



Missouri-American Water Company

535 North New Ballas Road • St. Louis, Missouri 63141 • Phone (314) 996-2276 • Fax (314) 997-2400

www.mawc.com

David P. Abernathy
Vice President, General Counsel
and Secretary
dabernathy@mawc.com

FILED²
JAN 23 2002
Missouri Public
Service Commission

January 22, 2002

Mr. Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
P.O. Box 360
Truman State Office Building, 5th Floor
Jefferson City, MO 65102

WF-2002-359

Re: Letter of Transmittal
Financing Application – EIERA Bonds

Dear Secretary Roberts:

Enclosed for filing please find an original and eight copies of the application by Missouri-American Water Company for authority to issue and deliver \$15,000,000 aggregate principal amount of its First Mortgage Bonds, Series 2002A, due 2032 to the EIERA.

Would you kindly bring this matter to the attention of the Commission at your earliest convenience. Also, I would very much appreciate it if you would designate your receipt of this Letter of Transmittal and its enclosures by appropriate stamp on the enclosed copy for return mail to my office.

Thank you for your courtesy and cooperation.

Sincerely,

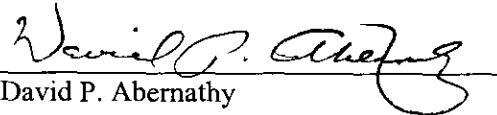
David P. Abernathy
Vice President and Corporate Counsel

Two copies of the foregoing have on this date been sent by prepaid U.S. Mail to the Office of Public

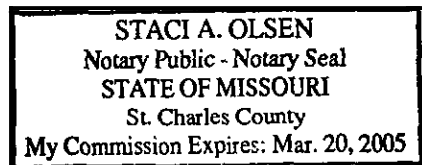
Letter of Transmittal
January 22, 2002
Page Two

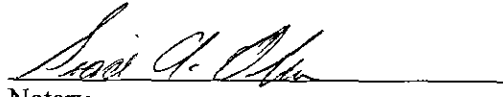
VERIFICATION

I, David P. Abernathy, herewith state and affirm that I am Vice President and Corporate Counsel of Missouri-American Water Company, that I have executed the foregoing on behalf of such Company with authority from the Board of Directors, and that the foregoing statements and the information contained in the enclosures herewith are true and correct to the best of my knowledge, information and belief.


David P. Abernathy

Subscribed and sworn to before me this 22nd day of January, 2002.




Notary

Encl.



Missouri-American Water Company

535 North New Ballas Road • St. Louis, Missouri 63141 • Phone (314) 996-2276 • Fax (314) 997-2451

www.mawc.com

David P. Abernathy
Vice President, General Counsel
and Secretary
dabernathy@mawc.com



January 22, 2002

Mr. Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
P.O. Box 360
Truman State Office Building, 5th Floor
Jefferson City, MO 65102

Re: Letter of Transmittal
Financing Application – EIERA Bonds

Dear Secretary Roberts:

Enclosed for filing please find an original and eight copies of the application by Missouri-American Water Company for authority to issue and deliver \$15,000,000 aggregate principal amount of its First Mortgage Bonds, Series 2002A, due 2032 to the EIERA.

Would you kindly bring this matter to the attention of the Commission at your earliest convenience. Also, I would very much appreciate it if you would designate your receipt of this Letter of Transmittal and its enclosures by appropriate stamp on the enclosed copy for return mail to my office.

Thank you for your courtesy and cooperation.

Sincerely,

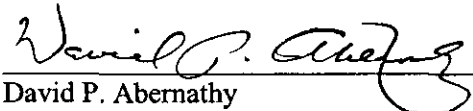
David P. Abernathy
Vice President and Corporate Counsel

Two copies of the foregoing have on this date been sent by prepaid U.S. Mail to the Office of Public

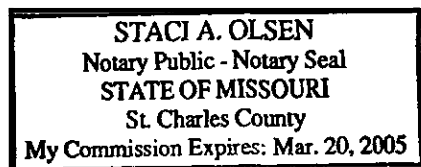
Letter of Transmittal
January 22, 2002
Page Two


VERIFICATION

I, David P. Abernathy, herewith state and affirm that I am Vice President and Corporate Counsel of Missouri-American Water Company, that I have executed the foregoing on behalf of such Company with authority from the Board of Directors, and that the foregoing statements and the information contained in the enclosures herewith are true and correct to the best of my knowledge, information and belief.


David P. Abernathy

Subscribed and sworn to before me this 22nd day of January, 2002.




Notary

Encl.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

FILED²

JAN 23 2002

Missouri Public
Service Commission

In the matter of the application of)
MISSOURI-AMERICAN WATER COMPANY,)
for authority (a) to execute and deliver)
a Seventeenth Supplemental Indenture)
to its Indenture of Mortgage, dated)
as of May 1, 1968, for the purpose)
of creating an additional series of its)
General Mortgage Bonds, to secure bonds)
issued by the State Environmental)
Improvement and Energy Resources)
Authority, (b) to issue and sell at private)
sale \$15,000,000 principal amount of such)
bonds, (c) to enter into, execute and deliver)
a Loan Agreement and other documents)
in connection therewith, and (d) to issue)
and sell at private sale \$9,000,000)
aggregate amount of its Common Stock.)

Case No. WF-2002-359

APPLICATION

Comes now Missouri-American Water Company (hereinafter "Applicant"), pursuant to §393.190 and §393.200 RSMo 1994 and 4CSR 240-2.060, and for its Application to the Missouri Public Service Commission (hereinafter "Commission") states that:

1. Applicant is a Missouri corporation with its principal office and place of business at 535 N. New Ballas Road, St. Louis, Missouri 63141. Applicant is qualified to conduct business as a public utility in the State of Missouri subject to the jurisdiction of the Commission as provided by law. Applicant is engaged, generally, in the business of furnishing water service to the public in the following areas: the municipalities of St. Joseph, Joplin, St. Peters, St. Charles, O'Fallon, Brunswick, Mexico, Warrensburg, Parkville, Riverside, Platte Woods, Lake Waukomis, Houston Lake, and Cottleville, Missouri, and surrounding areas in

Buchanan, Andrew, Jasper, Newton, Chariton, Platte, Johnson, St. Charles, and Audrain Counties, as well as in over ninety municipalities and surrounding areas in St. Louis and Jefferson Counties, Missouri .

2. All communications, notices, orders and decision respecting this application and proceeding should be addressed to:

David P. Abernathy, Vice President & General Counsel
MISSOURI-AMERICAN WATER COMPANY
535 N. New Ballas Road
St. Louis, MO 63141
(314) 991-3404 X276

3. Attached hereto and incorporated herein by referenced as Appendix 1 and made a part hereof for all purposes is a Certificate of Corporate Good Standing issued by the Missouri Secretary of State's office addressing Applicant's corporate status.

4. Applicant has an Indenture dated June 1, 1946, and supplements thereto dated June 1, 1950, December 1, 1952, January 1, 1954, June 1, 1955, December 1, 1957, December 1, 1961, December 1, 1964, June 1, 1967, June 1, 1971, December 1, 1977, January 15, 1983, December 1, 1984, November 1, 1985, January 1, 1988, November 1, 1988, November 1, 1989, December 1, 1989, February 1, 1991, February 1, 1992, February 1, 1993, May 1, 1995, November 1, 1996, May 1, 1997, March 1, 1998 and March 1, 1999 by and between St. Louis County Water Company and State Street Bank and Trust Company of Missouri, N.A. as Trustee. St. Louis County Water Company was merged with and into Applicant, the latter surviving, effective December 31, 2001. There are presently due under said Indenture \$141,998,600 aggregate principal amount of First Mortgage Bonds. The said St. Louis County Water Company Indenture, as supplemented and amended, constitutes a first mortgage lien against the property of Applicant described in said Indenture. The issuance of additional First

Mortgage Bonds under the St. Louis County Water Company Indenture is prohibited by Applicant's Indenture of Mortgage, except for transfers, exchanges or substitutions.

5. Applicant has outstanding an Indenture of Mortgage dated May 1, 1968, and supplements thereto dated March 1, 1971, October 1, 1975, October 1, 1980, January 1, 1984, September 1, 1986, February 1, 1990, January 1, 1993, March 1, 1994, January 1, 1995, March 1, 1995, July 1, 1996, June 1, 1997, February 1, 1998, November 1, 1998, March 1, 2000, and December 31, 2001 by and between Applicant and First Union National Bank (formerly The Fidelity Bank), and UMB Bank, N.A. (formerly Mercantile Bank of Western Missouri, successor to William B. Ebert), as Trustees (the "Missouri-American Trustees"). Applicant's original Indenture of Mortgage was approved by this Commission in an Order dated June 14, 1968 in Case No. 16,452. There are presently due under said Indenture of Mortgage \$92,590,000.00 aggregate principal amount of General Mortgage Bonds. Said Indenture of Mortgage, as supplemented and amended, constitutes a first mortgage lien against the property of Applicant described in the Indenture of Mortgage, as supplemented and amended, subject to the Indenture of the former St. Louis County Water Company. The provisions of Sections 2.03 and 2.04 of Article II of the Indenture of Mortgage are applicable to the issuance of additional General Mortgage Bonds and such bonds are issuable pursuant to Section 2.04 so long as such proposed issue of bonds plus all other "Long-Term Debt" of Applicant does not exceed 65% of Applicant's "Total Capitalization," all as defined in said Indenture of Mortgage as supplemented and amended.

6. Applicant had outstanding as of November 30, 2001, \$23,301,356 of short-term unsecured indebtedness.

7. Applicant's authorized capital stock consists of 6,000 shares of Cumulative Preferred Stock, \$100 par value, 2,040 shares of which at November 30, 2001, are issued and outstanding under authority of this Commission; 100,000 shares of Cumulative Preferential Stock, \$100 par value, 25,000 shares of which at November 30, 2001 are issued and outstanding under authority of this Commission; and 40,000,000 shares of common stock without par value, 26,553,945 shares of which are issued and outstanding under authority of this Commission. Applicant's Restated Articles of Incorporation contain sufficient authorized shares of common stock so as to allow the issuance of approximately 1,190,476 shares of common stock for an aggregate purchase price of \$9,000,000.

8. None of the outstanding stock, stock certificates or bonds, have been issued or used in capitalizing the right to be a corporation or any franchise or permit or the right to own, operate or enjoy such franchise or permit, or any contract for consolidation or lease, or issued against or as a lien upon any contract for consolidation or merger.

9. Applicant intends to use the proceeds for the acquisition of property, the construction, extension and improvement of its plant and distribution systems, and other capital investment all of which shall be necessary and proper for the rendition of public water supply, and to reimburse its treasury for any such costs heretofore incurred subsequent to January 1, 2001. Additionally, some of the proceeds from Applicant's sale of approximately 1,190,476 of its shares of common stock will also be used for some of the aforesaid purposes.

10. Applicant has applied to the State Environmental Improvement and Energy Resources Authority (the "Authority") to finance part of the cost of the Project with the issuance of tax exempt revenue bonds by the Authority. The Authority is a body corporate and politic and a governmental instrumentality of the State of Missouri duly organized and existing

under the Constitution of the State and § 260.005 through 260.125, inclusive, RSMo 1994, as amended (the "Act"). The Authority is authorized to issue revenue bonds and loan the proceeds therefrom to a corporation for the purpose of acquisition, construction, reconstruction, enlargement, improvement, furnishing, equipping, maintaining, repairing, operating, leasing, financing and selling any facility constituting a "project" under the Act.

11. At the request of Applicant, the Authority will issue and sell for cash to the underwriters, for whom Edward D. Jones & Co. is acting as representative (the "Underwriters"), \$15,000,000 aggregate principal amount of tax exempt water facility revenue bonds (the "EIERA Bonds"). The Authority will lend the proceeds of the EIERA Bonds to Applicant pursuant to a Loan Agreement (the "Loan Agreement") between Applicant and the Authority. The actual maturity date, interest rate and redemption provisions will be negotiated by the underwriter and Applicant at the time of sale of the EIERA Bonds and will be based on market conditions at the time of sale. Concurrently with the issuance and sale of the EIERA Bonds and on delivery of the cash proceeds of the sale to a trustee to be selected by Applicant with the approval of the Authority (the "Bond Trustee") for the use by Applicant, Applicant will issue and deliver to the Bond Trustee under the indenture (the "Bond Indenture"), \$15,000,000 aggregate principal amount of its General Mortgage Bonds (the "New Bonds"), which will bear interest at a rate and contain other payment terms and conditions equivalent to those contained in the EIERA Bonds. It is intended that Applicant's payments required for interest, principal and redemption of its New Bonds and under the Loan Agreement shall be sufficient to pay the interest on and to redeem or pay at maturity the EIERA Bonds. The Authority's right, title and interest in the New Bonds and the Loan Agreement will be pledged and assigned to the Bond Trustee under the Bond Indenture pursuant to which the EIERA

Bonds will be issued. The Authority's right, title and interest in the New Bonds and the Loan Agreement so assigned shall constitute security for the payment of the EIERA Bonds and the interest and the redemption premium, if any, thereon. All payments by Applicant on the New Bonds of principal, interest and the premium, if any, will be made prior to or on the dates when the corresponding payments are required to be made on the EIERA Bonds.

12. Although the Authority will be the issuer of the EIERA Bonds, as required to exempt the interest on such bonds from taxation, neither the credit of the Authority nor that of the State of Missouri will be pledged for the payment of the EIERA Bonds.

13. In connection with the Project, Applicant proposes:

a) to execute and deliver a Seventeenth Supplemental Indenture (the "Seventeenth Supplemental Indenture") to Applicant's Indenture of Mortgage dated May 1, 1968, as amended and supplement, between Applicant and the St. Joseph Trustees for the purpose of supplementing and amending the Indenture of Mortgage and creating a new series of General Mortgage Bonds to be issued by Applicant thereunder, to have such designation and such other characteristics as hereafter shall be determined by Applicant's Board of Directors in accordance with the terms and provisions of the Indenture of Mortgage;

b) to create, issue and deliver under and pursuant to the Indenture of Mortgage, as amended and supplemented, and as to be amended and supplemented by the Seventeenth Supplement Indenture, \$15,000,000 aggregate principal amount of the New Bonds to secure obligations with respect to the EIERA Bonds to be issued by the Authority.

14. If Applicant can obtain a municipal bond insurance policy at a cost which will result in debt service on the EIERA Bonds, on a present value basis, being less than the debt service on the EIERA Bonds without such municipal bond insurance policy, Applicant may purchase such a policy, in which event the policy premium will be paid out of proceeds from the sale of the EIERA Bonds as an expense of the offering. Such a policy would constitute a

guarantee by the issuer of the bond insurance of payments of principal and interest on the EIERA Bonds.

15. The proceeds from the sale of the New Bonds hereinbefore described, after paying financing expenses, will be used for the Project as more specifically described in Paragraph 8, above. The proceeds from the sale of the EIERA Bonds will be deposited with the Bond Trustee to be paid out from time to time upon written request of Applicant and used by Applicant for the acquisition of property, the construction, completion, extension or improvement of or addition to its facilities, or the improvement or maintenance of its service, all in a manner which satisfies the requirements of tax exempt water facility revenue bonds.

16. Applicant also proposes to issue and sell shares of common stock, no par value, of Applicant to American Water Works Company, Inc. for \$9,000,000. Approximately 1,190,476 shares of Common Stock (the "New Common Stock") are proposed to be issued for an aggregate price instead of a price per share because of the problem in developing a price per share that would result in even cents per share. The book value per share of the New Common Stock is about the same as the current book value of common equity.

17. The proceeds from the sale of the New Common Stock, after payment of financing expenses, will be used by Applicant for the payment of short term indebtedness outstanding at the time of closing and the balance from said proceeds will be used for the purposes as set forth in paragraph 8 herein.

18. A certified copy of the Resolutions of the Board of Directors of Applicant authorizing the issuance of the New Bonds and the New Common Stock is attached hereto as Appendix 2 and incorporated herein by reference.

19. Also attached hereto and incorporated herein by reference are the following appendices:

- Appendix 3 - A listing of the issued and outstanding bonds of Applicant.
- Appendix 4 - Information regarding Applicant's capital stock outstanding, bonded indebtedness and short-term indebtedness and other financial information including a balance sheet for the twelve month period ending November 30, 2001, and a financial statement with adjustments showing the pro forma effect of the issuance of the \$15,000,000 of New Bonds and \$9,000,000 of New Common Stock on bonded and other indebtedness and stock authorized and outstanding.
- Appendix 5 - Statement of Applicant's capital expenditures for the acquisition of property and the construction, completion, extension and improvement of its plant and system for the five year period immediately prior to the filing of this Application, as well as the amount of retirements and permanent financing for the indicated period and a statement of Applicant's net property additions.
- Appendix 6 - A copy of the Seventeenth Supplement Indenture in substantially final form.
- Appendix 7 - A copy of the Loan Agreement in substantially final form.
- Appendix 8 - Copy of letter agreement between Applicant and American Water Works Company, Inc., providing for purchase by American Water Works Company, Inc., of approximately 1,190,476 shares of Common Stock of Applicant for a total purchase price of \$9,000,000 in substantially final form.

