

Exhibit No.:  
Issues: Stipulation and Agreement  
Witness: James M. Jenkins  
Exhibit Type: Direct in Support of Agreement  
Sponsoring Party: Missouri-American Water Company  
Case No.: WR-2000-281  
SR-2000-282

**MISSOURI PUBLIC SERVICE COMMISSION**

**CASE NO. WR-2000-281**

**CASE NO. SR-2000-282**

**FILED**

**MAR 1 2000**

**Missouri Public  
Service Commission**

**DIRECT TESTIMONY  
IN SUPPORT OF STIPULATION AND AGREEMENT  
OF  
JAMES M. JENKINS  
ON BEHALF OF  
MISSOURI-AMERICAN WATER COMPANY**

**JEFFERSON CITY, MISSOURI**

**MARCH 1, 2000**

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**DIRECT TESTIMONY**  
**IN SUPPORT OF STIPULATION AND AGREEMENT OF**  
**JAMES M. JENKINS**  
**MISSOURI-AMERICAN WATER COMPANY**  
**CASE NO. WR-2000-281**  
**CASE NO. SR-2000-282**

**WITNESS INTRODUCTION**

1   **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2   A. James M. Jenkins, 535 N. New Ballas Rd., St. Louis, Missouri.

3   **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

4   A. I am Vice President and Treasurer for Missouri-American Water Company ("MAWC" or  
5    "Company"). I also hold the same position for St. Louis County Water Company  
6    ("County Water").

7   **Q. STATE YOUR QUALIFICATIONS AND EXPERIENCE IN THE FIELD OF**  
8    **ACCOUNTING IN GENERAL, AND IN THE FIELD OF UTILITY**  
9    **ACCOUNTING AND RATE REGULATION IN PARTICULAR.**

10   A. My background and qualifications are summarized in Schedule JMJ-1, which is attached  
11    hereto and incorporated by reference.

12   **Q. HAVE YOU PREVIOUSLY FILED TESTIMONY IN THIS CASE?**

13   A. No.

**PURPOSE**

15   **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

16   A. I will provide testimony describing and supporting the nonunanimous Stipulation and  
17    Agreement ("Agreement") which was filed with the Commission on or about February  
18    23, 2000 to explain MAWC's need for the relief proposed in the Agreement and to show

1 that the Agreement, if approved, will not prejudice the rights of the parties to this case.

2 **PARTIES TO THE AGREEMENT**

3 **Q. HAVE ALL PARTIES TO THIS CASE SIGNED THE AGREEMENT?**

4 A. No.

5 **Q. WHAT PARTIES TO THIS CASE HAVE SIGNED THE AGREEMENT?**

6 A. MAWC, the Commission Staff ("Staff") and the Office of the Public Counsel ("OPC").

7 **TERMS OF THE AGREEMENT**

8 **Q. PLEASE IDENTIFY THE DOCUMENT MARKED AS SCHEDULE JMJ-2.**

9 A. Schedule JMJ-2 is a copy of the Agreement. It was previously filed with the  
10 Commission on or about February 23, 2000 and is hereby incorporated by reference as if  
11 set forth more fully herein.

12 **Q. PLEASE BRIEFLY DESCRIBE THE MAJOR PROVISIONS OF THE**  
13 **AGREEMENT.**

14 A. The following are the most significant provisions of the Agreement:

- 15 - MAWC will be authorized to defer revenues at a rate of not more than  
16 \$12,772,000 per year, beginning August 1, 2000. This annual revenue deferral  
17 will end on the effective date of the tariff sheets approved in connection with new  
18 rate cases to be filed in May 2000 by MAWC and County Water.
- 19 - Carrying charges are not to be calculated on the amounts deferred, and the  
20 unexpensed portion of any such actual revenue deferral shall not be included in  
21 rate base, and shall not be increased to include carrying charges, in any future  
22 determination of MAWC's revenue requirement.
- 23 - The actual annual revenue deferral shall be amortized to expense over a period of  
24 five years, and an annualized amount thereof shall be included in the calculation  
25 of MAWC's annual revenue requirement, which is to be determined by the  
26 Commission in the permanent rate case, which MAWC will file.

