

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

In the Matter of Missouri-American Water	)	
Company for Authority to Issue up to	)	Case No. _____
\$350,000,000 of Long-Term,	)	
Unsecured Debt	)	

**APPLICATION**

COMES NOW Missouri-American Water Company (hereinafter "Applicant") pursuant to §393.200 RSMo. 2000 and 4 CSR 240-2.060, 2.080, and 3.615, and for its Application to the Missouri Public Service Commission (hereinafter "Commission"), states that:

**The Applicant**

1. Applicant is a Missouri corporation with its principal office and place of business at 727 Craig Road, St. Louis, Missouri 63141. It is a wholly-owned subsidiary of American Water Works Company, Inc., ("AWW"). Applicant is qualified to conduct business as a public utility in the State of Missouri subject to the jurisdiction of the Commission as provided by law. A copy of Applicant's Certificate of Corporate Good Standing issued by the Missouri Secretary of State's Office addressing Applicant's corporate status was filed with the Commission in Case No. WF-2002-1096 and is incorporated herein by reference in accordance with Commission Rule 4 CSR 240-2.060(1)(G).

2. Applicant is engaged in the business of furnishing water service to approximately 466,000 accounts and wastewater services to approximately 13,000 accounts serving a total population of approximately 1,575,000 Missourians. These services are provided in approximately 160 communities located in 27 counties in the State of Missouri.

3. Applicant has no pending actions or final unsatisfied judgments or decisions against it from a state or federal agency or court that involves customer service or rates, which action, judgment or decision has occurred within three (3) years of date of this Application.

4. Applicant has no annual reports or assessment fees overdue or unpaid.

5. Communications in regard to this Application should be addressed to the undersigned counsel and:

Brian LaGrand  
Missouri-American Water Company  
727 Craig Road  
St. Louis, Missouri 63141  
(314) 996-2390  
[brian.lagrand@amwater.com](mailto:brian.lagrand@amwater.com)

### **Capitalization of Applicant**

6. Applicant has outstanding an Indenture of Mortgage dated May 1, 1968, and supplements thereto dated March 1, 1971; October 1, 1975; October 1, 1980; January 1, 1984; September 1, 1986; February 1, 1990; January 1, 1993; March 1, 1994; January 1, 1995; March 1, 1995; July 1, 1996; June 1, 1997; February 1, 1998; November 1, 1998; March 1, 2000; December 31, 2001; April 1, 2002; and December 1, 2006 by and between Applicant and U.S. Bank National Association (successor to Wachovia Bank, National Association, formerly First Union National Bank, formerly the Fidelity Bank). Applicant's original Indenture of Mortgage was approved by this Commission in an Order dated June 14, 1968, in Case No. 16,452. As of December 31, 2018; there was due under said Indenture of Mortgage \$23.5 million aggregate principal amount of General Mortgage Bonds. Said

Indenture of Mortgage, as supplemented and amended, constitutes a first mortgage lien against the property of Applicant described in the Indenture of Mortgage.

7. Applicant had outstanding \$623.4 million of long-term senior unsecured indebtedness with American Water Capital Corp. and \$0.5 million of redeemable preferred stock as of December 31, 2018.

8. Applicant had \$44.1 million in short-term unsecured indebtedness as of December 31, 2018.

9. Applicant's authorized capital stock consists of 100,000 shares of 9.18% cumulative preferential stock, \$100 par value, 5,000 shares of which, at December 31, 2018, are issued and outstanding under authority of this Commission; and 40,000,000 shares of common stock, without par value, 27,744,421 shares of which are issued and outstanding under authority of this Commission. Applicant's Restated Articles of Incorporation contain sufficient authorized shares of common stock so as to allow the issuance of approximately 12,250,000 shares of common stock, for an aggregate purchase price of \$100.0 million.

10. None of the outstanding stock, stock certificates or bonds, have been issued or used in capitalizing the right to be a corporation or any franchise or permit, or the right to run, operate or enjoy such franchise or permit, or any contract for consolidation or the lease, or issued against or as a lien upon any contract for consolidation or merger.

### **The Relief Requested From the Commission**

11. Applicant seeks the Commission's approval to engage in a variety of unsecured debt financings hereinafter described during an approximately three (3) year period following the effective date of the order approving Applicant's financing plan in this

case. Thus, Applicant requests that the Commission approval in this case, if granted, extend to December 31, 2021.

### **Applicant's Financing Plan**

#### **Taxable, Unsecured Debt Financing Through American Water Capital Corp.**

12. Pursuant to the terms of a Financial Services Agreement ("Agreement") with American Water Capital Corp. ("AWCC"), Applicant proposes to issue notes in one or more series evidencing up to \$350.0 million of long-term indebtedness payable to AWCC (the "New Long-Term Debt"). The notes evidencing the indebtedness will not be secured by a mortgage, lien, or encumbrance on Applicant's properties in the State of Missouri. A form of the note evidencing the New Long-Term Debt is attached here as **Appendix 1**.

13. The purpose and general terms of the Agreement as between Applicant and AWCC, a wholly-owned subsidiary of AWW and an affiliate of Applicant, were more particularly set forth in Applicant's Application to the Commission filed on May 30, 2002 and docketed as Case No. WF-2002-1096. These general descriptions and parameters can be found in paragraphs 13-25 of that Application.<sup>1</sup> In accordance with Commission Rule 4 CSR 240-3.615(1)(C), Applicant incorporates by reference the copy of the Agreement filed with the Commission as Appendix 2 to Applicant's Application in Case No. WF-2002-1096. As of the date of the filing of this Application, AWCC holds notes of Applicant evidencing \$623.4 million of long-term, unsecured indebtedness.

14. The New Long-Term Debt to be issued pursuant to the Agreement will be as promissory notes which will be determined based on market conditions applicable at

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<sup>1</sup> Applicant's financing program which was the subject of its Application in Case No. WF-2002-1096 was approved by the Commission in an Order Approving Financing dated August 30, 2002.

the time of issuance. The maturities will not exceed fifty (50) years at market interest rates. The interest rate for notes evidencing New Long Term Debt, including any applicable discounts, will bear interest at a rate consistent with similar securities of comparable credit quality and maturities issued by other companies.

#### **Water Infrastructure Finance and Innovation Act (“WIFIA”)**

15. The Company has been named a recipient of two WIFIA loans totaling \$187.0 million.<sup>2</sup> The first loan is \$84.0 million for St. Louis area water main replacement, and the second loan is \$103.0 million for the Joplin water supply reservoir. Both of these loans will be with AWCC who will enter into promissory notes with MAWC. Funding from these loans will occur as project spending occurs, and much of the borrowing will occur outside the 3 year authorization requested in this Application.

#### **Low Cost Financing through other Special Government Programs**

16. The Agreement with AWCC does not prohibit or restrict Applicant from borrowing from other parties or obtaining financial services from other parties whenever and on whatever terms it deems appropriate. From time to time, Applicant may have the opportunity to finance certain projects through special low cost government programs due to the special public benefits associated with those projects. Applicant may have the opportunity to obtain funding from the Missouri Department of Natural Resources (the “Department”) through its Water Pollution Control Program (the “Program”) in connection with certain water treatment or pollution control or improvement projects, which funding may provide low cost debt financing. Such borrowings and financings

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<sup>2</sup> <https://www.epa.gov/wifia/wifia-fy-2018-selected-projects-summary-factsheets>

would be made directly by Applicant outside of the AWCC arrangement described in paragraphs 12 through 14.