20. Applicant believes that the total principal amount of the New Bonds is subject to the fee schedule set forth in § 386.300, RSMo 1998, as it relates to the issuance of bonds.

21. The EIERA Bonds will be issued and sold by the Authority to the Underwriters who, in turn will offer the EIERA Bonds to purchasers in a public offering. The terms of the EIERA Bonds, including the price, interest rate and terms of the payment of interest, maturity, redemption and sinking fund provisions, if any, and other terms and provisions cannot be determined at this time because the market for the EIERA Bonds is constantly changing and

thus, the terms of the EI ERA Bonds (and thus the terms of the New Bonds) will be determined at the time of sale. The EI ERA Bonds will mature not later than 30 years after their date of issuance and the interest cost of such bonds will not exceed 200 basis points over the Bond Buyer Revenue Bond Index as published in the most current available issue of The Bond Buyer on the business day prior to the day on which the terms of the EI ERA Bonds are determined. A document setting forth the price information and other terms and provisions concerning the New Bonds will be late-filed as Appendix 9 hereto and made a part hereof for all purposes.

22. The money, property or labor to be procured or paid for by the issuance and sale of the New Bonds by Applicant and the issuance and sale of the EI ERA Bonds by the Authority and the issuance and sale by Applicant of the new Common Stock is reasonably required for the purposes specified in this application and that such purposes are not in whole or in part reasonably chargeable to operating expenses or to income.

WHEREFORE, Applicant requests that the Commission issue an Order authorizing Applicant to:

- a) enter into, execute and deliver the Loan Agreement in substantially the form of Appendix 7 containing the terms under which Applicant will construct the Project, provide for the issuance and sale of the EI ERA Bonds and to set out the terms under which applicant will be obligated to make payments sufficient to pay the principal, interest and premium, if any, on the EI ERA Bonds;
- b) execute and deliver a Seventeenth Supplement Indenture to the Missouri-American Trustees under Applicant's Indenture of Mortgage and Deed of Trust dated May 1, 1968, as amended and supplemented, in substantially the form of Appendix 6, for the purpose of supplementing and amending the Indenture of Mortgage and creating a new series of General Mortgage Bonds to be issued by Applicant thereunder to have such designation and such other characteristics as hereafter shall be determined by Applicant's Board of Directors in accordance with the terms and provisions of the Indenture of Mortgage;
- c) create, issue and deliver under and pursuant to the Indenture of Mortgage, as amended and supplemented, and as to be amended and supplemented by the Seventeenth Supplemental Indenture, the New Bonds to secure obligations with

respect to the EIERA Bonds to be issued by the Authority, provided that the aggregate principal amount thereof does not exceed \$15,000,000, bearing interest at a rate or rates, in combination not in excess of 200 basis points above the Bond Buyer Revenue Bond Index as published in the most current available issue of The Bond Buyer on the business day prior to the date on which the terms of such series are determined, having a maturity of not more than 30 years from the date of issuance and having such designation and such redemption provisions and other terms and provisions as shall be determined by Applicant, all to be set forth in the Seventeenth Supplemental Indenture relating to the New Bonds;

- d) create and make effective the lien of the Indenture of Mortgage, dated as of May 1, 1968, as amended and supplemented, and as to be amended and supplemented by the Seventeenth Supplemental Indenture, on the property of Applicant in the State of Missouri to secure Applicant's General Mortgage Bonds including the up to \$15,000,000 aggregate principal amount of the New Bonds;
- e) issue and sell to American Water Works Company, Inc., approximately 1,190,476 of Applicant's Common Stock;
- f) amortize any premium or discount and expenses incident to the issuance of the New Bonds over the life thereof;
- g) enter into, execute, deliver and perform the necessary arrangements and other documents necessary to effectuate the transactions hereinabove described; and
- h) take such other actions as may be reasonably necessary to complete the subject transaction; and

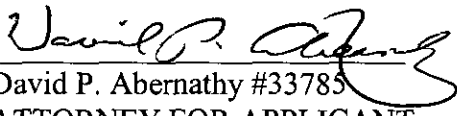
further ordering that the New Bonds are to secure the repayment of principal, interest, and premium, if any, on the EIERA Bonds, or that the proceeds from the sale of the EIERA Bonds, and the New Common Stock will be used by Applicant for the acquisition of property, the construction, completion, extension or improvement of or addition to its facilities, the improvement or maintenance of its service, and for other corporate purposes as hereinabove described; that the money, property or labor to be procured or paid for by Applicant through the issuance and sale of the New Bonds and the New Common Stock is reasonably required and necessary for the purposes set forth above and will be used therefor and such purposes are not

in whole or in part reasonably chargeable to operating expense or to income all as required by § 393.200, RSMo 1994.

Dated this 22nd day of January, 2002.

MISSOURI-AMERICAN WATER COMPANY


By: _____
Eric W. Thornburg, President


David P. Abernathy #33785
ATTORNEY FOR APPLICANT
Missouri-American Water Company
535 N. New Ballas Road
St. Louis, MO 63141
(314) 991-3404 X276

STATE OF MISSOURI)
) SS.
COUNTY OF ST. LOUIS)

Eric W. Thornburg, being first duly sworn, upon his oath, deposes and says that he is President of Missouri-American Water Company, a Missouri corporation; that he has read the foregoing Application by him subscribed, and knows the contents thereof; and that said contents to the best of his knowledge and belief are true in substance and in fact.

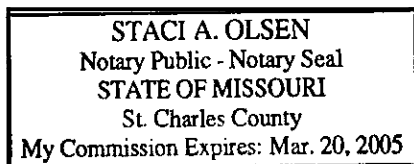


Eric W. Thornburg President

Subscribed and sworn to before me this 20th day of January, 2002.

Staci A. Olsen
Notary Public

My Commission Expires 3-20-05



The undersigned certifies that
two copies of the foregoing
have been sent to the Office of
Public Counsel by prepaid U.S.
Mail on the 20th day of
January, 2002.

No. 00001468

STATE OF MISSOURI



Matt Blunt
Secretary of State

CORPORATION DIVISION


CERTIFICATE OF CORPORATE GOOD STANDING

I, MATT BLUNT, Secretary of State of the State of Missouri,
do hereby certify that the records in my office and in my
care and custody reveal that

MISSOURI-AMERICAN WATER COMPANY

was incorporated under the laws of this State on the 9th
day of DECEMBER, 1879, and is in good standing, having fully
complied with all requirements of this office.

IN TESTIMONY WHEREOF, I have set my
hand and imprinted the GREAT SEAL of
the State of Missouri, on this, the
9th day of JANUARY, 2002.


Secretary of State



MISSOURI-AMERICAN WATER COMPANY
Secretary's Certificate

I, David P. Abernathy, being the Secretary of Missouri-American Water Company ("Company"), hereby certifies that following hereto are true and accurate copies of resolutions of the Board of Directors of said Company approved at a meeting of the Board of Directors of said Company, duly called and held, at which all members of the Board of Directors attended and voted therefore, dated December 12, 2001 and that said resolutions are still in full force and effect:

RESOLVED, that the financing program for this Company, consisting of the issuance and sale of \$15,000,000 aggregate principal amount of General Mortgage Bonds, due 30 years from the date of issue (the "General Mortgage Bonds"), and such General Mortgage Bonds to be issued and sold under a Seventeenth Supplemental Indenture (the "Supplemental Indenture") to be dated upon authentication and delivery of such Bonds but no later than May 30, 2002, unless extended by option of the Underwriters, to the Company's Indenture of Mortgage (the "Original Indenture") dated as of May 1, 1968, between this Company and The Fidelity Bank (now First Union National Bank) and William B. Ebert (now UMB Bank, N.A.), as trustees (the "General Mortgage Bonds Trustees"), as supplemented and amended by a First Supplemental Indenture dated as of March 1, 1971, by a Second Supplemental Indenture dated as of October 1, 1975, by a Third Supplemental Indenture dated as of October 1, 1980, by a Fourth Supplemental Indenture dated as of January 1, 1984, by a Fifth Supplemental Indenture dated as of September 1, 1986, by a Sixth Supplemental Indenture dated as of February 1, 1990, by a Seventh Supplemental Indenture dated as of January 1, 1993, by an Eighth Supplemental Indenture dated as of March 1, 1994, by a Ninth Supplemental Indenture dated as of January 1, 1995, by a Tenth Supplemental Indenture dated as of March 1, 1995, by an Eleventh Supplemental Indenture dated as of July 1, 1996, by a Twelfth Supplemental Indenture dated as of June 1, 1997, by a Thirteenth Supplemental Indenture dated as of February 1, 1998, by a Fourteenth Supplemental Indenture dated as of November 1, 1998, by a Fifteenth Supplemental Indenture dated as of March 1, 2000, by a Sixteenth Supplemental Indenture dated December 31, 2001, and by an additional Supplemental Indenture to be dated upon authentication and delivery of such Bonds but no later than May 30, 2002, unless extended by option of the Underwriters (said Original Indenture as so supplemented being hereinafter in these resolutions referred to collectively as the "Indenture") and such General Mortgage Bonds to

be sold to EIERA and assigned to the EIERA trustee, UMB Bank of St. Louis, National Association (the "EIERA Trustee") pursuant to the Indenture of Trust to be dated upon authentication and delivery of such Bonds but no later than May 30, 2002, unless extended by option of the Underwriters, EIERA to the EIERA Trustee (the "EIERA Indenture"), as security for the EIERA Tax Exempt Bonds, with the EIERA, in turn, simultaneously issuing and selling a like aggregate principal amount of its "Water Facilities Revenue Bonds (Missouri-American Water Company Project) Series 2002A" (the "Tax-Exempt Bonds") by means of a public offering under an Agreement with Edward D. Jones & Co., L.P. (the "Underwriter").

RESOLVED, that Edward D. Jones & Co., L.P. is selected as the Company's Underwriter; Gilmore & Bell, P.C. shall serve as Bond Counsel; and Shafer, Lombardo, Shifrin shall serve as Underwriter's Counsel.

RESOLVED, that the President or any Vice President of this Company be, and each of them hereby is authorized, empowered and directed to execute and deliver in the name of, and on behalf of, this Company an "Official Statement" (the "Official Statement") by means of which the Underwriter will offer the Tax-Exempt Bonds to the public), a Loan Agreement, and all other necessary and appropriate certificates and other legal documents (collectively, hereinafter, the "Tax-Exempt Bond Documents") to provide for the issue and sale by this Company of \$15,000,000 aggregate principal amount of the General Mortgage Bonds to the EIERA, and providing further for the concurrent issuance and sale by the EIERA of its Tax-Exempt Bonds to be secured by the General Mortgage Bonds, all of such General Mortgage Bonds to be issued and sold to the EIERA and all of such Tax-Exempt Bonds to be issued and sold to the Underwriter in accordance with the Bond Purchase Agreement (as hereinafter defined) and reoffered to the public by the Underwriter through the use of an Official Statement, and such Tax-Exempt Bond Documents and the EIERA Indenture to be in the form attached hereto, with such changes therein, if any, as may be approved by the President or any Vice President of this Company, as evidenced by his execution thereof.

RESOLVED, that the Tax-Exempt Bonds shall fix the interest rate, premium or discount, if any, and like terms of the General Mortgage Bonds.

RESOLVED, that this Company issue and sell, pursuant to the Indenture as supplemented and amended by the Seventeenth

Supplemental Indenture, the General Mortgage Bonds, in the aggregate principal amount of \$15,000,000.

RESOLVED, that the President or any Vice President of this Company be and each of them hereby is authorized and empowered to execute and deliver in the name of and on behalf of this Company an agreement providing for the issuance and sale to the Underwriter by EIERA of an aggregate principal amount of \$15,000,000 of the Tax-Exempt Bonds, at a price of 100% of the aggregate principal amount thereof (the "Bond Purchase Agreement"), such Bond Purchase Agreement to be in the form attached hereto, with such changes therein, if any, as may be approved by the President or any Vice President of this Company, as evidenced by his execution thereof.

RESOLVED, that this Company enter into a Seventeenth Supplemental Indenture to the Original Indenture, in order to create a new series of General Mortgage Bonds of the Company, which shall be designated "General Mortgage Bonds, ____% Series 2002A", and in order to ratify and confirm the lien of the Original Indenture.

RESOLVED, that the form of the Seventeenth Supplemental Indenture presented to this meeting, and containing covenants for the benefit of the General Mortgage Bonds be and hereby is approved, and that the President or any Vice President of this Company be and each of them hereby is authorized and empowered to execute on behalf of this Company and to deliver to the General Mortgage Bonds Trustees the Seventeenth Supplemental Indenture in such form, with such changes therein, if any, as may be approved by the President or any Vice President of this Company, as evidenced by his execution thereof; that the Secretary or the Assistant Secretary of this Company be and each of them hereby is authorized and empowered to affix to the Seventeenth Supplemental Indenture and attest the corporate seal of this Company; and that the General Mortgage Bonds Trustees be and hereby are requested to join with this Company in the execution and delivery of the Seventeenth Supplemental Indenture.

RESOLVED, that the General Mortgage Bonds shall be dated and bear interest from their date of authentication in accordance with the Indenture, shall mature 30 years from their date of issuance, shall bear interest at the rate determined for the Tax-Exempt Bonds, payable semi-annually, shall be subject to redemption as provided in the Indenture, and shall contain such other terms and provisions as are provided by the Indenture.

RESOLVED, that the form of General Mortgage Bonds contained in the form of the Seventeenth Supplemental Indenture,

attached hereto, be and hereby is approved in all respects, and that bonds in such form, printed or lithographed, with such changes therein as may be approved by the President or any Vice President of this Company, as evidenced by his execution thereof, be and hereby are authorized for use by this Company.

RESOLVED, that the President or any Vice President of this Company be and each of them hereby is authorized and empowered to execute and deliver to the General Mortgage Bonds Trustees for authentication an aggregate principal amount of \$15,000,000 of General Mortgage Bonds, and such additional General Mortgage Bonds as may be necessary from time to time to provide for transfers or exchanges of said bonds, and that the Secretary or an Assistant Secretary of this Company be and each of them hereby is authorized and empowered to affix thereto and attest the corporate seal of this Company.

RESOLVED, that upon execution of the General Mortgage Bonds in the manner aforesaid and delivery of same to the General Mortgage Bonds Trustees, and upon compliance by the Company with the provisions of the Indenture with respect to issuance of the General Mortgage Bonds, the General Mortgage Bonds Trustees be and hereby are authorized and requested to authenticate an aggregate principal amount of \$15,000,000 of the General Mortgage Bonds, and to deliver the same, when so authenticated, to or upon the order of the President, and Vice President, the Treasurer, the Assistant Treasurer or the Secretary of this Company, and to authenticate and deliver from time to time such additional General Mortgage Bonds as may be necessary to provide for transfers or exchanges of said bonds.

RESOLVED, that the President, and Vice President, the Treasurer, the Assistant Treasurer or Secretary of this Company be and each of them is authorized and empowered to do any and all such acts and things as any one of them may deem necessary or desirable in order to carry out the terms and provisions of the Bond Purchase Agreement, including the execution and delivery of a certificate of the Company in the form contained in the Bond Purchase Agreement, and to effect, pursuant thereto, the issue and sale and delivery of an aggregate principal amount of \$15,000,000 of the General Mortgage Bonds, against payment therefore pursuant to the Bond Purchase Agreement.

RESOLVED, that unless and until otherwise provided by the Board of Directors of this Company, the office of the General Mortgage Bonds Trustee in the City of Philadelphia be and hereby is designated as the office or agency of this Company (a) for payment of

the principal of and premium (if any) on the General Mortgage Bonds, (b) where notices, presentations and demands to or upon this Company in respect of the Tax-Exempt Bonds shall be given or made and (c) where books for the registration, transfer and exchange of the General Mortgage Bonds shall be kept.

RESOLVED, that all of the actions heretofore and hereafter taken by the Company officers in arranging for the sale of the aforementioned \$15,000,000 aggregate principal amount of the General Mortgage Bonds and the Tax Exempt Bonds are in all respects ratified, confirmed and approved as duly authorized and proper acts on behalf of this Company.

RESOLVED, that the proper officers of the Company be and they hereby are authorized, empowered, and directed to purchase bond insurance, if they in their sole discretion determine that such bond insurance is financially prudent, so as to enhance the rating on the Tax-Exempt Bonds to "AAA" and the President or any Vice President of this Company and the Secretary or the Assistant Secretary of this Company are each authorized and empowered to execute any documents necessary to effect such purchase.

RESOLVED, that the Company's President, any Vice President, its Treasurer, any Assistant Treasurer, its Secretary, any Assistant Secretary, be, and each of them hereby is, designated a Company Representative for purposes of the Indenture of Trust to be dated upon authentication and delivery of such Bonds but no later than May 30, 2002, unless extended by option of the Underwriters, between EIERA and the EIERA Trustee.

RESOLVED, that this Company issue and sell to American Water Works Company, Inc., approximately 1,200,000 shares of the authorized but unissued Common Stock of this Company, no par value per share, at an aggregate price of \$9,000,000.

RESOLVED, that the President or any Vice President and the Secretary or any Assistant Secretary of this Company be and hereby are authorized and empowered to execute in the name and on behalf of this Company a certificate or certificates representing approximately 1,200,000 shares of Common Stock and to affix thereto the corporate seal of this Company.

