are not, the result would mean that AWW-regulated entities, such as MAWC, are
4 paying a higher and unfair share of these costs. The Staff expresses these concerns here
5 because the Company has objected to many of its data requests about the AWW non-
6 regulated entities' operations, making it impossible for the Staff to determine whether the
7 amount of costs being assigned to these non-regulated entities was reasonable and proper
8 (please refer to the highlighted portion of Schedule 4 attached to this direct testimony), or
9 even if these affiliated transactions are being conducted at arms-length. The transactions
10 between AWR and MAWC described previously in this direct testimony clearly demonstrated
11 that the best interests of the non-regulated entity, AWR, were given a higher priority than the
12 best interests of the regulated utility.

13 Another CAM-related problem involves the way the Service Company costs are
14 distributed to AWW non-regulated entities. The Staff does not believe the Company's
15 allocation method distributes Service Company costs to its non-regulated entities in a fair and
16 consistent manner in comparison to AWW regulated entities. Given the fact that MAWC is
17 allocated the third largest amount of the Service Company costs, this is a significant concern
18 from the Staff's perspective.

19 Finally, decisions have been made to move customer service, accounting and finance
20 and information technology functions from the regulated utility operations to the unregulated
21 Service Company. This shift in resources and the unregulated affiliated cost allocations that
22 result, highlight the need for improvements to the CAM. Additionally, the Staff believes this
23 situation supports serious consideration of the promulgation of an affiliate transactions rule

1 that would apply to MAWC. Such a rule would be similar to the affiliate transactions rules
2 that apply to certain Missouri-regulated electric and gas utilities.

3 Q. What recommendations does the Staff propose in order to address these
4 concerns?

5 A. The Staff proposes three remedies to address the significant problems that
6 plague the Company's CAM and the Staff's ability to examine Service Company costs and
7 other affiliated transactions. As suggested previously, Staff's first recommendation is that the
8 Commission promulgate an affiliate transactions rule that would apply to MAWC, with that
9 rule being similar to the affiliate transactions rules that currently apply to certain Missouri-
10 regulated gas and electric utilities. While the Commission's current affiliate transactions rules
11 do not apply to water utilities operating in the state of Missouri, it is clear that AWW non-
12 regulated and regulated entities (i.e. MAWC) are participating in affiliated transactions and
13 are sharing common costs and services. Also, the situation that exists with AWR and MAWC
14 is another critical example of the need to have an affiliate transactions rule that would apply
15 to MAWC. The fact that AWW exerts its control over MAWC, the Service Company and
16 other entities such as AWR leads to transactions that may not be truly at arms-length. Given
17 these facts and circumstances, the Staff contends that promulgating an affiliate transactions
18 rule that would apply to MAWC is imperative and urges the Commission to do so.

19 The Staff's second recommendation involves requiring MAWC to develop a set of
20 continuing procedures to address the many significant changes in operations that occur with a
21 high degree of frequency. These continuing procedures would address how affiliated
22 transactions are to be conducted. Using the MAWC affiliated relationship with AWR as an
23 example, these procedures would outline items such as what services MAWC would provide,

1 how these services would be requested and how MAWC would be compensated for its
2 services.

3 The Staff's third recommendation centers on the reporting requirements of the CAM.
4 The CAM currently does not report costs or even the allocation factors used to distribute those
5 costs on an ongoing monthly basis. Therefore, the Staff has no way to track and make a
6 reasonable determination and assessment of these costs as to where they came from and
7 whether or not MAWC's allocated portion is reasonable. The Staff makes the following
8 reporting requirement recommendations for the CAM, which should be included in an annual
9 submittal to the Staff and Office of the Public Counsel.

10 The Company's CAM should clearly identify:

- 11 1. Total Service Company costs by month.
- 12 2. The allocation basis used to distribute those costs each month to all entities.
- 13 3. The costs borne by each and all entities taking service from the Service
14 Company by month.
- 15 4. The total Service Company costs by month identified by cost pool and the
16 corresponding allocation basis.
- 17 5. The Staff would also request that the Commission require the Company to
18 report the monthly allocated Service Company costs along with the monthly allocation
19 calculations broken down by Service Company function as shown below:

20 Shared Services Center

21 Belleville Labs

22 Call Center

23 Corporate

1 Regional Offices

2 ITS Haddon Heights, NJ

3 ITS Hershey, PA

4 ITS Richmond, IN

5 6. For each of these Service Company functions listed in item 5, the Company
6 should maintain a monthly expense detail report of the total Service Company expenses that
7 can be examined by the Staff to determine if the expenses being allocated are reasonable and
8 appropriate.

9 Q. Does this conclude your direct testimony?

10 A. Yes.

RATE CASE PROCEEDING PARTICIPATION

JOHN P. CASSIDY

<u>COMPANY</u>	<u>CASE NO.</u>
Missouri Cities Water Company Payroll and Related Pensions OPEBS General Insurance Expense Advertising Expense Miscellaneous Expenses Type of Testimony Filed: Direct and Surrebuttal	WR-91-172
St. Louis County Water Company Tank Painting Main Failures Residue Removal General Insurance Expense PSC Assessment Miscellaneous Expenses Type of Testimony Filed: Direct	WR-91-361
Southwestern Bell Telephone Company Advertising Expenses Promotional Giveaways Miscellaneous Expenses Type of Testimony Filed: Direct and Surrebuttal	TC-93-224

Laclede Gas Company

GR-94-220

Payroll and Payroll Taxes
Incentive Compensation
401 (K)
Dental and Vision Insurance
Data Processing

Type of Testimony Filed: Direct

Empire District Electric Company

ER-95-279

Revenues
Uncollectibles Expense
Municipal Franchise Taxes
Postage Expense
Emission Credits

Type of Testimony Filed: Direct

Imperial Utility Corporation

SC-96-247

Rate Base
Depreciation Reserve
Depreciation Expense
CIAC
Property Taxes
Property Insurance
Lab Testing Expense
Sludge Removal Expense

Type of Testimony Filed: Rebuttal

St. Louis County Water Company

WR-97-382

Payroll and Payroll Taxes
Employee Benefits
Employee Savings
Shared Employees

Type of Testimony Filed: Direct

Laclede Gas Company

GR-98-374

Payroll and Payroll Taxes
401 (K)
Health Care Costs
Pension Plan
Director's Pension Plan
Trustee Fees
SERP
Outside Consulting
Incentive Compensation
Advertising Expense

Type of Testimony Filed: Direct

United Water Missouri, Inc.

WR-99-326

Payroll and Payroll Taxes
401 (K)
Health Care Costs
Employee Relocation
Corporation Franchise Tax
Advertising Expense
Dues and Donations
Miscellaneous Expenses

Type of Testimony Filed: Direct

Union Electric Company

EC-2000-795

Injuries and Damages
Legal Expense
Environmental Expense

Type of Testimony Filed: Direct

Union Electric Company

GR-2000-512

Revenues
Uncollectibles Expense
Customer Deposits

Type of Testimony Filed: Direct

Laclede Gas Company

GR-2001-629

Revenues
Gross Receipts Tax
Gas Supply Incentive Plan
Gas Costs
Uncollectibles Expense
Non-Utility Operations

Type of Testimony Filed: Direct

Union Electric Company, d/b/a AmerenUE

EC-2002-01

Fuel Expense
Callaway Refueling
Legal Expense
Environmental Expense
Capacity Purchases
Midwest ISO
Payroll and Related
Incremental Overtime

Type of Testimony Filed: Direct and Surrebuttal

Union Electric Company, d/b/a AmerenUE

EC-2002-1025

Legal Expense
Environmental Expense
Midwest ISO

Type of Testimony Filed: Direct

Laclede Gas Company

GR-2002-356

Revenues
Gross Receipts Tax
Gas Supply Incentive Plan
Gas Costs
Uncollectibles Expense
Income Taxes

