

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

In the Matter of the General Rate Increase)	
for Water and Sewer Service Provided)	Case No. WR-2003-0500
by Missouri-American Water Company.)	

RESPONSE TO ORDER DIRECTING FILING

COMES NOW Missouri-American Water Company (MAWC or Company), and states the following to the Missouri Public Service Commission (Commission) as MAWC's Response to Order Directing Filing:

1. The Stipulation and Agreement as to Revenue Requirement filed in this case on February 24, 2004, contained an agreement that the Company, the Staff of the Commission (Staff) and the Office of the Public Counsel (Public Counsel) would use their best efforts to see that a rule is promulgated by the Commission regarding affiliate transactions.

2. The parties originally were to make a filing in regard to such a rule by April 16, 2005. However, on April 13, 2005, the parties involved in this process filed a Unanimous Request for Extension of Time to File the Affiliate Transactions Rule for Water Utilities. The parties thereby requested a four month extension (until August 15, 2005) to allow for further discussion concerning the wording of a proposed rule. On April 14, 2005, the Commission issued its Order Directing Filing wherein it granted the request and directed that the Company, Staff and Public Counsel jointly file a proposed affiliate transaction rule for water corporations on or before August 15, 2005.

3. MAWC has exchanged several proposed affiliate transaction rules with the Staff and Public Counsel and had several discussions with the Staff and Public

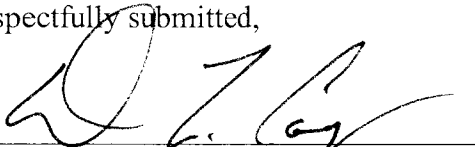
Counsel in an attempt to reach a mutual agreement regarding language for a proposed affiliate transaction rule.

4. Unfortunately, MAWC must inform the Commission that despite the parties' best efforts, the parties have not been able to reach an agreement as to the language of such a rule and no joint filing will be made today.

5. Accordingly, MAWC seeks the Commission's guidance as to how it would prefer to proceed with this matter. MAWC is willing to continue discussions with the Staff and Public Counsel, to file its own proposed rule (if requested to do so by the Commission) or to take whatever alternative action the Commission believes would best facilitate this process.

WHEREFORE, MAWC respectfully requests that the Commission consider this response to the Order Directing Filing issued on April 14, 2005.

Respectfully submitted,



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Certificate of Service

I hereby certify that a true and correct copy of the above and foregoing document was sent by U.S. Mail, postage prepaid, or electronic mail on this 15th day of August, 2005, to the following:

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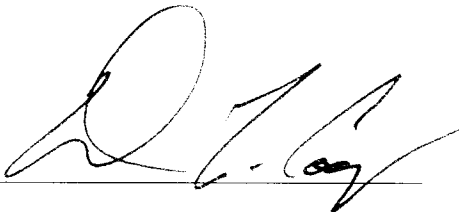
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A handwritten signature in black ink, appearing to read 'M. Comley', is written over a horizontal line.