

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

In the Matter of Missouri-American)
Water Company for Authority to Issue) File No. WF-2015-0207
up to \$190,000,000 of Long-Term)
Unsecured Debt)

MAWC’S RESPONSE TO STAFF RECOMMENDATION

COMES NOW Missouri-American Water Company (“MAWC” or “Company”) and for its Response to Staff Recommendation, states to the Missouri Public Service Commission (“Commission”) as follows:

1. On February 27, 2015, MAWC filed with the Commission an application for authority to issue up to \$190,000,000 of long-term debt.
2. In response to direction from the Commission, Staff filed *Status Reports* on May 14, 2015 and June 2, 2015. On June 3, 2015, the Commission directed Staff to file its third status report or recommendation on the Company’s financing *Application* by June 25, 2015.
3. On June 25, 2015, Staff filed its *Recommendation* which, among other things, recommended that the Company’s *Application* be approved with conditions as defined in Staff’s *Memorandum*, which was attached to Staff’s *Recommendation* as Appendix A.
4. Having reviewed the Staff *Recommendation*, MAWC is in general agreement with Staff’s conclusion. MAWC notes, however, there is a statement in Staff’s *Memorandum* (Appendix A) that warrants clarification and correction.
5. In describing the “Type of Transaction” in item four on page two of its *Memorandum*, Staff states that “Missouri-American proposes to receive unsecured debt proceeds from American Water Capital Corporation.” However, in its *Application* the Company noted the potential for financing opportunities through the Missouri Department of Natural Resources, the

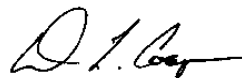
State Revolving Fund administered by the United States Environmental Protection Agency and the State of Missouri, and the Missouri State Environmental Improvement and Energy Resources Authority (“EIERA”). These options are discussed in paragraphs 15 through 18 on pages five through seven of the Company’s *Application*. With Commission approval, the Company could avail itself to one or more of these financing opportunities without using American Water Capital Corp. (“AWCC”) as an intermediary. In fact, the rules governing some of these lenders may preclude the Company’s use of AWCC which, based on the language in Staff’s *Memorandum*, would render each such option unavailable to the Company. Thus, the Company respectfully requests that the Final Order in this proceeding grant it the authority to enter into a transaction directly with each of these third party lenders (i.e., at the exclusion of AWCC).

6. The Company has discussed this matter with the Commission Staff and the Company’s understanding is that there was no intention on the part of Staff to limit the Company to transactions involving AWCC.

7. Finally, the Company notes that, while it does not necessarily agree with the Staff’s underlying reasoning in all instances, MAWC does not oppose the Recommended Conditions proposed by Staff on page four of its *Memorandum*.

WHEREFORE, Missouri-American Water Company submits this Response to Staff Recommendation for the Commission’s consideration in this case.

Respectfully submitted,



Paul A. Boudreau Mo. Bar 33155
Dean L. Cooper Mo. Bar 36592
BRYDON, SWEARENGEN & ENGLAND P.C.
312 East Capitol Avenue
P.O. Box 456
Jefferson City, MO 65102-0456

Telephone: (573) 635-7166
Facsimile: (573) 635-0427
dcooper@brydonlaw.com

Timothy W. Luft, MBE #40506
Corporate Counsel
MISSOURI-AMERICAN WATER COMPANY
727 Craig Road
St. Louis, MO 63141
(314) 996-2279 telephone
(314) 997-2451 facsimile
timothy.luft@amwater.com

ATTORNEYS FOR MISSOURI-AMERICAN
WATER COMPANY

CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been sent by electronic mail this 2nd day of July, 2015, to:

Marcella L. Mueth
General Counsel's Office
Marcella.Mueth@psc.mo.gov
staffcounsel@psc.mo.gov

Christina Baker
Office of the Public Counsel
christina.baker@ded.mo.gov
opcservice@ded.mo.gov