Missouri - American Water Company

Balance Sheet as of December 31, 2016 and Pro Forma
Giving Effect as of 12/31/2016 of the Proposed Financing

		Per Books	Proposed Financings		Pro Forma
1	Utility Plant	2,244,512,199	126,329,000	(1)	2,370,841,199
2	Accumulated Provisions for Depreciation and Amortization	(511,995,556)			(511,995,556)
3	Utility Plant Acquisition Adjustments (net)	6,609,288			6,609,288
4	Total Net Utility Plant	1,739,125,931	126,329,000		1,865,454,931
5					
6	Nonutility Property	15,000			15,000
7	Other Investments	789,131			789,131
8	Total Other Property and Investments	804,131	-		804,131
9					-
10	Cash	778,801			778,801
11	Special Deposits	2,752			2,752
12	Working Funds	2,912			2,912
13	Notes and Accounts Receivable	25,428,535			25,428,535
14	Accumulated Provision for Uncollectible Accounts	(3,489,379)			(3,489,379)
15	Receivable from Associated Companies	366,665			366,665
16	Materials and Supplies	5,147,224			5,147,224
17	Prepayments	796,726			796,726
18	Accrued Utility Revenues	30,412,395			30,412,395
19	Miscellaneous Current and Accrued Assets	603,218			603,218
20	Total Current and Accrued Assets	60,049,849	-		60,049,849
21					
22	Unamortized Debt Discount and Expense	8,527,552	1,800,000	(2)	10,327,552
23	Miscellaneous Deferred Debits	56,165,583			56,165,583
24	Total Deferred Debits	64,693,135	1,800,000		66,493,135
25					
26	Total Assets	1,864,673,046	128,129,000		1,992,802,046
27					
28	Common Stock Issued	95,994,075			95,994,075
29	Preferred Stock Issued	1,000,000			1,000,000
30	Other Paid in Capital	256,816,681			256,816,681
31	Capital Stock Expense	(20,847)			(20,847)
32	Retained Earnings	216,782,524			216,782,524
33	Total Equity Capital	570,572,433	-		570,572,433
34					
35	Bonds LESS Reacquired Bonds	566,963,872	128,129,000	(3)	695,092,872
36	Total Long Term Debt	566,963,872	128,129,000		695,092,872
37					
38	Accounts Payable	21,706,007	-	(4) (5)	21,706,007
39	Payables to Associated Companies	35,437,313			35,437,313
40	Taxes Accrued	7,460,209			7460208.89
41	Interest Accrued	5,371,032			5371032
42	Tax Collections Payable	1,679,126			1679125.5
43	Miscellaneous Current and Accrued Liabilities	15,030,653			15,030,653
44	Total Current and Accrued Liabilities	86,684,340	-		86,684,340
45					
46	Advances for Construction	27,202,246			27,202,246
47	Other Deferred Credits	22,399,783			22,399,783
48	Accumulated Deferred Investment Tax Credits	2,953,865			2,953,865
49	Accumulated Deferred Income Taxes	337,302,447			337,302,447
50	Total Deferred Debits	389,858,342	-		389,858,342
51					
52	Operating Reserves	128,996	-		128,996
53					
54	Contributions in Aid of Construction	250,465,064	-		250,465,064
55					
56	Total Capital and Liabilities	1,864,673,046	128,129,000		1,992,802,046

<u>Missouri - American Water Company</u>

Balance Sheet as of December 31, 2016 and Pro Forma
Giving Effect as of 12/31/2016 of the Proposed Financing

Narrative Description of Adjustments

(1)	Utility Plant	
	Estimated additional capital expenditures through December 2019, net of internally generated funds	$126,329,000
(2)	Debt and Preferred Stock Expenses	
	Recording entry for debt issuance expense at estimated 1.0% of notional amount to be amortized over life of proposed long-term debt	$1,800,000
(3)	Long-Term Debt	
	Proposed additional long-term debt through 2019, net of $51.871 million in maturities in 2017	$128,129,000
(4)	Short-Term Debt	
	Payment of Debt Issuance Expense	$1,800,000
(5)	Short-Term Debt	
	Payment of Debt Issuance Cost refinanced through proposed Long Term Debt , resulting in $0 net effect	($1,800,000)

