

**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        )  
\$650,000,000 of Long-Term,                 )  
Unsecured Debt                                 )        Case No. \_\_\_\_\_

**APPLICATION AND MOTION FOR WAIVER**

COMES NOW Missouri-American Water Company (hereinafter "Applicant") pursuant to §393.200 RSMo. 2000 and 20 CSR 4240-2.060, 2.080, and 3.615, and for its *Application and Motion for Waiver* 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. MAWC is a Missouri corporation in good standing. A certified copy of MAWC’s certificate of good standing was submitted in Case No. WO-2020-0190 and is incorporated by reference..

2. Applicant currently provides water service to approximately 471,000 customers and sewer service to approximately 15,000 customers around the State of Missouri. MAWC is a “water corporation,” a “sewer corporation” and a “public utility” as those terms are defined in Section 386.020 RSMo., and is subject to the jurisdiction and supervision of the Commission as provided by law.

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 June 30, 2021; 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 \$878.9 million of long-term senior unsecured indebtedness with American Water Capital Corp., net of \$2.6 million of unamortized debt discounts as of June 30, 2021.

8. Applicant had \$0 million in short-term unsecured indebtedness as of June 30, 2021.

9. Applicant's authorized capital stock consists of 100,000 shares of 9.18% cumulative preferential stock, \$100 par value, and 40.0 million shares of common stock, without par value, 27.7 million 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 12.3 million 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, 2024.

#### **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 \$650.0 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 20 CSR 4240-3.615(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 \$878.9 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 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

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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.

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

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 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 20 CSR 4240-4.020(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 20 CSR 4240-3.615(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 June 30, 2021, and a financial statement with the adjustments showing the *pro forma* effect of the issuance of the \$650.0 million of New Long-Term Debt on bonded and other indebtedness. [See, 20 CSR 4240-3.615(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 calendar 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, 20 CSR 4240-3.615(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 filed.

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 20 CSR 4240-3.615(1)(F).



## **MOTION FOR WAIVER**

28. Rule 20 CSR 4240-4.017(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 20 CSR 4240-4.017(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 20 CSR 4240-4.015(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 20 CSR 4240-4.017(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 \$650.0 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 20 CSR 4240-4.017(1) requirement for a sixty (60) day notice of intent to file.

Respectfully submitted,

Dean L. Cooper, MBE #36592  
William R. England, MBE #23975  
**BRYDON, SWEARENGEN &  
ENGLAND P.C.**  
P.O. Box 456, 312 East Capitol Avenue  
Jefferson City, MO 65102-0456  
(573) 635-7166 telephone  
dcooper@brydonlaw.com

  
\_\_\_\_\_  
Timothy W. Luft, MBE# 40506  
**MISSOURI-AMERICAN WATER  
COMPANY**  
727 Craig Road  
St. Louis, MO 63141  
(314) 996-2279 telephone  
timothy.luft@amwater.com


**ATTORNEYS FOR MISSOURI AMERICAN WATER COMPANY**

**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the above and foregoing was electronically transmitted on this 15<sup>th</sup> day of December, 2021, to:

Office of the General Counsel  
staffcounsel@psc.mo.gov

Office of the Public Counsel  
opcservice@opc.mo.gov

  
\_\_\_\_\_  
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 One Water Street, Camden NJ 08102 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 December 14, 2021, 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 Six Hundred Fifty Million Dollars (\$650,000,000) 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 Six Hundred Fifty Million Dollars (\$650,000,000); 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.



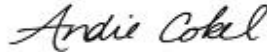
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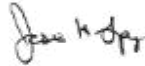
Jeff Kaiser 12.15.2021 9:14 AM



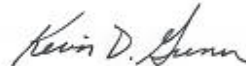
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Andie Cokel 12.15.2021 12:01 PM



Jose Lopez 12.14.2021 5:06 PM



Kevin Gunn 12.14.2021 5:25 PM

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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

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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.

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

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 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 20 CSR 4240-4.020(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 20 CSR 4240-3.615(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 June 30, 2021, and a financial statement with the adjustments showing the *pro forma* effect of the issuance of the \$650.0 million of New Long-Term Debt on bonded and other indebtedness. [See, 20 CSR 4240-3.615(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 calendar 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, 20 CSR 4240-3.615(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 filed.

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 20 CSR 4240-3.615(1)(F).