- If the Commission issues an order adopting the terms and conditions of the Stipulation and Agreement, MAWC will withdraw its pending revised tariff sheets in Case Nos. WR-2000-281 and SR-2000-282, and file new, revised water and sewer tariff sheets no later than May 31, 2000, in order to initiate new permanent rate cases.
- County Water will file revised tariff sheets on the same date that MAWC files its new tariff sheets, in order to initiate a rate case for County Water.
- MAWC and County Water will not seek to recover from one company's revenue requirement the costs that are "fairly allocable" to the other Company's revenue requirement. This restriction will not be binding on other parties to those cases.
- In the new rate cases that are to be filed, MAWC and County Water will file cost of service studies by district, by customer class.
- MAWC and County Water will jointly file an application seeking Commission approval of the merger of the two companies no later than the date on which MAWC and County Water file the revised tariffs to initiate their respective new permanent rate cases.

**Q. WHAT COMMISSION ACTION DOES MAWC SEEK AT THIS TIME?**

A. MAWC asks that the Commission approve the specific terms of the Agreement.

## DEFERRAL

**Q. YOU REFER TO A “DEFERRAL” OF REVENUES. PLEASE EXPLAIN WHAT A DEFERRAL IS?**

A. A deferral is a device by which the Company is permitted to record revenues and a regulatory asset.

**Q. HOW WILL THIS DEFERRAL BE REFLECTED ON MAWC'S BOOKS?**

A. The deferred revenues will be recorded in account number 474 and the regulatory asset in account number 186. The deferred revenues of \$1,064,333 are maximum revenue per

1 month during the deferral period. This would result in a total deferred revenue amount of  
2 \$9,578,997 over the period beginning August 1, 2000 and continuing through April 30,  
3 2001.

4 **Q. WHY IS THE REVENUE DEFERRAL IMPORTANT TO MAWC?**

5 A. The revenue deferral will address certain financial impacts that will have a negative affect  
6 on MAWC's financial stability.

7 **Q. WHAT IS THE BASIS FOR THESE FINANCIAL IMPACTS ?**

8 A. In order to discharge its duties as a public utility and to meet the needs of the public  
9 dependent on it for water utility service, MAWC has undertaken the construction project  
10 known as the St. Joseph 2000 Project. More specifically, MAWC is currently  
11 constructing a new 30 million gallon per day groundwater treatment plant and related  
12 facilities in St. Joseph which will result in an investment of approximately \$74,684,000.  
13 MAWC has filed with the Commission revised tariffs designed to increase gross annual  
14 operating revenues for water service by approximately \$16.5 million. One of the  
15 significant reasons for MAWC's request for a rate increase is the expected completion  
16 and placing in service of the St. Joseph 2000 Project. The Commission has suspended  
17 MAWC's proposed tariffs until September 14, 2000, which is approximately 4½ months  
18 after the anticipated in-service date of the St. Joseph 2000 Project.

19 **Q. IS THERE A FINANCIAL IMPACT ON MAWC WHEN THE ST. JOSEPH 2000**  
20 **PROJECT IS PLACED IN-SERVICE?**

21 A. Yes. In conformity with the Uniform System of Accounts ("USOA") prescribed by this  
22 Commission, MAWC has been capitalizing Allowance for Funds Used During  
23 Construction ("AFUDC") during the period of construction of the St. Joseph treatment  
24 plant and related facilities. AFUDC represents construction carrying charges, or interest  
25 on the funds borrowed for the construction. This interest is capitalized during the  
26 construction period. The "construction period" comes to a conclusion at the point the

1 project is placed "in service."

2 The USOA contemplates that, unless the Commission orders otherwise, the  
3 capitalization of AFUDC shall terminate on the date the St. Joseph treatment plant and  
4 related facilities are placed in-service (i.e. prior to April 30, 2000). Thus, as of the "in  
5 service" date, the interest being accrued by MAWC is no longer a part of the construction  
6 costs and no longer booked in such a way as will allow it to be placed in rate base or  
7 recovered in rates. Also, as of the "in service" date, the accrual of depreciation expense  
8 commences which, in the case of a project this large, creates a significant expense item on  
9 the books of MAWC.