Type of Testimony Filed: Direct

Laclede Gas Company

GT-2003-0117

Financial Aspects

Type of Testimony Filed: Direct

Other Case Activity

<u>Utility Name</u>	<u>Description</u>	<u>Year</u>
Continental Telephone Company	Earnings Investigation	1990
Taney County Utilities Corporation	Informal Rate Case	1991
Union Electric Company	ACA, GR-91-131	1991
Imperial Utility Corporation	Informal Rate Case	1991-92
Cat-Pac Waterworks, Inc.	Informal Rate Case	1992
Port Perry Service Company	Informal Rate Case	1993
KMB Utility Corporation	Informal Rate Case	1993
Central Jefferson County Utilities	Informal Rate Case	1993
West Elm Place Corporation	Informal Rate Case	1993
Alltel Missouri Service Corporation	Earnings Investigation	1994
Cedar Hill Utility Company	Informal Rate Case	1994
M.P.B. Inc.	Informal Rate Case	1994
P.C.B. Inc.	Informal Rate Case	1994
Mill Creek Sewer Company	Informal Rate Case	1994
KMB Utility Corporation	Informal Rate Case	1995
Herculaneum Sewer Company	Informal Rate Case	1995
Central Jefferson County Utilities	Informal Rate Case	1995
KMB Utility Corporation	Informal Rate Case	1996-97
KMB Utility Corporation	Davis Receivership	1996-97
West Elm Place Corporation	Informal Rate Case	1997
Gladlo Water and Sewer Company	Informal Rate Case	1997
Central Jefferson County Utilities	Informal Rate Case	1997-98
West Elm Place Corporation	Property Tax Issue	1997-98
Eastern Missouri Utility Company	Informal Rate Case	1998
West Elm Place Corporation	Asset Sale	1998
Imperial Utility Corporation	Asset Sale	1998
Gladlo Water and Sewer Company	Informal Rate Case	1998
Hunter's Ridge Subdivision	WA-2000-142	1999

Missouri American Water Company	Certificate Cases	1999
AcquaSource Utilities	SM-2000-214	1999-2000
Missouri American Water Company	WR-2000-281	1999-2000
House Springs Sewer Company	SC-99-135	1999-2003
KMB Utility Corporation	EIERA Loan Audit	2000
L.W. Sewer Corporation	EIERA Loan Audit	2000
Missouri American Water Company	WA-2000-58	2000
Missouri American Water Company	WA-2000-59	2000
Missouri American Water Company	WA-2000-461	2000
Gladlo Water and Sewer Company	Informal Rate Case	2001
Union Electric Company	EC-2001-431, 2 nd Earp	2001
Argyle Estates Water System	Informal Rate Case	2001
South Jefferson County Utility Company	Informal Rate Case	2001
KMB Utilities / Davis Water	WM-2001-463, Sale Case	2001
Laclede Gas Company	AX-2002-203	2002
TBJ Sewer Systems	Informal Rate Case	2002
Mill Creek Sewer Company	Informal Rate Case	2002-03
KMB Utility Corporation	Informal Rate Case	2002-03
Cedar Hill Estates Water Company	Informal Rate Case	2002-03
KMB / Cedar Hill Estates Water	WM-2003-0194	2002-03
North Oak Sewer District	Informal Rate Case	2002-03

DATA INFORMATION REQUEST
Missouri American Water Company
CASE NO. WR-2003-0500

Requested From: Ed Grubb
Date Requested: 06/20/03
Information Requested:

1. Provide a current complete list of all regulated subsidiaries of American Water Works Company and when they were acquired or formed.
2. Provide a current complete list of all non-regulated subsidiaries of American Water Works Company and when they were acquired or formed.
3. Provide a current complete list of all regulated subsidiaries of Missouri American Water Company and when they were acquired or formed.
4. Provide a current complete list of all non-regulated subsidiaries of Missouri American Water Company and when they were acquired or formed.

Requested By: John Cassidy

Information Provided:

1. Please see the attached
2. Please see the attached
3. None
4. None

Hyperlink: [S0191R.pdf](#)

Signed By: 

Date Response Provided: 7/10/03

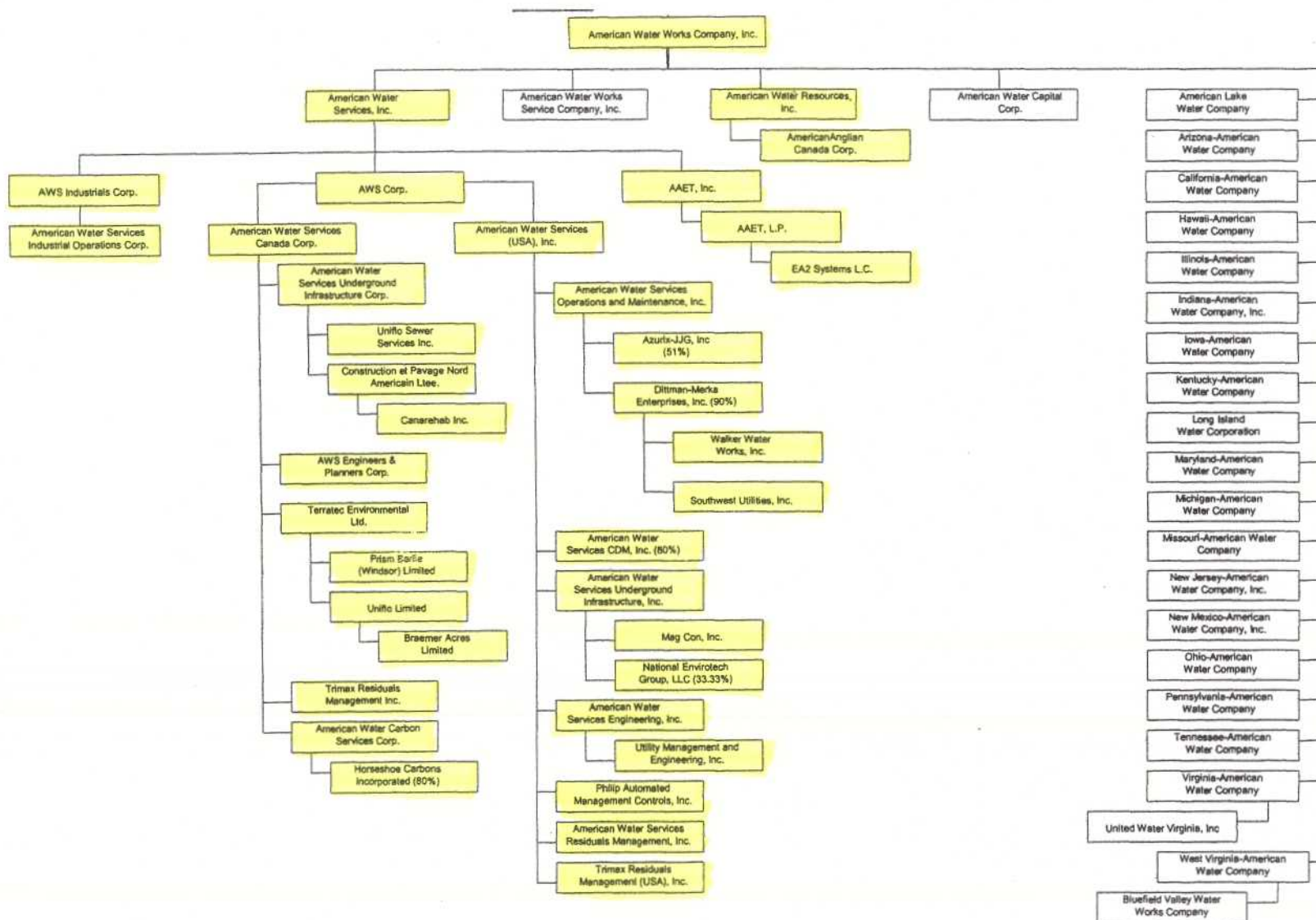
Prepared By: T. Mckitrick

American Water Regulated Subsidiaries

	<u>Date of Formation</u>
American Water Works Company, Inc.	
American Lake Water Company	March 25, 1994
Arizona-American Water Company	December 30, 1949
Bluefield Valley Water Works Company	January 20, 1916
California-American Water Company	December 7, 1965
Dittman-Merka Enterprises, Inc.	April 7, 1986
Hawaii-American Water Company	April 4, 1961
Illinois-American Water Company	August 15, 1916
Indiana-American Water Company, Inc.	July 8, 1885
Iowa-American Water Company	February 17, 1930
Kentucky-American Water Company	February 27, 1882
Long Island Water Corporation	May 4, 1925
Maryland-American Water Company	August 23, 1935
Michigan-American Water Company	February 27, 1961
Missouri-American Water Company	December 9, 1879
New Jersey-American Water Company, Inc.	December 23, 1987
New Mexico-American Water Company, Inc.	January 15, 1986
Ohio-American Water Company	November 23, 1923
Pennsylvania-American Water Company	July 15, 1904
Southwest Utilities, Inc.	December 15, 1981
Tennessee-American Water Company	March 11, 1868
United Water Virginia, Inc.	May 10, 1973
Virginia-American Water Company	March 22, 1850
Walker Water Works, Inc.	August 1, 1984
West Virginia-American Water Company	October 4, 1926

