

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

In the Matter of Missouri-American Water)
Company's Request for Authority to Implement) Case No. WR-2008-0311
A General Rate Increase for Water and Sewer) SR-2008-0312
Service Provided in Missouri Service Areas.)

**NONUNANIMOUS
STIPULATION AND AGREEMENT
AS TO CERTAIN ISSUES**

COME NOW Missouri-American Water Company (MAWC or Company) and the Staff of the Missouri Public Service Commission ("Staff"), and respectfully state to the Missouri Public Service Commission (Commission) that, as a result of negotiations, the undersigned parties (Signatories) have reached the stipulations and agreements contained herein in order to settle the certain issues specified below.

1. **Issues Settled.** This Stipulation and Agreement is intended to settle among the Signatories the following issues previously identified by the Signatories through testimony and or schedules. The Signatories recommend that the Commission accept this Stipulation and Agreement as a fair compromise of their respective positions on these enumerated issues.

AWR Compensation to MAWC
External Affairs
Dues, Donations and Contributions
Advertising
Property Tax
Cash Working Capital (Management Fee Lag)
Management Fee – Labor Costs/Sox Compliance Costs
Waste Disposal
Main Break Expense
Franchise Tax

2. **Revenue Requirement.** In settlement of the above issues, the Company's revenue requirement, as computed by the Staff, shall include an additional \$550,989. Other issues as between MAWC, Staff and other parties will still need to be heard by the Commission. It is acknowledged by Staff and MAWC that the Cash Working Capital (Management Fee Lag) and Management Fee – Labor Costs issues will be still be addressed in the true-up process, while the AWR Compensation to MAWC, External Affairs, Dues, Donation and Contributions, Advertising and Property Tax, Management Fee – SOX Compliance, Main Break Expense, Waste Disposal and Franchise tax issues will not be addressed in the true-up process and are considered final.

3. **Other Issues.**

MAWC agrees to begin reporting monthly all data it presently reports to the Staff and the Office of the Public Counsel on a quarterly basis, including all call center performance metrics beginning with January 2009 data. In addition, the Company agrees to inform the Staff and the Office of the Public Counsel of all future operational and technological changes that may be utilized by either of its call centers in Alton, Illinois or in Pensacola, Florida such as the implementation of virtual hold technology, the ability to record all calls coming into the centers, enhancements in the call routing process or other significant changes.

MAWC agrees to standardize the way it computes the amount of interest to be paid on customer deposits by proposing tariffs to change the language in all of MAWC's tariffs to the language currently used in the St. Louis County water tariff.

Contingent Waiver of Rights

4. This Stipulation and Agreement is being entered into solely for the purpose of settling the identified issues in this case that are listed above. Unless otherwise explicitly provided herein, none of the Signatories to this Stipulation and Agreement shall be deemed to have approved or acquiesced in any ratemaking or procedural principle, including, without limitation, any other method of cost determination or cost allocation or revenue-related methodology. Other than explicitly provided herein, none of the Signatories shall be prejudiced or bound in any manner by the terms of this Stipulation and Agreement in this or any other proceeding regardless of whether this Stipulation and Agreement is approved.

5. This Stipulation and Agreement has resulted from extensive negotiations among the Signatories and the terms hereof are interdependent. If the Commission does not approve this Stipulation and Agreement unconditionally and without modification, then this Stipulation and Agreement shall be void and no Signatory shall be bound by any of the agreements or provisions hereof, except as explicitly provided herein.

6. If the Commission does not unconditionally approve this Stipulation and Agreement without modification, and notwithstanding the provision herein that it shall become void; neither this Stipulation and Agreement nor any matters associated with its consideration by the Commission shall be considered or argued to be a waiver of the rights that any Party has for a decision in accordance with §536.080 RSMo 2000 or Article V, Section 18 of the Missouri Constitution, and the Signatories shall retain all procedural and due process rights as fully as though this Stipulation and Agreement

had not been presented for approval, and any suggestions, memoranda, testimony, or exhibits that have been offered or received in support of this Stipulation and Agreement shall become privileged as reflecting the substantive content of settlement discussions and shall be stricken from and not be considered as part of the administrative or evidentiary record before the Commission for any purpose whatsoever.

7. In the event the Commission unconditionally accepts the specific terms of this Stipulation and Agreement without modification, the Signatories waive their respective rights to present oral argument and written briefs pursuant to §536.080.1 RSMo 2000; their respective rights to the reading of the transcript by the Commission pursuant to RSMo §536.080.2 RSMo 2000; their respective rights to seek rehearing, pursuant to §536.500 RSMo 2000; and their respective rights to judicial review pursuant to §386.510 RSMo 2000. This waiver applies only to a Commission order unconditionally approving this Stipulation and Agreement issued in this proceeding and only to the issues that are resolved hereby. It does not apply to any matters raised in any prior or subsequent Commission proceeding or any matters not explicitly addressed by this Stipulation and Agreement.

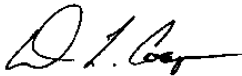
Right to Disclose

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

acquiesced in or otherwise adopted by the other signatories to this Stipulation and Agreement, whether or not the Commission approves and adopts this Stipulation and Agreement.

WHEREFORE, for the foregoing reasons, the undersigned Parties respectfully request that the Commission issue its Order approving all of the specific terms and conditions of this Stipulation and Agreement.

Respectfully submitted,



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**ATTORNEYS FOR THE STAFF OF THE
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CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been sent by electronic mail this 29th day of October, 2008, to:

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