

WATER USAGE DATA AGREEMENT

This WATER USAGE DATA AGREEMENT (the "Agreement") is made and entered into as of the 29th day of November, 2007, by and between Missouri-American Water Company, a Missouri corporation (hereinafter "MAWC"), and the Metropolitan St. Louis Sewer District, a political subdivision established under the Constitution of the State of Missouri (hereinafter "MSD").

RECITALS:

WHEREAS, MAWC provides water service to customers in St. Louis County, Missouri, and through meter readings and estimates collects certain water usage and customer identification information for its billing purposes; and

WHEREAS, MSD provides sanitary sewer service to customers in St. Louis County, Missouri, and has established charges for such service based upon customer water usage; and

WHEREAS, MSD has requested that MAWC provide certain water usage and customer identification information that MSD requires to compute and collect its sewer charges; and

WHEREAS, MAWC is a public utility regulated by the Missouri Public Service Commission (hereinafter "Commission"); and

WHEREAS, the Commission, in conjunction with an application for a general rate increase filed by MAWC in Commission Case Nos. WR-2007-0216 and SR-2007-0217, approved on September 20, 2007 a Stipulation and Agreement as to MSD Rate Design between MAWC and MSD (hereinafter the

"Stipulation," a copy of which is attached hereto as Exhibit 1 and incorporated herein by reference); and

WHEREAS, the Stipulation provides that MAWC and MSD will execute an agreement containing the specific terms and conditions of providing the water usage and customer identification data and that such agreement will be submitted to the Commission for approval.

NOW THEREFORE, in consideration of the mutual agreements and covenants set forth below, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, MAWC and MSD agree as follows:

1. **DATA TO BE PROVIDED.** MAWC agrees to make available to MSD water usage data relative to each of MAWC's St. Louis County customers, which is collected quarterly or monthly in MAWC's ordinary course of business through meter readings or lawful estimates. Each customer's water usage will be ascertained from readings obtained by some combination of either actual meter readings by MAWC personnel, postcard readings mailed in from customers, telephone readings called in by customers, or estimated readings by MAWC personnel when the foregoing are unavailable. The water usage data will cover a period of approximately 90 days for quarterly-billed customers and a period of approximately 30 days for monthly-billed customers.

The water usage and customer identification data (hereinafter referred to as the "Data") shall be made available to MSD by MAWC on a weekly basis, and shall include the following Data:

A. Transaction information, including reading, usage and adjustment information for each customer account, as follows:

- (i) whether the reading is an actual reading or an estimate (estimates shall include office estimates performed by MAWC and estimates provided by the customer);
- (ii) usage adjustment(s) with appropriate code(s) (if applicable);
- (iii) cancel read (if applicable);
- (iv) closing bill (if applicable); and
- (v) the reading, which shall contain at a minimum:
 - (a) the reading date;
 - (b) days of duration;
 - (c) usage amount;
 - (d) reading frequency (bi-monthly, quarterly, monthly);
 - (e) unit of measure (gallons, hundred gallons, hundred cubic feet);
 - (f) negative and positive indicator on usage; and
 - (g) transaction number for each record.

B. Account and premise change information, including customer, service address and status information, as follows:

- (i) account name and mailing address (including address, city, state and zip code);
- (ii) premise address (*i.e.*, the service address)
- (iii) status of account
- (iv) status of premise; and
- (v) account/premise change date (if applicable).

C. Opening and closing service records, including information concerning the status of the service at the premise address, as follows:

- (i) new premise;
- (ii) inactivated premise; and/or
- (iii) killed premise.

Because an MSD customer and a MAWC customer at a specific address may be different individuals or entities, it will be MSD's responsibility to discern from the Data the appropriate customer identification information for MSD's purposes. MAWC will not be responsible for determining which of its customers are also MSD customers. In addition, MAWC does not make any representations or warranties to MSD as to the accuracy, completeness or fitness for a particular purpose of the Data.

As of the Effective Date of this Agreement, MSD retrieves the above Data via a secure website maintained by MAWC and all customer records made available to MSD are referenced by MAWC account number and premise number. To the extent MAWC intends to change the manner by which the Data will be made available to MSD or to change the manner in which MAWC

references customer records, it shall provide MSD with no less than ninety (90) days notice, per the notice provision set forth in paragraph 17 below.

2. **CONFIDENTIALITY**. MSD agrees that the Data it obtains shall be used only for the purpose of computing and collecting its sewer charges, and that it shall limit the disclosure of the Data to only those officers, employees, agents and regulatory authorities (including attorneys, accountants, collections agencies, consultants and the MSD Rate Commission) who need the Data for such purpose. MSD agrees to keep the Data confidential and shall not disclose, provide or sell the Data to any third party, firm, corporation or entity, except as otherwise provided herein.