American Water Non-regulated Subsidiaries

	<u>Date of Formation</u>
American Water Works Company, Inc.	
American Water Works Service Company, Inc.	April 6, 1943
American Water Resources, Inc.	August 6, 1970
AmericanAnglian Canada Corp.	August 4, 1998
American Water Capital Corp.	May 11, 2000
American Water Services, Inc.	January 6, 1992
AWS Industrials Corp.	April 13, 2000
American Water Services Industrial Operations Corp.	February 20, 1981
AWS Corp.	April 27, 1999
American Water Services Canada Corp.	September 30, 1999
American Water Services Underground Infrastructure Corp.	December 31, 2000
Uniflo Sewer Services Inc.	January 4, 1984
Construction et Pavage Nord Americain Ltee.	February 29, 1996
Canarehab Inc.	April 9, 1996
AWS Engineers & Planners Corp.	October 1, 1997
Terratec Environmental Ltd.	December 30, 2000
Prism Berlie (Windsor) Limited	May 9, 1997
Uniflo Limited	August 22, 1997
Braemer Acres Limited	January 27, 1981
Trimax Residuals Management Inc.	December 19, 2000
American Water Carbon Services Corp.	January 15, 2001
Horseshoe Carbons Incorporated	June 1, 1999
American Water Services (USA), Inc.	July 26, 1995
American Water Services Operations and Maintenance, Inc.	April 10, 1996
Azurix-JJG, Inc.	December 22, 2000
American Water Services CDM, Inc.	May 14, 1996
American Water Services Underground Infrastructure, Inc.	November 1, 1994
Mag Con, Inc.	March 7, 1946
American Water Services Engineering, Inc.	June 24, 1998
Utility Management and Engineering, Inc.	March 3, 1995
Philip Automated Management Controls, Inc.	December 19, 1996
American Water Services Residuals Management, Inc.	September 30, 1997
Trimax Residuals Management (USA), Inc.	March 10, 1998
AAET, Inc.	August 27, 1993
AAET, L.P.	September 21, 1993
EA2 Systems L.C.	December 6, 1994





Missouri-American Water Company

535 North New Ballas Road St. Louis, Missouri 63141

An American Water System Company

Robert Schallenberg
1911 N Circle Dr
Jeferson Cty MO 65109-1207



Dear Robert Schallenberg:

From one homeowner to another, I'm asking you to please take a few minutes now to learn about a simple program that can save you thousands of dollars and many sleepless nights.

Costs for repairing your water line could amount to thousands of dollars.

You may not realize it, but as a homeowner, you own the water line that runs through your property between the street and your home. At any time, normal wear and tear can cause your water line to leak or break, as shown on the enclosed diagram. You can't prevent it. You can't predict it. And, worst of all, most homeowner insurance policies do not cover repairing it, so you'll have to pay for it.

For just pennies a day, you can be protected from unexpected worries and costs.

In cooperation with our affiliate, American Water Resources, Inc., Missouri-American Water Company is pleased to introduce a special Water Line Protection Program to cover these unexpected costs and provide you with peace of mind. This also means that you won't have to spend hours searching for a qualified repair contractor — you can leave that up to the experts.

When you consider all the advantages, I'm sure you'll agree that this Program is one of the best opportunities available to you as a homeowner.

- Save thousands of dollars in unexpected repairs for just pennies a day (\$4 a month)
- Enjoy peace-of-mind protection from the most experienced water resource manager in the country
- Eliminate the hassles of searching for a qualified repair contractor

We are pleased to make the protection you need and the peace of mind you deserve available to you while continuing to deliver the quality service you depend on from Missouri-American.

Please carefully read the Program terms and conditions on the back of this letter, and keep this information for future reference. Take advantage of this "Special Introductory Offer" and for just pennies a day, I'm sure you will agree that the Water Line Protection Program is a good value. So, I encourage you to complete the enclosed enrollment form today. For only \$4 a month, you will be protected from the expense and worry that a broken water line can cause.

Sincerely,

Eric W. Thornburg
President

P.S. For just pennies a day, you can save thousands of dollars and countless hours of worry and hassle.

Schedule 5-1

0005192-48

AWRLTR0103

AMERICAN WATER RESOURCES, INC.

American Water Resources, Inc. an affiliate of Missouri-American Water Company is dedicated to offering products and services that enhance those services currently offered by Your regulated water provider.

WATER LINE PROTECTION PROGRAM

This agreement is between American Water Resources, Inc. and You, a participant in the Water Line Protection Program, hereinafter referred to as the Contract or the Program. Please read the Contract and retain it for Your records.

THIS AGREEMENT COVERS

American Water Resources, Inc.'s Water Line Protection Program will cover the cost for repair of Your Customer-Owned Water Line should You have a water leak caused by normal wear and tear.

DEFINITIONS

"Administrator" means American Water Resources, Inc., 1410 Discovery Parkway, Alton, Illinois 62002. Toll Free 1-888-758-8931.

"Confirmation Letter" means the acknowledgement letter You will receive from Us following enrollment outlining Your Program specifications. The Confirmation Letter will include the following information:

Your Name
Your Covered Address
Your Customer Number
Your Program Effective Date
Your Program Term

"Customer-Owned Water Line" means the section of the single water supply line You own that runs from Your home to the connection owned by Missouri-American Water Company, Inc. It does not include any connections/ extensions such as water lines to sprinklers and/or agricultural meters.

- If the meter is located inside Your home, it is the section of the water supply line from the shut-off valve to the inlet side of the meter.
- If the meter is located outside Your home, it is the section of the water supply line from the outlet side of the meter to the shut-off valve inside Your home.

"Effective Date" means the date protection begins under the Program, which is thirty (30) days after Your Enrollment Date. Your Program Effective Date is listed on Your Confirmation Letter.

"Enrollment Date" means the date Your enrollment form is received, processed and confirmed by Us.

"Lapse of Coverage" means We requested payment from You for an additional Term or Your periodic Program fee and We did not receive Your full payment within thirty (30) days from the date said payment was due. The Program will lapse without notice.

"Program" means American Water Resources, Inc.'s Water Line Protection Program.

"Term" means the period of time, from the Program Effective Date, Your Program will be in effect. The Program Term is annual [three hundred sixty five (365) days] unless it is terminated or cancelled sooner as provided herein. Your Program Term is listed on Your Confirmation Letter.

"We", "Us" and "Our" mean the Administrator.

"You" and "Your" mean a residential customer and customer of record of Missouri-American Water Company, the homeowner of a single-family residence and the purchaser of this Program.

ELIGIBILITY FOR PROTECTION

You must be a residential customer, customer of record of Missouri-American Water Company and owner of the residence to which the Customer-Owned Water Line is attached. The Customer-Owned Water Line must be free of leaks and in working order prior to Your Enrollment Date in the Program. **Homeowners in multi-unit dwellings such as condominiums, town homes, duplexes and apartment houses are not eligible for the Program.**

PERIOD OF PROTECTION

Program Protection initiates thirty (30) days after Your Enrollment Date. Your protection will continue for the Term listed on Your Confirmation Letter. Your Program Term can automatically be extended provided You make timely payments to Us at the then-current annual Program fee. If You purchase additional Terms without a Lapse of Coverage, Your protection will remain the Program Effective Date listed on Your Confirmation Letter. If the Program lapses as outlined under "Lapse of Coverage," You may re-enroll in the Program at any time subject to a new Enrollment Date and Effective Date.