10 **Q. WHAT IS THE REVENUE IMPACT OF THIS ACCOUNTING TREATMENT**  
11 **RELATED TO THE ST. JOSEPH 2000 PROJECT?**

12 A. The effect of the accounting treatment related to the "in service" date is that MAWC's  
13 earnings will be reduced approximately \$347,000 each month the St. Joseph treatment  
14 plant is "in service" and not included in rates. Over the approximate four and one-half  
15 months between the expected "in service" date and the operation of law date in Case No.  
16 WR-2000-281, this amounts to a loss to the Company of \$1.56 million.

17 Additionally, the post-in-service AFUDC and deferred depreciation expense net  
18 of taxes represents over twenty-eight percent (28%) of MAWC's pro forma utility  
19 operating income at present rates. Pro forma present rate earnings for the period April  
20 through September 2000, would be only \$61,000 without consideration for post-in-  
21 service AFUDC and deferred depreciation expense. Earnings for the same period under  
22 the proposed rates would be \$3,758,000. Thus, without consideration for post-in-service  
23 AFUDC and deferred depreciation expense, MAWC would receive approximately 4.11%  
24 return on rate base for this five month period or approximately 1.6% of its reasonable  
25 earnings.

26 **Q. DID MAWC ATTEMPT TO ADDRESS THIS SITUATION IN ANY WAY?**

1 A. Yes. First, MAWC attempted to time the operation of law date related to its tariffs as  
2 closely as possible with the in service date of the St. Joseph 2000 Project. The ability to  
3 do this was somewhat limited, however, as there was a need to provide the Staff, OPC  
4 and other parties an opportunity to audit this project after it was placed in service. Even  
5 the four and one-half months which is provided by the schedule in this case has been said  
6 by some parties to not be long enough.

7 **Q. DID MAWC ATTEMPT TO ADDRESS THESE IMPACTS AFTER THE FILING**  
8 **OF THE TARIFFS WHICH ARE THE SUBJECT OF THESE CASES?**

9 A. Yes. On November 19, 1999, MAWC filed its Motion for Accounting Authority Order  
10 ("AAO") in which MAWC requested an AAO authorizing it to continue the capitalization  
11 of AFUDC and to defer depreciation on certain capital expenditures the St. Joseph  
12 treatment plant and related facilities.

13 **Q. WHAT DID MAWC SEEK TO ACCOMPLISH BY THE FILING OF THIS**  
14 **MOTION FOR AAO?**

15 A. By its Motion for AAO, MAWC sought to maintain the status quo as to the accounting  
16 treatment for these expenses so that it would not suffer an immediate detrimental impact  
17 as of the "in service" date of the St. Joseph treatment plant and facilities. This would  
18 allow MAWC the opportunity to present the post-in-service AFUDC and deferred  
19 depreciation expenses to the Commission for decision within the context of this rate case.

20 **Q. COULD THESE FINANCIAL IMPACTS HAVE BEEN ADDRESSED IN**  
21 **ANOTHER FASHION?**

22 A. Yes. As was suggested by several parties in response to MAWC's Motion for AAO, the  
23 financial impact upon MAWC could also be addressed through an interim rate increase.

24 **Q. WILL THE AGREEMENT ADDRESS THE FINANCIAL IMPACTS**  
25 **ASSOCIATED WITH THE IN SERVICE DATE FOR THE ST. JOSEPH 2000**  
26 **PROJECT?**



1 A. The Agreement will mitigate somewhat the financial impact of the St. Joseph 2000  
2 Project. It will do this by allowing the Company to record deferred revenue of  
3 \$9,578,997 (for the period August 1, 2000 through April 30, 2001) until the effective date  
4 of a rate order (expected May 1, 2001) in the consolidated rates cases of MAWC and  
5 County Water.