**MOTION FOR WAIVER**

28. Rule 20 CSR 4240-4.017(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 20 CSR 4240-4.017(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 20 CSR 4240-4.015(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 20 CSR 4240-4.017(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 \$650.0 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 20 CSR 4240-4.017(1) requirement for a sixty (60) day notice of intent to file.

Respectfully submitted,

Dean L. Cooper, MBE #36592  
William R. England, MBE #23975  
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(314) 996-2279 telephone  
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**ATTORNEYS FOR MISSOURI AMERICAN WATER COMPANY**

**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the above and foregoing was electronically transmitted on this \_\_ day of December, 2021, to:

Office of the General Counsel  
staffcounsel@psc.mo.gov

Office of the Public Counsel  
opc@opc.mo.gov

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

Missouri-American Water Company  
 Cost of Long-Term Debt  
 As of June 30, 2021

Subledger Number	Coupon Rate	Date Issued	Maturity Date	Principal Amount Outstanding @ 6/30/2020	Adjustments From 12/31/2020 - 6/30/2021	Principal Amount Outstanding @ 6/30/2021	Unamortized Debt Expense @ 6/30/2021	Unamortized Debt Discount @ 6/30/2021	Carrying Value @ 6/30/2021	Monthly Amortization of Debt Expense	Monthly Amortization of Debt Discount	Annual Interest	Annual Amortization of Debt Expense	Annual Amortization of Debt Discount	Total Annual Cost
													For Test Year Ended @ 6/30/2021	For Period Ended @ 6/30/2021	
[A]	[B]	[C]	[D]	[E]	[F]	[G]=[E] + [F]	[H]	[I]	[J]=[G] + [H] + [I]	[K]	[L]	[M]=[B] x [G]	[N]=[K] x 12 months	[O]=[L] x 12 Months	[P]=[M] + [N] + [O]
<b>General Mortgage Bonds</b>															
BD170005	7.790%	6/12/1997	6/1/2027	\$ 8,000,000	\$ -	\$ 8,000,000	\$ 22,476	\$ -	\$ 7,977,524	\$ 316	\$ -	\$ 623,200	\$ 3,792	\$ -	\$ 626,992
BD170006	8.580%	3/1/1995	3/1/2025	\$ 3,000,000	\$ -	\$ 3,000,000	\$ 9,514	\$ -	\$ 2,990,486	\$ 216	\$ -	\$ 257,400	\$ 2,587	\$ -	\$ 259,987
BD170007	7.140%	3/1/1994	3/1/2034	\$ 12,500,000	\$ -	\$ 12,500,000	\$ 106,016	\$ -	\$ 12,393,984	\$ 697	\$ -	\$ 892,500	\$ 8,362	\$ -	\$ 900,862
<b>AWCC Intercompany Borrowing</b>															