LIMIT OF PROTECTION

The maximum amount We will pay for any covered repair under the Program is \$3,000 per occurrence. Before the line is repaired, if a permit is required, We will obtain proper permitting before work will commence. We will provide basic site restoration to the repair area once the repair work is completed. Site restoration is limited to filling in, raking and reseeding one time only. All repairs to Your Customer-Owned Water Line will comply with local water code requirements. Any subsequent repair made within 60 days of a prior covered repair will be considered as a part of that prior covered repair and limited to the \$3,000 per occurrence limit. If a permit was acquired to commence work on covered water lines and requires a sidewalk, located in a public easement, to be repaired, the Program will provide repair of said sidewalk up to \$500. Cost to repair sidewalks applies toward the Program \$3,000 maximum. You will not, unless at Your own expense, engage a contractor or otherwise incur costs to repair the Customer-Owned Water Line on Our behalf. You may neither transfer the Program to a new owner of the covered property nor transfer the Program to a different residence owned by You.

THIS AGREEMENT DOES NOT COVER

- Damage to Customer-Owned Water Line incurred or existing prior to the Program Enrollment Date.
- Damage to Customer-Owned Water Line caused by the actions or negligence of You or third parties.
- Damage to Customer-Owned Water Line caused by natural disasters, or acts of nature, including, but not limited to, earthquakes, floods, landslides or sinkholes or any other insurable cause.
- Any consequential, incidental or special damages You incur including lost water, regardless of whether they are caused by delays, failure to service or for conditions beyond the control of the Administrator.
- Restoration of trees, shrubs, paved surfaces, or structures, for any reason.
- Any damage to finished or unfinished walls or surfaces inside Your home necessary to access and repair Your Customer-Owned Water Line.
- Leak repairs to any interior pipes beyond the shut-off valve inside Your home.
- Restoration of sidewalks not located in public easement. Also, restoration of sidewalks located in public easements but not required on the permit.
- Removal of debris necessary to access and repair Your Customer-Owned Water Line, including but not limited to old cars, trash, storage, rocks or materials.
- Movement of the meter at the time of repair, unless required by local code.
- Coverage for multi-unit housing including, but not limited to, town homes, condominiums, duplexes and apartment houses; and any facility used for commercial purposes.
- Updating non-leaking pipes to meet code, law or ordinance requirements or changes thereto.
- Movement of working pipes and/or lines.

YOUR RESPONSIBILITIES

If You suspect there is a water leak, call the toll-free number shown on Your water bill from Missouri-American Water Company who will investigate the source of the problem. In the event Missouri-American determines that the leak is to Your Customer-Owned Water Line, then You must contact Us at toll free 1-888-758-8931 to request a repair. We will arrange to have an approved, independent contractor call You to set up a time to come out to Your home. The contractor will contact You within 12 hours for emergency service, or by 5:00 pm the next business day for all other service, to arrange for repair of Your Customer-Owned Water Line.

If a permit was acquired that requires repair to sidewalks located in public easements, and the cost to repair exceeds the Program maximum of \$500, it is Your responsibility to pay any additional costs. If repair cost to the Customer-Owned Water Line exceeds the Program maximum of \$3,000, it is Your responsibility to pay any additional costs. Any costs in excess of the Program maximum will be stated to You before work is performed and We will send You an invoice for all expenses over any Program maximum. Beyond the previously outlined exceptions, You will not be charged any deductible or service call fees in conjunction with a covered repair. It is Your responsibility to secure permission (right-of-way) associated with gaining access to repair Your Customer-Owned Water Line that may pass through property that You do not own.

ADMINISTRATOR'S RIGHTS

We reserve the right to change Your Program fee and/or the Program terms and conditions with thirty (30) days written notice to You. We reserve the right to transfer or assign Your Program contract. You grant Us the right to obtain customer of record information from Missouri-American Water Company limited to Your name, address and any other pertinent information. This information will not be sold to any outside marketing companies.

CANCELLATION

You may cancel this Program at any time by mailing a cancellation request to American Water Resources, Inc., Attention: Water Line Protection Administrator, 1410 Discovery Parkway, Alton, Illinois 62002. If You cancel, the effective date of cancellation is the date We receive Your notice. You have thirty (30) days from Your Enrollment Date to cancel and receive a full refund of any payments made. Coverage will terminate for non-payment, without notice, thirty (30) days from the date payment was due. If Your Program protection has been cancelled due to non-payment, You may re-enroll in the Program with a new Enrollment Date and new Effective Date. We reserve the right to cancel the Program at any time upon ninety (90) days notice to You. Any refund as a result of the cancellation of the contract by either You or Us, will be determined on a prorated basis less the cost of any service performed under the Program. If You are owed a refund, it will be processed via the enrollment payment method You chose to join the Program.

PAYMENT ARRANGEMENTS

You may make payment for this Program by check. In the event that Your check is returned for Non-Sufficient Funds, Your status in the Program will be terminated as of your Enrollment Date without notice.

You may make payment for this Program by authorizing a charge to Your credit card account (Visa/MasterCard only). The charge to Your credit card account will be for a full year's participation in the Program. If Your credit card charge is not valid for any reason, Your status in the Program will be terminated as of your Enrollment Date without notice. In the event of Cancellation as provided above, the refund described in the Cancellation paragraph will be credited to Your credit card account.

TAXES

American Water Resources, Inc. will collect any and all appropriate taxes if required by the local municipal government (s), county government or the State of Missouri. These taxes will be collected at the time of payment. This Program is not currently taxed in the State of Missouri.

LIMITATION OF LIABILITY

In the event that Your property is not eligible for coverage under the terms and conditions of the Program, our only obligation is to refund any payments made by You to Us. Once we have paid You this refund, the Program will be voided as of Your Enrollment Date. The liability of the Administrator, its affiliated companies, its officers, employees, contractors and/or agents to You, or to any other third party or person, for damages resulting from the provision of, or failure to provide services under this Program, or as the result of any fault, failure, defect or deficiency in any service, labor, material, work or product furnished in connection with this Program shall be limited to an amount not to exceed \$3,000. In no event, however, shall the Administrator, its affiliated companies, its employees, agents and contractors have any liability for special, indirect, incidental, consequential or punitive damages resulting from the provision of or failure to provide service under this Program, or from any fault, failure, defect or deficiency in any service, labor, material, work or product furnished in connection with this Program. These limitations of and exclusions from liability shall apply regardless of the nature of the claim or the remedy sought.

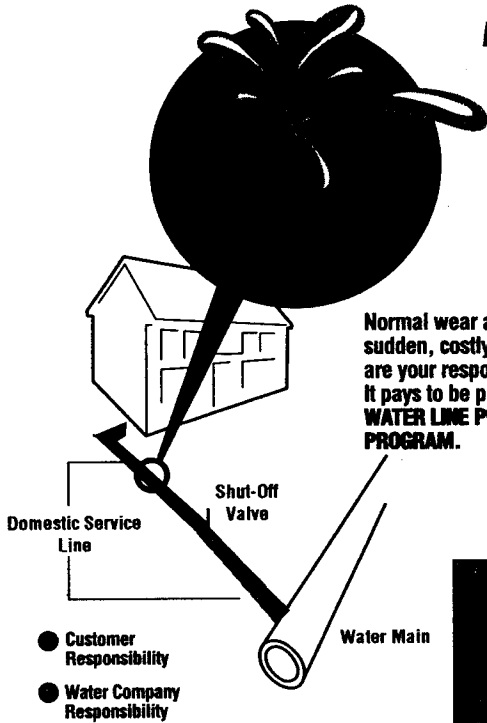
THE WATER LINE PROTECTION PROGRAM IS NOT AN INSURANCE CONTRACT OR POLICY. THE PROGRAM PROVIDES FOR THE REPAIR OF LEAKS TO YOUR CUSTOMER-OWNED WATER LINE DUE TO NORMAL WEAR AND TEAR. THIS CONTRACT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN AMERICAN WATER RESOURCES, INC. AND YOU, AND THERE ARE NO OTHER PROMISES OR CONDITIONS IN ANY OTHER AGREEMENT WHETHER WRITTEN OR ORAL.

American Water Resources, Inc.
Water Line Protection Program
1410 Discovery Parkway, Alton, IL 62002
Toll Free 1-888-758-8931

Schedule 5-2

☐ **YES! I want protection and peace of mind.**
Enroll me in the **WATER LINE PROTECTION PROGRAM** today.

**Special
Introductory
Offer**



Normal wear and tear can cause sudden, costly water leaks that are your responsibility to repair. It pays to be protected by the **WATER LINE PROTECTION PROGRAM**.