17. The State Revolving Fund (the “Fund”) is a program codified in Chapter 644 RSMo to administer capitalization grants deposited in a special revolving fund by the United States Environmental Protection Agency and the State of Missouri. The Fund is operated by the Program. The Fund is comprised of a number of subsidiary special funds such as the Drinking Water State Revolving Fund, the Clean Water State Revolving Fund, the Water and Wastewater Loan Fund, the Water and Wastewater Revolving Loan Fund and the Drinking Water Revolving Fund. Collectively they are available to provide financial assistance to municipalities and utilities for the construction and improvement of qualifying water and wastewater treatment facilities (hereinafter the “Qualifying Facilities”).

18. Fund assistance comes in the form of loans to applicants based on criteria set out in rules established by the Program, as approved by Missouri Clean Water Commission and the Safe Drinking Water Commission. Loans are available based upon availability of funds, predetermined lending limits and an applicant’s priority points award. Qualifying applicants provide loan security, subject to restrictions as a result of existing property liens, as determined by the Department. There is a direct loan component pursuant to which the Department may make or authorize low cost loans through the purchase of an applicant’s revenue bonds, short-term notes or other acceptable obligation for the planning, design and construction of Qualifying Facilities. From time to time, Applicant may make application to the Program for debt financing through the direct loan program available through the Fund.

### **Management of Interest Rate Risk**

19. By way of this Application, and with respect to the issuance of New Long-Term Debt, the Applicant respectfully requests authority to enter into agreements in order to use, at its discretion, derivative instruments such as interest rate swaps, treasury locks, forward-starting swaps, caps, collars or other derivatives to manage the risk associated with interest rate fluctuations and other financial exposures that may occur before the issuance of the New Long-Term Debt.

### **Use of Proceeds**

20. Applicant intends to apply the net proceeds from the New Long-Term Debt and indebtedness sourced through the Fund for the acquisition of property, the construction, completion, extension or improvements or additions to its facilities, other capital investments, all of which shall be necessary and proper for the rendition of public water supply and wastewater service, the improvement or maintenance of its service, the discharge or lawful refunding of indebtedness outstanding and to reimburse its treasury for any costs heretofore incurred. Some of the proceeds from the debt issuances will be used to replace maturing or other long-term debt at market rates and replace short-term borrowings accrued during the period of time Applicant's financing plan is in effect.

### **Regulatory Considerations**

21. This case is not likely to be a contested case within the meaning of Commission rule 4 CSR 240-4.020(2).

22. Applicant has no objection to the Commission's order approving this Application containing express language to the effect that its authorization is not a finding by the Commission of the appropriateness of the choice of financing options for ratemaking

purposes and, further, that the Commission reserves the right to consider the ratemaking treatment afforded the activities undertaken by the Applicant pursuant to its order in this case and their impact on the cost of capital in pending or subsequent rate proceedings.

### **Filing Requirements**

23. In accordance with Commission Rule 4 CSR 240-3.615(1)(D), attached hereto, marked **Appendix 2**, incorporated herein for all purposes, is a certified copy of the Resolutions of the Board of Directors of Applicant authorizing the issuance which is the subject of this Application and authorizing the filing of this Application.

24. Also attached hereto and incorporated herein by reference are the following appendices:

- a. **Appendix 3** - Listing of issued and outstanding bonds of Applicant;
- b. **Appendix 4** - Information regarding capital stock outstanding, bonded indebtedness and short-term indebtedness and other financial information including a balance sheet for the period ending December 31, 2017, and a financial statement with the adjustments showing the *pro forma* effect of the issuance of the \$350.0 million of New Long-Term Debt on bonded and other indebtedness. [See, 4 CSR 240-3.615(1)(E)].
- c. **Appendix 5** - Statement of Applicant's capital expenditures for the acquisition of property and the construction, completion, extension and improvement of its plant and system for the five (5) year period ending immediately prior to the filing of this Application, as well as the amount of retirements and permanent financing for the indicated, and a statement of Applicant's net property additions [See, 4 CSR 240-3.615(1)(G)].

25. The money, property or labor to be procured or paid by the issuance and sale of the New Long-Term Debt and indebtedness sourced through the Fund hereinabove described is reasonably required for the purposes specified in this Application and such purposes are not in whole or in part reasonably chargeable to operating expenses or to income.



### **Supplemental Reports of Financing Activity**

26. Promptly after the issuance and sale of each series of New Long-Term Debt, a report setting forth the amount, price information and other terms and provisions concerning long-term indebtedness incurred by Applicant and setting forth information concerning the use of the proceeds from any such issuance will be late filed as **Appendix 6** (a-x as applicable) hereto and made a part hereof for all purposes.

27. Each of Applicant's reports will include a statement identifying the portion of the issuance of long-term indebtedness, if any, that is subject to the fee schedule set forth in § 386.300 RSMo 2000, in accordance with 4 CSR 240-3.615(1)(F).

### **MOTION FOR WAIVER**

28. Rule 4 CSR 240-4.017(1) provides that "(a)ny person that intends to file a case shall file a notice with the secretary of the commission a minimum of sixty (60) days prior to filing such case." A notice was not filed 60 days prior to the filing of this Application, and Applicant seeks a waiver of the 60-day notice requirement.

29. Rule 4 CSR 240-4.017(1)(D) provides that a waiver may be granted for good cause. Good cause exists in this case. Applicant declares (as verified below) that it has had no communication with the office of the Commission (as defined by Commission Rule 4 CSR 240-4.015(10)) within the prior 150 days regarding any substantive issue likely to be in this case, other than those pleadings filed for record. Accordingly, for good cause shown, Applicant moves for a waiver of the 60-day notice requirement of Rule 4 CSR 240-4.017(1) and acceptance of this Application.

WHEREFORE, Applicant requests the Commission to issue an Order authorizing the Applicant of the Commission's approval to:

A. Create, issue, sell and deliver to AWCC and/or the Department or its lawful designee, in one or more series, notes evidencing long-term indebtedness, each such series of notes to be issued at such time, or from time-to-time, to be of such aggregate principal amount, having maturity of not more than fifty (50) years, the debt to AWCC bearing interest at a rate consistent with similar securities of comparable credit quality and maturities issued by other companies, and having such designation and such other terms and conditions as shall be determined by Applicant at the time of issuance, provided that the aggregate principal amount of all such series shall not exceed \$350.0 million;

B. Amortize any principal or discount expenses incident to the issuance of long-term indebtedness to AWCC or similar expenses related to debt issued to other lenders over the life thereof;

C. Enter into, execute, deliver and perform the necessary arrangements or other documents necessary to effectuate the transactions hereinabove described; and

D. Take such other actions as may be necessary to complete the subject transactions; and

Further ordering that the proceeds from the issuance and sale of the New Long-Term Debt, and indebtedness sourced through the Fund will be used by Applicant for the acquisition of property, the construction, completion, extension or improvement or addition to its facilities, the discharge or lawful refunding of obligations, the improvement of or maintenance of its service, and for other corporate purposes as hereinabove described;

Further ordering that the money, property or labor to be procured or paid for by the Applicant through the issuance and sale of the New Long-Term Debt and indebtedness sourced through the Fund is reasonably required and necessary for the purposes set forth and will be used therefore and such purposes are not, in whole or in part, reasonably chargeable to operating expense or to income, all as required by § 393.200 RSMo. 2000; and

Waiving for good cause shown the application of Commission rule 4 CSR 240-4.017(1) requirement for a sixty (60) day notice of intent to file.

Respectfully submitted,

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

Paul A. Boudreau, MBE# 33155  
BRYDON, SWEARENGEN & ENGLAND P.C.  
P.O. Box 456, 312 East Capitol Avenue  
Jefferson City, MO 65102-0456  
(573) 635-7166 telephone  
(573) 634-7431 facsimile  
paulb@brydonlaw.com

## **CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the above and foregoing document was electronically transmitted, sent by U.S. Mail, postage prepaid, or hand-delivered, on this 10th day of January, 2019, to:

**Missouri Public Service Commission**

General Counsel's Office  
Governor Office Building  
200 Madison Street, P.O Box 360  
Jefferson City, MO 65102

**Office of Public Counsel**

Governor Office Building  
200 Madison Street, P.O. Box 7800  
Jefferson City, MO 65102

A handwritten signature in black ink, appearing to read "Tim Luft", written over a horizontal line.

