BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Application of The Raytown Water Company for an Order Authorizing Issuance of Preferred Stock	)))	**File No. WF-2021-0131**

STAFF RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission ("Staff") and for its Recommendation states as follows:

1. On November 4, 2020, Raytown Water Company ("Raytown") submitted an application, in compliance with Commission Rule 20 CSR 4240-10.125, requesting authority to issue preferred stock in a principal sum not to exceed $5 million. The application was filed pursuant to the *Unanimous Disposition Agreement* agreed to in Raytown's prior rate case, File No. WR-2020-0264,[1] as approved by the Commission on August 26, 2020.

2. According to the 5-year capital expenditure plan, the proceeds will be used for the construction of new water main valves and fire hydrants.

3. On November 9, 2020, the Commission ordered Staff to file a recommendation regarding Raytown's application by December 21, 2020.

4. On December 17, 2020, Staff discovered new information that it needed to analyze and investigate before making its recommendation. Staff requested and was granted an extension to file its recommendation no later than January 5, 2021.

[1] *In the Matter of Raytown Water Company's Request for Annual Operating Revenue Increase*, File No. WR-2020-0264, *Notice of Unanimous Disposition Agreement*, Appendix A, pg. 4, ¶ 12 (i), August 4, 2020.

5. Staff has reviewed Raytown's application, as well as responses to various data requests, and has summarized its conclusion in its *Memorandum*, attached hereto as Appendix A, and incorporated by reference.

6. Section 393.200.1 RSMo 2016, provides, among other things, that a regulated water or sewer company may issue evidence of indebtedness "when necessary for the acquisition of property, the construction, completion, extension or improvement of its plant or system, or for the improvement or maintenance of its service or for the discharge or lawful refunding of its obligations or for the reimbursement of moneys actually expended from income, or from any other moneys in the treasury of the corporation not secured or obtained from the issue of stocks, bonds, notes or other evidence of indebtedness of such corporation..."

7. The construction of new water and main valves and fire hydrant within Raytown's service territory constitutes "construction, completion, extension or improvement of its plant or system."

8. Staff concludes that the proposed transaction is not detrimental to the public interest, subject to the imposition of certain conditions as outlined in Staff's *Memorandum*.

WHEREFORE, Staff recommends the Commission approve the application, subject to conditions outlined in Staff's *Memorandum*, and grant such other and further relief as the Commission finds appropriate in the circumstances.

Respectfully Submitted,

/s/ Travis J. Pringle
Travis J. Pringle
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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand delivered, transmitted by facsimile or electronically mailed to all parties and/or counsel of record on this 5th day of January 2021.

/s/ Travis J. Pringle

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. WF-2021-0131, The Raytown Water Company

FROM: Seoung Joun Won, PhD, Financial and Business Analysis Division

/s/ Mark Oligschlaeger 01/05/2021
Financial & Business Analysis/Date

/s/ Travis Pringle 01/05/2021
Staff Counsel's Office/Date

SUBJECT: Staff Recommendation concerning the Application of The Raytown Water Company ("Raytown," "Company," or "Applicant"), for Authority to issue preferred stock in a principal sum not to exceed Five Million Dollars ($5,000,000).

DATE: January 5, 2021

1. (a) **Type of Issue:** Preferred Stock up to Five Hundred (500) shares with a par value of Ten Thousand Dollars ($10,000).

   (b) **Amount:** Up to $5,000,000.

   (c) **Rate:** Variable rate not to exceed the prime rate per annum as reported each January 1 in the Wall Street Journal. The interest rate shall be adjusted on an annual basis based on the rate reported each year.

   (d) **Other Provision:** All dividends will be paid quarterly, and principal payments to begin once all projects are useful and in service and earning a rate of return through a rate case filing anticipated to be within five (5) years from the date of issuance.

2. **Proposed Date(s) of Transaction:** On April 2, 2021, for the first issuance of approximately $420,000 (42 shares), and thereafter, each quarter until funds are depleted over the course of the 3-year construction program.

3. (a) **Statement of Purpose of the Issue** Company proposes to use the proceeds for the construction of new water main valves and fire hydrants within the applicant's service territory inside of Raytown and Independence, Missouri.

   (b) **From a financial perspective, does Staff deem this Statement of Purpose of the Issue reasonable?**

   Yes, with conditions imposed.

