

Missouri - American Water Company

**Balance Sheet as of December 31, 2020 and Pro Forma  
Giving Effect as of 12/31/2020 of the Proposed Financing**

|  | <u>Per Books</u> | <u>Proposed Financings</u> | <u>Pro Forma</u> |
|--|------------------|----------------------------|------------------|
| 1 Utility Plant  | 3,060,767,872    | 11,385,000 (1)             | 3,072,152,872    |
| 2 Accumulated Provisions for Depreciation and Amortization | (562,556,237)    |                            | (562,556,237)    |
| 3 Utility Plant Acquisition Adjustments (net)              | 5,327,231        |                            | 5,327,231        |
| 4 Total Net Utility Plant                                  | 2,503,538,866    | 11,385,000                 | 2,514,923,866    |
| 5  |                  |                            |                  |
| 6 Nonutility Property                                      | -                |                            | -                |
| 7 Other Investments  | 849,203          |                            | 849,203          |
| 8 Total Other Property and Investments                     | 849,203          | -                          | 849,203          |
| 9  |                  |                            |                  |
| 10 Cash  | 1,630,818        |                            | 1,630,818        |
| 11 Special Deposits  | 2,752            |                            | 2,752            |
| 12 Working Funds   | 1,550            |                            | 1,550            |
| 13 Notes and Accounts Receivable                           | 26,720,702       |                            | 26,720,702       |
| 14 Accumulated Provision for Uncollectible Accounts        | (4,106,870)      |                            | (4,106,870)      |
| 15 Receivable from Associated Companies                    | 108,553,480      |                            | 108,553,480      |
| 16 Materials and Supplies                                  | 6,963,232        |                            | 6,963,232        |
| 17 Prepayments   | 181,692          |                            | 181,692          |
| 18 Accrued Utility Revenues                                | 16,135,092       |                            | 16,135,092       |
| 19 Miscellaneous Current and Accrued Assets                | 774,313          |                            | 774,313          |
| 20 Total Current and Accrued Assets                        | 156,856,761      | -                          | 156,856,761      |
| 21   |                  |                            |                  |
| 22 Unamortized Debt Discount and Expense                   | 8,930,962        | 115,000 (2)                | 9,045,962        |
| 23 Miscellaneous Deferred Debits                           | 53,157,458       |                            | 53,157,458       |
| 24 Total Deferred Debits                                   | 62,088,420       | 115,000                    | 62,203,420       |
| 25   |                  |                            |                  |
| 26 Total Assets  | 2,723,333,250    | 11,500,000                 | 2,734,833,250    |
| 27   |                  |                            |                  |
| 28 Common Stock Issued                                     | 95,994,075       |                            | 95,994,075       |
| 29 Preferred Stock Issued                                  | -                |                            | -                |
| 30 Other Paid in Capital                                   | 557,006,187      |                            | 557,006,187      |
| 31 Capital Stock Expense                                   | -                |                            | -                |
| 32 Retained Earnings                                       | 282,575,484      |                            | 282,575,484      |
| 33 Total Equity Capital                                    | 935,575,746      | -                          | 935,575,746      |
| 34   |                  |                            |                  |
| 35 Bonds LESS Reacquired Bonds                             | 816,151,250      | 11,500,000 (3)             | 827,651,250      |
| 36 Total Long Term Debt                                    | 816,151,250      | 11,500,000                 | 827,651,250      |
| 37   |                  |                            |                  |
| 38 Notes Payable   | 70,411,220       | (4) (5)                    | 70,411,220       |
| 39 Accounts Payable  | 63,888,600       |                            | 63,888,600       |
| 40 Payables to Associated Companies                        | 30,851,877       |                            | 30,851,877       |
| 41 Taxes Accrued   | 458,716          |                            | 458,716          |
| 42 Interest Accrued  | 7,506,038        |                            | 7,506,038        |
| 43 Tax Collections Payable                                 | 1,714,934        |                            | 1,714,934        |
| 44 Miscellaneous Current and Accrued Liabilities           | 15,561,208       |                            | 15,561,208       |
| 45 Total Current and Accrued Liabilities                   | 190,392,593      | -                          | 190,392,593      |
| 46   |                  |                            |                  |
| 47 Advances for Construction                               | 3,743,454        |                            | 3,743,454        |
| 48 Other Deferred Credits                                  | 206,581,715      |                            | 206,581,715      |
| 49 Accumulated Deferred Investment Tax Credits             | 2,533,301        |                            | 2,533,301        |
| 50 Accumulated Deferred Income Taxes                       | 285,539,341      |                            | 285,539,341      |
| 51 Total Deferred Debits                                   | 498,397,811      | -                          | 498,397,811      |
| 52   |                  |                            |                  |
| 53 Operating Reserves                                      | 5,067,445        | -                          | 5,067,445        |
| 54   |                  |                            |                  |
| 55 Contributions in Aid of Construction                    | 277,748,410      | -                          | 277,748,410      |
| 56   |                  |                            |                  |
| 57 Total Capital and Liabilities                           | 2,723,333,255    | 11,500,000                 | 2,734,833,255    |

