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April 15, 2004

FILED<sup>2</sup>

APR 15 2004

Missouri Public  
Service Commission

**HAND DELIVERY**

Mr. Dale Hardy Roberts  
Secretary/Chief Regulatory Judge  
Missouri Public Service Commission  
P. O. Box 360  
Jefferson City, MO 65102

**Re:** IN THE MATTER OF MISSOURI AMERICAN WATER COMPANY'S  
TARIFF TO REVISE WATER AND SEWER RATE SCHEDULES  
Case No. WR-2003-0500,

Tariff Nos. YW-2003-2012  
YW-2003-2013  
YW-2003-2014  
YW-2003-2015  
YS-2003-2060  
YW-2003-2061

Dear Mr. Roberts:

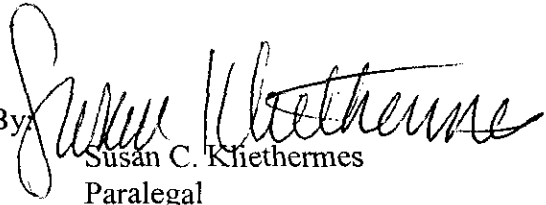
Enclosed for filing in the above case is an original and eight copies of Application for Rehearing or Reconsideration and Opposition to Motion for Expedited Treatment of Metropolitan St. Louis Sewer District.

If you have any questions concerning this filing, please contact Paul DeFord in our Kansas City office.

Thank you for your attention to this matter.

Sincerely,

LATHROP & GAGE L.C.

By   
Susan C. Kliethermes  
Paralegal

enclosures

cc: All counsel of record

JCDOCS 19344v1

**Change Your Expectations<sup>®</sup>**

KANSAS CITY • OVERLAND PARK • ST. LOUIS • JEFFERSON CITY • SPRINGFIELD • BOULDER • WASHINGTON D.C.

FILED<sup>2</sup>

APR 15 2004

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

Missouri Public  
Service Commission

IN THE MATTER OF MISSOURI-	)	Case No.	WR-2003-0500
AMERICAN WATER COMPANY'S	)	Tariff Nos.	YW-2003-2012
TARIFF TO REVISE WATER AND	)		YW-2003-2013
SEWER RATE SCHEDULES.	)		YW-2003-2014
	)		YW-2003-2015
	)		YS-2003-2060
	)		YW-2003-2061

APPLICATION FOR REHEARING OR RECONSIDERATION AND  
OPPOSITION TO MOTION FOR EXPEDITED TREATMENT  
OF METROPOLITAN ST. LOUIS SEWER DISTRICT

COMES NOW Metropolitan St. Louis Sewer District ("MSD") and, for its Application for Rehearing or Reconsideration pursuant to Section 386.500.1 R.S.Mo., respectfully states the following:

1. On April 6, 2004, the Commission issued its Order Approving Stipulations and Agreements ("Order") in this matter. The Order approved three stipulations agreed to by the parties settling the contested issues related to the tariff additions and changes sought by Missouri-American Water Company ("MAWC").

2. The Order rejected the proposed tariff changes filed by MAWC on May 19, 2003 and ordered MAWC to submit revised tariff sheets reflecting the agreement of the parties in the three stipulations.

3. On April 7, 2004, MAWC submitted tariff sheets purporting to comply with the Commission's direction to MAWC that it was to submit tariff sheets reflecting the agreements reached in the three stipulations.

4. Accompanying MAWC's April 7, 2004 tariff sheet filing was a request by MAWC that the Commission expedite its approval of the tariff sheets so that the tariff sheets could be approved on or before April 16, 2004, the effective date of the Order.

5. Contained in the tariff sheets submitted by MAWC on April 7, 2004 were two sheets affecting MSD. Revised Sheet No. RT 15.0 reflects rate increases in fees to terminate and restore service to customers. Revised Sheet No. RT 16.0 establishes a new yearly flat-fee tariff of \$760,000.00 for providing customer water usage data and billing information. These portions of the April 7, 2004 tariff sheet filing are attached separately as Attachment A and incorporated herein by reference.

6. MAWC's original filing of revised tariff sheets on May 19, 2003 which commenced this proceeding did not contain any new or revised tariffs applicable to the services MAWC provides to MSD.

7. The existing MAWC tariff for termination and reconnection of customer service provides for lower fees for each of the categories of services than the revised tariff sheet filed by MAWC on April 7, 2004. A copy of the current tariff sheet for termination and reconnect fees is attached as Attachment B and incorporated herein by reference.