4. **Copies of executed instruments defining terms of the proposed securities:**

   Such instruments have not been executed.

5. **Certified copy of resolution of the directors of applicant, or other legal documents authorizing the issuance of the securities reviewed:**

   Yes

6. **Pro-forma Balance Sheet and Income Statement reviewed:**

   Yes

7. **Capital expenditure schedule reviewed:**

   Yes

8. **Journal entries required to be filed by Raytown to allow for the Fee Schedule to be applied:**

   Yes. The portion of the proposed issue that will be subject to the fee schedule pursuant to Section 386.300, RSMo is Three Thousand Dollars ($3,000).

9. **Recommendation of the Staff:**

   Conditional Approval granted pending receipt of definite terms of issuance (see Comments and Recommended Conditions).

COMMENTS:

The Raytown Water Company ("Raytown", "Applicant", or "Company") is a Missouri water corporation with its principal place of business at 9820 East 63rd Street, Raytown, Missouri 64133. The Applicant is in the business of the retail sale of water as a public utility in portions of the cities of Raytown and Independence, located in Jackson County, Missouri.

On November 4, 2020, Raytown submitted an application requesting authority to issue preferred stock in a principal sum not to exceed $5 million. According to the 5-year capital expenditure plan, the proceeds will be used for the construction of new water main valves and fire hydrants.

Staff applies the "not detrimental to the public interest" standard to financing applications. In reviewing requests for issuing financing, Staff analyzes the requested amount as it relates to the stated uses to ensure that the amount requested is reasonable, and that it generally supports long-term capital investment. Additionally, Staff analyzes the cost effectiveness of the source of funds.

Important in Staff's analysis of stated uses is determining whether the stated uses match the allowable purposes of investment in long-term capital, improvement and maintenance of service, and refunding of maturing short-term and/or long-term obligations used for allowable purposes.[1] To analyze the cost effectiveness of the source of funding, Staff compared preferred stock with the Missouri Environmental Improvement and Energy Resource Authority ("EIERA") bonds. Staff also analyzes the pro forma impact the requested financing may have on the company's credit and financial risk. To analyze the impact of the requested financing on the company's financial risk, Staff estimates the possible change in credit ratings due to the financing. Worsening credit ratings indicate increasing financial risk, and vice versa.

Raytown states in its Application at page 2, that the proceeds are to be used for:

> The construction of new water main valves and fire hydrants within the applicant's service territory inside of Raytown and Independence, Missouri.

Staff has verified that Raytown's future capital expenditures support the need to issue the preferred stock financing.

Staff inquired if Raytown could use a more economical source of funding such as the EIERA Bonds that it used in 2008 and 2012.[2] Raytown stated that the preferred stock financing was a more economical source of funding for the following reasons: (1) preferred stock is easier and faster to establish than the EIERA bonds (it takes about twenty days to establish preferred stocks as compared to about ninety to hundred and twenty days for EIERA);[3] (2) with preferred stock, the company receives nearly 100% of its proceeds, unlike EIERA which has additional fees (such as lawyer fees, accountant fees, EIERA costs, arbitrage requirements and continued administration costs)[4] that reduce significantly the funds received by the company; and (3) preferred stock would be cheaper than the EIERA bonds considering uncertain nature of future cash flows. Although by comparison, the interest rate for preferred stock is higher (the upper bound was 3.25% as of November 17, 2020)[5] than for EIERA bonds (in the range of 1.5% to 2.0%, assuming Raytown is considered investment grade),[6] the uncertainty in cash flows due to the COVID-19 pandemic makes default somewhat likely.[7] In the event of a default, the cost of EIERA bonds will rise significantly, unlike preferred stock which has

[1] The allowable purposes of long-term financing authorization authorized by statue, Section 393.200.1, are listed in page 9 of Report and Order, issue date June 16, 2010, of case No. GF-2009-0450.
[2] Case Nos. WF-2008-0356 and WF-2012-0413.
[3] Raytown Response to Staff's Data Request No. 0011.1.
[4] Raytown Response to Staff's Data Request No. 0011.
[5] Retrieved November 19, 2020 (http://www.fedprimerate.com/wall_street_journal_prime_rate_history.htm).
[6] Raytown Response to Staff's Data Request No. 0013.1.
[7] Raytown recorded negative monthly net income from February 2020 to October 2020, according to Raytown's response to Staff's Data Request No. 0013.2.

no similar default risk (preferred stock is allowed to skip interest/dividend payments). Staff finds that the preferred stock is a more economical and safer source of funding at this particular time.