6 **Q. WHY WILL THE DEFERRAL BEGIN ON AUGUST 1, 2000?**

7 A. As explained previously, there is a direct financial impact on MAWC's earnings when the  
8 St. Joseph 2000 Project is placed in-service (April 2000). This financial impact gets  
9 progressively worse from the in-service date until it is addressed by the Commission in  
10 some fashion. Ideally, MAWC would have liked for the deferral to begin on May 1,  
11 2000, so that the adverse financial impact of the plant would be addressed immediately.  
12 However, taking into account the interests of the parties to the Agreement, August 1,  
13 2000 appeared to be a reasonable compromise.

14 **Q. IF THE AGREEMENT IS APPROVED BY THE COMMISSION, DOES MAWC**  
15 **BELIEVE THERE IS STILL A NEED FOR AN AAO OR AN INTERIM RATE**  
16 **INCREASE?**

17 A. No. The Agreement will ensure that the financial stability of the Company will be  
18 maintained without the use of an AAO or interim rate increase.

19 **NO PREJUDICE TO OTHER PARTIES**

20 **Q. WILL THE DEFERRAL RESULT IN REVISED TARIFFS OR AN IMMEDIATE**  
21 **CHANGE IN RATES AS A RESULT OF THIS CASE?**

22 A. No. No change in rates would result from the Commission's approval of the Agreement.  
23 Rate impacts of the deferral would be considered by the Commission within the context  
24 of the next MAWC rate case.

25 **Q. WHEN WILL MAWC FILE ITS NEXT RATE CASE?**

26 A. Under the terms of the Agreement, MAWC would be required to file its next rate case by

1 May 31, 2000.

2 **Q. IF A RATE CASE IS FILED ON OR ABOUT MAY 31, 2000, WHAT WOULD BE**  
3 **THE OPERATION OF LAW DATE FOR ANY CHANGE IN RATES THAT**  
4 **MIGHT RESULT FROM THAT PROCEEDING?**

5 A. Approximately April 30, 2001.

6 **Q. AS A RESULT OF THE AGREEMENT, ARE PARTIES FORECLOSED FROM**  
7 **TAKING POSITIONS IN MAWC'S "NEW" RATE CASE AS TO COST**  
8 **ALLOCATION, PRUDENCE OF EXPENDITURES OR RATE DESIGN THAT**  
9 **THEY COULD OTHERWISE TAKE IN THE PENDING RATE CASE?**

10 A. No. Parties to the new rate case would be free to make such arguments within the context  
11 of that rate case. Additionally, this Agreement will provide the parties with additional  
12 time to develop their respective positions regarding the proposed rate increase.

13 **Q. IN YOUR OPINION, IS THE AGREEMENT A REASONABLE SOLUTION TO**  
14 **THE ISSUES YOU HAVE ADDRESSED?**

15 A. Yes. The Agreement will address certain financial impacts that will have a negative  
16 effect on MAWC's financial stability without an immediate change in rates.  
17 Additionally, it will preserve the parties' ability to address the actual rate impacts within  
18 the context of the next MAWC rate case.

19 **Q. DOES THIS COMPLETE YOUR TESTIMONY?**

20 A. Yes, it does.

## **SCHEDULE JMJ-1**

### **Background and Qualifications of James M. Jenkins**

My name is James M. Jenkins and I live at 253 Beacon Point Lane, Wildwood, Missouri 63040. I am Vice President and Treasurer for both Missouri-American Water Company and St. Louis County Water Company.

I graduated from the University of Illinois, at Urbana/Champaign in 1983 with a Bachelor of Science Degree in Accounting and in 1992 received a M.B.A. Degree, with highest honors, from the University of Illinois, at Springfield. I have been a Certified Public Accountant since 1985, and currently hold a license to practice in the States of Illinois and Missouri.

Between 1983 and 1984 I was employed by McGladrey and Pullen as a staff accountant participating in financial audits and completing tax returns for firm clients.

