MISSOURI-AMERICAN WATER COMPANY

Statement of Income for the Twelve Months Ended September 30, 2006
Per Books and Pro forma Giving Effect to the Proposed Changes

		Per Books	Tax-Exempt Refinancing	As Adjusted for Refinancing	Proposed Financings	Pro forma	Proposed Rate Case	Pro forma with Rate Case
1	Operating Revenues	169,756,674		169,756,674		169,756,674	41,461,619 (11)	211,218,293
2								
3	Operating Expenses							
4	Operating and Maintenance Expenses	91,764,202		91,764,202		91,764,202		91,764,202
5	Depreciation and Amortization	19,224,016		19,224,016		19,224,016	4,101,887 (12)	23,325,903
6	Taxes on Operating Income							
7	Property & Payroll Taxes	11,930,077		11,930,077	1,588,945 (5)	13,519,022		13,519,022
8	State Income Taxes	9,297,348	26,662 (1)	9,324,010	(627,155) (6)	8,696,855	1,947,664 (13)	10,644,518
9	Federal Income Taxes	1,816,462	169,668 (2)	1,986,130	(3,990,989) (7)	(2,004,860)	12,394,224 (14)	10,389,364
10	Tax Savings Acquisition Adjustment	104,006		104,006		104,006		104,006
11	Total Operating Expenses	134,136,111	196,330	134,332,441	(3,029,200)	131,303,241	18,443,775	149,747,015
12								
13	Utility Operating Income	35,620,563	(196,330)	35,424,233	3,029,200	38,453,433	23,017,844	61,471,278
14								
15	Other Income:							
16	Allowance for Other Funds Used During Construction	577,128		577,128		577,128		577,128
17	Miscellaneous Other Income	310,066	-	310,066	-	310,066	-	310,066
18	Gain (Loss) on Sale of Property	14,530	-	14,530	-	14,530	-	14,530
19	Total Other Income	901,724	-	901,724	-	901,724	-	901,724
20	Total Income	36,522,287	(196,330)	36,325,957	3,029,200	39,355,157	23,017,844	62,373,002
21								
22	Other Deductions:							
23	Amortization of Utility Plant Acquisition Adjustments	100,129	-	100,129	-	100,129	-	100,129
24	Tax Savings Acquisition Adjustment	(104,006)		(104,006)		(104,006)		(104,006)
25	Miscellaneous Other Deductions	136,308	-	136,308	-	136,308	-	136,308
26	Taxes on Other Income and Deductions:							
27	General	-	-	-	-	-	-	-
28	State Income	37,420	-	37,420	-	37,420	-	37,420
29	Federal Income	209,551	-	209,551	-	209,551	-	209,551
30	Total Other Deductions	379,402	-	379,402	-	379,402	-	379,402
31	Income Before Interest Charges	36,142,885	(196,330)	35,946,555	3,029,200	38,975,755	23,017,844	61,993,600
32								
33	Interest Charges							
34	Interest on Long-Term Debt	16,202,686	(562,090) (3)	15,640,596	12,298,000 (8)	27,938,596		27,938,596
35	Amortization of Debt Expense	596,843	50,664 (4)	647,507	53,333 (9)	700,840		700,840
36	Interest on Bank Debt	1,910,296		1,910,296	(1,910,296) (10)	-		-
37	Other Interest	3,290		3,290		3,290		3,290
38	Allowance for Borrowed Funds Used During Construction	(305,833)		(305,833)		(305,833)		(305,833)
39	Total Interest Charges	18,407,282	(511,427)	17,895,856	10,441,037	28,336,893	-	28,336,893
40								
41								
42	Net Income	17,735,603	315,097	18,050,700	(7,411,837)	10,638,863	23,017,844	33,656,707
43								
44	Dividends on Preferred Stock	237,290		237,290		237,290		237,290
45								
46	Net Income to Common Stock	17,498,313	315,097	17,813,410	(7,411,837)	10,401,573	23,017,844	33,419,417

MISSOURI-AMERICAN WATER COMPANY

Statement of Income for the Twelve Months Ended September 30, 2006
Per Books and Pro forma Giving Effect to the Proposed Changes