Staff evaluated the potential impact of Raytown's proposed financing on its credit risk by estimating the possible change in Raytown's credit ratings. Raytown is not rated by any credit rating agency, so Staff estimated the credit ratings using the benchmarks published in the September 18, 2012, Standard and Poor's (S&P) article, "Criteria Methodology: Business Risk/Financial Risk Matrix Expanded" ("September 18, 2012 Criteria Methodology") (*see* Attachment 1). The September 18, 2018, Criteria Methodology provides for estimation of credit rating by combining business ("BRP") and financial ("FRP") profiles using a matrix. BRPs are classified in the following categories: "Excellent," "Strong," "Satisfactory," "Fair," "Weak," and "Vulnerable." FRPs are classified in the following categories: "Minimal," "Modest," "Intermediate," "Significant," "Aggressive," and "Highly Leveraged". FRP is evaluated using the following ratios: Funds From Operations (FFO) to Total Debt ratio, the Total Debt to Total Capital ratio and the Total Debt to EBITDA (earnings before interest, taxes, depreciation, and amortization) ratio. Staff's calculations (*see* Attachment 2) show that it is reasonable to assume that Raytown's FRP would be classified as "Minimal" under the Criterial Methodology. In Staff's reasonable judgement, Raytown's BRP is "Strong" Under the Criteria Methodology. S&P classifies major water and sewer utilities in the "Excellent" BRP category, so it is reasonable to classify a small water and sewer utility like Raytown a notch lower. Based on these business and financial risk profiles, Staff assigns an equivalent credit rating of approximately 'A' for Raytown. Because a credit rating of "A" is not different from Raytown's current rating, Staff concludes that Raytown's credit risk will not rise as a result of this preferred stock issuance.

Staff also analyzes the pro forma impact the requested financing may have on the company's credit metrics.

The projected capital structures are investigated and presented in Attachment 3. The pro forma impact of Raytown's proposed preferred stock on Raytown's balance sheet as of September 30, 2020 is as follows:

	As of September 30, 2020[8]	**Pro Forma 2025**[9]
Common Equity	96.77%	54.94%
Preferred Stock	0.00%	41.54%
Long-Term Debt	3.23%	1.52%

[8] Raytown Response to Staff's Data Request No. 0002.
[9] Raytown Response to Staff's Data Request No. 0003.

The impact of the issuance of preferred stock on Raytown's balance sheet is a decrease in common equity from 96.77% to 54.94%, an increase in preferred stock from zero to 41.54%, and a decrease in long-term debt from 3.23% to 1.52%. Decrease in long-term debt represents a decrease in financial risk. Preferred stocks, just like common equity, do not represent an obligation that will force Raytown into bankruptcy in the event that Raytown misses payment of dividends. According to the Board Resolution, the preferred stock shall be redeemable "solely at the discretion of the corporation, and upon request therefor by the shareholder." While proposed preferred stocks are redeemable, which is normally a liability, Raytown does not have to redeem the stocks but it shall do so if it is favorable to do so. Consequently, the impact of the proposed issuance of preferred stock on Raytown's financial risk is insignificant. For these reasons, Staff concludes that the Application is not detrimental to the public interest and Raytown's rate payers because it allows Raytown to upgrade its aging infrastructure at reasonable cost in order to provide safe and adequate water service.

RECOMMENDED CONDITIONS:

Staff recommends that the Commission approve the Application submitted by Raytown in this case subject to the following conditions:

1. That nothing in the Commission's order shall be considered a finding by the Commission of the value of this transaction for rate making purposes, and that the Commission reserves the right to consider the rate making treatment to be afforded the financing transaction and its impact on cost of capital, in a later rate proceeding;
2. That the Company be authorized to issue preferred stock provided that the Company shall not be authorized to use any portion of the $5 million for any purpose other than for the exclusive benefit of Raytown's regulated operations;
3. That the Company shall file with the Commission within 10 days of issuance of any financing authorized pursuant to a Commission order in this proceeding, a report including the amount of preferred stock issued, date of issuance, variable rate, and other general and special terms, if any, including use of proceeds and estimated expenses. In addition, the Company shall also provide the analysis, to include but not be limited to indicative pricing information provided by investment banks, it performed to determine that the terms for the preferred stock it decided to issue were the most reasonable at the time;
4. That the Company shall file with the Commission any information concerning communication with credit rating agencies in regards with any such issuance; and
5. That the Company shall file with the Commission as a non-case related submission in EFIS under "Resources" - "Non-Case Related Query" - "Ordered Submission" any credit rating agency reports published on Raytown's credit quality or the credit quality of its securities.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of the Application of The Raytown Water Company for an Order Authorizing Issuance of Preferred Stock	))))	Case No. WF-2021-0131