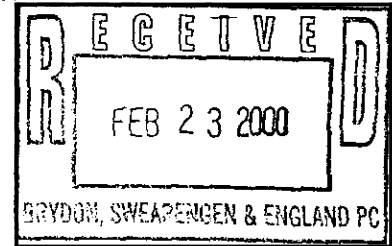
Between 1984 and 1993 I was employed by the Illinois Commerce Commission and worked on a wide range of regulatory issues in the electric, gas, telephone and water industries. I joined the Illinois Commerce Commission's Accounting Department as a staff accountant in November 1984. In April 1987, I was promoted to the position of Auditing Section Chief responsible for directing the Auditing Staff's review of rate case filings, fuel reconciliation clauses and miscellaneous regulatory accounting issues. In November 1989, I was promoted to Director of Accounting responsible for all administrative, policy and supervisory functions within the Accounting Department. I held the position of Director of Accounting until joining St. Louis County Water Company in June 1993.

I began my career with St. Louis County Water Company in June, 1993 as an Assistant Manager in the Corporate Accounting Department. In December, 1994 I was promoted to Manager of Rates within the Rates and Operations Analysis Department. At St. Louis County Water Company, I was responsible for the numerous accounting and financial areas contained within Company rate case filings, performing both technical and supervisory functions.

I was elected Vice President and Treasurer for both Missouri-American Water Company and St. Louis County Water Company in June 1999. I am currently responsible for directing the finance, treasury, business development and rate administration functions of both Companies.

I am a member of the American Institute of Certified Public Accountants and past member of the NARUC Staff Subcommittee on Accounts. Also, I am currently the Vice-Chairperson of the Rates and Revenue Committee of the National Association of Water Companies.

BEFORE THE PUBLIC SERVICE COMMISSION  
— OF THE STATE OF MISSOURI



In the Matter of Missouri-American Water )  
Company's Tariff Sheets Designed to )  
Implement General Rule Increases for )  
Water and Sewer Service provided to )  
Customers in the Missouri Service Area of )  
the Company. )

Case No. WR-2000-281  
SR-2000-282

STIPULATION AND AGREEMENT

COME NOW Missouri-American Water Company ("MAWC" or "Company"); the Missouri Public Service Commission Staff ("Staff"); and the Office of the Public Counsel ("OPC"); by and through their respective counsel, and state to the Missouri Public Service Commission ("Commission") that as a result of negotiations, the undersigned parties ("Parties") have reached the following stipulations and agreements:

1. MAWC shall be authorized to defer revenues (carrying charges are not to be calculated on amounts deferred) at an amount not to exceed \$12,772,000 per year ("the annual revenue deferral"), provided that MAWC's new water treatment plant and associated facilities in St. Joseph, Missouri, are fully operational and providing service to customers no later than the date on which MAWC and St. Louis County Water Company ("County Water") file their new rate cases in accordance with Paragraph No. 6. This annual revenue deferral will begin on August 1, 2000, and will end on the effective date of the tariff sheets approved in connection with the permanent rate cases described in Paragraph No. 6.

2. The actual amount of MAWC's annual revenue deficiency, and therefore the annual revenue deferral, will be calculated by the Staff based on a test year ending September 30, 1999, updated for known and measurable changes as of December 31, 1999 and trued-up to

April 30, 2000. MAWC will provide data requested by Staff for the December 31, 1999, update and the April 30, 2000, true-up no later than February 28, 2000, and June 15, 2000, respectively. Such annual revenue deficiency calculated as of April 30, 2000, shall subsequently be adjusted to reflect any Commission decisions regarding cost of service issues that are issued in the permanent rate case required by Paragraph No. 6.

3. When calculating the annual revenue deficiency referenced above, the Staff will utilize the following capital structure and related cost rates:

Capital Component	Percentage of Total Capital	Cost
Common Equity	Actual as of 4/30/2000	10.00%
Preferred Stock	Actual as of 4/30/2000	Actual as of 4/30/2000
Long-Term Debt	Actual as of 4/30/2000	Actual as of 4/30/2000
Short-Term Debt	Actual as of 4/30/2000	Actual as of 4/30/2000
Total Capital Structure	100.00%	Actual Weighted Cost of Capital as of 4/30/2000

