

MISSOURI-AMERICAN WATER COMPANY
Balance Sheets
(Dollars in thousands)

	2019	2018
Assets		
Property, plant and equipment, net		
Utility plant - at original cost, net	\$2,282,960	\$2,080,117
Utility plant acquisition adjustments, net	5,648	5,968
Total property, plant and equipment	2,288,608	2,086,085
Current assets		
Cash	1,999	2,296
Accounts receivable	24,190	32,980
Allowance for uncollectible accounts	(2,366)	(3,592)
Unbilled revenues	17,639	18,450
Receivable from affiliated companies	—	1,481
Federal income tax receivable - affiliated company	67	—
State income tax receivable - affiliated company	—	2,294
Materials and supplies	5,705	6,074
Other	2,468	1,278
Total current assets	49,702	61,261
Regulatory and other long-term assets		
Regulatory assets	39,954	38,245
Goodwill	849	849
Prepaid pension expense	4,688	7,670
Operating lease right of use assets	748	—
Other	442	340
Total regulatory and other long-term assets	46,681	47,104
Total assets	\$2,384,991	\$2,194,450
Capitalization and Liabilities		
Capitalization		
Common stockholder's equity	778,764	682,960
Long-term debt, excluding current portion		
Long-term debt	706,285	631,599
Redeemable preferred stock at redemption value	—	250
Total capitalization	1,485,049	1,314,809
Current liabilities		
Notes payable - affiliated company	36,106	48,770
Current portion long-term debt and preferred stock	250	250
Accounts payable	51,364	50,585
Accounts payable - affiliated company	13,561	3,760
Accrued taxes, including income taxes of \$67 in 2019 and \$0 in 2018	664	555
Accrued interest	6,877	6,639
Refunds due to customers	2,524	2,441
Other	37,118	43,448
Total current liabilities	148,464	156,448
Regulatory and other long-term liabilities		
Advances for construction	6,661	11,565
Deferred income taxes, net	253,550	221,570
Deferred investment tax credits	2,637	2,741
Regulatory liabilities	202,015	202,533
Accrued postretirement benefit expense	140	3,630
Other	11,451	12,960
Total regulatory and other long-term liabilities	476,454	454,999
Contributions in aid of construction	275,024	268,194
Commitments and contingencies (see Note 16)	—	—
Total capitalization and liabilities	\$2,384,991	\$2,194,450

MISSOURI-AMERICAN WATER COMPANY

Statements of Income

(Dollars in thousands)

	2019	2018
Operating revenues	<u>\$324,615</u>	<u>\$319,008</u>
Operating expenses (income)		
Operation and maintenance	129,070	138,788
Depreciation	40,290	37,060
Amortization	8,893	8,260
General taxes	30,400	28,780
Gain on asset dispositions and purchases	(774)	(744)
Total operating expenses, net	<u>207,879</u>	<u>212,144</u>
Operating income	<u>116,736</u>	<u>106,864</u>
Other income (expenses)		
Interest, net	(35,739)	(31,914)
Allowance for other funds used during construction	2,269	1,257
Allowance for borrowed funds used during constructic	845	443
Amortization of debt expense	761	(785)
Non-operating benefits costs, net	426	1,034
Other, net	13	294
Total other expenses	<u>(32,973)</u>	<u>(29,671)</u>
Income before income taxes	83,763	77,193
Provision for income taxes	<u>21,114</u>	<u>20,341</u>
Net income	<u>\$62,649</u>	<u>\$56,852</u>

MISSOURI-AMERICAN WATER COMPANY
Statements of Cash Flows
(Dollars in thousands)