90300876 MO48033C

IMMEDIATE ACTION FORM

MO48033C

Homeowner's Name: Robert Schallenberg

SERVICE ADDRESS: PROGRAM NOT AVAILABLE TO MULTI-UNIT DWELLERS AND RENTERS

Street: 1911 N Circle Dr

City: Jeferson Cty

State: MO

Zip: 65109-1207

Reference Number: 90300876

MAILING ADDRESS

Street: 1911 N Circle Dr

City: Jeferson Cty

State: MO

Zip: 65109-1207

CONTACT INFORMATION

Home Phone:

Work Phone:

E-mail:

PAYMENT OPTIONS

☐ **I PREFER TO PAY BY CREDIT CARD**

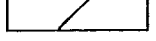
I authorize American Water Resources, Inc. to charge the amount of \$48.00 to my credit card:

☐ VISA®

☐ MasterCard®



Expires:



Account#



Signature

(required if using credit card)

Date

☐ **I WISH TO PAY BY CHECK**

I've enclosed a check or money order in the amount of \$48.00 made payable to **American Water Resources, Inc.** in the enclosed postage-paid envelope.

By signing this enrollment form you agree to all terms and conditions of the WATER LINE PROTECTION PROGRAM as outlined on the back of the letter. Confirmation of enrollment will be sent to the above mailing address. Coverage begins 30 days after enrollment form is received and confirmed by American Water Resources, Inc. The expiration date for this introductory offer is 9/30/03. After 9/30/03 call 1-888-758-8931 for current offer.

X Signature:

Date:



Missouri-American Water Company
535 North New Ballas Road St. Louis, MO 63141

WE SUPPORT  AMERICA

PRSR STD
U.S. POSTAGE
PAID
American Water
Resources

From: 



**PRIORITY
PROCESSING**

BUSINESS REPLY MAIL

FIRST-CLASS MAIL PERMIT NO 541 ALTON IL

POSTAGE WILL BE PAID BY ADDRESSEE

AMERICAN WATER RESOURCES INC
1410 DISCOVERY PARKWAY
ALTON IL 62002-9952

NO POSTAGE
NECESSARY
IF MAILED
IN THE
UNITED STATES



Schedule 5-4





Missouri-American Water Company

535 North New Ballas Road St. Louis, Missouri 63141

Robert Schallenberg
1911 N Circle Dr
Jefferson City MO 65109-1207



Dear Robert Schallenberg:

Recently you received a letter from us describing the Water Line Protection Program being offered by our affiliate, American Water Resources, Inc. In a short amount of time the Program has grown rapidly and thousands of our customers have enrolled to take advantage of this unique offer. Please take a few minutes now to revisit how the Program can save you thousands of dollars and many sleepless nights - your peace of mind is worth it.

Costs for repairing your water line could amount to thousands of dollars.

You may not realize it, but as a homeowner, you own the water line that runs through your property between the street and your home. At any time, normal wear and tear can cause your water line to leak or break, as shown on the enclosed diagram. You can't prevent it. You can't predict it. And, worst of all, most homeowner insurance policies do not cover repairing it, so you'll have to pay for it.

For just pennies a day, you can be protected from unexpected worries and costs.

In cooperation with our affiliate, American Water Resources, Inc., the Missouri-American Water Company is pleased to introduce a special Water Line Protection Program to cover these unexpected costs and provide you with peace of mind. This also means that you won't have to spend hours searching for a qualified repair contractor — you can leave that up to the experts.

When you consider all the advantages, I'm sure you'll agree that this Program is one of the best opportunities available to you as a homeowner.

- Save thousands of dollars in unexpected repairs for just pennies a day (\$4 a month)
- Enjoy peace-of-mind protection from the most experienced water resource manager in the country
- Eliminate the hassles of searching for a qualified repair contractor

We are pleased to make the protection you need and the peace of mind you deserve available to you while continuing to deliver the quality service you depend on from Missouri-American.

Please carefully read the Program terms and conditions on the back of this letter, and keep this information for future reference. For just pennies a day, I'm sure you will agree that the Water Line Protection Program is a good value. So, I encourage you to complete the enclosed enrollment form today. For only \$4 a month, join the thousands of other homeowners that are protected from the expense and worry that a broken water line can cause.

Sincerely,

Eric W. Thornburg
President

P.S. For just pennies a day, you can save thousands of dollars and countless hours of worry and hassle.

AMERICAN WATER RESOURCES, INC.

American Water Resources, Inc. an affiliate of Missouri-American Water Company is dedicated to offering products and services that enhance those services currently offered by Your regulated water provider.

WATER LINE PROTECTION PROGRAM

This agreement is between American Water Resources, Inc. and You, a participant in the Water Line Protection Program, hereinafter referred to as the Contract or the Program. Please read the Contract and retain it for Your records.

THIS AGREEMENT COVERS

American Water Resources, Inc.'s Water Line Protection Program will cover the cost for repair of Your Customer-Owned Water Line should You have a water leak caused by normal wear and tear.

DEFINITIONS

"Administrator" means American Water Resources, Inc., 1410 Discovery Parkway, Alton, Illinois 62002. Toll Free 1-866-430-0819.

"Confirmation Letter" means the acknowledgement letter You will receive from Us following enrollment outlining Your Program specifications. The Confirmation Letter will include the following information:

Your Name

Your Covered Address

Your Customer Number

Your Program Effective Date

Your Program Term

"Customer-Owned Water Line" means the section of the single water supply line You own that runs from Your home to the connection owned by Missouri-American Water Company, Inc. It does not include any connections/extensions such as water lines to sprinklers and/or agricultural meters.

- If the meter is located inside Your home, it is the section of the water supply line from the shut-off valve to the inlet side of the meter.

- If the meter is located outside Your home, it is the section of the water supply line from the outlet side of the meter to the shut-off valve inside Your home.

"Effective Date" means the date protection begins under the Program, which is thirty (30) days after Your Enrollment Date. Your Program Effective Date is listed on Your Confirmation Letter.

"Enrollment Date" means the date Your enrollment form is received, processed and confirmed by Us.

"Lapse of Coverage" means We requested payment from You for an additional Term or Your periodic Program fee and We did not receive Your full payment within thirty (30) days from the date said payment was due. The Program will lapse without notice.

"Program" means American Water Resources, Inc.'s Water Line Protection Program.

"Term" means the period of time, from the Program Effective Date, Your Program will be in effect. The Program Term is annual (three hundred sixty five (365) days) unless it is terminated or cancelled sooner as provided herein. Your Program Term is listed on Your Confirmation Letter.

"We," "Us" and "Our" mean the Administrator.

"You" and "Your" mean a residential customer and customer of record of Missouri-American Water Company, the homeowner of a single-family residence and the purchaser of this Program.

ELIGIBILITY FOR PROTECTION

You must be a residential customer, customer of record of Missouri-American Water Company and owner of the residence to which the Customer-Owned Water Line is attached. The Customer-Owned Water Line must be free of leaks and in working order prior to Your Enrollment Date in the Program. Homeowners in multi-unit dwellings such as condominiums, town homes, duplexes and apartment houses are not eligible for the Program.

PERIOD OF PROTECTION

Program Protection initiates thirty (30) days after Your Enrollment Date. Your protection will continue for the Term listed on Your Confirmation Letter. Your Program Term can automatically be extended provided You make timely payments to Us at the then-current annual Program fee. If You purchase additional Terms without a Lapse of Coverage, Your protection will remain the Program Effective Date listed on Your Confirmation Letter. If the Program lapses as outlined under "Lapse of Coverage," You may re-enroll in the Program at any time subject to a new Enrollment Date and Effective Date.

LIMIT OF PROTECTION

The maximum amount We will pay for any covered repair under the Program is \$3,000 per occurrence. Before the line is repaired, if a permit is required, We will obtain proper permitting before work will commence. We will provide basic site restoration to the repair area once the repair work is completed. Site restoration is limited to filling in, raking and reseeding one time only. All repairs to Your Customer-Owned Water Line will comply with local water code requirements. Any subsequent repair made within 60 days of a prior covered repair will be considered as a part of that prior covered repair and limited to the \$3,000 per occurrence limit. If a permit was acquired to commence work on covered water lines and requires a sidewalk, located in a public easement, to be repaired, the Program will provide repair of said sidewalk up to \$500. Cost to repair sidewalks applies toward the Program \$3,000 maximum. You will not, unless at Your own expense, engage a contractor or otherwise incur costs to repair the Customer-Owned Water Line on Our behalf. You may neither transfer the Program to a new owner of the covered property nor transfer the Program to a different residence owned by You.