Timothy W. Luft

PROMISSORY NOTE  
FOR LONG-TERM BORROWINGS

\_\_\_\_\_% Maturity due \_\_\_\_\_, 20\_\_

\$ \_\_\_\_\_, 20\_\_

OR VALUE RECEIVED, **Missouri-American Water Company, a Missouri corporation** (herein "Borrower") hereby promises to pay to the order of American Water Capital Corp., a Delaware corporation ("Lender"), in same day funds at its offices at 1025 Laurel Oak Rd. Voorhees, NJ 08043 or such other place as Lender may from time to time designate, the principal sum of \_\_\_\_\_ (\$ \_\_\_\_\_), together with interest thereon from the date hereof until paid in full. Interest shall be charged on the unpaid outstanding principal balance hereof at a rate per annum, in accordance with the terms attached, a rate equal to or less than equal to the rate paid and to be paid by Lender with respect to the borrowings it made in order to provide funds to Borrower hereunder. Interest on borrowings shall be due and payable in immediately available funds on the same business day on which the Lender must pay interest on the borrowings it made in order to provide funds to the Borrower hereunder. The principal amount hereof shall be due and payable hereunder at such times and in such amounts and in such installments hereunder as the Lender must pay with respect to the borrowings it made in order to provide funds to the Borrower hereunder. Lender has provided Borrower with a copy of the documentation evidencing the borrowings made by Lender in order to provide funds to Borrower hereunder. In the absence of manifest error, such documentation and the records maintained by Lender of the amount and term, if any, of borrowings hereunder shall be deemed conclusive.

The occurrence of one or more of any of the following shall constitute an event of default hereunder:

(a) Borrower shall fail to make any payment of principal and/or interest due hereunder or under any other promissory note between Lender and Borrower within five business days after the same shall become due and payable, whether at maturity or by acceleration or otherwise;

(b) Borrower shall apply for or consent to the appointment of a receiver, trustee or liquidator of itself or any of its property, admit in writing its inability to pay its debts as they mature, make a general assignment for the benefit of creditors, be adjudicated a bankrupt or insolvent or file a voluntary petition in bankruptcy or a petition or an answer seeking reorganization or an arrangement with creditors or to take advantage of any bankruptcy, reorganization, insolvency, readjustment of debt, dissolution or liquidation of law or statute, or an answer admitting the material allegations of a petition filed against it in any proceeding under any such law, or if action shall be taken by Borrower for the purposes of effecting any of the foregoing; or

(c) Any order, judgment or decree shall be entered by any court of competent jurisdiction, approving a petition seeking reorganization of Borrower or all or a substantial part of the assets of Borrower, or appointing a receiver, trustee or liquidator of Borrower or any of its property, and such order, judgment or decree shall continue unstayed and in effect for any period of sixty (60) days.

Upon the occurrence of any event of default, the entire unpaid principal sum hereunder plus all interest accrued thereon plus all other sums due and payable to Lender hereunder shall, at the option of Lender, become due and payable immediately. In addition to the foregoing, upon the occurrence of any event of default, Lender may forthwith exercise singly, concurrently, successively or otherwise any and all rights and remedies available to Lender by law, equity, statute or otherwise.

Borrower hereby waives presentment, demand, notice of nonpayment, protest, notice of protest or other notice of dishonor in connection with any default in the payment of, or any enforcement of the payment of, all amounts due hereunder. To the extent permitted by law, Borrower waives the right to any stay of execution and the benefit of all exemption laws now or hereafter in effect.

Following the occurrence of any event of default, Borrower will pay upon demand all costs and expenses (including all amounts paid to attorneys, accountants, and other advisors employed by Lender), incurred by Lender in the exercise of any of its rights, remedies or powers hereunder with respect to such event of default, and any amount thereof not paid promptly following demand therefore shall be added to the principal sum hereunder and will bear interest at the contract rate set forth herein from the date of such demand until paid in full. In connection with and as part of the foregoing, in the event that this Note is placed in the hands of an attorney for the collection of any sum payable hereunder, Borrower agrees to pay reasonable attorneys' fees for the collection of the amount being claimed hereunder, as well as all costs, disbursements and allowances provided by law.

If for any reason one or more of the provisions of this Note or their application to any entity or circumstances shall be held to be invalid, illegal or unenforceable in any respect or to any extent, such provisions shall nevertheless remain valid, legal and enforceable in all such other respects and to such extent as may be permissible. In addition, any such invalidity, illegality or unenforceability shall not affect any other provisions of this Note, but this Note shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

This Note inures to the benefit of Lender and binds Borrower and Lender's and Borrower's respective successors and assigns, and the words "Lender" and "Borrower" whenever occurring herein shall be deemed and construed to include such respective successors and assigns.

This Promissory Note is one of the promissory notes referred to in the Financial Services Agreement dated as of June 15, 2000 between Borrower and Lender to which reference is made for a statement of additional rights and obligations of Lender and Borrower.

IN WITNESS WHEREOF, Borrower has executed this Promissory Note the day and year first written above.

Missouri-American Water Company

By: \_\_\_\_\_  
Name and Title:

**MISSOURI-AMERICAN WATER COMPANY**  
**Unanimous Consent of Directors**  
**(Without a Meeting)**

The undersigned, being all of the members of the Board of Directors (the “Board”) of Missouri-American Water Company, a Missouri corporation (the “Company”), do hereby consent, effective January 8, 2019, in lieu of a special meeting of the Company’s Board on that date, to the following actions:

WHEREAS, the Company has determined the necessity to raise additional capital by the issuance of notes evidencing up to Three Hundred Fifty Million Dollars (\$350,000,000) of long-term indebtedness; and

WHEREAS, the Company will file an application (the “Application”) with the Missouri Public Service Commission detailing the Proposed Transaction and seeking approval therefore; and

WHEREAS, a draft of the Application is attached hereto as Exhibit A and has been reviewed by the Board.

NOW, THEREFORE, BE IT

RESOLVED, that the Company be, and hereby is, authorized to take all actions reasonably prudent and necessary to consummate the Proposed transaction of the issuance of notes evidencing up to Three Hundred Fifty Million Dollars (\$350,000,000); and be it

FURTHER RESOLVED, that the Company be, and hereby is, authorized to execute, deliver and perform all of its obligations under all documents, agreements, certificates and/or other instruments that are necessary to consummate the Proposed Transactions (collectively, the “Transaction Documents”); and be it

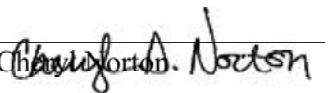
FURTHER RESOLVED, that the President and the Chief Financial Officer of the Company, or either of them individually, be and hereby are authorized and directed to (i) execute, attest and deliver, in the name of and on behalf of the Company, the Transaction Documents, with such changes thereto as deemed necessary or advisable by the President or the Chief Financial Officer to permit the consummation of the transactions contemplated thereby, and such execution shall be binding upon the Company, and (ii) take such other actions on behalf of the Company as the President or the Chief Financial Officer deems necessary to permit the consummation of the transactions contemplated therein and those

agreements, amendments, certificates and instruments necessary and incidental thereto; and be it

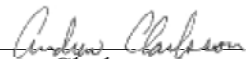
FURTHER RESOLVED, that this unanimous consent may be executed in several counterparts, each of which shall be deemed an original, but all of which shall constitute one (1) and the same unanimous consent and the signature of a Director to this unanimous consent may be sent by facsimile or other electronic transmission and shall be deemed to constitute an original and fully effective signature of such Director; and be it

FURTHER RESOLVED, that this consent be filed by the Secretary of the Company with its minutes.