	2019	2018
Cash flows from operating activities		
Net income	\$62,649	\$56,852
Adjustments		
Depreciation and amortization	49,183	45,320
Amortization of debt expense	761	785
Provision for deferred income taxes	31,780	34,822
Amortization of deferred investment tax credits	(104)	(107)
Provision for losses on accounts receivable	1,844	3,570
Allowance for other funds used during construction	(2,269)	(1,257)
Gain on asset dispositions and acquisitions	(774)	(744)
Pension and non-pension postretirement benefits	3,129	3,329
Other, net	(6,560)	(5,714)
Changes in assets and liabilities:		
Accounts receivable and unbilled revenues	6,723	(2,943)
Federal income tax due to affiliated company	(1,284)	(7,903)
State income tax due to affiliated company	8,088	(449)
Other current assets	(332)	(462)
Pension and non-pension postretirement benefit contributions	(3,919)	(2,709)
Accounts payable	1,153	8,823
Accounts receivable and payable - affiliated company	11,128	(1,054)
Accrued interest	238	683
Accrued taxes	109	117
Other current liabilities	(6,648)	7,993
Net cash provided by operating activities	154,895	138,952
Cash flows from investing activities		
Capital expenditures	(239,820)	(200,808)
Acquisitions	(173)	(4,095)
Removal costs from property, plant and equipment retirements, net	(11,680)	(11,917)
Proceeds from the disposition of property, plant and equipment	673	110
Net cash used in investing activities	(251,000)	(216,710)
Cash flows from financing activities		
Proceeds from issuance of long-term debt	75,000	45,000
Net (repayments) borrowings of notes payable - affiliated company	(12,664)	48,770
Debt issuance costs	(1,369)	(798)
Make-whole premium on early debt redemption	—	1,384
Advances and contributions, net of refunds of \$1,721 and \$1,154 in 2019 and 2018, respectively	1,985	3,770
Capital contributions by stockholder	75,000	20,000
Redemption of preferred stock	(250)	(250)
Dividends paid	(41,894)	(39,120)
Net cash provided by financing activities	95,808	78,756
Net increase (decrease) in cash	(297)	998
Cash at beginning of year	2,296	1,298
Cash at end of year	1,999	2,296
Cash paid (received) during the year for:		
Interest, net of capitalized amount	32,506	29,267
Income taxes paid (received)	(27,319)	5,673
Non-cash investing activity		
Capital expenditures acquired on account but unpaid as of year end	18,920	19,933
Non-cash financing activity		
Capital contributions by stockholder (see Note 12)	149	366

MISSOURI-AMERICAN WATER COMPANY
Balance Sheets
(Dollars in thousands)

	2021	2020
Assets		
Property, plant and equipment, net:		
Property, plant and equipment	\$ 3,388,639	\$ 3,065,899
Accumulated depreciation	(599,321)	(546,759)
Total property, plant and equipment	2,789,318	2,519,140
Current assets:		
Cash and cash equivalents	1,452	1,644
Accounts receivable, net of allowance for uncollectible accounts of \$3,501 and \$4,475, respectively	22,843	22,614
Unbilled revenues	17,173	16,135
Accounts receivable - affiliated company	9,802	612
Notes receivable - affiliated company	—	36,905
Materials and supplies	9,865	6,963
Other	997	964
Total current assets	62,132	85,837
Regulatory and other long-term assets:		
Regulatory assets	53,517	45,974
Goodwill	849	849
Prepaid pension assets	13,995	7,389
Prepaid postretirement benefit assets	9,636	4,393
Operating lease right-of-use assets	2,033	413
Other	638	447
Total regulatory and other long-term assets	80,668	59,465
Total assets	\$ 2,932,117	\$ 2,664,442
Capitalization and Liabilities		
Capitalization:		
Common stockholder's equity	\$ 952,218	\$ 935,575
Long-term debt, excluding current portion	899,785	807,151
Total capitalization	1,852,003	1,742,726
Current liabilities:		
Notes payable - affiliated company	80,298	—
Current portion long-term debt and preferred stock	—	9,000
Accounts payable	121,260	90,103
Accrued interest	7,282	7,506
Refunds due to customers	3,343	2,816
Other	18,409	18,552
Total current liabilities	230,592	127,977
Regulatory and other long-term liabilities:		
Advances for construction	1,592	3,669
Deferred income taxes and investment tax credits	334,048	288,481
Regulatory liabilities	191,703	207,870
Other	32,023	15,971
Total regulatory and other long-term liabilities	559,366	515,991
Contributions in aid of construction	290,156	277,748
Commitments and contingencies (see Note 15)		
Total capitalization and liabilities	\$ 2,932,117	\$ 2,664,442

