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March 4, 2004

FILED

MAR 04 2004

**Missouri Public
Service Commission**

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

RE: Missouri-American Water Company
Lead Case No. WR-2003-0500 and WC-2004-0168

Dear Mr. Roberts:

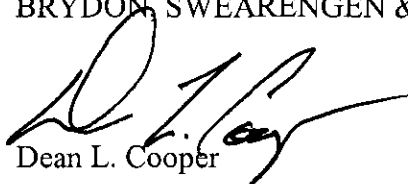
Enclosed for filing in the above-referenced matter are the original and eight (8) copies of a Stipulation and Agreement as to Jefferson City Fire Suppression Issues, which has been entered into by Missouri-American Water Company, the Missouri Public Service Commission Staff, and the City of Jefferson City, Missouri. A copy of the foregoing document has been hand-delivered or mailed this date to each party of record.

Thank you for your attention to this matter.

Sincerely,

BRYDON, SWEARENGEN & ENGLAND P.C.

By:


Dean L. Cooper

DLC/jar
Enclosures

FILED

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

MAR 04 2004

Missouri Public
Service Commission

| | | |
|--|---|-----------------------------------|
| In the Matter of the General Rate Increase |) | |
| for Water and Sewer Service Provided |) | |
| by Missouri-American Water Company. |) | Case No. WR-2003-0500 (lead case) |
| |) | |
| Staff of the Missouri Public Service |) | |
| Commission, |) | |
| |) | |
| Complainant, |) | and |
| |) | |
| v. |) | Case No. WC-2004-0168 |
| |) | |
| Missouri-American Water Company, |) | |
| |) | |
| Respondent. |) | |

STIPULATION AND AGREEMENT
AS TO JEFFERSON CITY FIRE SUPPRESSION ISSUES

COME NOW Missouri-American Water Company (the "Company"), the Staff of the Missouri Public Service Commission ("Staff"), and the City of Jefferson City ("Jefferson City") and respectfully state to the Missouri Public Service Commission ("Commission") that, as a result of extensive negotiations, the undersigned parties ("Parties") have reached the following stipulations and agreements concerning Jefferson City fire suppression issues (Stipulation and Agreement) in the instant cases:

1. Previously Filed Stipulations and Agreements (No further issues). As a result of this Stipulation and Agreement as to Fire Suppression Issues, no changes shall need to be made to the previously filed Stipulation and Agreement as to Rate Design or the previously filed Stipulation and Agreement as to Revenue Requirement. This Stipulation and Agreement as to Fire Suppression Issues resolves all remaining issues in this proceeding.

2. Coordinated Effort - Jefferson City Facilities. Within thirty days of the effective date of a Report and Order in this case, Staff, representatives of the Company, and representatives of the City of Jefferson City will convene in a coordinated effort to study the following Company facilities located in the Jefferson City District, as they relate to fire suppression: 1) the high and low service pump power supplies located at the Company's plant on West Main Street (i.e the reliability of these power supplies); 2) overall capacity, to include water towers, storage tanks and emergency water supplies for the Jefferson City District (to include future needs in light of growth, as well as the redevelopment of the Jefferson City Correctional Center); 3) portable intake pumping devices and facilities (with consideration of the possibility of low level flows of the Missouri River); and 4) the possible replacement of water mains of less than six inches in diameter and hydrants connected or proximate thereto (and the extent of any plans to replace water mains and hydrants). It is recognized that an examination of related costs and all possible sources of funding is an integral and necessary part of the study.

3. Report Following Study. Following the study described above, the parties shall jointly prepare, or, in the event a joint report is impractical, may each separately prepare, a report describing the results of the study including recommendations, if any, regarding the maintenance, improvement, or replacement of the facilities studied. The report shall be submitted to the Commission no later than twelve months after the effective date of the Report and Order in this case.