BD170018	6.593%	10/22/2007	10/15/2037	\$ 103,000,000	\$ -	\$ 103,000,000	\$ 564,440	\$ -	\$ 102,435,560	\$ 2,886	\$ -	\$ 6,790,790	\$ 34,628	\$ -	\$ 6,825,418
BD170019	6.550%	8/1/2008	6/14/2021	\$ 70,000,000	\$ (70,000,000)	\$ -	\$ 147	\$ -	\$ (147)	\$ 34,366	\$ -	\$ -	\$ 147	\$ -	\$ 147
BD170021	5.050%	11/21/2011	10/15/2037	\$ 25,000,000	\$ -	\$ 25,000,000	\$ -	\$ -	\$ 25,000,000	\$ -	\$ -	\$ 1,262,500	\$ -	\$ -	\$ 1,262,500
BD170024	4.925%	6/11/2012	10/15/2037	\$ 18,292,000	\$ -	\$ 18,292,000	\$ -	\$ -	\$ 18,292,000	\$ -	\$ -	\$ 900,881	\$ -	\$ -	\$ 900,881
BD170025	4.925%	6/11/2012	10/15/2037	\$ 10,944,000	\$ -	\$ 10,944,000	\$ -	\$ -	\$ 10,944,000	\$ -	\$ -	\$ 538,992	\$ -	\$ -	\$ 538,992
BD170028	4.900%	7/2/2012	10/15/2037	\$ 2,331,000	\$ -	\$ 2,331,000	\$ -	\$ -	\$ 2,331,000	\$ -	\$ -	\$ 114,219	\$ -	\$ -	\$ 114,219
BD170029	4.900%	7/2/2012	10/15/2037	\$ 10,364,000	\$ -	\$ 10,364,000	\$ -	\$ -	\$ 10,364,000	\$ -	\$ -	\$ 507,836	\$ -	\$ -	\$ 507,836
BD170030	4.900%	7/2/2012	10/15/2037	\$ 13,081,000	\$ -	\$ 13,081,000	\$ -	\$ -	\$ 13,081,000	\$ -	\$ -	\$ 640,969	\$ -	\$ -	\$ 640,969
BD170031	4.900%	7/2/2012	10/15/2037	\$ 22,712,000	\$ -	\$ 22,712,000	\$ -	\$ -	\$ 22,712,000	\$ -	\$ -	\$ 1,112,888	\$ -	\$ -	\$ 1,112,888
BD170036	4.300%	12/17/2012	12/1/2042	\$ 15,000,000	\$ -	\$ 15,000,000	\$ 109,357	\$ 19,490	\$ 14,871,153	\$ 425	\$ 76	\$ 645,000	\$ 5,103	\$ 910	\$ 651,013
BD170037	3.400%	7/31/2013	6/14/2021	\$ 9,000,000	\$ (9,000,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
BD170038	3.850%	11/20/2013	3/1/2024	\$ 25,000,000	\$ -	\$ 25,000,000	\$ 50,819	\$ 25,874	\$ 24,923,307	\$ 1,582	\$ 809	\$ 962,500	\$ 18,978	\$ 9,703	\$ 991,181
BD170039	4.300%	8/13/2015	9/1/2045	\$ 50,000,000	\$ -	\$ 50,000,000	\$ 421,710	\$ 527,911	\$ 49,050,379	\$ 1,454	\$ 1,843	\$ 2,150,000	\$ 17,442	\$ 22,111	\$ 2,189,553
BD170040	4.000%	11/17/2016	12/1/2046	\$ 107,480,000	\$ -	\$ 107,480,000	\$ 955,391	\$ 756,634	\$ 105,767,975	\$ 3,131	\$ 2,481	\$ 4,299,200	\$ 37,573	\$ 29,769	\$ 4,366,542
BD170041	3.750%	8/22/2017	9/1/2047	\$ 70,000,000	\$ -	\$ 70,000,000	\$ 634,385	\$ 187,410	\$ 69,178,205	\$ 2,019	\$ 598	\$ 2,625,000	\$ 24,234	\$ 7,171	\$ 2,656,405
BD170042	2.950%	9/13/2017	9/1/2027	\$ 12,646,633	\$ -	\$ 12,646,633	\$ 225,539	\$ 25,604	\$ 12,395,490	\$ 3,046	\$ 348	\$ 373,076	\$ 36,555	\$ 4,175	\$ 413,806
BD170043	4.200%	8/9/2018	9/1/2048	\$ 45,000,000	\$ -	\$ 45,000,000	\$ 424,508	\$ 22,025	\$ 44,553,467	\$ 1,302	\$ 68	\$ 1,890,000	\$ 15,620	\$ 811	\$ 1,906,430
