

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

In the Matter of the Joint Application of)
Missouri-American Water Company and)
Aqua Missouri, Inc. Aqua Development, Inc.,)
and Aqua/RU, Inc. d/b/a Aqua Missouri, Inc.)
for Authority for Missouri-American Water) File No. WO-2011-0168
Company to Acquire Certain Assets of)
Aqua Missouri, Inc., Aqua Development, Inc.,)
and Aqua/RU, Inc. d/b/a Aqua Missouri, Inc.)
and, in Connection Therewith,)
Certain Other Related Transactions.)

UNANIMOUS STIPULATION AND AGREEMENT

COME NOW Missouri-American Water Company (MAWC or Company); the Staff of the Missouri Public Service Commission (Staff); the Office of the Public Counsel (Public Counsel); and, Aqua Missouri, Inc., Aqua Development, Inc., and Aqua/RU, Inc. d/b/a Aqua Missouri, Inc. (collectively “Aqua Missouri”), and respectfully state to the Missouri Public Service Commission (Commission) that, as a result of negotiations, the undersigned parties have reached the stipulations and agreements contained herein.

1. **Approval** - The parties agree that the Commission should issue its order:

(A) authorizing Aqua Missouri, Inc., Aqua Development, Inc., and Aqua/RU, Inc. d/b/a Aqua Missouri, Inc. to sell and MAWC to acquire the assets of Aqua Missouri, Inc., Aqua Development, Inc., and Aqua/RU, Inc. d/b/a Aqua Missouri, Inc. identified in the Joint Application, to include the certificates held by these entities;

(B) authorizing MAWC to enter into, execute and perform in accordance with the terms described in the Agreement attached to the Joint Application and to take any and all other actions which may be reasonably necessary and incidental to the performance of the acquisition;

and,

(C) granting such other relief as may be deemed necessary and appropriate to accomplish the purposes of the Agreement and the Joint Application and to consummate related transactions in accordance with the Agreement.

2. **Transfer of Assets –**

(A) MAWC shall notify the Commission within five (5) business days after the subject assets have been transferred from Aqua Missouri to MAWC;

(B) If closing on the assets has not occurred within thirty (30) days after the effective date of an order from the Commission approving this transfer of assets, MAWC shall file a status report with the Commission thirty (30) days after the effective date of the order, and at the end of each subsequent thirty (30) day period until closing and the transfer of assets is complete. Alternatively if the transfer is not expected to be completed, MAWC shall file a pleading with the Commission stating such;

(C) MAWC shall, within five (5) business days after the assets have been transferred, adopt Aqua's currently approved tariffs by filing an adoption notice for each of the four tariffs.

3. **Rates -** The next rate increase for the current Aqua Missouri system customers will be governed by the following limitation:

Any increase in rates for any current Aqua Missouri customer will occur "x" amount of days after the change in rates for current MAWC customers. This "x" amount of days will be the days between the filing of any potential rate request by MAWC and the September 1, 2011 moratorium agreed to by Aqua. For example, if MAWC files a rate request on July 1, 2011, that is 62 days before the September 1, 2011 moratorium. Based upon the outcome of MAWC's filed rate

request, the new rates for current Aqua customers will go into effect 62 days after the rates for current MAWC customers go into effect. Thus, assuming a July 1, 2011 filing and a subsequent June 1, 2012 effective date of new rates, Aqua system customers rates would not increase until August 2, 2012 (62 days after June 1, 2012). If a decrease in rates is determined for any Aqua system, then that decrease shall go into effect when the MAWC rates go into effect.

4. MAWC shall utilize the depreciation rates attached hereto as **Appendix A and Appendix B** for the Aqua Missouri water and sewer properties until such time as these depreciation rates may be changed by the Commission.

5. The account balances shown in **Appendix C** shall be the account balances used by MAWC to determine the rate base balances for plant, depreciation reserve and contributions in aid of construction, totaling \$3,131,607, as of October 31, 2010

6. MAWC shall further comply with the conditions described in **Appendix D**.

Contingent Waiver of Rights

7. This Stipulation and Agreement is being entered into solely for the purpose of settling the issues in this case. Unless otherwise explicitly provided herein, none of the Signatories to this Unanimous Stipulation and Agreement shall be deemed to have approved or acquiesced in any ratemaking or procedural principle, including, without limitation, any 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 these or any other proceeding regardless of whether this Stipulation and Agreement is approved.

