

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

In the Matter of Missouri-American Water)
Company for Authority to Issue up to)
\$11,500,000 of Long-Term Debt and to)
Secure Same with a Mortgage on its Property)
Case No. _____

APPLICATION AND MOTION FOR WAIVER

COMES NOW Missouri-American Water Company (hereinafter "MAWC" or "Applicant") pursuant to §§393.190 and 393.200 RSMo. and 20 CSR 4240-2.060, 2.080, and 10.125, and for its *Application and Motion for Waiver* to the Missouri Public Service Commission (hereinafter "Commission"), states that:

The Applicant

1. Applicant is a Missouri corporation with its principal office and place of business at 727 Craig Road, St. Louis, Missouri 63141. MAWC is a Missouri corporation in good standing. A certified copy of MAWC's certificate of good standing was submitted in Case No. WO-2020-0190 and is incorporated by reference.
2. MAWC currently provides water service to approximately 470,000 customers and sewer service to approximately 15,000 customers around the State of Missouri. MAWC is a "water corporation," a "sewer corporation" and a "public utility" as those terms are defined in Section 386.020 RSMo., and is subject to the jurisdiction and supervision of the Commission as provided by law.
3. Applicant has no pending actions or final unsatisfied judgments or decisions against it from a state or federal agency or court that involves customer service or rates, which action, judgment or decision has occurred within three (3) years of date of this Application.
4. Applicant has no annual reports or assessment fees overdue or unpaid.

5. Communications in regard to this Application should be addressed to the undersigned counsel and:

Brian LaGrand
Missouri-American Water Company
727 Craig Road
St. Louis, Missouri 63141
(314) 996-2390

brian.lagrand@amwater.com

Capitalization of Applicant

6. Applicant has outstanding an Indenture of Mortgage dated May 1, 1968, and supplements thereto dated March 1, 1971; October 1, 1975; October 1, 1980; January 1, 1984; September 1, 1986; February 1, 1990; January 1, 1993; March 1, 1994; January 1, 1995; March 1, 1995; July 1, 1996; June 1, 1997; February 1, 1998; November 1, 1998; March 1, 2000; December 31, 2001; April 1, 2002; and December 1, 2006 by and between Applicant and U.S. Bank National Association (successor to Wachovia Bank, National Association, formerly First Union National Bank, formerly the Fidelity Bank). Applicant's original Indenture of Mortgage was approved by this Commission in an Order dated June 14, 1968, in Case No. 16,452. As of December 31, 2020; there was due under said Indenture of Mortgage \$23.5 million aggregate principal amount of General Mortgage Bonds. Said Indenture of Mortgage, as supplemented and amended, constitutes a first mortgage lien against the property of Applicant described in the Indenture of Mortgage.

7. Applicant had outstanding \$794.9 million of long-term senior unsecured indebtedness with American Water Capital Corp. as of December 31, 2020.

8. Applicant had \$71.2 million in short-term unsecured indebtedness as of December 31, 2020.

9. Applicant's authorized capital stock consists of 100,000 shares of 9.18% cumulative preferential stock, \$100 par value, and 40.0 million shares of common stock, without par value, 27.7 million shares of which are issued and outstanding under authority of this Commission. Applicant's Restated Articles of Incorporation contain sufficient authorized shares of common stock so as to allow the issuance of approximately 12.3 million shares of common stock, for an aggregate purchase price of \$100.0 million.

10. None of the outstanding stock, stock certificates or bonds, have been issued or used in capitalizing the right to be a corporation or any franchise or permit, or the right to run, operate or enjoy such franchise or permit, or any contract for consolidation or the lease, or issued against or as a lien upon any contract for consolidation or merger.

The Relief Requested From the Commission

11. Applicant seeks authority from the Commission to issue long-term debt to the Missouri Department of Natural Resources in an amount not to exceed \$11,500,000. Applicant also seeks authority from the Commission to secure the long-term indebtedness to the Missouri Department of Natural Resources by placing a mortgage upon its property.

