

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 9th day of
March, 2022.

In the Matter of Missouri-American Water)
Company for Authority to Issue up to)
\$650,000,000 of Long-Term, Unsecured Debt) **File No. WF-2022-0161**

ORDER GRANTING FINANCING APPLICATION

Issue Date: March 9, 2022

Effective Date: April 8, 2022

On December 15, 2021 Missouri-American Water Company (MAWC) filed its Application and Motion for Waiver (Application), pursuant to § 393.200, RSMo and Commission rules 20 CSR 4240-2.060, 20 CSR 4240-2.080, and 20 CSR 4240-10.125. In its Application, MAWC requests Commission authority to engage in a variety of unsecured debt financing over a three-year period following the effective date of an order approving MAWC’s financing plan. Specifically, MAWC seeks approval from the Commission to issue up to \$650 million of long-term debt (New Long Term Debt) to American Water Capital Corp (AWCC), and other entities.

MAWC 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.

MAWC’s financing plan includes two Water Infrastructure and Innovation Act (WIFIA) loans totaling \$187 million for St. Louis area water main replacement and for the

Joplin water supply reservoir. Both of these Loans will be with AWCC. The remainder of the plan includes borrowing sources outside of AWCC, including the Missouri Department of Natural Resources, through its Water Pollution Control Program by means of the State Revolving Fund pursuant to Chapter 644, RSMo.

On February 15, 2022, the Commission's Staff filed its Staff Recommendation and Memorandum regarding MAWC's application. In its Memorandum, Staff recommends that the Commission approve MAWC's Application, with additional proposed conditions. On February 25, 2022, MAWC filed its response to Staff's recommendation, stating that it does not object to the additional conditions listed in Staff's Memorandum.

The Commission has reviewed and considered MAWC's Application and Staff's Recommendation. The Commission concludes that it is not detrimental to the public interest to grant MAWC's Application. The Commission specifically finds that MAWC's projected capital expenditure plan supports the need for the New Long-Term Debt and such purposes are not, in whole or in part, reasonably chargeable to operating expense or to income, as all required by §393.200, RSMo 2016. Therefore, subject to the conditions set forth in Staff's Recommendation and Memorandum, the Commission approves MAWC's application.

THE COMMISSION ORDERS THAT:

1. MAWC is authorized to:
 - A. Create, issue, or sell, and deliver to AWCC and/or the Department of Natural Resources, 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 MAWC at the time of issuance, provided that the aggregate principal amount of all such series shall not exceed \$650 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.

2. Proceeds from the issuance and sale of new long-term debt, and indebtedness sourced through the State Revolving Fund will be used by MAWC 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 described in MAWC's Application.

3. Money, property or labor to be procured or paid for by MAWC through the issuance and sale of the new long-term debt and indebtedness shall be sourced through the State Revolving Fund only as reasonably required and necessary for the purposes

set forth in MAWC's Application, and will be used therefore, and such purposes are not, in whole or in part, reasonably chargeable to operating expense or to income, as required by § 393.200 RSMo. 2000.

4. Nothing in this order shall be considered a finding by the Commission of the value of this transaction for rate making purposes, and that the Commission reserves the right to consider the rate making treatment to be afforded the financing transaction and its impact on cost of capital, in any later rate proceeding.

5. MAWC shall file with the Commission, within thirty (30) days of issuance of any financing authorized pursuant to a Commission order in this proceeding, a report including the amount of indebtedness issued, date of issuance, interest rate (initial rate if variable), maturity date, redemption schedules or special terms, if any, use of proceeds, estimated expenses, and loan or indenture agreement concerning each issuance. In addition, MAWC shall also provide the analysis, to include but not be limited to, indicative pricing information provided by investment banks it performed to determine that the terms for the debt it decided to issue were the most reasonable at the time.

6. MAWC is authorized 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.

7. MAWC shall file with the Commission any information concerning communication with credit rating agencies concerning any such issuance.

8. MAWC shall file with the Commission as a non-case related submission in EFIS under “Resources” - “Non-Case Related Query” - “Ordered Submission” any credit rating agency reports published on MAWC’s or AWW’s corporate credit quality or the credit quality of its securities.

9. MAWC shall file a five-year capitalization expenditure schedule in future finance cases.

10. The Commission’s grant of authority shall expire three years from the effective date of this order.

11. MAWC, independently or through AWCC, shall apply for and utilize special low cost government program funding for projects as applicable when the funding is available, and is less expensive than alternative sources including long-term debt with AWCC. If AWCC utilizes special low cost government program funding, MAWC shall borrow funds from AWCC at the same rate AWCC pays while utilizing the government programs.

12. The Commission grants a waiver of the 60-day notice requirement in 20 CSR 4240-4.017(1).

13. This order shall become effective on April 8, 2022.



BY THE COMMISSION

A handwritten signature in black ink that reads "Morris L. Woodruff".

Morris L. Woodruff
Secretary

Silvey, Chm., Rupp, Coleman, Holsman, and
Kolkmeier CC., concur.

Keeling, Regulatory Law Judge

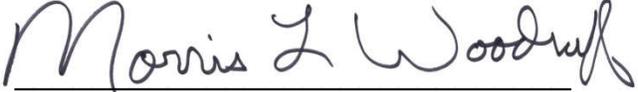
STATE OF MISSOURI

OFFICE OF THE PUBLIC SERVICE COMMISSION

I have compared the preceding copy with the original on file in this office and I do hereby certify the same to be a true copy therefrom and the whole thereof.

WITNESS my hand and seal of the Public Service Commission, at Jefferson City, Missouri, this 9th day of March, 2022.




Morris L. Woodruff
Secretary

MISSOURI PUBLIC SERVICE COMMISSION

March 9, 2022

File/Case No. WF-2022-0161

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Enclosed find a certified copy of an Order or Notice issued in the above-referenced matter(s).

Sincerely,



**Morris L. Woodruff
Secretary**

Recipients listed above with a valid e-mail address will receive electronic service. Recipients without a valid e-mail address will receive paper service.