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July 9, 2008

VIA EMAIL TRANSMISSION

Mr. Keith Krueger
Missouri Public Service Commission
keith.krueger@psc.mo.gov

Ms. Christina Baker
Office of Public Counsel
christina.baker@ded.mo.gov

Rc: Case No. WR-2008-0311
- MSD Settlement

Christina & Keith:

I am attaching a copy of correspondence I received from Byron Francis, attorney for MSD. As you will see from the attached, while MSD does not necessarily agree with the incremental cost study prepared by Water Company witness Baryenbruch, they are willing, for purposes of this case, to accept the existing rate for billing information which was agreed to in the last rate case. Since the Company did not propose a change in this level of compensation for purposes of this case, it is willing to settle this issue with MSD and, hopefully, eliminate the issue from the case. Accordingly, the Company is willing to enter into a nonunanimous stipulation with MSD, but before finalizing and filing same with the Commission, we wanted to make sure that there is no objection or opposition by Staff or Public Counsel. (I understand a copy of Byron's correspondence has also been sent to your respective technical Staffs.) Could you please advise whether Staff or Public Counsel would have an objection to the Company and MSD entering into a nonunanimous stipulation regarding this issue? If you have any questions, please call at your convenience. Otherwise, I look forward to hearing from you.

Sincerely,
W.R. England, III

EXHIBIT A



ARMSTRONGTEASDALELLP

Byron E. Francis, P.C.
(314) 342-8042
(314) 612-2245 (Fax)
bfrancis@armstrongteasdale.com

CALIFORNIA | ILLINOIS | KANSAS | MISSOURI | NEVADA | SHANGHAI | WASHINGTON, DC

ATTORNEYS AT LAW

July 7, 2008

VIA FACSIMILE AND U.S. MAIL

William R. England, III
Brydon, Swearngen & England, P.C.
312 East Capitol Avenue
P. O. Box 456
Jefferson City, MO 65102-0456

Re: Missouri American Water Company Case No. WR-2008-0311

Dear Trip:

I am writing concerning the charge by Missouri American Water Company (MAWC) for water usage data collection with respect to which MSD has intervened in the above-captioned rate case. We understand Missouri American's position in this case to be that it is proposing no change in the current charge of \$350,000 annually. (Testimony of Edward J. Grubb at page 24) Please be advised that MSD has reviewed the Report prepared by Pal Baryenbruch, attached to Mr. Grubb's testimony, and MSD does not accept Mr. Baryenbruch's conclusions. Nevertheless, after much consideration, MSD has determined that it will not challenge the report or the existing charge in the current rate case.

Your attention is directed to Paragraphs 10 and 11 of the Water Usage Data Agreement dated November 29, 2007. Those sections clearly state that either party is free to ask the Commission to review or revise the rate in Missouri American's next general rate case "or any general rate case thereafter," and that the Agreement is to remain in full force and effect until the Commission issues an order revising the rate or the terms and condition of the Agreement. Moreover, the parties reserved their rights to maintain their positions with respect to the issues raised in the 2007 case in any future proceeding. As a result, and notwithstanding MSD's acceptance of the current rate in this case, MSD maintains its right to seek a revision of the rate in a subsequent case, to challenge Missouri American's right to payment for such data whatsoever, and to challenge Mr Baryenbruch's report or any subsequent reports prepared by Missouri American to support its charge.

William R. England, III
July 7, 2008
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I assume that Missouri American and MSD should jointly prepare a stipulation to take this issue off the table so that we can be assured that another party will not seek to have the rate revised in this case. As a result, I would appreciate it if you would contact me at your earliest convenience so that we can prepare such a stipulation for distribution to the parties and approval by the Commission. Thank you for your consideration.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Byron E. Francis', written in a cursive style.

Byron E. Francis

BEF/lva

cc: Dean L. Cooper
Randy Hayman

From: Baker, Christina [mailto:christina.baker@ded.mo.gov]
Sent: Friday, July 11, 2008 11:28 AM
To: Trip England; Krueger, Keith
Subject: RE: Case No. WR-2008-0311/MSD Settlement

Trip,

I don't think that Public Counsel is ready to settle any of the issues in the case right now. I will let you know if this changes after we have finished our review of the testimony and have a better idea of what our rebuttal testimony will be.

Thanks,

Christina

From: Trip England [mailto:trip@brydonlaw.com]
Sent: Wednesday, July 09, 2008 1:11 PM
To: Baker, Christina; Krueger, Keith
Subject: Case No. WR-2008-0311/MSD Settlement

See attached.

EXHIBIT B

10/19/2008