8. Until terminated by MAWC at the end of 2003 or early 2004, the fee for customer water usage data and billing information was controlled by a contract between MSD and MAWC in conjunction with a tariff. Since termination of the agreement these services have been subject to ongoing negotiations between the parties. For the interim period, the parties agreed to continue under the terms of the expired contract.

9. MSD did not participate as a party to this case because it has been attempting in good faith to negotiate a new agreement with MAWC for termination and reconnect

services and data services. Correspondence between MSD and MAWC reflecting MSD's efforts to negotiate a new agreement for services provided by MAWC under the prior agreement are attached collectively as Attachment C and incorporated herein by reference.

10. On February 6, 2004, MSD informed the Commission of the fact that it had not intervened in this case because it was negotiating a new agreement for services provided by MAWC. A copy of that letter is attached as Attachment D and incorporated herein by reference.

11. MAWC, since terminating its agreement with MSD, has not negotiated in good faith to enter into a new agreement for the services provided. MSD has made repeated efforts to negotiate a new agreement but MAWC has refused to enter into any agreement that would reduce the amount that MSD pays MAWC, despite the fact that MSD has not needed or requested the amount of the data MAWC has historically provided.

12. MAWC's refusal to negotiate in good faith regarding an agreement for services actually requested and needed by MSD appears now to be consistent with its undisclosed intent to add Revised Tariff Sheet Nos. RT 15.0 and RT 16.0 to the April 7, 2004 filing and obtain Commission approval for the same by April 16, 2004. The effect of approval of these revised tariff sheets would be to unilaterally and without proper notice to MSD increase and fix the fees MSD would owe for termination and reconnection of service to customers and to impose a flat fee pursuant to the new tariff of \$760,000.00 for data services, many of which MSD does not require.

13. The Commission's Order, by authorizing these revised tariff sheets as part of the settlement of this case, is arbitrary, unjust and unlawful by imposing increased fees and a

new tariff against MSD without giving MSD notice and an opportunity to contest the revised and new tariffs.

14. Proposed revised Tariff Sheets Nos. RT15.0 and RT16.0 are in fact customer-specific prices which are, or should be, the subject of ongoing negotiations between MAWC and MSD. The Commission should reject those proposed sheets as unjust and unreasonable and instruct MAWC to resume good faith negotiations while leaving in place the existing contractual relationship. In the event negotiations prove unsuccessful within a reasonable period, the parties could bring the matter to the Commission for resolution.

WHEREFORE, for all of the foregoing reasons, Metropolitan St. Louis Sewer District requests that the Commission deny the motion for expedited treatment of the April 7, 2004 tariff filing, rehear, reconsider and modify its Order Approving Stipulations and Agreements in a manner consistent with this Application.

Respectfully submitted,

LATHROP & GAGE, L.C.

  
Paul S. DeFord #29509

Patrick Kenney #50205

LATHROP & GAGE, L.C.

2345 Grand Boulevard

Kansas City, MO 64108

Phone: 816-292-2000

FAX: 816-292-2001

[Pdeford@lathropgage.com](mailto:Pdeford@lathropgage.com)

**ATTORNEYS FOR METROPOLITAN  
ST. LOUIS SEWER DISTRICT**

### CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing document in Docket No. WR-2003-0500 were served upon the following parties by first-class postage prepaid, U.S. Mail on April 15, 2004.

Cliff Snodgrass  
Missouri Public Service Commission  
Governor Office Building  
200 Madison Street  
Jefferson City, MO 65101

Ruth O'Neill  
Office of the Public Counsel  
PO Box 2230  
Jefferson City, MO 65102-2230

William R. England, III  
Dean L. Cooper  
Brydon, Swearengen & England, PC  
PO Box 456  
Jefferson City, MO 65102-0456

Jan Bond  
Diekemper, Hammond, et al.  
Suite 200  
7730 Carondelet Avenue  
St. Louis, MO 63105

Jeremiah D. Finnegan  
Stuart Conrad  
Finnegan, Conrad & Peterson, LC  
1209 Penntower Office Center  
3100 Broadway  
Kansas City, MO 64111

Leland Curtis  
Curtis, Oetting, et al.  
Suite 200  
130 South Bemiston  
Clayton, MO 63105

Lisa C. Langeneckert  
The Stolar Partnership LLP  
911 Washington Avenue  
St. Louis, MO 63101-2313