**Missouri - American Water Company**

**Balance Sheet as of December 31, 2020 and Pro Forma  
Giving Effect as of 12/31/2020 of the Proposed Financing**

**Narrative Description of Adjustments**

|    |   |              |
|----|---|--------------|
| 1  | (1) Utility Plant   |              |
| 2  | Estimated additional capital expenditures through December 2022, net of internally generated funds                                  | \$11,385,000 |
| 3  |   |              |
| 4  | (2) Debt and Preferred Stock Expenses   |              |
| 5  | Recording entry for debt issuance expense at estimated 1.0% of notional amount to be amortized over life of proposed long-term debt | \$115,000    |
| 6  |   |              |
| 7  | (3) Long-Term Debt  |              |
| 8  | Proposed additional long-term debt  | \$11,500,000 |
| 9  |   |              |
| 10 | (4) Short-Term Debt   |              |
| 11 | Payment of Debt Issuance Expense  | \$115,000    |
| 12 |   |              |
| 13 | (5) Short-Term Debt   |              |
| 14 | Payment of Debt Issuance Cost refinanced through proposed Long Term Debt , resulting in \$0 net effect                              | (\$115,000)  |

**Missouri - American Water Company**

**Statement of Income for the Twelve Months Ended December 31, 2020 and Pro Forma  
Giving Effect of the Proposed Financing**

|  | <u>Per Books*</u> | <u>Proposed Financings</u> | <u>Pro Forma</u> |
|--|-------------------|----------------------------|------------------|
| 1 Operating Revenues   | 345,995,302       |                            | 345,995,302      |
| 2  |                   |                            |                  |
| 3 Operation Expense  | 122,721,251       |                            | 122,721,251      |
| 4 Maintenance Expense  | 13,521,989        |                            | 13,521,989       |
| 5 Depreciation Expense   | 50,878,052        | 227,700 (1)                | 51,105,752       |
| 6 Amortization of Limited Term/Other Utility Plant                         | (5,880,519)       |                            | (5,880,519)      |
| 7 Amortization of Utility Plant Acquisition Adjustments                    | 7,180,460         |                            | 7,180,460        |
| 8 Amortization of Property Losses  | 158,893           |                            | 158,893          |
| 9 Taxes Other Than Income Taxes - Utility Operating Income                 | 32,742,495        | 170,775 (2)                | 32,913,270       |
| 10 Income Taxes, Utility Operating Income                                  | (19,810,564)      | (121,756) (3) (4)          | (19,932,320)     |
| 11 Provision for Deferred Income Taxes -Utility Operating Income           | 42,010,227        |                            | 42,010,227       |
| 12 Investment Tax Credits-Utility Operations, Restored to Operating Income | (103,620)         |                            | (103,620)        |
| 13 Total Operating Expenses  | 243,418,664       | 276,719                    | 243,695,383      |
| 14   |                   |                            |                  |
| 15 Total Net Utility Operating Income                                      | 102,576,638       | (276,719)                  | 102,299,919      |
| 16   |                   |                            |                  |
| 17 Nonutility Operating Income   | 119,463           |                            | 119,463          |
| 18 Interest and Dividend Income (Net)                                      | 527,103           |                            | 527,103          |
| 19 Allowance for Funds Used During Construction                            | 5,365,694         |                            | 5,365,694        |
| 20 Gains(Losses) from Disposition of Non-Utility Property                  | (144,243)         |                            | (144,243)        |
| 21 Total Other Income  | 5,868,017         | -                          | 5,868,017        |
| 22   |                   |                            |                  |
| 23 Miscellaneous Amortization  | 323,943           |                            | 323,943          |
| 24 Miscellaneous Income Deductions   | 37,997            |                            | 37,997           |
| 25 Total Other Income Deductions   | 361,940           | -                          | 361,940          |
| 26   |                   |                            |                  |
| 27 Income Taxes, Other Income and Deductions                               | -                 |                            | -                |
| 28 Total Taxes on other Income and Deductions                              | -                 | -                          | -                |
| 29   |                   |                            |                  |
| 30 Net Other Income and Deductions   | 5,506,077         | -                          | 5,506,077        |
| 31   |                   |                            |                  |
| 32 Interest on Long Term Debt  | 37,895,325        | 82,800 (5)                 | 37,978,125       |
| 33 Amortization of Debt Discount and Expense                               | 805,142           | 5,750 (6)                  | 810,892          |
| 34 Other Interest  | 532,453           |                            | 532,453          |
| 35 Total Interest Charges  | 39,232,920        | 88,550                     | 39,321,470       |
| 36   |                   |                            |                  |
| 37 Net Income  | 68,849,795        | (365,269)                  | 68,484,526       |

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**Statement of Income for the Twelve Months Ended December 31, 2020 and Pro Forma  
Giving Effect as of 12/31/2020 of the Proposed Financing**