BD170044	4.150%	5/13/2019	6/1/2049	\$ 75,000,000	\$ -	\$ 75,000,000	\$ 726,305	\$ 369,280	\$ 73,904,415	\$ 2,167	\$ 1,102	\$ 3,112,500	\$ 26,009	\$ 13,228	\$ 3,151,737
BD170045	3.450%	4/14/2020	5/1/2050	\$ 110,000,000	\$ -	\$ 110,000,000	\$ 1,118,821	\$ 217,445	\$ 108,663,734	\$ 3,233	\$ 628	\$ 3,795,000	\$ 38,796	\$ 7,542	\$ 3,841,337
BD170046	2.300%	6/14/2021	6/1/2031	\$ -	\$ 90,000,000	\$ 90,000,000	\$ 884,533	\$ 272,690	\$ 88,842,777	\$ 4,479	\$ 2,269	\$ 2,070,000	\$ 53,753	\$ 27,231	\$ 2,150,984
BD170047	3.250%	5/14/2021	6/1/2051	\$ -	\$ 73,000,000	\$ 73,000,000	\$ 8,608,668	\$ 205,955	\$ 64,185,377	\$ 66,701	\$ 581	\$ 2,372,500	\$ 800,412	\$ 6,973	\$ 3,179,884
<b>Carry Over Unamortized Debt Expense</b>															
BD170008		1/1/2005	12/31/2022	\$ -	\$ -	\$ -	\$ 19,471	\$ -	\$ (19,471)	\$ 1,082	\$ -	\$ -	\$ 12,981	\$ -	\$ 12,981
BD170009		7/2/2012	10/15/2037	\$ -	\$ -	\$ -	\$ 118,953	\$ -	\$ (118,953)	\$ 608	\$ -	\$ -	\$ 7,302	\$ -	\$ 7,302
BD170010		1/1/2005	6/30/2026	\$ -	\$ -	\$ -	\$ 74,442	\$ -	\$ (74,442)	\$ 1,241	\$ -	\$ -	\$ 14,889	\$ -	\$ 14,889
BD170013		6/11/2012	10/15/2037	\$ -	\$ -	\$ -	\$ 564,121	\$ -	\$ (564,121)	\$ 2,886	\$ -	\$ -	\$ 34,626	\$ -	\$ 34,626
BD170017		12/19/2016	12/1/2046	\$ -	\$ -	\$ -	\$ 863,769	\$ -	\$ (863,769)	\$ 2,832	\$ -	\$ -	\$ 33,981	\$ -	\$ 33,981
BD170020		12/1/2013	3/1/2024	\$ -	\$ -	\$ -	\$ 216,939	\$ -	\$ (216,939)	\$ 6,772	\$ -	\$ -	\$ 81,267	\$ -	\$ 81,267
BD350006		1/1/2005	11/30/2029	\$ -	\$ -	\$ -	\$ 239,875	\$ -	\$ (239,875)	\$ 2,375	\$ -	\$ -	\$ 28,500	\$ -	\$ 28,500
BD350007		1/1/2005	1/31/2021	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
BD350008		1/1/2005	1/31/2022	\$ -	\$ -	\$ -	\$ 37,959	\$ -	\$ (37,959)	\$ 5,423	\$ -	\$ -	\$ 37,959	\$ -	\$ 37,959
BD350009		1/1/2005	1/31/2023	\$ -	\$ -	\$ -	\$ 41,171	\$ -	\$ (41,171)	\$ 2,167	\$ -	\$ -	\$ 26,003	\$ -	\$ 26,003
BD350010		1/1/2005	5/31/2025	\$ -	\$ -	\$ -	\$ 77,291	\$ -	\$ (77,291)	\$ 1,645	\$ -	\$ -	\$ 19,734	\$ -	\$ 19,734
BD350011		1/1/2005	10/31/2026	\$ -	\$ -	\$ -	\$ 169,349	\$ -	\$ (169,349)	\$ 2,646	\$ -	\$ -	\$ 31,753	\$ -	\$ 31,753
BD350014		7/2/2012	10/15/2037	\$ -	\$ -	\$ -	\$ 592,682	\$ -	\$ (592,682)	\$ 3,027	\$ -	\$ -	\$ 36,327	\$ -	\$ 36,327
				\$ 818,350,633	\$ 84,000,000	\$ 902,350,633	\$ 17,878,652.08	\$ 2,630,318	\$ 881,841,663	\$ 160,723	\$ 10,802	\$ 37,936,951	\$ 1,489,311	\$ 129,624	\$ 39,555,886

