

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

In the Matter of the Joint Application of)
Missouri-American Water Company and)
Roark Water & Sewer, Inc. for Authority)
for Missouri-American Water Company) File No. WO-2011-0213
to Acquire Certain Assets of Roark Water &)
Sewer, Inc. and, in Connection Therewith,)
Certain Other Related Transactions.)

UNANIMOUS STIPULATION AND AGREEMENT

COME NOW Missouri-American Water Company (MAWC or Company); the Staff of the Missouri Public Service Commission (Staff); the Office of the Public Counsel (Public Counsel); and, Roark Water & Sewer, Inc. (Roark), and respectfully state to the Missouri Public Service Commission (Commission) that, as a result of negotiations, the undersigned parties have reached the stipulations and agreements contained herein.

1. **Approval** - The parties agree that the Commission should issue its order:

(A) authorizing Roark to sell and MAWC to acquire the assets of Roark identified in the Joint Application, to include the certificates held by this entity;

(B) authorizing MAWC to enter into, execute and perform in accordance with the terms described in the Agreement attached to the Joint Application and to take any and all other actions which may be reasonably necessary and incidental to the performance of the acquisition; and,

(C) granting such other relief as may be deemed necessary and appropriate to accomplish the purposes of the Agreement and the Joint Application and to consummate related transactions in accordance with the Agreement.

2. **Transfer of Assets** –

(A) MAWC shall notify the Commission within five (5) business days after the subject assets have been transferred from Roark to MAWC;

(B) If closing on the assets has not occurred within thirty (30) days after the effective date of an order from the Commission approving this transfer of assets, MAWC shall file a status report with the Commission thirty (30) days after the effective date of the order, and at the end of each subsequent thirty (30) day period until closing and the transfer of assets is complete. Alternatively if the transfer is not expected to be completed, MAWC shall file a pleading with the Commission stating such;

(C) MAWC shall, within five (5) business days after the assets have been transferred, adopt Roark's currently approved tariffs by filing an adoption notice for each of Roark's tariffs.

3. MAWC shall be authorized to file revised tariff sheets in the current Roark water and sewer tariffs containing new CIAC fees totaling \$2,450 per customer applicable to the next 300 new customers in Forest Lake subdivision, to expire twenty (20) years after the effective date of the revised tariff sheets

4. MAWC agrees that MAWC ratepayers will not be responsible for income tax impacts, if any, associated with the connection charge of \$2,450 for the next 300 customers in the Forest Lake subdivision.

5. MAWC shall utilize the depreciation rates attached hereto as **Appendix A and Appendix B** for the Roark water and sewer properties until such time as these depreciation rates may be changed by the Commission.

6. Based upon a review of information received from MAWC and information from Roark's most recent rate case, WR-2005-0154, Staff's determination of the current appropriate amount of rate base (net plant in service, less accumulated contributions in aid of construction)

for Roark is as follows: \$1,109,070 (Water), \$2,172,106 (Sewer) and \$3,281,176 (Total). The parties agree that Staff's determination of the rate base (net plant in service, less accumulated contributions in aid of construction) for Roark is its estimate based on Staff's review of Roark's records in relation to this Application case.

Contingent Waiver of Rights

7. This Stipulation and Agreement is being entered into solely for the purpose of settling the issues in this case. Unless otherwise explicitly provided herein, none of the Signatories to this Unanimous Stipulation and Agreement shall be deemed to have approved or acquiesced in any ratemaking or procedural principle, including, without limitation, any method of cost determination or cost allocation or revenue-related methodology. Other than explicitly provided herein, none of the Signatories shall be prejudiced or bound in any manner by the terms of this Stipulation and Agreement in these or any other proceeding regardless of whether this Stipulation and Agreement is approved.

8. This Stipulation and Agreement has resulted from negotiations among the Signatories and the terms hereof are interdependent. If the Commission does not approve this Stipulation and Agreement unconditionally and without modification, then this Stipulation and Agreement shall be void and no Signatory shall be bound by any of the agreements or provisions hereof, except as explicitly provided herein.

9. If the Commission does not approve this Stipulation and Agreement without condition or modification, and notwithstanding the provision herein that it shall become void; neither this Stipulation and Agreement nor any matters associated with its consideration by the Commission shall be considered or argued to be a waiver of the rights that any Party has for a decision in accordance with §536.080 RSMo 2000 or Article V, Section 18 of the Missouri

Constitution, and the Signatories shall retain all procedural and due process rights as fully as though this Stipulation and Agreement had not been presented for approval, and any suggestions, memoranda, testimony, or exhibits that have been offered or received in support of this Stipulation and Agreement shall become privileged as reflecting the substantive content of settlement discussions and shall be stricken from and not be considered as part of the administrative or evidentiary record before the Commission for any purpose whatsoever.