Missouri - American Water Company

Statement of Income for the Twelve Months Ended December 31, 2016 and Pro Forma
Giving Effect of the Proposed Financing

		Per Books*	Proposed Financings	Pro Forma
1	Operating Revenues	287,591,368		287,591,368
2				
3	Operation Expense	113,345,331		113,345,331
4	Maintenance Expense	11,989,542		11,989,542
5	Depreciation Expense	38,341,977		38,341,977
6	Amortization of Limited Term/Other Utility Plant	(4,554,985)		(4,554,985)
7	Amortization of Utility Plant Acquisition Adjustments	5,898,403		5,898,403
8	Amortization of Property Losses	160,705		160,705
9	Taxes Other Than Income Taxes - Utility Operating Income	18,545,502	1,263,290 (1)	19,808,792
10	Income Taxes, Utility Operating Income	(7,618,856)	(2,378,395) (2) (3)	(9,997,251)
11	Provision for Deferred Income Taxes -Utility Operating Income	39,246,425		39,246,425
12	Investment Tax Credits-Utility Operations, Restored to Operating Income	(106,662)		(106,662)
13	Total Operating Expenses	215,247,383	(1,115,105)	214,132,278
14				
15	Total Net Utility Operating Income	72,343,986	1,115,105	73,459,090
16				
17	Nonutility Operating Income	273,625		273,625
18	Allowance for Funds Used During Construction	954,105		954,105
19	Gains(Losses) from Disposition of Non-Utility Property	4,119,783		4,119,783
20	Total Other Income	5,347,513	-	5,347,513
21				
22	Miscellaneous Amortization	325,364		325,364
23	Miscellaneous Income Deductions	211,319		211,319
24	Total Other Income Deductions	536,683	-	536,683
25				
26	Net Other Income and Deductions	4,810,830	-	4,810,830
27				
28	Interest on Long Term Debt	27,782,456	5,765,805 (4)	33,548,261
29	Amortization of Debt Discount and Expense	1,024,063	180,000 (5)	1,204,063
30	Other Interest	521,719		521,719
31	Total Interest Charges	29,328,238	5,945,805	35,274,043
32				
33	Net Income	47,826,578	(4,830,700)	42,995,877

Missouri - American Water Company

Statement of Income for the Twelve Months Ended December 31, 2016 and Pro Forma
Giving Effect as of 12/31/2016 of the Proposed Financing

Narrative Description of Adjustments

(1)	Property & Payroll Taxes	
	Record property tax effect at lended rate of 1.00% on the estimated additional capital expenditures	$1,263,290
(2)	State Income Taxes	
	Record state income tax effect at 6.25% on the proposed new financings	($360,363)
(3)	Federal Income Taxes	
	Record federal income tax effect at 35% on the proposed new financings	($2,018,032)
(4)	Interest on Long-Term Debt	
	Annualize interest expense for Long-Term Debt outstanding after issuing proposed new financings	$5,765,805
(5)	Amortization of Debt Expense	
	Annualize amortization of debt expense for Long-Term Debt outstanding after issuing proposed Long-Term Debt	180,000