Karl Zobrist  
Blackwell Sanders et al.  
2300 Main Street - Suite 1100  
Kansas City, MO 64108

Charles B. Stewart  
Stewart & Keevil, LLC  
Suite 302  
1001 Cherry Street  
Columbia, MO 65201

James B. Deutsch  
Blitz, Bargette & Deutsch  
Suite 301  
308 East High Street  
Jefferson City, MO 65101

Diana M. Vuylsteke  
Bryan Cave  
Suite 3600  
211 North Broadway  
St. Louis, MO 63102

James M. Fischer  
Fischer & Dority  
Suite 400  
101 Madison Street  
Jefferson City, MO 65101

Mark W. Comley  
Newman, Comley & Ruth, PC  
PO Box 537  
Jefferson City, MO 65102-0537



An Attorney for Metropolitan St. Louis  
Sewer District

**ATTACHMENT A**

FORM NO. 13	P.S.C. MO. No. <u>6</u>	Second Revised SHEET No. <u>RT 15.0</u>
Cancelling	P.S.C. MO. No. <u>6</u>	First Revised SHEET No. <u>RT 15.0</u>

MISSOURI-AMERICAN WATER COMPANY  
f/k/a ST. LOUIS COUNTY WATER COMPANY

For Service in Certificated Areas in St. Louis  
And Jefferson Counties

**Availability:** - This rate is available to the Metropolitan St. Louis Sewer District and the Meramec Sewer Company, for the termination of service or reinstitution of service, under the terms and conditions of contracts on file with the Missouri Public Service Commission.

**METERED CONNECTIONS UP TO 1 ½ INCHES IN DIAMETER: (1)**

Standard Termination or reinstitution per metered connection, including unsuccessful attempts	\$47.00	+
Second or more Standard terminations or reinstitutions per metered connection at same address at same time, including unsuccessful attempts	\$25.00	+
Special termination or reinstitution per metered connection, including unsuccessful attempts	\$80.00	+
Second or more Special terminations or reinstitutions per metered connection at same address at same time, including unsuccessful attempts	\$46.00	+

**ALL OTHER TERMINATIONS OR REINSTITUTIONS: (1)**

Because large connections can often require more than one employee or other unusual efforts, terminations or reinstitutions of metered connections in excess of 1 ½ inches in diameter shall be at the Company's actual cost.

**PAYMENT TERMS** – Bills are net, and are due and payable within ten (10) days after date of bill. +

(1) Exclusive of every tax or payment imposed upon the Company by any political subdivision of the State of Missouri, for the right to do business in such political subdivision. See P.S.C. MO No. 6 Original Sheet No. RT 11.0.

\*Indicates new rate or text

+Indicates change

DATE OF ISSUE April 7, 2004 DATE EFFECTIVE May 7, 2004

ISSUED BY	<u>D. Abernathy</u>	<u>535 N. New Ballas Rd.</u>
	<u>V.P. and General Counsel</u>	<u>St. Louis, MO 63141</u>

FORM NO. 13	P.S.C. MO. No. 6	Fifth Revised SHEET No.	RT 16.0
Cancelling	P.S.C. MO. No. 6	Fourth Revised SHEET No.	RT 16.0

MISSOURI-AMERICAN WATER COMPANY  
f/k/a ST. LOUIS COUNTY WATER COMPANY

For Service in Certificated Areas in St. Louis  
And Jefferson Counties

MISSOURI-AMERICAN WATER COMPANY +  
FOR  
ST. LOUIS COUNTY, MISSOURI AND JEFFERSON COUNTY, MISSOURI

**Availability:** This tariff is available to the Metropolitan St. Louis Sewer District, for all water usage meter reading data and customer billing information.

**Annual Fee:** \$760,000.00 \*

This tariff is available to the Metropolitan St. Louis Sewer District, under the terms and conditions of the contract on file with the Missouri Public Service Commission.