THIS AGREEMENT DOES NOT COVER

- Damage to Customer-Owned Water Line incurred or existing prior to the Program Enrollment Date.
- Damage to Customer-Owned Water Line caused by the actions or negligence of You or third parties.
- Damage to Customer-Owned Water Line caused by natural disasters, or acts of nature, including, but not limited to, earthquakes, floods, landslides or sinkholes or any other insurable cause.
- Any consequential, incidental or special damages You incur including lost water, regardless of whether they are caused by delays, failure to service or for conditions beyond the control of the Administrator.
- Restoration of trees, shrubs, paved surfaces, or structures, for any reason.
- Any damage to finished or unfinished walls or surfaces inside Your home necessary to access and repair Your Customer-Owned Water Line.
- Leak repairs to any interior pipes beyond the shut-off valve inside Your home.
- Restoration of sidewalks not located in public easement. Also, restoration of sidewalks located in public easements but not required on the permit.
- Removal of debris necessary to access and repair Your Customer-Owned Water Line, including but not limited to old cars, trash, storage, rocks or materials.
- Movement of the meter at the time of repair, unless required by local code.
- Coverage for multi-unit housing including, but not limited to, town homes, condominiums, duplexes and apartment houses; and any facility used for commercial purposes.
- Updating non-leaking pipes to meet code, law or ordinance requirements or changes thereto.
- Movement of working pipes and/or lines.

YOUR RESPONSIBILITIES

If You suspect there is a water leak, call the toll-free number shown on Your water bill from Missouri-American Water Company who will investigate the source of the problem. In the event Missouri-American determines that the leak is to Your Customer-Owned Water Line, We will arrange to have an approved, independent contractor call You to set up a time to come out to Your home. The contractor will contact You within 12 hours for emergency service, or by 5:00 pm the next business day for all other service, to arrange for repair of Your Customer-Owned Water Line.

If a permit was acquired that requires repair to sidewalks located in public easements, and the cost to repair exceeds the Program maximum of \$500, it is Your responsibility to pay any additional costs. If repair cost to the Customer-Owned Water Line exceeds the Program maximum of \$3,000, it is Your responsibility to pay any additional costs. Any costs in excess of the Program maximum will be stated to You before work is performed and We will send You an invoice for all expenses over any Program maximum. Beyond the previously outlined exceptions, You will not be charged any deductible or service call fees in conjunction with a covered repair. It is Your responsibility to secure permission (right-of-way) associated with gaining access to repair Your Customer-Owned Water Line that may pass through property that You do not own.

ADMINISTRATOR'S RIGHTS

We reserve the right to change Your Program fee and/or the Program terms and conditions with thirty (30) days written notice to You. We reserve the right to transfer or assign Your Program contract. You grant Us the right to obtain customer of record information from Missouri-American Water Company limited to Your name, address and any other pertinent information. This information will not be sold to any outside marketing companies.

CANCELLATION

You may cancel this Program at any time by mailing a cancellation request to American Water Resources, Inc., Attention: Water Line Protection Administrator, 1410 Discovery Parkway, Alton, Illinois 62002. If You cancel, the effective date of cancellation is the date We receive Your notice. You have thirty (30) days from Your Enrollment Date to cancel and receive a full refund of any payments made. Your Program participation will be subject to cancellation without notice once You are thirty (30) days past due on any payment for the Program. If Your Program protection has been cancelled due to non-payment, You may re-enroll in the Program with a new Enrollment Date and new Effective Date. We reserve the right to cancel the Program at any time upon ninety (90) days notice to You. Any refund as a result of the cancellation of the contract by either You or Us, will be determined on a prorated basis less the cost of any service performed under the Program. If You are owed a refund, it will be processed via the enrollment payment method You chose to join the Program.

PAYMENT ARRANGEMENTS

You may make payment for this Program by check. In the event that Your check is returned for Non-Sufficient Funds, Your status in the Program will be terminated as of your Enrollment Date without notice.

You may make payment for this Program by authorizing a charge to Your credit card account (Visa/MasterCard only). The charge to Your credit card account will be for a full year's participation in the Program. If Your credit card charge is not valid for any reason, Your status in the Program will be terminated as of your Enrollment Date without notice. In the event of Cancellation as provided above, the refund described in the Cancellation paragraph will be credited to Your credit card account.

Your Program participation will be subject to cancellation without notice once You are thirty (30) days past due on any payment for the Program.

TAXES

American Water Resources, Inc. will collect any and all appropriate taxes if required by the local municipal government (s), county government or the State of Missouri. These taxes will be collected at the time of payment. This Program is not currently taxed in the State of Missouri.

LIMITATION OF LIABILITY

In the event that Your property is not eligible for coverage under the terms and conditions of the Program, our only obligation is to refund any payments made by You to Us. Once we have paid You this refund, the Program will be voided as of Your Enrollment Date. The liability of the Administrator, its affiliated companies, its officers, employees, contractors and/or agents to You, or to any other third party or person, for damages resulting from the provision of, or failure to provide services under this Program, or as the result of any fault, failure, defect or deficiency in any service, labor, material, work or product furnished in connection with this Program shall be limited to an amount not to exceed \$3,000. In no event, however, shall the Administrator, its affiliated companies, its employees, agents and contractors have any liability for special, indirect, incidental, consequential or punitive damages resulting from the provision of or failure to provide service under this Program, or from any fault, failure, defect or deficiency in any service, labor, material, work or product furnished in connection with this Program. These limitations of and exclusions from liability shall apply regardless of the nature of the claim or the remedy sought.

THE WATER LINE PROTECTION PROGRAM IS NOT AN INSURANCE CONTRACT OR POLICY. THE PROGRAM PROVIDES FOR THE REPAIR OF LEAKS TO YOUR CUSTOMER-OWNED WATER LINE DUE TO NORMAL WEAR AND TEAR. THIS CONTRACT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN AMERICAN WATER RESOURCES, INC. AND YOU, AND THERE ARE NO OTHER PROMISES OR CONDITIONS IN ANY OTHER AGREEMENT WHETHER WRITTEN OR ORAL.

American Water Resources, Inc.
Water Line Protection Program
1410 Discovery Parkway, Alton, IL 62002
Toll Free 1-866-430-0819

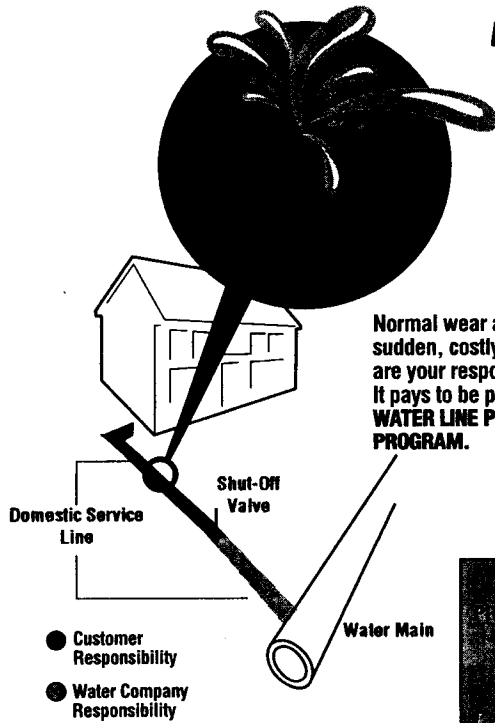
MO0603TC

01-mmm0965-48

Schedule 5-6

☐ **YES! I want protection and peace of mind.**
Enroll me in the **WATER LINE PROTECTION PROGRAM** today.

**Special
Introductory
Offer**



Normal wear and tear can cause sudden, costly water leaks that are your responsibility to repair. It pays to be protected by the **WATER LINE PROTECTION PROGRAM**.