Cost of Long-Term Debt [P] / [J]

4.49%

Missouri - American Water Company  
Balance Sheet as of June 30, 2021 and Pro Forma  
Giving Effect as of 6/30/2021 of the Proposed Financing

		<u>Per Books</u>	<u>Proposed Financings</u>	<u>Pro Forma</u>
1	Utility Plant	101-107 3,171,480,341	1,195,000,000 (1)	4,366,480,341
2	Accumulated Provisions for Depreciation and Amortization	108 (572,566,862)		(572,566,862)
3	Utility Plant Acquisition Adjustments (net)	114-115 5,166,982		5,166,982
4	Total Net Utility Plant	2,604,080,461	1,195,000,000	3,799,080,461
5				
6	Nonutility Property	-		-
7	Other Investments	123-124 849,203		849,203
8	Total Other Property and Investments	849,203	-	849,203
9				
10	Cash	131 1,889,138		1,889,138
11	Special Deposits	132-134 2,752		2,752
12	Working Funds	135 1,550		1,550
13	Notes and Accounts Receivable	141-143 30,527,694		30,527,694
14	Accumulated Provision for Uncollectible Accounts	144 (3,136,145)		(3,136,145)
15	Receivable from Associated Companies	145-146 3,026,573		3,026,573
16	Materials and Supplies	151-157, 163 8,948,504		8,948,504
17	Prepayments	166 1,411,538		1,411,538
18	Accrued Utility Revenues	173 21,733,545		21,733,545
19	Miscellaneous Current and Accrued Assets	174 1,252,278		1,252,278
20	Total Current and Accrued Assets	65,657,427	-	65,657,427
21				
22	Unamortized Debt Discount and Expense	181 10,052,845	6,500,000 (2)	16,552,845
23	Preliminary Survey and Investigation	183 6,174,709		6,174,709
24	Miscellaneous Deferred Debits	186 41,746,636		41,746,636
25	Total Deferred Debits	57,974,190	6,500,000	64,474,190
26				
27	Total Assets	2,728,561,281	1,201,500,000	3,930,061,281
28				
29	Common Stock Issued	201 95,994,075		95,994,075
30	Preferred Stock Issued	204 -		-
31	Other Paid in Capital	208-211 557,177,173	576,500,000 (6)	1,133,677,173
32	Capital Stock Expense	214 -		-
33	Retained Earnings	215-216 292,673,293		292,673,293
34	Total Equity Capital	945,844,541	576,500,000	1,522,344,541
35				
36	Bonds LESS Reacquired Bonds	221-222 899,720,315	625,000,000 (3)	1,524,720,315
37	Total Long Term Debt	899,720,315	625,000,000	1,524,720,315
38				
39	Accounts Payable	232 55,420,874	- (4) (5)	55,420,874
40	Payables to Associated Companies	233-234 4,413,085		4,413,085
41	Taxes Accrued	236 17,459,117		17,459,117
42	Interest Accrued	237 7,319,170		7,319,170
43	Tax Collections Payable	241 2,161,779		2,161,779
44	Miscellaneous Current and Accrued Liabilities	242 18,183,971		18,183,971
45	Total Current and Accrued Liabilities	104,957,997	-	104,957,997
46				
47	Advances for Construction	252 2,232,931		2,232,931
48	Other Deferred Credits	253 185,331,076		185,331,076
49	Accumulated Deferred Investment Tax Credits	255 2,481,525		2,481,525
50	Accumulated Deferred Income Taxes	281-283 296,608,350		296,608,350
51	Total Deferred Debits	486,653,883	-	486,653,883
52				
53	Operating Reserves	261-265 8,363,648		8,363,648
54				
55	Contributions in Aid of Construction	271 283,020,898		283,020,898
56				
57	Total Capital and Liabilities	2,728,561,281	1,201,500,000	3,930,061,281

Missouri - American Water Company  
Balance Sheet as of June 30, 2021 and Pro Forma  
Giving Effect as of 6/30/2021 of the Proposed Financing

Narrative Description of Adjustments

1	(1) Utility Plant	
2	Estimated additional capital expenditures through December 2024	1,195,000,000
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	6,500,000
6	over life of proposed long-term debt	
7		
8	(3) Long-Term Debt	
9	Proposed additional long-term debt through 2024, net of \$25 million in maturities in 2024	625,000,000
10		
11	(4) Short-Term Debt	
12	Payment of Debt Issuance Expense	6,500,000
13		
14	(5) Short-Term Debt	
15	Payment of Debt Issuance Cost refinanced through proposed Long Term Debt , resulting in \$0 net effect	(6,500,000)
16		
17	(6) Common Equity	
18	Internally generated funds through December 2024	576,500,000

Missouri - American Water Company  
Statement of Income for the Twelve Months Ended June 30, 2021 and Pro Forma  
Giving Effect of the Proposed Financing