RESOLVED, that the President, any Vice President, the Treasurer, the Assistant Treasurer, the Secretary or any Assistant Secretary of this Company be and each of them hereby is authorized and empowered to deliver to American Water Works Company, Inc., a

certificate or certificates representing the approximately 1,200,000 shares of Common Stock, against payment therefor pursuant to the common stock purchase agreement and to effect, pursuant thereto, the issue and sale and delivery to American Water Works Company, Inc., of approximately 1,200,000 shares of Common Stock.

RESOLVED, that the Board of Directors of this Company declares that the approximately 1,200,000 shares of additional Common Stock, when issued, sold, paid for and delivered pursuant to the common stock purchase agreement, shall each be fully paid and nonassessable shares of the Common Stock of this Company.

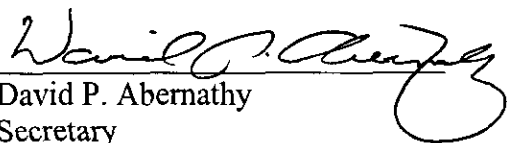
RESOLVED, that the President or any Vice President of this Company be, and each of them hereby is authorized to execute and file with the Missouri Public Service Commission, in the name of and on behalf of this Company, the appropriate application for the approvals required with respect to the issue and sale of the aforesaid securities of this Company.

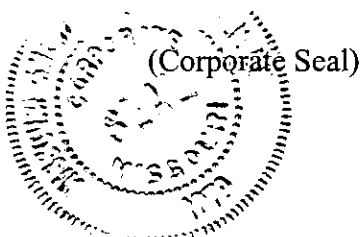
RESOLVED, that D.P. Abernathy, Esquire, be hereby appointed counsel to give any and all opinions of counsel required by the Indenture or the Bond Purchase Agreement in connection with the issue of the General Mortgage Bonds, the Tax-Exempt Bonds, and the Common Stock.

RESOLVED, that the proper officers of this Company be and hereby are authorized and empowered to execute and deliver such papers, instruments and documents and to do all other acts and things, including making such payments as they may deem necessary, desirable or convenient, in order to fully carry out and consummate all of the actions authorized by the foregoing resolutions.

IN WITNESS WHEREOF, I have hereunto affixed my signature and the seal of the Company as of the date hereof.

Dated:


David P. Abernathy
Secretary



MISSOURI-AMERICAN WATER COMPANY

Issued and Outstanding Bonds as of November 30, 2001

LONG-TERM DEBT:**First Mortgage Bonds:**

Series P, due 12/01/08	\$ 4,293,600
Series Q, due 12/01/29	11,000,000
Series T, due 02/01/23	14,910,000
Series U, due 06/01/25	11,895,000
Series V, due 11/01/26	19,900,000
Series W, due 05/01/07	15,000,000
Series X, due 03/01/28	25,000,000
Series Y, due 03/01/29	40,000,000

\$ 141,998,600

General Mortgage Bonds:

7.79% Series, due 06/01/27	8,000,000
8.58% Series, due 03/01/25	3,000,000
7.14% Series, due 03/01/34	12,500,000
5.50% Series, due 01/01/23	4,890,000
5.00% Series, due 02/01/28	4,500,000
5.85% Series, due 07/01/26	6,000,000
5.00% Series, due 11/01/28	19,000,000
9.01% Series, due 02/15/05	5,700,000
5.90% Series, due 03/01/00	29,000,000

\$ 92,590,000

TOTAL

\$ 234,588,600

MISSOURI-AMERICAN WATER COMPANY

Balance Sheet as of November 30, 2001 and Pro Forma giving effect as of that date to the Proposed Financing

ASSETS

	<u>Per Books</u>	<u>Adjustments</u>	<u>Pro Forma</u>
Utility plant	802,360,752		\$ 802,360,752
Construction work in progress	20,459,814		20,459,814
Accumulated depreciation	(203,110,400)		(203,110,400)
Utility plant acquisition adjustment	3,520,090		3,520,090
Other utility plant adjustments	-		0
Other investments	59,867		59,867
	<u>623,290,123</u>	<u>-</u>	<u>623,290,123</u>
Current Assets:			
Cash and cash equivalents	12,278,883	15,000,000 (1) 9,000,000 (2) (23,301,356) (3) (1,500,000) (4)	11,477,527
Customer accounts receivable	10,686,977		10,686,977
Allowance for uncollectible accounts	(547,016)		(547,016)
Unbilled revenues	14,615,897		14,615,897
Federal income taxes due from associated company	-		
Miscellaneous receivables	2,770,359		2,770,359
Materials and supplies	3,434,773		3,434,773
Other	2,531,370		2,531,370
Total current assets	<u>45,771,243</u>	<u>(801,356)</u>	<u>44,969,887</u>
Deferred debits:			
Debt and preferred stock expense	11,296,482	1,500,000 (4)	12,796,482
Expense of rate proceedings	1,123,775		1,123,775
Preliminary survey and investigation	1,021,175		1,021,175
Regulatory asset - FAS 109	26,763,784		26,763,784
Other	4,244,338		4,244,338
Total deferred debits	<u>44,449,554</u>	<u>1,500,000</u>	<u>45,949,554</u>
Total Assets	<u>713,510,920</u>	<u>\$ 698,644</u>	<u>\$ 714,209,564</u>

MISSOURI-AMERICAN WATER COMPANY

Balance Sheet as of November 30, 2001 and Pro Forma giving effect as of that date to the Proposed Financing

CAPITAL AND LIABILITIES

	<u>Per Books</u>	<u>Adjustments</u>	<u>Pro Forma</u>
Common stock	86,994,075	\$ 9,000,000 (2)	\$ 95,994,075
Paid in capital	2,764,716		2,764,716
Retained earnings	110,743,673		110,743,673
Total common equity	200,502,464	9,000,000	209,502,464
Preferred stock	2,704,000		2,704,000
Long-term debt	234,146,400	15,000,000 (1)	249,146,400
Total capitalization	437,352,864	24,000,000	461,352,864
Current Liabilities:			
Bank debt-pending issuance of securities	23,301,356	(23,301,356) (3)	0
Current portion of long-term debt	442,200		442,200
Accounts payable	4,069,226		4,069,226
Taxes accrued	14,548,649		14,548,649
Interest accrued	3,959,916		3,959,916
Dividends declared	(63,720)		(63,720)
Other	9,527,527		9,527,527
Total current liabilities	55,785,154	(23,301,356)	32,483,798
Deferred Credits:			
Customer advances for construction	51,707,709		51,707,709
Deferred income taxes	56,781,556		56,781,556
Deferred investment tax credit	4,897,673		4,897,673
Reg liability-income taxes refundable thru rates	3,760,641		
Other	10,210,294		10,210,294
Total deferred credits	127,357,873		127,357,873
Contribution in aid of construction	93,015,028		93,015,028
Total Capital and Liabilities	713,510,919	\$ 698,644	\$ 714,209,563

MISSOURI-AMERICAN WATER COMPANY

Notes to the Balance Sheet Adjustments

	<u>Debit</u>	<u>Credit</u>
(1) Cash	\$15,000,000	
Long-term debt		\$15,000,000
To reflect the issuance of \$15,000,000 Mortgage Bonds, ____% Series.		
(2) Cash	\$9,000,000	
Common stock		\$9,000,000
To reflect the sale of \$9,000,000 aggregate amount of Common Stock.		
(3) Notes payable	\$23,301,356	
Cash		\$23,301,356
To reflect the payment of Notes Payable from the proceeds of the issuance of the Bonds.		
(4) Debt and preferred stock expense	\$1,500,000	
Cash		\$1,500,000
To reflect the payment of the estimated additional expense to be incurred in the issuance of the Bonds.		

MISSOURI-AMERICAN WATER COMPANY

Statement of Income for Twelve Months Ended November 30, 2001 and Pro Forma giving effect as of that date to the proposed finan

	<u>Per Books</u>	<u>Adjustments</u>	<u>Pro Forma</u>
Operating revenues	<u>\$ 154,638,539</u>		<u>\$ 154,638,539</u>
Operating expenses:			
Operation and Maintenance	70,449,810		70,449,810
Depreciation and amortization	22,207,791		22,207,791
Taxes on operating income:			
General	11,317,934		11,317,934
State and Federal income	14,230,088	183,913 (5)	14,414,001
Tax savings on acquisition adjustment	104,006		104,006
	<u>118,309,629</u>	<u>183,913</u>	<u>118,493,542</u>
Utility operating income	36,328,910	(183,913)	36,144,997
Other income:			
Allowance for funds used during construction - Equity	435,919		435,919
Miscellaneous other income - (net)	767,600		767,600
Total income	<u>37,532,429</u>	<u>(183,913)</u>	<u>37,348,516</u>
Interest charges:			
Interest on long-term debt	14,300,331	747,761 (1)	15,048,092
Amortization of debt expense	602,061	50,000 (2)	652,061
Interest on bank debt	1,276,842	(1,276,842) (3)	0
Other interest	56,262		56,262
AFUDC on borrowed funds	(349,715)		(349,715)
Total interest charges	<u>15,885,781</u>	<u>(479,081)</u>	<u>15,406,700</u>
Net income	21,646,648	295,169	21,941,817
Preferred dividends	262,373	(20,888) (4)	241,485
Balance available for common equity	<u>\$ 21,384,275</u>	<u>\$ 316,057</u>	<u>\$ 21,700,332</u>

MISSOURI-AMERICAN WATER COMPANY

Notes to the Statement of Income Adjustments

(1) To reflect the annual interest expense on the proposed issuance of the new General Mortgage Bonds and the redemption of other long-term debt obligations as follows:

LONG-TERM DEBT:	Principal Pro Forma	Rate	Annualized Interest
First Mortgage Bonds:			
Series P, due 12/01/08	\$ 4,293,600	10.050%	\$ 431,507
Series Q, due 12/01/29	11,000,000	9.490%	1,043,900
Series T, due 02/01/23	14,910,000	5.500%	820,050
Series U, due 06/01/25	11,895,000	5.700%	678,015
Series V, due 11/01/26	19,900,000	5.500%	1,094,500
Series W, due 05/01/07	15,000,000	7.500%	1,125,000
Series X, due 03/01/28	25,000,000	5.100%	1,275,000
Series Y, due 03/01/29	40,000,000	5.000%	2,000,000
	<u>141,998,600</u>		<u>8,467,972</u>
General Mortgage Bonds:			
7.79% Series, due 06/01/27	8,000,000	7.790%	623,200
8.58% Series, due 03/01/25	3,000,000	8.580%	257,400
7.14% Series, due 03/01/34	12,500,000	7.140%	892,500
5.50% Series, due 01/01/23	4,890,000	5.500%	268,950
5.00% Series, due 02/01/28	4,500,000	5.000%	225,000
5.85% Series, due 07/01/26	6,000,000	5.850%	351,000
5.00% Series, due 11/01/28	19,000,000	5.000%	950,000
9.01% Series, due 02/15/05	5,700,000	9.010%	513,570
5.90% Series, due 03/01/00	29,000,000	5.900%	1,711,000
Proposed New Series Bonds	15,000,000	5.250%	787,500
	<u>\$ 107,590,000</u>		<u>\$ 6,580,120</u>
Total long-term debt principal & interest Pro Forma	<u>\$ 249,588,600</u>		<u>\$ 15,048,092</u>

Total long-term debt interest for the twelve months ended November 30, 2001 14,300,331

Adjustment \$ 747,761

(2) To reflect the annual amortization of issuance expense on the issuance of the proposed New Bonds. \$ 50,000

(3) To reflect the elimination of interest expense on Notes Payable refunded from the proceeds of the proposed financing. \$ (1,276,842)

(4) To reflect the annualized reduction of preferred dividends on the redemption of Preferred Stock.

	Principal Pro Forma	Rate	Annualized Dividends
Cumulative Preferential Stock:			
9.18% Series	\$ 2,500,000	9.18%	\$ 229,500
5-7/8% Series	204,000	5.875%	11,985
Total preferred stock principal & dividends Pro Forma	<u>\$ 2,704,000</u>		<u>\$ 241,485</u>

Total preferred stock dividends for the twelve months ended November 30, 2001 262,373

Adjustment \$ (20,888)

(5) To reflect tax effect on adjustments \$ 183,913

MISSOURI-AMERICAN WATER COMPANY

**GROSS ADDITIONS FOR THE PERIOD
JANUARY 1, 1996 THROUGH NOVEMBER 30, 2001**

ACCOUNT NUMBER	DESCRIPTION	1996	1997	1998	1999	2000	01/01/2001 through 11/30/2001	01/01/1996 through 11/30/2001
301	Organization	\$ 233.00	\$ -	\$ -	\$ -	\$ 911.66	\$ 2,190.41	\$ 3,335.07
303	Miscellaneous Intangible Plant	-	70,113.00	-	-	2,294.00	-	72,407.00
310	Land and Land Rights	-	85,763.00	-	-	1,199,411.79	-	1,285,174.79
311	Structures and Improvements	-	214,175.96	161,019.37	25,006.41	21,284.42	1,750.00	423,236.16
312	Collecting and Impounding Reservoirs	-	-	-	-	-	-	-
313	Lake, River and Other Intakes	-	-	8,464.14	-	-	-	8,464.14
314	Wells and Springs	-	243,184.00	367,916.73	539,466.60	997,113.85	15,715.99	2,163,397.17
315	Infiltration Galleries & Tunnels	116.75	-	-	715.71	-	-	832.46
316	Supply Mains	-	31,055.00	70,859.30	113,153.92	9,851,208.61	-	10,066,276.83
320	Land and Land Rights	-	-	-	-	58,807.76	-	58,807.76
321	Pumping Structures and Improvements	85,326.09	1,314,879.68	742,602.10	409,068.90	4,618,067.46	110,307.87	7,280,252.10
323	Force Mains	-	250,012.00	-	-	5,884.20	15.15	255,911.35
325	Electric Pumping Equipment	910,785.08	2,784,403.24	2,107,026.31	1,495,827.33	5,695,116.63	136,403.07	13,129,561.66
326	Diesel Pumping Equipment	10,437.94	-	-	866,497.72	33,936.29	570,919.16	1,481,791.11
327	Hydraulic Pumping Equipment	-	-	-	-	81,547.54	-	81,547.54
328	Other Pumping Equipment	-	-	-	2,743.59	38,259.35	3,514.83	44,517.77
330	Water Treatment Land and Land Rights	-	-	-	37,170.00	2,971.00	-	40,141.00
331	Water Treatment Structures and Improvements	1,015,053.56	1,454,602.86	1,106,546.74	1,871,305.84	26,794,329.48	1,280,090.51	33,521,928.99
332	Water Treatment Equipment	2,423,665.21	3,299,859.52	3,507,281.89	2,905,780.55	25,317,155.45	537,060.36	37,990,802.98
340	Land and Land Rights	47,221.01	138,539.51	109,301.61	65,402.76	60,715.28	1,404.20	422,584.37
341	Structures and Improvements	16,409.92	30,414.33	14,946.95	108,179.63	37,514.00	910.00	208,374.83
342	Distribution Reservoirs and Standpipes	835,015.64	1,977,288.06	986,576.15	289,239.55	995,360.55	293,897.13	5,377,377.08
343	Transmission and Distribution Mains	17,788,410.47	24,788,470.20	20,587,719.84	20,122,549.81	36,131,364.97	19,994,153.36	139,412,668.65
344	Fire Mains	14,931.00	40,304.00	16,909.37	18,774.64	55,642.73	30,733.52	177,295.26
345	Services	1,007,685.00	940,600.00	965,756.80	1,144,091.16	1,146,717.71	983,284.81	6,188,135.48
346	Meters	927,896.18	888,974.82	1,021,972.30	854,184.09	1,342,115.63	457,856.65	5,492,999.67
347	Meter Installations	856,347.80	870,498.93	903,645.38	1,165,118.53	853,844.89	391,699.78	5,041,155.31
348	Hydrants	1,539,501.11	1,707,316.69	1,458,535.42	1,511,127.44	1,491,775.82	1,641,757.51	9,348,013.99
389	Land and Land Rights	-	-	-	2,390.00	26.06	41,147.20	43,563.26
390	Structures and Improvements	112,089.26	51,258.01	42,641.49	12,070.79	2,013,782.28	9,094.16	2,240,935.99
391	Office Furniture and Equipment	309,612.12	644,626.32	1,239,683.46	1,010,162.39	2,291,503.03	184,016.47	5,679,603.79
392	Transportation Equipment	877,405.15	933,105.16	1,024,188.90	1,911,579.27	964,386.33	960,983.08	6,671,647.89
393	Stores Equipment	190,530.42	7,967.76	3,860.63	9,178.97	194,857.43	6,259.47	412,654.68
394	Tools, Shop and Garage Equipment	277,359.44	302,568.34	261,991.79	222,394.30	306,204.64	351,270.41	1,721,788.92
395	Laboratory Equipment	165,644.38	87,800.92	65,374.73	244,359.60	182,049.92	21,652.85	766,882.40
396	Power Operated Equipment	152,978.17	946.12	5,608.51	1,431.00	205,573.03	12,018.42	378,555.25
397	Communications Equipment	50,311.35	23,729.32	44,514.45	30,135.90	410,711.49	219,058.39	778,460.90
398	Miscellaneous Equipment	5,878.00	8,051.00	5,016.54	93,144.01	101,403.05	29,007.13	242,499.73
399	Other Tangible Property	-	-	-	-	110,015.00	-	110,015.00
		\$ 29,620,844.05	\$ 43,190,507.75	\$ 36,827,960.90	\$ 37,082,250.41	\$ 123,613,863.33	\$ 28,288,171.89	\$ 298,623,598.33

MISSOURI-AMERICAN WATER COMPANY

to

**FIRST UNION NATIONAL BANK
and
UMB BANK, N.A.,
as Trustees**

SEVENTEENTH SUPPLEMENTAL INDENTURE

Dated as of March 1, 2002

**SUPPLEMENTAL TO INDENTURE OF MORTGAGE
dated as of May 1, 1968**

This is a **SEVENTEENTH SUPPLEMENTAL INDENTURE**, dated as of the first day of March, 2000, made by and between **MISSOURI-AMERICAN WATER COMPANY** (successor by merger to Missouri Cities Water Company, St. Louis County Water Company and Jefferson City Water Works Company), a corporation duly organized and existing under the laws of the State of Missouri (hereinafter called the "Company"), and **FIRST UNION NATIONAL BANK** (formerly First Fidelity Bank, National Association, formerly First Fidelity Bank, N.A., Pennsylvania, formerly Fidelity Bank, National Association and formerly The Fidelity Bank), a national banking association having its office in the City of Philadelphia, Commonwealth of Pennsylvania (hereinafter called the "Trustee") and **UMB BANK, N.A.**, successor trustee to State Street Bank and Trust Company of Missouri, N.A., in turn successor trustee to Mercantile Bank of Western Missouri (formerly Mercantile Bank of Joplin, formerly Mercantile Bank of Joplin National Association, formerly First National Mercantile Bank and Trust Company, successor to William B. Ebert) (hereinafter called the "Local Trustee"), a national banking association, licensed to and transacting business in the State of Missouri, as trustees (said Trustee and Local Trustee being referred to collectively hereinafter as the "Trustees").

