

**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-2007-0216
by Missouri-American Water Company.)	SR-2007-0217

**STIPULATION AND AGREEMENT
AS TO MSD RATE DESIGN
BETWEEN MAWC AND MSD**

COME NOW Missouri-American Water Company (MAWC) and Metropolitan St. Louis Sewer District (MSD), and respectfully state to the Missouri Public Service Commission (Commission) that, as a result of negotiations, the undersigned parties (Parties) have reached the stipulations and agreements contained herein in order to settle the MSD rate design issue:

1. MAWC and MSD agree that MAWC will provide water usage meter reading data and customer billing information and related services to MSD and, in return, MSD will pay MAWC \$29,166 per month (\$350,000 annually) for such information and services. Such rate of compensation will be incorporated in a revised tariff sheet number RT 16.0 proposed to be applicable for service on and after December 1, 2007 (a copy of which is attached hereto as **Appendix 1**). The loss of revenue associated with this change from the existing rate paid by MSD will be reflected in the revenue requirement to be ordered by the Commission in this case.

2. MAWC and MSD agree to execute an agreement that will contain the specific terms and conditions of providing such billing data and related services by October 1, 2007. Such terms and conditions will include, but not necessarily be limited to, the data to be provided, the time for providing such data and the manner in which

such data will be provided. The executed agreement will be submitted to the Commission for approval.

3. MAWC and MSD agree that if this Stipulation and Agreement is approved by the Commission, neither MAWC or MSD will take any action to alter or rescind the rate identified in **Appendix 1** hereto prior to MAWC's next general rate case, at which time both MAWC and MSD are free to ask the Commission to review and revise the rates, terms and/or conditions regarding the provision of billing data and related services. Specifically, MSD agrees not to take any further action to appeal or otherwise seek review of the Commission's decision in its Case No. WC-2007-0040.

Notwithstanding the foregoing sentence, MAWC and MSD reserve their rights, without prejudice, to maintain their respective positions with respect to the issues raised in Case No. WC-2007-0040 in any future proceeding.

4. MAWC further agrees to identify and provide to MSD, before MAWC files its next general rate increase request, the incremental costs MAWC incurs in providing data and related services to MSD pursuant to the aforementioned Agreement. The provision of this incremental cost information by MAWC is not an admission or an acknowledgement by MAWC that incremental costs are appropriate for purposes of determining an appropriate charge for providing such billing data and related services. Both MAWC and MSD are free to propose whatever cost method they believe is appropriate in MAWC's next general rate increase case.

5. **Testimony Received Into Evidence.** Unless called by the Commission or the Regulatory Law Judge to respond to questions of the Commissioners or the Regulatory Law Judge, in the event the Commission accepts the specific terms of this

Stipulation and Agreement the portions of the testimony of the following witnesses concerning matters not at issue between the Parties shall be received into evidence without the necessity of these witnesses taking the stand:

MSD Witnesses and Testimony

Direct Testimony of Janice M. Zimmerman

Direct Testimony of Keith D. Barber

6. This Stipulation and Agreement is being entered into solely for the purpose of settling the identified issue in this case that is 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.

7. 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.

8. 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 Parties 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.

9. 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 respecting 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.

10. 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

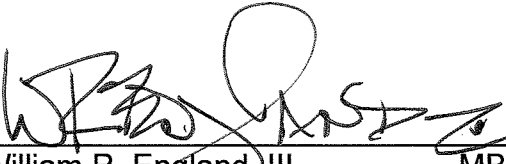
suggestions or memorandum and shall be entitled to submit to the Commission, within five (5) days of receipt of Staff's suggestions or memorandum, responsive suggestions or a responsive memorandum, which shall also be served on all Parties. The contents of any suggestions or memorandum provided by any 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.

11. The Staff also shall have the right to provide, at any agenda meeting at which this Stipulation and Agreement is noticed to be considered by the Commission, whatever oral explanation the Commission requests; provided, that the Staff shall, to the extent reasonably practicable, provide the other Parties with advance notice of when the Staff shall respond to the Commission's request for such explanation once such explanation is requested from the Staff. The Staff's oral explanation shall be subject to public disclosure, except to the extent it refers to matters that are privileged or protected from disclosure pursuant to any protective order issued in this case.

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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CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been sent by electronic mail this 16th day of July, 2007, to:

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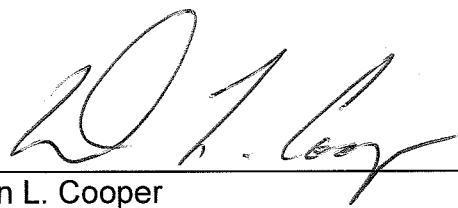
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APPENDIX 1**DRAFT**P.S.C. MO. No. 6
Canceling P.S.C. MO. No. 6Fifth Revised
Fourth RevisedSHEET No. RT-16.0
SHEET No. RT-16.0Missouri-American Water CompanyFor: Service in Certificated Areas in St. Louis
And Jefferson County

<u>MSD WATER USAGE DATA</u>	+
<p>Availability: This rate is available to the Metropolitan St. Louis Sewer District, for all water usage meter reading data and customer billing information.</p> <p>Rate: \$29,166.67 per month (\$350,000 annually). (1)</p> <p>Terms: This rate is available to the Metropolitan St. Louis Sewer District, under the terms and conditions of the contract between the parties.</p> <p>Payment: Bills are net, and are due and payable within ten (10) days after the date of the bill.</p> <p>(1) Exclusive of every tax or payment imposed upon the Company by political subdivision of the State of Missouri, for the right to do business in such political subdivision. See P.S.C. No. 6, Original Sheet No. RT 11.0.</p>	* +
* Indicates new rate or text + Indicates change	

DATE OF ISSUE _____
month day yearDATE EFFECTIVE December 1, 2007
month day yearISSUED BY _____ Terry L. Gloriod, President, 727 Craig Road, St. Louis, MO 63141