3. **INAPPLICABLE PSC NOTICE REQUIREMENTS**. All notice and complaint procedures specified in 4 CSR 240, and Chapter's 386 and 393 RSMo that apply to customer rights to utility service from a regulated utility, shall not apply to actions or inactions by MAWC pursuant to the Agreement or MAWC's election to enter into this Agreement. All notice, complaint procedures and administrative consumer remedies, to the extent that they may exist or be alleged to exist, shall be the responsibility of MSD.

4. **FEES**. The annual fee for MAWC's provision of the Data shall be \$350,000, to be paid in installments of \$29,166 per month. Such payments shall be due on the 15th of each month, with the first payment due on December 15, 2007. Should MSD fail to pay any amounts due under the terms of this Agreement, excluding a failure to pay as a result of a short-term administrative

error, MAWC's obligations to deliver the Data under this Agreement shall cease until such amounts are paid in full.

5. **INDEMNIFICATION.** To the extent allowed by law, MSD agrees to indemnify, defend and hold harmless MAWC from and against any and all claims, complaints or causes of action asserted by MSD customers and/or other third parties concerning the Data that MAWC has made available to MSD in accordance with this Agreement including, but not limited to, claims that sewer bills were based on estimates that do not reflect actual usage; provided that the Data was not intentionally falsified or provided as a result of gross negligence by MAWC, its parents, subsidiaries, affiliated and related corporations, companies, partnerships and entities and/or their former, present, and future partners, directors, managers, officers, employees, attorneys, agents, representatives, successors and/or assigns.

6. **PUBLIC SERVICE COMMISSION APPROVAL.** The rate of compensation referred to in Paragraph 4 above will be incorporated in a revised tariff sheet number RT 16.0 to be applicable for service on and after December 1, 2007 (a copy of which is attached hereto as Exhibit 2 and incorporated herein by reference), which has been submitted to the Commission for approval. In addition, pursuant to the Stipulation, this Agreement will be submitted to the Commission for approval. If any aspect of this Agreement or the related tariff are rejected or modified by the Commission, MAWC and MSD shall have the option to declare this Agreement void, with the exception of the indemnification requirement set forth in paragraph 5 above, which shall survive with respect to

any and all indemnification actions taken pursuant to this Agreement during the time it was in force and effect.

7. **CUSTOMER COMMUNICATIONS.** MSD shall handle all customer communications regarding the implementation of this Agreement or any actions that have been taken pursuant to this Agreement. Communications from customers to MAWC regarding MSD billings will be referred and directed to MSD, but MAWC will respond to reasonable requests for information from MSD to assist MSD in the handling of specific customer issues from time to time.

8. **FORCE MAJEURE AND CONFLICTING REQUIREMENTS.** MAWC's actions required under this Agreement shall be excused due to matters beyond its control, including but not limited to employee work stoppages, strikes, inclement weather, or emergencies requiring utilization of manpower or resources elsewhere. In addition, the aforementioned information will cease to be provided if a court of competent jurisdiction or other governmental entity having jurisdiction issues an order to MAWC so requiring.

9. **IDENTIFICATION OF COSTS.** MAWC agrees to identify and provide to MSD, before MAWC files its next general rate case, the total incremental costs MAWC incurs in making the Data accessible to MSD in a readily-ascertainable and usable format, including, but not limited to, all costs incurred by MAWC in maintaining and updating the secure website from which MSD procures such Data, and all labor, software and other costs associated with making such Data available to MSD, plus all other costs MAWC attributes to services related to the provision of such Data to MSD.

The provision of this incremental cost information by MAWC is not an admission or an acknowledgment by MAWC that incremental costs are appropriate for purposes of determining an appropriate charge for providing such billing data and related services. Both MAWC and MSD are free to propose whatever cost method they believe is appropriate in MAWC's next general rate increase.

10. EXPIRATION OR TERMINATION. MAWC and MSD agree that if this Agreement is approved by the Commission, neither MAWC nor MSD will take any action to alter or rescind the rate referred to in paragraph 4 above and identified on revised tariff sheet number RT 16.0 attached hereto as Exhibit 2 prior to MAWC's next general rate case. Upon the filing of MAWC's next general rate case or any general rate case thereafter, both MAWC and MSD shall be free to ask the Commission to review and revise the rates, terms and/or conditions regarding the provision of the Data.