**Payment Terms:** Annual fee will be billed in twelve (12) equal monthly installments of \$63,333.33 at the end of each calendar month and is due and payable within ten (10) days after date of bill. \*

\*Indicates new rate or text  
+Indicates change

DATE OF ISSUE April 7, 2004 DATE EFFECTIVE May 7, 2004

ISSUED BY D. Abernathy 535 N. New Ballas Rd.  
V.P. and General Counsel St. Louis, MO 63141



NOV-06-2003 THU 12:04 PM ORCOM SOLUTIONS

FAX NO. 032320150

FORM 13

P.S.C.MO.No. 6

First Revised SHEET No. RT 15.0

Cancelling P.S.C.MO.No. 6

Original SHEET No. RT **RECEIVED**ST. LOUIS COUNTY WATER COMPANY

FOR

MAY 1 1995

ST. LOUIS COUNTY, MISSOURI AND JEFFERSON COUNTY, MISSOURI

MISSOURI

Public Service Commission

**AVAILABILITY** - This rate is available to The Metropolitan St. Louis Sewer District and The +  
 Meramec Sewer Company, for the termination of service or reinstitution of service, under the terms +  
 and conditions of contracts on file with the Missouri Public Service Commission. +

**METERED CONNECTIONS UP TO 1 1/2 INCHES IN DIAMETER: (1)**

Standard Termination or reinstitution per metered  
 connection, including unsuccessful attempts \$38.00

Second or more Standard terminations or reinstitutions  
 per metered connection at same address at same time,  
 including unsuccessful attempts \$17.00

Special termination or reinstitution per metered  
 connection, including unsuccessful attempts \$67.00

Second or more Special terminations or reinstitutions  
 per metered connection at same address at same time,  
 including unsuccessful attempts \$41.00

**ALL OTHER TERMINATIONS OR REINSTITUTIONS: (1)**

Because large connections can often require more than one employee or other unusual  
 efforts, terminations or reinstitutions of metered connections in excess of 1 1/2 inches in  
 diameter shall be at the Company's actual cost.

**PAYMENT TERMS** - Bills are net, and are due and payable within thirty (30) days after date of bill.

(1) Exclusive of every tax or payment imposed upon the Company by any political subdivision of  
 the State of Missouri, for the right to do business in such political subdivision. See P.S.C. MO No. 6  
 Original Sheet No. RT 11.0.

\* Indicates new rate or text

+ Indicates change

FILED

JUN 1 1995

MO. PUBLIC SERVICE COMM

DATE OF ISSUE: May 1, 1995

DATE EFFECTIVE: June 1, 1995

ISSUED BY: B. K. Turner, V.P. Rates, 535 N. New Ballas Rd. St. Louis, Mo 63141



**Metropolitan  
St. Louis Sewer  
District**

2350 Market Street  
St. Louis, MO 63103-2555  
(314) 768-6200

September 16, 2003

Mr. David Abernathy  
Vice President, Corporate Counsel  
Missouri-American Water Company  
535 N. New Ballas Road  
St. Louis, Missouri 63141

Dear David:

The Metropolitan St. Louis Sewer District ("MSD") currently has an agreement with Missouri American Water ("MO-AM") whereby MO-AM provides MSD with customer and water usage data so that it may effectively bill County of St. Louis customers for sewer services.

This agreement expires as of December 31, 2003. Consequently, I hereby respectfully request renegotiation discussions between both parties commence as soon as possible.

I may be reached at 314-768-6209 and look forward to working with you on this matter.

Sincerely,

Randy E. Hayman  
General Counsel

C: Chuck Etwert, MSD Acting Executive Director  
Jeff Theerman, MSD Director of Operations  
Janice M. Zimmerman, MSD Director of Finance/CFO  
Linda Grady, MSD Attorney II  
Theresa Bellville, MSD Assistant Director of Finance  
Kathy Ahillen, MSD Billing & Customer Service Manager

**Missouri  
American Water**

David P. Abernathy  
Vice President, General Counsel  
and Secretary

**Mr. Randy E. Hayman**

General Counsel  
Metropolitan St. Louis Sewer District  
2350 Market Street  
St. Louis, MO 63103-2555

24 September 2003

**RE: Water Data Usage Contract between Metropolitan St. Louis Sewer  
District ("MSD") and Missouri American Water ("MAW")**

Dear Randy:

I am in receipt of your letter of September 16, 2003 in regard to the above-mentioned contract in which MSD expresses a desire to terminate the same via modification of the terms contained therein. As we discussed, MAW is also desirous of negotiating new contract terms to allow for the continued availability of our water usage and customer information data to MSD. Consequently, this letter shall serve as MAW's notice of intent to terminate the current water usage data contract between the parties as of December 31, 2003 and to express our willingness to negotiate new terms and conditions acceptable to the parties.