		<u>Per Books*</u>	<u>Proposed Financings</u>	<u>Pro Forma</u>	
1	Operating Revenues	400	356,215,970	129,776,403	485,992,372
2					
3	Operation Expense	401	124,179,405		124,179,405
4	Maintenance Expense	402	12,875,147		12,875,147
5	Depreciation Expense	403	52,995,345	23,900,000 (1)	76,895,345
6	Amortization of Limited Term/Other Utility Plant	404-405	1,450,212		1,450,212
7	Amortization of Utility Plant Acquisition Adjustments	406	-		-
8	Amortization of Property Losses	407	158,893		158,893
9	Taxes Other Than Income Taxes - Utility Operating Income	408.1	34,607,406	17,925,000 (2)	52,532,406
10	Income Taxes, Utility Operating Income	409.1	(18,748,570)	17,333,649 (3) (4)	(1,414,921)
11	Provision for Deferred Income Taxes -Utility Operating Income	410.1	39,596,890		39,596,890
12	Investment Tax Credits-Utility Operations, Restored to Operating Income	412.2	(103,586)		(103,586)
13	Total Operating Expenses		<u>247,011,142</u>	<u>59,158,649</u>	<u>306,169,791</u>
14					
15	Total Net Utility Operating Income		<u>109,204,828</u>	<u>70,617,754</u>	<u>179,822,582</u>
16					
17	Nonutility Operating Income	415-418	60,220		60,220
18	Interest and Dividend Income (Net)	419	272,497		272,497
19	Allowance for Funds Used During Construction	420	3,747,614		3,747,614
20	Gains(Losses) from Disposition of Non-Utility Property	422	(441,143)		(441,143)
21	Total Other Income		<u>3,639,187</u>	<u>-</u>	<u>3,639,187</u>
22					
23	Miscellaneous Amortization	425	323,943		323,943
24	Miscellaneous Income Deductions	426	26,669		26,669
25	Total Other Income Deductions		<u>350,612</u>	<u>-</u>	<u>350,612</u>
26					
27	Income Taxes, Other Income and Deductions	409.2	94,621		94,621
28	Total Taxes on other Income and Deductions		<u>94,621</u>	<u>-</u>	<u>94,621</u>
29					
30	Net Other Income and Deductions		<u>3,193,954</u>	<u>-</u>	<u>3,193,954</u>
31					
32	Interest on Long Term Debt	427	39,173,638	15,989,500 (5)	55,163,138
33	Amortization of Debt Discount and Expense	428	825,972	216,667 (6)	1,042,639
34	Other Interest	431	27,617		27,617
35	Total Interest Charges		<u>40,027,228</u>	<u>16,206,167</u>	<u>56,233,394</u>
36					
37	Net Income		<u>72,371,555</u>	<u>54,411,587</u>	<u>126,783,142</u>

Missouri - American Water Company  
Statement of Income for the Twelve Months Ended June 30, 2021 and Pro Forma  
Giving Effect as of 6/30/2021 of the Proposed Financing

Narrative Description of Adjustments

1	(1) Depreciation Expense	
2	Record depreciation expense at composite rate of 2.00% on the estimated additional capital expenditures	23,900,000
3		
4	(2) Property & Payroll Taxes	
5	Record property tax effect at blended rate of 1.50% on the estimated additional capital expenditures	17,925,000
6		
7	(3) State Income Taxes	
8	Record state income tax effect at 4% on the proposed new financings	2,869,809
9		
10	(4) Federal Income Taxes	
11	Record federal income tax effect at 21% on the proposed new financings	14,463,840
12		
13	(5) Interest on Long-Term Debt	
14	Annualize interest expense for Long-Term Debt outstanding after issuing proposed new financings	15,989,500
15		
16	(6) Amortization of Debt Expense	
17	Annualize amortization of debt expense for Long-Term Debt outstanding after issuing proposed Long-Term Debt	216,667