RECITALS

The background of this Seventeenth Supplemental Indenture is:

A. The Company has heretofore executed and delivered to the Trustees, (a) its Indenture of Mortgage dated as of May 1, 1968 (hereinafter sometimes referred to as the "Original Indenture"), (b) a First Supplemental Indenture dated as of March 1, 1971 (hereinafter sometimes referred to as the "First Supplemental Indenture"), (c) a Second Supplemental Indenture dated as of October 1, 1975 (hereinafter sometimes referred to as the "Second Supplemental Indenture"), (d) a Third Supplemental Indenture dated as of October 1, 1980 (hereinafter sometimes referred to as the "Third Supplemental Indenture"), (e) a Fourth Supplemental Indenture dated as of January 1, 1984 (hereinafter sometimes referred to as the "Fourth Supplemental Indenture,"), (f) a Fifth Supplemental Indenture dated as of September 1, 1986 (hereinafter sometimes referred to as the "Fifth Supplemental Indenture"), (g) a Sixth Supplemental Indenture dated as of February 1, 1990 (hereinafter sometimes referred to as the "Sixth Supplemental Indenture"), (h) a Seventh Supplemental Indenture dated as of January 1, 1993 (hereinafter sometimes referred to as the "Seventh Supplemental Indenture"), (i) an Eighth Supplemental Indenture dated as of March 1, 1994 (hereinafter sometimes referred to as the "Eighth Supplemental Indenture"), (j) a Ninth Supplemental Indenture dated as of January 1, 1995 (hereinafter sometimes referred to as the "Ninth Supplemental Indenture"), (k) a Tenth Supplemental Indenture dated as of March 1, 1995 (hereinafter sometimes referred to as the "Tenth Supplemental Indenture"), (l) an Eleventh Supplemental Indenture dated as of July 1, 1996 (hereinafter sometimes referred to as the "Eleventh Supplemental Indenture"), (m) a Twelfth Supplemental Indenture dated as of June 1, 1997 (hereinafter sometimes referred to as the "Twelfth Supplemental Indenture"), (n) a Thirteenth Supplemental Indenture dated as of February 1, 1998 (hereinafter sometimes referred to as the "Thirteenth Supplemental Indenture"), and (o) a Fourteenth Supplemental Indenture dated as of November 1, 1998 (hereinafter sometimes referred to as the "Fourteenth Supplemental Indenture"), (p) a Fifteenth Supplemental Indenture dated as of March 1, 2000 (hereinafter sometimes referred to as the "Fifteenth Supplemental Indenture"), and (q) a Sixteenth Supplemental Indenture dated as of December 31, 2001 (hereinafter sometimes referred to as the "Sixteenth Supplemental Indenture"), the Original Indenture and any and all indentures supplemental thereto being sometimes referred to

hereinafter as the "Indenture," to secure the payment of the principal of and premium (if any) and interest on all bonds at any time issued and outstanding thereunder and to declare the terms and conditions upon which such bonds may be issued.

B. The Company has heretofore executed, issued and delivered and the Trustee has authenticated and delivered under the Indenture (a) \$3,350,000 aggregate principal amount of General Mortgage Bonds, 7-3/8% Series due July 1, 1993, all of which bonds have been redeemed, (b) \$600,000 aggregate principal amount of General Mortgage Bonds, 9-1/4% Series due April 1, 1996, all of which bonds have been redeemed, (c) \$1,400,000 aggregate principal amount of General Mortgage Bonds, 12-1/4% Series due October 1, 2000, all of which bonds have been redeemed, (d) \$4,000,000 aggregate principal amount of General Mortgage Bonds, 8.66% Series due September 1, 1996, all of which bonds have been redeemed, (e) \$5,700,000 aggregate principal amount of General Mortgage Bonds, 9.01% Series due February 15, 2005, **all of which bonds are presently outstanding**, (f) \$5,000,000 aggregate principal amount of General Mortgage Bonds, 5.50% Series due January 1, 2023, **\$4,890,000** of which bonds are presently outstanding, (g) \$12,500,000 aggregate principal amount of General Mortgage Bonds, 7.14% Series due March 1, 2034, **all of which bonds are presently outstanding**, (h) \$3,000,000 aggregate principal amount of General Mortgage Bonds, 8.58% Series due March 1, 2025, **all of which bonds are presently outstanding**, (i) \$6,000,000 aggregate principal amount of General Mortgage Bonds, 5.85% Series due July 1, 2026, **all of which bonds are presently outstanding**, (j) \$8,000,000 aggregate principal amount of General Mortgage Bonds, 7.79% Series due June 1, 2027, **all of which bonds are presently outstanding**, (k) \$4,500,000 aggregate principal amount of General Mortgage Bonds, 5.0% Series due February 1, 2028, **all of which bonds are presently outstanding**, (l) \$19,000,000 aggregate principal amount of General Mortgage Bonds, 5.0% Series due November 1, 2028, **all of which bonds are presently outstanding**, and (m) \$29,000,000 aggregate principal amount of General Mortgage Bonds, 5.90% Series due March 1, 2030, **all of which bonds are presently outstanding**.

C. The Company, in the exercise of the powers and authority conferred upon or reserved to it by the provisions of the Original Indenture and pursuant to appropriate resolutions of its Board of Directors, has duly resolved and determined to make, execute and deliver to the Trustees this seventeenth supplemental indenture (hereinafter sometimes referred to as the "Seventeenth Supplemental Indenture") in order to create and provide for the issue of a new series of bonds (to be known as "bonds of the ____% Series" as hereinafter provided in this Seventeenth Supplemental Indenture and in the form of bond attached hereto as **Exhibit A**) and to prescribe with respect to the bonds of the ____% Series certain particulars as required by paragraph 2 of **Section 2.03** of the Original Indenture.

D. The Company proposes to enter into a Loan Agreement (the "Loan Agreement") with the State Environmental Improvement and Energy Resources Authority (of the State of Missouri) (the "Authority") to provide for the payment of a proposed issue by the Authority of \$15,000,000 principal amount of Water Facilities Revenue Bonds (Missouri-American Water Company Project) Series 2002, dated March 1, 2002 (the "2002 Bonds"), issued pursuant to an Indenture of Trust dated as of March 1, 2002 (the "Authority Indenture") between the Authority and UMB Bank, N.A., as trustee (the "Authority Indenture Trustee"), for the purpose of providing funds to pay the costs of certain water facilities of the Company, pursuant to the provisions of Sections 260.005 to 260.125, inclusive, RSMo. 1986, as amended, and Appendix B(1), thereto.

E. The Company proposes to procure the authentication and delivery of an issue of \$15,000,000 aggregate principal amount of bonds of the ____% Series.

F. All things necessary to make the bonds of the ____% Series, when duly executed by the Company and authenticated and delivered by the Trustee and issued by the Company as in this Seventeenth Supplemental Indenture provided, the valid, binding and legal obligations of the Company, entitled to the benefits and security of the Indenture, and to make this Seventeenth Supplemental Indenture a valid, binding and legal instrument in accordance with its terms, have been done and performed, and the issue hereunder of the bonds of the ____% Series has in all respects been duly authorized.

NOW, THEREFORE, THIS SEVENTEENTH SUPPLEMENTAL INDENTURE WITNESSETH that the Company, in consideration of the premises and of the acceptance by the Trustees of the trusts hereby created and of the purchase and acceptance by the registered owners thereof of the bonds of the ____% Series as may be issued under the Indenture, and of One Dollar to it duly paid by the Trustees at or before the ensembling and delivery of these presents, the receipt whereof is hereby acknowledged, and in order further to secure the payment of the principal of and premium (if any) and interest on all bonds at any time issued and outstanding under the Indenture, according to their tenor and effect and the performance and observance by the Company of all the covenants and conditions in such bonds and in the Indenture contained, and intending to be legally bound, does hereby ratify and confirm its mortgage and pledge to the Trustees of all property described in the granting clauses of the Original Indenture, the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture, the Fifth Supplemental Indenture, the Sixth Supplemental Indenture, the Seventh Supplemental Indenture, the Eighth Supplemental Indenture, the Ninth Supplemental Indenture, the Tenth Supplemental Indenture, the Eleventh Supplemental Indenture, the Twelfth Supplemental Indenture, the Thirteenth Supplemental Indenture, the Fourteenth Supplemental Indenture, the Fifteenth Supplemental Indenture and the Sixteenth Supplemental Indenture (except such thereof as may heretofore have been released from the lien of the Indenture in accordance with the terms thereof).

TOGETHER WITH all and singular the tenements, hereditaments and appurtenances belonging or in any wise appertaining to the aforesaid property, rights, and franchises or any part thereof, with the reversion and reversions, remainder and remainders, and to the extent permitted by law, all tolls, rents, revenues, issues, income, product and profits thereof, and all the estate, right, title, interest and claim whatsoever, at law as well as in equity, which the Company now has or may hereafter acquire in and to the aforesaid property, rights and franchises and every part and parcel thereof.

SAVING AND EXCEPTING, HOWEVER, from the property hereby mortgaged and pledged all of the property of every kind and type saved and excepted from the Original Indenture by the terms thereof.

SUBJECT, HOWEVER, to the exceptions, reservations and matters of the kind and type recited in the Original Indenture, including, without limitation (a) Permitted Encumbrances, as defined in **Article XVI** of the Original Indenture, (b) the prior lien and all the provisions of the Prior Mortgage, as defined in **Article XVI** of the Original Indenture, and (c) the prior liens and all the provisions of the mortgages heretofore assumed by the Company which are referred to below and which encumber certain property of the Company in various counties in which the Company operates, and said mortgages as heretofore supplemented and amended, and as hereafter supplemented and amended for any purposes permitted thereby other than the creation of additional series of bonds thereunder:

Mortgage

Indenture of Mortgage and Deed of Trust dated as of December 1, 1942 as supplemented and amended.

Mortgagor

St. Louis County Water Company

Mortgagee

UMB Bank, N.A. (as multiple successor to Mississippi Valley Trust Company)

TO HAVE AND TO HOLD all said premises, property, assets, rights and franchises granted, bargained, sold, released, conveyed, transferred, assigned, mortgaged, pledged, set over or confirmed by the Company as aforesaid or intended so to be unto the Trustees and their successors in the trust, and to them and their assigns forever.

IN TRUST, NEVERTHELESS, upon the terms and trusts set forth in the Original Indenture for the equal and proportionate benefit and security of those who shall own the bonds issued and to be issued under the Indenture or any of them, without preference, priority or distinction of any of said bonds over any others thereof by reason of priority in the time of the issue or negotiation thereof or by reason of the date or maturity thereof, or for any other reason whatsoever, so that all bonds at any time issued and outstanding under the Indenture shall have the same right, lien and preference under and by virtue thereof, and shall all be equally secured thereby, with like effect as if they had all been executed, authenticated and delivered simultaneously on the date of the Original Indenture; provided that the bonds of different series may contain different terms and conditions than the bonds of other series in the respects set forth in **Section 1.03** of the Original Indenture; and provided, further, that the Company may in any indenture supplemental to the Original Indenture add to the conditions, limitations, restrictions, covenants and agreements of the Original Indenture, in the manner set forth in clauses (a) and (b) of **Section 12.01** thereof, as amended and supplemented by **Part III, Section 5**, of the Third Supplemental Indenture for the sole benefit of any one or more series of bonds.

AND THIS SEVENTEENTH SUPPLEMENTAL INDENTURE FURTHER WITNESSETH that the Company, for itself and its successors, does hereby covenant and agree to and with the Trustees and their successors in the trust, for the benefit of those who shall own said bonds or any of them, as follows:

PART I**GENERAL MORTGAGE BONDS, ____% SERIES**

SECTION 1. A series of bonds to be issued under the Indenture and secured thereby is hereby created which shall be designated as, and shall be distinguished from the bonds of all other series by the title, "General Mortgage Bonds, ____% Series due March 1, 2032" herein called the "bonds of the ____% Series". The following terms are hereby prescribed for the bonds of the ____% Series, in accordance with paragraph 2 of **Section 2.03** of the Indenture:

(a) Every bond of the ____% Series dated prior to September 1, 2002, the first interest payment date for such bonds, shall bear interest from March 1, 2002.

(b) The aggregate principal amount of the bonds of the ____% Series is limited to \$15,000,000.

(c) The bonds of the ____% Series shall be issuable in denominations of Five Thousand Dollars (\$5,000) and any multiple thereof, shall be numbered consecutively MR-1 and upwards, and shall all be registered bonds without coupons. All bonds of the ____% shall be assigned to, and registered in the name of, the Authority Indenture Trustee and may not be transferred except to a successor trustee under the Authority Indenture.

(d) All bonds of the ____% Series shall be due March 1, 2032.

(e) The principal of and the premium (if any) and the interest on the bonds of the ____% Series shall be payable at the office of the Trustee in the City of Philadelphia, Pennsylvania (or, if there be a successor trustee, at its office), in coin or currency of the United States of America which at the time of payment is legal tender for public and private debts, provided that the principal and the premium, if any, and interest may be paid by agreement of the Company with the registered owner of the bond, by check mailed or bank wire transfer to the person entitled thereto at the address specified in such agreement, subject, in the case of payment in full of the principal of the bond, to the presentation of the bond as provided in the Indenture.

(f) The bonds of the ____% Series shall be dated as of March 1, 2002, except that if any bond of the ____% Series shall be authenticated on any interest payment date it shall be dated as of the day next following such interest payment date. All bonds of the ____% Series shall bear interest until the principal thereof is paid or duly provided for, at the rate of _____ per centum (____%) per annum, payable semi-annually on the business day next preceding the first day of March and on the business day next preceding the first day of September of each year, commencing on the business day next preceding the first day of September, 2002, and to pay interest on overdue principal, premium, if any, or installment of interest (to the extent permitted by law) at the rate per annum above specified. Interest shall be computed on the basis of a 360-day year composed of twelve 30-day months.

(g) The bonds of the ____% Series shall not contain any provisions as to the payment of principal or interest without deduction for, or as to reimbursement of taxes.

(h) The bonds of the ____% Series shall only be redeemable at the price and on the conditions stated in the form of bond set forth in **Exhibit A** hereto, any such redemption, excluding the special estate redemption, to be effected in accordance with the provisions of **Article IV** of the Original Indenture.

(i) There shall not be any sinking, purchase or analogous fund for the retirement of bonds of the ____% Series. The special estate purchase shall be effected as set forth in full in the form of bond set forth in **Exhibit A** hereto.

(j) The bonds of the ____% Series shall not be convertible.

(k) The bonds of the ____% Series shall be exchangeable only as provided in the Original Indenture.

(l) Except as hereinafter provided in Part III of this Seventeenth Supplemental Indenture, there are no provisions or agreements in respect of the bonds of the ____% Series which are for the sole benefit thereof.

(m) The text of the bonds of the ____% Series and of the authentication certificate of the Trustee upon such bonds shall be, respectively, substantially of the tenor and effect set forth in **Exhibit A** hereto.