Missouri - American Water Company

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

		Per Books	Proposed Financings	Pro Forma
1	**Funds from operations / interest coverage**			
2				
3	**Funds from operations**			
4	Net Income from continuing operations	47,826,578	(4,830,700)	42,995,877
5	Depreciation and Amortization	39,846,100		39,846,100
6	Deferred Income Taxes	39,246,425		39,246,425
7				
8	**Other non-cash items**			
9	Amortization - Miscellaneous	325,364		325,364
10	Amortization of Debt Expense	1,024,063	180,000	1,204,063
11	Allowance for Funds Used			
12	During Construction	(722,832)		(722,832)
13	Allowance for Borrowed Funds Used			
14	During Construction	(231,273)		(231,273)
15	**Funds from operations**	127,314,425	(4,650,700)	122,663,724
16				
17	**Interest Expense**			
18	Interest Expense on Long Term Debt	27,782,456	5,765,805	33,548,261
19	Interest on Short-Term Debt	521,719	-	521,719
20				
21	**Total Interest Expense**	28,304,175	5,765,805	34,069,980
22				
23				
24	**Funds from operations / interest coverage**	**4.50x**		**3.60x**
25				
26				
27	**Funds from operations / total debt (%)**			
28				
29	**Total Debt**			
30	Long Term Debt (including preferred stock)	567,963,872	128,129,000	696,092,872
31	Bank Debt - Pending Issuance of Securities	21,706,007	-	21,706,007
32				
33	Total Debt	589,669,879	128,129,000	717,798,879
34				
35	**Funds from operations / total debt %**	**21.59%**		**17.09%**
36				
37	**Total debt / total capital (%)**			
38				
39	**Total Capital**			
40	Total Debt	589,669,879	128,129,000	717,798,879
41	Total Common Equity	570,572,433		570,572,433
42				
43	Total Capital	1,160,242,312	128,129,000	1,288,371,312
44				
45	Total debt / total capital	**50.82%**		**55.71%**

For the calendar year of January 1 - December 31, 2016

Company Name Missouri American Water Company

NOTE: Please do not type over formulas. Totals will calculate automatically in this spreadsheet.

COMPARATIVE BALANCE SHEET - UTILITY PLANT, ASSETS AND OTHER DEBITS

Account No. (a)	Account Description (b)	Schedule Page No. (c)	Balance at Beginning of Year (d)	Balance at End of Year (e)	Increase or (Decrease) (f)
	Utility Plant				
101-107	Utility Plant	F-16	$ 2,151,936,254.00	$ 2,244,512,187.82	$ 92,575,933.82
108-113	Less: Accumulated Provisions for Depreciation and Amortization	F-16	$ 490,138,951.15	$ 511,995,555.85	$ 21,856,604.70