4. Non Signatories. While the Office of Public Counsel ("OPC"); Barnes-Jewish Hospital, Emerson Electric Company, SSM Health Care and St. John's Mercy Health Care ("Missouri Energy Group" or "MEG"); The Boeing Company, Daimler Chrysler Corporation,

Ford Motor Company, Hussman Refrigeration, Mallinckrodt, Inc. and Monsanto Company ("Missouri Industrial Energy Consumers" or "MIEC"); Public Water Supply District No. 1 and 2 of Andrew County, and Public Water Supply District No. 1 of DeKalb County ("Water Districts"), The Empire District Electric Company ("Empire"); City of Joplin ("Joplin"); Ag Processing, Inc. ("AGP"); St. Joseph Water Rate Coalition ("Coalition"); City of Warrensburg ("Warrensburg"); City of Riverside ("Riverside") and the Utility Workers Union of America Local 335 ("Local 335") do not join in this Stipulation and Agreement, they nevertheless have informed counsel that they do not oppose the Stipulation and Agreement as to the Fire Suppression Issues and do not request a hearing concerning the issues addressed by this Stipulation and Agreement as to Fire Suppression Issues.

5. This Stipulation and Agreement is being entered into solely for the purpose of settling all fire suppression issues raised by Jefferson City in these cases. None of the signatories to this 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, and none of the signatories shall be prejudiced or bound in any manner by the terms of this Stipulation and Agreement in this or any other proceeding, whether this Stipulation and Agreement is approved or not, except as otherwise expressly specified herein.

6. This Stipulation and Agreement has resulted from negotiations among the signatories and the terms hereof are interdependent. In the event the Commission does not approve this Stipulation and Agreement by the issuance date of its Report and Order in this case, or approves this Stipulation and Agreement with modifications or conditions that a party to this

proceeding objects to prior to the effective date of the Order approving this Stipulation and Agreement, then this Stipulation and Agreement shall be void and no signatory shall be bound by any of the agreements or provisions hereof, except as referenced in paragraph 5 above.

7. If the Commission does not unconditionally approve this Stipulation and Agreement without modification, and notwithstanding its provision that it shall become void therein, 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 Parties 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 or 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 further purpose whatsoever.

8. In the event the Commission accepts the specific terms of this Stipulation and Agreement, 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 §536.080.2 RSMo 2000; their respective rights to seek rehearing, pursuant to §386.500 RSMo 2000; and their respective rights to judicial review pursuant to §386.510 RSMo 2000. This waiver applies only to a Commission Report and Order respecting this Stipulation and Agreement issued in this proceeding, and does not apply to any matters

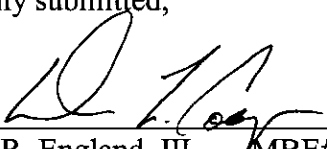
raised in any prior or subsequent Commission proceeding, or any matters not explicitly addressed by this Stipulation and Agreement.

9. The Staff shall file suggestions or a memorandum in support of this Stipulation and Agreement. Each of the Parties shall be served with a copy of any such suggestions or memorandum and shall be entitled to submit to the Commission, within five (5) days of receipt of Staff's suggestions or memorandum, responsive suggestions or a responsive memorandum which shall also be served on all Parties. The contents of any suggestions or memorandum provided by any Party are its own and are not acquiesced in or otherwise adopted by the other signatories to this Stipulation and Agreement, whether or not the Commission approves and adopts this Stipulation and Agreement.

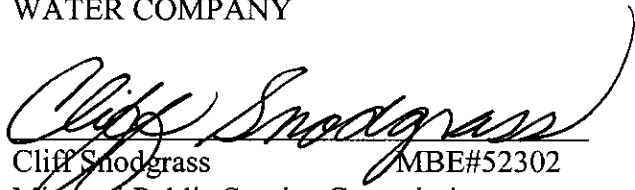
10. The Staff also shall have the right to provide, at any agenda meeting at which this Stipulation and Agreement is noticed to be considered by the Commission, whatever oral explanation the Commission requests, provided that the Staff shall, to the extent reasonably practicable, provide the other parties with advance notice of when the Staff shall respond to the Commission's request for such explanation once such explanation is requested from the Staff. The Staff's oral explanation shall be subject to public disclosure, except to the extent it refers to matters that are privileged or protected from disclosure pursuant to any protective order issued in this case.

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 Stipulation and Agreement as to Fire Suppression Issues.

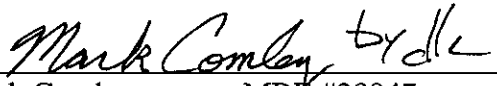
Respectfully submitted,



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MISSOURI PUBLIC SERVICE COMMISSION



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ATTORNEYS FOR JEFFERSON CITY

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been hand-delivered, or sent by electronic mail to all counsel of record this 4th day of March, 2004.