I will contact you shortly to arrange for meeting times and/or discussions on these issues. I thank you in advance for your assistance and interest in assisting with this matter. Please feel free to contact me should you have any questions or concerns.

Sincerely,

David P. Abernathy  
Vice President, General Counsel  
& Secretary

Enclosures

cc: Eric Thömburg  
Jim Jenkins  
Ed Grubb

American Water

535 N. New Ballas Road  
St. Louis, MO 63141-6875  
USA

T +1 314 996 2276  
F +1 314 997 2451  
E [dabernathy@mawc.com](mailto:dabernathy@mawc.com)  
I [www.amwater.com](http://www.amwater.com)



**Metropolitan  
St. Louis Sewer  
District**

2350 Market Street  
St. Louis, MO 63103-2555  
(314) 768-6200

November 4, 2003

Mr. David Abernathy  
Vice President, Corporate Counsel  
Missouri-American Water Company  
535 N. New Ballas Road  
St. Louis, Missouri 63141

Dear David:

I hereby respectfully request a 120-day extension of the current MSD water data contract with Missouri-American Water Company in order that we may draft revised language and enter into a renegotiation of price, term and other issues. This extension is needed to allow ample time for effective renegotiation and the proper approval of the renewal contract by the MSD Board of Trustees.

Thank you for your cooperation in this matter. I look forward to finalizing the contract as soon as possible.

Sincerely,

Randy Hayman  
General Counsel  
Metropolitan St. Louis Sewer District

C: Jeff Theerman, MSD Acting Executive Director  
Randy Hayman, MSD General Counsel  
Theresa Bellville, MSD Assistant Director of Finance  
Linda Grady, MSD Attorney II  
Kathy Ahillen, MSD Billing & Customer Service Manager

**Missouri  
American Water**

Mr. Randy E. Hayman  
General Counsel  
Metropolitan St. Louis Sewer District  
2350 Market Street  
St. Louis, MO 63103-2555

David P. Abernathy  
Vice President, General Counsel  
and Secretary

Via Certified Mail

November 17, 2003

Re: Contract for Termination of Water Service for Payment of Delinquent Sewer Bills

Dear Randy:

As you may or may not be aware, the Metropolitan St. Louis Sewer District ("MSD") and Missouri-American's ("MAW") predecessor company, St. Louis County Water Company ("SLCWC"), had previously entered into a contract to provide for the termination of a customer's water service in the event of delinquent sewer billings. This contract has an execution date of June 21, 1993. It is my understanding that from the date of inception to the present, MSD has never exercised its rights under said contract.

During our negotiations for a new usage data contract between the parties, you mentioned a desire on the part of MSD to begin utilizing water terminations as a method of eliminating MSD's delinquent sewer billing backlog and to better facilitate more timely payments by sewer customers. You also indicated a logical desire to address this issue, and the usage data issue, in the same agreement. We would concur with your suggestion, as the 1993 contract is also somewhat dated.

The current water termination agreement automatically renews itself from year to year unless affirmatively terminated by one of the parties. Consequently as a matter of "housekeeping," MAW per the date of this letter, is providing notice of its intent to terminate the water termination contract with MSD of June 21, 1993. Per the terms of the agreement, notice is being provided 60 days in advance of the termination date.

American Water  
535 N. New Ballas Road  
St. Louis, MO 63141-6875  
USA  
T +1 314 956 2276  
F +1 314 997 2451  
E [dabernathy@mawc.com](mailto:dabernathy@mawc.com)  
I [www.amwater.com](http://www.amwater.com)



Page 2

Thanks for your attention to this matter. As usual, if you have any concerns or questions, please feel free to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "David P. Abernathy".

David P. Abernathy  
Vice President, General Counsel  
& Secretary



**Metropolitan  
St. Louis Sewer  
District**

2350 Market Street  
St. Louis, MO 63103-2555  
(314) 768-6200

November 26, 2003

Mr. David Abernathy  
Vice President, Corporate Counsel  
Missouri-American Water Company  
535 N. New Ballas Road  
St. Louis, Missouri 63141

Dear David:

As previously discussed in my letter to you of September 16, 2003, the District wishes to enter into a contract with Missouri American Water ("MO-AM") whereby MO-AM provides MSD with customer and water usage data so that it may effectively bill customers of St. Louis County for sewer services. In an effort to proceed in that direction, attached is the District's proposed contract for water usage data and water shutoff.