	Net Utility Plant		$ 1,661,797,302.85	$ 1,732,516,631.97	$ 70,719,329.12
114-115	Utility Plant Acquisition Adjustments (Net)	F-16	$ 6,929,776.00	$ 6,609,288.18	$ (320,487.82)
116	Other Utility Plant Adjustments				$ -
	Total Net Utility Plant		$ 1,668,727,078.85	$ 1,739,125,920.15	$ 70,398,841.30
	Other Property and Investments				
121	Nonutility Property	F-18	$ 15,000.00	$ 15,000.00	$ -
122	Less: Accumulated Provisions for Depreciation and Amortization of Nonutility Property	F-18	$ -	$ -	$ -
	Net Nonutility Property		$ 15,000.00	$ 15,000.00	$ -
123	Investment in Associated Companies	F-19		$ -	$ -
124	Other Investments	F-19	$ 749,006.00	$ 789,131.00	$ 40,125.00
125-128	Special Funds	F-19		$ -	$ -
	Total Other Property & Investments		$ 764,006.00	$ 804,131.00	$ 40,125.00
	Current and Accrued Assets				
131	Cash	-	$ 766,017.00	$ 778,801.00	$ 12,784.00
132-134	Special Deposits	-	$ 5,452.00	$ 2,752.00	$ (2,700.00)
135	Working Funds	-	$ 3,300.00	$ 2,912.00	$ (388.00)
136	Temporary Cash Investments	-			$ -
141-143	Notes and Accounts Receivable	F-20	$ 24,993,456.00	$ 25,428,535.00	$ 435,079.00
144	LESS: Accumulated Provision for Uncollectible Accounts	F-20	$ (3,756,394.00)	$ (3,489,379.00)	$ 267,015.00
145-146	Receivable from Associated Companies	F-20	$ 619,223.00	$ 366,665.00	$ (252,558.00)
151-157	Materials and Supplies	F-21	$ 5,377,822.00	$ 5,147,224.00	$ (230,598.00)
163	Stores Expense	F-21	$ -	$ -	$ -
166	Prepayments	F-21	$ 845,583.00	$ 796,726.00	$ (48,857.00)
171	Interest and Dividends Receivable	-			$ -
172	Rents Receivable	-			$ -
173	Accrued Utility Revenues	-	$ 25,691,014.00	$ 30,412,395.09	$ 4,721,381.09
174	Miscellaneous Current and Accrued Assets	-	$ 739,740.00	$ 603,218.22	$ (136,521.78)
	Total Current and Accrued Assets		$ 55,285,213.00	$ 60,049,849.31	$ 4,764,636.31
	Deferred Debits				
181	Unamortized Debt Discount and Expense	F-21	$ 8,352,626.00	$ 8,527,552.00	$ 174,926.00
182	Extraordinary Property Losses	F-21	$ -	$ -	$ -
183	Preliminary Survey and Investigation Charges	-			$ -
184	Clearing Accounts	F-22	$ -	$ -	$ -
185	Temporary Facilities	-			$ -
186	Miscellaneous Deferred Debits	F-21	$ 64,535,017.00	$ 56,165,583.00	$ (8,369,434.00)
187	Research and Development Expenditures	-			$ -
	Total Deferred Debits		$ 72,887,643.00	$ 64,693,135.00	$ (8,194,508.00)
	Total Utility Plants, Assets and Other Debits	*	$ 1,797,663,940.85	$ 1,864,673,035.46	$ 67,009,094.61