AFFIDAVIT OF SEOUNG JOUN WON, PhD

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COME NOW SEOUNG JOUN WON, PhD and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Staff Recommendation* in memorandum form; and that the same is true and correct according to his best knowledge and belief, under penalty of perjury.

Further the Affiants sayeth not.

/s/ Seoung Joun Won
SEOUNG JOUN WON, PhD

STANDARD & POOR'S
RATINGS SERVICES
McGRAW HILL FINANCIAL

RatingsDirect®

Criteria | Corporates | General:

Methodology: Business Risk/Financial Risk Matrix Expanded

Criteria Officer:
Mark Puccia, Managing Director, New York (1) 212-438-7233; mark.puccia@standardandpoors.com

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Attachment 1

Criteria | Corporates | General:

Methodology: Business Risk/Financial Risk Matrix Expanded

*(**Editor's Note:** We originally published this criteria article on Sept. 18, 2012. We're republishing it following our periodic review completed on August 21, 2015. This article has been partially superseded by the article titled, "Corporate Methodology," published on Nov. 19, 2013, for issuers within the scope of that criteria, but remains in effect for the following sectors or entities: project developers, transportation equipment leasing, auto rentals, investment holding companies and companies that maximize their returns by buying and selling equity holdings over time, corporate securitizations, and other entities whose cash flows are primarily derived from partially owned equity holdings.*

Table 1 in this criteria article supersedes table 1 in the articles titled: Key Credit Factors: "Global Criteria For Rating Real Estate Companies," published on June 21, 2011; "Methodology And Assumptions On Risks In The Global High Technology Industry," published Oct. 15, 2009; "Methodology And Assumptions On Business And Financial Risks In The U.S. Movie Exhibitors Industry," published Aug. 28, 2009; "Methodology And Assumptions On Risks In The Hotel And Lodging Industry," published Aug. 11, 2009; "Methodology And Assumptions On Risks In The Aerospace And Defense Industries," published June 24, 2009; "Methodology And Assumptions On Risks In The Mining Industry," published June 23, 2009; "Business And Financial Risks In The Auto Component Suppliers Industry," published Jan. 28, 2009; "Business And Financial Risks In The Global Pharmaceutical Industry," published Jan. 22, 2009; "Business And Financial Risks In The U.S. For-Profit Health Care Facilities Industry," published Jan. 21, 2009; "Business And Financial Risks In The Investor-Owned Utilities Industry," Nov. 26, 2008; "Business And Financial Risks In The Commodity And Specialty Chemical Industry," published Nov. 20, 2008; "Business And Financial Risks In The Global Building Products And Materials Industry," Nov. 19, 2008; and "Business And Financial Risks In The Retail Industry," published Sept. 18, 2008.)

1. Standard & Poor's Ratings Services is refining its methodology for corporate ratings related to its business risk/financial risk matrix, which we published as part of "2008 Corporate Ratings Criteria" on April 15, 2008. We subsequently updated this matrix in the article "Criteria Methodology: Business Risk/Financial Risk Matrix Expanded," published May 27, 2009. In order to provide greater transparency on the methodology used to evaluate corporate ratings, this article updates table 1 of the May 27, 2009, article to reflect how we analyze companies with an excellent business risk profile and minimal financial risk profile, as well as companies with a vulnerable business risk profile and a highly leveraged financial risk profile. This article amends and supersedes both the 2008 and 2009 articles mentioned above. This article is related to "Principles Of Credit Ratings," published on Feb. 16, 2011.

2. We introduced the business risk/financial risk matrix in 2005. The relationships depicted in the matrix represent an essential element of our corporate analytical methodology (see table 1).