Description of the Loan, Use of the Proceeds, and Security for the Loan

12. The Missouri Department of Natural Resources, in cooperation with the Safe Drinking Water Commission of the State of Missouri, has developed and implemented the State of Missouri Direct Loan Program for the purpose of making loans and grants to political subdivisions and other eligible entities of the State of Missouri. In this case, the Safe Drinking Water Commission has approved a loan in the maximum principal amount of \$11,500,000 to Applicant to be made by the Missouri Department of Natural Resources pursuant to a Loan Agreement, a copy of which, in substantially final form is attached hereto as **Appendix 1**.

13. In order to secure the loan from the Missouri Department of Natural Resources, Applicant will be required to place a mortgage, lien or encumbrance on certain properties in the State of Missouri in accordance with a Master Trust Indenture, a copy of which in substantially final form is attached hereto at **Appendix 2**.

14. The loan will be evidenced by a Master Indenture Note. A copy of which in substantially final form is attached to the Master Trust Indenture as Exhibit A-1. The principal amount is up to \$11,500,000, with a 20-year term, and the loan bears an annual interest rate that is equal to 30% of the Revenue Bond Index as published in *The Bond Buyer* most recently prior to the date of closing of the loan, plus a 0.5% administration fee.

15. Applicant and the Missouri Department of Natural Resources are entering into this loan agreement for the purpose of financing improvements to certain drinking water treatment facilities. More specifically, the proceeds of the loan will be used to replace and upgrade a clear well and high service pump station and make related improvements, as more specifically described in the definition of the “Project” in Article 1 of the Loan Agreement. Thus, the net proceeds from the loan will be used for the acquisition of property; the construction, completion, extension or improvement of Applicant’s plant or system; the improvement or maintenance of its service; or the reimbursement of moneys actually expended from income as permitted by §393.200 RSMo. 2016.

Regulatory Considerations

16. Applicant has no objection to the Commission's order approving this Application containing express language to the effect that its authorization is not a finding by the Commission of the appropriateness of the choice of financing options for ratemaking purposes and, further, that the Commission reserves the right to consider the ratemaking treatment afforded the activities

undertaken by the Applicant pursuant to its order in this case and their impact on the cost of capital in pending or subsequent rate proceedings.

Filing Requirements

17. In accordance with Commission Rule 4 CSR 240-3.615(1)(D), attached hereto, as **Appendix 3**, is a certified copy of the Resolutions of the Board of Directors of Applicant authorizing the loan and mortgage which are the subject of this Application and authorizing the filing of this Application.

18. Also attached hereto are the following appendices:

- a. **Appendix 4** - Listing of issued and outstanding long-term debt of Applicant as of December 31, 2020;
- b. **Appendix 5** - Information regarding capital stock outstanding, bonded indebtedness and short-term indebtedness and other financial information including a balance sheet for the period ending December 31, 2020, and a financial statement with the adjustments showing the *pro forma* effect of the issuance of the \$11,500,000 million of new long-term debt on bonded and other indebtedness.
- c. **Appendix 6** - Statement of Applicant's capital expenditures for the acquisition of property and the construction, completion, extension and improvement of its plant and system for the five (5) year period ending prior to the filing of this Application, as well as the amount of retirements and other related adjustments, and a statement of Applicant's net property additions.

19. The money, property or labor to be procured or paid by the issuance of the indebtedness described herein is reasonably required for the purposes specified in this Application and such purposes are not in whole or in part reasonably chargeable to operating expenses or to income.

Supplemental Reports of Financing Activity

20. Promptly after the issuance and sale of the instant indebtedness, a report setting forth the amount, price information and other terms and provisions concerning long-term

indebtedness incurred by Applicant and setting forth information concerning the use of the proceeds from any such issuance will be filed.

21. Applicant's report will include a statement identifying the portion of the issuance of long-term indebtedness that is subject to the fee schedule set forth in § 386.300 RSMo. 2016, in accordance with 20 CSR 4240-10.125(1)(F).