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	72,371,555	54,411,587	126,783,142
5 Depreciation and Amortization	54,604,450	23,900,000	78,504,450
6 Deferred Income Taxes	39,596,890		39,596,890
7			
8 <b><u>Other non-cash items</u></b>			
9 Amortization - Miscellaneous	323,943		323,943
10 Amortization of Debt Expense	825,972	216,667	1,042,639
11 Allowance for Funds Used			
12     During Construction	(2,749,679)		(2,749,679)
13 Allowance for Borrowed Funds Used			
14     During Construction	(997,935)		(997,935)
15 <b>Funds from operations</b>	<u>163,975,196</u>	<u>78,528,254</u>	<u>242,503,450</u>
16			
17 <b><u>Interest Expense</u></b>			
18 Interest Expense on Long Term Debt	39,173,638	15,989,500	55,163,138
19 Interest on Short-Term Debt	27,617	-	27,617
20			
21 <b>Total Interest Expense</b>	<u>39,201,255</u>	<u>15,989,500</u>	<u>55,190,755</u>
22			
23			
24 <b>Funds from operations / interest coverage</b>	<u><b>4.18x</b></u>		<u><b>4.39x</b></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)	899,720,315	625,000,000	1,524,720,315
31 Bank Debt - Pending Issuance of Securities	55,420,874	-	55,420,874
32			
33 Total Debt	<u>955,141,189</u>	<u>625,000,000</u>	<u>1,580,141,189</u>
34			
35 <b>Funds from operations / total debt %</b>	<u><b>17.17%</b></u>		<u><b>15.35%</b></u>
36			
37 <b>Total debt / total capital (%)</b>			
38			
39 <b><u>Total Capital</u></b>			
40 Total Debt	955,141,189	625,000,000	1,580,141,189
41 Total Common Equity	945,844,541	576,500,000	1,522,344,541
42			
43 Total Capital	<u>1,900,985,730</u>	<u>1,201,500,000</u>	<u>3,102,485,730</u>
44			
45 <b>Total debt / total capital</b>	<u><b>50.24%</b></u>		<u><b>50.93%</b></u>









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

	2019									
	Opening Balance 1/1/2019	Property Acquired	Additions Cash	Retirements		Reclassification	Other Debits (Credits)	CWIP Transfers	Property Sold	Closing Balance 12/31/2019
				Accumulated Reserve	Retirements: Income					
<b>Utility Plant</b>										
<b>UP Water</b>										
Land & Non Depreciable (101,106)	11,807,962	-	-	(17,000)	-	4,433	(836)	(35,579)	(286,169)	11,472,811
Source of Supply (101,106)	57,786,329	260,779	-	(62,498)	-	-	(5,439)	1,757,426	-	59,736,598
Treatment & Pumping (101,106)	420,481,784	93,817	-	(2,145,815)	-	-	778	12,702,537	-	431,133,100
Transmission & Distribution (101,106)	1,502,251,971	21,141	-	(13,520,493)	-	(7,443)	24,318	142,396,350	-	1,631,165,844
Services, Meters, Hydrants (101,106)	323,779,794	1,878	-	(8,985,476)	-	(2,340)	2,815	35,635,707	-	350,432,378
Miscellaneous (101,106)	171,243,702	-	-	(6,934,923)	-	5,350	-	29,791,011	-	194,105,140
Purchased Not Classified (104)	1	118,471	-	-	-	-	(1)	-	-	118,471
Not Classified (10190000)	367,437	-	-	-	-	-	-	-	-	367,437
Future Use (103)	-	-	-	-	-	-	-	-	-	-
Utility Plant (Capital Lease) (102)	-	-	-	-	-	-	-	-	-	-
<b>UP Wastewater</b>										
Land & Non Depreciable (WW) (101)	764,549	4,567	-	-	-	-	-	-	-	769,116
All Other (WW) (101)	75,479,944	580,195	-	(925,279)	-	-	13,383	4,583,514	-	79,731,758
<b>Total Utility Plant (B01)</b>	<b>2,563,963,474</b>	<b>1,080,848</b>	<b>-</b>	<b>(32,591,484)</b>	<b>-</b>	<b>-</b>	<b>35,018</b>	<b>226,830,967</b>	<b>(286,169)</b>	<b>2,759,032,653</b>

	2019									
	Opening Balance 1/1/2019	Property Acquired	Depreciation Expense		Retirements	Reclassification	Other Debits / (Credits)*	Salvage Transfers from RWIP	Property Sold	Closing Balance 12/31/2019
			Charged to Depr Expense	Charged to Other Accts*						
<b>Utility Plant Accumulated Depreciation</b>										
UPIS Reserve (108)	(529,493,491)	(498,184)	(44,584,367)	-	32,591,484	-	3,820	(440,630)	(17,000)	(542,438,367)
Not Classified (10810000)	(172,133)	-	(6,621)	-	-	-	-	-	-	(178,753)
<b>Total Accumulated Depreciation (B03)</b>	<b>(529,665,623)</b>	<b>(498,184)</b>	<b>(44,590,987)</b>	<b>-</b>	<b>32,591,484</b>	<b>-</b>	<b>3,820</b>	<b>(440,630)</b>	<b>(17,000)</b>	<b>(542,617,121)</b>