**IN WITNESS WHEREOF**, the undersigned have executed this unanimous consent to be effective as of the day and year first above written.

  
Charles D. Norton

01.09.2019 7:32 AM

  
Andrew Clarkson

01.09.2019 8:05 AM



01.08.2019 4:12 PM

  
Jim Mathewson

01.09.2019 1:15 PM

  
Wayne Goode

01.09.2019 11:55 AM



**Exhibit A**

## Voting Results for Unanimous Consent

The signature vote has been passed. 5 votes are required to pass the vote, of which 0 must be independent.

<b>Vote Response</b>	<b>Count (%)</b>
For	5 (100%)
Against	0 (0%)
Abstained	0 (0%)
Not Cast	0 (0%)

## Voter Status

<b>Name</b>	<b>Vote</b>	<b>Voted On</b>
Clarkson, Andrew	For	01.09.2019 8:05 AM
Goode, Wayne	For	01.09.2019 11:55 AM
Mathewson, Jim	For	01.09.2019 1:15 PM
Norton, Cheryl	For	01.09.2019 7:32 AM
Werner, Brian	For	01.08.2019 4:12 PM

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OF THE STATE OF MISSOURI**

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case. Thus, Applicant requests that the Commission approval in this case, if granted, extend to December 31, 2021.

### **Applicant's Financing Plan**

#### **Taxable, Unsecured Debt Financing Through American Water Capital Corp.**

12. Pursuant to the terms of a Financial Services Agreement ("Agreement") with American Water Capital Corp. ("AWCC"), Applicant proposes to issue notes in one or more series evidencing up to \$350.0 million of long-term indebtedness payable to AWCC (the "New Long-Term Debt"). The notes evidencing the indebtedness will not be secured by a mortgage, lien, or encumbrance on Applicant's properties in the State of Missouri. A form of the note evidencing the New Long-Term Debt is attached here as **Appendix 1**.

13. The purpose and general terms of the Agreement as between Applicant and AWCC, a wholly-owned subsidiary of AWW and an affiliate of Applicant, were more particularly set forth in Applicant's Application to the Commission filed on May 30, 2002 and docketed as Case No. WF-2002-1096. These general descriptions and parameters can be found in paragraphs 13-25 of that Application.<sup>1</sup> In accordance with Commission Rule 4 CSR 240-3.615(1)(C), Applicant incorporates by reference the copy of the Agreement filed with the Commission as Appendix 2 to Applicant's Application in Case No. WF-2002-1096. As of the date of the filing of this Application, AWCC holds notes of Applicant evidencing \$623.4 million of long-term, unsecured indebtedness.

14. The New Long-Term Debt to be issued pursuant to the Agreement will be as promissory notes which will be determined based on market conditions applicable at

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<sup>1</sup> Applicant's financing program which was the subject of its Application in Case No. WF-2002-1096 was approved by the Commission in an Order Approving Financing dated August 30, 2002.

the time of issuance. The maturities will not exceed fifty (50) years at market interest rates. The interest rate for notes evidencing New Long Term Debt, including any applicable discounts, will bear interest at a rate consistent with similar securities of comparable credit quality and maturities issued by other companies.

#### **Water Infrastructure Finance and Innovation Act (“WIFIA”)**

15. The Company has been named a recipient of two WIFIA loans totaling \$187.0 million.<sup>2</sup> The first loan is \$84.0 million for St. Louis area water main replacement, and the second loan is \$103.0 million for the Joplin water supply reservoir. Both of these loans will be with AWCC who will enter into promissory notes with MAWC. Funding from these loans will occur as project spending occurs, and much of the borrowing will occur outside the 3 year authorization requested in this Application.

#### **Low Cost Financing through other Special Government Programs**

16. The Agreement with AWCC does not prohibit or restrict Applicant from borrowing from other parties or obtaining financial services from other parties whenever and on whatever terms it deems appropriate. From time to time, Applicant may have the opportunity to finance certain projects through special low cost government programs due to the special public benefits associated with those projects. Applicant may have the opportunity to obtain funding from the Missouri Department of Natural Resources (the “Department”) through its Water Pollution Control Program (the “Program”) in connection with certain water treatment or pollution control or improvement projects, which funding may provide low cost debt financing. Such borrowings and financings

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<sup>2</sup> <https://www.epa.gov/wifia/wifia-fy-2018-selected-projects-summary-factsheets>

would be made directly by Applicant outside of the AWCC arrangement described in paragraphs 12 through 14.

17. The State Revolving Fund (the “Fund”) is a program codified in Chapter 644 RSMo to administer capitalization grants deposited in a special revolving fund by the United States Environmental Protection Agency and the State of Missouri. The Fund is operated by the Program. The Fund is comprised of a number of subsidiary special funds such as the Drinking Water State Revolving Fund, the Clean Water State Revolving Fund, the Water and Wastewater Loan Fund, the Water and Wastewater Revolving Loan Fund and the Drinking Water Revolving Fund. Collectively they are available to provide financial assistance to municipalities and utilities for the construction and improvement of qualifying water and wastewater treatment facilities (hereinafter the “Qualifying Facilities”).

18. Fund assistance comes in the form of loans to applicants based on criteria set out in rules established by the Program, as approved by Missouri Clean Water Commission and the Safe Drinking Water Commission. Loans are available based upon availability of funds, predetermined lending limits and an applicant’s priority points award. Qualifying applicants provide loan security, subject to restrictions as a result of existing property liens, as determined by the Department. There is a direct loan component pursuant to which the Department may make or authorize low cost loans through the purchase of an applicant’s revenue bonds, short-term notes or other acceptable obligation for the planning, design and construction of Qualifying Facilities. From time to time, Applicant may make application to the Program for debt financing through the direct loan program available through the Fund.



### **Management of Interest Rate Risk**

19. By way of this Application, and with respect to the issuance of New Long-Term Debt, the Applicant respectfully requests authority to enter into agreements in order to use, at its discretion, derivative instruments such as interest rate swaps, treasury locks, forward-starting swaps, caps, collars or other derivatives to manage the risk associated with interest rate fluctuations and other financial exposures that may occur before the issuance of the New Long-Term Debt.

### **Use of Proceeds**

20. Applicant intends to apply the net proceeds from the New Long-Term Debt and indebtedness sourced through the Fund for the acquisition of property, the construction, completion, extension or improvements or additions to its facilities, other capital investments, all of which shall be necessary and proper for the rendition of public water supply and wastewater service, the improvement or maintenance of its service, the discharge or lawful refunding of indebtedness outstanding and to reimburse its treasury for any costs heretofore incurred. Some of the proceeds from the debt issuances will be used to replace maturing or other long-term debt at market rates and replace short-term borrowings accrued during the period of time Applicant's financing plan is in effect.

### **Regulatory Considerations**

21. This case is not likely to be a contested case within the meaning of Commission rule 4 CSR 240-4.020(2).

22. Applicant has no objection to the Commission's order approving this Application containing express language to the effect that its authorization is not a finding by the Commission of the appropriateness of the choice of financing options for ratemaking

purposes and, further, that the Commission reserves the right to consider the ratemaking treatment afforded the activities undertaken by the Applicant pursuant to its order in this case and their impact on the cost of capital in pending or subsequent rate proceedings.

### **Filing Requirements**

23. In accordance with Commission Rule 4 CSR 240-3.615(1)(D), attached hereto, marked **Appendix 2**, incorporated herein for all purposes, is a certified copy of the Resolutions of the Board of Directors of Applicant authorizing the issuance which is the subject of this Application and authorizing the filing of this Application.