MISSOURI-AMERICAN WATER COMPANY

Statements of Income

(Dollars in thousands)

	2021	2020
Operating revenues	<u>\$ 349,429</u>	<u>\$ 345,995</u>
Operating expenses (income):		
Operation and maintenance	149,193	142,333
Depreciation and amortization	58,942	52,661
General taxes	35,668	32,742
Gain on asset dispositions	(24)	(34)
Total operating expenses, net	<u>243,779</u>	<u>227,702</u>
Operating income	<u>105,650</u>	<u>118,293</u>
Other income (expenses):		
Interest, net	(40,176)	(38,732)
Allowance for other funds used during construction	582	4,000
Allowance for borrowed funds used during constructic	824	1,366
Non-operating benefit costs, net	11,467	6,090
Other, net	(118)	(90)
Total other expenses	<u>(27,421)</u>	<u>(27,366)</u>
Income before income taxes	78,229	90,927
Provision for income taxes	7,776	22,096
Net income	\$ 70,453	\$ 68,831

MISSOURI-AMERICAN WATER COMPANY
Statements of Cash Flows
(Dollars in thousands)

	2021	2020
Cash flows from operating activities		
Net income	\$ 70,453	\$ 68,831
Adjustments to reconcile to net cash flows provided by operating activities		
Depreciation and amortization	58,439	52,661
Amortization of debt expense	819	805
Deferred income taxes and amortization of investment tax credits	46,146	41,920
Provision for losses on accounts receivable	2,655	2,279
Allowance for other funds used during construction	(582)	(4,000)
Gain on asset dispositions	(24)	(34)
Pension and non-pension postretirement benefits	(6,577)	(1,771)
Other, net	(20)	(2,173)
Changes in assets and liabilities:		
Accounts receivable and unbilled revenues	(3,182)	(2,932)
Other current assets	(3,068)	607
Pension and non-pension postretirement benefit contributions	(5,233)	(5,039)
Accounts payable	4,732	5,055
Accounts receivable affiliated company	25,759	(48,771)
Accrued interest	(224)	629
Other current liabilities	1,559	(154)
Net cash provided by operating activities	191,652	107,913
Cash flows from investing activities		
Capital expenditures	(281,398)	(260,663)
Acquisitions	(8,159)	—
Removal costs from property, plant and equipment retirements, net	(13,234)	(11,555)
Proceeds from the disposition of property, plant and equipment	100	19
Net cash used in investing activities	(302,691)	(272,199)
Cash flows from financing activities		
Proceeds from issuance of long-term debt	163,000	110,000
Repayment of long-term debt	(79,000)	—
Net borrowings (repayments) of notes payable - affiliated company	80,298	(36,106)
Debt issuance costs	(1,803)	(1,479)
Make-whole premium on early debt redemption	(8,033)	—
Advances and contributions, net of refunds of \$1,238 and \$400 in 2021 and 2020, respectively	10,487	4,203
Capital contributions by stockholder	—	140,000
Redemption of preferred stock	—	(250)
Dividends paid	(54,102)	(52,437)
Net cash provided by financing activities	110,847	163,931
Net decrease in cash	(192)	(355)
Cash at beginning of year	1,644	1,999
Cash at end of year	\$ 1,452	\$ 1,644
Cash paid (received) during the year for:		
Interest, net of capitalized amount	\$ 38,301	\$ 35,324
Income taxes received	(\$ 26,170)	(\$ 17,629)
Non-cash investing activity		
Capital expenditures acquired on account but unpaid as of year end	\$ 58,377	\$ 31,825