	2019									
	Balance (Adj)	Acquired	Additions			Reclassification	(Credits)	CWIP Transfers	Property Sold	12/31/2019
			Cash	& CIAC	Accrual					
<b>CWIP</b>										
CWIP	45,819,030	0	242,154,409	5,320,317	(373,506)	0	434,793	(226,830,967)	0	66,298,279
<b>Total CWIP (B02)</b>	<b>45,819,030</b>	<b>-</b>	<b>242,154,409</b>	<b>5,320,317</b>	<b>(373,506)</b>	<b>-</b>	<b>434,793</b>	<b>(226,830,967)</b>	<b>-</b>	<b>66,298,279</b>

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

	2020									
	Opening Balance 1/1/2020	Property Acquired	Additions Cash	Retirements		Reclassification	Other Debits (Credits)	CWIP Transfers	Property Sold	Closing Balance 12/31/2020
				Retirements: Accumulated Reserve	Retirements: Income					
<b>Utility Plant</b>										
<b>UP Water</b>										
Land & Non Depreciable (101,106)	11,472,811	-	-	-	-	-	-	1,730,804	-	13,203,615
Source of Supply (101,106)	59,736,598	-	-	(471,818)	-	-	-	5,731,813	-	64,996,593
Treatment & Pumping (101,106)	431,133,100	-	-	(6,554,911)	-	-	-	45,263,404	-	469,841,593
Transmission & Distribution (101,106)	1,631,165,844	-	-	(22,424,647)	-	-	-	164,974,761	-	1,773,715,959
Services, Meters, Hydrants (101,106)	350,432,378	-	-	(11,728,427)	-	-	-	35,067,935	-	373,771,886
Miscellaneous (101,106)	194,105,140	-	-	(2,426,336)	-	-	-	46,190,091	-	237,868,895
Purchased Not Classified (104)	118,471	(118,471)	-	-	-	-	-	-	-	0
Not Classified (10190000)	367,437	-	-	-	-	-	-	-	-	367,437
Future Use (103)	-	-	-	-	-	-	-	-	-	-
Utility Plant (Capital Lease) (102)	-	-	-	-	-	-	-	-	-	-
<b>UP Wastewater</b>										
Land & Non Depreciable (WW) (101)	769,116	39,520	-	-	-	-	-	19,838	-	828,474
All Other (WW) (101)	79,731,758	860,130	-	(614,908)	-	-	-	18,969,973	-	98,946,954
<b>Total Utility Plant (B01)</b>	<b>2,759,032,653</b>	<b>781,179</b>	<b>-</b>	<b>(44,221,047)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>317,948,620</b>	<b>-</b>	<b>3,033,541,405</b>

	2020									
	Opening Balance 1/1/2020	Property Acquired	Depreciation Expense		Retirements	Reclassification	Other Debits (Credits)	CWIP Transfers	Property Sold	Closing Balance 12/31/2020
			Depreciation	Charged to Other Accts*						
<b>Utility Plant Accumulated Depreciation</b>										
UPIIS Reserve (108)	(542,438,367)	(303,392)	(47,827,092)	-	44,221,047	-	-	(226,179)	-	(546,573,983)
Not Classified (10810000)	(178,753)	-	(6,602)	-	-	-	-	-	-	(185,355)
<b>Total Accumulated Depreciation (B03)</b>	<b>(542,617,121)</b>	<b>(303,392)</b>	<b>(47,833,694)</b>	<b>-</b>	<b>44,221,047</b>	<b>-</b>	<b>-</b>	<b>(226,179)</b>	<b>-</b>	<b>(546,759,338)</b>

	2020									
	Balance 1/1/2020	Acquired	Additions Cash			Reclassification	(Credits)	CWIP Transfers	Property Sold	12/31/2020
			Additions Cash	& CIAC	Accrual					
<b>CWIP</b>										
CWIP	66,544,870	0	264,663,677	1,239,857	12,825,919	0	(294,298)	(317,948,620)	0	27,128,410
<b>Total CWIP (B02)</b>	<b>66,544,870</b>	<b>-</b>	<b>264,663,677</b>	<b>1,239,857</b>	<b>12,825,919</b>	<b>-</b>	<b>(294,298)</b>	<b>(317,948,620)</b>	<b>-</b>	<b>27,128,410</b>