24. Also attached hereto and incorporated herein by reference are the following appendices:

- a. **Appendix 3** - Listing of issued and outstanding bonds of Applicant;
- b. **Appendix 4** - Information regarding capital stock outstanding, bonded indebtedness and short-term indebtedness and other financial information including a balance sheet for the period ending December 31, 2017, and a financial statement with the adjustments showing the *pro forma* effect of the issuance of the \$350.0 million of New Long-Term Debt on bonded and other indebtedness. [See, 4 CSR 240-3.615(1)(E)].
- c. **Appendix 5** - Statement of Applicant's capital expenditures for the acquisition of property and the construction, completion, extension and improvement of its plant and system for the five (5) year period ending immediately prior to the filing of this Application, as well as the amount of retirements and permanent financing for the indicated, and a statement of Applicant's net property additions [See, 4 CSR 240-3.615(1)(G)].

25. The money, property or labor to be procured or paid by the issuance and sale of the New Long-Term Debt and indebtedness sourced through the Fund hereinabove described is reasonably required for the purposes specified in this Application and such purposes are not in whole or in part reasonably chargeable to operating expenses or to income.

### **Supplemental Reports of Financing Activity**

26. Promptly after the issuance and sale of each series of New Long-Term Debt, a report setting forth the amount, price information and other terms and provisions concerning long-term indebtedness incurred by Applicant and setting forth information concerning the use of the proceeds from any such issuance will be late filed as **Appendix 6** (a-x as applicable) hereto and made a part hereof for all purposes.

27. Each of Applicant's reports will include a statement identifying the portion of the issuance of long-term indebtedness, if any, that is subject to the fee schedule set forth in § 386.300 RSMo 2000, in accordance with 4 CSR 240-3.615(1)(F).

### **MOTION FOR WAIVER**

28. Rule 4 CSR 240-4.017(1) provides that "(a)ny person that intends to file a case shall file a notice with the secretary of the commission a minimum of sixty (60) days prior to filing such case." A notice was not filed 60 days prior to the filing of this Application, and Applicant seeks a waiver of the 60-day notice requirement.

29. Rule 4 CSR 240-4.017(1)(D) provides that a waiver may be granted for good cause. Good cause exists in this case. Applicant declares (as verified below) that it has had no communication with the office of the Commission (as defined by Commission Rule 4 CSR 240-4.015(10)) within the prior 150 days regarding any substantive issue likely to be in this case, other than those pleadings filed for record. Accordingly, for good cause shown, Applicant moves for a waiver of the 60-day notice requirement of Rule 4 CSR 240-4.017(1) and acceptance of this Application.

WHEREFORE, Applicant requests the Commission to issue an Order authorizing the Applicant of the Commission's approval to:

A. Create, issue, sell and deliver to AWCC and/or the Department or its lawful designee, in one or more series, notes evidencing long-term indebtedness, each such series of notes to be issued at such time, or from time-to-time, to be of such aggregate principal amount, having maturity of not more than fifty (50) years, the debt to AWCC bearing interest at a rate consistent with similar securities of comparable credit quality and maturities issued by other companies, and having such designation and such other terms and conditions as shall be determined by Applicant at the time of issuance, provided that the aggregate principal amount of all such series shall not exceed \$350.0 million;

B. Amortize any principal or discount expenses incident to the issuance of long-term indebtedness to AWCC or similar expenses related to debt issued to other lenders over the life thereof;

C. Enter into, execute, deliver and perform the necessary arrangements or other documents necessary to effectuate the transactions hereinabove described; and

D. Take such other actions as may be necessary to complete the subject transactions; and

Further ordering that the proceeds from the issuance and sale of the New Long-Term Debt, and indebtedness sourced through the Fund will be used by Applicant for the acquisition of property, the construction, completion, extension or improvement or addition to its facilities, the discharge or lawful refunding of obligations, the improvement of or maintenance of its service, and for other corporate purposes as hereinabove described;

Further ordering that the money, property or labor to be procured or paid for by the Applicant through the issuance and sale of the New Long-Term Debt and indebtedness sourced through the Fund is reasonably required and necessary for the purposes set forth and will be used therefore and such purposes are not, in whole or in part, reasonably chargeable to operating expense or to income, all as required by § 393.200 RSMo. 2000; and

Waiving for good cause shown the application of Commission rule 4 CSR 240-4.017(1) requirement for a sixty (60) day notice of intent to file.

Respectfully submitted,

Timothy W. Luft, MBE# 40506  
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(573) 634-7431 facsimile  
paulb@brydonlaw.com

**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the above and foregoing document was electronically transmitted, sent by U.S. Mail, postage prepaid, or hand-delivered, on this \_\_\_\_ day of \_\_\_\_\_, to:

Missouri Public Service Commission  
General Counsel's Office  
Governor Office Building  
200 Madison Street, P.O Box 360  
Jefferson City, MO 65102

Office of Public Counsel  
Governor Office Building  
200 Madison Street, P.O. Box 7800  
Jefferson City, MO 65102