Table 1

Business And Financial Risk Profile Matrix

Business Risk Profile	--Financial Risk Profile--					
	Minimal	Modest	Intermediate	Significant	Aggressive	Highly Leveraged
Excellent	AAA/AA+	AA	A	A-	BBB	--
Strong	AA	A	A-	BBB	BB	BB-
Satisfactory	A-	BBB+	BBB	BB+	BB-	B+

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Table 1

Business And Financial Risk Profile Matrix (cont.)						
Fair	--	BBB-	BB+	BB	BB-	B
Weak	--	--	BB	BB-	B+	B-
Vulnerable	--	--	--	B+	B	B- or below

These rating outcomes are shown for guidance purposes only. Actual rating should be within one notch of indicated rating outcomes.

3. The rating outcomes refer to issuer credit ratings. The ratings indicated in each cell of the matrix are the midpoints of a range of likely rating possibilities. This range would ordinarily span one notch above and below the indicated rating.

Business Risk/Financial Risk Framework

4. Our corporate analytical methodology organizes the analytical process according to a common framework, and it divides the task into several categories so that all salient issues are considered. The first categories involve fundamental business analysis; the financial analysis categories follow.

5. Our ratings analysis starts with the assessment of the business and competitive profile of the company. Two companies with identical financial metrics can be rated very differently, to the extent that their business challenges and prospects differ. The categories underlying our business and financial risk assessments are:

Business risk

- Country risk
- Industry risk
- Competitive position
- Profitability/Peer group comparisons

Financial risk

- Accounting
- Financial governance and policies/risk tolerance
- Cash flow adequacy
- Capital structure/asset protection
- Liquidity/short-term factors

6. We do not have any predetermined weights for these categories. The significance of specific factors varies from situation to situation.

Updated Matrix

7. We developed the matrix to make explicit the rating outcomes that are typical for various business risk/financial risk combinations. It illustrates the relationship of business and financial risk profiles to the issuer credit rating.

8. We tend to weight business risk slightly more than financial risk when differentiating among investment-grade ratings. Conversely, we place slightly more weight on financial risk for speculative-grade issuers (see table 1, again).

9. This version of the matrix represents a refinement--not any change in rating criteria or standards--and, consequently,

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no rating changes are expected. However, the expanded matrix should enhance the transparency of the analytical process.

Financial Benchmarks

Table 2

Financial Risk Indicative Ratios (Corporates)			
	FFO/Debt (%)	**Debt/EBITDA (x)**	**Debt/Capital (%)**
Minimal	greater than 60	less than 1.5	less than 25
Modest	45-60	1.5-2.0	25-35
Intermediate	30-45	2-3	35-45
Significant	20-30	3-4	45-50
Aggressive	12-20	4-5	50-60
Highly Leveraged	less than 12	greater than 5	greater than 60

How To Use The Matrix--And Its Limitations

10. The rating matrix indicative outcomes are what we typically observe--but are not meant to be precise indications or guarantees of future rating opinions. Positive and negative nuances in our analysis may lead to a notch higher or lower than the outcomes indicated in the various cells of the matrix.

11. In certain situations there may be specific, overarching risks that are outside the standard framework, e.g., a liquidity crisis, major litigation, or large acquisition. This often is the case regarding issuers at the lowest end of the credit spectrum--i.e., the 'CCC' category and lower. These ratings, by definition, reflect some impending crisis or acute vulnerability, and the balanced approach that underlies the matrix framework just does not lend itself to such situations.

12. Similarly, some matrix cells are blank because the underlying combinations are highly unusual--and presumably would involve complicated factors and analysis.

13. The following hypothetical example illustrates how the tables can be used to better understand our rating process (see tables 1 and 2).

14. We believe that Company ABC has a satisfactory business risk profile, typical of a low investment-grade industrial issuer. If we believed its financial risk were intermediate, the expected rating outcome should be within one notch of 'BBB'. ABC's ratios of cash flow to debt (35%) and debt leverage (total debt to EBITDA of 2.5x) are indeed characteristic of intermediate financial risk.

15. It might be possible for Company ABC to be upgraded to the 'A' category by, for example, reducing its debt burden to the point that financial risk is viewed as minimal. Funds from operations (FFO) to debt of more than 60% and debt to EBITDA of only 1.5x would, in most cases, indicate minimal financial risk.

