

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

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| In the Matter of Missouri-American Water) | |
| Company's Request for Authority to Implement) | Case No. WR-2008-0311 |
| A General Rate Increase for Water and Sewer) | SR-2008-0312 |
| Service Provided in Missouri Service Areas.) | |

**MISSOURI-AMERICAN WATER COMPANY'S AND
METROPOLITAN ST. LOUIS SEWER DISTRICT'S JOINT OBJECTION TO
THE OFFICE OF THE PUBLIC COUNSEL'S REQUEST TO POSTPONE ACTION ON
STIPULATION AND AGREEMENT**

COME NOW Missouri-American Water Company (MAWC) and Metropolitan St. Louis Sewer District (MSD), and hereby file their objection to the Request of the Office of the Public Counsel (OPC) to postpone action on the Stipulation and Agreement between MAWC and MSD, filed with the Missouri Public Service Commission (Commission) on September 17, 2008. In support of their objection, MAWC and MSD state as follows:

1. As a result of extensive negotiation, MSD and MAWC agreed in MAWC's previous rate case that MAWC would provide water usage meter reading data, customer billing information and related services to MSD and, in return, MSD would pay MAWC \$29,166 per month (\$350,000 annually) for such information and services. The specific terms and conditions of providing such billing data and related services were to be governed by the Water Usage Data Agreement between the parties, dated November 29, 2007.

2. The agreement was approved by the Commission by its order issued April 1, 2008, in Case No. WO-2008-0240.

3. On March 31, 2008, MAWC filed the Direct Testimony of Edward Grubb in support of its proposed general rate increase for water and sewer service. According to

Mr. Grubb's testimony, MAWC proposed "no change in the existing amount it charges to MSD for the provision of water usage and customer billing data. Therefore, for purposes of [the 2008 MAWC rate case], MAWC has included \$350,000 in annual revenue to be received from MSD." Grubb Dir. Testimony at 24:4-8.

4. No party challenged MAWC's proposal concerning the provision of water usage and customer billing data to MSD in any direct testimony filed on the issue of rate design. Indeed, the direct testimony of OPC's expert, Barbara A. Meisenheimer, which OPC filed on September 5, 2008, did not even address this issue.

5. On September 17, 2008, MAWC and MSD filed a Stipulation and Agreement, by which they agreed, subject to the approval of the Commission, that the terms and conditions of the Water Usage Data Agreement, and MAWC's associated tariff, would remain in full force and effect. This Stipulation and Agreement was consistent with the proposal set forth in the aforementioned direct testimony of Edward Grubb.

6. Yet on September 23, 2008, OPC filed a request to postpone action on the proposed Stipulation and Agreement in order to "allow Public Counsel and the other parties time to determine the effect that this Stipulation and Agreement will have, based upon completion of true-up in this case."

7. Commission Rule 4 CSR 240-2.115(2)(B) states "[e]ach party shall have seven (7) days from the filing of a nonunanimous stipulation and agreement to file an objection to the nonunanimous stipulation and agreement. Failure to file a timely objection shall constitute a full waiver of that party's right to a hearing." No party, including OPC, has filed any objection to the proposed Stipulation and Agreement within the seven (7) days required by 4 CSR 240-2.115(2)(B).

8. Rather, OPC witness, Barbara A. Meisenheimer, filed Rebuttal Testimony on September 30, 2008, in which she testified, without stating any grounds in support, that OPC does not support the Stipulation and Agreement between MAWC and MSD. Ms. Meisenheimer stated only that "it seems reasonable that if the customers' rates are to increase, then MSD should share some responsibility for the increase."

9. Commission Rule 4 CSR 240-2.115(2)(B) makes it clear that each party has seven (7) days to file an objection to a nonunanimous stipulation and agreement and that failure to timely object shall constitute a waiver of that party's right to a hearing.

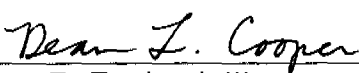
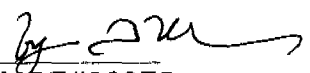
10. Commission Rule 4 CSR 240-2.115(C) allows the Commission to treat the nonunanimous stipulation and agreement as a unanimous stipulation and agreement "if no party timely objects."