\_\_\_\_\_  
Timothy W. Luft

**Missouri-American Water Company**  
**Cost of Long-Term Debt at December 31, 2018**

<u>Subledger</u>	<u>Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Principal Outstanding</u>	<u>Unamortized Issuance Expense</u>	<u>Monthly Amortization Issuance Expense</u>	<u>Unamortized Debt Discount</u>	<u>Monthly Amortization Debt Discount</u>	<u>Carrying Value</u>	<u>Annual Amortization Issuance Expense</u>	<u>Annual Amortization Debt Discount</u>	<u>Annual Interest Expense</u>	<u>Total Cost</u>
BD170043	4.200%	08/09/18	09/01/48	\$45,000,000	\$463,563	\$1,302	\$24,052	\$68	\$44,512,385	\$15,624	\$811	\$1,890,000	\$1,906,435
BD170042	2.950%	09/13/17	09/01/27	12,646,633	316,972	3,047	36,057	348	12,293,604	36,567	4,175	373,076	413,817
BD170041	3.750%	07/15/17	07/15/47	70,000,000	695,046	2,020	204,639	598	69,100,315	24,241	7,171	2,625,000	2,656,412
BD170040	4.000%	11/17/16	12/01/46	107,480,000	1,049,442	3,132	831,140	2,481	105,599,418	37,584	29,769	4,299,200	4,366,554
BD170039	4.300%	08/13/15	09/01/45	50,000,000	465,369	1,454	583,762	1,843	48,950,870	17,448	22,111	2,150,000	2,189,559
BD170005	7.790%	06/01/97	06/01/27	8,000,000	31,972	316			7,968,028	3,796	0	623,200	626,996
BD170006	8.580%	04/21/95	03/01/25	3,000,000	15,996	216			2,984,004	2,592	0	257,400	259,992
BD170007	7.140%	03/16/94	03/01/34	12,500,000	126,951	697			12,373,049	8,367	0	892,500	900,867
BD170018	6.593%	10/22/07	10/15/37	103,000,000	651,129	2,887			102,348,871	34,645	0	6,790,790	6,825,435
BD170019	6.550%	08/01/08	05/31/23	70,000,000	77,048	1,467			69,922,952	17,599	0	4,585,000	4,602,599
BD170021	5.050%	11/21/11	10/15/37	25,000,000	0	0			25,000,000	0	0	1,262,500	1,262,500
BD170024	4.925%	06/11/12	10/15/37	18,292,000	0	0			18,292,000	0	0	900,881	900,881
BD170025	4.925%	06/11/12	10/15/37	10,944,000	0	0			10,944,000	0	0	538,992	538,992
BD170028	4.900%	07/02/12	10/15/37	2,331,000	0	0			2,331,000	0	0	114,219	114,219
BD170029	4.900%	07/02/12	10/15/37	10,364,000	0	0			10,364,000	0	0	507,836	507,836
BD170030	4.900%	07/02/12	10/15/37	13,081,000	0	0			13,081,000	0	0	640,969	640,969
BD170031	4.900%	07/02/12	10/15/37	22,712,000	0	0			22,712,000	0	0	1,112,888	1,112,888
BD170036	4.300%	12/17/12	12/01/42	15,000,000	122,130	425	21,766	76	14,856,104	5,105	910	645,000	651,015
BD170037	3.400%	07/31/13	12/21/21	9,000,000	0	0			9,000,000	0	0	306,000	306,000
BD170038	3.850%	11/20/13	03/01/24	25,000,000	98,379	1,585	50,158	809	24,851,462	19,020	9,703	962,500	991,223
BD170008	5.500%	05/18/93	01/01/23	0	51,923	1,082			(51,923)	12,981	0	0	12,981
BD170009	5.000%	02/01/98	02/01/28	0	137,208	608			(137,208)	7,302	0	0	7,302
BD170010	5.850%	07/26/96	07/01/26	0	111,664	1,241			(111,664)	14,889	0	0	14,889
BD170011	5.000%	11/01/98	11/30/28	0	0	0			0	0	0	0	0
BD170013	5.900%	03/01/00	03/01/30	0	650,687	2,886			(650,687)	34,626	0	0	34,626
BD170014	5.200%	04/01/02	04/01/32	0	0	0			0	0	0	0	0
BD170017	4.600%	12/19/16	12/01/46	0	948,721	2,832			(948,721)	33,981	0	0	33,981
BD170020	8.250%	02/04/09	12/01/38	0	420,105	6,772			(420,105)	81,267	0	0	81,267
BD350006 - Q	0.000%	01/01/05	11/30/29	0	311,125	2,375			(311,125)	28,500	0	0	28,500
BD350007 - R	0.000%	01/01/05	01/31/21	0	137,950	5,518			(137,950)	66,216	0	0	66,216
BD350008 - S	0.000%	01/01/05	01/31/21	0	200,651	5,423			(200,651)	65,076	0	0	65,076
BD350009 - T	5.500%	02/01/93	02/01/23	0	106,181	2,167			(106,181)	26,003	0	0	26,003
BD350010 - U	5.700%	06/01/95	06/01/25	0	126,627	1,645			(126,627)	19,734	0	0	19,734
BD350011 - V	5.500%	11/01/96	11/01/26	0	248,732	2,646			(248,732)	31,753	0	0	31,753
BD350013 - X	5.100%	03/01/98	03/01/28	0	0	0			0	0	0	0	0
BD350014 - Y	5.000%	03/01/99	03/01/29	0	682,645	3,027			(682,645)	36,327	0	0	36,327
				<u>\$633,350,633</u>	<u>\$8,248,215</u>	<u>\$56,770</u>	<u>\$1,751,574</u>	<u>\$6,221</u>	<u>\$623,350,844</u>	<u>\$681,244</u>	<u>\$74,650</u>	<u>\$31,477,951</u>	<u>\$32,233,844</u>

Cost of Long-Term Debt = [Total Cost / Carrying Value]

5.17%

**Missouri - American Water Company**  
**Balance Sheet as of December 31, 2017 and Pro Forma**  
**Giving Effect as of 12/31/2017 of the Proposed Financing**

	<u>Per Books</u>	<u>Proposed</u> <u>Financings</u>	<u>Pro Forma</u>
1 Utility Plant	2,428,588,203	337,500,000 (1)	2,766,088,203
2 Accumulated Provisions for Depreciation and Amortization	(543,314,815)		(543,314,815)
3 Utility Plant Acquisition Adjustments (net)	6,288,800		6,288,800
4 Total Net Utility Plant	1,891,562,188	337,500,000	2,229,062,188
5			
6 Nonutility Property	15,000		15,000
7 Other Investments	849,203		849,203
8 Total Other Property and Investments	864,203	-	864,203
9			-
10 Cash	1,291,667		1,291,667
11 Special Deposits	2,752		2,752
12 Working Funds	1,852		1,852
13 Notes and Accounts Receivable	26,275,269		26,275,269
14 Accumulated Provision for Uncollectible Accounts	(3,006,540)		(3,006,540)
15 Receivable from Associated Companies	175,931		175,931
16 Materials and Supplies	5,877,975		5,877,975
17 Prepayments	947,614		947,614
18 Accrued Utility Revenues	25,132,169		25,132,169
19 Miscellaneous Current and Accrued Assets	919,582		919,582
20 Total Current and Accrued Assets	57,618,271	-	57,618,271
21			
22 Unamortized Debt Discount and Expense	8,371,091	3,500,000 (2)	11,871,091
23 Miscellaneous Deferred Debits	61,791,677		61,791,677
24 Total Deferred Debits	70,162,768	3,500,000	73,662,768
25			
26 Total Assets	2,020,207,430	341,000,000	2,361,207,430
27			
28 Common Stock Issued	95,994,075		95,994,075
29 Preferred Stock Issued	750,000		750,000
30 Other Paid in Capital	321,073,183		321,073,183
31 Capital Stock Expense	(19,426)		(19,426)
32 Retained Earnings	227,794,924		227,794,924
33 Total Equity Capital	645,592,756	-	645,592,756
34			
35 Bonds LESS Reacquired Bonds	586,549,272	341,000,000 (3)	927,549,272
36 Total Long Term Debt	586,549,272	341,000,000	927,549,272
37			
38 Accounts Payable	48,707,622	(4) (5)	48,707,622
39 Payables to Associated Companies	23,870,023		23,870,023
40 Taxes Accrued	3,987,488		3,987,488
41 Interest Accrued	5,944,564		5,944,564
42 Tax Collections Payable	1,339,225		1,339,225
43 Miscellaneous Current and Accrued Liabilities	16,053,975		16,053,975
44 Total Current and Accrued Liabilities	99,902,897	-	99,902,897
45			
46 Advances for Construction	21,088,707		21,088,707
47 Other Deferred Credits	200,175,415		200,175,415
48 Accumulated Deferred Investment Tax Credits	2,847,203		2,847,203
49 Accumulated Deferred Income Taxes	206,075,556		206,075,556
50 Total Deferred Credits	430,186,881	-	430,186,881
51			
52 Operating Reserves	637,480	-	637,480
53			
54 Contributions in Aid of Construction	257,337,935	-	257,337,935
55			
56 Total Capital and Liabilities	2,020,207,221	341,000,000	2,361,207,221



**Missouri - American Water Company  
Balance Sheet as of December 31, 2017 and Pro Forma  
Giving Effect as of 12/31/2017 of the Proposed Financing**

**Narrative Description of Adjustments**

1	(1) Utility Plant	
2	Estimated additional capital expenditures through December 2021, net of internally generated funds	337,500,000
3		
4	(2) Debt and Preferred Stock Expenses	
5	Recording entry for debt issuance expense at estimated 1.0% of notional amount to be amortized	3,500,000
6	over life of proposed long-term debt	
7		
8	(3) Long-Term Debt	
9	Proposed additional long-term debt through 2021, net of \$9 million in maturities in 2021	341,000,000
10		
11	(4) Short-Term Debt	
12	Payment of Debt Issuance Expense	3,500,000
13		
14	(5) Short-Term Debt	
15	Payment of Debt Issuance Cost refinanced through proposed Long Term Debt , resulting in \$0 net effect	(3,500,000)

**Missouri - American Water Company**  
**Statement of Income for the Twelve Months Ended December 31, 2017 and Pro Forma**  
**Giving Effect of the Proposed Financing**