All signatories to this Stipulation and Agreement agree that 10.00% is an acceptable return on equity for MAWC based on market information available for purposes of this Stipulation and Agreement. This return on equity will be applied to the actual percentage of common equity recorded by MAWC as of the April 30, 2000 true-up date. All signatories also agree that all other components of capital structure as well as the embedded costs associated with those components will be based on the preferred stock, long-term debt and short-term debt recorded by MAWC as of the April 30, 2000 true-up date. With regard to short-term debt, all signatories to this Stipulation and Agreement agree that short-term debt will not be a component of capital structure as long as the 12-month average balance for Construction Work In Progress (CWIP) exceeds the 12-month average outstanding balance for short-term debt at April 30, 2000. Any adjustments to the capital structure components, from the date of filing of MAWC's last finance application, Case No. WF-2000-383 (December 23, 1999), up through the April 30, 2000 true-up date in this proceeding, will consist only of operational changes such as an increase in equity due

to retained earnings, decreases in debt due to the pay-down of outstanding balances, or any financing or refinancing that has been fully executed by MAWC as approved by the Commission in the context of a finance application filed pursuant to Sections 393.180-393.210, RSMo. 1994<sup>1</sup> MAWC will not infuse any other equity capital, except as referenced above, between the date of this Stipulation and Agreement and April 30, 2000.

4. On or before August 1, 2000, the Staff will file with the Commission its initial findings regarding MAWC's annual revenue deficiency as of April 30, 2000. That filing shall be made in MAWC's permanent rate case required by Paragraph No. 6. Other parties to that permanent rate case shall inform the Staff on or before September 15, 2000 of any mathematical errors contained in its August 1, 2000, filing. Public Counsel and other intervenors, to the extent they wish to respond to the Staff's August 1, 2000 filing, shall do so in their prepared direct testimony to be filed in the permanent rate case that is required by Paragraph No. 6, and MAWC shall respond to the Staff's August 1, 2000, filing in MAWC's rebuttal testimony filed in that case.

5. The actual annual revenue deferral, as calculated in accordance with Paragraph Nos. 2-4, shall be amortized to expense over a period of five years and an annualized amount thereof shall be included in the calculation of MAWC's annual revenue requirement, which is to be determined by the Commission in the permanent rate case to be filed in accordance with

<sup>1</sup> By way of illustration, the pro forma capital structure used in Case No. WF-2000-383 is as follows:

Capital Component	Percentage Of Capital	Capital Dollars	Pro Forma Adjustments	Pro Forma Capital Dollars	Pro Forma Percentage of Capital
Common Equity	35.15%	\$47,660,529	\$19,500,000	\$67,160,529	40.86%
Preferred Stock	2.03%	2,754,000	0	2,754,000	1.68%
Long-Term Debt	48.28%	65,465,000	29,000,000	94,465,000	57.47%
Short-Term Debt	14.53%	19,704,000	(19,704,000)	0	0.00%
Total	100.00%	\$135,583,529	\$28,796,000	\$164,379,529	100.00%

Paragraph No. 6. However, the unamortized portion of any such actual revenue deferral ~~shall~~ not be included in rate base and shall not be increased to include carrying charges, in any future determination of MAWC's revenue requirement. No portion of the revenue deferral provided for in this agreement will be included in the cost of service for County Water, either in the permanent rate case or at any time in the future.

6. If the Commission issues an order adopting the terms and conditions of this Stipulation and Agreement in its entirety, MAWC will then withdraw its pending revised tariff sheets, which are the subject of Commission Case Nos. WR-2000-281 and SR-2000-282, and file new, revised water and sewer tariff sheets no later than May 31, 2000, in order to initiate new permanent rate cases. In addition, MAWC will cause its affiliate, County Water, to also file revised tariff sheets on the same date that MAWC files its new water rate tariff sheets in order to initiate a rate case for County Water. The signatories will agree to support the consolidation of the MAWC rate case and the County Water rate case.