11. MAWC and MSD would be severely and irreparably prejudiced in the event that OPC's request to postpone action on the Stipulation and Agreement is granted. The Stipulation and Agreement constitutes a settlement between MAWC and MSD and a compromise of their respective positions concerning the amount and/or legitimacy of any rate to be charged by MAWC for the provision of water usage data, customer billing information and related services to MSD. In light of the Stipulation and Agreement between MAWC and MSD and the failure of any party to address this issue in its direct testimony, neither party has filed testimony to support their respective positions. Thus, should the Commission reserve its determination concerning the Stipulation and Agreement until the completion of the case and potentially reject the Stipulation and Agreement, neither party will have filed testimony to support their positions and they will have lost their opportunity to do so.

12. Moreover, the prejudice facing MAWC and MSD in the event of a postponement of the Commission's determination concerning the Stipulation and Agreement certainly outweighs any purported prejudice to OPC, in that OPC has been aware, or should have been aware, of MAWC's proposal concerning the provision of water usage data and customer billing information to MSD since the filing of Edward Grubb's Direct Testimony on behalf of MAWC on March 31, 2008. The statement found in MAWC's direct testimony, is no different than the terms and conditions set forth in the Stipulation and Agreement. As a result, OPC has had extensive time to assess the effect that the Stipulation and Agreement will have on the parties to this case.

WHEREFORE, for the foregoing reasons, the undersigned parties respectfully request that the Commission deny OPC's request for postponement, treat the Stipulation and Agreement between MAWC and MSD, filed on September 17, 2008, as a unanimous Stipulation and Agreement in this case, and issue its Order approving the terms and conditions of the Stipulation and Agreement.

Respectfully submitted,

 
William R. England, III MBE#23975
Dean L. Cooper MBE#36592
BRYDON, SWEARENGEN & ENGLAND P.C.
312 East Capitol Avenue
P.O. Box 456
Jefferson City, MO 65102-0456
Telephone: (573) 635-7166
Facsimile: (573) 635-0427
trip@brydonlaw.com
dcooper@brydonlaw.com

ATTORNEYS FOR MISSOURI-AMERICAN
WATER COMPANY



Byron E. Francis MBE#23982

Jacqueline Ulin Levey MBE#51222

ARMSTRONG TEASDALE LLP

One Metropolitan Square, Suite 2600

St. Louis, MO 63102-2740

(314) 621-5070

(314) 621-5065 (facsimile)

bfrancis@armstrongteasdale.com

jlevey@armstrongteasdale.com

ATTORNEYS FOR METROPOLITAN
ST. LOUIS SEWER DISTRICT

CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been sent by electronic mail this 3rd day of October, 2008, to:

Shelley Brueggemann
General Counsel's Office
shelley.brueggemann@psc.mo.gov

Christina Baker
Office of the Public Counsel
christina.baker@ded.mo.gov

Michael A. Evans
Hammond, Shinnars, et al.
mevans@hstly.com
saschroder@hstly.com

Marc H. Ellinger
Blitz, Bardgett & Deutsch
MEllinger@blitzbardgett.com

Stuart Conrad
Finnegan, Conrad & Peterson
stucon@fcplaw.com

Lisa C. Langeneckert
Sandberg, Phoenix & von Gontard, P.C.
llangeneckert@spvg.com

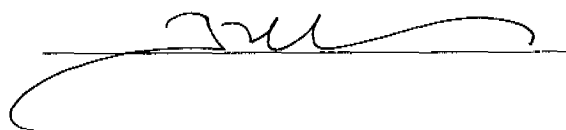
Joseph P. Bednar, Jr.
Armstrong Teasdale LLP.
jbednar@armstrongteasdale.com
jmcclelland@armstrongteasdale.com

James M. Fischer
Fischer & Dority
jfischerpc@aol.com
lwdority@sprintmail.com

Jeremiah Finnegan
Finnegan, Conrad & Peterson
jfinnegan@fcplaw.com

Diana M. Vuylsteke
Bryan Cave, L.L.P.
dmvuylsteke@bryancave.com

Mark W. Comley
Newman, Comley & Ruth
comleym@ncrpc.com

A handwritten signature in black ink, appearing to be 'JW', is written over a horizontal line.