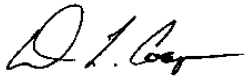
10. In the event the Commission accepts the specific terms of this Stipulation and Agreement without condition or modification, the Signatories waive their respective rights to present oral argument and written briefs pursuant to §536.080.1 RSMo 2000; their respective rights to the reading of the transcript by the Commission pursuant to RSMo §536.080.2 RSMo 2000; their respective rights to seek rehearing, pursuant to §536.500 RSMo 2000; and their respective rights to judicial review pursuant to §386.510 RSMo 2000. Further, in the event the Commission accepts the specific terms of this Stipulation and Agreement, all prefiled testimony not yet admitted into evidence shall be received into evidence without the necessity of the witnesses taking the stand. The waivers contained in this paragraph apply only to a Commission order approving this Stipulation and Agreement without condition or modification issued in this proceeding and only to the issues that are resolved hereby. It does not apply to any matters raised in any prior or subsequent Commission proceeding nor any matters not explicitly addressed by this Stipulation and Agreement.



11. If the Commission has questions for the Parties or their representatives, the Parties will make available, at any on-the-record session, their representatives and attorneys, so long as all Parties have had adequate notice of that session. The Parties agree to cooperate in presenting this Stipulation and Agreement to the Commission for approval, and will take no

action, direct or indirect, in opposition to the request for approval of this Stipulation and Agreement.

WHEREFORE, for the foregoing reasons, the undersigned Parties respectfully request that the Commission issue its Order approving all of the specific terms and conditions of this Unanimous Stipulation and Agreement.

Respectfully submitted,

 <hr/> <p>Dean L. Cooper MBE#36592 BRYDON, SWEARENGEN & ENGLAND P.C. 312 E. Capitol Avenue P. O. Box 456 Jefferson City, MO 65102 (573) 635-7166 (573) 635-3847 facsimile dcooper@brydonlaw.com</p> <p>Kenneth C. Jones MBE #38498 MISSOURI-AMERICAN WATER COMPANY 727 Craig Road St. Louis, MO 63141 (314) 996-2278 (314) 997-2451 (telefax) kenneth.jones@amwater.com</p> <p>ATTORNEYS FOR MISSOURI- AMERICAN WATER COMPANY</p>	<hr/> <p>//S// by dlc</p> <p>Christiaan D. Horton MBE #46003 Neale & Newman, LLP 1949 E. Sunshine, Suite 1-130 Springfield, MO 65808-0327 417-882-9090, ext. 3036 417-882-2529 (facsimile) chorton@nnlaw.com</p> <p>ATTORNEY FOR ROARK WATER & SEWER, INC.</p>
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CERTIFICATE OF SERVICE

The undersigned certifies that a true and correct copy of the foregoing document was sent by electronic mail or by U.S. Mail, postage prepaid, on April 6, 2011, to the following:

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ROARK WATER AND SEWER COMPANY
Attachment A - DEPRECIATION RATES

(WATER)

WO-2011-0213

<u>ACCOUNT NUMBER</u>	<u>ACCOUNT</u>	<u>DEPRECIATION RATE %</u>	<u>AVERAGE SERVICE LIFE (YEARS)</u>
311	Structures & Improvements	2.50%	40
314	Wells & Springs	2.00%	50
325	Electric Pumping Equipment	10.00%	10
332	Water Treatment Equipment	2.90%	35
342	Distribution Reservoirs & Standpipes	2.50%	40
343	Transmission & Distribution Mains	2.00%	50
345	Services	2.50%	40
346.1	Meters	5.00%	20
347.1	Meter Installations	2.50%	40
348	Hydrants	2.00%	50
390	Structures & Improvements	2.50%	40
391	Office Furniture & Equipment	5.00%	20
393	Stores Equipment	4.00%	25
394	Tools, Shop, Garage Equipment	5.00%	20
397	Communication Equipment	6.67%	15

ROARK WATER AND SEWER COMPANY

Attachment B - DEPRECIATION RATES

(SEWER)

WO-2011-0213

<u>ACCOUNT NUMBER</u>	<u>ACCOUNT</u>	<u>DEPRECIATION RATE %</u>	<u>AVERAGE SERVICE LIFE (YEARS)</u>
351	Structures & Improvements	2.5%	40
352.1	Collection Sewers (Force)	2.0%	50
352.2	Collection Sewers (Gravity)	2.0%	50
353	Services	2.0%	50
354	Flow Measurement Devices	3.3%	30
362	Receiving Wells & Pump Pits	4.0%	25
363	Pumping Equipment	10.0%	10
372	Treatment & Disposal Facilities	5.0%	20
373	Plant Sewers	2.5%	40
374	Outfall Sewers	2.0%	50
391	Office Furniture & Equipment	5.0%	20
393	Stores Equipment	4.0%	25
394	Tools, Shop, Garage Equipment	5.0%	20