As noted in our earlier discussions, the District is greatly concerned by the fact that in the past it has paid for a wider amount of data than was necessary for or useful to its operations. After analyzing the situation with a business focus, the attached contract is specifically narrowly tailored to fit the District's present needs, with adjusted costs assigned thereto.

I look forward to your comments and will work with you to resolve this matter as quickly as possible.

Very truly yours,

Randy E. Hayman  
General Counsel

ts  
Attachment

cc: Jeff Theerman  
Jan Zimmerman



Missouri  
American Water

David P. Abernathy  
Vice President, General Counsel  
and Secretary

Mr. Randy E. Hayman  
General Counsel  
Metropolitan St. Louis Sewer District  
2350 Market Street  
St. Louis, MO 63103-2555

December 4, 2003

Re: Negotiation of a Contract for Water Usage Data and Termination of Water Service to Enforce Payment of Delinquent Sewer Bills between Missouri American Water ("MAW") and the Metropolitan St. Louis Sewer District ("MSD")

Dear Randy:

MAW is in receipt of your correspondence dated 11/26/03 and the accompanying draft contract that is being proposed by MSD. While we have briefly looked at MSD's new proposal, to be honest, MAW has not yet performed a detailed comparison review of it and our most recent former contracts with MSD. I do commit to you that we will get a more thorough review done in the very near future.

However, putting contractual legal details aside for the moment, obviously the major change being put forth in MSD's new proposal is the price to be paid to MAW by MSD for its water usage data. By our understanding, it appears that MSD is proposing to only provide MAW with one-fourth of the revenue it currently receives from MSD via the existing data usage contract between the parties. From your correspondence of 11/26/03, it is also our understanding that MSD believes this price adjustment is warranted because MSD will be requesting less data from MAW under the new contractual proposal.

Frankly, a lowering of the current price paid by MSD for this usage data will not be an acceptable proposal. To be honest, MAW was planning to propose a substantial price increase to MSD in order to continue to receive the data in the future.

As we discussed in our meeting of November 10, 2003, MAW's current price to MSD was a number created to not only cover the cost of producing and providing the data, but also to compensate the Company for lost revenues and customer irritations associated with providing the information. The current price of .54 cents per item of data was merely a number that was "backed" into once a total yearly price had been determined.

American Water  
535 N. New Ballas Road  
St. Louis, MO 63141-6875  
USA  
T +1 314 996 2276  
F +1 314 997 2451  
E dabernathy@mawc.com  
I www.amwater.com





Page 2

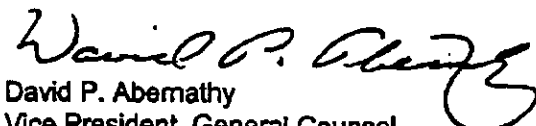
Consequently, a revenue stream equal to only one-fourth of the current price will not properly compensate MAW, particularly if now, per your recent request, MAW also begins performing customer shut-offs to enforce the payment of delinquent sewer billings. Although it appears that MAW and MSD may be somewhat far apart on this issue, we are still willing to continue to try and negotiate a resolution to this matter.

Again, as we discussed on November 10, MAW is currently in the process of a formal rate proceeding before the Missouri Public Service Commission. As I indicated, as a part of that process, MAW was required to inform the Commission Staff of any material changes in the business ("true-up") by November 30, 2003 or, be foreclosed from being able to reflect those changes in its pending rate order. Consequently, we had to inform the Commission Staff of the possibility that the current contract with MSD would not be renewed and, in turn, the Commission Staff is preparing to take the appropriate steps to return an amount equivalent to MAW's MSD revenue stream back into the rate system. Once this is done, it may not be possible for MAW to enter into such a usage data contract with MSD until the conclusion of its next rate case proceeding in 2007.

Therefore, we only have a small window of opportunity to get this matter resolved one way or the other. Certainly it is imperative we get resolution as soon as possible, but no later than December 26, 2003, the date our "true-up" testimony is due to the Commission.

Randy, I hope to hear from you soon. I am not sure we can reach resolution, but we are willing to try. Thanks for your time and attention to this matter.