7. MAWC and County Water will file their direct testimony in their respective new rate cases no later than 45 days after the date on which they file their revised tariff sheets in the new permanent rate cases that they have agreed to file in accordance with Paragraph 6. To the extent necessary to effectuate this direct testimony filing schedule, MAWC and County Water shall be granted a waiver from Commission regulations that may be in effect at the time MAWC and County Water file the referenced tariffs.<sup>2</sup>

8. In the new rate cases that are to be filed by MAWC and County Water, none of the cost of service that is fairly allocable to the seven operating districts that now comprise MAWC will be included in the proposed revenue requirement for County Water, and none of the cost of service that is fairly allocable to County Water's service territory will be included in the

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<sup>2</sup> The Commission has published a proposed Rule 4 CSR 240-2.065 (*Missouri Register*, October 1, 1999) which, if promulgated, would require a public utility to file direct testimony simultaneously with its tariffs constituting a general rate increase. Because of the requirements otherwise being placed on MAWC and County Water by this Stipulation and Agreement, it is agreed that a waiver concerning the filing of direct testimony is justified.

proposed revenue requirement for MAWC. This restriction will not be binding on other parties to those cases.

9. As part of their respective permanent rate cases to be filed in accordance with Paragraph 6, MAWC and County Water shall also prepare a depreciation study and file same with the Commission no later than July 31, 2000.

10. As part of their direct testimonies to be filed in their respective permanent rate cases, MAWC and County Water will also file cost of service studies by district by customer class. In addition to the revenue requirement calculations required for MAWC and County Water individually for the above-referenced rate cases, MAWC also agrees to prepare a consolidated revenue requirement calculation for the two companies.

11. MAWC and County Water will also file a joint application seeking Commission approval for the merger of the two companies no later than the date on which MAWC and County Water file revised tariffs to initiate their respective permanent rate cases.

12. This Stipulation and Agreement represents a negotiated settlement for the sole purpose of disposing of Case Nos. WR-2000-281 and SR-2000-282. None of the parties to this Stipulation and Agreement shall be prejudiced or bound by the terms of this Stipulation and Agreement in any future proceeding, or in this proceeding, in the event that the Commission does not approve this Stipulation and Agreement in its entirety.

13. None of the parties to this Stipulation and Agreement shall be deemed to have approved or acquiesced in any ratemaking principle, or any method of cost of <sup>service</sup> determination or cost allocation, except as specifically provided herein. Additionally, none of the parties to this Stipulation and Agreement have acquiesced to the approval of any particular relief or to taking any particular position in future Commission cases, except as specifically provided herein.

14. In the event the Commission accepts all of the specific terms of this Stipulation and Agreement, the parties waive their right to present oral argument and written briefs pursuant



to §536.010(1), their right pertaining to the reading of the transcript by the Commission pursuant to §536.080(3), and their right to judicial review pursuant to §386.510, RSMo. 1994.

15. This Stipulation and Agreement has resulted from extensive negotiation among the signatory parties and the terms hereof are interdependent. In the event the Commission does not approve and adopt this Stipulation and Agreement in its entirety, then, under those circumstances, the parties agree that this Stipulation and Agreement shall be void and no party shall be bound by any of the agreements or provisions hereof.

WHEREFORE, the undersigned Parties respectfully request that the Commission issue its Order:

- a) Approving all of the specific terms and conditions of this Stipulation and Agreement;
- and,
- b) granting such further relief as the Commission should find reasonable and just.

Respectfully submitted,

*Dean L. Cooper by KRK*

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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 hand-delivered on this 22nd day of February, 2000, to the following:

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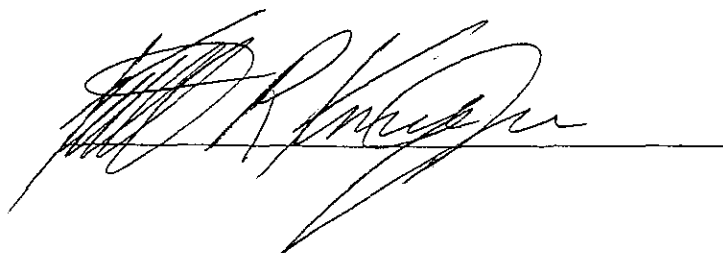
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City Hall - Room 307  
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St. Joseph, Missouri 64501

A handwritten signature in black ink, appearing to read "Keith Krueger", is written over a horizontal line.