	<u>Per Books*</u>	<u>Proposed</u> <u>Financings</u>	<u>Pro Forma</u>
1 Operating Revenues	289,427,008		289,427,008
2			
3 Operation Expense	113,416,052		113,416,052
4 Maintenance Expense	11,945,302		11,945,302
5 Depreciation Expense	38,245,195		38,245,195
6 Amortization of Limited Term/Other Utility Plant	(5,176,241)		(5,176,241)
7 Amortization of Utility Plant Acquisition Adjustments	6,218,891		6,218,891
8 Amortization of Property Losses	160,403		160,403
9 Taxes Other Than Income Taxes - Utility Operating Income	23,968,726	5,062,500 (1)	29,031,226
10 Income Taxes, Utility Operating Income	(16,523,912)	(4,181,513) (2) (3)	(20,705,425)
11 Provision for Deferred Income Taxes -Utility Operating Income	47,336,596		47,336,596
12 Investment Tax Credits-Utility Operations, Restored to Operating Income	(106,662)		(106,662)
13 Total Operating Expenses	219,484,350	880,988	220,365,338
14			
15 Total Net Utility Operating Income	69,942,658	(880,988)	69,061,671
16			
17 Nonutility Operating Income	308,203		308,203
18 Interest and Dividend Income (Net)	2,799		2,799
19 Allowance for Funds Used During Construction	3,105,337		3,105,337
20 Gains(Losses) from Disposition of Non-Utility Property	3,118,760		3,118,760
21 Total Other Income	6,535,099	-	6,535,099
22			
23 Miscellaneous Amortization	324,535		324,535
24 Miscellaneous Income Deductions	119,049		119,049
25 Total Other Income Deductions	443,584	-	443,584
26			
27 Income Taxes, Other Income and Deductions	(803,799)		(803,799)
28 Total Taxes on other Income and Deductions	(803,799)	-	(803,799)
29			
30 Net Other Income and Deductions	6,895,314	-	6,895,314
31			
32 Interest on Long Term Debt	29,680,898	15,345,000 (4)	45,025,898
33 Amortization of Debt Discount and Expense	987,626	350,000 (5)	1,337,626
34 Other Interest	400,280		400,280
35 Total Interest Charges	31,068,804	15,695,000	46,763,804
36			
37 Net Income	45,769,168	(16,575,988)	29,193,181

**Missouri - American Water Company**  
**Statement of Income for the Twelve Months Ended December 31, 2017 and Pro Forma**  
**Giving Effect as of 12/31/2017 of the Proposed Financing**

**Narrative Description of Adjustments**

1	(1) Property & Payroll Taxes	
2	Record property tax effect at lended rate of 1.50% on the estimated additional capital expenditures	5,062,500
3		
4	(2) State Income Taxes	
5	Record state income tax effect at 6.25% on the proposed new financings	(959,063)
6		
7	(3) Federal Income Taxes	
8	Record federal income tax effect at 21% on the proposed new financings	(3,222,450)
9		
10	(4) Interest on Long-Term Debt	
11	Annualize interest expense for Long-Term Debt outstanding after issuing proposed new financings	15,345,000
12		
13	(5) Amortization of Debt Expense	
14	Annualize amortization of debt expense for Long-Term Debt outstanding after issuing proposed Long-Term Debt	350,000

**Missouri - American Water Company**  
**Calculation of Coverage Ratios**  
**Per Books and Pro Forma Giving Effect of the Proposed Financing**

	<u>Per Books</u>	<u>Proposed Financings</u>	<u>Pro Forma</u>
1 <b>Funds from operations / interest coverage</b>			
2			
3 <b><u>Funds from operations</u></b>			
4 Net Income from continuing operations	45,769,168	(16,575,988)	29,193,181
5 Depreciation and Amortization	39,448,248		39,448,248
6 Deferred Income Taxes	47,336,596		47,336,596
7			
8 <b><u>Other non-cash items</u></b>			
9 Amortization - Miscellaneous	324,535		324,535
10 Amortization of Debt Expense	987,626	350,000	1,337,626
11 Allowance for Funds Used			
12 During Construction	(2,370,320)		(2,370,320)
13 Allowance for Borrowed Funds Used			
14 During Construction	(735,017)		(735,017)
15 <b>Funds from operations</b>	<u>130,760,836</u>	<u>(16,225,988)</u>	<u>114,534,848</u>
16			
17 <b><u>Interest Expense</u></b>			
18 Interest Expense on Long Term Debt	29,680,898	15,345,000	45,025,898
19 Interest on Short-Term Debt	400,280	-	400,280
20			
21 <b>Total Interest Expense</b>	<u>30,081,178</u>	<u>15,345,000</u>	<u>45,426,178</u>
22			
23			
24 <b>Funds from operations / interest coverage</b>	<u>4.35x</u>		<u>2.52x</u>
25			
26			
27 <b>Funds from operations / total debt ( %)</b>			
28			
29 <b><u>Total Debt</u></b>			
30 Long Term Debt (including preferred stock)	587,299,272	341,000,000	928,299,272
31 Bank Debt - Pending Issuance of Securities	48,707,622	-	48,707,622
32			
33 <b>Total Debt</b>	<u>636,006,894</u>	<u>341,000,000</u>	<u>977,006,894</u>
34			
35 <b>Funds from operations / total debt %</b>	<u>20.56%</u>		<u>11.72%</u>
36			
37 <b>Total debt / total capital (%)</b>			
38			
39 <b><u>Total Capital</u></b>			
40 Total Debt	636,006,894	341,000,000	977,006,894
41 Total Common Equity	645,592,756		645,592,756
42			
43 <b>Total Capital</b>	<u>1,281,599,650</u>	<u>341,000,000</u>	<u>1,622,599,650</u>
44			
45 <b>Total debt / total capital</b>	<u>49.63%</u>		<u>60.21%</u>

	2013										
	Opening Balance	Property Acquired	Additions	Other Debits*	Depreciation Expense		Write Down	Reclass-ification	Other Credits*	Property Sold	Closing Balance
					Charged to Depr Expense	Charged to Other Accts*					
Utility Plant Adjustments											
UPAA (11430000)	(139,864)	-	-	-	-	-	-	-	-	-	(139,864)
UPAA Accumulated Depr (11435000)	13,821	-	-	-	3,455	-	-	-	-	-	17,276
Total Utility Plant Adjustments (B04)	(126,041)	-	-	-	3,455	-	-	-	-	-	(122,588)





**Utility Plant, CWIP & Accumulated Depreciation Rollforward**  
**Company #1017-Missouri American Water Co**

	2016									
	Opening Balance 1/1/2016	Property Acquired	Additions	Retirements		Reclass-ification	Other Debits / (Credits)*	CWIP Transfers	Property Sold	Closing Balance 12/31/2016
				Accumulated Reserve	Income					
<b>Utility Plant</b>										
<b>UP Water</b>										
Land & Non Depreciable (101,106)	10,867,030	25,840	-	-	-	20,176	4,257	(20,458)	(103,182)	10,793,663
Source of Supply (101,106)	54,604,519	130,399	-	(286,829)	-	22,129	29,640	909,953	-	55,409,810
Treatment & Pumping (101,106)	319,536,458	164,676	-	(4,299,670)	-	(675,097)	(34,332)	44,518,952	-	359,210,987
Transmission & Distribution (101,106)	1,275,009,608	1,042,476	-	(2,366,090)	-	1,019,375	435	46,759,531	-	1,321,465,335
Services, Meters, Hydrants (101,106)	245,756,020	179,705	-	(2,882,989)	-	20,054	-	29,749,513	-	272,822,303
Miscellaneous (101,106)	122,608,068	6,797	-	(1,499,742)	-	(406,636)	-	20,039,559	-	140,748,045
Purchased Not Classified (104)	-	9,500	-	-	-	-	(9,500)	-	-	-
Not Classified (10190000)	367,437	-	-	-	-	-	-	-	-	367,437
Future Use (103)	-	-	-	-	-	-	-	-	-	-
Utility Plant (Capital Lease) (102)	-	-	-	-	-	-	-	-	-	-
<b>UP Wastewater</b>	-									
Land & Non Depreciable (WW) (101)	334,575	83,280	-	-	-	-	-	-	-	417,855
All Other (WW) (101)	58,589,481	4,644,646	-	(528,424)	-	-	-	1,731,976	-	64,437,679
<b>Total Utility Plant (B01)</b>	<b>2,087,673,196</b>	<b>6,287,318</b>	<b>-</b>	<b>(11,863,746)</b>	<b>-</b>	<b>-</b>	<b>(9,500)</b>	<b>143,689,027</b>	<b>(103,182)</b>	<b>2,225,673,114</b>