Sincerely,

  
David P. Abernathy  
Vice President, General Counsel  
& Secretary



**Metropolitan  
St. Louis Sewer  
District**

2350 Market Street  
St. Louis, MO 63103-2555  
(314) 768-6200

VIA FIRST CLASS MAIL AND FACSIMILE

December 11, 2003

David Abernathy  
General Counsel  
Missouri American Water Company  
535 N. New Ballas Road  
St. Louis, MO 63141-6875

Re: Negotiation of a Contract for Water Usage Data and Termination of Water Service to Enforce Payment of Delinquent Sewer Bills between Missouri American Water and the Metropolitan St. Louis Sewer District

Dear David:

I am in receipt of your letter dated December 4, 2003. In an effort to negotiate the above-referenced contracts and to accommodate your wish to finalize their execution by December 26, 2003, we will need to commence negotiations with you as soon as possible. I propose that we meet at the Metropolitan St. Louis Sewer District headquarters (2350 Market) on either December 15 at 9:00 a.m. or December 19 at 1:00 p.m. Please contact my assistant, Terri Stewart at 768-6234 and inform her which date best accommodates your schedule.

While we look forward to discussing in person with you the many issues surrounding this matter, I wish to reiterate the District's position. The District is steadfast in its position that it should not pay an egregiously high price for water usage data information it does not need and cannot use. In line with the District's sharpened business focus, our proposed contract delineates a narrowly tailored list of water usage data information that the District wishes to purchase which should be reduced in price accordingly.

You argue that the current contract price was set so as to "compensate the Company [Missouri American Water] for lost revenues and customer irritations", neither of which have ever been defined or justified in writing. Even if this position is accepted as accurate, it is reasonable to believe that the cost applied to a significantly reduced package of water usage data information would not be the same or more than the cost applied to the originally inflated grouping of data.

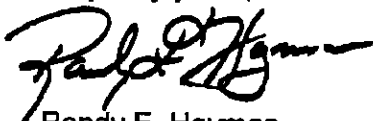
Secondly, we will make every effort to meet the December 26 deadline; it is in our mutual interests to resolve this matter promptly. Nonetheless, under state law, Missouri American Water is obligated to provide the District, for accurate billing purposes, the requested water usage data. RSMo. §249.645 states in pertinent part...

Any private water company, public water supply district, or municipality supplying water to the premises located within a sewer district **shall**; upon reasonable request, make available to such sewer district its records and books so that such sewer district may obtain therefrom such data as may be necessary to calculate the charges for sewer services.

Lastly, during our telephone conference on November 10, 2003, I requested that you provide me in writing the significance of the November 30, 2003 deadline and your proceedings before the Missouri Public Service Commission. This is a point of confusion since this deadline was not imposed in the past. It is my understanding from our previous discussion that the November deadline and now the December 26 deadline are associated with Missouri American Water's proceedings before the Public Service Commission designed to establish the overall cost of water. While the cost of water usage data is a component of this and produces a significant income stream for Missouri American Water, the proceedings associated with the overall cost of water should not wholly and prematurely eliminate the District's ability to negotiate a fair and accurate cost for water usage data, independent thereof. Your follow-up letter will greatly assist me in explaining the current status of this matter to our Board of Trustees.

Once again, we strongly believe that this matter can be resolved and will work diligently with you towards that end. As always, your efforts are appreciated.

Very truly yours,



Randy E. Hayman  
General Counsel

ts

cc: Jeff Theerman  
Jan Zimmerman



**Metropolitan  
St. Louis Sewer  
District**

2350 Market Street  
St. Louis, MO 63103-2555  
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VIA FIRST CLASS MAIL AND FACSIMILE

February 6, 2004

Missouri Public Service Commission  
200 Madison Street  
P.O. Box 360  
Jefferson City, MO 65102

RE: Missouri American Water Rate Case

Dear Commission Members:

The Metropolitan St. Louis Sewer District ("MSD") is a public sewer company created pursuant to Article VI Section 30 of the Missouri Constitution and we provide sewer service to St. Louis City and County. Missouri American Water provides water service to St. Louis County. We understand that the Public Service Commission is considering testimony at this time regarding the rate increase requested by Missouri American Water. We further understand that one item of Missouri American's budget is the estimated revenue from certain service contracts.

We want to make the Commission aware that MSD is currently involved in ongoing contract negotiations with Missouri American Water concerning their provision to MSD of water data. MSD bases its sewer rates upon water data supplied by Missouri American Water. While a fair and appropriate price for the water data contract is an unresolved issue at this point, MSD is hopeful that mutually acceptable terms will be reached with Missouri American Water.

Very truly yours,

Randy E. Hayman  
General Counsel

Cc: David Abernathy  
Jeffrey Theerman  
Jan Zimmerman