Missouri - American Water Company

Balance Sheet as of December 31, 2014* and Pro Forma
Giving Effect as of 12/31/2014 of the Proposed Financing

		Per Books*	Proposed Financings		Pro Forma
1	Utility Plant - at cost	1,929,762,918	78,528,660	(1)	2,008,291,578
2	Construction Work In Progress	34,433,344			34,433,344
3	Accumulated Depreciation	(409,846,021)			(409,846,021)
4	Utility Plant Acquisition Adjustments				-
5	Other utility plan adjustments	7,250,265			7,250,265
6	Net Utility Plant	1,561,600,506	78,528,660		1,640,129,166
7					
8	Non-Utility Plant	15,000			15,000
9					-
10	Cash and Cash Equivalents	702,160			702,160
11	Customer Accounts Receivable	22,330,332			22,330,332
12	Allowance for Uncollectable Accounts	(3,101,681)			(3,101,681)
13	Unbilled Revenues	28,426,171			28,426,171
14	FIT Refund Due from Associated Companies				-
15	Miscellaneous Receivables	19,247,651			19,247,651
16	Materials and Supplies - at average costs	4,984,349			4,984,349
17	Other	604,096			604,096
18	Total Current Assets	73,193,078	-		73,193,078
19					
20	Debt and Preferred Stock Expense	8,487,620	1,900,000	(2)	10,387,620
21	Expense of Rate Proceedings	766			766
22	Preliminary Survey & Investigation Charges	10,868			10,868
23	Regulatory Asset - Income Taxes Recoverable Thru Rates	27,763,459			27,763,459
24	Other	12,125,508			12,125,508
25	Total Deferred Debits	48,388,220	1,900,000		50,288,220
26					
27	Total Assets	1,683,196,803	80,428,660		1,763,625,463
28					
29	Common Stock	95,994,075			95,994,075
30	Paid in Capital	196,529,923			196,529,923
31	Retained Earnings	192,682,377			192,682,377
32	Total Common Equity	485,206,374	-		485,206,374
33	Preferred Stock	1,250,000			1,250,000
34	Long-Term Debt	468,460,654	80,649,000	(3)	549,109,654
35	Total Capitalization	954,917,028	80,649,000		1,035,566,028
36					
37	Short-Term Debt	69,216,198	-	(4) (5)	69,216,198
38	Current Portion of Long Term Debt	-			-
39	Current Portion of Preferred Stock	250,000			250,000
40	Accounts Payable	46,769,471			46,769,471
41	Taxes Accrued	409,627			409,627
42	Interest Accrued	4,382,768	(220,340)	(6)	4,162,428
43	Other	33,124,795			33,124,795
44	Total Current Liabilities	154,152,858	(220,340)		153,932,518
45					
46	Customer Advances for Construction	57,660,732			57,660,732
47	Deferred Income Taxes	267,983,136			267,983,136
48	Deferred Investment Tax Credits	3,190,885			3,190,885
49	Regulatory Liability - Income Taxes Recoverable thru Rates	4,045,603			4,045,603
50	Other	37,542,648			37,542,648
51	Total Deferred Credits	370,423,003	-		370,423,003
52					
53	Contributions in Aid of Construction	203,703,914			203,703,914
54					
55	Total Capital and Liabilities	1,683,196,803	80,428,660		1,763,625,463

* As of 2/12/15

Missouri - American Water Company

Balance Sheet as of December 31, 2014 and Pro Forma
Giving Effect as of 12/31/2014 of the Proposed Financing

Narrative Description of Adjustments

(1)	Utility Plant	
	Estimated additional capital expenditures through December 2017, net of internally generated funds	$78,528,660
(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	$1,900,000
(3)	Long-Term Debt	
	Proposed additional long-term debt through 2017, net of refinancings of $57.48 million in optional redemptions in 2016 and $51.871 million in maturities in 2017	$80,649,000
(4)	Short-Term Debt	
	Payment of Debt Issuace Expense	$1,900,000
(5)	Short-Term Debt	
	Payment of Debt Issuance Cost refinanced through proposed Long Term Debt , resulting in $0 net affect	(1,900,000)
(6)	Accrued Interest Expense	
	One month of accrued interest expense from the optional redemption candidate which would be paid at the time of the refinancing	($220,340)

Missouri - American Water Company

Statement of Income for the Twelve Months Ended December 31, 2014* and Pro Forma
Giving Effect of the Proposed Financing