PART II

ISSUANCE OF BONDS OF THE ____% SERIES

The bonds of the ____% Series, as hereinabove defined in Recital C, may be executed by the Company and delivered to the Trustee for authentication, and shall be authenticated and delivered by the Trustee to or upon the order of the Company (which authentication and delivery may be made without awaiting the filing or recording of this Seventeenth Supplemental Indenture), upon receipt by the Trustee of the resolutions, certificates, orders, opinions and other instruments required by the provisions of **Sections 2.03** and **2.04** of the Original Indenture to be received by the Trustee as a condition to the authentication and delivery of bonds.

PART III

COVENANTS WITH RESPECT TO BONDS OF THE ____% SERIES

SECTION 1. EXCLUSIVE BENEFIT COVENANTS. The covenants, agreements and conditions contained in this Part III are solely for the protection and benefit of the registered owners of the bonds of the ____% Series and [BOND INSURER], as bond insurer (the "Bond Insurer"), and are therefore Exclusive Benefit Covenants as defined in the Indenture, and the right to (i) require the Trustee to declare a default under, (ii) waive a default under, (iii) waive compliance with, or (iv) amend, any of such Exclusive Benefit Covenants shall be vested in the Bond Insurer or, with the written consent of the Bond Insurer, in the registered owners of not less than sixty-six and two-thirds per cent. (66-2/3%) in principal amount of the bonds of the ____% Series then outstanding. No benefits by reason of such Exclusive Benefit Covenants shall be deemed to be conferred upon persons other than the registered owners of the bonds of the ____% Series, the Bond Insurer, the Trustee and the Company. All bonds of the ____% Series will be assigned by the Authority to the Authority Indenture Trustee who will act on behalf of the beneficial owners of the 2002 Bonds in accordance with the provisions of the Authority Indenture.

SECTION 2. COVENANTS WITH RESPECT TO ISSUANCE OF ADDITIONAL BONDS.

(a) So long as any of the bonds of the ____% Series are outstanding, without the consent of the Bond Insurer and the registered owners of not less than sixty-six and two-thirds per cent (66-2/3%) in principal amount of the bonds of the ____% Series then outstanding, the Company shall not issue and the Trustee shall not authenticate additional bonds under **Section 2.03** or **Section 2.04** of the Original Indenture unless the net income of the Company has been equal to at least one and one-half times the aggregate annual interest charges on all Long Term Debt outstanding immediately after such bonds are issued. The Company shall meet the requirements of this **Section 2** by delivering to the Trustee (together with the resolutions, opinions, certificates and instruments provided for in **Section 2.03** and **Section 2.04** of the

Original Indenture) a "Certificate of Required Net Income for Debt" which shall state in substance that the net income of the Company, calculated as hereinafter provided, for a period of twelve consecutive calendar months within the fifteen calendar months immediately preceding the first day of the month in which the additional bonds are to be issued by the Trustee has been equal to at least one and one-half times the aggregate annual interest charges on all Long Term Debt of the Company to be outstanding immediately after such bonds are issued; provided, however, that in all calculations of such net income effect shall be given to the issue or retirement of any indebtedness that will be accomplished prior to or on the date of such issue and there shall be excepted from such Long Term Debt any thereof for the payment or redemption of which moneys in the necessary amounts have been irrevocably set aside by the Company or deposited with the Trustee or other holder of a mortgage or other lien securing any such Long Term Debt. The Certificate of Required Net Income for Debt shall be signed by the President or a Vice President and by the Treasurer or the Assistant Treasurer of the Company and shall set forth the amount of the net income of the Company for such twelve-month period, shall itemize by issue and series the Long Term Debt so to be outstanding and state the aggregate principal amount of each such issue and series and the interest charges thereon for a period of one year. It shall show the method of calculation of such net income to be as follows:

From the total income (except amortization of premium on debt), whether credited to surplus or otherwise, of the Company, from all sources (which shall not include income or losses from the sale of capital assets but shall include as a credit interest charged to construction) for the period in question, there shall be deducted all operating and nonoperating expenses and charges, including maintenance and depreciation as is determined by its Board of Directors in accordance with established practice of the Company, taxes (except as hereinafter provided) and rentals paid or accrued in respect of the properties, license fees and franchise taxes paid or accrued and taxes based upon gross income, gross revenues or gross receipts, but excluding from such deductions Federal and State taxes based on net income paid or accrued, interest charges on indebtedness of the Company, amortization of debt discount and expense, write-downs of property, or other adjustments, and similar items. Any increase or decrease in gross revenues of the Company attributable to higher or lower rates that have been in effect for less than the full twelve-month period on which such calculation is based shall be annualized, and there shall also be annualized such related fixed expenses and charges as are known to the principal officers of the Company. In case, within or after the period for which the computation of net income of the Company is made, the Company shall have acquired any property (including an acquisition by merger), such acquired property may be treated as having been owned by the Company for the whole of such period of computation and the net income thereof for such period may, at the option of the Company, be included in the net income of the Company, and there shall be excluded, in computing such net income, an amount equal to the net income estimated by the Company to be applicable to any property sold or disposed of by the Company after the beginning of such period of computation.

(b) For the purposes of this **Section 2**, all determinations of net income shall be made in accordance with the rules and regulations of any governmental body or agency under the jurisdiction of which the Company may be operating, or if there be no such agency or no such rules or regulations, then in accordance with generally accepted accounting principles.

(c) The provisions of this **Section 2** shall not limit the power of the Company to issue nor the Trustee to authenticate bonds under the provisions of **Sections 1.04 - 1.11**, inclusive, of the Original Indenture in connection with exchanges and transfers.

SECTION 3. COVENANTS WITH RESPECT TO PAYMENTS OF PRINCIPAL, PREMIUM (IF ANY) AND INTEREST.

The Company covenants and agrees that it will duly and punctually pay to the Holder of the bonds of the ____% Series the principal, premium (if any) and interest of said bonds at the dates and place and in the manner provided in such bonds. Provided, however:

(a) Payments of the principal of, premium, if any, and interest on the 2000 Bonds may be made with moneys in the Bond Fund established pursuant to the Authority Indenture relating to the 2002 Bonds, including any monies in such Fund and constituting proceeds on investments, as provided in the Loan Agreement and the Authority Indenture. Money in said Bond Fund constituting proceeds from the sale of the 2002 Bonds or earnings on investments which have been set aside by the Authority Indenture Trustee under the Authority Indenture at the request of the Company for payment of the principal of (whether at maturity or upon redemption), premium, if any, or interest on any 2002 Bond shall be credited against the obligation of the Company to pay the principal of, premium, if any, or interest on bonds of the ____% Series.

(b) The principal amount of any of the 2002 Bonds acquired by the Company and delivered to the trustee under the Authority Indenture shall be credited against the obligation of the Company to pay the principal of the bonds of the ____% Series at maturity on March 1, 2032.

The Company shall promptly inform the Trustee of all payments made and credit availed of pursuant to this Section with respect to its obligations on bonds of the ____% Series. The Trustee, however, shall not be required to recognize any payment made or credit availed of pursuant to this Section as a payment on the bonds of the ____% Series until it shall have received a certificate from the Authority Indenture Trustee under the Authority Indenture specifying the amount of such payment or credit and stating that such payment or credit has been applied against payments required on the 2002 Bonds. In addition, the certificate shall specify the interest or principal obligations with respect to which the payment or credit was applied.

SECTION 4. PAYMENTS MADE BY BOND INSURER NOT TO AFFECT DETERMINATION OF AN "EVENT OF DEFAULT."

In determining whether an event of default has occurred under the Indenture, the Trustee shall not give effect to any payments made by the Bond Insurer under the municipal bond new issue insurance policy issued by the Bond Insurer guaranteeing payment of principal of, and interest on, the 2002 Bonds.

SECTION 5. WRITTEN CONSENT OF THE BOND INSURER REQUIRED PRIOR TO CERTAIN AMENDMENTS TO THE INDENTURE; NOTICE TO RATING AGENCIES

(a) In addition to the applicable requirements of **Articles XII and XV** of the Original Indenture, the Indenture may be amended from time to time, except with respect to (i) the

principal, premium, if any, or interest payable upon the bonds of the ____% Series, (ii) the interest payment dates, date of maturity or redemption provisions of the bonds of the ____% Series, (iii) the security interest and lien granted under the Indenture, and (iv) this **Part III**, without the prior written consent of the Bond Insurer. Nothing herein contained shall require any consent by the Bond Insurer to any supplemental indenture which authorizes the issuance of any new series of bonds under the Indenture, so long as such supplemental indenture does not otherwise amend the Indenture as described in the foregoing provisions of this subsection (a).

(b) In the case of any amendment to the Indenture requiring the prior written consent of the Bond Insurer by virtue of Section 5(a) above, written notice of such amendment shall also be given by the Company to Standard and Poor's Ratings Services, Moody's Investors Service, Inc., and Fitch Investors Service.

SECTION 6.

The Trustee shall not incur any liability by reason of any default, failure or delay on the part of the Company to observe or perform its covenants contained in this Part III.

PART IV

LIMITATION ON ADDITIONAL BONDS

The Company, as successor to St. Louis County Water Company, hereby relinquishes its right to issue additional bonds under the indenture of St. Louis County Water Company listed in the granting clauses of this Seventeenth Supplemental Indenture; and it covenants, so long as any bonds are outstanding under this Indenture, and agrees with the Trustees that it will not hereafter issue, or permit to be issued, additional bonds under such indenture nor shall any additional indebtedness in any manner be secured thereby other than upon the transfer of, or the exchange or substitution for, bonds presently outstanding under such indenture.

PART V

THE TRUSTEES

The Trustees hereby accept the trusts hereunder and agree to perform the same, but only upon the terms and conditions set forth in the Original Indenture, as heretofore Amended and Supplemented, and upon the following terms and conditions:

The Trustees shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Seventeenth Supplemental Indenture or the due execution hereof by the Company or for or in respect of the recitals contained herein, all of which recitals are made by the Company solely. In general, each and every term and condition contained in **Article XI** of the Original Indenture shall apply to this Seventeenth Supplemental Indenture with the same force and effect as if the same were herein set forth in full, with such amendments, omissions, variations and modifications thereof as may be appropriate to make the same conform to this Seventeenth Supplemental Indenture.

PART VI

REAFFIRMATION OF INDENTURE

The covenants, agreements, conditions, limitations and restrictions in the Indenture are hereby reaffirmed to the same extent as if they were herein set forth in full, except insofar as any of the provisions thereof may be inconsistent with any of the provisions herein and to the extent of such inconsistency, the provisions contained herein shall prevail.

PART VII

MISCELLANEOUS PROVISIONS

For all purposes hereof, all terms contained in this Seventeenth Supplemental Indenture shall, except as the context may otherwise require or as provided herein, have the meanings given to such terms in the Original Indenture.

This Seventeenth Supplemental Indenture may be simultaneously executed in any number of counterparts and all said counterparts executed and delivered, each as an original, shall constitute but one and the same instrument.

[Remainder of Page Intentionally Left Blank.]

IN WITNESS WHEREOF, MISSOURI-AMERICAN WATER COMPANY has caused these presents to be signed in its corporate name by its President or one of its Vice Presidents and sealed with its corporate seal attested by its Secretary or one of its Assistant Secretaries, and **FIRST UNION NATIONAL BANK** has caused these presents to be signed in its corporate name by one of its Vice Presidents or one of its Assistant Vice Presidents and sealed with its corporate seal attested by an Authorized Officer, and **UMB BANK, N.A.**, has caused these presents to be signed in its corporate name by one of its Vice Presidents or one of its Assistant Vice Presidents and sealed with its corporate seal attested by its Secretary or one of its Assistant Secretaries, all as of the day and year first above written.

MISSOURI-AMERICAN WATER COMPANY

By: _____
Name: _____
Title: President

(SEAL)

ATTEST:

Name: David P. Abernathy
Title: Secretary

Signed, sealed and delivered by
MISSOURI-AMERICAN WATER COMPANY
in the presence of:

FIRST UNION NATIONAL BANK

By: _____
Name: John H. Clapham
Title: Vice President

(SEAL)

ATTEST:

Name: David C. Leondi
Title: Authorized Officer

Signed, sealed and delivered by
FIRST UNION NATIONAL BANK
in the presence of:

UMB BANK, N.A.

By: _____
Name: _____
Title: Vice President

(SEAL)

ATTEST:

Name: _____
Title: Assistant Secretary

Signed, sealed and delivered by
UMB BANK, N.A.
in the presence of:

EXHIBIT A**(FORM OF BOND OF ____ % SERIES)**

No. MR-_____

\$ _____

MISSOURI-AMERICAN WATER COMPANY**GENERAL MORTGAGE BOND, ____ % SERIES DUE MARCH 1, 2032**

MISSOURI-AMERICAN WATER COMPANY, a corporation organized and existing under the laws of the State of Missouri (hereinafter called the "Company", which term shall include any successor corporation as defined in the Indenture hereinafter referred to), for value received, hereby promises to pay to _____ or registered assigns, on the first day of March 1, 2032, at the office of the Trustee hereinafter named in the City of Philadelphia, Pennsylvania (or, if there be a successor trustee, at its office), the sum of _____ Dollars (\$ _____) in coin or currency of the United States of America which at the time of payment is legal tender for public and private debts, and to pay interest thereon to the registered owner hereof, at said office, from the interest payment date next preceding the date of this bond (or, if this bond be dated prior to September 1, 2002 from March 1, 2002) until the principal hereof is paid or duly provided for, at the rate of _____ per centum (____%) per annum, in like coin or currency, semi-annually on the business day next preceding the first day of March and on the business day next preceding the first day of September in each year, commencing on the business day next preceding the first day of September, 2002 and to pay interest on overdue principal, premium, if any, or installment of interest (to the extent permitted by law) at the rate per annum above specified; provided that the principal of and the premium, if any, and interest may be paid by agreement of the Company with the registered owner of this bond, by check mailed or bank wire transfer to the person entitled thereto at the address specified in such agreement subject, in the case of payment in full of the principal of this bond, to the presentation of this bond as provided in the Indenture.

This bond is one of an authorized issue of bonds of the Company known as its General Mortgage Bonds, not limited in aggregate principal amount except as provided in the Indenture hereinafter mentioned, all issued and to be issued in one or more series under and equally secured by an indenture of mortgage (hereinafter called the "Original Indenture"), executed by the Company to First Union National Bank (formerly First Fidelity Bank, National Association, formerly Fidelity Bank, National Association, formerly First Fidelity Bank, N.A., Pennsylvania, formerly Fidelity Bank, National Association and formerly The Fidelity Bank), and UMB Bank, N.A., successor to State Street Bank and Trust Company of Missouri, N.A., successor trustee to Mercantile Bank of Western Missouri (formerly Mercantile Bank of Joplin, formerly Mercantile Bank of Joplin National Association, formerly First National Mercantile Bank and Trust Company successor to William B. Ebert) as Trustees, (First Union National Bank, being herein called the "Trustee", and said bank and UMB Bank, N.A. being herein called collectively the "Trustees") dated as of May 1, 1968 as supplemented and amended by a First Supplemental Indenture dated as of March 1, 1971 (hereinafter called the "First Supplemental Indenture"), a Second Supplemental Indenture dated as of October 1, 1975 (hereinafter called the "Second Supplemental Indenture"), a Third Supplemental Indenture dated as of October 1, 1980 (hereinafter called the "Third Supplemental Indenture"), a Fourth Supplemental Indenture dated as of January 1, 1984 (hereinafter called the "Fourth Supplemental Indenture"), a Fifth Supplemental Indenture dated as of September 1, 1986 (hereinafter called the "Fifth Supplemental Indenture"), a Sixth Supplemental Indenture dated as of February 1, 1990

(hereinafter called the "Sixth Supplemental Indenture"), a Seventh Supplemental Indenture dated as of January 1, 1993 (hereinafter called the "Seventh Supplemental Indenture"), an Eighth Supplemental Indenture dated as of March 1, 1994 (hereinafter called the "Eighth Supplemental Indenture"), a Ninth Supplemental Indenture dated as of January 1, 1995 (hereinafter called the "Ninth Supplemental Indenture"), a Tenth Supplemental Indenture dated as of March 1, 1995 (hereinafter called the "Tenth Supplemental Indenture"), an Eleventh Supplemental Indenture dated as of July 1, 1996, (hereinafter called the "Eleventh Supplemental Indenture"), a Twelfth Supplemental Indenture dated as of June 1, 1997, (hereinafter called the "Twelfth Supplemental Indenture"), a Thirteenth Supplemental Indenture dated as of February 1, 1998 (hereinafter called the "Thirteenth Supplemental Indenture"), a Fourteenth Supplemental Indenture dated as of March 1, 2000 (hereinafter called the "Fourteenth Supplemental Indenture"), a Fifteenth Supplemental Indenture dated as of March 1, 2000 (hereinafter called the "Fifteenth Supplemental Indenture"), a Sixteenth Supplemental Indenture dated as of December 31, 2001 (hereinafter called the "Sixteenth Supplemental Indenture"), and a Seventeenth Supplemental Indenture dated as of March 1, 2002 (hereinafter called the "Seventeenth Supplemental Indenture"), the Original Indenture as so supplemented and amended being hereinafter called the "Indenture", to which Original Indenture and all indentures supplemental thereto reference is hereby made for a description of the property mortgaged and pledged, the nature and extent of the security, the terms and conditions upon which the bonds are and are to be secured, and the rights of the registered owners thereof and of the Trustees in respect of such security. As provided in the Indenture, said bonds may be issued in series for various principal sums, may bear different dates and mature at different times, may bear interest at different rates, and may otherwise vary as in the Indenture provided or permitted.