MOTION FOR WAIVER

22. Rule 20 CSR 4240-4.017(1) provides that "(a)ny person that intends to file a case shall file a notice with the secretary of the commission a minimum of sixty (60) days prior to filing such case." A notice was not filed 60 days prior to the filing of this Application, and Applicant seeks a waiver of the 60-day notice requirement.

23. Rule 20 CSR 4240-4.017(1)(D) provides that a waiver may be granted for good cause. Good cause exists in this case. Applicant declares (as verified below) that it has had no communication with the office of the Commission (as defined by Commission Rule 20 CSR 4240-4.015(10)) within the prior 150 days regarding any substantive issue likely to be in this case, other than those pleadings filed for record. Accordingly, for good cause shown, Applicant moves for a waiver of the 60-day notice requirement of Rule 20 CSR 4240-4.017(1) and acceptance of this Application.

WHEREFORE, Applicant requests the Commission to issue an Order authorizing the Applicant to:

A. Issue and deliver to Missouri Department of Natural Resources, or its lawful designee, a note(s) evidencing long-term indebtedness in a principal amount not to exceed \$11,500,000 million, having maturity of not more than twenty (20) years, bearing interest at a rate that is equal to 30% of the Revenue Bond Index as published in The Bond Buyer most recently

prior to the date of closing of the loan, plus a 0.5% administration fee, in substantial accordance with the form of the Master Indenture Note attached to the Master Trust Indenture as Exhibit A-1; and,

B. Execute and deliver as security for the note(s) a mortgage on Applicant's property in substantial accordance with the form of the Master Indenture Trust attached as **Appendix 2** to the Application; and,

C. Amortize any principal or discount expenses incident to the issuance of long-term indebtedness to expenses related to debt issued to other lenders over the life thereof;

D. Enter into, execute, deliver and perform the necessary arrangements or other documents necessary to effectuate the transactions hereinabove described; and,

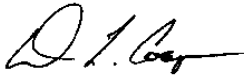
E. Take such other actions as may be necessary to complete the subject transactions; and,

Further ordering that the proceeds from the issuance of the indebtedness will be used by Applicant for the acquisition of property, the construction, completion, extension or improvement or addition to its facilities, the improvement of or maintenance of its service, and for other corporate purposes as hereinabove described.

Further ordering that the money, property or labor to be procured or paid for by the Applicant through the issuance of the indebtedness is reasonably required and necessary for the purposes set forth and will be used therefore and such purposes are not, in whole or in part, reasonably chargeable to operating expense or to income, all as required by §393.200 RSMo. 2000; and,

Waiving for good cause shown the application of Commission rule 20 CSR 4240-4.017(1) requirement for a sixty (60) day notice of intent to file.

Respectfully submitted,



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William R. England, III, MBE#23975
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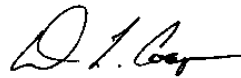
ATTORNEYS FOR MISSOURI-AMERICAN WATER COMPANY

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the above and foregoing document was electronically transmitted, on this 1st day of September, 2021, to:

Office of the General Counsel
staffcounsel@psc.mo.gov

Office of the Public Counsel
opcservice@opc.mo.gov



VERIFICATION


COUNTY OF ST. LOUIS)
) ss.
STATE OF MISSOURI)

I, Timothy W. Luft, being duly sworn upon my oath, state that I am over twenty-one, sound of mind, and am authorized to act on behalf of Missouri-American Water Company regarding the foregoing Application and Motion for Waiver. I have read it and verify that the facts contained in it are true and correct according to the best of my knowledge, information and belief.

By signing this form, I hereby certify that I, nor any other members of this filing party, has had communications with a Commissioner, Commissioner Advisor, Regulatory Law Judge, member of the General Counsel or any member of their support team in the 150 days prior to the filing date of this application regarding any substantive issue included in this filing.



Sworn and subscribed to before me this 30th day of August, 2021.



Notary Public