		Per Books*	Proposed Financings	Pro Forma
1	Operating Revenues	270,159,539		270,159,539
2				
3	**Operating Expenses**			
4	Operating and Maintenance Expense	125,513,618		125,513,618
5	Depreciation and Amortization	33,619,520		33,619,520
6	Taxes on Operating income			
7	Property & Payroll Taxes	16,652,362	533,995 (1)	17,186,357
8	State Income Taxes	4,520,833	(242,452) (2)	4,278,381
9	Federal Income Taxes	23,819,652	(1,357,733) (3)	22,461,919
10	Total Operating Expenses	204,125,984	(1,066,190)	203,059,794
11				
12	Utility Operating Income	66,033,555	1,066,190	67,099,745
13				
14	**Other Income**			
15	AFUDC - Equity	1,352,102		1,352,102
16	Miscellaneous Other Income	190,022		190,022
17	Gain (Loss) on Sale of Property	456,663		456,663
18	Total Other Income	1,998,787	-	1,998,787
19				
20	**Total Income**	68,032,342	1,066,190	69,098,532
21				
22	**Other Deductions**			
23	Miscellaneous Amortization	101,551		101,551
24	Miscellaneous Other Deductions	134,323		134,323
25	Taxes on Other Income and Deductions			
26	General			-
27	State Income	-		-
28	Federal Income	(130,410)		(130,410)
29	Total Other Deductions	105,463	-	105,463
30				
31	Income Before Interest Charges	67,926,879	1,066,190	68,993,069
32				
33	**Interest Charges**			
34	Interest on Long Term Debt	24,757,253	3,879,236 (4)	28,636,489
35	Amortization of Debt Expense	945,879	190,000 (5)	1,135,879
36	Interest on Short-Term Debt	146,294		146,294
37	Other Interest	(1,067)		(1,067)
38	AFUDC - Debt	(444,404)		(444,404)
39	Total Interest Charges	25,403,954	4,069,236	29,473,190
40				
41				
42	Net Income	42,522,925	(3,003,046)	39,519,879
43				
44	Dividends on Preferred Stock	31,906,084		31,906,084
45				
46	Net Income to Common Stock	10,616,841	(3,003,046)	7,613,795

* As of 2/12/15

Missouri - American Water Company

Statement of Income for the Twelve Months Ended December 31, 2014 and Pro Forma
Giving Effect as of 12/31/2014 of the Proposed Financing

Narrative Description of Adjustments

1	(1)	Property & Payroll Taxes	
2		Record property tax effect at lended rate fo 0.68% on the estimated additional capital expenditures	$533,995
3			
4	(2)	State Income Taxes	
5		Record state income tax effect at 6.25% on the proposed new financings	($242,452)
6			
7	(3)	Federal Income Taxes	
8		Record federal income tax effect at 35% on the proposed new financings	($1,357,733)
9			
10	(4)	Interest on Long-Term Debt	
11		Annualize interest expense for Long-Term Debt outstanding after issuing proposed new financings	$3,879,236
12			
13	(5)	Amortization of Debt Expense	
14		Annualize amortization of debt expense for Long-Term Debt outstanding after issuing proposed Long-Term Debt	190,000

Missouri - American Water Company

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

	Per Books	Proposed Financings	Pro Forma
Funds from operations / interest coverage			
Funds from operations			
Net Income from continuing operations	42,522,925	(3,003,046)	39,519,879
Depreciation and Amortization	33,619,520		33,619,520
Deferred Income Taxes	25,786,117		25,786,117
Other non-cash items			
Amortization of UPAA	101,551		101,551
Amortization of Debt Expense	945,879	190,000	1,135,879
Allowance for Funds Used			
During Construction	(1,352,102)		(1,352,102)
Allowance for Borrowed Funds Used			
During Construction	(444,404)		(444,404)
Funds from operations	101,179,484	(2,813,046)	98,366,438
Interest Expense			
Interest Expense on Long Term Debt	24,757,253	3,879,236	28,636,489
Interest on Short-Term Debt	146,294	-	146,294
Total Interest Expense	24,903,547	3,879,236	28,782,783
Funds from operations / interest coverage	**4.06x**		**3.42x**
Funds from operations / total debt (%)			
Total Debt			
Long Term Debt (including preferred stock)	469,710,654	80,649,000	550,359,654
Bank Debt - Pending Issuance of Securites	69,216,198	-	69,216,198
Current portion of Long Term Debt	250,000.00		250,000
Total Debt	539,176,852	80,649,000	619,825,852
Funds from operations / total debt %	**18.77%**		**15.87%**
Total debt / total capital (%)			
Total Capital			
Total Debt	539,176,852	80,649,000	619,825,852
Total Common Equity	485,206,374		485,206,374
Total Capital	1,024,383,226	80,649,000	1,105,032,226
Total debt / total capital	**52.63%**		**56.09%**

* As of 2/12/15