This bond is one of the bonds described in the Seventeenth Supplemental Indenture and designated therein as "General Mortgage Bonds, ____% Series due March 1, 2032" (hereinafter referred to as the "bonds of the ____% Series"), issued under and secured by the Indenture and limited in aggregate principal amount to Fifteen Million Dollars (\$15,000,000).

The lien of the Indenture on the property of the Company is subject to (a) the lien of the Prior Mortgage as defined in the Indenture, (b) the liens of certain other mortgages assumed by the Company encumbering certain property of the Company in various counties in which the Company operates, which mortgages are more particularly described and set forth in the Indenture, and (c) Permitted Encumbrances as defined in the Indenture.

The Company has entered into a Loan Agreement (the "Loan Agreement") with the State Environmental Improvement and Energy Resources Authority (of the State of Missouri) (the "Authority") to provide for the payment of an issue by the Authority of \$15,000,000 principal amount of Water Facilities Revenue Bonds (Missouri-American Water Company Project) Series 2002, dated March 1, 2002 (the "2002 Bonds"), issued pursuant to an Indenture of Trust dated as of March 1, 2002 (the "Authority Indenture") between the Authority and UMB Bank, N.A., as trustee (the "Authority Indenture trustee"), for the purpose of providing funds to pay the costs of certain water facilities of the Company, pursuant to the provisions of Sections 260.005 to 260.125, inclusive, RSMo 1986, as amended, and Appendix B(1), thereto. All of the bonds of the ____% Series have been issued to the Authority in satisfaction of payments required to be made by the Company pursuant to the Loan Agreement and are to be assigned by the Authority to the trustee under the Authority Indenture.

All of the bonds of the ____% Series have been issued in the name of the Authority Indenture Trustee to the Authority in satisfaction of payments required to be made by the Company pursuant to the Loan Agreement and to evidence its obligation to make such payments.

The 2002 Bonds are payable from payments made, or caused to be made, by the Company of principal of, premium, if any, and interest on the bonds of the ____% Series. Under certain terms and conditions, moneys held under and pursuant to the Authority Indenture from the proceeds of the sale of the 2002 Bonds, earnings on the investment of such proceeds and credits arising under the purchase or redemption of the 2002 Bonds shall be applied against payment obligations of the bonds of the ____% Series and to the extent so applied shall satisfy a like amount otherwise due thereunder.

The bonds of the ____% Series are subject to redemption prior to maturity at the option of the Company on or after March 1, 2009 as a whole at any time, or in part on any interest payment date, at the respective redemption price (expressed as a percentage of the principal amount to be redeemed) set forth for any of the periods in the following table, together with interest accrued to the date of redemption:

Period (Both Date Inclusive)	Redemption Price
March 1, 2009 to February 28, 2010	102%
March 1, 2010 to February 28, 2011	101%
March 1, 2011 and thereafter	100%

Pursuant to the Loan Agreement, the Company has covenanted that it will purchase 2002 Bonds on the death of any registered owner under the conditions and subject to the limitations set forth in **Section 5** of the form of 2002 Bond attached to the Authority Indenture as **Exhibit A**. If the Company shall fail to purchase any 2002 Bond required to be purchased by it on the death of a registered holder of any 2002 Bond required to be purchased as provided in Section 5 of such form of 2002 Bond, then the Trustee will redeem bonds of the ____% Series to the extent of the Company's failure to purchase such 2002 Bond, on the date scheduled for such purchase, at a price equal to 100% of the face principal amount of the bonds of the ____% Series so to be redeemed, plus accrued interest to the redemption date.

So long as the trustee under the Authority Indenture is the holder of all the bonds of the ____% Series, upon cancellation in full or in part of any of the 2002 Bonds (or provision for payment thereof having been made in accordance with the provisions of the Authority Indenture) and payment of all fees and charges of the trustee thereunder, such trustee may, in lieu of surrendering bonds of the ____% Series for redemption and issuance of the bonds of the ____% Series, make an appropriate endorsement thereon of the particulars of any such partial redemption and the amount of bonds of the ____% Series then remaining outstanding.

The bonds of the ____% Series are subject to special mandatory redemption ("Mandatory Redemption on Determination of Taxability"), in whole, or in part as described below, at any time prior to maturity at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest to the redemption date if on any day within 120 days after the Company receives written notice from a registered owner or former registered owner of a 2002 Bond or the Authority Indenture Trustee of a final determination by the Internal Revenue Service or a court of competent jurisdiction that, as a result of a failure by the Company to perform any of its agreements in the Loan Agreement or the inaccuracy of any of its representations in the Loan Agreement or any certificate submitted pursuant to the Authority Indenture, the interest paid or to be paid on any 2002 Bond is or was includable in the gross income of the owner of any such Bond for Federal income tax purposes. No such determination will be considered final unless the registered owner or former registered owner involved in the determination gives the Company, Authority Indenture Trustee and the Trustee under the Indenture prompt written notice of the commencement of the proceedings resulting in the determination and offers the Company, subject to the

Company's agreeing to pay all expenses of the proceeding and to indemnify such registered owner against all liabilities that might result from it, the opportunity to control the defense of the proceeding, and either the Company does not agree within 30 days to pay the expenses, indemnify such registered owner and control the defense or the Company exhausts or chooses not to exhaust available procedures to contest or obtain review of the result of the proceedings. Fewer than all the bonds of the ____% Series may be redeemed if redemption of fewer than all would result in the interest payable on the 2002 Bonds remaining outstanding being not includable in the gross income for Federal income tax purposes of any owner. If fewer than all bonds of the ____% Series are to be redeemed, the Trustee will select the bonds of the ____% Series to be redeemed by lot as provided in the Indenture or by such other method acceptable to the Trustee as may be specified in an Opinion of Tax Counsel. If this redemption occurs in accordance with the terms of the Authority Indenture, such failure by the Company to perform any of its agreements in the Loan Agreement or inaccuracy of any of its representations in the Loan Agreement or any certificate submitted pursuant to the Authority Indenture shall not in and of itself constitute an Event of Default under the Authority Indenture, the bonds of the ____% Series, the 2002 Bonds or the Indenture. Any such redemptions shall be at a price equal to 100% of the face principal amount of the bonds of the ____% Series so to be redeemed, plus accrued interest to the redemption date.

In the event that all or substantially all of the property of the Company at the time subject to the lien of the Indenture, or all or substantially all of the property of the Company at the time so subject to such lien which is used or useful in connection with its utility business as defined in the Indenture, shall be released from the lien of the Indenture under the provisions of **Section 5.03** or **Section 5.06** thereof, the award or consideration received by the Trustee for such property (together with any other moneys held by the Trustee under the Indenture) shall be applied by the Trustee to the redemption in full of all bonds then outstanding under the Indenture, any moneys held for the account of any particular bonds being applied to the redemption (or payment, if matured) of such bonds at a redemption price equal to the principal amount thereof, together with accrued interest thereon to the date fixed for redemption. If the moneys then in the hands of the Trustee available for such purpose shall not be sufficient for such redemption in full, the Company shall deposit with the Trustee on or before the date fixed for redemption an amount sufficient to enable the Trustee to pay the full redemption prices of the bonds at the rate or rates applicable, together with interest accrued to such date and all expenses in connection with such redemption. If the Company shall default in its obligation to deposit any such amount with the Trustee, the moneys in the hands of the Trustee available for such purpose (together with any moneys thereafter received) shall be applied by the Trustee to the partial payment of all bonds then outstanding under the Indenture, pro rata in proportion to the respective amounts then due and owing thereon for principal, premium (if any) and interest but, until the full amount then due and owing on the bonds shall have been paid, no such partial payment shall discharge the obligation of the Company on any bond except to the extent of such partial payment. Notice of any such partial pro rata payment shall be given once by the Trustee to the registered owners of the bonds within one week after the date as of which the bonds were called for redemption, and from and after a date to be specified in such notice (to be not earlier than the date upon which such notice is given nor later than ten days after such redemption date) interest shall cease to accrue on the obligation of the Company on the bonds so called for redemption to the extent of the partial payment so provided, subject to the Company's obligation under the Loan Agreement to pay accrued interest on the 2002 Bonds to the date fixed for their respective redemption. Subsequently, if any additional moneys applicable to an additional partial payment or to the payment of the entire balance then due on the bonds shall be received by the Trustee, the Trustee shall, with reasonable promptness, give like notice of any such payment (specifying a date within ten days after the date of such notice) with like effect.

The principal of this bond may be declared or may become due prior to its maturity date, in the manner and with the effect and subject to the conditions provided in the Indenture, upon the happening of an event of default as in the Indenture provided; subject, however, to the right, under certain circumstances, of the registered owners of a majority in principal amount of the bonds then outstanding (or, if such event of default be a default in the payment of any principal of or premium or interest on the bonds of any particular series, the registered owners of a majority in principal amount of the bonds of such series then outstanding) to annul such declaration.

In case the Company shall be consolidated with or merged into any other corporation, or all or substantially all of the mortgaged property as an entirety or substantially as an entirety shall be conveyed or transferred, subject to the lien of the Indenture, the corporation resulting from such consolidation, or into which the Company shall have been merged, or which shall have received such conveyance or transfer, may elect to exchange its bonds for bonds outstanding under the Indenture, including the bonds of the ____% Series, subject to the conditions and in the manner provided in the Indenture.

To the extent permitted by, and as provided in, the Indenture, amendments or modifications of the Original Indenture, or of any indenture supplemental thereto, and of the rights and obligations of the Company and of the owners of the bonds issued and to be issued thereunder, may be made with the consent of the Company by the written consent of the registered owners of not less than sixty-six and two-thirds per cent. (66-2/3%) in principal amount of the bonds then outstanding under the Indenture; provided that any amendment or modification which will affect the rights under the Indenture or any indenture supplemental thereto of the owners of one or more, but less than all, of the series of bonds outstanding under the Indenture or which will amend or modify any Exclusive Benefit Covenant (as defined in the Indenture) may be made only with the consent of the Company and the written consent of the registered owners of not less than sixty-six and two-thirds per cent (66-2/3%) in principal amount of the bonds of the series so affected or the bonds of the series for the protection or benefit of which such Exclusive Benefit Covenant is made, as the case may be, then outstanding under the Indenture (unless in the case of any Exclusive Benefit Covenant some other percentage of bonds is provided in the supplemental indenture establishing the Exclusive Benefit Covenant), and may be made with the written consent of the registered owners of said principal amount of the bonds of such series without any requirement for the consent of owners of bonds outstanding under the Indenture which are not affected by such amendment or modification; provided, however, that except with the written consent of the registered owner of this bond no amendment or modification shall be made which will permit the extension of the time or times of payment of the principal of or the interest on this bond, or a reduction in the principal amount hereof or the premium (if any) or the rate of interest hereon, or otherwise affect the terms of payment of the principal of, or premium (if any) or interest on, this bond, or reduce the percentage of principal amount of bonds the consent of the registered owners of which is required for the modification or alteration of the Indenture, or of any indenture supplemental thereto.

This bond may not be transferred except to the trustee under the Authority Indenture and any successor trustee thereto, except to effect an exchange in connection with a bankruptcy, reorganization, insolvency or similar proceeding involving the Company or the enforcement of remedies against the Company under **Article VII** of the Indenture. To the extent transfer of this bond is permitted, it is transferable by the registered owner hereof, in person or by duly authorized attorney, on books of the Company to be kept for that purpose at the office of the Trustee in the City of Philadelphia, Pennsylvania (or, if there be a successor trustee, at its office), upon surrender hereof at such office for cancellation and upon presentation of a written instrument of transfer duly executed, and thereupon the Company shall issue in the name of the transferee or transferees, and the Trustee shall authenticate and deliver, a new registered bond or bonds of the ____% Series, in authorized denominations, of a like aggregate principal

amount; and the registered owner of any bond or bonds of the ____% Series may surrender the same as aforesaid at said office in exchange for a like aggregate principal amount of bonds of like form, in authorized denominations; all upon payment of the charges and subject to the terms and conditions specified in the Indenture.

The Company and the Trustee may treat the registered owner of this bond as the absolute owner hereof for the purpose of receiving payment hereof, or on account hereof, and for all other purposes.

No recourse under or upon any obligation, covenant or agreement contained in the Indenture or in any indenture supplemental thereto, or in any bond thereby secured, or because of any indebtedness thereby secured, shall be had against any incorporator, or against any past, present or future stockholder, officer or director, as such, of the Company or of any successor corporation, either directly or through the Company or any successor corporation, under any constitution, statute, or rule of law or equity, or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise; it being expressly agreed and understood that the Indenture, any indenture supplemental thereto and obligations thereby secured are solely corporate obligations, and that no personal liability whatever shall attach to, or be incurred by, such incorporators, stockholders, officers or directors, as such, of the Company, or of any successor corporation, or any of them, because of the incurring of the indebtedness thereby authorized, or under or by reason of any of the obligations, covenants or agreements contained in the Indenture or in any indenture supplemental thereto or in any of the bonds or coupons thereby secured, or implied therefrom.

This bond shall not be entitled to any benefit under the Indenture, or any indenture supplemental thereto, and shall not become valid or obligatory for any purpose, until First Union National Bank, as the Trustee under the Indenture, or a successor trustee thereunder, shall have signed the form of authentication certificate endorsed hereon.

IN WITNESS WHEREOF, MISSOURI-AMERICAN WATER COMPANY has caused this bond to be signed in its name by its President or a Vice President and its corporate seal to be hereto affixed and attested by its Secretary or an Assistant Secretary, and this bond to be dated March 1, 2002.

MISSOURI-AMERICAN WATER COMPANY

By: _____
Name: _____
Title: _____

Attest:

Title: _____

(FORM OF TRUSTEE'S AUTHENTICATION CERTIFICATE
FOR BONDS OF THE ____% SERIES)

Trustee's Authentication Certificate

This bond is one of the bonds, of the series designated therein, described in the within-mentioned
Seventeenth Supplemental Indenture.

FIRST UNION NATIONAL BANK, as Trustee

By: _____
Name: _____
Authorized Officer

STATE OF MISSOURI)
) SS:
COUNTY OF ST. LOUIS)

On this ____ day of March, 2002, before me appeared _____, to me personally known, who, being by me duly sworn, did say that he is the President of Missouri-American Water Company and that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said _____ acknowledged said instrument to be the free act and deed of said corporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal at my office in St. Louis County, Missouri.

Notary Public

Printed

My Commission expires: _____

My County of residence is _____

COMMONWEALTH OF PENNSYLVANIA)
) SS:
 COUNTY OF PHILADELPHIA)

On this ____ day of March, 2002, before me appeared John H. Clapham to me personally known, who being by me duly sworn, did say that he is Vice President of First Union National Bank, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors, and said John H. Clapham acknowledged said instrument to be the free act and deed of said corporation.

I hereby further certify that I am not an officer, director or other official of the aforesaid First Union National Bank, the within named mortgagee and Trustee.

WITNESS my hand and notarial seal this ____ day of March, 2002.

 Notary Public

 Printed

My Commission expires: _____

First Union National Bank, mortgagee and trustee within named, hereby certifies that its precise name and address are First Union National Bank, 123 South Broad Street, Philadelphia, Pennsylvania.

FIRST UNION NATIONAL BANK

By: _____
 Authorized Officer

STATE OF MISSOURI)
) SS:
CITY OF ST. LOUIS)

On this ____ day of March, 2002, before me personally appeared _____, to me personally known, who being by me duly sworn, did say that he is Vice President of UMB Bank, N.A., and that the seal affixed to the foregoing instrument is the corporate seal of said association and that said instrument was signed and sealed in behalf of said association by authority of its board of directors, and said _____ acknowledged said instrument to be the free act and deed of said association.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal at my office in St. Louis, Missouri.