* Difference between Assets and Equity & Liabilities (from Pg.F-11) $ (2.41) $ (10.77)

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Indicate formula cells

For the calendar year of January 1 - December 31, 2016

Company Name Missouri American Water Company

NOTE: Please do not type over formulas. Totals will calculate automatically in this spreadsheet.

COMPARATIVE BALANCE SHEET - EQUITY CAPITAL, LIABILITIES AND OTHER CREDITS

Account No. (a)	Account Description (b)	Schedule Page No. (c)	Balance at Beginning of Year (d)	Balance at End of Year (e)	Increase or (Decrease) (f)
	Equity Capital				
201	Common Stock Issued	F-24	$ 95,994,075.00	$ 95,994,075.00	$ -
204	Preferred Stock Issued	F-24	$ 1,250,000.00	$ 1,000,000.00	$ (250,000.00)
202, 205	Capital Stock Subscribed	F-24		$ -	$ -
203, 206	Stock Liability for Conversion	F-24		$ -	$ -
207	Premium on Capital Stock	F-25	$ -	$ -	$ -
208-211	Other Paid in Capital	F-25	$ 226,712,779.00	$ 256,816,681.00	$ 30,103,902.00
212	Installments Received on Capital Stock	F-24		$ -	$ -
213	Discount on Capital Stock	-			$ -
214	Capital Stock Expense	F-24	$ (22,269.00)	$ (20,847.00)	$ 1,422.00
215, 216	Retained Earnings	F-25	$ 203,747,397.69	$ 216,782,524.30	$ 13,035,126.61
217	Reacquired Capital Stock	F-24		$ -	$ -
	Total Equity Capital		$ 527,681,982.69	$ 570,572,433.30	$ 42,890,450.61
	Long-Term Debt				
221-222	Bonds LESS Reacquired Bonds	F-26	$ 517,821,742.00	$ 566,963,871.58	$ 49,142,129.58
223	Advances from Associated Companies	F-26		$ -	$ -
224	Other Long-Term Debt	F-26		$ -	$ -
	Total Long-Term Debt		$ 517,821,742.00	$ 566,963,871.58	$ 49,142,129.58
	Current and Accrued Liabilities				
231	Notes Payable	F-25		$ -	$ -
232	Accounts Payable	-	$ 56,355,549.00	$ 21,706,007.26	$ (34,649,541.74)
233, 234	Payables to Associated Companies	F-27	$ 55,498,123.00	$ 35,437,313.00	$ (20,060,810.00)
235	Customer Deposits	-			$ -
236	Taxes Accrued	F-28	$ 12,541,162.61	$ 7,460,208.89	$ (5,080,953.72)
237	Interest Accrued	F-27	$ 5,178,012.00	$ 5,371,032.00	$ 193,020.00
238	Dividends Declared	-			$ -
239	Matured Long-Term Debt	-			$ -
240	Matured Interest	-			$ -
241	Tax Collections Payable	-	$ 1,418,962.00	$ 1,679,125.50	$ 260,163.50
242	Miscellaneous Current and Accrued Liabilities	F-27	$ 16,501,916.00	$ 15,030,653.00	$ (1,471,263.00)
	Total Current and Accrued Liabilities		$ 147,493,724.61	$ 86,684,339.65	$ (60,809,384.96)
	Deferred Debits				
251	Unamortized Premium on Debt	F-21	$ -	$ -	$ -
252	Advances for Construction	F-30	$ 58,021,936.00	$ 27,202,245.80	$ (30,819,690.20)
253	Other Deferred Credits	-	$ 24,266,636.00	$ 22,399,783.48	$ (1,866,852.52)
255	Accumulated Deferred Investment Tax Credits	F-33	$ 4,964,865.96	$ 2,953,864.95	$ (2,011,001.01)
281-283	Accumulated Deferred Income Taxes	F-36	$ 300,968,519.00	$ 337,302,447.43	$ 36,333,928.43
	Total Deferred Debits		$ 388,221,956.96	$ 389,858,341.66	$ 1,636,384.70
261-265	Operating Reserves	F-37	$ 128,996.00	$ 128,996.00	$ -
271	Contributions in Aid of Construction	F-37	$ 216,315,541.00	$ 250,465,064.04	$ 34,149,523.04
	Total Equity Capital, Liabilities and Other Debits	*	$ 1,797,663,943.26	$ 1,864,673,046.23	$ 67,009,102.97

* Difference between Equity & Liabilities and Assets (from Pg.F-10) $ 2.41 $ 10.77

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For the calendar year of January 1 - December 31, 2016

