

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

In the matter of the Application of Missouri-)	
American Water Company for Authority to)	
Issue up to \$212,500,000 of Long-Term)	CASE NO. WF-2011-0173
Unsecured Debt)	

NOTICE OF COMPLIANCE

COMES NOW Missouri-American Water Company (“MAWC” or the “Company”) and states to the Commission as follows:

1. On March 2, 2011, the Commission issued an Order Granting Financing Application (“Order”) in the referenced case. On July 25, 2013, the Company filed a Motion to Reopen Case and for Supplemental Order to approve an additional \$2,095,000 of long-term unsecured debt in order to refinance \$25 million of existing long-term indebtedness at lower rates. On October 3, 2013, the Commission issued an Order Granting Financing Application. The authority granted by the Order was subject to a number of conditions recommended by the Commission’s staff. Among those were the following filing requirements:

a) That MAWC file with the Commission any information concerning communication with credit rating agencies concerning the proposed financing.

b) That MAWC file with the Commission all final terms and conditions of the proposed financing, including, but not limited to, the aggregate proceeds received, price information, and estimated expenses.

c) That MAWC file with the Commission, upon refunding of any outstanding debt, the net present value calculations indicating the amount of interest cost savings.

2. On November 20, 2013, American Water Capital Corp. (“AWCC”) issued \$400 million in 10-year unsecured taxable notes at a coupon rate of 3.85%, the Term Sheet for which is shown on Exhibit 1. Pursuant to the authority granted by the Order, MAWC on that date issued a

promissory note to AWCC with the same term and interest rate as the AWCC issuance. Proceeds from the MAWC note were used to pay down MAWC's short-term debt which had increased as a result of refinancing \$24,946,000 of existing long-term indebtedness that carried an interest rate of 8.25%. The MAWC note, in the amount of \$25,000,000 is shown as Exhibit 2. After bond discount of \$99,750 and estimated issuance costs of \$198,449, estimated proceeds from the note are \$24,701,801. MAWC's bond discount and estimated issuance costs are equal to its pro-rata portion of the total amounts for the AWCC issuance.

3. Pursuant to the Commission's Order, MAWC states that there were communications with Standard & Poor's and Moody's credit rating agencies concerning credit ratings for this financing, as reflected on Exhibits 3 & 4, respectively.

4. Pursuant to the Commission's Order, MAWC has refunded \$24,946,000 in outstanding debt resulting in \$1,061,767 of annual interest expense savings. The net present value calculation is included with this filing as Exhibit 5.

Respectfully submitted,

/s/ John J. Reichart
John J. Reichart MBE #59479
Corporate Counsel & Assistant Secretary
Missouri-American Water Company
727 Craig Road
St. Louis, MO 63141
John.reichart@amwater.com

Attorney for
Missouri-American Water Company

CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been sent by electronic mail this 19th day of December, 2013, to:

Missouri Public Service Commission

Office General Counsel

200 Madison Street, Suite 800

P.O. Box 360

Jefferson City, MO 65102

staffcounsel@psc.mo.gov

gencounsel@psc.mo.gov

Office of the Public Counsel

Lewis Mills

200 Madison Street, Suite 650

P.O. Box 2230

Jefferson City, MO 65102

opcservice@ded.mo.gov

/s/ John J. Reichart