Notary Public

Printed

My Commission expires: _____

This instrument was prepared by:

David P. Abernathy, Esq.
535 North New Ballas Road
St. Louis, Missouri 63141

LOAN AGREEMENT

dated as of March 1, 2002

between

**STATE ENVIRONMENTAL IMPROVEMENT AND
ENERGY RESOURCES AUTHORITY (OF THE STATE OF MISSOURI)**

and

MISSOURI-AMERICAN WATER COMPANY

**Water Facilities Revenue Bonds
(Missouri-American Water Company Project)
Series 2002**

LOAN AGREEMENT

Table of Contents

Page

ARTICLE I

DEFINITIONS

ARTICLE II

REPRESENTATIONS

Section 2.1.	Representations of Issuer	1
Section 2.2.	Representations of Company	2
Section 2.3.	Special Representations of the Company Relating to the Tax-Exempt Status of the Bonds	3

ARTICLE III

CONSTRUCTION OF PROJECT

Section 3.1.	Acquisition, Construction, Installation and Equipping of Project.....	3
Section 3.2.	Company Representative.....	4
Section 3.3.	Maintenance of Project.....	4

ARTICLE IV

ISSUANCE OF BONDS; LOAN TO COMPANY

Section 4.1.	Issuance of Bonds; Loan to Company.....	4
--------------	---	---

ARTICLE V

REPAYMENT OF LOAN; PURCHASE OF BONDS

Section 5.1.	Repayment of Loan; Redemption or Purchase of Bonds in the Event of Death of a Bondholder	5
Section 5.2.	Satisfaction of Repayment of Loan and Other Amounts Payable.....	6
Section 5.3.	Additional Payments	6
Section 5.4.	Prepayments	6
Section 5.5.	Payments Assigned; Obligations of Company Unconditional.....	7

ARTICLE VI

OTHER COMPANY AGREEMENTS

Section 6.1.	Maintenance of Existence	7
Section 6.2.	Financial Reports.....	8
Section 6.3.	Payment of Taxes.....	8
Section 6.4.	Tax Covenants.....	8
Section 6.5.	Continuing Disclosure.....	8

ARTICLE VII**NO RECOURSE TO ISSUER; INDEMNIFICATION**

Section 7.1.	No Recourse to Issuer	9
Section 7.2.	Indemnification	9

ARTICLE VIII**ASSIGNMENT**

Section 8.1.	Assignment by Company	9
Section 8.2.	Assignment by Issuer	9

ARTICLE IX**DEFAULTS AND REMEDIES**

Section 9.1.	Remedies on Default	10
Section 9.2.	Delay Not Waiver; Remedies	10
Section 9.3.	Attorneys' Fees and Expenses	10

ARTICLE X**MISCELLANEOUS**

Section 10.1.	Notices	11
Section 10.2.	Binding Effect	11
Section 10.3.	Severability	11
Section 10.4.	Amendments	11
Section 10.5.	Right of Company To Perform Issuer's Agreements	11
Section 10.6.	Applicable Law	11
Section 10.7.	Captions; References to Sections	11
Section 10.8.	Complete Agreement	11
Section 10.9.	Termination	11
Section 10.10.	Counterparts	12

Signatures and Seal	12
---------------------------	----

Exhibit A - Project Description

LOAN AGREEMENT dated as of March 1, 2002, between **STATE ENVIRONMENTAL IMPROVEMENT AND ENERGY RESOURCES AUTHORITY (OF THE STATE OF MISSOURI)**, a body corporate and politic and a governmental instrumentality of the State of Missouri (the "Issuer"), and **MISSOURI-AMERICAN WATER COMPANY**, a Missouri corporation (the "Company").

Section 260.005 through Section 260.125, inclusive, RSMo 1994, as amended, and Appendix B(1) thereto (the "Act"), empowers the Issuer to issue its bonds and to loan the proceeds thereof for any of its purposes, including the payment of the "costs" of "water facilities" as such terms are defined in the Act.

The Issuer proposes to issue \$15,000,000 Water Facilities Revenue Bonds (Missouri-American Water Company Project) Series 2002 pursuant to the Indenture (defined below) in order to provide funds which will be loaned to Missouri-American Water Company (the "Company") to pay the Costs (as hereinafter defined) of certain water facilities of the Company as described in **Exhibit A** hereto (the "Project"). The Company desires to use the proceeds of the Bonds to pay the Costs of the Project, all on the terms and conditions set forth in this Loan Agreement.

Accordingly, the Issuer and the Company hereby agree as follows:

ARTICLE I

DEFINITIONS

For all purposes of this Loan Agreement, unless the context clearly requires otherwise, all terms defined in **Article I** of the Indenture have the same meanings in this Loan Agreement.

"Indenture" means the Indenture of Trust relating to the Bonds, dated as of the date of this Loan Agreement, between the Issuer and UMB Bank, N.A., as Trustee, as such Indenture of Trust may be amended or supplemented from time to time in accordance with its terms.

ARTICLE II

REPRESENTATIONS

Section 2.1. Representations of Issuer. The Issuer represents as follows:

(a) The Issuer (1) is a body corporate and politic and a governmental instrumentality duly organized and existing under the laws of the State, (2) has full power and authority to enter into the transactions contemplated by this Loan Agreement and by the Indenture and to carry out its obligations under this Loan Agreement and the Indenture, including the issuance of the Bonds and (3) by a resolution dated January 22, 2002 has duly authorized the execution and delivery of this Loan Agreement, the Bonds and the Indenture.

(b) Under existing statutes and decisions, no taxes on income or profits are imposed on the Issuer. The Issuer will not knowingly take or omit to take any action reasonably within its control which action or omission would impair the exclusion of interest paid on the Bonds from the federal gross income of the owners of the Bonds.

(c) Neither the execution and delivery by the Issuer of this Loan Agreement nor the consummation by the Issuer of the transactions contemplated by this Loan Agreement conflicts with, will result in a breach of or default under or will (except with respect to the lien of the Indenture) result in the imposition of any lien on any property of the Issuer pursuant to the terms, conditions or provisions of any statute, order, rule, regulation, agreement or instrument to which the Issuer is a party or by which it is bound.

(d) Each of this Loan Agreement and the Indenture has been duly authorized, executed and delivered by the Issuer and each constitutes the legal, valid and binding obligation of the Issuer enforceable against the Issuer in accordance with its terms subject, as to the enforcement of remedies, to any applicable bankruptcy, reorganization, insolvency or other similar laws affecting creditors' rights generally.

(e) There is no litigation or proceeding pending, or to the knowledge of the Issuer after due inquiry threatened, against the Issuer, or affecting it, which could adversely affect the validity of this Loan Agreement, the Indenture or the Bonds or the ability of the Issuer to comply with its obligations under this Loan Agreement, the Indenture or the Bonds.

(f) The Issuer is not in default under any of the provisions of the laws of the State which would affect its existence or its powers referred to in the preceding subsection (a).

(g) The Issuer hereby finds and determines that, based on representations of the Company, all requirements of the Act have been complied with and that the financing of the Costs of the Project through the issuance of the Bonds will further the public purposes of the Act.

(h) No member, director, officer or official of the Issuer has any interest (financial, employment or other) prohibited by law in the Company, or the transactions contemplated by this Loan Agreement.

(i) The Issuer will apply the proceeds from the sale of the Bonds as specified in the Indenture and this Loan Agreement. So long as any of the Bonds remain outstanding and except as may be authorized by the Indenture, the Issuer will not issue or sell any bonds or obligations, other than the Bonds, the principal of or premium, if any, or interest on which will be payable from the property described in the granting clause of the Indenture.

Section 2.2. Representations of Company. The Company represents as follows:

(a) The Company (1) is a corporation duly incorporated, validly existing and in good standing in the State, (2) is duly qualified to transact business and is in good standing in every state where its ownership of property or the conduct of business requires that it be so qualified, (3) is not in violation of any provision of its Articles of Incorporation or its By-laws, (4) has full corporate power to own its properties and conduct its business, (5) has full legal right, power and authority to enter into this Loan Agreement and the Mortgage and to issue its General Mortgage Bonds and consummate all transactions contemplated by this Loan Agreement and the Mortgage and (6) by proper corporate action has duly

authorized the execution and delivery of this Loan Agreement, the Mortgage and the General Mortgage Bonds.

(b) Neither the execution and delivery by the Company of this Loan Agreement, the Mortgage or the General Mortgage Bonds nor the consummation by the Company of the transactions contemplated by this Loan Agreement conflicts with or will result in a breach of or default under the Articles of Incorporation or By-laws of the Company or the terms, conditions or provisions of any corporate restriction or any statute, order, rule, regulation, agreement or instrument to which the Company is a party or by which it is bound.

(c) This Loan Agreement, the Mortgage and the General Mortgage Bonds have been duly authorized, executed and delivered by the Company and constitute the legal, valid and binding obligation of the Company in accordance with their respective terms.

(d) There is no litigation or proceeding pending, or to the knowledge of the Company after due inquiry threatened, against the Company, or affecting it, which could adversely affect the validity of this Loan Agreement, the Mortgage or the General Mortgage Bonds or the ability of the Company to comply with its obligations under this Loan Agreement, the Mortgage or the General Mortgage Bonds.

(e) The information contained in the various certificates and other documents relating to the Project and the use of proceeds of the Bonds provided by the Company to the Issuer and bond counsel for the Bonds is true and correct in all material respects.

Section 2.3. Special Representations of the Company Relating to the Tax-Exempt Status of the Bonds. The Company acknowledges that the covenants and specific representations relating to the federal tax status of interest on the Bonds are contained in the Tax Certificate and the Non-Arbitrage and Rebate Certificate. The Company will comply with the terms of the Tax Certificate and the Non-Arbitrage and Rebate Certificate and warrants that all representations and warranties made by it in the Tax Certificate and the Non-Arbitrage Certificate are true.

ARTICLE III

CONSTRUCTION OF PROJECT

Section 3.1. Acquisition, Construction, Installation and Equipping of Project.

(a) Money in the Construction Fund shall be applied by the Company to the Costs of the water facilities of the Company described in **Exhibit A** hereto. The Issuer shall, subject to the requirements of **Section 4.03** of the Indenture, cause the Trustee to make disbursements from the Construction Fund for such Costs.

(b) The completion of the acquisition, construction, installation and equipping of that portion of the Project to be completed with proceeds of the Bonds shall be evidenced to the Issuer and the Trustee by a certificate signed by a Company Representative, setting forth the total Costs of such water facilities and stating that, except for amounts not then due and payable, or the liability for the payment of which is being contested or disputed in good faith by the Company, the acquisition, construction, installation and equipping of such portion of the Project has been completed, the date thereof and all Costs thereof have been paid. Notwithstanding the foregoing, such certificate shall state that it is given without prejudice to

any rights against third parties that exist at the date of such certificate or which may subsequently come into being. Such certificate shall also set forth information with respect to any amounts which are to be retained in the Construction Fund and shall include directions as to the investment of such amounts and shall be accompanied by the Opinion of Tax Counsel called for in **Section 4.03(c)** of the Indenture.

(c) Upon completion of the acquisition, construction, installation and equipping of such portion of the Project as evidenced by such certificate, the Issuer shall cause any money remaining in the Construction Fund to be transferred by the Trustee to the Bond Fund in accordance with **Section 4.03** of the Indenture.

Section 3.2. Company Representative. Prior to the initial sale of the Bonds, the Company shall appoint a Company Representative for the purpose of acting on behalf of the Company and taking all actions and making all certificates required to be taken and made by a Company Representative under the provisions of this Loan Agreement and the Indenture, and shall appoint alternative Company Representatives to take any such action or make any such certificate if the same is not taken or made by the Company Representative. In the event any of said persons, or any successor appointed pursuant to the provisions of this Section, should resign or become unavailable or unable to take any action or make any certificate provided for in this Loan Agreement or the Indenture, another Company Representative or alternate Company Representative shall thereupon be appointed by the Company. If the Company fails to make such designation within 10 days following the date when the then incumbent resigns or becomes unavailable or unable to take any of the said actions, the Treasurer of the Company shall serve as the Company Representative.

Whenever under the provisions of this Loan Agreement or the Indenture the approval of the Company is required or the Issuer is required to take some action at the request of the Company, such approval or such request shall be made by the Company Representative or alternate Company Representative unless otherwise specified in this Loan Agreement or the Indenture, and the Issuer or the Trustee shall be authorized to act on any such approval or request.

Section 3.3. Maintenance of Project. The Company will at all times make or cause to be made such expenditures by means of renewals, replacements, repairs, maintenance, or otherwise as shall be necessary to maintain, preserve and keep the Project in good repair, physical condition, working order and condition and in a state of good operating efficiency, except that the Company may abandon any portion of the Project if in its opinion the abandonment of such portion is desirable in the proper conduct of its business and in the operation of its properties or is otherwise in its best interests.

ARTICLE IV

ISSUANCE OF BONDS; LOAN TO COMPANY

Section 4.1. Issuance of Bonds; Loan to Company. In order to pay the Costs of the Project, the Issuer will issue, sell and deliver the Bonds to the initial purchasers thereof and cause the proceeds thereof to be disbursed or deposited with the Trustee as provided in **Article IV** of the Indenture. Such disbursement shall constitute a loan to the Company under this Loan Agreement. The Issuer authorizes the Trustee to disburse the proceeds of the Bonds so deposited with it into the various funds as provided in **Section 4.02** of the Indenture and to make disbursements out of such funds as in said **Article IV** provided. The Company covenants to pay directly to the Trustee at the time the proceeds of the Bonds are paid out or deposited with the Trustee, the amounts provided to be so paid by the Company in **Section**

4.02 of the Indenture. If the proceeds of the Bonds are not sufficient to pay the Costs of the Project, the Company shall at its own expense and without any right of reimbursement in respect thereof pay all additional amounts necessary to pay such Costs. The Company hereby approves the Indenture and the issuance by the Issuer of the Bonds.

ARTICLE V

REPAYMENT OF LOAN; PURCHASE OF BONDS

Section 5.1. Repayment of Loan; Redemption or Purchase of Bonds in the Event of Death of a Bondholder. The Company will repay the loan made to it under **Section 4.1** as follows: Before 11:00 a.m. (local time at the principal corporate office of the Trustee) on each day on which any payment of either principal of and interest on the Bonds, or both, shall become due (whether at maturity, or upon redemption or acceleration or otherwise), the Company will pay, in immediately available funds, an amount which, together with other moneys held by the Trustee under the Indenture and available therefor, will enable the Trustee to make such payment in full in a timely manner. If the Company does not intend or will be unable to make the payments to the Trustee in this **Section 5.1** provided, the Company shall give telephonic notice of the fact thereof to the Bond Insurer, promptly confirmed in writing, not less than two days prior to the date such payment is due. It is intended that payments made with respect to the General Mortgage Bonds shall be made at such time and in such amounts as shall be sufficient to enable the Trustee to make timely payment of principal and interest on the Bonds. If such day on which any payment shall become due is not a Business Day, then the payment required by this Section shall be made on or before the succeeding Business Day. If the Company defaults in any payment required by this Section, the Company will pay interest (to the extent allowed by law) on such amount until paid at the rate provided for in the Bonds. In order to effect the repayment of the loan with payments made on the General Mortgage Bonds, the Company will cause payments of principal, premium (if any) and interest to be made directly to the Trustee without surrender or presentation of such General Mortgage Bonds to the Mortgage Trustee under the Mortgage. Such payments shall be made by bank wire transfer of federal or other immediately available funds to the Trustee at such place or places as the Trustee may from time to time direct in writing.

In furtherance of the foregoing, so long as any Bonds are outstanding the Company will pay all amounts required to prevent any deficiency or default in any payment of the Bonds, including any deficiency caused by an act or failure to act by the Trustee, the Company, the Issuer or any other person.

All amounts payable under this Section by the Company are assigned by the Issuer to the Trustee pursuant to the Indenture for the benefit of the Bondholders. The Company consents to such assignment.

The Company will redeem or purchase any Bond required to be redeemed or purchased by it in the event of the death of a Bondholder as provided in the form of Bond attached to the Indenture as **Exhibit A**. In the event the Company shall fail to redeem or purchase any Bond required to be redeemed or purchased by it on the death of a Bondholder as provided in such form of Bond, then the principal of such Bond shall become due and such Bond shall be subject to mandatory redemption on the redemption or purchase date specified in such form of Bond.

Section 5.2. Satisfaction of Repayment of Loan and Other Amounts Payable. In consideration of the loan made hereunder and in satisfaction of the loan repayments specified in **Section 5.1** and to evidence its obligation to make such payments, and concurrently with the issuance of

the Bonds, the Company hereby agrees to deliver its General Mortgage Bonds to the Trustee on behalf of the Issuer (registered in the name of and made payable to the Trustee) and the Issuer hereby acknowledges receipt of the General Mortgage Bonds and directs the Company to deliver the General Mortgage Bonds to the Trustee. The form of the General Mortgage Bonds to be delivered by the Company shall be substantially as set forth in the Company's Seventeenth Supplemental Indenture, dated as of March 1, 2002, to its Mortgage executed and delivered to the Mortgage Trustee in connection with the issuance of the Bonds, with such variations in principal amounts, interest rates, interest payment and maturity dates and redemption provisions as may be appropriate to correspond to such provisions of the Bonds then issued and sold by the Issuer.

If for any reason amounts paid to the Trustee on the General Mortgage Bonds, together with other moneys held by the Trustee and available for that purpose, would not be sufficient to make the corresponding payments of principal of and interest on the Bonds corresponding to such General Mortgage Bonds when such payments become due, the Company will pay the amounts required from time to time to make up any such deficiency.

Section 5.3. Additional Payments. The Company will also pay the following within 30 days after receipt of a bill therefor:

(a) The reasonable fees and expenses of the Issuer and its legal counsel in connection with this Loan Agreement and the Bonds.

(b) (i) The fees and expenses of the Trustee and all other fiduciaries and agents serving under the Indenture (including any expenses in connection with any redemption of the Bonds), and (ii) all fees and expenses, including attorneys' fees, of the Trustee for any extraordinary services rendered by it under the Indenture; provided that the Company may, without creating an Event of Default, delay making any payment under clause (ii) while it contests in good faith the necessity for, reasonableness of, or reasonableness of amount of, such extraordinary services and expenses. All such fees and expenses are to be paid directly to the Trustee or other fiduciary or agent for its own account as and when such fees and expenses become due and payable.

(c) All other reasonable fees and expenses incurred in connection with the issuance of the Bonds, including but not limited to all costs associated with any discontinuance of the book-entry only system.

