

**DATA INFORMATION REQUEST
Missouri-American Water Company
WR-2022-0303
General Rate Case**

Requested From: Brian LaGrand

Date Requested: 01/25/2023

Information Requested:

(Reference page 18, line 22 through page 20, line 1 of J. Cas Swiz’s Rebuttal Testimony) Please provide the credit analysis American Water Capital Corporation and/or American Water Works Company, Inc. performs on each operating subsidiary to determine (1) whether it will offer a loan to the subsidiary and (2) if so, the rate, tenor and terms to assign to the loan.

Requested By: David Murray – David.murray@opc.mo.gov

Information Provided:

On January 27, 2023, MAWC objected to this data request for the following reasons: a) the responsive information is not relevant to the subject proceeding, not proportional to the needs of the case considering the totality of the circumstances, nor reasonably calculated to lead to the discovery of admissible evidence in that it seeks information about subsidiaries that is not regulated by the Missouri Public Service Commission; b) the request is unduly burdensome and overbroad; and, c) the information is beyond MAWC’s possession, custody, and control.

Subject to and without waiving the objection, AWCC provides a low-cost source of financing to the American Water subsidiaries for the benefit of customers. AWCC achieves this by aggregating the smaller financing needs of the subsidiaries to form a collective financing that is large enough to be “Index Eligible” and take advantage of the more liquid public bond markets, as well as economies of spreading issuance and financing support costs (e.g., legal fees, rating agency fees, and treasury support) across all American Water subsidiaries. Excluding a subsidiary is less optimal and thus, a subsidiary would only be considered for exclusion if a material adverse change (e.g., changes to regulatory environment, adverse rate case outcomes, etc.) were to put the financing needs of the remaining subsidiaries at risk or weaken the overall profile of the financing such that it would be more costly for the remaining subsidiaries. To date, no such material adverse changes have caused a subsidiary to be excluded from an AWCC financing.

AWCC does not rank the credit worthiness of its subsidiaries to determine the rate, tenor, and terms to assign to the loan offered to an operating subsidiary. Rather, as stated in the Promissory Note for each borrowing from AWCC, the rate, tenor, and terms assigned are equal to the rate, tenor and terms incurred by AWCC to borrow funds.

“Interest will be charged on the unpaid outstanding principal balance hereof at a rate per annum equal to the rate paid and to be paid by Lender [AWCC] with respect to the borrowings it made in order to provide funds to Borrower [State] hereunder. Interest on borrowings shall be due and payable in immediately available funds on the same business day on which the Lender [AWCC] must pay interest on the borrowings it made in order to provide funds to the Borrower [State] hereunder.”

Responsible Witness: J. Cas Swiz