**Narrative Description of Adjustments**

|    |  |             |
|----|--|-------------|
| 1  | (1) Depreciation Expense   |             |
| 2  | Annualize depreciation expense at composite rate of 2.00% on the estimated additional capital expenditures           | \$227,700   |
| 3  |  |             |
| 4  | (2) Property & Payroll Taxes   |             |
| 5  | Record property tax effect at lended rate of 1.50% on the estimated additional capital expenditures                  | \$170,775   |
| 6  |  |             |
| 7  | (3) State Income Taxes   |             |
| 8  | Record state income tax effect at 4.00% on additional interest, amortization, depreciation and property tax expenses | (\$19,481)  |
| 9  |  |             |
| 10 | (4) Federal Income Taxes   |             |
| 11 | Record federal income tax effect at 21% on additional interest, amortization, depreciation and property tax expenses | (\$102,275) |
| 12 |  |             |
| 13 | (5) Interest on Long-Term Debt   |             |
| 14 | Annualize interest expense for Long-Term Debt outstanding after issuing proposed new financings                      | \$82,800    |
| 15 |  |             |
| 16 | (6) Amortization of Debt Expense   |             |
| 17 | Annualize amortization of debt expense for Long-Term Debt outstanding after issuing proposed Long-Term Debt          | 5,750       |

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**Calculation of Coverage Ratios  
Per Books and Pro Forma Giving Effect of the Proposed Financing**

|   | <u>Per Books</u>     | <u>Proposed Financings</u> | <u>Pro Forma</u>     |
|---|----------------------|----------------------------|----------------------|
| 1 <b>Funds from operations / interest coverage</b>  |                      |                            |                      |
| 2   |                      |                            |                      |
| 3 <b><u>Funds from operations</u></b>               |                      |                            |                      |
| 4 Net Income from continuing operations             | 68,849,795           | (365,269)                  | 68,484,526           |
| 5 Depreciation and Amortization                     | 52,336,886           | 227,700                    | 52,564,586           |
| 6 Deferred Income Taxes                             | 42,010,227           |                            | 42,010,227           |
| 7   |                      |                            |                      |
| 8 <b><u>Other non-cash items</u></b>                |                      |                            |                      |
| 9 Amortization - Miscellaneous                      | 323,943              |                            | 323,943              |
| 10 Amortization of Debt Expense                     | 805,142              | 5,750                      | 810,892              |
| 11 Allowance for Funds Used                         |                      |                            |                      |
| 12 During Construction                              | (3,999,930)          |                            | (3,999,930)          |
| 13 Allowance for Borrowed Funds Used                |                      |                            |                      |
| 14 During Construction                              | (1,365,764)          |                            | (1,365,764)          |
| 15 <b>Funds from operations</b>                     | <u>158,960,299</u>   | <u>(131,819)</u>           | <u>158,828,480</u>   |
| 16  |                      |                            |                      |
| 17 <b><u>Interest Expense</u></b>                   |                      |                            |                      |
| 18 Interest Expense on Long Term Debt               | 37,895,325           | 82,800                     | 37,978,125           |
| 19 Interest on Short-Term Debt                      | 532,453              | -                          | 532,453              |
| 20  |                      |                            |                      |
| 21 <b>Total Interest Expense</b>                    | <u>38,427,778</u>    | <u>82,800</u>              | <u>38,510,578</u>    |
| 22  |                      |                            |                      |
| 23  |                      |                            |                      |
| 24 <b>Funds from operations / interest coverage</b> | <u>4.14x</u>         |                            | <u>4.12x</u>         |
| 25  |                      |                            |                      |
| 26  |                      |                            |                      |
| 27 <b>Funds from operations / total debt ( % )</b>  |                      |                            |                      |
| 28  |                      |                            |                      |
| 29 <b><u>Total Debt</u></b>                         |                      |                            |                      |
| 30 Long Term Debt (including preferred stock)       | 816,151,250          | 11,500,000                 | 827,651,250          |
| 31 Bank Debt - Pending Issuance of Securities       | 70,411,220           | -                          | 70,411,220           |
| 32  |                      |                            |                      |
| 33 Total Debt                                       | <u>886,562,470</u>   | <u>11,500,000</u>          | <u>898,062,470</u>   |
| 34  |                      |                            |                      |
| 35 <b>Funds from operations / total debt %</b>      | <u>17.93%</u>        |                            | <u>17.69%</u>        |
| 36  |                      |                            |                      |
| 37 <b>Total debt / total capital ( % )</b>          |                      |                            |                      |
| 38  |                      |                            |                      |
| 39 <b><u>Total Capital</u></b>                      |                      |                            |                      |
| 40 Total Debt                                       | 886,562,470          | 11,500,000                 | 898,062,470          |
| 41 Total Common Equity                              | 935,575,746          |                            | 935,575,746          |
| 42  |                      |                            |                      |
| 43 Total Capital                                    | <u>1,822,138,216</u> | <u>11,500,000</u>          | <u>1,833,638,216</u> |
| 44  |                      |                            |                      |
| 45 <b>Total debt / total capital</b>                | <u>48.66%</u>        |                            | <u>48.98%</u>        |