16. Conversely, ABC may choose to become more financially aggressive--perhaps it decides to reward shareholders by

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borrowing to repurchase its stock. It is possible that the company may fall into the 'BB' category if we view its financial risk as significant. FFO to debt of 20% and debt to EBITDA of 4x would, in our view, typify the significant financial risk category.

17. Still, it is essential to realize that the financial benchmarks are guidelines, neither gospel nor guarantees. They can vary in nonstandard cases: For example, if a company's financial measures exhibit very little volatility, benchmarks may be somewhat more relaxed.

18. Moreover, our assessment of financial risk is not as simplistic as looking at a few ratios. It encompasses:

- A view of accounting and disclosure practices;
- A view of corporate governance, financial policies, and risk tolerance;
- The degree of capital intensity, flexibility regarding capital expenditures and other cash needs, including acquisitions and shareholder distributions; and
- Various aspects of liquidity--including the risk of refinancing near-term maturities.

19. The matrix addresses a company's standalone credit profile, and does not take account of external influences, which would pertain in the case of government-related entities or subsidiaries that in our view may benefit or suffer from affiliation with a stronger or weaker group. The matrix refers only to local-currency ratings, rather than foreign-currency ratings, which incorporate additional transfer and convertibility risks. Finally, the matrix does not apply to project finance or corporate securitizations.

Related Criteria And Research

- Principles Of Credit Ratings, Feb. 16, 2011
- Criteria Methodology: Business Risk/Financial Risk Matrix Expanded, May 27, 2009
- 2008 Corporate Ratings Criteria, April 15, 2008

20. These criteria represent the specific application of fundamental principles that define credit risk and ratings opinions. Their use is determined by issuer- or issue-specific attributes as well as Standard & Poor's Ratings Services' assessment of the credit and, if applicable, structural risks for a given issuer or issue rating. Methodology and assumptions may change from time to time as a result of market and economic conditions, issuer- or issue-specific factors, or new empirical evidence that would affect our credit judgment.

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The Raytown Water Company
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Selected Pro Forma Financial Ratios
for Raytown Water Company

Ratio Analysis	2020 [1]	2021 [1]	Pro Forma 2022 [1]	2023 [1]	2024 [1]	2025 [1]	S&P Benchmark Bounds for Minimal Financial Risk [2]	S&P Benchmark Bounds for Highly Leveraged Financial Risk [2]
Debt/EBITDA	1.19	0.24	0.25	0.19	0.14	0.11	Less than 1.5	5.00 x
Funds from Operations to Total Debt	70.62%	415.95%	410.59%	542.11%	717.35%	937.14%	Greater than 60%	12.00%
Total Debt to Total Capital:	6.61%	2.58%	2.09%	1.76%	1.69%	1.62%	Less than 25%	60.00%

Source:
1. Staff Data Request No. 0004.
2. Standard & Poor's RatingsDirect, "Criteria Methodology: Business Risk/Financial Risk MatrixExpanded", September 18, 2012.

Attachment 2

The Raytown Water Company
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Capital Structure ($)

Capital Component	As of 30-Sep 2020 [1]	2020 [2]	2021 [2]	Pro Forma 2022 [2]	2023 [2]	2024 [2]	2025 [2]
Common Equity [1,2]	$ 5,536,415	$ 5,373,900	$ 5,799,700	$ 6,059,900	$ 6,331,400	$ 6,614,400	$ 6,909,300
Preferred Stock [3]	$ -	$ -	$ 1,260,000	$ 2,940,000	$ 4,620,000	$ 5,040,000	$ 5,040,000
Long-Term Debt [1,2]	$ 185,000	$ 185,000	$ 185,000	$ 185,000	$ 185,000	$ 185,000	$ 185,000
Total	$ 5,721,415	$ 5,558,900	$ 7,244,700	$ 9,184,900	$ 11,136,400	$ 11,839,400	$ 12,134,300

Capital Structure (%)

Capital Component	As of 30-Sep 2020	2020	2021	Pro Forma 2022	2023	2024	2025
Common Equity	96.77%	96.67%	80.05%	65.98%	56.85%	55.87%	56.94%
Preferred Stock	0.00%	0.00%	17.39%	32.01%	41.49%	42.57%	41.54%
Long-Term Debt	3.23%	3.33%	2.55%	2.01%	1.66%	1.56%	1.52%

Note:
1. Staff's Data Request No. 0002
2. Staff's Data Request No. 0003
3. Staff's Data Request No. 0007

Attachment 3