This Agreement shall remain in full force and effect until the Commission issues an Order revising the rate, terms and/or conditions governing the provision of the Data to MSD or approving a new agreement or amendment to this Agreement concerning MAWC's provision of the Data to MSD.

11. NO WAIVER. MAWC and MSD reserve their rights, without prejudice, to maintain their respective positions with respect to the issues raised in Commission Case No. WC-2007-0040 in any future proceeding. This Agreement is made pursuant to a settlement and a compromise of disputed

claims and is not to be construed as a waiver of MAWC's or MSD's positions concerning the issues raised in Commission Case No. WC-2007-0040.

12. **SUCCESSORS AND ASSIGNS.** MAWC and MSD agree that this Agreement shall be binding upon and inure to the benefit of their respective successors and assigns.

13. **ENTIRE AGREEMENT.** This Agreement, including the Stipulation attached hereto as Exhibit 1 and the revised tariff sheet number RT 16.0, attached hereto as Exhibit 2, both of which are incorporated herein by reference, set forth the entire understanding between the parties and fully supersede any prior agreements or understandings between the parties relating to the subject matter set forth herein.

14. **AMENDMENT.** Neither this Agreement, nor any term hereof may be amended, changed, modified, altered, or waived except in writing executed by both MSD and MAWC.

15. **RELIANCE OF THE PARTIES.** MAWC and MSD each acknowledge that they have consulted with counsel and that they have had this Agreement reviewed by such of their attorneys and advisors as they deem necessary. MAWC and MSD further acknowledge that they have: (i) made an independent investigation of such facts as they deem necessary or appropriate in order to make the decision to enter into this Agreement; (ii) made an independent determination to enter into this Agreement; (iii) not relied upon any statement of or information received from any other party or from counsel for any other party that is not expressly reflected herein in making such independent investigation

and determination; (iv) received no written or oral representations made to induce them to execute this Agreement that are not expressly reflected herein; and (v) freely and voluntarily executed this Agreement without any duress or coercion, after having carefully and completely read all the terms and provisions of this Agreement.

16. AUTHORITY OF THE PARTIES. Each party and signatory hereto has the authority to enter into this Agreement and at all times has full authority to perform this Agreement. No further approval or consent by any other person or authority is required.

17. NOTICES. All notices and other communications between MAWC and MSD concerning this Agreement (collectively, "Notices") shall be given in writing to the addresses set forth below:

MAWC:	Terry L. Gloriod, President Missouri American Water Company 727 Craig Road St. Louis, MO 63141
With Copy To:	Martin M. Kerckhoff, General Counsel Missouri American Water Company 727 Craig Road St. Louis, MO 63141
MSD:	Jeffrey L. Theerman, Executive Director Metropolitan St. Louis Sewer District 2350 Market Street St. Louis, MO 63103
With Copy To:	Randy E. Hayman, General Counsel Metropolitan St. Louis Sewer District 2350 Market Street St. Louis, MO 63103

Either party may change its address for Notices by giving written notice to the other party in accordance with this provision.

18. **CONSTRUCTION**. The headings or captions in this Agreement are solely for convenience of reference and shall be given no effect in the construction or interpretation of this Agreement.

19. **SEVERABILITY**. If any provision of this Agreement is found by the Commission or a court of competent jurisdiction to be illegal, invalid, or unenforceable, the remaining terms hereof will not be affected, and in lieu of each provision that is found to be illegal, invalid, or unenforceable, a provision will be added as part of this Agreement, which is legal, valid, and enforceable, and is as similar to the illegal, invalid, or unenforceable provision as may be possible.

20. **GOVERNING LAW**. To the extent a dispute arises between MAWC and MSD involving enforcement of this Agreement such dispute shall be governed by the internal laws of the State of Missouri, applicable to contracts made and performed entirely in Missouri, without regard to any principles of conflicts of laws.

21. **INCORPORATION OF RECITALS**. The Recitals are hereby incorporated into this Agreement.

22. **COUNTERPARTS**. This Agreement may be executed in counterparts, including facsimile or photocopy counterparts, each of which shall be deemed an original, but all of which taken together shall constitute a single document.

23. **EFFECTIVE DATE.** This Agreement shall become effective upon the entry of the Commission's Order approving this Agreement and not before.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

MISSOURI-AMERICAN WATER COMPANY

By: 
Terry L. Gloriod, President

ATTEST:


Mary G. Sullivan, Assistant Secretary

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

By: 
Jeffrey Theerman, Executive Director

APPROVED AS TO FORM
OFFICE OF GENERAL COUNSEL

By: 
Randy E. Hayman

ATTEST:


Karl J. Tyminski, Secretary-Treasurer