1003836 MO48083R

IMMEDIATE ACTION FORM

MO480831

Homeowner's Name: Robert Schallenberg

SERVICE ADDRESS: PROGRAM NOT AVAILABLE TO MULTI-UNIT DWELLERS AND RENTERS

Street: 1911 N Circle Dr

City: Jefferson City

State: MO

Zip: 65109

Reference Number: 1003836

MAILING ADDRESS

Street: 1911 N Circle Dr

City: Jefferson City

State: MO

Zip: 65109-1207

CONTACT INFORMATION

Home Phone:

Work Phone:

E-mail:

PAYMENT OPTIONS

☐ I PREFER TO PAY BY CREDIT CARD

I authorize American Water Resources, Inc. to charge the amount of \$48.00 to my credit card:

☐ VISA®

☐ MasterCard®



Expires:

Account#

Signature

Date

(required if using credit card)

☐ I WISH TO PAY BY CHECK

I've enclosed a check or money order in the amount of \$48.00 made payable to American Water Resources, Inc. in the enclosed postage-paid envelope.

By signing this enrollment form you agree to all terms and conditions of the WATER LINE PROTECTION PROGRAM outlined on the back of the letter. Confirmation of enrollment will be sent to the above mailing address. Coverage begins 30 days after enrollment form is received and confirmed by American Water Resources, Inc. The expiration date for introductory offer is 11/30/03. After 11/30/03 call 1-866-430-0819 for current offer.

X Signature:

Date:



Missouri-American Water Company

535 North New Ballas Road St. Louis, MO 63141

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Resources

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1410 DISCOVERY PARKWAY
ALTON IL 62002-9952**



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NECESSARY
IF MAILED
IN THE
UNITED STATES



Schedule 5-8



Missouri-American Water Company

535 North New Ballas Road St. Louis, Missouri 63141

An American Water System Company

Robert Schallenberg
1911 N Circle Dr
Jefferson City MO 65109-1207



Dear Robert Schallenberg:

Recently you received a letter from us describing the Water Line Protection Program being offered by our affiliate, American Water Resources, Inc. In a short amount of time the Program has grown rapidly and thousands of our customers have enrolled to take advantage of this unique offer. Please take a few minutes now to revisit how the Program can save you thousands of dollars and many sleepless nights - your peace of mind is worth it.

Costs for repairing your water line could amount to thousands of dollars.

You may not realize it, but as a homeowner, you own the water line that runs through your property between the street and your home. At any time, normal wear and tear can cause your water line to leak or break, as shown on the enclosed diagram. You can't prevent it. You can't predict it. And, worst of all, most homeowner insurance policies do not cover repairing it, so you'll have to pay for it.

For just pennies a day, you can be protected from unexpected worries and costs.

In cooperation with our affiliate, American Water Resources, Inc., the Missouri-American Water Company is pleased to introduce a special Water Line Protection Program to cover these unexpected costs and provide you with peace of mind. This also means that you won't have to spend hours searching for a qualified repair contractor — you can leave that up to the experts.

When you consider all the advantages, I'm sure you'll agree that this Program is one of the best opportunities available to you as a homeowner.

- Save thousands of dollars in unexpected repairs for just pennies a day (\$4 a month)
- Enjoy peace-of-mind protection from the most experienced water resource manager in the country
- Eliminate the hassles of searching for a qualified repair contractor

We are pleased to make the protection you need and the peace of mind you deserve available to you while continuing to deliver the quality service you depend on from Missouri-American.

Please carefully read the Program terms and conditions on the back of this letter, and keep this information for future reference. For just pennies a day, I'm sure you will agree that the Water Line Protection Program is a good value. So, I encourage you to complete the enclosed enrollment form today. For only \$4 a month, join the thousands of other homeowners that are protected from the expense and worry that a broken water line can cause.

Sincerely,

Eric W. Thornburg
President

P.S. For just pennies a day, you can save thousands of dollars and countless hours of worry and hassle.

01-0004058-48

AWRLTR0103

AMERICAN WATER RESOURCES, INC.

American Water Resources, Inc. an affiliate of Missouri-American Water Company is dedicated to offering products and services that enhance those services currently offered by Your regulated water provider.

WATER LINE PROTECTION PROGRAM

This agreement is between American Water Resources, Inc. and You, a participant in the Water Line Protection Program, hereinafter referred to as the Contract or the Program. Please read the Contract and retain it for Your records.

THIS AGREEMENT COVERS

American Water Resources, Inc.'s Water Line Protection Program will cover the cost for repair of Your Customer-Owned Water Line should You have a water leak caused by normal wear and tear.

DEFINITIONS

"Administrator" means American Water Resources, Inc., 1410 Discovery Parkway, Alton, Illinois 62002. Toll Free 1-866-430-0819.

"Confirmation Letter" means the acknowledgement letter You will receive from Us following enrollment outlining Your Program specifications. The Confirmation Letter will include the following information:

Your Name

Your Covered Address

Your Customer Number

Your Program Effective Date

Your Program Term

"Customer-Owned Water Line" means the section of the single water supply line You own that runs from Your home to the connection owned by Missouri-American Water Company, Inc. It does not include any connections/ extensions such as water lines to sprinklers and/or agricultural meters.

- If the meter is located inside Your home, it is the section of the water supply line from the shut-off valve to the inlet side of the meter.

- If the meter is located outside Your home, it is the section of the water supply line from the outlet side of the meter to the shut-off valve inside Your home.

"Effective Date" means the date protection begins under the Program, which is thirty (30) days after Your Enrollment Date. Your Program Effective Date is listed on Your Confirmation Letter.

"Enrollment Date" means the date Your enrollment form is received, processed and confirmed by Us.

"Lapse of Coverage" means We requested payment from You for an additional Term or Your periodic Program fee and We did not receive Your full payment within thirty (30) days from the date said payment was due. The Program will lapse without notice.

"Program" means American Water Resources, Inc.'s Water Line Protection Program.

"Term" means the period of time, from the Program Effective Date, Your Program will be in effect. The Program Term is annual [three hundred sixty five (365) days] unless it is terminated or cancelled sooner as provided herein. Your Program Term is listed on Your Confirmation Letter.

"We", "Us" and "Our" mean the Administrator.

"You" and "Your" mean a residential customer and customer of record of Missouri-American Water Company, the homeowner of a single-family residence and the purchaser of this Program.

ELIGIBILITY FOR PROTECTION

You must be a residential customer, customer of record of Missouri-American Water Company and owner of the residence to which the Customer-Owned Water Line is attached. The Customer-Owned Water Line must be free of leaks and in working order prior to Your Enrollment Date in the Program. Homeowners in multi-unit dwellings such as condominiums, town homes, duplexes and apartment houses are not eligible for the Program.

PERIOD OF PROTECTION

Program Protection initiates thirty (30) days after Your Enrollment Date. Your protection will continue for the Term listed on Your Confirmation Letter. Your Program Term can automatically be extended provided You make timely payments to Us at the then-current annual Program fee. If You purchase additional Terms without a Lapse of Coverage, Your protection will remain in the Program Effective Date listed on Your Confirmation Letter. If the Program lapses as outlined under "Lapse of Coverage," You may re-enroll in the Program at any time subject to a new Enrollment Date and Effective Date.

LIMIT OF PROTECTION

The maximum amount We will pay for any covered repair under the Program is \$3,000 per occurrence. Before the line is repaired, if a permit is required, We will obtain proper permitting before work will commence. We will provide basic site restoration to the repair area once the repair work is completed. Site restoration is limited to filling in, raking and reseeding one time only. All repairs to Your Customer-Owned Water Line will comply with local water code requirements. Any subsequent repair made within 60 days of a prior covered repair will be considered as a part of that prior covered repair and limited to the \$3,000 per occurrence limit. If a permit was acquired to commence work on covered water lines and requires a sidewalk, located in a public easement, to be repaired, the Program will provide repair of said sidewalk up to \$500. Cost to repair sidewalks applies toward the Program \$3,000 maximum. You will not, unless at Your own expense, engage a contractor or otherwise incur costs to repair the Customer-Owned Water Line on Our behalf. You may neither transfer the Program to a new owner of the covered property nor transfer the Program to a different residence owned by You.