Narrative Description of Adjustments

(1)	State Income Taxes		
	Record state income tax effect at 6.25% on the proposed refinancing of tax exempt debt	$	26,662
(2)	Federal Income Taxes		
	Record federal income tax effect at 35% on the proposed refinancing of tax exempt debt	$	169,668
(3)	Interest on Long-Term Debt		
	Annualize interest expense savings for Long-Term Debt outstanding after refinancing $57,480,000 of tax exempt debt	$	(562,090)
(4)	Amortization of Debt Expense		
	Annualize amortization of debt expense for Long-Term Debt outstanding after refinancing $57,480,000 of tax exempt debt	$	50,664
(5)	Property & Payroll Taxes		
	Record property tax effect at blended rate of 0.85% on the estimated additional capital expenditures	$	1,588,945
(6)	State Income Taxes		
	Record state income tax effect at 6.25% on the proposed new financings	$	(627,155)
(7)	Federal Income Taxes		
	Record federal income tax effect at 35% on the proposed new financings	$	(3,990,989)
(8)	Interest on Long-Term Debt		
	Annualize interest expense for Long-Term Debt outstanding after issuing proposed Long Term Debt of tax exempt debt	$	12,298,000
(9)	Amortization of Debt Expense		
	Annualize amortization of debt expense for Long-Term Debt outstanding after issuing proposed Long Term Debt	$	53,333
(10)	Interest on Bank Debt		
	Effect of Replacing Bank Debt with proposed Long Term Debt	$	(1,910,296)
(11)	Operating Revenues		
	Effect of General Rate Case filed December 2006	$	41,461,619
(12)	Depreciation and Amortization		
	Record effect of the changes in depreciation rates proposed in the general rate case filed December 2006	$	4,101,887
(13)	State Income Taxes		
	Record state income tax effect at 6.25% on the general rate case filed December 2006 and new depreciation rates	$	1,947,664
(14)	Federal Income Taxes		
	Record federal income tax effect at 35% on the general rate case filed December 2006 and new depreciation rates	$	12,394,224

MISSOURI-AMERICAN WATER COMPANY

Calculation of Coverage Ratios
Per Books and Pro forma Giving Effect to the Proposed Changes

		Per Books	Tax-Exempt Refinancing	As Adjusted for Refinancing	Proposed Financings	Pro forma	Proposed Rate Case	Pro forma with Rate Case
1	**Funds from operations / interest coverage (x)**							
2	Funds from operations:							
3	Net income from continuing operations	17,498,313	315,097	17,813,410	(7,411,837)	10,401,573	23,017,844	33,419,417
4	Depreciation and amortization	19,224,016	-	19,224,016	-	19,224,016	4,101,887	23,325,903
5	Deferred income taxes	1,903,686		1,903,686		1,903,686		1,903,686
6								
7	Other noncash items							
8	Amortization of UPAA	100,129	-	100,129	-	100,129	-	100,129
9	Amortization of Debt Expense	596,843	50,664	647,507	53,333	700,840	-	700,840
10	Allowance for Funds Used							
11	During Construction	(577,128)	-	(577,128)	-	(577,128)	-	(577,128)
12	Allowance for Borrowed Funds Used							
13	During Construction	(305,833)	-	(305,833)	-	(305,833)	-	(305,833)
14								
15	Funds from operations:	**38,440,026**	**365,760**	**38,805,786**	**(7,358,504)**	**31,447,282**	**27,119,731**	**58,567,014**
16								
17	Interest Expense							
18	Interest on Long-Term Debt	16,202,686	(562,090)	15,640,596	12,298,000	27,938,596	-	27,938,596
19	Interest on Bank Debt	1,910,296	-	1,910,296	(1,910,296)	-	-	-
20								
21	Total Interest Expense:	**18,112,982**	**(562,090)**	**17,550,892**	**10,387,704**	**27,938,596**	-	**27,938,596**
22								
23								
24	Funds from operations / interest coverage	**2.12x**		**2.21x**		**1.13x**		**2.10x**
25								
26								
27	**Funds from operations / total debt (%)**							
28	Total Debt							
29	Long-Term Debt	213,245,000	-	213,245,000	200,000,000	413,245,000	-	413,245,000
30	Bank Debt - Pending Issuance of Securities	44,033,850	2,482,301	46,516,151	(46,516,151)	-	-	-
31	Current Portion of Long-Term Debt	71,000,000	-	71,000,000	(71,000,000)	-	-	-
32								
33	Total Debt:	**328,278,850**	**2,482,301**	**330,761,151**	**82,483,849**	**413,245,000**	-	**413,245,000**
34								
35								
36	Funds from operations / total debt (%)	**11.7%**		**11.7%**		**7.6%**		**14.2%**
37								
38								
39	**Total debt / total capital (%)**							
40	Total Capital							
41	Total Debt	328,278,850	2,482,301	330,761,151	82,483,849	413,245,000	-	413,245,000
42	Total Common Equity	231,886,512	-	231,886,512	105,000,000	336,886,512	-	336,886,512
43	Total Preferred Stock	2,656,000	-	2,656,000	-	2,656,000	-	2,656,000
44								
45	Total Capital:	**562,821,362**	**2,482,301**	**565,303,663**	**187,483,849**	**752,787,512**	-	**752,787,512**
46								
47	Total debt / total capital (%)	**58.3%**		**58.5%**		**54.9%**		**54.9%**
48								