Company Name Missouri American Water Company

STATEMENT OF INCOME FOR THE YEAR

Account No. (a)	Account Description (b)	Schedule Page No. (c)	Total Current Year (d)	Sewer Current Year (e)	Water Current Year (f)
	Utility Operating Income				
400	Operating Revenues	S-1 | W-1	$ 287,591,368.13	$ 8,448,368.23	$ 279,142,999.90
401	Operation Expense	S-3 | W-6	$ 113,345,331.32	$ 3,742,444.00	$ 109,602,887.32
402	Maintenance Expense	S-3 | W-6	$ 11,989,542.00	$ 155,777.00	$ 11,833,765.00
403	Depreciation Expense	S-7 | W-11	$ 38,341,977.48	$ 1,037,729.47	$ 37,304,248.01
404-405	Amortization of Limited Term/Other Utility Plant	-	$ (4,554,985.07)	$ 1,070,022.32	$ (5,625,007.39)
406	Amortization of Utility Plant Acquisition Adjustments	F-16	$ 5,898,402.82	$ 154,411.95	$ 5,743,990.87
407	Amortization of Property Losses	-	$ 160,705.08	$ 1,812.00	$ 158,893.08
408.1	Taxes Other Than Income Taxes-Utility Operating Income	F-31	$ 18,545,501.91	$ 412,666.10	$ 18,132,835.81
409.1	Income Taxes, Utility Operating Income	F-31	$ (7,618,856.00)		$ (7,618,856.00)
410.1	Provision for Deferred Income Taxes-Utility Operating Income	F-36	$ 39,246,425.00		$ 39,246,425.00
411.1	Income Taxes Deferred in Prior Years-Credit Utility Operating Income	F-36	$ -		
412.1	Investment Tax Credits-Utility Operations, Deferred to Future Periods	F-33	$ (106,662.00)		$ (106,662.00)
412.2	Investment Tax Credits-Utility Operations, Restored to Operating Income	F-33	$ -		
	Total Utility Operating Expenses		$ 215,247,382.54	$ 6,574,862.84	$ 208,672,519.70
	Net Utility Operating Income		$ 72,343,985.59	$ 1,873,505.39	$ 70,470,480.20
413	Income from Utility Plant Leased to Others	F-38	$ -		
414	Gains (Losses) from Disposition of Utility Property	F-40	$ -		
	Total Net Utility Operating Income		$ 72,343,985.59	$ 1,873,505.39	$ 70,470,480.20
	Other Income				
415-418	Nonutility Operating Income	F-39	$ 273,625.00	$ -	$ 273,625.00
419	Interest and Dividend Income (Net)	F-39	$ -		
420	Allowance for Funds Used During Construction	F-41	$ 954,105.00	$ 19,996.00	$ 934,109.00
421	Miscellaneous Non-operating Income	F-41	$ -		
422	Gains (Losses) from Disposition of Non-Utility Property	F-40	$ 4,119,783.00	$ 1,117,400.00	$ 3,002,383.00
	Total Other Income		$ 5,347,513.00	$ 1,137,396.00	$ 4,210,117.00
	Other Income Deductions				
425	Miscellaneous Amortization	F-41	$ 325,364.00	$ 12,779.00	$ 312,585.00
426	Miscellaneous Income Deductions	F-41	$ 211,319.00		$ 211,319.00
	Total Other Income Deductions		$ 536,683.00	$ 12,779.00	$ 523,904.00
	Taxes Applicable to Other Income				
408.2	Taxes Other than Income Taxes, Other Income and Deductions	F-31	$ -		
409.2	Income Taxes, Other Income and Deductions	F-31	$ -		
410.2	Provision for Deferred Income Taxes, Other Income and Deductions	F-36	$ -		
411.2	Income Taxes Deferred in Prior Years - Credit, Other Income and Deductions	F-36	$ -		
412.3	Investment Tax Credits-Utility Operations Restored to Non-operating Income	F-33	$ -		
412.4	Investment Tax Credits, Non-utility Operations, Net	F-33	$ -		
	Total Taxes on Other Income and Deductions		$ -	$ -	$ -
	Net Other Income and Deductions		$ 4,810,830.00	$ 1,124,617.00	$ 3,686,213.00
	Interest Charges				
427	Interest on Long-Term Debt	F-41	$ 27,782,456.00	$ 583,312.00	$ 27,199,144.00
428	Amortization on Debt Discount and Expense	F-21	$ 1,024,062.98		$ 1,024,062.98
429	Amortization of Premium on Debt - Credit	F-21	$ -		
430	Interest on Debt to Associated Companies	F-41	$ -		
431	Other Interest Expense	F-41	$ 521,719.00		$ 521,719.00
	Total Interest Charges		$ 29,328,237.98	$ 583,312.00	$ 28,744,925.98
	Income Before Extraordinary Items		$ 47,826,577.61	$ 2,414,810.39	$ 45,411,767.22
	Extraordinary Items				
433	Extraordinary Income	-	$ -		
434	Extraordinary Deductions	-	$ -		
409.3	Income Taxes, Extraordinary Items	-	$ -		
	Extraordinary Items After Taxes		$ -	$ -	$ -
	Net Income		$ 47,826,577.61	$ 2,414,810.39	$ 45,411,767.22

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