(d) Any amounts required to be deposited in the Rebate Fund pursuant to the Rebate and Investment Instructions.

Section 5.4. Prepayments.

(a) Subject to the terms and provisions of the Mortgage and the Indenture, the Company may at any time prepay to the Trustee all or any part of the amounts payable under **Section 5.2** on the General Mortgage Bonds. A prepayment shall not relieve the Company of its obligations under this Loan Agreement until all the Bonds have been paid or provision for the payment of all the Bonds has been made in accordance with the Indenture. In the event of a mandatory redemption of the Bonds, the Company will prepay all amounts necessary for such redemption. If the Company prepays the General Mortgage Bonds in accordance with the terms of such bonds, the Mortgage, the Bonds and the Indenture, the Company's obligations under **Section 5.1** will be satisfied and there will be a corresponding redemption of the Bonds.

(b) Redemption of the Bonds with proceeds derived under **Section 4.03** of the Indenture shall be deemed to be a prepayment of the General Mortgage Bonds in the same aggregate principal amount as the Bonds so redeemed.

Section 5.5. Payments Assigned; Obligations of Company Unconditional. It is understood and agreed that all right, title and interest of the Issuer to this Loan Agreement and the General Mortgage Bonds are assigned to the Trustee. The Company assents to such assignment, and hereby agrees that the obligations of the Company to make the payments required by **Sections 5.1, 5.2 and 5.3** and to perform its other agreements contained in this Loan Agreement and under the General Mortgage Bonds shall be absolute and unconditional. Until the principal of and interest on the Bonds shall have been fully paid or provision for the payment of the Bonds made in accordance with the Indenture, the Company (a) will not suspend or discontinue any payments provided for in **Section 5.1, 5.2 or 5.3** hereof, (b) will perform all its other agreements in this Loan Agreement and (c) will not terminate this Loan Agreement for any cause including any acts or circumstances that may constitute failure of consideration, destruction of or damage to the Project, commercial frustration of purpose, any change in the laws of the United States or of the State or any political subdivision of either or any failure of the Issuer to perform any of its agreements, whether express or implied, or any duty, liability or obligation arising from or connected with this Loan Agreement.

ARTICLE VI Error! Bookmark not defined.

OTHER COMPANY AGREEMENTS

Section 6.1. Maintenance of Existence. Except as provided in and subject to **Section 5.03** of the Mortgage, the Company agrees that during the term of this Loan Agreement and so long as any Bond is outstanding, it will maintain its corporate existence, will continue to be a corporation in good standing under the laws of the State, will not dissolve or otherwise dispose of all or substantially all of its assets (other than pursuant to a condemnation of its properties, a sale in lieu thereof, or the like over which it has no control) and will not consolidate with or merge into another legal entity or permit one or more other legal entities (other than one or more subsidiaries of the Company) to consolidate with or merge into it, or sell or otherwise transfer to another legal entity all or substantially all its assets as an entirety and dissolve, unless (a) in the case of any merger or consolidation, the Company is the surviving corporation, or (b)(i) the surviving, resulting or transferee legal entity is organized and existing under the laws of the United States, a state thereof or the District of Columbia, and (if not the Company) assumes in writing all the obligations of the Company under this Loan Agreement, the Mortgage and the General Mortgage Bonds and (ii) no event which constitutes, or which with the giving of notice or the lapse of time or both would constitute an Event of Default shall have occurred and be continuing immediately after such merger, consolidation or transfer.

Section 6.2. Financial Reports. The Company agrees to have an annual audit made by its regular independent certified public accountants and to furnish to the Bond Insurer, the Trustee, the initial purchaser of the Bonds, and, upon request, to furnish the Issuer (within 60 days after receipt by the Company) with a balance sheet and statement of income and retained earnings showing the financial condition of the Company and its consolidated subsidiaries, if any, at the close of each fiscal year and the results of operations of the Company and its consolidated subsidiaries, if any, for each fiscal year, accompanied by the opinion of said accountants.

As long as the Bond Insurer is in compliance with its payment obligations under the Municipal Bond Insurance Policy the Company will permit the Bond Insurer to discuss the affairs, finances and accounts of the Company or any information the Bond Insurer may reasonably request regarding the security for the Bonds with appropriate officers of the Company. The Company will permit the Bond Insurer to have access to the Project at any reasonable time.

Section 6.3. Payment of Taxes. The Company will pay and discharge promptly all lawful taxes, assessments and other governmental charges or levies imposed upon its property, or upon any part thereof, as well as all claims of any kind (including claims for labor, materials and supplies) which, if unpaid, might by law become a lien or charge thereon; provided that the Company shall not be required to pay any such tax, assessment, charge, levy or claim (i) if the amount, applicability or validity thereof shall currently be contested in good faith by appropriate proceedings promptly initiated and diligently conducted; (ii) if the Company shall have set aside on its books reserves (segregated to the extent required by generally accepted accounting principles) with respect thereto deemed adequate by the Company; and (iii) if failure to make such payment will not impair the use of such property by the Company.

Section 6.4. Tax Covenants. The Company acknowledges that the covenants and specific representations relating to the federal tax status of interest on the Bonds are contained in the Tax Certificate and the Non-Arbitrage and Rebate Certificate. The Company will comply with the terms of the Tax Certificate and the Non-Arbitrage and Rebate Certificate and warrants that all representations and warranties made by it which are made in the Tax Certificate and the Non-Arbitrage and Rebate Certificate are true.

The Company covenants and agrees to notify the Trustee and the Issuer of the occurrence of any event of which the Company has notice and which event would require the Company to prepay the amounts due hereunder because of a redemption upon a determination of taxability.

Section 6.5. Continuing Disclosure. The Company hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provisions of this Loan Agreement, failure of the Company to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default hereunder, and the sole remedy under this Loan Agreement in the event of any failure of the Company to comply with the Continuing Disclosure Agreement shall be the remedy of specific performance; however, the Trustee may (and, at the request of the Underwriter (as defined in the Continuing Disclosure Agreement) or the holders of at least twenty-five percent (25%) aggregate principal amount in outstanding Bonds, shall) or any Bondholder or Beneficial Owner may seek specific performance by court order to cause the Company to comply with its obligations under this Section. Neither the Trustee nor any Bondholder shall have any right to monetary damages or any other remedy for any failure of the Company to comply with any provision of the Continuing Disclosure Agreement, except the remedy of specific performance by the Company to comply with such provision. For purposes of this Section, "Beneficial Owner" means any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

ARTICLE VII

NO RECOURSE TO ISSUER; INDEMNIFICATION

Section 7.1. No Recourse to Issuer. The Issuer will not be obligated to pay the Bonds except from revenues provided by the Company. The issuance of the Bonds will not directly or indirectly or contingently obligate the Issuer or the State to levy or pledge any form of taxation whatever or to make any appropriation for their payment. Neither the Issuer nor any member, director, officer, employee or agent of the Issuer nor any person executing the Bonds shall be liable personally for the Bonds or be subject to any personal liability or accountability by reason of the issuance of the Bonds.

Section 7.2. Indemnification. The Company during the term of this Loan Agreement releases the Issuer and the Trustee, their members, officers, directors, employees and agents from and covenants and agrees that the Issuer and the Trustee, their members, officers, directors, employees and agents shall not be liable for, and agrees to indemnify and hold the Issuer and the Trustee, their members, directors, officers, employees and agents harmless against, any loss or damage to property or any injury to or death of any person occurring on or about or resulting from any defect in the Project, provided that the indemnity shall not be effective for damages that result from the negligence or willful misconduct on the part of the Issuer or the Trustee, their members, officers, directors, employees or agents. The Company will also indemnify and save harmless the Issuer and the Trustee, their members, officers, directors, employees or agents from and against any and all losses, costs, charges, expenses, judgments and liabilities imposed upon or asserted against it or them with respect to the Project on account of any failure on the part of the Company to perform or comply with any of the provisions of this Loan Agreement.

ARTICLE VIII

ASSIGNMENT

Section 8.1. Assignment by Company. The Company may assign its rights and obligations under this Loan Agreement with the prior written consent of the Issuer, but no assignment will relieve the Company from primary liability for any obligations under this Loan Agreement.

Section 8.2. Assignment by Issuer. The Issuer will assign its rights under and interest in this Loan Agreement (except for the Unassigned Rights) to the Trustee pursuant to the Indenture as security for the payment of the Bonds. Otherwise, the Issuer will not sell, assign or otherwise dispose of its rights under or interest in this Loan Agreement nor create or permit to exist any lien, encumbrance or other security interest in or on such rights or interest.

ARTICLE IX

DEFAULTS AND REMEDIES

Section 9.1. Remedies on Default. Whenever any Event of Default under the Indenture has occurred and is continuing, the Trustee may take whatever action may appear necessary or desirable to collect the payments then due and to become due or to enforce performance of any agreement of the Company in this Loan Agreement or in the General Mortgage Bonds.

In addition, if an Event of Default is continuing with respect to any of the Unassigned Rights, the Issuer may take whatever action may appear necessary or desirable to it to enforce performance by the Company of such Unassigned Rights.

Any amounts collected pursuant to action taken under this Section (except for amounts payable directly to the Issuer or the Trustee pursuant to **Section 5.3(a), (b) or (c), 7.2 and 9.3**) shall be applied in accordance with the Indenture.

If the Company should default under any provision of this Loan Agreement, the Issuer and the Trustee may take whatever action may appear necessary or desirable to enforce performance of any agreement of the Company hereunder.

Nothing in this Loan Agreement shall be construed to permit the Issuer, the Trustee, any Bondholder or any receiver in any proceeding brought under the Indenture to take possession of or exclude the Company from possession of the Project by reason of the occurrence of an Event of Default.

Section 9.2. Delay Not Waiver; Remedies. A delay or omission by the Issuer or the Trustee in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. No remedy is exclusive of any other remedy. All available remedies are cumulative.

Section 9.3. Attorneys' Fees and Expenses. If the Company should default under any provision of this Loan Agreement and the Issuer or the Trustee should employ attorneys or incur other expenses for the collection of the payments due under this Loan Agreement, the Company will on demand pay to the Issuer or the Trustee the reasonable fees of such attorneys and such other reasonable expenses so incurred.

ARTICLE X

MISCELLANEOUS

Section 10.1. Notices. All notices or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or mailed as provided in the Indenture.

Section 10.2. Binding Effect. This Loan Agreement shall inure to the benefit of and shall be binding upon the Issuer, the Company and their respective successors and assigns, subject, however, to the limitations contained in **Section 6.1**.

Section 10.3. Severability. If any provision of this Loan Agreement shall be determined to be unenforceable at any time, that shall not affect any other provision of this Loan Agreement or the enforceability of that provision at any other time.

Section 10.4. Amendments. After the issuance of the Bonds, this Loan Agreement may not be effectively amended or terminated without the written consent of the Trustee and in accordance with the provisions of the Indenture.

Section 10.5. Right of Company To Perform Issuer's Agreements. The Issuer irrevocably authorizes and empowers the Company to perform in the name and on behalf of the Issuer any agreement made by the Issuer in this Loan Agreement or in the Indenture which the Issuer fails to perform in a timely fashion if the continuance of such failure could result in an Event of Default. This Section will not require the Company to perform any agreement of the Issuer.

Section 10.6. Applicable Law. This Loan Agreement shall be governed by and construed in accordance with the laws of the State.

Section 10.7. Captions; References to Sections. The captions in this Loan Agreement are for convenience only and do not define or limit the scope or intent of any provisions or Sections of this Loan Agreement. References to Articles and Sections are to the Articles and Sections of this Loan Agreement, unless the context otherwise requires.

Section 10.8. Complete Agreement. This Loan Agreement represents the entire agreement between the Issuer and the Company with respect to its subject matter.

Section 10.9. Termination. When no Bonds are outstanding under the Indenture, the Company and the Issuer shall not have any further obligations under this Loan Agreement; provided that the Company's covenants in **Sections 6.4** and **6.5**, and the provisions of **Section 5.4** with respect to mandatory redemption of the Bonds, shall survive so long as any Bond remains unpaid.

[Remainder of Page Intentionally Left Blank.]

Section 10.10. Counterparts. This Loan Agreement may be signed in several counterparts. Each will be an original, but all of them together constitute the same instrument.

**STATE ENVIRONMENTAL IMPROVEMENT
AND ENERGY RESOURCES AUTHORITY**

(SEAL)

By: _____
Chairman

ATTEST:

By: _____
Secretary

MISSOURI-AMERICAN WATER COMPANY

(SEAL)

By: _____
(Vice) President

ATTEST:

By: _____
(Asst.) Secretary

EXHIBIT A

PROJECT DESCRIPTION

The Project consists of the following facilities owned or to be owned and operated by Missouri-American Water Company:

The acquisition, construction, installation, extension and improvement of water supply structures, mains, pumping equipment, water treatment equipment and structures, at the Company's St. Louis Plants at 901 Hog Hollow Road, Chesterfield, Missouri 63017; 2800 Charbonier, Florissant, Missouri 63031; 12950 Mauer Industrial Drive, St. Louis, Missouri 63127 and 6378 Hawkins Road, St. Louis, Missouri 63129; Joplin Plant, 21st and Murphy, Joplin, Missouri 64801; Mexico Plant, 506 S. Western, Mexico, Missouri 65265-0190; Parkville Plant, 101 E. First Street, Parkville, Missouri 64152-5015; St. Joseph Plant, 800 NE County Line Road, St. Joseph, Missouri 64505; Warrensburg Plant, 1705 Montserrat Park Road, Warrensburg, Missouri 64093-9375; Jefferson City Plant 906 W. High Street, Jefferson City, Missouri 65102 as well as ground and elevated water tanks (including a one-million gallon elevated water tank to be located within the city limits of Warrensburg, Missouri, north of Highway 50), distribution and transmission mains, meters and hydrants throughout St. Louis County; the cities of St. Joseph, Joplin and surrounding areas in Buchanan, Andrew, Jasper and Newton counties; and the cities of St. Peters, St. Charles, O'Fallon, Brunswick, Mexico, Warrensburg, Parkville, Riverside, Platte Woods, Jefferson City, Lake Waukomis and Houston Lake, Missouri; the Village of Cottleville, Missouri; and the counties of Chariton, Platte, Johnson, St. Charles, and Audrain Counties, Missouri.



Missouri-American Water Company

Appendix 8

535 North New Ballas Road • St. Louis, Missouri 63141 • Phone (314) 991-3404 • Fax (314) 432-7824

www.mawc.com

January 4, 2002

American Water Works Company, Inc.
1025 Laurel Oak Road
Voorhees, NJ 08043

Re: Missouri-American Water Company
\$15,000,000 General Mortgage Bonds, Series 2002A and
\$9,000,000 Common Stock (1,190,476 Shares)

Dear Sirs:

We confirm our agreement with you as follows:

1. This Company agrees to sell to you, and you agree to purchases, 1,190,476 shares of its Common Stock, \$7.64 per book value per share, (the "Common Stock") for an aggregate price of \$9,000,000. Such sale and purchase will be accomplished simultaneously with the issue and sale by the Company of \$15,000,000 principal amount of its General Mortgage ____% Bonds, Series 2002A, 30 year Bonds, on or about April 1, 2002.
2. Your obligation to purchase, and this Company's obligation to sell, the Common Stock pursuant to this Agreement are conditioned upon:
 - a) the execution of a Bond Purchase Agreement providing for the issue and sale of the Bonds for an aggregate price of not less than \$15,000,00, before the deduction of the costs of such sale; and
 - b) the authorization of the issue and sale of the Common Stock and Bonds by the Public Service Commission of the State of Missouri and by all other governmental authorities, if any, whose authorizations are required, by which authorization or authorizations shall not contain any conditions deemed by this Company to be burdensome to it.
3. Delivery of and payment for the Common Stock shall be made at our office, 1025 Laurel Oak Road, Voorhees, New Jersey 08043, or at such other mutually agreeable place, and on a date and at a time which shall be mutually agreeable. Payment shall be made to the order of the Company in immediately available funds to Account No. 2079950012889 at First Union National Bank, 123 South Broad Street, Philadelphia, Pennsylvania 19109 (ABA No.031201467).

Missouri-American Water Company
\$15,000,000 General Mortgage Bonds, Series 2002A and
\$9,000,000 Common Stock (1,190,476 Shares)
January 4, 2002

4. You represent and agree that your purchase of the Common Stock is for investment only and not with a view to the distribution thereof, and that your acceptance of delivery of the Common Stock shall be a confirmation of that representation. In addition, you agree to deliver such further instruments to that effect at the time of delivery of such shares to you as we may request.

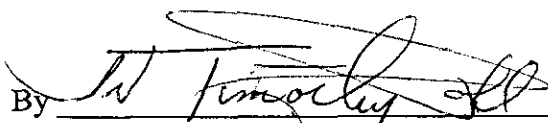
If the foregoing is in accordance with your understanding of our agreement, please sign the enclosed copy of this letter in the space provided below and return it to us, whereupon this letter shall constitute a binding agreement between us.

Very truly yours,
Missouri-American Water Company

By 
Eric W. Thornburg
President

The foregoing agreement is hereby confirmed and accepted as of the date above written.

American Water Works Company, Inc.

By 
W. Timothy Pohl
General Counsel and Secretary