8. This Stipulation and Agreement has resulted from 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.

9. If the Commission does not approve this Stipulation and Agreement without condition or 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.

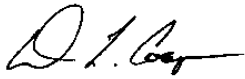
10. In the event the Commission accepts the specific terms of this Stipulation and Agreement without condition or modification, the Signatories waive their respective rights to present oral argument and written briefs pursuant to §536.080.1 RSMo 2000; their respective rights to the reading of the transcript 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. Further, in the event the Commission accepts the specific terms of this Stipulation and Agreement, all prefiled testimony not yet admitted into evidence shall be received into evidence without the necessity of the

witnesses taking the stand. The waivers contained in this paragraph apply only to a Commission order approving this Stipulation and Agreement without condition or modification 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 nor any matters not explicitly addressed by this Stipulation and Agreement.

11. If the Commission has questions for the Parties or their representatives, the Parties will make available, at any on-the-record session, their representatives and attorneys, so long as all Parties have had adequate notice of that session. The Parties agree to cooperate in presenting this Stipulation and Agreement to the Commission for approval, and will take no action, direct or indirect, in opposition to the request for approval of 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 Unanimous Stipulation and Agreement.

Respectfully submitted,

 _____ Dean L. Cooper MBE#36592 BRYDON, SWEARENGEN & ENGLAND P.C. 312 E. Capitol Avenue P. O. Box 456 Jefferson City, MO 65102 (573) 635-7166 (573) 635-3847 facsimile dcooper@brydonlaw.com Kenneth C. Jones MBE #38498 MISSOURI-AMERICAN WATER	<u> //S// by dlc </u> _____ Marc H. Ellinger, CPA #40828 Attorney at Law Blitz, Bardgett & Deutsch, LC 308 East High Street, Suite 301 Jefferson City, Missouri 65101 (573) 634-2500 (573) 634-3358 facsimile mellinger@blitzbardgett.com ATTORNEYS FOR AQUA MISSOURI, INC., AQUA DEVELOPMENT, INC., AND AQUA/RU, INC. D/B/A AQUA MISSOURI, INC.
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<p>COMPANY 727 Craig Road St. Louis, MO 63141 (314) 996-2278 (314) 997-2451 (telefax) kenneth.jones@amwater.com</p> <p>ATTORNEYS FOR MISSOURI- AMERICAN WATER COMPANY</p>	
<p><u> //S// by dlc </u></p> <p>Christina L. Baker #58303 Senior Public Counsel P O Box 2230 Jefferson City, MO 65102 (573) 751-5565 (573) 751-5562 FAX christina.baker@ded.mo.gov</p> <p>ATTORNEY FOR THE OFFICE OF THE PUBLIC COUNSEL</p>	<p><u> //S// by dlc </u></p> <p>Rachel M. Lewis, Deputy Counsel Missouri Bar No. 56073</p> <p>Attorney for the Staff of the Missouri Public Service Commission P. O. Box 360 Jefferson City, MO 65102 (573) 526-6715 (Telephone) (573) 751-9285 (Fax) Rachel.Lewis@psc.mo.gov (e-mail)</p>

CERTIFICATE OF SERVICE

The undersigned certifies that a true and correct copy of the foregoing document was sent by electronic mail or by U.S. Mail, postage prepaid, on March 30, 2011, to the following:

Rachel Lewis
Office of the General Counsel
Governor Office Building
Jefferson City, MO 65101
rachel.lewis@psc.mo.gov

Christina Baker
Office of the Public Counsel
Governor Office Building
Jefferson City, MO 65101
christina.baker@ded.mo.gov

Marc H. Ellinger, CPA #40828
Blitz, Bardgett & Deutsch, LC
308 East High Street, Suite 301
Jefferson City, Missouri 65101
mellinger@blitzbardgett.com