	2016									
	Opening Balance	Property Acquired	Additions			Reclass-ification	Other Debits / (Credits)*	CWIP Transfers	Property Sold	Closing Balance
			Cash	Non Cash CAC & CIAC	Non Cash CapEx Accrual					
CWIP										
UP CWIP Water										
Land & Non Depreciable (107)	424,239		823,436	-	(579,142)	-	-	20,458	-	688,992
Source of Supply (107)	3,795,312		(1,287,454)	-	(723,187)	-	(5,591)	(909,953)	-	869,126
Treatment & Pumping (107)	44,141,990		13,374,812	-	(5,933,290)	-	(45,158)	(44,518,952)	-	7,019,400
Transmission & Distribution (107)	4,616,911		58,295,269	5,750,578	(14,727,675)	-	(45,868)	(46,759,531)	-	7,129,684
Services, Meters, Hydrants (107)	51,199		34,067,572	-	(4,136,024)	-	(1,491)	(29,749,513)	-	231,742
Miscellaneous (107)	10,922,082		18,918,738	-	(6,780,985)	-	(717,223)	(20,039,559)	-	2,303,053
UP CWIP Wastewater	-									
Land & Land Rights (WW) (107)	0		-	-	-	-	-	-	-	0
All Other (WW) (107)	311,328		3,816,775	-	(1,497,707)	-	(301,339)	(1,731,976)	-	597,081
Total CWIP (B02)	64,263,060		128,009,149	5,750,578	(34,378,010)	-	(1,116,671)	(143,689,027)	-	18,839,078

	2016								
	Opening Balance	Property Acquired	Depreciation Expense		Retirements	Reclass-ification	Other Debits / (Credits)*	Salvage Transfers from RWIP	Property Sold
			Charged to Depr Expense	Charged to Other Accts*					
Utility Plant Accumulated Depreciation									
UPIS Reserve (108)	(447,516,898)	(3,099,923)	(36,437,911)	(655,890)	11,863,746	-	3	(491,494)	(476,338,368)
Not Classified (10810000)	(152,076)	-	(6,612)	-	-	-	-	-	(158,688)
<b>Total Accumulated Depreciation (B03)</b>	<b>(447,668,974)</b>	<b>(3,099,923)</b>	<b>(36,444,523)</b>	<b>(655,890)</b>	<b>11,863,746</b>	<b>-</b>	<b>3</b>	<b>(491,494)</b>	<b>(476,497,056)</b>

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**Utility Plant, CWIP & Accumulated Depreciation Rollforward**  
**Company #1017-Missouri American Water Co**

	2017									
	Opening Balance 1/1/2017	Property Acquired	Additions	Retirements		Reclass-ification	Other Debits / (Credits)*	CWIP Transfers	Property Sold	Closing Balance 12/31/2017
				Accumulated Reserve	Income					
<b>Utility Plant</b>										
<b>UP Water</b>										
Land & Non Depreciable (101,106)	10,793,663	29,506	-	-	-	(44,472)	-	803,482	(439)	11,581,740
Source of Supply (101,106)	55,409,811	193,182	-	(132,983)	-	-	-	820,001	-	56,290,012
Treatment & Pumping (101,106)	359,210,987	878,559	-	(1,134,743)	-	-	-	54,861,784	-	413,816,587
Transmission & Distribution (101,106)	1,321,465,335	3,501,017	-	(3,088,988)	-	-	-	80,041,019	-	1,401,918,382
Services, Meters, Hydrants (101,106)	272,822,302	212,255	-	(1,637,084)	-	-	-	27,615,248	-	299,012,722
Miscellaneous (101,106)	140,748,046	4,500	-	(1,510,910)	-	-	-	24,569,005	-	163,810,640
Purchased Not Classified (104)	-	-	-	-	-	-	-	-	-	-
Not Classified (10190000)	367,437	-	-	-	-	-	-	-	-	367,437
Future Use (103)	-	-	-	-	-	44,472	(44,472)	-	-	-
Utility Plant (Capital Lease) (102)	-	-	-	-	-	-	-	-	-	-
<b>UP Wastewater</b>										
Land & Non Depreciable (WW) (101)	417,855	14,694	-	-	-	-	-	-	-	432,549
All Other (WW) (101)	64,437,679	5,881,645	-	(177,313)	-	-	-	2,834,708	-	72,976,719
<b>Total Utility Plant (B01)</b>	<b>2,225,673,115</b>	<b>10,715,358</b>	<b>-</b>	<b>(7,682,021)</b>	<b>-</b>	<b>-</b>	<b>(44,472)</b>	<b>191,545,246</b>	<b>(439)</b>	<b>2,420,206,787</b>

	2017									
	Opening Balance	Property Acquired	Additions			Reclass-ification	Other Debits / (Credits)*	CWIP Transfers	Property Sold	Closing Balance
			Cash	Non Cash CAC & CIA	Non Cash CapEx Accrual					
CWIP										
UP CWIP Water										
Land & Non Depreciable (107)	688,992	-	162,127	-	127,844	(175,481)	-	(803,482)	-	0
Source of Supply (107)	869,126	-	804,028	-	531,940	(1,153,277)	70,397	(820,001)	-	302,213
Treatment & Pumping (107)	7,019,400	-	43,875,896	-	4,840,999	81,195	287,132	(54,861,784)	-	1,242,839
Transmission & Distribution (107)	7,129,684	-	65,356,125	3,924,018	4,347,183	1,018,459	526,094	(80,041,019)	-	2,260,543
Services, Meters, Hydrants (107)	231,743	-	27,096,392	-	154,136	186,777	16,313	(27,615,248)	-	70,115
Miscellaneous (107)	2,303,053	-	20,034,928	-	5,263,602	42,328	935,478	(24,569,005)	-	4,010,384
UP CWIP Wastewater										
Land & Land Rights (WW) (107)	-	-	-	-	-	-	-	-	-	-
All Other (WW) (107)	597,081	-	2,033,294	-	699,442	-	-	(2,834,708)	-	495,110
Total CWIP (B02)	18,839,080	-	159,362,790	3,924,018	15,965,147	0	1,835,414	(191,545,246)	-	8,381,203

	2017									
	Opening Balance	Property Acquired	Depreciation Expense		Retirements	Reclass-ification	Other Debits / (Credits)*	Salvage	Property Sold	Closing Balance
			Charged to Depr Expense	Charged to Other Accts*				Transfers from RWIP		
<b>Utility Plant Accumulated Depreciation</b>										
UPIS Reserve (108)	(476,338,368)	(3,090,985)	(36,103,180)	-	7,682,021	-	7,500	(601,435)	-	(508,444,448)
Not Classified (10810000)	(158,688)	-	(6,612)	-	-	-	-	-	-	(165,300)
<b>Total Accumulated Depreciation (B03)</b>	<b>(476,497,056)</b>	<b>(3,090,985)</b>	<b>(36,109,792)</b>	<b>-</b>	<b>7,682,021</b>	<b>-</b>	<b>7,500</b>	<b>(601,435)</b>	<b>-</b>	<b>(508,609,748)</b>

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