THIS AGREEMENT DOES NOT COVER

- Damage to Customer-Owned Water Line incurred or existing prior to the Program Enrollment Date.
- Damage to Customer-Owned Water Line caused by the actions or negligence of You or third parties.
- Damage to Customer-Owned Water Line caused by natural disasters, or acts of nature, including, but not limited to, earthquakes, floods, landslides or sinkholes or any other insurable cause.
- Any consequential, incidental or special damages You incur including lost water, regardless of whether they are caused by delays, failure to service or for conditions beyond the control of the Administrator.
- Restoration of trees, shrubs, paved surfaces, or structures, for any reason.
- Any damage to finished or unfinished walls or surfaces inside Your home necessary to access and repair Your Customer-Owned Water Line.
- Leak repairs to any interior pipes beyond the shut-off valve inside Your home.
- Restoration of sidewalks not located in public easement. Also, restoration of sidewalks located in public easements but not required on the permit.
- Removal of debris necessary to access and repair Your Customer-Owned Water Line, including but not limited to old cars, trash, storage, rocks or materials.
- Movement of the meter at the time of repair, unless required by local code.
- Coverage for multi-unit housing including, but not limited to, town homes, condominiums, duplexes and apartment houses; and any facility used for commercial purposes.
- Updating non-leaking pipes to meet code, law or ordinance requirements or changes thereto.
- Movement of working pipes and/or lines.

YOUR RESPONSIBILITIES

If You suspect there is a water leak, call the toll-free number shown on Your water bill from Missouri-American Water Company who will investigate the source of the problem. In the event Missouri-American determines that the leak is to Your Customer-Owned Water Line, We will arrange to have an approved, independent contractor call You to set up a time to come out to Your home. The contractor will contact You within 12 hours for emergency service, or by 5:00 pm the next business day for all other service, to arrange for repair of Your Customer-Owned Water Line.

If a permit was acquired that requires repair to sidewalks located in public easements, and the cost to repair exceeds the Program maximum of \$500, it is Your responsibility to pay any additional costs. If repair cost to the Customer-Owned Water Line exceeds the Program maximum of \$3,000, it is Your responsibility to pay any additional costs. Any costs in excess of the Program maximum will be stated to You before work is performed and We will send You an invoice for all expenses over any Program maximum. Beyond the previously outlined exceptions, You will not be charged any deductible or service call fees in conjunction with a covered repair. It is Your responsibility to secure permission (right-of-way) associated with gaining access to repair Your Customer-Owned Water Line that may pass through property that You do not own.

ADMINISTRATOR'S RIGHTS

We reserve the right to change Your Program fee and/or the Program terms and conditions with thirty (30) days written notice to You. We reserve the right to transfer or assign Your Program contract. You grant Us the right to obtain customer of record information from Missouri-American Water Company limited to Your name, address and any other pertinent information. This information will not be sold to any outside marketing companies.

CANCELLATION

You may cancel this Program at any time by mailing a cancellation request to American Water Resources, Inc., Attention: Water Line Protection Administrator, 1410 Discovery Parkway, Alton, Illinois 62002. If You cancel, the effective date of cancellation is the date We receive Your notice. You have thirty (30) days from Your Enrollment Date to cancel and receive a full refund of any payments made. Your Program participation will be subject to cancellation without notice once You are thirty (30) days past due on any payment for the Program. If Your Program protection has been cancelled due to non-payment, You may re-enroll in the Program with a new Enrollment Date and new Effective Date. We reserve the right to cancel the Program at any time upon ninety (90) days notice to You. Any refund as a result of the cancellation of the contract by either You or Us, will be determined on a prorated basis less the cost of any service performed under the Program. If You are owed a refund, it will be processed via the enrollment payment method You chose to join the Program.

PAYMENT ARRANGEMENTS

You may make payment for this Program by check. In the event that Your check is returned for Non-Sufficient Funds, Your status in the Program will be terminated as of your Enrollment Date without notice.

You may make payment for this Program by authorizing a charge to Your credit card account (Visa/MasterCard only). The charge to Your credit card account will be for a full year's participation in the Program. If Your credit card charge is not valid for any reason, Your status in the Program will be terminated as of your Enrollment Date without notice. In the event of Cancellation as provided above, the refund described in the Cancellation paragraph will be credited to Your credit card account.

Your Program participation will be subject to cancellation without notice once You are thirty (30) days past due on any payment for the Program.

TAXES

American Water Resources, Inc. will collect any and all appropriate taxes if required by the local municipal government (s), county government or the State of Missouri. These taxes will be collected at the time of payment. This Program is not currently taxed in the State of Missouri.

LIMITATION OF LIABILITY

In the event that Your property is not eligible for coverage under the terms and conditions of the Program, our only obligation is to refund any payments made by You to Us. Once we have paid You this refund, the Program will be voided as of Your Enrollment Date. The liability of the Administrator, its affiliated companies, its officers, employees, contractors and/or agents to You, or to any other third party or person, for damages resulting from the provision of, or failure to provide services under this Program, or as the result of any fault, failure, defect or deficiency in any service, labor, material, work or product furnished in connection with this Program shall be limited to an amount not to exceed \$3,000. In no event, however, shall the Administrator, its affiliated companies, its employees, agents and contractors have any liability for special, indirect, incidental, consequential or punitive damages resulting from the provision of or failure to provide service under this Program, or from any fault, failure, defect or deficiency in any service, labor, material, work or product furnished in connection with this Program. These limitations of and exclusions from liability shall apply regardless of the nature of the claim or the remedy sought.

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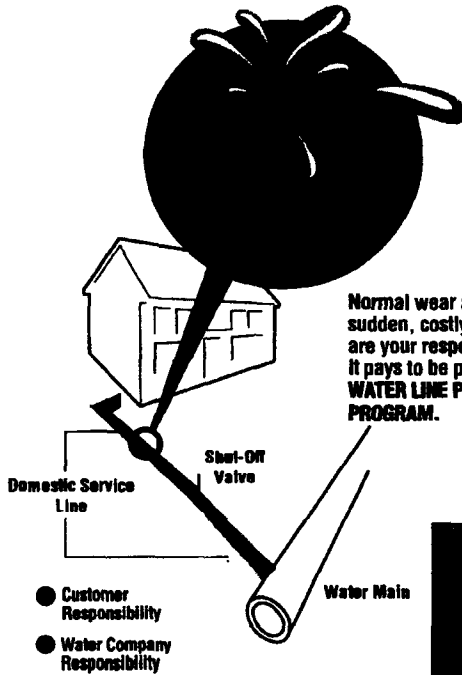
American Water Resources, Inc.
Water Line Protection Program
1410 Discovery Parkway, Alton, IL 62002
Toll Free 1-866-430-0819

MO0603TC

01-0004058-48

☐ **YES!** I want *protection and peace of mind.*
Enroll me in the **WATER LINE PROTECTION**
PROGRAM today.

**Special
Introductory
Offer**



Normal wear and tear can cause sudden, costly water leaks that are your responsibility to repair. It pays to be protected by the WATER LINE PROTECTION PROGRAM.



1003836 MO48063R

IMMEDIATE ACTION FORM

MO48063R

Homeowner's Name: Robert Schallenberg

SERVICE ADDRESS: PROGRAM NOT AVAILABLE TO MULTI-UNIT DWELLERS AND RENTERS

Street: 1911 N Circle Dr

City: Jefferson City

State: MO

Zip: 65109

Reference Number: 1003836

MAILING ADDRESS

Street: 1911 N Circle Dr

City: Jefferson City

State: MO

Zip: 65109-1207

CONTACT INFORMATION

Home Phone:**Work Phone:**

E-mail:

PAYMENT OPTIONS

☐ I PREFER TO PAY BY CREDIT CARD

I authorize American Water Resources, Inc. to charge the amount of \$48.00 to my credit card:

☐ MasterCard®**Expires:**

Account#

[illegible]

Signature_

(required if using credit card)

Date _____

☐ I WISH TO PAY BY CHECK

I've enclosed a check or money order in the amount of \$48.00 made payable to American Water Resources, Inc. in the enclosed postage-paid envelope.

By signing this enrollment form you agree to all terms and conditions of the WATER LINE PROTECTION PROGRAM as outlined on the back of the letter. Confirmation of enrollment will be sent to the above mailing address. Coverage begins 30 days after enrollment form is received and confirmed by American Water Resources, Inc. The expiration date for this introductory offer is 11/30/03. After 11/30/03 call 1-866-430-0819 for current offer.

X Signature: _____

Date:



Missouri-American Water Company

535 North New Balas Road St. Louis, MO 63141

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